



# QUARTERLY STATEMENT

AS OF MARCH 31, 2010  
OF THE CONDITION AND AFFAIRS OF THE

## TRIAD GUARANTY ASSURANCE CORPORATION

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

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

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

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

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

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

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

Internet Web Site Address www.triadguaranty.com

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

### OFFICERS

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

### OTHER OFFICERS

### DIRECTORS OR TRUSTEES

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

State of North Carolina

County of Forsyth

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

Kenneth Wayne Jones  
CEO and Chief Financial Officer

Earl Franklin Wall  
Secretary

Kenneth Stephen Dwyer  
Chief Accounting Officer

a. Is this an original filing? Yes [ X ] No [ ]

Subscribed and sworn to before me this  
April day of 15, 2010

- b. If no,
1. State the amendment number \_\_\_\_\_
  2. Date filed \_\_\_\_\_
  3. Number of pages attached \_\_\_\_\_

Joyce B. Sills, Notary Public  
July 22, 2014

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	19,559,778		19,559,778	20,645,677
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....333,544 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....2,019,699 ) .....	2,353,243		2,353,243	2,119,630
6. Contract loans (including \$ .....premium notes)			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Aggregate write-ins for invested assets .....	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10) .....	21,913,022	0	21,913,022	22,765,306
12. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
13. Investment income due and accrued .....	227,646		227,646	300,520
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection .....	326,386		326,386	262,574
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
14.3 Accrued retrospective premiums .....			0	0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers .....			0	0
15.2 Funds held by or deposited with reinsured companies .....			0	0
15.3 Other amounts receivable under reinsurance contracts .....			0	0
16. Amounts receivable relating to uninsured plans .....			0	0
17.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
17.2 Net deferred tax asset .....	0	0	0	0
18. Guaranty funds receivable or on deposit .....			0	0
19. Electronic data processing equipment and software .....			0	0
20. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
22. Receivables from parent, subsidiaries and affiliates .....			0	0
23. Health care (\$ ..... ) and other amounts receivable .....			0	0
24. Aggregate write-ins for other than invested assets .....	0	0	0	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24) .....	22,467,054	0	22,467,054	23,328,400
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
27. Total (Lines 25 and 26) .....	22,467,054	0	22,467,054	23,328,400
<b>DETAILS OF WRITE-INS</b>				
1001. ....				
1002. ....				
1003. ....				
1098. Summary of remaining write-ins for Line 10 from overflow page .....	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above) .....	0	0	0	0
2401. ....				
2402. ....				
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above) .....	0	0	0	0

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 2,222,083 )	14,749,398	14,435,040
2. Reinsurance payable on paid losses and loss adjustment expenses	509,908	731,772
3. Loss adjustment expenses		0
4. Commissions payable, contingent commissions and other similar charges	98,816	78,772
5. Other expenses (excluding taxes, licenses and fees)		0
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		0
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	1,179,567	1,179,567
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ )	66,278	71,287
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	85,604	38,751
20. Derivatives		0
21. Payable for securities		0
22. Liability for amounts held under uninsured plans		0
23. Capital notes \$ and interest thereon \$		0
24. Aggregate write-ins for liabilities	0	0
25. Total liabilities excluding protected cell liabilities (Lines 1 through 24)	16,689,571	16,535,190
26. Protected cell liabilities		0
27. Total liabilities (Lines 25 and 26)	16,689,571	16,535,190
28. Aggregate write-ins for special surplus funds	0	0
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes		0
33. Gross paid in and contributed surplus	2,535,982	2,535,982
34. Unassigned funds (surplus)	741,501	1,757,228
35. Less treasury stock, at cost:		
35.1 shares common (value included in Line 29 \$ )		0
35.2 shares preferred (value included in Line 30 \$ )		0
36. Surplus as regards policyholders (Lines 28 to 34, less 35)	5,777,483	6,793,210
37. Totals	22,467,054	23,328,400
<b>DETAILS OF WRITE-INS</b>		
2401.		
2402.		
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	0
2801.		
2802.		
2803.		
2898. Summary of remaining write-ins for Line 28 from overflow page	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	0	0
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)	0	0

