

ANNUAL STATEMENT
OF THE
**TRIAD GUARANTY ASSURANCE
CORPORATION., IN REHABILITATION**

2012

OF
Chicago
IN THE STATE OF
Illinois
TO THE
INSURANCE DEPARTMENT
OF THE
STATE OF
FOR THE YEAR ENDED
DECEMBER 31, 2012

PROPERTY AND CASUALTY

2012

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	14,150,321		14,150,321	14,746,942
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$148,726 , Schedule E-Part 1), cash equivalents (\$, Schedule E-Part 2) and short-term investments (\$436,663 , Schedule DA).....	585,389		585,389	2,065,634
6. Contract loans (including \$ premium notes).....				
7. Derivatives (Schedule DB).....				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL).....				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	14,735,710		14,735,710	16,812,576
13. Title plants less \$ charged off (for Title insurers only).....				
14. Investment income due and accrued	135,010		135,010	211,853
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	200,853		200,853	168,029
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....				
15.3 Accrued retrospective premiums.....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset.....				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software.....				
21. Furniture and equipment, including health care delivery assets (\$)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$) and other amounts receivable.....				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	15,071,572		15,071,572	17,192,458
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
28. Total (Lines 26 and 27)	15,071,572		15,071,572	17,192,458
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	6,548,453	7,753,556
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	521,580	347,719
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges	60,256	50,409
5. Other expenses (excluding taxes, licenses and fees)	36	
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	4,625	
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	30,003	33,704
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	25,360	40,976
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities		595,173
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	7,190,313	8,821,537
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	7,190,313	8,821,537
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,500,000	2,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	2,535,982	2,535,982
35. Unassigned funds (surplus)	2,845,277	3,334,938
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	7,881,259	8,370,920
38. Totals (Page 2, Line 28, Col. 3)	15,071,572	17,192,458
DETAILS OF WRITE-INS		
2501. Contingency Reserve		595,173
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		595,173
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	1,035,207	2,490,835
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	2,722,494	3,061,601
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	556,661	988,369
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	3,279,155	4,049,971
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(2,243,948)	(1,559,135)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	684,267	775,711
10. Net realized capital gains (losses) less capital gains tax of \$	474,847	(65,270)
11. Net investment gain (loss) (Lines 9 + 10)	1,159,114	710,441
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Lines 12 through 14)		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(1,084,834)	(848,694)
17. Dividends to policyholders		
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)	(1,084,834)	(848,694)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(1,084,834)	(848,694)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	8,370,920	8,639,426
22. Net income (from Line 20)	(1,084,834)	(848,694)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		(364,203)
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	595,173	944,391
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(489,661)	(268,506)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	7,881,259	8,370,920
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		
3701. Increase in contingency reserve.....	(517,603)	(1,245,418)
3702. Decrease in contingency reserve.....	1,112,776	2,189,809
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	595,173	944,391

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
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CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	998,682	2,442,461
2. Net investment income	694,914	805,195
3. Miscellaneous income		
4. Total (Lines 1 through 3)	1,693,596	3,247,656
5. Benefit and loss related payments	3,753,737	4,116,448
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	542,188	978,874
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....		
10. Total (Lines 5 through 9)	4,295,925	5,095,322
11. Net cash from operations (Line 4 minus Line 10)	(2,602,329)	(1,847,666)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	6,848,888	2,488,246
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		55
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,848,888	2,488,301
13. Cost of investments acquired (long-term only):		
13.1 Bonds	5,711,224	1,774,923
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,711,224	1,774,923
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,137,664	713,378
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied).....	(15,580)	(2,819)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(15,580)	(2,819)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,480,245)	(1,137,106)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,065,634	3,202,740
19.2 End of year (Line 18 plus Line 19.1)	585,389	2,065,634

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire				
2.	Allied lines				
3.	Farmowners multiple peril				
4.	Homeowners multiple peril				
5.	Commercial multiple peril				
6.	Mortgage guaranty	1,031,506	33,704	30,003	1,035,207
8.	Ocean marine				
9.	Inland marine				
10.	Financial guaranty				
11.1	Medical professional liability-occurrence				
11.2	Medical professional liability-claims-made				
12.	Earthquake				
13.	Group accident and health				
14.	Credit accident and health (group and individual)				
15.	Other accident and health				
16.	Workers' compensation				
17.1	Other liability - occurrence				
17.2	Other liability - claims-made				
17.3	Excess workers' compensation				
18.1	Products liability-occurrence				
18.2	Products liability-claims-made				
19.1,19.2	Private passenger auto liability				
19.3,19.4	Commercial auto liability				
21.	Auto physical damage				
22.	Aircraft (all perils)				
23.	Fidelity				
24.	Surety				
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance-nonproportional assumed property				
32.	Reinsurance-nonproportional assumed liability				
33.	Reinsurance-nonproportional assumed financial lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	1,031,506	33,704	30,003	1,035,207
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page				
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty	8,668	21,335			30,003
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical professional liability-occurrence					
11.2 Medical professional liability-claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability-occurrence					
17.2 Other liability-claims-made					
17.3 Excess workers' compensation					
18.1 Products liability-occurrence					
18.2 Products liability-claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	8,668	21,335			30,003
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					30,003
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Sum. of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) State here basis of computation used in each case. Annual policies - monthly pro rata. Monthly policies - in month coverage is provided. 2. Illinois Regulation 203.5

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty		1,031,506				1,031,506
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability-occurrence						
11.2 Medical professional liability-claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability-occurrence						
17.2 Other liability-claims-made						
17.3 Excess workers' compensation						
18.1 Products liability-occurrence						
18.2 Products liability-claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	XXX					
32. Reinsurance-nonproportional assumed liability	XXX					
33. Reinsurance-nonproportional assumed financial lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS		1,031,506				1,031,506
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Sum. of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty		3,927,598		3,927,598	6,548,453	7,753,556	2,722,494	263.0
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability-occurrence								
11.2 Medical professional liability-claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability-occurrence								
17.2 Other liability-claims-made								
17.3 Excess workers' compensation								
18.1 Products liability-occurrence								
18.2 Products liability-claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	XXX							
32. Reinsurance-nonproportional assumed liability	XXX							
33. Reinsurance-nonproportional assumed financial lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS		3,927,598		3,927,598	6,548,453	7,753,556	2,722,494	263.0
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Sum. of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty		6,337,712		6,337,712		210,741		6,548,453	
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability-occurrence									
11.2 Medical professional liability-claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability-occurrence									
17.2 Other liability-claims-made									
17.3 Excess workers' compensation									
18.1 Products liability-occurrence									
18.2 Products liability-claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	XXX				XXX				
32. Reinsurance-nonproportional assumed liability	XXX				XXX				
33. Reinsurance-nonproportional assumed financial lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS		6,337,712		6,337,712		210,741		6,548,453	
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498.	Sum. of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)								

(a) Including \$ for present value of life indemnity claims.

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REHABILITATION**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent		309,452		309,452
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		309,452		309,452
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations		2		2
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		101,432		101,432
8.2 Payroll taxes		4,389		4,389
9. Employee relations and welfare		10,968		10,968
10. Insurance		461		461
11. Directors' fees				
12. Travel and travel items		641		641
13. Rent and rent items		11,154		11,154
14. Equipment		179		179
15. Cost or depreciation of EDP equipment and software		16,553		16,553
16. Printing and stationery		1,704		1,704
17. Postage, telephone and telegraph, exchange and express		1,014		1,014
18. Legal and auditing		55,492	18,055	73,547
19. Totals (Lines 3 to 18)		203,990	18,055	222,044
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		200		200
20.2 Insurance department licenses and fees		10,140		10,140
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		10,340		10,340
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		32,879		32,879
25. Total expenses incurred		556,661	18,055 (a)	574,715
26. Less unpaid expenses-current year		64,881		64,881
27. Add unpaid expenses-prior year		50,409		50,409
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		542,188	18,055	560,243
DETAILS OF WRITE-INS				
2401. Miscellaneous Consulting Fees.....		1,377		1,377
2402. Miscellaneous Expense.....		5		5
2403. Bank Fees.....		11,604		11,604
2498. Summary of remaining write-ins for Line 24 from overflow page		19,893		19,893
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		32,879		32,879

(a) Includes management fees of \$ to affiliates and \$18,055 to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	420,750	373,094
1.2 Other bonds (unaffiliated)	357,030	327,905
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	1,386	1,323
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	779,166	702,322
11. Investment expenses		(g) 18,055
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		18,055
17. Net investment income (Line 10 minus Line 16)		684,267
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

- (a) Includes \$ 60,536 accrual of discount less \$ 5,661 amortization of premium and less \$ 1,835 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 504 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax	475,195		475,195		
1.2 Other bonds (unaffiliated)		(348)	(348)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	475,195	(348)	474,847		
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)					

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income.....			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			
6. Contract loans			
7. Derivatives (Schedule DB).....			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL).....			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only).....			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			
15.2 Deferred premiums, agents' balances and installments booked but earned and not yet due.....			
15.3 Accrued retrospective premiums.....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset.....			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software.....			
21. Furniture and equipment, including health care delivery assets.....			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable.....			
25. Aggregate write-ins for other than invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....			
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
28. Total (Lines 26 and 27)			
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

NONE

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

NOTES TO FINANCIAL STATEMENTS

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

1. Summary of Significant Accounting Policies

a. Accounting Practices

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

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

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

b. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

c. Accounting Policies

Premiums are earned over the terms of the related reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with reinsuring insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) The Company has no short-term investments.
- (2) Bonds not backed by other loans are carried at amortized cost using the interest method.
- (3) The Company has no common stocks.
- (4) The Company has no preferred stocks.
- (5) The Company owns no Mortgage Loans.
- (6) Loan-backed securities are stated at amortized cost or the lower of amortized cost or fair market value. The Company uses the prospective method to value all securities, including loan-backed and asset backed securities.
- (7) The Company has no subsidiaries.
- (8) The Company has no ownership in joint ventures.
- (9) The Company has no derivatives.
- (10) Anticipated investment income is not utilized as a factor in premium deficiency calculations.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from frequency and severity factors applied to each delinquent loan that the Company refers to as case reserves, and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and the ultimate liability may be in excess of or less than the amount provided. Management periodically reviews and refines its assumptions and estimates with any adjustments reflected in the period adjustments are made.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

The Company provides reserves for losses on a quota share basis with its parent, Triad Guaranty Insurance Corporation, In Rehabilitation. Effective July 1, 2011, the Company and its parent elected to change the basis for establishing reserves, and began providing reserves on loans in default two months or more, loans in foreclosure, and real estate owned. Previously, reserves were established on loans in default four months or more, loans in foreclosure, and real estate owned.

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

3. Business Combinations and Goodwill

The Company has not entered into any business combinations and has no goodwill.

4. Discontinued Operations

The Company has no discontinued operations.

5. Investments

- A. The Company does not have any mortgage loan investments.
- B. The Company does not have any restructured debt investments.
- C. The Company does not have any reverse mortgage investments.
- 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) An OTTI is recognized on any security whose market value is less than its amortized cost because the Company may not have the ability to hold the security for a period of time sufficient to recover the amortized cost basis.

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

(4) The Company does not have investments held showing Unrealized Losses - Greater and Less than 1 year.

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

E. The Company does not have any Repurchase Agreements 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.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company does not have any investments in joint ventures, partnerships or limited liability companies

7. Investment Income

No amount of due and accrued investment income was excluded from surplus.

