



# QUARTERLY STATEMENT

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

## TRIAD GUARANTY INSURANCE CORPORATION, IN REHABILITATION

NAIC Group Code 0421 , 0421 NAIC Company Code 24350 Employer's ID Number 56-1570971  
(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 07/30/1987 Commenced Business 08/07/1987

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 27102-2300  
(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)  
rshields@tgic.com 336-761-5174-1155  
(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.

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 \_\_\_\_\_

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

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY INSURANCE 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 .....	551,950,187		551,950,187	567,626,387
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	7,702,800		7,702,800	7,881,259
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 (\$ .....39,984,352 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....76,095,140 ) .....	116,079,492		116,079,492	129,811,456
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....	119,468		119,468	11,084
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) .....	675,851,947	0	675,851,947	705,330,186
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	5,069,345		5,069,345	5,052,181
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	7,492,512	276	7,492,236	8,303,915
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	23,839,987		23,839,987	28,558,421
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,392,604		1,392,604	2,702,913
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 .....	94,883	94,520	363	13,328
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	43,197	43,197	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	34,785		34,785	25,360
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	934,560	934,560	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	714,753,820	1,072,553	713,681,267	749,986,304
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	714,753,820	1,072,553	713,681,267	749,986,304
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
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. Prepaid expenses .....	934,560	934,560	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) .....	934,560	934,560	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....93,168,065 ) .....	589,339,826	677,015,521
2. Reinsurance payable on paid losses and loss adjustment expenses .....		0
3. Loss adjustment expenses .....	3,881,907	7,372,569
4. Commissions payable, contingent commissions and other similar charges .....		0
5. Other expenses (excluding taxes, licenses and fees) .....	11,892,145	17,410,060
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	394,238	439,439
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 \$ .....44,651 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) .....	5,102,936	5,794,670
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) .....	843,083	1,132,333
13. Funds held by company under reinsurance treaties .....		0
14. Amounts withheld or retained by company for account of others .....	84,532,264	84,434,829
15. Remittances and items not allocated .....	1,090,074	869,318
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 .....		0
20. Derivatives .....		0
21. Payable for securities .....	8,072	8,042
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 .....	877,414,043	808,257,811
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	1,574,498,588	1,602,734,592
27. Protected cell liabilities .....		0
28. Total liabilities (Lines 26 and 27) .....	1,574,498,588	1,602,734,592
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	3,500,000	3,500,000
31. Preferred capital stock .....		0
32. Aggregate write-ins for other than special surplus funds .....	12,237,500	11,125,000
33. Surplus notes .....	25,000,000	25,000,000
34. Gross paid in and contributed surplus .....	105,215,928	105,215,928
35. Unassigned funds (surplus) .....	(1,006,770,749)	(997,589,216)
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) .....	(860,817,321)	(852,748,288)
38. Totals (Page 2, Line 28, Col. 3)	713,681,267	749,986,304
<b>DETAILS OF WRITE-INS</b>		
2501. Deferred Payment Obligation including carrying charges.....	872,493,549	803,978,629
2502. Rescinded Premium Payable.....	4,920,494	4,279,182
2503. ....		
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)	877,414,043	808,257,811
2901. ....		0
2902. ....		
2903. ....		
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. Unapproved interest due on Surplus Note.....	12,237,500	11,125,000
3202. ....		
3203. ....		
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)	12,237,500	11,125,000

## 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 \$ 60,084,695 )	60,791,982	73,852,243	135,075,784
1.2 Assumed (written \$ .92 )	.92	117	209
1.3 Ceded (written \$ 2,823,290 )	2,838,845	3,271,017	5,138,627
1.4 Net (written \$ 57,261,497 )	57,953,229	70,581,343	129,937,366
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 95,021,750 ):			
2.1 Direct	79,065,363	165,917,322	240,573,304
2.2 Assumed		0	0
2.3 Ceded	754,982	4,895,533	6,373,459
2.4 Net	78,310,381	161,021,789	234,199,845
3. Loss adjustment expenses incurred	(2,020,645)	2,455,878	3,982,824
4. Other underwriting expenses incurred	3,034,245	8,980,306	20,373,906
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	79,323,981	172,457,973	258,556,575
7. Net income of protected cells		0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(21,370,752)	(101,876,630)	(128,619,209)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	9,455,898	1,564,475	3,179,661
10. Net realized capital gains (losses) less capital gains tax of \$	1,093,177	599,433	985,163
11. Net investment gain (loss) (Lines 9 + 10)	10,549,075	2,163,908	4,164,824
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ )		0	0
13. Finance and service charges not included in premiums		0	0
14. Aggregate write-ins for miscellaneous income	2,395,833	2,411,968	4,768,751
15. Total other income (Lines 12 through 14)	2,395,833	2,411,968	4,768,751
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(8,425,844)	(97,300,754)	(119,685,634)
17. Dividends to policyholders		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)	(8,425,844)	(97,300,754)	(119,685,634)
19. Federal and foreign income taxes incurred		0	0
20. Net income (Line 18 minus Line 19)(to Line 22)	(8,425,844)	(97,300,754)	(119,685,634)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	(852,748,289)	234,118,496	234,118,495
22. Net income (from Line 20)	(8,425,844)	(97,300,754)	(119,685,634)
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(178,458)	(497,114)	(489,661)
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax		0	0
27. Change in nonadmitted assets	535,270	158,045	825,164
28. Change in provision for reinsurance		0	0
29. Change in surplus notes		0	0
30. Surplus (contributed to) withdrawn from protected cells		0	0
31. Cumulative effect of changes in accounting principles		0	(337,816,371)
32. Capital changes:			
32.1 Paid in		0	0
32.2 Transferred from surplus (Stock Dividend)		0	0
32.3 Transferred to surplus		0	0
33. Surplus adjustments:			
33.1 Paid in		0	0
33.2 Transferred to capital (Stock Dividend)		0	0
33.3 Transferred from capital		0	0
34. Net remittances from or (to) Home Office		0	0
35. Dividends to stockholders		0	0
36. Change in treasury stock		0	0
37. Aggregate write-ins for gains and losses in surplus	0	93,850,931	(629,700,282)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(8,069,032)	(3,788,892)	(1,086,866,784)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(860,817,321)	230,329,604	(852,748,289)
<b>DETAILS OF WRITE-INS</b>			
0501.			
0502.			
0503.			
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. Other Income - Service Fees on information technology		2,411,968	(22,915)
1402. Income received under Asset Purchase Agreement	2,395,833	0	4,791,666
1403.			
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)	2,395,833	2,411,968	4,768,751
3701. Deferred Payment Obligation		93,850,931	(629,700,282)
3702. Increase in Contingency Reserve	(28,976,735)	(35,290,671)	(64,968,682)
3703. Decrease in Contingency Reserve	28,976,735	35,290,671	64,968,682
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	93,850,931	(629,700,282)

## 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.....	63,277,410	60,876,980	104,915,178
2. Net investment income .....	9,816,552	14,021,914	27,105,934
3. Miscellaneous income .....	2,395,833	2,411,968	4,807,801
4. Total (Lines 1 to 3) .....	75,489,795	77,310,862	136,828,913
5. Benefit and loss related payments .....	97,630,862	121,489,991	222,626,806
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 .....	8,021,879	8,281,247	14,880,173
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) .....	105,652,741	129,771,238	237,506,979
11. Net cash from operations (Line 4 minus Line 10) .....	(30,162,946)	(52,460,376)	(100,678,066)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	134,253,494	68,252,471	183,023,268
12.2 Stocks .....	2,882	5,347	7,198
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 .....	2,690	0	(766)
12.7 Miscellaneous proceeds .....	0	0	9,939
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	134,259,066	68,257,818	183,039,639
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	117,841,912	26,682,329	41,584,493
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 .....	108,360	1,009,302	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	117,950,272	27,691,631	41,584,493
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) .....	16,308,794	40,566,187	141,455,146
<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).....	122,187	12,569,285	21,205,529
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	122,187	12,569,285	21,205,529
<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) .....	(13,731,965)	675,096	61,982,609
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	129,811,456	67,828,847	67,828,847
19.2 End of period (Line 18 plus Line 19.1) .....	116,079,491	68,503,943	129,811,456

**STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY INSURANCE 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 Insurance 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 the Company and its subsidiary, Triad Guaranty Assurance Corporation 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 the Company's and TGAC'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 the Company and TGAC.