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ .....0 )	0	0	3,909,666
1.2 Assumed (written \$ .....877,269 )	882,278	1,150,283	
1.3 Ceded (written \$ .....)		0	
1.4 Net (written \$ .....877,269 )	882,278	1,150,283	3,909,666
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ .....2,248,570 ):			
2.1 Direct .....	0	0	0
2.2 Assumed .....	1,784,036	1,377,815	7,559,919
2.3 Ceded .....		0	
2.4 Net .....	1,784,036	1,377,815	7,559,919
3. Loss adjustment expenses incurred .....		0	0
4. Other underwriting expenses incurred .....	352,780	436,244	1,444,941
5. Aggregate write-ins for underwriting deductions .....	0	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	2,136,816	1,814,059	9,004,861
7. Net income of protected cells .....		0	0
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7) .....	(1,254,538)	(663,776)	(5,095,195)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned .....	236,389	299,046	1,069,231
10. Net realized capital gains (losses) less capital gains tax of \$ .....	2,423	(205,047)	(122,425)
11. Net investment gain (loss) (Lines 9 + 10) .....	238,812	93,999	946,805
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ .....)		0	0
13. Finance and service charges not included in premiums .....		0	0
14. Aggregate write-ins for miscellaneous income .....	0	0	0
15. Total other income (Lines 12 through 14) .....	0	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	(1,015,726)	(569,777)	(4,148,389)
17. Dividends to policyholders .....		0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	(1,015,726)	(569,777)	(4,148,389)
19. Federal and foreign income taxes incurred .....		0	0
20. Net income (Line 18 minus Line 19)(to Line 22) .....	(1,015,726)	(569,777)	(4,148,389)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year .....	6,793,210	10,956,599	10,956,599
22. Net income (from Line 20) .....	(1,015,726)	(569,777)	(4,148,389)
23. Net transfers (to) from Protected Cell accounts .....		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....0		(11,925)	(9,750)
25. Change in net unrealized foreign exchange capital gain (loss) .....		0	0
26. Change in net deferred income tax .....	(2,011,885)	(240,129)	1,584,063
27. Change in nonadmitted assets .....	2,011,885	240,129	(1,589,313)
28. Change in provision for reinsurance .....		0	0
29. Change in surplus notes .....		0	0
30. Surplus (contributed to) withdrawn from protected cells .....		0	0
31. Cumulative effect of changes in accounting principles .....		0	0
32. Capital changes:			
32.1 Paid in .....		0	0
32.2 Transferred from surplus (Stock Dividend) .....		0	0
32.3 Transferred to surplus .....		0	0
33. Surplus adjustments:			
33.1 Paid in .....		0	0
33.2 Transferred to capital (Stock Dividend) .....		0	0
33.3 Transferred from capital .....		0	0
34. Net remittances from or (to) Home Office .....		0	0
35. Dividends to stockholders .....		0	0
36. Change in treasury stock .....		0	0
37. Aggregate write-ins for gains and losses in surplus .....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37) .....	(1,015,726)	(581,702)	(4,163,389)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) .....	5,777,484	10,374,897	6,793,210
<b>DETAILS OF WRITE-INS</b>			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0
3701. Increase in contingency reserve .....	(441,139)	(575,142)	(1,954,833)
3702. Decrease in contingency reserve .....	441,139	575,142	1,954,833
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	0	0	0