8. Derivative Instruments

The Company does not hold or issue any derivative financial instruments

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 1,848,587	\$ 139,896	\$ 1,988,483
(b) Statutory Valuation Allowance Adjustments	\$ 1,848,587	\$ 139,896	\$ 1,988,483
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 0	\$ 0	\$ 0
(d) Deferred Tax Assets Nonadmitted	\$ 0	\$ 0	\$ 0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 0	\$ 0	\$ 0
(f) Deferred Tax Liabilities	\$ 0	\$ 0	\$ 0
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 0	\$ 0	\$ 0

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 1,292,446	\$ 205,365	\$ 1,497,811
(b) Statutory Valuation Allowance Adjustments	\$ 1,292,446	\$ 205,365	\$ 1,497,811
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 0	\$ 0	\$ 0
(d) Deferred Tax Assets Nonadmitted	\$ 0	\$ 0	\$ 0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 0	\$ 0	\$ 0
(f) Deferred Tax Liabilities	\$ 0	\$ 0	\$ 0
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 0	\$ 0	\$ 0

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 556,141	\$ (65,469)	\$ 490,672
(b) Statutory Valuation Allowance Adjustments	\$ 556,141	\$ (65,469)	\$ 490,672
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 0	\$ 0	\$ 0
(d) Deferred Tax Assets Nonadmitted	\$ 0	\$ 0	\$ 0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 0	\$ 0	\$ 0
(f) Deferred Tax Liabilities	\$ 0	\$ 0	\$ 0
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 0	\$ 0	\$ 0

2.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 0	\$ 0	\$ 0
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 0	\$ 0	\$ 0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ XXX	\$ XXX	\$ 0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ 0	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 0	\$ 0	\$ 0
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 0	\$ 0	\$ 0

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 0	\$ 0	\$ 0
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 0	\$ 0	\$ 0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ XXX	\$ XXX	\$ 0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ 0	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 0	\$ 0	\$ 0
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 0	\$ 0	\$ 0

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 0	\$ 0	\$ 0
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 0	\$ 0	\$ 0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 0	\$ 0	\$ 0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ XXX	\$ XXX	\$ 0
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 0	\$ 0	\$ 0
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 0	\$ 0	\$ 0

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

9. Income Taxes (Continued)

	2012	2011
3.		
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	0.000	0.000
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 7,881,259.000	\$ 8,370,920.000

	12/31/2012		
	(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent
4.			
Impact of Tax-Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	0.0	0.0
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	0.0	0.0

	12/31/2011		
	(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	0.0	0.0
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	0.0	0.0

	Change		
	(7) (Col 1-4) Ordinary Percent	(8) (Col 2-5) Capital Percent	(9) (Col 7+8) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	0.0	0.0
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	0.0	0.0

(c) Does the Company's tax-planning strategies include the use of reinsurance? Yes..... No.....

C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 0.0	\$ 0.0	\$ 0.0
(b) Foreign	\$ 0.0	\$ 0.0	\$ 0.0
(c) Subtotal	\$ 0.0	\$ 0.0	\$ 0.0
(d) Federal income tax on net capital gains	\$ 0.0	\$ 0.0	\$ 0.0
(e) Utilization of capital loss carry-forwards	\$ 0.0	\$ 0.0	\$ 0.0
(f) Other	\$ 0.0	\$ 0.0	\$ 0.0
(g) Federal and foreign income taxes incurred	\$ 0.0	\$ 0.0	\$ 0.0
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 70,503	\$ 98,395	\$ (27,892)
(2) Unearned premium reserve	\$ 2,100	\$ 2,359	\$ (259)
(3) Policyholder reserves	\$ 0	\$ 0	\$ 0
(4) Investments	\$ 0	\$ 0	\$ 0
(5) Deferred acquisition costs	\$ 0	\$ 0	\$ 0
(6) Policyholder dividends accrual	\$ 0	\$ 0	\$ 0
(7) Fixed assets	\$ 0	\$ 0	\$ 0
(8) Compensation and benefits accrual	\$ 0	\$ 0	\$ 0
(9) Pension accrual	\$ 0	\$ 0	\$ 0
(10) Receivables - nonadmitted	\$ 0	\$ 0	\$ 0
(11) Net operating loss carry-forward	\$ 1,775,984	\$ 1,191,692	\$ 584,292
(12) Tax credit carry-forward	\$ 0	\$ 0	\$ 0
(13) Other (including items <5% of total ordinary tax assets)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 1,848,587	\$ 1,292,446	\$ 556,141
(b) Statutory valuation allowance adjustment	\$ 1,848,587	\$ 1,292,446	\$ 556,141
(c) Nonadmitted	\$ 0	\$ 0	\$ 0
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 0	\$ 0	\$ 0
(e) Capital:			
(1) Investments	\$ 139,896	\$ 205,365	\$ (65,469)
(2) Net capital loss carry-forward	\$ 0	\$ 0	\$ 0
(3) Real estate	\$ 0	\$ 0	\$ 0
(4) Other (including items <5% of total capital tax assets)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 139,896	\$ 205,365	\$ (65,469)
(f) Statutory valuation allowance adjustment	\$ 139,896	\$ 205,365	\$ (65,469)
(g) Nonadmitted	\$ 0	\$ 0	\$ 0
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 0	\$ 0	\$ 0
(i) Admitted deferred tax assets (2d + 2h)	\$ 0	\$ 0	\$ 0
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ 0	\$ 0	\$ 0
(2) Fixed assets	\$ 0	\$ 0	\$ 0
(3) Deferred and uncollected premium	\$ 0	\$ 0	\$ 0
(4) Policyholder reserves	\$ 0	\$ 0	\$ 0
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 0	\$ 0	\$ 0
(b) Capital:			
(1) Investments	\$ 0	\$ 0	\$ 0
(2) Real estate	\$ 0	\$ 0	\$ 0
(3) Other (including items <5% of total capital tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 0	\$ 0	\$ 0
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 0	\$ 0	\$ 0
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 0	\$ 0	\$ 0

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

9. Income Taxes (Continued)

D. Among the more significant book to tax adjustments were the following

	<u>Tax effect</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ (379,692)	35.00%
Tax exempt income deduction	(110,995)	29.23%
NOL Carryforward	592,302	-156.00%
Other	(101,615)	26.76%
Total statutory income taxes	\$ (0)	0.00%

E. (1) The Company has an operating loss carry forward of \$5,074,240 to offset future net income subject to income taxes expiring as follows:

<u>Tax Year</u>	<u>Amount</u>	<u>Expires in</u>
2009	1,802,040	2029
2010	-	2030
2011	1,579,910	2031
2012	1,692,290	2032
	\$ 5,074,240	

(2) The Company does not have any income taxes incurred in the current or preceding year that are available for recoupment

(3) The Company does not have any tax deposits under Section 6603.

F. (1) The Company's federal income tax return is consolidated with the following entities:

Triad Guaranty Inc. (ultimate parent)
Triad Guaranty Insurance Corporation, In Rehabilitation (parent)

(2) Under a written agreement, the Company pays to or receives from the parent that percentage of the total tax liability or refund that the tax, if computed on a separate return, would bear to the total amount of the taxes if computed for each separately.

G. The Company does not have any federal or foreign income tax loss contingencies.

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

- a. The Company is a subsidiary of Triad Guaranty Insurance Corporation, In Rehabilitation, a mortgage guaranty insurance company domiciled in Illinois.
- b. The Company had no transactions with any affiliates other than for reinsurance and cost allocation transactions.
- c. The Company had no transactions with any affiliates other than for reinsurance and cost allocation transactions.
- d. There were no amounts due from or to related parties as of the balance sheet dates presented other than for reinsurance and cost allocation transactions.
- e. The Company has not made any guarantees or undertakings for the benefit of its parent, or any affiliates that result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- f. The Company entered into an administrative service agreement with its Parent, Triad Guaranty Insurance Corporation, In Rehabilitation, that was approved by the Illinois Department of Insurance in December 2004. The Company is also party to a tax sharing agreement between its Parent whereby income tax is calculated based upon if the Company was filing a separate return instead of filing a consolidated return with its Parent and ultimate Parent.
- g. All outstanding shares of the Company are owned by the parent company, Triad Guaranty Insurance Corporation, In Rehabilitation.
- h. The Company does not own any shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated entity (SCA).
- i. The Company does not have any investments in an SCA that exceeds 10% of admitted assets.
- j. The Company does not have any investments in an SCA that exceeds 10% of admitted assets.
- k. The Company does not have any investments in a foreign insurance subsidiary.
- l. The Company does not have any investment in a downstream noninsurance holding company.

11. Debt

The Company does not have any capital notes or other debt obligations.

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

The Company has no retirement, deferred compensation, or postretirement benefit plans.

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

- (1) The Company has 2,000,000 shares of common stock authorized, with 250,000 shares issued and outstanding as of December 31, 2012 and 2011. The shares have a par value of \$10 per share.
- (2) The Company has no preferred stock outstanding.
- (3) Section 27 of the Illinois Insurance code ("the Code") permits dividends to be paid only out of earned surplus. In addition, Section 131.20a requires prior approval of extraordinary dividends. An extraordinary dividend is defined as any dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions made within a period of twelve consecutive months, exceeds the greater of (a) 10 percent of the Company's policyholders' surplus or (b) the Company's net income for the calendar year preceding the date of the dividend. Section 131.16 requires that the Company notify the Director of the Illinois Department of Insurance within 5 business days after any dividend is declared. In addition to these statutory limitations on dividends, Section 202.30(b)(10) of the Regulations provides that a mortgage guaranty insurer may not declare any dividends except from undivided profits remaining on hand over and above the amount of its policyholder reserve. The amount of the required policyholder reserve is determined pursuant to the procedures contained in Section 202.30(b)(7) of the Regulations.
- (4) Capital restriction requirements by the Illinois Department of Insurance currently prohibit the Company from making any dividend payments.
- (5) Within the limitations of paragraph (3) noted above, at December 31, 2012 the reporting entity had \$0.8 million of policyholders' surplus available to pay as ordinary dividends to stockholders. The reporting entity has no plans to pay a dividend and is currently prohibited from doing so.
- (6) Restrictions have been placed on the unassigned surplus funds by the Illinois Department of Insurance (see Note 13. (5) above).
- (7) The Company is not a mutual reciprocal or similarly organized entity.
- (8) The reporting entity held no shares of stock for special purposes.
- (9) There were no changes in the balances of any special surplus funds from the prior period.
- (10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses was \$0.
- (11) The Company has no Surplus Notes.
- (12) The Company has had no quasi-reorganizations.
- (13) The Company has had no quasi-reorganizations.

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

14. Contingencies

- a. The Company does not have any contingent commitments.
- b. The Company has not received any assessments.
- c. The Company did not have any gain contingencies.
- d. The Company has no claims related extra contractual obligations and bad faith losses stemming from lawsuits.
- e. The Company has no product warranties.
- f. At December 31, 2012 there were no pending proceedings beyond the ordinary course of business that could have a material financial effect.

15. Leases

The Company did not have any material lease obligations at December 31, 2012 or 2011. The Company is not involved in any lessor business activity

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

The Company has no financial instruments with off-balance sheet risk or with concentrations of credit risk.

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

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

The Company has no insured accident and health plans.

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

The Company does not operate under Managing General Agents/Third Party Administrators.

20. Fair Value Measurements

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Assets						
Bonds	\$15,285,252	\$14,150,321	\$0	\$15,285,252	\$0	\$0
Cash and short-term investments	585,389	585,389	585,389	0	0	0
Total	\$15,870,641	\$14,735,710	\$585,389	\$15,285,252	\$0	\$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	

21. Other Items

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

1. Subprime Mortgage Exposures

This disclosure is provided pursuant to Note 20 to SSAP No. 1-Disclosure of Accounting Policies, Risks and Uncertainties, and Other Disclosures ("SSAP No. 1") adopted on December 2, 2007. This disclosure relates specifically to "subprime mortgage" related risk exposure and related risk management practices of Triad Guaranty Assurance Corporation, In Rehabilitation (the "Company"), which is a reinsurer of private mortgage guaranty insurance coverage on residential mortgage loans in the United States through its parent, Triad Guaranty Insurance Corporation, In Rehabilitation (TGIC).

For purposes of this disclosure, the Company defines the credit quality of its portfolio based on criteria established by TGIC which are primarily based upon FICO or credit scores. The Company has four different classifications of credit quality of the loans that we reinsure: 1) subprime, 2)A-minus, 3)Alt-A, and 4)prime. Subprime is defined as FICO scores less than 575. A-minus is defined as FICO scores greater than or equal to 575 and less than or equal to 619. Alt-A is defined as loans with FICO scores equal to or greater than 620 written with reduced or no documentation. Prime loans are all loans that are not subprime, A-minus or Alt-A. At December 31, 2010, the parent, TGIC had the following insurance in force amounts and percentages based on the credit classifications described above.