Prior to entering Rehabilitation, the Company was operating under a Corrective Order ("Order") issued by the Director effective June 1, 2009, which required all valid claims under the Company's mortgage guaranty insurance policies be paid 60% in cash and 40% by the creation of a deferred payment obligation ("DPO"). The DPO was represented by a separate entry into the Company's financial statement and was shown as a component of Policyholders' Surplus. The DPO also accrued a carrying charge based on the investment yield earned by the Company. The Company's loss reserves were adjusted to reflect only the estimated cash payment portion for claims under this Order. This was a prescribed practice and was not addressed in the NAIC's *Accounting Practices and Procedures Manual* ("SAP").

In Rehabilitation, the Company continues to pay valid claims 60% in cash and 40% by the creation of a DPO, however, the DPO is no longer shown as a component of Policyholders' Surplus, but is included in the liabilities of the Company and no carrying charges accrued after November 30, 2012. In addition, the Company's loss reserves were increased to reflect to total estimated claim amount, including the DPO. These changes resulted in the Company reporting a December 31, 2012 deficit in Policyholders' Surplus of \$852,748,289.

B. No change from year-end 2012.

C. No change from year-end 2012.

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

No change from year-end 2012.

**3. Business Combinations and Goodwill**

No change from year-end 2012.

**4. Discontinued Operations**

No change from year-end 2012.

**5. Investments**

- A. No change from year-end 2012.
- B. No change from year-end 2012.
- C. No change from 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 \$644,692.

(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. The Company does not have any repurchase agreement investments and/or Securities Lending Transactions.

F. The Company does not have investments in real estate.

G. The Company does not have investments in low-income housing tax credits.

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

**NOTES TO FINANCIAL STATEMENTS**

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

No change from year-end 2012.

**7. Investment Income**

No change from year-end 2012.

**8. Derivative Instruments**

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

**11. Debt**

- a.) No change from year-end 2012.
- b.) No change from year-end 2012.

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

The total amount employees are allowed to defer in 2013 in the Company's defined contribution 401(k) plan is \$17,500, except for employees 50 or older who may defer an additional \$5,500.

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

- (1) No change from year-end 2012.
- (2) No change from year-end 2012.
- (3) No change from year-end 2012.
- (4) No change from year-end 2012.
- (5) No change from year-end 2012.
- (6) No change from year-end 2012.
- (7) No change from year-end 2012.
- (8) No change from year-end 2012.
- (9) No change from year-end 2012.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$2,666,817
- (11) The Company has the following Surplus Note:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note Outstanding	Interest Paid Current Year	Total Interest Paid	Unapproved Interest	Date of Maturity
	January 29, 1998	8.90%	\$25,000,000	\$25,000,000	\$0	\$22,138,765	11,125,000	January 10, 2028

- (12) The Company has had no quasi-reorganizations.
- (13) No change from year-end 2012.

**14. Contingencies**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**15. Leases**

A. Lessee Operating Lease

(1) No change from year-end 2012.

(2)

a. At January 1, 2013, the minimum aggregate rental commitments are as follows:

	Year Ending December 31		Operating Leases
1.	2013	\$	371,852
2.	2014	\$	342,495
3.	2015	\$	.....
4.	2016	\$	.....
5.	2017	\$	.....
6.	Total	\$	714,347

(3) No change from year-end 2012.

B. No change from year-end 2012.

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

No change from year-end 2012.

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

No change from 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 from year-end 2012.

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

No change from year-end 2012.

**20. Fair Value Measurements**

A. The Company had the following assets measured at fair value:

(1) The fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

Fair Value Measurements at Reporting Date

	(Level 1)	(Level 2)	(Level 3)	Total
<b>a. Assets at fair value</b>				
Bonds	\$0	\$ 1,523	\$0	\$ 1,523
Common Stock				
Parent, Subsidiaries, and Affiliates	\$0	\$7,702,800	\$0	\$7,702,800
Total assets at fair value	\$0	\$7,704,323	\$0	\$7,704,323
<b>b. Liabilities at fair value</b>				
None				
Total liabilities at fair value	\$0	\$0	\$0	\$0

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance on 1/1/2013	Transfer into Level 3	Transfer out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 6/30/2013
<b>Assets</b>										
Industrial & Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$3,999,982	\$0	\$0	\$0	\$3,999,982
Total Assets	\$0	\$0	\$0	\$0	\$0	\$3,999,982	\$0	\$0	\$0	\$3,999,982
<b>Liabilities</b>										
none	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(3) Investments that are required to be carried at fair value are measured based on assumptions used by market participants in pricing the security. The most appropriate valuation methodology is selected based on the specific characteristics of the fixed maturity or equity security, and the Company consistently applies the valuation methodology to measure the security's fair value. Fair value measurement is based on a market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable securities. Sources of inputs to the market approach include third-party pricing services, independent broker quotations or pricing matrices. Observable and unobservable inputs are used in the Company's valuation methodologies. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. In addition, market indicators, industry and economic events are monitored and further market data is acquired if certain triggers are met. For certain security types, additional inputs may be used, or some of the inputs described above may not be applicable. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants. In order to validate the pricing information and broker-dealer quotes, the Company relies on, where possible, procedures that include comparisons with similar observable positions, comparisons with subsequent sales, discussions with senior business leaders and brokers and observations of general market movements for those security classes. For those securities trading in less liquid or illiquid markets with limited or no pricing information, unobservable inputs are used in order to measure the fair value of these securities. In cases where this information is not available, such as for privately placed securities, fair value is estimated using an internal pricing matrix. This matrix relies on judgment concerning the discount rate used in calculating expected future cash flows, credit quality, industry sector performance and expected maturity.

(4) Prices received from third parties are not adjusted; however, the third parties' valuation methodologies and related inputs are analyzed and additional evaluations are performed to determine the appropriate level within the fair value hierarchy.

The observable and unobservable inputs to the Company's valuation methodologies are based on a set of standard inputs that are generally used to evaluate all of our available-for-sale securities. The standard inputs used are benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. Depending on the type of security or the daily market activity, standard inputs may be prioritized differently or may not be available for all available-for-sale securities on any given day.

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	\$566,863,037	\$551,950,187	\$0	\$562,863,037	\$4,000,000	\$0
Common Stock	7,702,800	7,702,800	0	7,702,800	0	0
Cash and short-term investments	116,079,492	116,079,492	116,079,492	0	0	0
<b>Total</b>	\$690,645,329	\$675,732,479	\$116,079,492	\$570,565,837	\$4,000,000	\$0

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	

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

**NOTES TO FINANCIAL STATEMENTS**

**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 and Non-transferable Tax Credits

G. Subprime-Mortgage-Related Risk Exposure

Subprime Mortgage Exposures

- (1) No change from year-end 2012.
- (2) Direct exposure through investments in subprime mortgage loans.