Credit Quality Classification	Insurance In Force	Percentage
Prime	\$17,100,533,168	73.0%
Alt-A	5,509,025,898	23.5%
A-Minus	723,637,606	3.1%
Subprime	103,803,689	0.4%
Total	\$23,437,000,361	100.0%

In addition to the different classifications of the insurance portfolio based upon credit quality noted above, TGIC and the Company have identified other characteristics that include increased risk. Examples of these increased risk characteristics would include loans that have the potential for negative amortization (e.g. pay option arms), loans with a LTV ratio greater than 95%, and loans made on second homes and condominiums.

2. Direct Exposure – Mortgage Loans

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

(3) Direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities				
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs				
f. Other assets	1,611,092	1,610,190	1,616,080	
g. Total	1,611,092	1,610,190	1,616,080	

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

21. Other Items (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

The total reserves based upon the credit classifications of TGAC as of December 31, 2011 were as follows:

		<u>As a % of total</u>
Prime	\$3,965,513	62.6%
Alt-A	1,460,195	23.0%
A-Minus	787,398	12.4%
Subprime (A)	<u>126,587</u>	<u>2.0%</u>
Total	<u>\$6,339,693</u>	100%

Losses and reserves related as of December 31, 2011 were as follows:

	<u>Total</u>	<u>Subprime</u>	<u>Subprime as a % of total</u>
Losses paid	\$3,927,598	\$98,851	2.5%
Incurred losses	2,833,312	47,447	1.7%
Case reserves	6,339,693	120,587	2.0%
IBNR reserves	210,741	0	0.0%

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

22. Events Subsequent

The Company is unaware of any subsequent event that would have a material effect on its financial condition.

23. Reinsurance

- A. The Company does not have any unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus
- B. The Company does not have any reinsurance recoverable in dispute.
- C. Reinsurance Assumed and Ceded

(1)

	<u>Assumed</u>		<u>Ceded</u>		<u>Net</u>	
	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>
	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>
a. Affiliates	\$30,003	\$9,001	\$	\$	\$30,003	\$9,001
b. All Other	\$	\$	\$	\$	\$0	\$0
c. TOTAL	\$30,003	\$9,001	\$0	\$0	\$30,003	\$9,001
d. Direct Unearned Premium Reserve			\$			

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. The Company had no uncollectible reinsurance written off in 2012.
- E. The Company does not cede reinsurance and had no commutation of ceded reinsurance.
- F. The Company does not have any retroactive reinsurance agreements.
- G. The Company does not have any reinsurance agreements accounted for as deposits.
- H. The Company does not have any transfer of property and run-off agreements.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company has no retrospectively rated contracts or contracts subject to redetermination

TRIAD GUARANTY ASSURANCE CORPORATION, IN REHABILITATION

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2011 were \$7,753,556. As of December 31, 2012 \$3,475,627 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$4,365,599 as a result of re-estimation of unpaid losses and loss adjustment expenses adjusted for paid claims during 2011 relating to 2010 and prior. Therefore, there has been a \$87,670 unfavorable prior-year development from December 31, 2011 to December 31, 2012. Reserves are established using estimated claims rates (frequency) and claim amounts (severity) to estimate ultimate losses. Management periodically reviews the loss reserve process and refines its methodology as appropriate. The reserving process gives effect to current economic conditions and profiles delinquencies by such factors as policy year, originations within bulk and flow channels, and the number of months a policy has been in default. The Company does not adjust premiums based on claim activity.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

The Company has no structured settlements.

28. Health Care Receivables

The Company has no health care receivables.

29. Participating Policies

The Company has no participating policies.

30. Premium Deficiency Reserves

The Company has no premium deficiency reserves.

31. High Deductibles

The Company had no reserve credit recorded for high deductibles on unpaid claims.

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

The Company does not discount unpaid losses or unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

The Company has no known potential exposure to asbestos and/or environmental claims.

34. Subscriber Savings Accounts

The Company has no subscriber savings accounts.

35. Multiple Peril Crop Insurance

The Company has no multiple peril crop insurance exposure.

36. Financial Guaranty Insurance

The Company has no financial guaranty insurance exposure.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? Illinois.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2007
- 3.2 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
- 3.3 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
- 3.4 By what department or departments? Illinois Department of Insurance.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the 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
.....
.....
.....
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

GENERAL INTERROGATORIES

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 N/A.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
 10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [] N/A [X]
 10.6 If the response to 10.5 is no or n/a, please explain
 Audit Committee was dissolved when the Company was placed in Rehabilitation.....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Jonathan M. Guy, FCAS, MAAA, Triad Guaranty Insurance Corporation, 101 S. Stratford Road, Winston-Salem, NC 27104, VP Lead Actuary.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

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

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|---------|
| | 20.11 To directors or other officers | \$..... |
| | 20.12 To stockholders not officers | \$..... |
| | 20.13 Trustees, supreme or grand (Fraternal only) | \$..... |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|---------|
| | 20.21 To directors or other officers | \$..... |
| | 20.22 To stockholders not officers | \$..... |
| | 20.23 Trustees, supreme or grand (Fraternal only) | \$..... |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------|---------|
| | 21.21 Rented from others | \$..... |
| | 21.22 Borrowed from others | \$..... |
| | 21.23 Leased from others | \$..... |
| | 21.24 Other | \$..... |
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|--|---------|
| | 22.21 Amount paid as losses or risk adjustment | \$..... |
| | 22.22 Amount paid as expenses | \$..... |
| | 22.23 Other amounts paid | \$..... |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--------|---|---------|
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$..... |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$..... |
| 24.103 | Total payable for securities lending reported on the liability page | \$..... |

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [] No [X]

25.2 If yes, state the amount thereof at December 31 of the current year:

	25.21 Subject to repurchase agreements	\$
	25.22 Subject to reverse repurchase agreements	\$
	25.23 Subject to dollar repurchase agreements	\$
	25.24 Subject to reverse dollar repurchase agreements	\$
	25.25 Pledged as collateral	\$
	25.26 Placed under option agreements	\$
	25.27 Letter stock or securities restricted as to sale	\$
	25.28 On deposit with state or other regulatory body	\$
	25.29 Other	\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. 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 [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of America, N.A.....	540 W. Madison Street, Chicago, IL 60661.....

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

28.05 Identify all investment advisors, brokers/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 Number(s)	2 Name	3 Address
DTC ABA:107423.....	Conning Asset Management.....	One Financial Plaza, Hartford, CT 06103.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	14,586,983	15,721,914	1,134,931
30.2 Preferred Stocks.....			
30.3 Totals	14,586,983	15,721,914	1,134,931

- 30.4 Describe the sources or methods utilized in determining the fair values:
Fair values were obtained from a widely accepted securities pricing provider.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
Prices are obtained from the dealers/market makers for these securities. These prices are non-binding but represent the best estimate of fair value per market conditions.....
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$2

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
AICPA.....	\$.....2

34.1 Amount of payments for legal expenses, if any? \$11,287

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Locke Lord LLP.....	\$.....9,232

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned \$
- 1.62 Total incurred claims \$
- 1.63 Number of covered lives

All years prior to most current three years:

- 1.64 Total premium earned \$
- 1.65 Total incurred claims \$
- 1.66 Number of covered lives

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned \$
- 1.72 Total incurred claims \$
- 1.73 Number of covered lives

All years prior to most current three years:

- 1.74 Total premium earned \$
- 1.75 Total incurred claims \$
- 1.76 Number of covered lives

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....	\$	.....
2.2	Premium Denominator	\$1,035,207	\$	.....2,490,835
2.3	Premium Ratio (2.1/2.2)	.....		.....
2.4	Reserve Numerator	\$ .....	\$	.....
2.5	Reserve Denominator	\$7,100,035	\$	.....8,134,980
2.6	Reserve Ratio (2.4/2.5)	.....		.....

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

- 3.21 Participating policies \$
- 3.22 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

- 4.1 Does the reporting entity issue assessable policies?..... Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies?..... Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges Only:

- 5.1 Does the exchange appoint local agents?..... Yes [] No []
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation..... Yes [] No [] N/A []
- 5.22 As a direct expense of the exchange..... Yes [] No [] N/A []

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [] No []

5.5 If yes, give full information

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
The Company does not issue workers' compensation.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
estimate loss reserves based on factors including policy year, origination channels, default length and economic conditions. Frequency and severity assumptions are reviewed regularly. Loss exposures on individual loans are limited by the coverage percent.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
None.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
None.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?..... Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [X] No []
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses..... \$
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?..... \$
 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %
 12.42 To..... %
 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of Credit..... \$
 12.62 Collateral and other funds..... \$
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 72,947
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [] No [X]
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
 14.5 If the answer to 14.4 is no, please explain:
- 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	\$	\$	\$	\$	\$
16.12 Products	\$	\$	\$	\$	\$
16.13 Automobile	\$	\$	\$	\$	\$
16.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5..... \$.....
- 17.12 Unfunded portion of Interrogatory 17.11..... \$.....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....
- 17.14 Case reserves portion of Interrogatory 17.11..... \$.....
- 17.15 Incurred but not reported portion of Interrogatory 17.11..... \$.....
- 17.16 Unearned premium portion of Interrogatory 17.11..... \$.....
- 17.17 Contingent commission portion of Interrogatory 17.11..... \$.....

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5..... \$.....
- 17.19 Unfunded portion of Interrogatory 17.18..... \$.....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....
- 17.21 Case reserves portion of Interrogatory 17.18..... \$.....
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$.....
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$.....
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$.....

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,031,506	2,474,115	3,058,267	3,879,601	5,503,587
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	1,031,506	2,474,115	3,058,267	3,879,601	5,503,587
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,031,506	2,474,115	3,058,267	3,879,601	5,503,587
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	1,031,506	2,474,115	3,058,267	3,879,601	5,503,587
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(2,243,948)	(1,559,135)	2,384,984	(5,095,194)	(8,300,530)
14. Net investment gain (loss) (Line 11)	1,159,114	710,441	1,000,795	946,805	339,255
15. Total other income (Line 15)					
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					1,179,567
18. Net income (Line 20)	(1,084,834)	(848,694)	3,385,779	(4,148,389)	(9,140,842)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	15,071,572	17,192,458	19,106,044	23,328,400	26,777,313
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	200,853	168,029	136,375	262,574	1,248,637
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	7,190,313	8,821,537	10,466,618	16,535,190	15,820,714
22. Losses (Page 3, Line 1)	6,548,453	7,753,556	8,221,159	14,435,040	13,828,634
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)	30,003	33,704	50,425	71,287	101,352
25. Capital paid up (Page 3, Lines 30 & 31)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	7,881,259	8,370,920	8,639,425	6,793,210	10,956,599
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(2,602,329)	(1,847,666)	(4,095,934)	(2,248,940)	2,548,125
Risk-Based Capital Analysis					
28. Total adjusted capital					
29. Authorized control level risk-based capital					
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	96.0	87.7	82.9	90.7	90.8
31. Stocks (Lines 2.1 & 2.2)					0.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	4.0	12.3	17.1	9.3	8.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

Footnote to Lines 28 and 29, Total adjusted capital and authorized control level risk-based capital. Illinois statutes exempt mortgage guaranty insurers from risk-based capital requirements.

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)				(9,750)	50,529
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(489,661)	(268,506)	1,846,215	(4,163,389)	(2,316,022)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,927,598	3,893,405	5,741,198	6,953,513	2,874,351
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	3,927,598	3,893,405	5,741,198	6,953,513	2,874,351
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,927,598	3,893,405	5,741,198	6,953,513	2,874,351
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	3,927,598	3,893,405	5,741,198	6,953,513	2,874,351
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	263.0	122.9	(15.4)	193.4	214.6
68. Loss expenses incurred (Line 3)					
69. Other underwriting expenses incurred (Line 4)	53.8	39.7	37.9	37.0	35.2
70. Net underwriting gain (loss) (Line 8)	(216.8)	(62.6)	77.5	(130.3)	(149.8)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	54.0	39.9	38.2	37.2	35.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	263.0	122.9	(15.4)	193.4	214.6
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	13.1	29.6	35.4	57.1	50.2
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	88	(470)	(5,042)	(4,091)	(1,729)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	1.0	(5.4)	(74.2)	(37.3)	(13.0)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(151)	(5,216)	(4,952)	(2,600)	227
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(1.8)	(76.8)	(45.2)	(19.6)	1.9

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []

Yes [] No []

If no, please explain

Footnote to lines 28 and 29, Total adjusted capital and authorized control level risk-based capital. Illinois statutes exempt mortgage guaranty insurers from risk-based capital requirements.



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code 0421

BUSINESS IN THE STATE OF Illinois

DURING THE YEAR 2012

NAIC Company Code 10217

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril												
5.1 Commercial multiple peril (non-liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												5,515
8. Ocean marine												
9. Inland marine												
10. Financial guaranty												
11. Medical professional liability												
12. Earthquake												
13. Group accident and health (b)												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H (b)												
15.2 Non-cancelable A & H (b)												
15.3 Guaranteed renewable A & H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A & H (b)												
15.8 Federal employees health benefits program premium (b)												
16. Workers' compensation												
17.1 Other liability-Occurrence												
17.2 Other Liability-Claims-Made												
17.3 Excess workers' compensation												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)												5,515
DETAILS OF WRITE-INS												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Lines 3401 through 3403 Plus 3498) (Line 34 above)												

(a) Finance and service charges not included in Lines 1 to 35 \$

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

19.1L



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code 0421

BUSINESS IN THE STATE OF Consolidated

DURING THE YEAR 2012

NAIC Company Code 10217

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril												
5.1 Commercial multiple peril (non-liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												5,515
8. Ocean marine												
9. Inland marine												
10. Financial guaranty												
11. Medical professional liability												
12. Earthquake												
13. Group accident and health (b)												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H (b)												
15.2 Non-cancelable A & H (b)												
15.3 Guaranteed renewable A & H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A & H (b)												
15.8 Federal employees health benefits program premium (b)												
16. Workers' compensation												
17.1 Other liability-Occurrence												
17.2 Other Liability-Claims-Made												
17.3 Excess workers' compensation												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)												5,515
DETAILS OF WRITE-INS												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Lines 3401 through 3403 Plus 3498) (Line 34 above)												

(a) Finance and service charges not included in Lines 1 to 35 \$

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

19.GT

Schedule F - Part 2

NONE

Schedule F - Part 3

NONE

Schedule F - Part 4

NONE

Schedule F - Part 5

NONE

Schedule F - Part 6 - Section 1

NONE

Schedule F - Part 6 - Section 2

NONE

Schedule F - Part 7

NONE

Schedule F - Part 8

NONE

Schedule F - Part 9

NONE

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5 - Health Claims

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX								XXX	
2. 2003	1,460		1,460	368							368	XXX
3. 2004	1,687		1,687	684							684	XXX
4. 2005	2,081		2,081	797							797	XXX
5. 2006	2,575		2,575	912							912	XXX
6. 2007	5,256		5,256	3,347							3,347	XXX
7. 2008	5,541		5,541	7,943							7,943	XXX
8. 2009	3,910		3,910	6,081							6,081	XXX
9. 2010	3,079		3,079	3,350							3,350	XXX
10. 2011	2,491		2,491	2,216							2,216	XXX
11. 2012	1,035		1,035	452							452	XXX
12. Totals	XXX	XXX	XXX	26,150							26,150	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.												XXX	
2.												XXX	
3.	8											8	XXX
4.	6											6	XXX
5.	4											4	XXX
6. ....	.94											.94	XXX
7.	428											428	XXX
8.	1,083											1,083	XXX
9.	1,295											1,295	XXX
10.	1,427		21									1,448	XXX
11.	1,993		190									2,182	XXX
12.	6,337		211									6,548	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount											
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid										
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX												
2.	368		368	25.2		25.2															
3.	692		692	41.0		41.0				.8											
4.	802		802	38.6		38.6				.6											
5.	916		916	35.6		35.6				.4											
6.	3,441		3,441	65.5		65.5				.94											
7.	8,371		8,371	151.1		151.1				428											
8.	7,164		7,164	183.2		183.2				1,083											
9.	4,645		4,645	150.9		150.9				1,295											
10.	3,665		3,665	147.1		147.1				1,448											
11.	2,634		2,634	254.5		254.5				2,182											
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	6,548											

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior	139	147	149	171	173	173	170	170	174	170	(4)	
2. 2003	237	295	348	370	380	378	372	368	374	368	(6)	
3. 2004	XXX	286	572	661	697	702	686	692	694	692	(2)	
4. 2005	XXX	XXX	601	684	762	785	790	806	798	802	5	(3)
5. 2006	XXX	XXX	XXX	901	1,119	976	904	890	912	916	4	25
6. 2007	XXX	XXX	XXX	XXX	5,952	4,339	3,560	3,528	3,465	3,441	(24)	(87)
7. 2008	XXX	XXX	XXX	XXX	XXX	12,279	9,060	8,226	8,407	8,371	(36)	145
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	11,651	7,471	7,153	7,164	11	(307)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,569	4,273	4,645	372	76
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,896	3,665	(231)	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,634	XXX	XXX
										12. Totals	88	(151)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	106	135	170	170	170	170	170	170	170	XXX	XXX
2. 2003	13	187	331	367	368	368	368	368	368	368	XXX	XXX
3. 2004	XXX	17	459	640	670	670	670	684	684	684	XXX	XXX
4. 2005	XXX	XXX	73	509	693	731	744	769	782	797	XXX	XXX
5. 2006	XXX	XXX	XXX	228	693	845	873	873	912	912	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	336	2,422	3,006	3,225	3,274	3,347	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	598	5,887	7,174	7,622	7,943	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	1,040	4,374	5,437	6,081	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	861	2,548	3,350	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	596	2,216	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	452	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior	8									
2. 2003	74	8								
3. 2004	XXX	72	10							
4. 2005	XXX	XXX	93	12						
5. 2006	XXX	XXX	XXX	109	69					
6. 2007	XXX	XXX	XXX	XXX	623	122				
7. 2008	XXX	XXX	XXX	XXX	XXX	1,102	3			
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	26	14		
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	125	33	
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	293	21
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	190

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Med Pro Liab Occ

NONE

Schedule P - Part 1F - Med Pro Liab Clm

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Other Liab Occur

NONE

Schedule P - Part 1H - Other Liab Claims

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance

NONE

Schedule P - Part 1O - Reinsurance

NONE

Schedule P - Part 1P - Reinsurance

NONE

Schedule P - Part 1R - Prod Liab Occur

NONE

Schedule P - Part 1R - Prod Liab Claims

NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

**SCHEDULE P-PART 1S - FINANCIAL GUARANTY/MORTGAGE GUARANTY
(\$000 OMITTED)**

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	XXX	XXX	XXX	1,855							1,855	XXX
2. 2011	2,491		2,491	2,216							2,216	XXX
3. 2012	1,035		1,035	452							452	XXX
4. Totals	XXX	XXX	XXX	4,523							4,523	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1.	2,917											2,917	
2.	1,427		21									1,448	
3.	1,993		190									2,182	
4.	6,337		211									6,548	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	2,917	
2.	3,665		3,665	147.1		147.1				1,448	
3.	2,634		2,634	254.5		254.5				2,182	
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	6,548	

Schedule P - Part 1T - Warranty

NONE

Schedule P - Part 2A

NONE

Schedule P - Part 2B

NONE

Schedule P - Part 2C

NONE

Schedule P - Part 2D

NONE

Schedule P - Part 2E

NONE

Schedule P - Part 2F - Section 1

NONE

Schedule P - Part 2F - Med Pro Liab Clm

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Other Liab Occur

NONE

Schedule P - Part 2H - Other Liab Claim

NONE

Schedule P - Part 2I

NONE

Schedule P - Part 2J

NONE

Schedule P - Part 2K

NONE

Schedule P - Part 2L

NONE

Schedule P - Part 2M

NONE

Schedule P - Part 2N

NONE

Schedule P - Part 2O

NONE

Schedule P - Part 2P

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior												
2. 2003												
3. 2004	XXX											
4. 2005	XXX	XXX										
5. 2006	XXX	XXX	XXX									
6. 2007	XXX	XXX	XXX	XXX								
7. 2008	XXX	XXX	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior												
2. 2003												
3. 2004	XXX											
4. 2005	XXX	XXX										
5. 2006	XXX	XXX	XXX									
6. 2007	XXX	XXX	XXX	XXX								
7. 2008	XXX	XXX	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2010	XXX											
10. 2011	XXX				XXX							
11. 2012	XXX		XXX	XXX								
12. Totals												

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	8,221	7,751	8,070	319	(151)						
2. 2011	XXX	3,896	3,665	(231)	XXX							
3. 2012	XXX	XXX	2,634	XXX	XXX							
4. Totals											88	(151)

SCHEDULE P - PART 2T - WARRANTY

1. Prior	XXX											
2. 2011	XXX				XXX							
3. 2012	XXX		XXX	XXX								
4. Totals												

Schedule P - Part 3A

NONE

Schedule P - Part 3B

NONE

Schedule P - Part 3C

NONE

Schedule P - Part 3D

NONE

Schedule P - Part 3E

NONE

Schedule P - Part 3F - Med Pro Liab Occ

NONE

Schedule P - Part 3F - Med Pro Liab Clm

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Other Liab Occur

NONE

Schedule P - Part 3H - Other Liab Claims

NONE

Schedule P - Part 3I

NONE

Schedule P - Part 3J

NONE

Schedule P - Part 3K

NONE

Schedule P - Part 3L

NONE

Schedule P - Part 3M

NONE

Schedule P - Part 3N

NONE

Schedule P - Part 3O

NONE

Schedule P - Part 3P

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE P - PART 3R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	.000											
2. 2003												
3. 2004	.XXX											
4. 2005	.XXX	.XXX										
5. 2006	.XXX	.XXX	.XXX									
6. 2007	.XXX	.XXX	.XXX	.XXX								
7. 2008	.XXX	.XXX	.XXX	.XXX	.XXX							
8. 2009	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX						
9. 2010	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					
10. 2011	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
11. 2012	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		

NONE

SCHEDULE P - PART 3R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	.000											
2. 2003												
3. 2004	.XXX											
4. 2005	.XXX	.XXX										
5. 2006	.XXX	.XXX	.XXX									
6. 2007	.XXX	.XXX	.XXX	.XXX								
7. 2008	.XXX	.XXX	.XXX	.XXX	.XXX							
8. 2009	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX						
9. 2010	.XXX											
10. 2011	.XXX											
11. 2012	.XXX											

NONE

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	.XXX	.000	3,298	5,153	.XXX	.XXX						
2. 2011	.XXX	.596	2,216	.XXX	.XXX							
3. 2012	.XXX	452	.XXX	.XXX								

SCHEDULE P - PART 3T - WARRANTY

1. Prior	.XXX	.000										
2. 2011	.XXX											
3. 2012	.XXX											

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Med Pro Liab Occ

NONE

Schedule P - Part 4F - Med Pro Liab Clm

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I

NONE

Schedule P - Part 4J

NONE

Schedule P - Part 4K

NONE

Schedule P - Part 4L

NONE

Schedule P - Part 4M

NONE

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE P - PART 4R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 4R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX									
10. 2011	XXX									
11. 2012	XXX									

NONE

SCHEDULE P - PART 4S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	138	33							
2. 2011	XXX	293	21							
3. 2012	XXX	190								

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX									
2. 2011	XXX									
3. 2012	XXX									