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

(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	8,231,295	8,229,173	8,902,925	
b. Commercial mortgage-backed securities	19,760,054	19,729,104	19,995,517	
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs				
f. Other assets	11,925,788	11,902,379	12,319,035	
g. Total	39,917,137	39,860,656	41,217,477	

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

The Company's private mortgage guaranty insurance business faces significant direct and indirect exposure to subprime mortgage risk. If the homeowner defaults, private mortgage insurance reduces and, in some instances, eliminates the loss to the insured lending institution. The Company has direct exposure in providing mortgage insurance coverage on subprime mortgage loans, and it has indirect exposure to the extent its insurance 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 in receivership 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 Company's premium rates vary, 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.

The Company 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 the Company'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"), the Company, similar to other private mortgage guaranty insurers, 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"). In accordance with industry accounting practices, the Company does not establish loss reserves for future claims on insured loans which are not currently in default.

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 the Company ("IBNR").

The Company's reserving process 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. However, the Company does capture losses paid for subprime loans.

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 on a gross direct basis and does not reflect amounts ceded to reinsurers, or the reduction to reserves under the April 1, 2009 corrective order (see Note 1).

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

		<u>As a % of total</u>
Prime	\$ 382,875,490	62.1%
Alt-A	204,521,902	33.2%
A-Minus	24,349,105	4.0%
Subprime (A)	<u>4,431,040</u>	<u>0.7%</u>
Total	\$616,177,537	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	\$ 170,517,718	\$889,325	0.6%
Incurred losses	85,399,968	409,427	1.9%
Case reserves	616,191,443	4,431,040	0.8%
IBNR reserves	19,871,374	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.

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

**NOTES TO FINANCIAL STATEMENTS**

**22. Events Subsequent**

The Company is unaware of any subsequent event that would have a material effect on its financial condition. The lawsuits referenced in Contingencies (Note 14e) above are ongoing and subject to continuing review of materiality.

**23. Reinsurance**

- A. No change from year-end 2012 .
- B. No change from 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	\$ .....197	\$ .....25	\$ .....23,572	\$ .....4,715	\$ .....(23,572)	\$ .....(4,715)
c. TOTAL	\$ .....197	\$ .....25	\$ .....42,524	\$ .....10,401	\$ .....(42,524)	\$ .....(10,401)
d. Direct Unearned Premium Reserve			\$ .....5,147,445			

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. Uncollectible Reinsurance**

(1) The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: \$1,735,677, which is reflected as:

a.	Losses incurred	\$ .....
b.	Loss adjustment expenses incurred	\$ .....
c.	Premiums earned	\$ .....
d.	Other	\$ .....
e.	<u>Company</u>	<u>Amount</u>
	BB&T Mortgage Reinsurance Corp	\$1,735,677

**E. Commutation of Ceded Reinsurance – No change from year-end 2012.**

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

(1)	Losses incurred	\$ .....
(2)	Loss adjustment expenses incurred	\$ .....
(3)	Premiums earned	\$ .....
(4)	Other	\$ .....
(5)	<u>Company</u>	<u>Amount</u>

F. No change from year-end 2012.

G. No change from year-end 2012.

H. No change from year-end 2012.

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

No change from year-end 2012.

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

Loss and LAE Reserves as of December 31, 2012 were \$684,388,090. As of June 30, 2013, \$165,631,077 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$499,819,974 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 \$18,937,037 favorable prior-year development since 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 from year-end 2012.

**27. Structured Settlements**

No change from year-end 2012.

**28. Health Care Receivables**

No change from year-end 2012.

**29. Participating Policies**

No change from year-end 2012.

**30. Premium Deficiency Reserves**

No change from year-end 2012.

**31. High Deductibles**

No change from year-end 2012.

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

No change from year-end 2012.

## NOTES TO FINANCIAL STATEMENTS

**33. Asbestos/Environmental Reserves**

No change from year-end 2012.

**34. Subscriber Savings Accounts**

No change from year-end 2012.

**35. Multiple Peril Crop Insurance**

No change from year-end 2012.

**36. Financial Guaranty Insurance**

No change from 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 [X]
- 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 [X]
- 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 [X]

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 [X]

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 [X]  
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 [X]

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

7.2 If yes, give full information:  
The Company's insurance license has been suspended and/or expired by several states as the Company is in Rehabilitation.....

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

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 [X]

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 .....	\$ 7,881,259	\$ 7,702,800
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).....	\$ 7,881,259	\$ 7,702,800
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.....	540 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
DTC ABA: 107423.....	Conning Inc.....	One Financial Plaza, Hartford, CT 06103.....