NONE

Schedule P - Part 5A- SN1

NONE

Schedule P - Part 5A- SN2

NONE

Schedule P - Part 5A- SN3

NONE

Schedule P - Part 5B- SN1

NONE

Schedule P - Part 5B- SN2

NONE

Schedule P - Part 5B- SN3

NONE

Schedule P - Part 5C- SN1

NONE

Schedule P - Part 5C- SN2

NONE

Schedule P - Part 5C- SN3

NONE

Schedule P - Part 5D- SN1

NONE

Schedule P - Part 5D- SN2

NONE

Schedule P - Part 5D- SN3

NONE

Schedule P - Part 5E- SN1

NONE

Schedule P - Part 5E- SN2

NONE

Schedule P - Part 5E- SN3

NONE

Schedule P - Part 5F- SN1A

NONE

Schedule P - Part 5F- SN2A

NONE

Schedule P - Part 5F- SN3A

NONE

Schedule P - Part 5F- SN1B

NONE

Schedule P - Part 5F- SN2B

NONE

Schedule P - Part 5F- SN3B

NONE

Schedule P - Part 5H- SN1A

NONE

Schedule P - Part 5H- SN2A

NONE

Schedule P - Part 5H- SN3A

NONE

Schedule P - Part 5H- SN1B

NONE

Schedule P - Part 5H- SN2B

NONE

Schedule P - Part 5H- SN3B

NONE

Schedule P - Part 5R- SN1A

NONE

Schedule P - Part 5R- SN2A

NONE

Schedule P - Part 5R- SN3A

NONE

Schedule P - Part 5R- SN1B

NONE

Schedule P - Part 5R- SN2B

NONE

Schedule P - Part 5R- SN3B

NONE

Schedule P - Part 5T- SN1

NONE

Schedule P - Part 5T- SN2

NONE

Schedule P - Part 5T- SN3

NONE

Schedule P - Part 6C - SN1

NONE

Schedule P - Part 6C - SN2

NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

Schedule P - Part 6E - SN1

NONE

Schedule P - Part 6E - SN2

NONE

Schedule P - Part 6H - SN1A

NONE

Schedule P - Part 6H - SN2A

NONE

Schedule P - Part 6H - SN1B

NONE

Schedule P - Part 6H - SN2B

NONE

Schedule P - Part 6M - SN1

NONE

Schedule P - Part 6M - SN2

NONE

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

Schedule P - Part 6R - SN1A

NONE

Schedule P - Part 6R - SN2A

NONE

Schedule P - Part 6R - SN1B

NONE

Schedule P - Part 6R - SN2B

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS
(\$000 OMITTED)**

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/Farmowners						
2. Private Passenger Auto Liability/Medical						
3. Commercial Auto/Truck Liability/Medical						
4. Workers' Compensation						
5. Commercial Multiple Peril						
6. Medical Professional Liability-Occurrence						
7. Medical Professional Liability -Claims-Made						
8. Special Liability						
9. Other Liability-Occurrence						
10. Other Liability-Claims-Made						
11. Special Property						
12. Auto Physical Damage						
13. Fidelity/Surety						
14. Other						
15. International						
16. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX	XXX	XXX
19. Products Liability-Occurrence						
20. Products Liability-Claims-Made						
21. Financial Guaranty/Mortgage Guaranty	6,548			1,032		
22. Warranty						
23. Totals	6,548			1,032		

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

**SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS
(continued)**

SECTION 4

Years in Which Policies Were Issued	NET EARNED PREMIUMS REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 5

Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS
(\$000 OMITTED)**

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/Farmowners						
2. Private Passenger Auto Liability/Medical						
3. Commercial Auto/Truck Liability/Medical						
4. Workers' Compensation						
5. Commercial Multiple Peril						
6. Medical Professional Liability-Occurrence						
7. Medical Professional Liability -Claims-Made						
8. Special Liability						
9. Other Liability-Occurrence						
10. Other Liability-Claims-made						
11. Special Property						
12. Auto Physical Damage						
13. Fidelity/Surety						
14. Other						
15. International						
16. Reinsurance-Nonproportional Assumed Property						
17. Reinsurance-Nonproportional Assumed Liability						
18. Reinsurance-Nonproportional Assumed Financial Lines						
19. Products Liability-Occurrence						
20. Products Liability-Claims-Made						
21. Financial Guaranty/Mortgage Guaranty	6,548			1,032		
22. Warranty						
23. Totals	6,548			1,032		

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS
(continued)**

SECTION 4

Years in Which Policies Were Issued	NET EARNED PREMIUMS REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 5

Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 6

Years in Which Policies Were Issued	INCURRED ADJUSTABLE COMMISSIONS REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 7

Years in Which Policies Were Issued	RESERVES FOR COMMISSION ADJUSTMENTS AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX	XXX						
7. 2008	XXX	XXX	XXX	XXX	XXX					
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.
- 1.1 Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [] No [X]
 If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions:
- 1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)? \$
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [] No [X]
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [] No [X]
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [] No [X] N/A []
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred		DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
		1 Section 1: Occurrence	2 Section 2: Claims-Made
1.601	Prior		
1.602	2003		
1.603	2004		
1.604	2005		
1.605	2006		
1.606	2007		
1.607	2008		
1.608	2009		
1.609	2010		
1.610	2011		
1.611	2012		
1.612	Totals		

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []
3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement?: Yes [X] No []
4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [] No [X]
- If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.
- Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.
- Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.
5. What were the net premiums in force at the end of the year for:
 (in thousands of dollars)
- 5.1 Fidelity \$
- 5.2 Surety \$
6. Claim count information is reported per claim or per claimant. (indicate which).....CLAIM
 If not the same in all years, explain in Interrogatory 7.
- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [] No [X]
- 7.2 An extended statement may be attached.

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. Dist. Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL	L							
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. No. Carolina	NC								
35. No. Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. So. Carolina	SC								
42. So. Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. U.S. Virgin Islands	VI								
56. Northern Mariana Islands	MP								
57. Canada	CAN								
58. Aggregate other alien	OT	XXX							
59. Totals	(a) 1								
DETAILS OF WRITE-INS									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Sum. of remaining write-ins for Line 58 from overflow page		XXX							
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX							

(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.

Explanation of basis of allocation of premiums by states, etc.

Premiums are allocated to the state of residence of the insured.

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

**SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

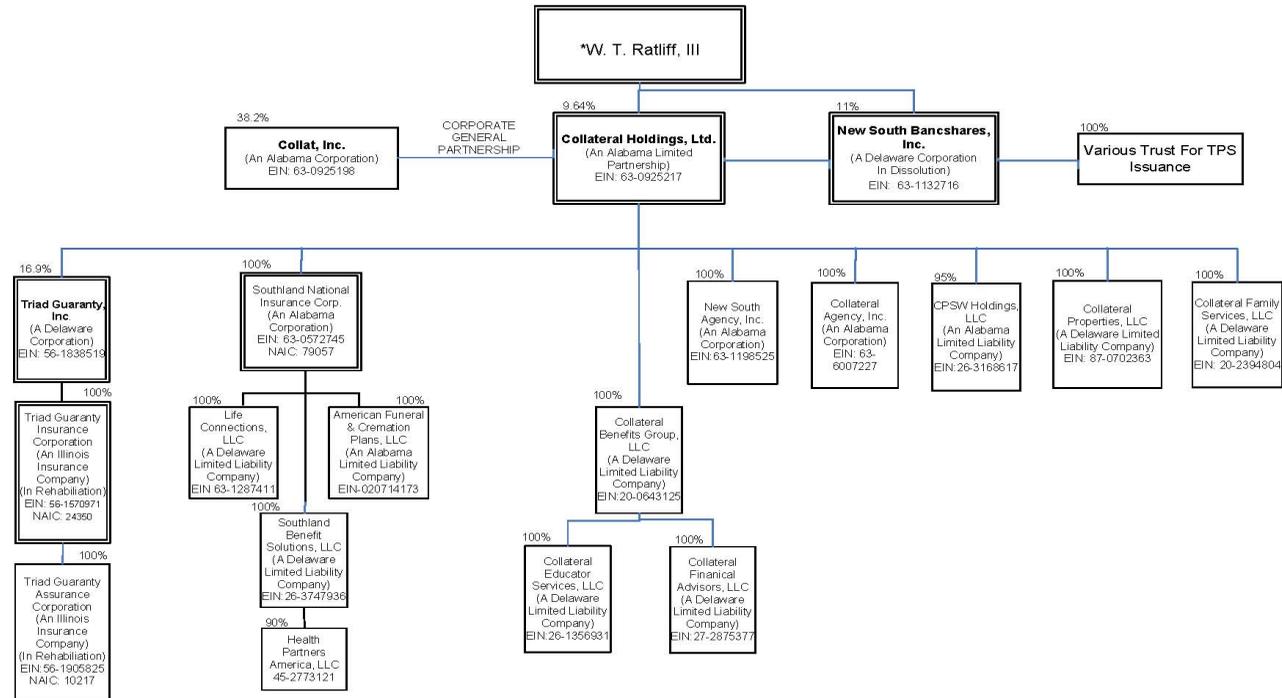
Allocated By States and Territories

States, Etc.		Direct Business Only					6 Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL						
11. Georgia	GA						
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts	MA						
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO						
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV						
30. New Hampshire	NH						
31. New Jersey	NJ						
32. New Mexico	NM						
33. New York	NY						
34. North Carolina	NC						
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR						
39. Pennsylvania	PA						
40. Rhode Island	RI						
41. South Carolina	SC						
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA						
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI						
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. US Virgin Islands	VI						
56. Northern Mariana Islands	MP						
57. Canada	CAN						
58. Aggregate Other Alien	OT						
59. Totals							

NONE

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE Y

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
00000	63-0925217	CHL			37,340		187,774				225,114	
00000	63-0925198	Collat Inc.					99,840				99,840	
79057	63-0572745	Southland National Insurance Corporation	150,000	15,898	(37,340)		(542,856)				(414,298)	
00000	26-3747936	Southland Benefit Solutions	(150,000)				255,242				105,242	
00000	63-1263856	Benefits Resource Group, LLC - Dissolved		(5,899)							(5,899)	
00000	64-0858642	Southland National Trust Co. - Dissolved		(7,406)							(7,406)	
00000	63-1065494	Southland National Funeral Grp-Dissolved		(2,593)							(2,593)	
10217	56-1905825	Triad Guaranty Assurance Corporation						(1,996,739)			(1,996,739)	(7,100,035)
00000	56-1838519	Triad Guaranty Inc.					1,081,293				1,081,293	
24350	56-1570971	Triad Guaranty Insurance Corporation					(1,081,293)	1,996,739			915,446	7,100,035
9999999 Control Totals												XXX

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** 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.

MARCH FILING	RESPONSES
1. Will an actuarial opinion be filed by March 1?	.....SEE EXPLANATION.....
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	.....SEE EXPLANATION.....
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	.....WAIVED.....
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	.....WAIVED.....
APRIL FILING	
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	.....SEE EXPLANATION.....
6. Will Management's Discussion and Analysis be filed by April 1?	.....SEE EXPLANATION.....
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	.....SEE EXPLANATION.....
MAY FILING	
8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?	.....SEE EXPLANATION.....
JUNE FILING	
9. Will an audited financial report be filed by June 1?	.....SEE EXPLANATION.....
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	.....SEE EXPLANATION.....
AUGUST FILING	
11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1?	.....SEE EXPLANATION.....

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.

MARCH FILING	
12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	.....NO.....
13. Will the Financial Guaranty Insurance Exhibit be filed by March 1?	.....NO.....
14. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	.....NO.....
15. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed by March 1?	.....NO.....
16. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	.....NO.....
17. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	.....NO.....
18. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	.....NO.....
19. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	.....NO.....
20. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?	.....SEE EXPLANATION.....
21. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	.....NO.....
22. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	.....NO.....
23. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?	.....NO.....
24. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	.....NO.....
25. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1?	.....NO.....
26. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?	.....NO.....
27. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	.....NO.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

APRIL FILING

- 28. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?NO.....
- 29. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?NO.....
- 30. Will the Accident and Health Policy Experience Exhibit be filed by April 1?NO.....
- 31. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?NO.....
- 32. Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1?NO.....

AUGUST FILING

- 33. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?SEE EXPLANATION.....

Explanation:

- 1. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 2. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 5. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 6. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 7. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 8. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 9. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 10. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 11. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
- 12.
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- 19.
- 20. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.
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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

- 30.
- 31.
- 32.
- 33. Company is in Rehabilitation and has been instructed not to file by the Office of Special Deputy Receiver.