- 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				

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

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

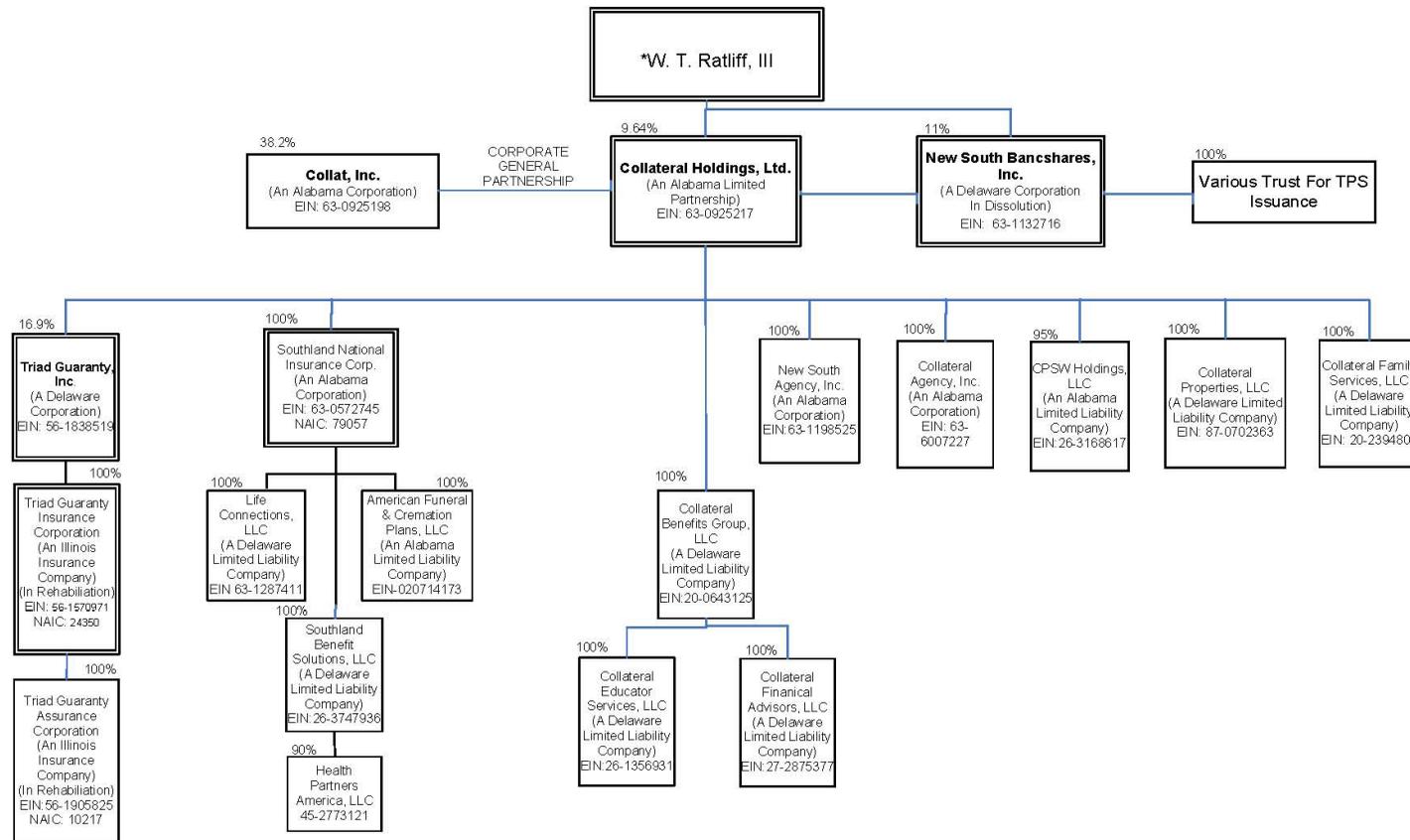
	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	
1. Alabama	AL	L	187,423	235,097	418,724	460,636	1,249,593	804,472
2. Alaska	AK	L		0		0		0
3. Arizona	AZ	L	927,003	1,231,225	5,141,812	9,203,404	5,316,717	8,487,507
4. Arkansas	AR	L	343,779	439,387	400,379	548,322	1,997,515	1,201,065
5. California	CA	L	12,525,379	16,421,886	48,314,361	60,103,975	173,315,416	140,993,135
6. Colorado	CO	L	2,556,890	3,051,462	5,564,507	6,559,618	22,665,461	10,340,090
7. Connecticut	CT	L	172,025	188,060	123,392	206,424	1,807,900	1,163,364
8. Delaware	DE	L	58,972	62,834	39,684	29,470	283,738	98,695
9. Dist. Columbia	DC	L	2,145,637	4,891,317	15,209,600	33,992,597	65,652,826	58,530,972
10. Florida	FL	L	2,387,593	2,838,899	10,876,599	8,811,816	41,172,185	31,900,424
11. Georgia	GA	L	1,117,902	1,425,302	2,408,316	2,852,002	6,193,187	5,132,844
12. Hawaii	HI	L	3,094	3,179		992		612
13. Idaho	ID	L	7,787	1,889		0	75,751	29,006
14. Illinois	IL	L	1,636,881	2,025,741	7,237,025	4,799,814	17,653,227	15,276,820
15. Indiana	IN	L	178,308	294,838	190,290	432,438	1,148,928	950,135
16. Iowa	IA	L	21,416	28,437	51,415	27,102	130,338	73,411
17. Kansas	KS	L	109,994	145,371	96,113	272,427	445,560	385,965
18. Kentucky	KY	L	439,599	614,774	1,035,148	929,034	2,640,939	2,396,088
19. Louisiana	LA	L	94,167	115,644	103,982	280,148	280,205	231,962
20. Maine	ME	L		0		0		0
21. Maryland	MD	L	642,459	693,736	1,272,825	1,218,697	8,108,889	4,638,159
22. Massachusetts	MA	L	356,148	405,917	842,264	884,470	3,404,116	2,178,234
23. Michigan	MI	L	1,009,549	1,320,170	2,268,333	3,580,261	8,179,214	6,191,508
24. Minnesota	MN	L	10,644,994	13,321,196	30,685,688	25,984,102	84,668,520	62,709,941
25. Mississippi	MS	L	77,127	99,586	(933)	176,364	310,911	178,827
26. Missouri	MO	L	177,502	221,830	144,915	510,480	744,432	435,793
27. Montana	MT	L	6,817	3,766		0	2,187	725
28. Nebraska	NE	L	159	1,080		0	51	208
29. Nevada	NV	L	211,851	233,034	1,004,714	2,220,126	3,198,967	2,194,268
30. New Hampshire	NH	L	15,585	19,545	92,338	35,025	4,999	65,738
31. New Jersey	NJ	L	1,144,067	1,238,576	1,942,174	1,739,711	17,744,081	10,956,553
32. New Mexico	NM	L	121,909	143,841	483,727	88,989	970,564	779,774
33. New York	NY	L	460,649	504,588	932,792	365,236	7,753,684	5,707,740
34. No. Carolina	NC	L	2,122,265	2,659,363	3,926,037	4,758,535	11,437,925	9,627,066
35. No. Dakota	ND	L		0		0		0
36. Ohio	OH	L	821,568	1,029,706	2,120,276	1,619,436	6,662,161	5,504,979
37. Oklahoma	OK	L	609,522	808,703	616,265	918,483	1,997,816	1,665,671
38. Oregon	OR	L	139,206	179,256	291,223	378,080	1,352,621	980,010
39. Pennsylvania	PA	L	750,363	901,238	1,662,567	1,525,474	5,191,029	3,820,319
40. Rhode Island	RI	L	49,129	60,674	39,368	115,766	659,455	542,855
41. So. Carolina	SC	L	1,190,685	1,488,760	2,479,153	3,755,630	8,506,345	6,623,486
42. So. Dakota	SD	L	2,674	3,669		0	858	21,275
43. Tennessee	TN	L	530,512	696,010	1,006,198	1,080,712	2,648,980	2,055,824
44. Texas	TX	L	12,373,732	11,754,439	16,375,126	23,540,006	73,253,770	43,427,915
45. Utah	UT	L	125,779	167,949	256,532	578,607	906,747	898,116
46. Vermont	VT	L		0		0		0
47. Virginia	VA	L	1,156,514	1,600,948	3,748,574	4,628,635	12,273,904	10,907,117
48. Washington	WA	L	168,418	212,769	693,262	388,561	1,525,492	1,220,245
49. West Virginia	WV	L	81,611	103,226	37,505	235,086	223,753	97,181
50. Wisconsin	WI	L	143,620	164,797	311,256	372,602	1,104,054	957,399
51. Wyoming	WY	L	36,432	43,475	74,192		11,689	50,084
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	0
59. Totals	(a) 51		60,084,695	74,097,189	170,517,718	210,208,301	604,877,692	462,433,577
<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 INSURANCE 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	.6
0421	Collateral Holding, Ltd.		63-0925217				Collateral Holdings, Ltd.	USA	UDP	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	.5
0421	Collateral Holding, Ltd.		63-0925198				Collat, Inc.	USA	NIA	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	.4
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 (In Rehabilitation)	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 (In Rehabilitation)	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.		64-0858642				Southland National Trust Company, Inc.	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	.0
0421	Collateral Holding, Ltd.		63-1065494				Southland National Funeral Group, Inc.	USA	DS	Southland National Insurance Corporation	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.		63-1263856				Benefit Resource Group, 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



**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	60,791,982	79,065,363	130.1	224.7
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	60,791,982	79,065,363	130.1	224.7
<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

**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	27,665,462	60,084,695	74,097,189
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	27,665,462	60,084,695	74,097,189
<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

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY INSURANCE 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 .....	289,838	0	289,838	67,846		67,846	407,536			407,536	185,544	0	185,544
2. 2011 .....	158,810	2,331	161,141	46,583		46,583	(70,230)			(70,230)	(182,457)	(2,331)	(184,788)
3. Subtotals 2011 + prior .....	448,648	2,331	450,979	114,429	0	114,429	337,306	0	0	337,306	3,087	(2,331)	756
4. 2012 .....	212,428	20,981	233,409	51,202		51,202	160,639		1,875	162,514	(586)	(19,107)	(19,693)
5. Subtotals 2012 + prior .....	661,076	23,313	684,388	165,631	0	165,631	497,945	0	1,875	499,820	2,501	(21,438)	(18,937)
6. 2013 .....	XXX	XXX	XXX	XXX	1,903	1,903	XXX	76,531	16,871	93,402	XXX	XXX	XXX
7. Totals .....	661,076	23,313	684,388	165,631	1,903	167,534	497,945	76,531	18,746	593,222	2,501	(21,438)	(18,937)
8. Prior Year-End Surplus As Regards Policy-holders	(852,748)												
											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. 0.4	2. (92.0)	3. (2.8)
													Col. 13, Line 7 Line 8
													4. 2.2

## 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.	 2 4 3 5 0 2 0 1 3 4 9 0 0 0 0 0 2
2.	 2 4 3 5 0 2 0 1 3 4 5 5 0 0 0 0 2
3.	 2 4 3 5 0 2 0 1 3 3 6 5 0 0 0 0 2
4.	 2 4 3 5 0 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 .....	575,507,649	720,429,949
2. Cost of bonds and stocks acquired .....	117,841,913	41,584,493
3. Accrual of discount .....	949,885	1,508,530
4. Unrealized valuation increase (decrease) .....	(178,460)	(489,661)
5. Total gain (loss) on disposals .....	980,562	1,055,693
6. Deduct consideration for bonds and stocks disposed of .....	134,252,780	183,030,466
7. Deduct amortization of premium .....	1,439,856	5,481,124
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	(244,074)	69,765
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	559,652,987	575,507,649
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	559,652,987	575,507,649

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY INSURANCE 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).....	608,157,526	261,744,000	286,883,299	(1,492,237)	608,157,526	581,525,990	.0	614,586,177
2. Class 2 (a).....	34,830,130	14,606,990	7,299,504	2,310,312	34,830,130	44,447,928	.0	37,373,988
3. Class 3 (a).....	2,269,364			(1,393,551)	2,269,364	875,812	.0	871,998
4. Class 4 (a).....	407,350		1,000,000	592,650	407,350	.0	.0	406,606
5. Class 5 (a).....	1,102,634		290	93,154	1,102,634	1,195,498	.0	1,095,719
6. Class 6 (a).....	0				0	0	0	2,099
7. Total Bonds	646,767,004	276,350,990	295,183,093	110,328	646,767,004	628,045,228	0	654,336,587
<b>PREFERRED STOCK</b>								
8. Class 1.....	.0				.0	.0	.0	.0
9. Class 2.....	.0				.0	.0	.0	.0
10. Class 3.....	.0				.0	.0	.0	.0
11. Class 4.....	.0				.0	.0	.0	.0
12. Class 5.....	.0				.0	.0	.0	.0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	646,767,004	276,350,990	295,183,093	110,328	646,767,004	628,045,228	0	654,336,587

(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 \$ .....76,095,140 ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

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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	76,095,140	XXX	76,205,161		395,796

## 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.....	86,710,197	28,204,983
2. Cost of short-term investments acquired .....	381,291,870	315,909,218
3. Accrual of discount .....	4,795	0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....	202	0
6. Deduct consideration received on disposals .....	391,801,904	256,705,568
7. Deduct amortization of premium.....	110,020	697,670
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		766
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	76,095,140	86,710,197
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	76,095,140	86,710,197

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 .....	86,477,415	39,995,586
3. Accrual of discount .....	15,245	4,414
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....	2,488	0
6. Deduct consideration received on disposals .....	86,498,104	40,000,000
7. Deduct amortization of premium .....	(2,956)	0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	0	0
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	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**

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

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10	
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>										
009363-AG-7	AIRGAS INC.		05/14/2013	PIERPONT SECURITIES LLC		4,199,960	4,000,000	31,000	2FE	
02005J-AC-3	ALLYA 2011-3 A3		06/14/2013	J.P. MORGAN		3,527,943	3,522,439	380	1FE	
02006A-AC-1	ALLYA 2012-2 A3		05/10/2013	J.P. MORGAN		4,011,875	4,000,000		1FE	
02006J-AA-6	ALLYA 2013-1 A2		06/19/2013	J.P. MORGAN		1,998,281	2,000,000	230	1FE	
03064N-AD-8	AMCAR 2011-2 A3		05/10/2013	DEUTSCHE BANK		3,953,259	3,942,172	1,234	1FE	
03523T-BL-1	ANHEUSER-BUSCH INBEV WOR		05/14/2013	US BANCORP INVESTMENTS INC		2,533,575	2,500,000	12,813	1FE	
037833-AF-7	APPLE INC.		04/30/2013	GOLDMAN SACHS		6,000,000	6,000,000		1FE	
14313G-AC-1	CARMX 2012-1 A3		05/10/2013	ROYAL BANK OF SCOTLAND US		4,019,688	4,000,000		1FE	
14313M-AB-0	CARMX 2013-2 A2		05/08/2013	BARCLAYS AMERICAN		3,999,885	4,000,000		1FE	
20825C-AT-1	CONOCOPHILLIPS		05/17/2013	HSBC SECURITIES LIMITED		4,265,000	4,000,000	64,911	1FE	
22160K-AD-7	COSTCO WHOLESALE CORP		05/14/2013	US BANCORP INVESTMENTS INC		4,021,640	4,000,000	11,556	1FE	
34529T-AC-1	FORDL 2011-B A3		06/24/2013	DEUTSCHE BANK		3,689,173	3,683,992	1,289	1FE	
34530E-AB-3	FORDO 2013-B A2		05/14/2013	RBC CAPITAL MARKETS SECURITIES - US		3,999,678	4,000,000		1FE	
345397-WH-2	FORD MOTOR CREDIT CO LLC		05/06/2013	GOLDMAN SACHS		4,000,000	4,000,000		2FE	
368710-AG-4	GENENTECH INC		05/15/2013	CITIGROUP GLOBAL MARKETS		3,124,540	2,870,000	47,334	1FE	
44890L-AB-0	HART 2013-B A2		06/19/2013	CREDIT SUISSE		3,999,982	4,000,000		1FE	
459200-HL-8	IBM CORP		05/02/2013	BANK AMERICA		3,490,130	3,500,000		1FE	
494368-BK-8	KIMBERLY-CLARK CORP		05/20/2013	CITIGROUP GLOBAL MARKETS		950,000	950,000		1FE	
546676-AS-6	LOUISVILLE GAS & ELEC		05/17/2013	JEFFERIES & CO		4,107,600	4,000,000	1,264	1FE	
595620-AD-7	MIDAMERICAN ENERGY CO		05/14/2013	WELLS FARGO SECURITIES LLC		4,231,760	4,000,000	23,767	1FE	
67021C-AH-0	NSTAR ELECTRIC CO		05/14/2013	RBC CAPITAL MARKETS SECURITIES - US		3,000,000	3,000,000		1FE	
69349L-AL-2	PNC BANK NA		05/07/2013	MORGAN STANLEY		4,000,000	4,000,000	662	1FE	
740189-AJ-4	PRECISION CASTPARTS CORP		05/17/2013	RBC CAPITAL MARKETS SECURITIES - US		4,015,960	4,000,000	11,822	1FE	
74256L-AB-5	PRINCIPAL LFE GLB FND II		05/14/2013	CITIGROUP GLOBAL MARKETS		4,042,000	4,000,000	7,375	1FE	
80282U-AB-0	SDART 2012-5 A2		06/18/2013	VARIOUS		4,311,469	4,308,857	108	1FE	
80282X-AB-4	SDART 2012-4 A2		06/18/2013	CITIGROUP GLOBAL MARKETS		3,997,336	3,993,903	526	1FE	
882508-AT-1	TEXAS INSTRUMENTS INC		05/14/2013	CITIGROUP GLOBAL MARKETS		4,001,480	4,000,000	5,200	1FE	
884903-BL-8	THOMSON REUTERS CORP		05/16/2013	ROYAL BANK OF SCOTLAND US		2,413,513	2,420,000		1FE	
931142-CT-8	WAL-MART STORES INC		05/14/2013	US BANCORP INVESTMENTS INC		1,455,565	1,400,000	11,287	1FE	
931142-CX-9	WAL-MART STORES INC		05/14/2013	CITIGROUP GLOBAL MARKETS		1,024,630	1,000,000	917	1FE	
98389B-AP-5	XCEL ENERGY INC		05/06/2013	BANK AMERICA		2,374,430	2,375,000		2FE	
891140-AJ-7	TORONTO-DOMINION BANK	A	05/02/2013	CREDIT SUISSE		3,000,000	3,000,000		1FE	
65557F-AE-6	NORDEA BANK AB	F	05/07/2013	GOLDMAN SACHS		3,991,880	4,000,000		1FE	
89152U-AE-2	TOTAL CAPITAL SA	F	05/17/2013	J.P. MORGAN		2,089,680	2,000,000	8,561	1FE	
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						117,841,912	116,466,363	242,236	XXX	
<b>8399997 - Subtotals- Bonds - Part 3</b>							117,841,912	116,466,363	242,236	XXX
<b>8399999 - Subtotals - Bonds</b>							117,841,912	116,466,363	242,236	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>										
00685R-70-6	ADELPHI A CONTINGENT VALUE		05/16/2013	CORPORATE ACTIONS	1.000				U	
205862-40-2	COMVERSE TECHNOLOGY INC		04/03/2013	CLASS ACTION	1.000				L	
<b>9999999 Totals</b>							117,841,912	XXX	242,236	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....1