Bar Code:

- 3. 
1 0 2 1 7 2 0 1 2 3 9 0 0 0 0 0 0
- 4. 
1 0 2 1 7 2 0 1 2 3 9 0 0 0 0 0 0
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- 21. 
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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

28. 
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**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

OVERFLOW PAGE FOR WRITE-INS

P011 Additional Aggregate Lines for Page 11 Line 24.
*EXEXP - Underwriting and Investment - Part 3 - Expenses

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. Data processing.....		19,893		19,893
2405.				
2497. Summary of remaining write-ins for Line 24 from page 11		19,893		19,893

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities						
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations	975,760	6.689	975,760		975,760	6.689
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	534,772	3.666	534,772		534,772	3.666
1.43 Revenue and assessment obligations	3,682,340	25.244	3,682,340		3,682,340	25.244
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA						
1.512 Issued or guaranteed by FNMA and FHLMC						
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other	2,962,836	20.312	2,962,836		2,962,836	20.312
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	5,494,673	37.668	5,494,673		5,494,673	37.668
2.2 Unaffiliated non-U.S. securities (including Canada)	499,940	3.427	499,940		499,940	3.427
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	585,389	2.994	585,389		585,389	2.994
11. Other invested assets						
12. Total invested assets	14,735,710	100.000	14,735,710		14,735,710	100.000

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE A – VERIFICATION BETWEEN YEARS

Real Estate

- 1. Book/adjusted carrying value, December 31 of prior year.....
- 2. Cost of acquired:
 - 2.1 Actual cost at time of acquisition (Part 2, Column 6).....
 - 2.2 Additional investment made after acquisition (Part 2, Column 9).....
- 3. Current year change in encumbrances:
 - 3.1 Totals, Part 1, Column 13.....
 - 3.2 Totals, Part 3, Column 11.....
- 4. Total gain (loss) on disposals, Part 3, Column 18.....
- 5. Deduct amounts received on disposals, Part 3, Column 15.....
- 6. Total foreign exchange change in book/adjusted carrying value.....**NONE**
 - 6.1 Totals, Part 1, Column 15.....
 - 6.2 Totals, Part 3, Column 13.....
- 7. Deduct current year's other than temporary impairment recognized:
 - 7.1 Totals, Part 1, Column 12.....
 - 7.2 Totals, Part 3, Column 10.....
- 8. Deduct current year's depreciation:
 - 8.1 Totals, Part 1, Column 11.....
 - 8.2 Totals, Part 3, Column 9.....
- 9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....
- 10. Deduct total nonadmitted amounts.....
- 11. Statement value at end of current period (Line 9 minus Line 10).....

SCHEDULE B – VERIFICATION BETWEEN YEARS

Mortgage Loans

- 1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....
- 2. Cost of acquired:
 - 2.1 Actual cost at time of acquisition (Part 2, Column 7).....
 - 2.2 Additional investment made after acquisition (Part 2, Column 8).....
- 3. Capitalized deferred interest and other:
 - 3.1 Totals, Part 1, Column 12.....
 - 3.2 Totals, Part 3, Column 11.....
- 4. Accrual of discount.....
- 5. Unrealized valuation increase (decrease):
 - 5.1 Totals, Part 1, Column 9.....
 - 5.2 Totals, Part 3, Column 8.....
- 6. Total gain (loss) on disposals, Part 3, Column 18.....
- 7. Deduct amounts received on disposals, Part 3, Column 15.....
- 8. Deduct amortization of premium and mortgage interest points and commitment fees.....
- 9. Total foreign exchange change in book value/recorded investment excluding accrued interest:
 - 9.1 Totals, Part 1, Column 13.....
 - 9.2 Totals, Part 3, Column 13.....
- 10. Deduct current year's other than temporary impairment recognized:
 - 10.1 Totals, Part 1, Column 11.....
 - 10.2 Totals, Part 3, Column 10.....
- 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....
- 12. Total valuation allowance.....
- 13. Subtotal (Line 11 plus Line 12).....
- 14. Deduct total nonadmitted amounts.....
- 15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14).....

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SCHEDULE BA – VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1.	Book/adjusted carrying value, December 31 of prior year.....	
2.	Cost of acquired:	
2.1	Actual cost at time of acquisition (Part 2, Column 8).....	
2.2	Additional investment made after acquisition (Part 2, Column 9).....	
3.	Capitalized deferred interest and other:	
3.1	Totals, Part 1, Column 16.....	
3.2	Totals, Part 3, Column 12.....	
4.	Accrual of discount.....	
5.	Unrealized valuation increase (decrease):	
5.1	Totals, Part 1, Column 13.....	
5.2	Totals, Part 3, Column 9.....	
6.	Total gain (loss) on disposals, Part 3, Column 19.....	
7.	Deduct amounts received on disposals, Part 3, Column 16.....	
8.	Deduct amortization of premium and depreciation.....	
9.	Total foreign exchange change in book/adjusted carrying value:	
9.1	Totals, Part 1, Column 17.....	
9.2	Totals, Part 3, Column 14.....	
10.	Deduct current year's other than temporary impairment recognized:	
10.1	Totals, Part 1, Column 15.....	
10.2	Totals, Part 3, Column 11.....	
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	
12.	Deduct total nonadmitted amounts.....	
13.	Statement value at end of current period (Line 11 minus Line 12)	

NONE

SCHEDULE D – VERIFICATION BETWEEN YEARS

Bonds and Stocks

1.	Book/adjusted carrying value, December 31 of prior year.....	14,746,942
2.	Cost of bonds and stocks acquired, Part 3, Column 7.....	5,711,224
3.	Accrual of discount.....	60,536
4.	Unrealized valuation increase (decrease):	
4.1	Part 1, Column 12.....	
4.2	Part 2, Section 1, Column 15.....	
4.3	Part 2, Section 2, Column 13.....	
4.4	Part 4, Column 11.....	
5.	Total gain (loss) on disposals, Part 4, Column 19.....	475,194
6.	Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	6,848,888
7.	Deduct amortization of premium.....	(5,661)
8.	Total foreign exchange change in book/adjusted carrying value:	
8.1	Part 1, Column 15.....	
8.2	Part 2, Section 1, Column 19.....	
8.3	Part 2, Section 2, Column 16.....	
8.4	Part 4, Column 15.....	
9.	Deduct current year's other than temporary impairment recognized:	
9.1	Part 1, Column 14.....	348
9.2	Part 2, Section 1, Column 17.....	
9.3	Part 2, Section 2, Column 14.....	
9.4	Part 4, Column 13.....	348
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	14,150,321
11.	Deduct total nonadmitted amounts.....	
12.	Statement value at end of current period (Line 10 minus Line 11)	14,150,321

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks **OWNED** December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States				
	2. Canada				
	3. Other Countries				
	4. Totals				
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals	975,760	1,179,430	969,645	1,000,000
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals	534,772	560,340	516,491	550,000
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	3,682,340	3,928,629	3,623,781	3,730,000
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States	8,457,509	9,094,848	8,465,107	8,594,736
	9. Canada				
	10. Other Countries	499,940	522,005	499,865	500,000
	11. Totals	8,957,449	9,616,853	8,964,972	9,094,736
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	14,150,321	15,285,252	14,074,889	14,374,736
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	14,150,321	15,285,252	14,074,889	

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1								1,813,865	10.9		
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals								1,813,865	10.9		
2. All Other Governments											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals											
3. U.S. States, Territories and Possessions, etc., Guaranteed											
3.1 Class 1			488,145	487,615		975,760	6.7	486,698	2.9	975,760	
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals			488,145	487,615		975,760	6.7	486,698	2.9	975,760	
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Class 1	435,192			99,580		534,772	3.7	2,006,696	12.1	534,772	
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals	435,192			99,580		534,772	3.7	2,006,696	12.1	534,772	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Class 1	498,583	1,610,190	495,754	601,361		3,205,888	22.0	5,068,023	30.5	3,205,889	
5.2 Class 2				476,452		476,452	3.3	475,124	2.9	476,452	
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals	498,583	1,610,190	495,754	1,077,813		3,682,340	25.2	5,543,147	33.3	3,682,341	

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1	3,817,943	5,225,338				9,043,281	62.0	6,442,722	38.7	8,043,653	999,628
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals	3,817,943	5,225,338				9,043,281	62.0	6,442,722	38.7	8,043,653	999,628
7. Hybrid Securities											
7.1 Class 1											
7.2 Class 2				350,830		350,830	2.4	347,334	2.1	350,830	
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals				350,830		350,830	2.4	347,334	2.1	350,830	
8. Parent, Subsidiaries and Affiliates											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
9. Total Bonds Current Year											
9.1 Class 1	(d) 4,751,718	6,835,528	983,899	1,188,556		13,759,701	94.3	XXX	XXX	12,760,074	999,628
9.2 Class 2	(d)			827,282		827,282	5.7	XXX	XXX	827,282	
9.3 Class 3	(d)							XXX	XXX		
9.4 Class 4	(d)							XXX	XXX		
9.5 Class 5	(d)							XXX	XXX		
9.6 Class 6	(d)							XXX	XXX		
9.7 Totals	4,751,718	6,835,528	983,899	2,015,838		14,586,983	100.0	XXX	XXX	13,587,356	999,628
9.8 Line 9.7 as a % of Col. 6	32.6	46.9	6.7	13.8		100.0	XXX	XXX	XXX	93.1	6.9
10. Total Bonds Prior Year											
10.1 Class 1	4,492,336	6,056,360	1,564,233	3,705,074		XXX	XXX	15,818,003	95.1	15,818,004	
10.2 Class 2				822,458		XXX	XXX	822,458	4.9	822,458	
10.3 Class 3						XXX	XXX				
10.4 Class 4						XXX	XXX				
10.5 Class 5						XXX	XXX				
10.6 Class 6						XXX	XXX				
10.7 Totals	4,492,336	6,056,360	1,564,233	4,527,532		XXX	XXX	16,640,461	100.0	16,640,462	
10.8 Line 10.7 as a % of Col. 8	27.0	36.4	9.4	27.2		XXX	XXX	100.0	XXX	100.0	
11. Total Publicly Traded Bonds											
11.1 Class 1	4,402,072	6,185,547	983,899	1,188,556		12,760,074	87.5	15,818,004	95.1	12,760,074	XXX
11.2 Class 2				827,281		827,281	5.7	822,458	4.9	827,281	XXX
11.3 Class 3											XXX
11.4 Class 4											XXX
11.5 Class 5											XXX
11.6 Class 6											XXX
11.7 Totals	4,402,072	6,185,547	983,899	2,015,837		13,587,355	93.1	16,640,462	100.0	13,587,355	XXX
11.8 Line 11.7 as a % of Col. 6	32.4	45.5	7.2	14.8		100.0	XXX	XXX	XXX	100.0	XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9	30.2	42.4	6.7	13.8		93.1	XXX	XXX	XXX	93.1	XXX
12. Total Privately Placed Bonds											
12.1 Class 1	349,647	649,981				999,628	6.9			XXX	999,628
12.2 Class 2										XXX	
12.3 Class 3										XXX	
12.4 Class 4										XXX	
12.5 Class 5										XXX	
12.6 Class 6										XXX	
12.7 Totals	349,647	649,981				999,628	6.9			XXX	999,628
12.8 Line 12.7 as a % of Col. 6	35.0	65.0				100.0	XXX	XXX	XXX	XXX	100.0
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9	2.4	4.5				6.9	XXX	XXX	XXX	XXX	6.9

(a) Includes \$ 999,628 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$ current year, \$ 240,685 prior year of bonds with Z designations and \$ current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$ current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
 (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 436,663 ; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.5	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations								1,813,865	10.9		
1.2 Residential Mortgage-Backed Securities											
1.3 Commercial Mortgage-Backed Securities											
1.4 Other Loan-Backed and Structured Securities											
1.5 Totals								1,813,865	10.9		
2. All Other Governments											
2.1 Issuer Obligations											
2.2 Residential Mortgage-Backed Securities											
2.3 Commercial Mortgage-Backed Securities											
2.4 Other Loan-Backed and Structured Securities											
2.5 Totals											
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations			488,145	487,615		975,760	6.7	486,698	2.9	975,760	
3.2 Residential Mortgage-Backed Securities											
3.3 Commercial Mortgage-Backed Securities											
3.4 Other Loan-Backed and Structured Securities											
3.5 Totals			488,145	487,615		975,760	6.7	486,698	2.9	975,760	
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations	435,192			99,580		534,772	3.7	2,006,696	12.1	534,772	
4.2 Residential Mortgage-Backed Securities											
4.3 Commercial Mortgage-Backed Securities											
4.4 Other Loan-Backed and Structured Securities											
4.5 Totals	435,192			99,580		534,772	3.7	2,006,696	12.1	534,772	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Issuer Obligations	498,583	1,610,190	495,754	1,077,813		3,682,340	25.2	5,543,148	33.3	3,682,340	
5.2 Residential Mortgage-Backed Securities											
5.3 Commercial Mortgage-Backed Securities											
5.4 Other Loan-Backed and Structured Securities											
5.5 Totals	498,583	1,610,190	495,754	1,077,813		3,682,340	25.2	5,543,148	33.3	3,682,340	
6. Industrial and Miscellaneous											
6.1 Issuer Obligations	1,687,315	4,393,130				6,080,445	41.7	6,442,722	38.7	5,480,794	599,652
6.2 Residential Mortgage-Backed Securities											
6.3 Commercial Mortgage-Backed Securities											
6.4 Other Loan-Backed and Structured Securities	2,130,628	832,208				2,962,836	20.3			2,562,860	399,976
6.5 Totals	3,817,943	5,225,338				9,043,281	62.0	6,442,722	38.7	8,043,654	999,628
7. Hybrid Securities											
7.1 Issuer Obligations				350,830		350,830	2.4	347,334	2.1	350,830	
7.2 Residential Mortgage-Backed Securities											
7.3 Commercial Mortgage-Backed Securities											
7.4 Other Loan-Backed and Structured Securities											
7.5 Totals				350,830		350,830	2.4	347,334	2.1	350,830	
8. Parent, Subsidiaries and Affiliates											
8.1 Issuer Obligations											
8.2 Residential Mortgage-Backed Securities											
8.3 Commercial Mortgage-Backed Securities											
8.4 Other Loan-Backed and Structured Securities											
8.5 Totals											

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues											
Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.5	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
9. Total Bonds Current Year											
9.1 Issuer Obligations	2,621,090	6,003,320	983,899	2,015,838		11,624,147	79.7	XXX	XXX	11,024,496	599,652
9.2 Residential Mortgage-Backed Securities								XXX	XXX		
9.3 Commercial Mortgage-Backed Securities								XXX	XXX		
9.4 Other Loan-Backed and Structured Securities	2,130,628	832,208				2,962,836	20.3	XXX	XXX	2,562,860	399,976
9.5 Totals	4,751,718	6,835,528	983,899	2,015,838		14,586,983	100.0	XXX	XXX	13,587,356	999,628
9.6 Lines 9.5 as a % Col. 6	32.6	46.9	6.7	13.8		100.0	XXX	XXX	XXX	93.1	6.9
10. Total Bonds Prior Year											
10.1 Issuer Obligations	4,492,336	6,056,360	1,564,233	4,527,532		XXX	XXX	16,640,461	100.0	16,640,462	
10.2 Residential Mortgage-Backed Securities						XXX	XXX				
10.3 Commercial Mortgage-Backed Securities						XXX	XXX				
10.4 Other Loan-Backed and Structured Securities						XXX	XXX				
10.5 Totals	4,492,336	6,056,360	1,564,233	4,527,532		XXX	XXX	16,640,461	100.0	16,640,462	
10.6 Line 10.5 as a % of Col. 8	27.0	36.4	9.4	27.2		XXX	XXX	100.0	XXX	100.0	
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations	2,621,091	5,403,669	983,899	2,015,838		11,024,497	75.6	16,640,462	100.0	11,024,497	XXX
11.2 Residential Mortgage-Backed Securities											XXX
11.3 Commercial Mortgage-Backed Securities											XXX
11.4 Other Loan-Backed and Structured Securities	1,780,982	781,878				2,562,860	17.6			2,562,860	XXX
11.5 Totals	4,402,073	6,185,547	983,899	2,015,838		13,587,357	93.1	16,640,462	100.0	13,587,357	XXX
11.6 Line 11.5 as a % of Col. 6	32.4	45.5	7.2	14.8		100.0	XXX	XXX	XXX	100.0	XXX
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	30.2	42.4	6.7	13.8		93.1	XXX	XXX	XXX	93.1	XXX
12. Total Privately Placed Bonds											
12.1 Issuer Obligations		599,652				599,652	4.1			XXX	599,652
12.2 Residential Mortgage-Backed Securities										XXX	
12.3 Commercial Mortgage-Backed Securities										XXX	
12.4 Other Loan-Backed and Structured Securities	349,647	50,329				399,976	2.7			XXX	399,976
12.5 Totals	349,647	649,981				999,628	6.9			XXX	999,628
12.6 Line 12.5 as a % of Col. 6	35.0	65.0				100.0	XXX	XXX	XXX	XXX	100.0
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9	2.4	4.5				6.9	XXX	XXX	XXX	XXX	6.9

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SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	1,143,540	1,143,540			
2. Cost of short-term investments acquired	8,399,253	8,399,253			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	9,106,130	9,106,130			
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other than temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	436,663	436,663			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	436,663	436,663			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

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

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1

Showing All Long-Term **BONDS** Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book / Adjusted Carrying Value				Interest				Dates		
		3 Code	4 F o r e i g n	5 Bond CHAR			8 Rate Used to Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change In B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Stated Contractual Maturity Date
Bonds - U.S. Governments - Issuer Obligations																					
Bonds - U.S. Governments - Residential Mortgage-Backed Securities																					
Bonds - U.S. Governments - Commercial Mortgage-Backed Securities																					
Bonds - U.S. Governments - Other Loan-Backed and Structured Securities																					
Bonds - All Other Governments - Issuer Obligations																					
Bonds - All Other Governments - Residential Mortgage-Backed Securities																					
Bonds - All Other Governments - Commercial Mortgage-Backed Securities																					
Bonds - All Other Governments - Other Loan-Backed and Structured Securities																					
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
25476F-FE-3	DIST OF COLUMBIA			1	1FE	485,040	118,1120	590,560	500,000	488,145		946		5,000	5,320	JD	2,083	25,000	12/06/2007	06/01/2022	
93974B-3Q-3	WASHINGTON ST			1	1FE	484,605	117,7740	588,870	500,000	487,615		917		5,000	5,320	JJ	12,500	25,000	01/11/2008	01/01/2023	
1199999 - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations						969,645	XXX	1,179,430	1,000,000	975,760		1,863		XXX	XXX	XXX	14,583	50,000	XXX	XXX	
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities																					
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities																					
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities																					
1799999 - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Subtotals - U.S. States, Territories and Possessions (Direct and Guaranteed)						969,645	XXX	1,179,430	1,000,000	975,760		1,863		XXX	XXX	XXX	14,583	50,000	XXX	XXX	
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
242811-J5-7	DECATUR AL			1	1FE	416,961	102,2400	460,080	450,000	435,192		14,744		4,750	11,710	JJ	10,688	21,375	11/19/2003	07/01/2025	
874386-GN-9	TALLADEGA CNTY AL BRD OF EDU			1	1FE	99,530	100,2600	100,260	100,000	99,580		22		5,000	5,040	FA	2,083	5,000	04/28/2004	02/01/2026	
1899999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations						516,491	XXX	560,340	550,000	534,772		14,766		XXX	XXX	XXX	12,771	26,375	XXX	XXX	
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities																					
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities																					
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities																					
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Subtotals - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)						516,491	XXX	560,340	550,000	534,772		14,766		XXX	XXX	XXX	12,771	26,375	XXX	XXX	
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																					
02765P-AF-2	AMERICAN MUNT PWR-OHIO INC OH				1FE	450,410	100,3100	501,550	500,000	498,583		15,141		5,000	8,250	FA	10,417	25,000	07/25/2007	02/01/2013	
3137EA-DJ-5	FREDDIE MAC		SD		1	1,611,092	101,0050	1,616,080	1,600,000	1,610,190		(902)		1,000	0,850	JJ	8,267		08/03/2012	07/28/2017	
65037R-CF-5		NEWARK NJ HSG AUTH PORT NEWARK			2FE	472,120	113,1400	565,700	500,000	476,452		1,327		5,250	5,800	JJ	13,125	26,250	05/11/2007	01/01/2025	
845040-EZ-3		S W TX HGR EDU AUTH			1FE	323,001	102,0590	357,207	350,000	327,428		1,349		4,600	5,340	AO	4,025	16,100	11/21/2003	10/01/2024	
91412F-Y6-8		UNIV OF CALIFORNIA CA REVENUES			1FE	494,625	113,7000	568,500	500,000	495,754		343		5,000	5,110	MN	3,194	25,000	01/11/2008	05/15/2022	
914692-J4-1		UNIV OF NEW MEXICO NM			1FE	272,532	114,1400	319,592	280,000	273,933		427		5,000	5,270	JD	1,167	14,000	12/10/2007	06/01/2023	
2599999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations						3,623,780	XXX	3,928,629	3,730,000	3,682,340		17,685		XXX	XXX	XXX	40,195	106,350	XXX	XXX	
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Residential Mortgage-Backed Securities																					
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Commercial Mortgage-Backed Securities																					
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Other Loan-Backed and Structured Securities																					
3199999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Subtotals - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies of Governments and Their Political Subdivisions						3,623,780	XXX	3,928,629	3,730,000	3,682,340		17,685		XXX	XXX	XXX	40,195	106,350	XXX	XXX	
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																					
02666Q-L2-7	AMERICAN HONDA FINANCE				1FE	599,652	100,3250	601,950	600,000	599,652		348		0,708	0,750	MJSD	165	2,397	06/19/2012	06/18/2014	