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STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY INSURANCE 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	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 - U.S. Governments</b>																					
383766-6E-5	GNR 2011-152 A	06/01/2013	MBS PAYMENT		652,744	652,744	651,214	652,616		128		128		652,744			0	5,193	07/16/2033	1	
383766-AG-5	GNR 2009-71 A	06/01/2013	MBS PAYMENT		534,957	534,957	554,683	544,242		(9,285)		(9,285)		534,957			0	8,782	06/16/2038	1	
383766-U0-1	GNR 2010-118 A	06/01/2013	MBS PAYMENT		1,038,946	1,038,946	1,048,361	1,042,522		(3,576)		(3,576)		1,038,946			0	8,052	11/16/2032	1	
38378B-AH-2	GNR 2011-164 A	06/01/2013	MBS PAYMENT		34,605	34,605	34,634	34,605		(4)		(4)		34,605			0	227	12/16/2037	1	
912828-HY-9	US TREASURY N/B	04/30/2013	VARIOUS		120,000	120,000	125,316	120,576		(576)		(576)		120,000			0	1,875	04/30/2013	1	
<b>0599999 - Bonds - U.S. Governments</b>					2,381,252	2,381,252	2,414,208	2,394,564	0	(13,313)	0	(13,313)	0	2,381,252	0	0	0	24,129	XXX	XXX	
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>																					
483862-GV-4	KANE CNTY TL FOREST PRESERVE D	06/17/2013	CALLED BY ISSUER at 100.000		1,000,000	1,000,000	1,085,450	1,016,074		(6,074)		(6,074)		1,000,000			0	25,000	12/15/2014	1FE	
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>					1,000,000	1,000,000	1,085,450	1,016,074	0	(6,074)	0	(6,074)	0	1,000,000	0	0	0	25,000	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>																					
3128MB-VP-9	FG 613122	06/01/2013	MBS PAYMENT		164,387	164,387	160,534	163,716		671		671		164,387			0	3,385	04/01/2023	1	
3128PK-7A-6	FG J08089	06/01/2013	MBS PAYMENT		196,054	196,054	195,625	195,984		69		69		196,054			0	4,772	06/01/2023	1	
3128PK-XM-1	FG J07884	06/01/2013	MBS PAYMENT		101,724	101,724	101,724	101,724		0		0		101,724			0	2,230	05/01/2023	1	
31349U-B3-1	FH 782758	06/01/2013	VARIOUS		18,183	18,183	19,626	19,626		93		93		19,719		(1,536)	(1,536)	574	11/01/2036	1	
314020-ZE-4	FN 735241	06/01/2013	MBS PAYMENT		981	981	1,012	982		0		0		981			0	9	02/01/2035	1	
31403B-PC-1	FN 743919	06/01/2013	MBS PAYMENT		2,313	2,313	2,415	2,325		(12)		(12)		2,313			0	44	11/01/2018	1	
31403D-RH-4	FN 745788	06/01/2013	MBS PAYMENT		1,262	1,262	1,343	1,343		14		14		1,357		(95)	(95)	21	08/01/2036	1	
31403D-VZ-9	FN 745932	06/01/2013	MBS PAYMENT		6,216	6,216	6,802	6,265		(49)		(49)		6,216			0	170	11/01/2036	1	
31404V-Y6-9	FN 780233	06/01/2013	MBS PAYMENT		13,092	13,092	13,667	13,148		(57)		(57)		13,092			0	236	05/01/2019	1	
31405H-6L-7	FN 790275	06/01/2013	MBS PAYMENT		91	91	94	91		0		0		91			0	1	08/01/2034	1	
31405R-CR-5	FN 796680	06/01/2013	MBS PAYMENT		18,520	18,520	19,377	18,604		(84)		(84)		18,520			0	334	10/01/2019	1	
31410K-JY-1	FN 889579	06/01/2013	MBS PAYMENT		31,861	31,861	34,056	32,084		(223)		(223)		31,861			0	804	05/01/2038	1	
31410R-6J-3	FN 895573	06/01/2013	MBS PAYMENT		29,864	29,864	30,877	29,906		(43)		(43)		29,864			0	378	06/01/2036	1	
31411Y-DP-5	FN 918210	06/01/2013	MBS PAYMENT		9,880	9,880	10,382	9,981		(101)		(101)		9,880			0	188	05/01/2037	1	
31412W-SD-1	FN 929416	06/01/2013	MBS PAYMENT		8,745	8,745	9,329	9,329		(48)		(48)		8,745			0	222	05/01/2038	1	
31414D-UF-1	FN 963282	06/01/2013	MBS PAYMENT		127,025	127,025	124,981	126,748		277		277		127,025			0	2,704	05/01/2023	1	
31416J-PH-8	FN AA1323	06/01/2013	MBS PAYMENT		15,492	15,492	16,840	15,653		(161)		(161)		15,492			0	388	11/01/2032	1	
31417Y-T7-2	FN MA0573	06/01/2013	MBS PAYMENT		50,394	50,394	50,587	50,334		61		61		50,394			0	729	11/01/2025	1	
40579E-AV-8	AUTH. LOUISIANA ST UNIV & AGRIC & ME	06/30/2013	VARIOUS		500,000	500,000	598,378	412,098		1,647	(86,503)	88,150		500,249		(249)	(249)	12,500	06/01/2028	1FE	
546540-AM-7	PORTLAND OR RIVER DIST	05/01/2013	CALLED BY ISSUER at 100.000		10,000	10,000	10,000	10,000		0		0		10,000			0	310	05/01/2020	1FE	
73674N-BA-8	URBAN R. RHODE ISLAND ST HLTH & EDUCNTL	06/17/2013	CALLED BY ISSUER at 100.000		780,000	780,000	740,657	763,699		16,301		16,301		780,000			0	19,500	06/15/2023	1FE	
762242-OF-5	EDUCTNL	04/01/2013	CALLED BY ISSUER at 100.000		35,000	35,000	35,613	35,000		0		0		35,000			0	1,050	04/01/2017	2Z	
<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>					2,121,084	2,121,084	2,183,919	2,018,104	0	18,355	(86,503)	104,858	0	2,122,964	0	(1,880)	(1,880)	50,549	XXX	XXX	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
02003W-B0-6	ALLSTATE LF GLB FN TRST	04/30/2013	MATURITY		8,000,000	8,000,000	7,816,904	7,973,299		26,701		26,701		8,000,000			0	215,000	04/30/2013	1FE	
02580E-CN-1	AMERICAN EXPRESS BK FSB	04/16/2013	MATURITY		825,000	825,000	739,800	814,050		10,950		10,950		825,000			0	22,888	04/16/2013	1FE	
02580M-CW-7	AMER EXPRESS CREDIT CO	05/02/2013	MATURITY		5,000,000	5,000,000	4,564,824	4,935,261		64,739		64,739		5,000,000			0	146,875	05/02/2013	1FE	
02660Y-AU-6	AHM 2006-2 3A2	06/01/2013	MBS PAYMENT		5,093	5,093	2,582	2,582		0		0		5,093		2,512	2,512	122	03/01/2043	1FM	
03064N-AD-8	AMCAR 2011-2 A3	06/08/2013	MBS PAYMENT		677,633	677,633	679,539	679,539		(96)		(96)		677,633			0	909	10/08/2015	1FE	
03064R-AB-3	AMCAR 2011-4 A2	06/08/2013	MBS PAYMENT		189,800	189,800	189,529	189,677		123		123		189,800			0	724	03/09/2015	1FE	
03064T-AB-9	AMCAR 2011-5 A2	06/08/2013	MBS PAYMENT		590,693	590,693	590,667	590,571		122		122		590,693			0	2,925	08/08/2015	1FE	
03064U-AB-6	AMCAR 2012-1 A2	06/08/2013	MBS PAYMENT		194,643	194,643	194,633	194,610		33		33		194,643			0	729	10/08/2015	1FE	
037411-AT-2	APACHE CORP	04/15/2013	MATURITY		1,000,000	1,000,000	1,026,580	1,001,907		(1,907)		(1,907)		1,000,000			0	26,250	04/15/2013	1FE	
037833-AF-7	APPLE INC	05/02/2013	GOLDMAN SACHS CALLED BY ISSUER at 2,000,000		2,002,020	2,000,000	2,000,000	2,000,000		0		0		2,000,000		2,020	2,020	72	05/03/2016	1FE	
054303-AV-4	AVON PRODUCTS INC	04/16/2013	MATURITY		2,086,904	2,000,000	1,989,100	1,996,994		89,910		89,910		2,086,904			0	70,000	03/01/2014	2FE	
084664-BG-5	BERKSHIRE HATHAWAY FIN	05/01/2013	US BANCORP INVESTMENTS INC		278,504	275,000	300,024	279,744		(2,649)		(2,649)		277,094		1,409	1,409	9,969	08/15/2013	1FE	
12616V-AB-8	CNH 2011-C A2	06/15/2013	MBS PAYMENT		643,977	643,977	643,665	643,808		170		170		643,977			0	2,352	04/15/2015	1FE	
12668B-TJ-2	CWALT 2006-J2 A6	06/01/2013	MBS PAYMENT		4,630	5,766	4,237	4,237		0		0		4,630		392	392	139	04/25/2036	1FM	
12669G-LP-4	CWHL 2005-HYB1 4A1	06/01/2013	MBS PAYMENT		1,418	1,418	936	936		0		0		1,418		482	482	17	03/25/2035	1FM	
12669Y-AC-6	CWHL 2006-J4 A3	06/01/2013	MBS PAYMENT		1,973	3,172	2,045	2,045		0		0		2,045		(72)	(72)	86	09/25/2036	1FM	
172973-A6-6	CMSI 2004-5 2A6	06/01/2013	MBS PAYMENT		28,284	28,284	26,535	28,087		197		197		28,284			0	556	08/25/2034	1FM	
173105-AC-1	CMSI 2007-1 1A3	06/01/2013	MBS PAYMENT		33,892	33,892	31,882	31,882		0		0		33,892		2,010	2,010	877	01/25/2037	1FM	
191219-BV-5	COCA-COLA REFRESH USA	04/05/2013	CALLED BY ISSUER at 106.818		4,272,720	4,000,000	4,310,440	4,165,045		107,675		107,675		4,272,720			0	101,056	03/01/2015	1FE	
225415-GM-4	CSFB 2004-3 2A1	06/01/2013	MBS PAYMENT		26,884	26,884	26,985	26,906		(22)		(22)		26,884			0	514	04/25/2019	1FM	
225458-YS-2	CSFB 2005-6 3A1	06/01/2013	MBS PAYMENT		2,181	2,181	2,178	2,178		3		3		2,181			0	49	07/25/2020	1FM	
278058-DF-6	EATON CORP	05/15/2013	MATURITY		1,145,000	1,145,000	1,206,109	1,161,645		(16,645)		(16,645)		1,145,000			0	28,053	05/15/2013	2FE	