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 1

Showing All Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
060505-CS-1	BANK OF AMERICA CORP.				1FE	431,721		113,070	450,000	435,074		3,353			5.625	6.620	AO	5,414	25,313	04/08/2011	10/14/2016
10138M-AH-8	BOTTLING GROUP LLC			1	1FE	498,965		107,528	500,000	499,649		214			6.950	6.990	MS	10,232	34,750	10/21/2008	03/15/2014
17275R-AC-6	CISCO SYSTEMS INC			1	1FE	509,380		114,305	500,000	504,348		(1,254)			5.500	5.190	FA	9,854	27,500	08/26/2008	02/22/2016
263534-BV-0	E. I. DU PONT DE NEMOURS			1	1FE	81,615		105,542	82,000	81,911		78			5.875	5.980	JJ	2,221	4,818	12/09/2008	01/15/2014
38141G-EE-0	GOLDMAN SACHS GROUP INC				1FE	512,575		110,539	500,000	509,673		(2,902)			5.350	4.650	JJ	12,335	26,750	04/08/2011	01/15/2016
459200-GJ-4	IBM CORP.			1	1FE	510,820		120,766	500,000	506,235		(1,145)			5.700	5.390	MS	8,471	28,500	08/26/2008	09/14/2017
629491-AA-9	NYSE EURONEXT				1FE	249,405		102,094	250,000	249,889		213			4.800	4.890	JD	100	12,000	01/14/2009	06/28/2013
670346-AJ-4	NUCOR CORP.			1	1FE	508,270		102,000	500,000	500,764		(1,881)			5.000	4.600	JD	2,083	25,000	08/26/2008	06/01/2013
913017-BW-8	UNITED TECHNOLOGIES CORP.				1FE	500,000		100,274	500,000	500,000					0.580	0.580	MJSD	242	1,833	05/24/2012	12/02/2013
949746-QU-8	WELLS FARGO & COMPANY				1FE	759,653		108,110	750,000	756,648		(1,776)			3.676	3.400	MS	8,118	27,570	04/07/2011	06/15/2016
822582-AF-9	SHELL INTERNATIONAL FIN		F	1	1FE	499,865		104,401	500,000	499,940		28			4.000	4.000	MS	5,556	20,000	03/18/2009	03/21/2014
3299999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations						5,661,921	XXX	6,062,434	5,632,000	5,643,783		(5,072)	348		XXX	XXX	XXX	64,791	236,431	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities																					
Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities																					
Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities																					
03061U-AB-9	AMCAR 2012-3 A2			2	1FE	649,957		100,170	650,000	649,972		15			0.710	0.710	MON	295	2,077	06/19/2012	12/08/2015
12591A-AB-3	CNH 2012-B A2			2	1FE	599,951		100,198	600,000	599,973		22			0.650	0.650	MON	173	1,896	06/12/2012	10/15/2015
14313J-AB-7	CARMX 2012-2 A2			2	1FE	196,317		100,137	196,330	196,324		6			0.640	0.640	MON	56	635	06/06/2012	05/15/2015
44890F-AB-3	HALST 2012-A A2			2	1FE	399,957		100,196	400,000	399,976		19			0.680	0.680	MON	121	1,322	06/13/2012	01/15/2015
892360-AC-5	TAOT 2011-B A3			2	1FE	500,332		100,303	500,000	500,205		(127)			0.680	0.630	MON	151	1,983	05/30/2012	06/15/2015
92867K-AB-0	WVLT 2012-A A2			2	1FE	616,356		100,172	616,406	616,386		20			0.660	0.660	MON	124	2,023	06/13/2012	11/20/2014
3599999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities						2,962,870	XXX	2,968,669	2,962,736	2,962,836		(45)			XXX	XXX	XXX	920	9,936	XXX	XXX
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Subtotals - Industrial and Miscellaneous (Unaffiliated)						8,624,791	XXX	9,031,103	8,594,736	8,606,619		(5,117)	348		XXX	XXX	XXX	65,711	246,367	XXX	XXX
Bonds - Hybrid Securities - Issuer Obligations																					
553086-AC-3	MMI CAPITAL TRUST I				2FE	340,180		117,150	500,000	350,830		3,496			7.625	11.950	JD	1,694	38,125	05/22/2001	12/15/2027
4299999 - Bonds - Hybrid Securities - Issuer Obligations						340,180	XXX	585,750	500,000	350,830		3,496			XXX	XXX	XXX	1,694	38,125	XXX	XXX
Bonds - Hybrid Securities - Residential Mortgage-Backed Securities																					
Bonds - Hybrid Securities - Commercial Mortgage-Backed Securities																					
Bonds - Hybrid Securities - Other Loan-Backed and Structured Securities																					
4899999 - Bonds - Hybrid Securities - Subtotals - Hybrid Securities						340,180	XXX	585,750	500,000	350,830		3,496			XXX	XXX	XXX	1,694	38,125	XXX	XXX
Bonds - Parent, Subsidiaries and Affiliates - Issuer Obligations																					
Bonds - Parent, Subsidiaries and Affiliates - Residential Mortgage-Backed Securities																					
Bonds - Parent, Subsidiaries and Affiliates - Other Loan-Backed and Structured Securities																					
7799999 - Bonds - Total Bonds - Subtotals - Issuer Obligations						11,112,017	XXX	12,316,583	11,412,000	11,187,485		32,738	348		XXX	XXX	XXX	134,034	457,281	XXX	XXX
8099999 - Bonds - Total Bonds - Subtotals - Other Loan-Backed and Structured Securities						2,962,870	XXX	2,968,669	2,962,736	2,962,836		(45)			XXX	XXX	XXX	920	9,936	XXX	XXX
8399999 Subtotals - Total Bonds						14,074,887	XXX	15,285,252	14,374,736	14,150,321		32,693	348		XXX	XXX	XXX	134,954	467,217	XXX	XXX

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Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks **SOLD, REDEEMED** or Otherwise **DISPOSED OF** During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11+12-13)	15 Total Foreign Exchange Change in B/A. C.V.						
Bonds - U.S. Governments																				
Bonds - All Other Governments																				
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)																				
25476F-FE-3	DIST OF COLUMBIA		07/19/2012	STIFEL NICOLAUS & CO.		587,145	500,000	485,040	487,199		516			516	487,715		99,430	99,430	16,181	06/01/2022
1799999 - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)						587,145	500,000	485,040	487,199		516			516	487,715		99,430	99,430	16,181	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)																				
438670-HJ-3	HONOLULU CITY & CNTY HI		06/20/2012	JEFFERIES & CO.		279,775	250,000	255,580	253,437		(439)			(439)	252,999		26,776	26,776	12,188	07/01/2019
886172-LB-9	THURSTON CNTY WA SCH DIST #111		06/01/2012	D.A. DAVIDSON & CO.		286,925	250,000	263,833	258,855		(901)			(901)	257,954		28,971	28,971	6,424	12/01/2016
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)						566,700	500,000	519,413	512,292		(1,340)			(1,340)	510,953		55,747	55,747	18,612	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																				
24916P-BX-4	DENVER CITY & CNTY CO BRD OF W		06/01/2012	MERRILL LYNCH		554,600	500,000	534,300	519,282		(2,712)			(2,712)	516,571		38,029	38,029	12,847	12/01/2014
249189-AR-2	DENVER CO CONVENTION CENTER HO		06/01/2012	MORGAN STANLEY		255,451	240,000	243,019	240,685		(143)			(143)	240,542		14,909	14,909	6,167	12/01/2023
31344A-0D-9	FREDDIE MAC		07/15/2012	MATURITY		500,000	500,000	547,815	508,674		(8,674)			(8,674)	500,000				25,625	07/15/2012
31359M-Y0-0	FANNIE MAE		08/02/2012	MATURITY		1,300,000	1,300,000	1,316,165	1,305,190		(5,190)			(5,190)	1,300,000				65,000	08/02/2012
366168-B0-4	GARLAND TX WTR & SWR REVENUE		03/01/2012	100,000 CALLED BY ISSUER at		455,000	455,000	457,812	455,130		(130)			(130)	455,000				11,375	03/01/2023
395468-ET-4	GREENSBORO NC ENTERPRISE SYS R		05/29/2012	HUTCHINSON SHOCKEY ERELEY & CO.		642,990	500,000	515,110	512,873		(376)			(376)	512,497		130,493	130,493	13,052	06/01/2022
396066-AW-2	GREENVILLE CNTY SC SCH DIST IN		12/03/2012	101,000 CALLED BY ISSUER at		328,250	325,000	340,714	329,821		(1,571)			(1,571)	328,250				17,875	12/01/2028
45200B-HC-5	ILLINOIS ST FIN AUTH REVENUE		06/01/2012	MESIROW FINANCIAL INC. CALLED BY ISSUER at		131,012	120,000	115,639	116,103		438			438	116,541		14,472	14,472	5,583	07/01/2025
523494-FV-9	LEE CNTY FL SCH BRD		08/01/2012	100,000		595,000	595,000	529,895	540,029		54,971			54,971	595,000				26,031	08/01/2021
594700-CE-4	MICHIGAN ST TRUNK LINE FUND		06/20/2012	SAMCO CAPITAL MARKETS		282,238	250,000	264,183	258,837		(1,077)			(1,077)	257,760		24,478	24,478	10,104	09/01/2016
604114-0T-8	MINNESOTA ST PUBLIC FACs AUTH		05/29/2012	CITIGROUP GLOBAL MARKETS		314,510	250,000	253,223	252,672		(100)			(100)	252,573		61,937	61,937	9,340	03/01/2021
64983R-HC-4	NEW YORK ST DORM AUTH REVENUES		06/20/2012	UBS SECURITIES		298,728	250,000	269,718	264,153		(1,124)			(1,124)	263,029		35,699	35,699	8,288	05/15/2017
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						5,657,779	5,285,000	5,387,593	5,303,449		34,312			34,312	5,337,763		320,017	320,017	211,287	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
14313J-AB-7	CARNX 2012-2 A2		12/15/2012	MBS PAYMENT		3,670	3,670	3,670			1			1	3,670				12	05/15/2015
92867K-AB-0	VWALT 2012-A A2		12/20/2012	MBS PAYMENT		33,594	33,594	33,591			13			13	33,594				110	11/20/2014
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						37,264	37,264	37,261			14			14	37,264				122	XXX
Bonds - Hybrid Securities																				
Bonds - Parent, Subsidiaries, and Affiliates																				
8399997 - Bonds - Subtotals - Bonds - Part 4						6,848,888	6,322,264	6,429,307	6,302,940		33,502			33,502	6,373,695		475,194	475,194	246,202	XXX
8399999 - Bonds - Subtotals - Bonds						6,848,888	6,322,264	6,429,307	6,302,940		33,502			33,502	6,373,695		475,194	475,194	246,202	XXX
Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)																				
Preferred Stocks - Parent, Subsidiaries, and Affiliates																				
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																				
Common Stocks - Parent, Subsidiaries, and Affiliates																				
Common Stocks - Mutual Funds																				
Common Stocks - Money Market Mutual Funds																				
9999999 Totals						6,848,888	XXX	6,429,307	6,302,940		33,502			33,502	6,373,695		475,194	475,194	246,202	XXX

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Schedule D - Part 5

NONE

Schedule D - Part 6 - Section 1

NONE

Schedule D - Part 6 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN REHABILITATION

SCHEDULE DA - PART 1

Showing all **SHORT-TERM INVESTMENTS** Owned December 31 of Current Year

1	2	Codes		5	6	7	8	Change In Book/Adjusted Carrying Value				13	14	Interest					21			
		3	4					9	10	11	12			15	16	17	18	19		20		
CUSIP Identification	Description	Code	Foreign	Date Acquired	Name of Vendor	Maturity Date	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due And Accrued Dec. 31 of Current Year On Bond Not In Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	When Paid	Amount Received During Year	Paid for Accrued Interest		
Bonds - U.S. Governments Issuer Obligations																						
Bonds - U.S. Governments - Residential Mortgage-Backed Securities																						
Bonds - U.S. Governments - Commercial Mortgage-Backed Securities																						
Bonds - U.S. Governments - Other Loan-Backed and Structured Securities																						
Bonds - All Other Governments - Issuer Obligations																						
Bonds - All Other Governments - Residential Mortgage-Backed Securities																						
Bonds - All Other Governments - Single Class Mortgage-Backed/Asset-Backed Securities																						
Bonds - All Other Governments - Other Loan-Backed and Structured Securities																						
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																						
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities																						
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities																						
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities																						
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																						
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities																						
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities																						
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities																						
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions - Issuer Obligations																						
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions - Residential Mortgage-Backed Securities																						
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions - Commercial Mortgage-Backed Securities																						
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions - Other Loan-Backed and Structured Securities																						
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																						
Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities																						
Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities																						
Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities																						
Bonds - Hybrid Securities - Issuer Obligations																						
Bonds - Hybrid Securities - Residential Mortgage-Backed Securities																						
Bonds - Hybrid Securities - Commercial Mortgage-Backed Securities																						
Bonds - Hybrid Securities - Other Loan-Backed and Structured Securities																						
Bonds - Parent, Subsidiaries and Affiliates Bonds - Issuer Obligations																						
Bonds - Parent, Subsidiaries and Affiliates Bonds - Residential Mortgage-Backed Securities																						
Bonds - Parent, Subsidiaries and Affiliates Bonds - Commercial Mortgage-Backed Securities																						
Bonds - Parent, Subsidiaries and Affiliates Bonds - Other Loan-Backed and Structured Securities																						
Parent, Subsidiaries and Affiliates - Mortgage Loans																						
Parent, Subsidiaries and Affiliates - Other Short-Term Invested Assets																						
Mortgage Loans																						
Exempt Money Market Mutual Funds																						
Class One Money Market Mutual Funds																						
316175-40-5	FIDELITY PRIME MON MAR-I			12/28/2012	DIRECT		436,663						436,663	28		0.080	0.080					
899999	Class One Money Market Mutual Funds						436,663					XXX	436,663	28		XXX	XXX		XXX			
Other Short-Term Invested Assets																						
9199999 Total Short-Term Investments							436,663					XXX	436,663	28		XXX	XXX	XXX				

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Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

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
NONE							
8699999 Total Cash Equivalents							

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE TRIAD GUARANTY ASSURANCE CORPORATION., IN
REHABILITATION**

SCHEDULE E PART 3 - SPECIAL DEPOSITS

States, etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL	on deposit	1,610,190	1,616,080		
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. US Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CAN					
58. Aggregate Other Alien	OT					
59. Total	XXX	XXX	1,610,190	1,616,080		
DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Sum of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899. Totals (Lines 5801 - 5803 + 5898) (Line 58 above)	XXX	XXX				

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