STATEMENT AS OF JUNE 30, 2013 OF THE TRIAD GUARANTY INSURANCE 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)	
345291-AB-3	FORDL 2011-B A2		05/15/2013	MBS PAYMENT		682,299	682,299	681,763	682,244		56		56		682,299				2,089	01/15/2014	1FE	
36162D-AB-5	GEEST 2011-2A A2		06/21/2013	MBS PAYMENT		332,560	332,560	332,546	332,380		179		179		332,560				1,571	06/23/2014	1FE	
36242D-QY-2	GSR 2004-15F 2A2		06/01/2013	MBS PAYMENT		3,868	3,868	3,012	3,797		71		71		3,868				89	12/25/2034	1FM	
36830H-AC-6	GEEST 2011-1A A3		06/21/2013	MBS PAYMENT		478,631	478,631	480,058	478,946		(315)		(315)		478,631				2,857	01/21/2018	1FE	
43811A-AB-2	HAROT 2011-3 A2		06/21/2013	MBS PAYMENT		654,031	654,031	653,741	654,064		(32)		(32)		654,031				1,729	04/21/2014	1FE	
477867-AC-9	JDOT 2011-A A3		06/15/2013	MBS PAYMENT		1,541,442	1,541,442	1,549,930	1,543,166		(1,724)		(1,724)		1,541,442				8,048	01/15/2016	1FE	
57629W-BM-1	MASSMUTUAL GLOBAL FUNDIN		04/29/2013	US BANCORP INVESTMENTS INC.		2,083,660	2,000,000	1,935,580	1,959,593		4,786		4,786		1,964,379		119,281	119,281	27,344	09/28/2015	1FE	
57643M-DE-1	MASTR 2004-6 4A1		06/01/2013	MBS PAYMENT		9,008	9,008	9,117	9,031		(23)		(23)		9,008				174	07/25/2019	1FM	
587682-AC-9	MBART 2010-1 A3		06/15/2013	MBS PAYMENT		70,012	70,012	69,999	70,004		9		9		70,012				413	08/15/2014	1FE	
587727-AB-4	MBALT 2011-B A2		04/15/2013	MBS PAYMENT		455,787	455,787	455,547	455,930		(143)		(143)		455,787				1,367	01/15/2014	1FE	
592179-JG-1	MET LIFE GLOB FUNDING I		04/10/2013	MATURITY		5,000,000	5,000,000	4,678,181	4,961,427		38,574		38,574		5,000,000				128,125	06/10/2013	1FE	
592176-AC-3	MET LIFE GLOB FUNDING I		04/29/2013	US BANCORP INVESTMENTS INC.		2,084,360	2,000,000	1,947,680	1,967,142		3,889		3,889		1,971,031		113,329	113,329	29,583	09/29/2015	1FE	
629491-AA-9	NYSE EURONEXT		06/28/2013	MATURITY		5,000,000	5,000,000	4,992,665	4,998,634		1,366		1,366		5,000,000				120,000	06/28/2013	1FE	
64952W-AW-3	NEW YORK LIFE GLOBAL FDG.		04/26/2013	PIERPONT SECURITIES LLC.		7,350,840	7,000,000	7,039,640	7,023,892		(3,187)		(3,187)		7,020,706		330,134	330,134	103,250	05/04/2015	1FE	
670346-AJ-4	NUCOR CORP.		06/01/2013	MATURITY		5,000,000	5,000,000	4,983,779	4,998,049		1,951		1,951		5,000,000				125,000	06/01/2013	1FE	
69371R-J9-8	PACCAR FINANCIAL CORP.		06/17/2013	MATURITY		1,650,000	1,650,000	1,647,806	1,649,641		359		359		1,650,000				16,913	06/17/2013	1FE	
73328V-AD-5	PILOT 2011-1 A2		04/20/2013	MBS PAYMENT		76,148	76,148	76,122	76,265		(117)		(117)		76,148				234	02/20/2014	1FE	
761118-TB-4	RALI 2006-QA1 A21		06/01/2013	MBS PAYMENT		1,057	2,095	1,016	1,016						1,016		41	41	32	01/25/2036	1FM	
76111X-ZC-0	RFMSI 2005-SA5 3A		06/01/2013	MBS PAYMENT		18,638	25,532	18,082	18,082						18,082		557	557	358	11/25/2035	1FM	
792860-AH-1	TRAVELERS COS INC.		05/01/2013	PIERPONT SECURITIES LLC.		4,491,560	4,000,000	4,451,720	4,253,783		(28,991)		(28,991)		4,224,792		266,768	266,768	94,722	12/01/2015	1FE	
80282U-AB-0	SDART 2012-5 A2		06/15/2013	MBS PAYMENT		306,810	306,810	307,050	307,050		(11)		(11)		306,810				146	12/15/2015	1FE	
86359L-TB-5	SAMI 2006-AR1 1A2		06/25/2013	MBS PAYMENT		620	1,545	289	289						291		332	332	2	02/25/2036	5FM	
89235V-AC-9	TAOT 2010-B A3		04/15/2013	MBS PAYMENT		30,932	30,931	30,927	30,951		(20)		(20)		30,931				106	02/18/2014	1FE	
92867F-AB-1	VWALT 2011-A A2		04/22/2013	MBS PAYMENT		103,796	103,795	103,794	104,273		(478)		(478)		103,795				346	02/20/2014	1FE	
92867F-AC-9	VWALT 2011-A A3		06/20/2013	MBS PAYMENT		927,780	927,780	928,465	927,928		(150)		(150)		927,780				4,843	10/20/2014	1FE	
92867K-AB-0	VWALT 2012-A A2		06/20/2013	MBS PAYMENT		72,871	72,871	72,865	72,847		25		25		72,871				199	11/20/2014	1FE	
949758-AD-8	WFMSB 2004-0 A1		06/01/2013	MBS PAYMENT		23,155	23,155	23,184	23,205		(49)		(49)		23,155				478	08/25/2034	1FM	
94979X-AA-5	WFMSB 2003-H A1		06/01/2013	MBS PAYMENT		12,368	12,368	11,984	12,327		41		41		12,368				245	09/25/2033	1FM	
89352H-AA-7	TRANS-CANADA PIPELINES		06/15/2013	MATURITY		5,000,000	5,000,000	5,271,050	5,040,963		(40,963)		(40,963)		5,000,000				100,000	06/15/2013	1FE	
22303Q-AJ-9	COVIDIEN INTL FINANCE SA		06/15/2013	MATURITY		7,350,000	7,350,000	7,419,752	7,371,941		(21,941)		(21,941)		7,350,000				68,906	06/15/2013	1FE	
2515A0-NY-5	DEUTSCHE BANK AG LONDON		05/20/2013	MATURITY		2,700,000	2,700,000	2,759,940	2,716,803		(16,803)		(16,803)		2,700,000				65,813	05/20/2013	1FE	
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						80,523,482	79,159,104	79,286,447	76,484,077	0	215,663	0	215,663	0	79,684,288	0	839,195	839,195	1,534,940	XXX	XXX	
<b>Bonds - Hybrid Securities</b>																						
003723-AA-1	ABN AMRO NA HOLDING CAP		04/03/2013	CALLED BY ISSUER at 100.000		1,000,000	1,000,000	405,618	406,606		593,394		593,394		1,000,000				13,788	12/29/2049	4FE	
<b>4899999 - Bonds - Hybrid Securities</b>						1,000,000	1,000,000	405,618	406,606	0	593,394	0	593,394	0	1,000,000	0	0	0	13,788	XXX	XXX	
<b>8399997 - Subtotals - Bonds - Part 4</b>						87,025,818	85,661,440	85,375,642	82,319,425	0	798,025	(86,503)	884,528	0	86,188,504	0	837,315	837,315	1,648,406	XXX	XXX	
<b>8399999 - Subtotals - Bonds</b>						87,025,818	85,661,440	85,375,642	82,319,425	0	798,025	(86,503)	884,528	0	86,188,504	0	837,315	837,315	1,648,406	XXX	XXX	
<b>Common Stocks - Industrial and Miscellaneous (Unaffiliated)</b>																						
00685R-70-6	ADELPHIA CONTINGENT VALUE		05/16/2013	CORPORATE ACTIONS	1,000	24	XXX						0					23	23	XXX	U	
205862-40-2	COMVERSE TECHNOLOGY INC.		04/03/2013	CLASS ACTION	1,000	56	XXX						0					56	56	XXX	J	
<b>9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)</b>						80	XXX	0	0	0	0	0	0	0	0	0	0	79	79	0	XXX	XXX
<b>9799997 - Subtotals - Common Stocks - Part 4</b>						80	XXX	0	0	0	0	0	0	0	0	0	0	79	79	0	XXX	XXX
<b>9799999 - Subtotals - Common Stocks</b>						80	XXX	0	0	0	0	0	0	0	0	0	0	79	79	0	XXX	XXX
<b>9899999 - Subtotals - Preferred and Common Stocks</b>						80	XXX	0	0	0	0	0	0	0	0	0	0	79	79	0	XXX	XXX
<b>9999999 Totals</b>						87,025,898	85,661,440	85,375,642	82,319,425	0	798,025	(86,503)	884,528	0	86,188,504	0	837,394	837,394	1,648,406	XXX	XXX	

EO5.1

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....1.

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**



**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<b>NONE</b>							
8699999 Total Cash Equivalents					0	0	0