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	813,457	1,248,637	4,865,665
2. Net investment income .....	322,871	314,416	1,125,818
3. Miscellaneous income .....	0	0	0
4. Total (Lines 1 to 3) .....	1,136,328	1,563,053	5,991,482
5. Benefit and loss related payments .....	1,691,543	748,920	6,499,662
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	332,736	468,442	1,740,761
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9) .....	2,024,279	1,217,362	8,240,423
11. Net cash from operations (Line 4 minus Line 10) .....	(887,951)	345,691	(2,248,940)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	1,072,290	1,071,007	5,519,858
12.2 Stocks .....	2,423	0	93,123
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	1,074,713	1,071,007	5,612,980
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	0	1,547,864	3,452,765
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	0	1,547,864	3,452,765
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	1,074,713	(476,857)	2,160,216
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	46,853	32,543	(19,897)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	46,853	32,543	(19,897)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	233,614	(98,623)	(108,622)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,119,630	2,228,251	2,228,251
19.2 End of period (Line 18 plus Line 19.1) .....	2,353,244	2,129,628	2,119,630

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

- a. Accounting Practices  
The Accompanying financial statements of Triad Guaranty Assurance Corporation (“the Company”) have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Illinois.
- b. No change since year-end 2009.
- c. No change since year-end 2009.

### 2. Accounting Changes and Corrections of Errors

No change since year-end 2009.

### 3. Business Combinations and Goodwill

No change since year-end 2009.

### 4. Discontinued Operations

No change since year-end 2009.

### 5. Investments

- a. No change since year-end 2009.
- b. No change since year-end 2009.
- c. No change since year-end 2009.
- d. Loan-Backed Securities:
  - (1) Carrying value for structured securities have been determined in accordance with the guidelines of the NAIC. Fair value is determined using a pricing hierarchy starting with a widely accepted pricing vendor, followed by external broker/dealers, Bloomberg analytic modeling and a benchmark to index model.
  - (2) The Company uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-back and asset-backed securities with inputs from major third party data providers. It combines the effects of interest rates, volatility, and pre-payment speeds based on various scenario (Monte Carlo) simulations with credit loss analysis and resulting effective analytics (spreads, duration, convexity) and cash-flows on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.
  - (3) Credit risk concentrations are evaluated in our base security analysis through exposure stratification of the collateral attributes. The Company will then apply an appropriate credit default curve reflecting our forecasted expectations of future defaults and losses.
  - (4) 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.
  - (5) The Company does not have investments held showing Unrealized Losses - Greater and Less than 1 year.
  - (6) There are a number of factors that are considered in determining if there is not an other-than-temporary-impairment on an investment, including but not limited to, debt burden, credit ratings, sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment.
- e. No change since year-end 2009.
- f. No change since year-end 2009.
- g. No change since year-end 2009.

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

No change since year-end 2009.

### 7. Investment Income

No change since year-end 2009.

### 8. Derivative Instruments

No change since year-end 2009.

### 9. Income Taxes

No changes have occurred since year-end 2009 that would have a material impact on the Company.

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

- a. No change since year-end 2009.
- b. No change since year-end 2009.
- c. No change since year-end 2009.
- d. No change since year-end 2009.
- e. No change since year-end 2009.
- f. No change since year-end 2009.
- g. No change since year-end 2009.
- h. No change since year-end 2009.
- i. No change since year-end 2009.
- j. No change since year-end 2009.
- k. No change since year-end 2009.
- l. No change since year-end 2009.

### 11. Debt

No change since year-end 2009.

## NOTES TO FINANCIAL STATEMENTS

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

No change since year-end 2009.

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

(1) No change since year-end 2009.

(2) No change since year-end 2009.

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

(3) No change since year-end 2009.

(4) No change since year-end 2009.

(5) No change since year-end 2009.

(6) No change since year-end 2009.

(7) No change since year-end 2009.

(8) No change since year-end 2009.

(9) No change since year-end 2009.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses was \$0.

(11) No change since year-end 2009.

(12) No change since year-end 2009.

(13) No change since year-end 2009.

### **14. Contingencies**

a. No change since year-end 2009.

b. No change since year-end 2009.

c. No change since year-end 2009.

d. No change since year-end 2009.

e. No change since year-end 2009.

### **15. Leases**

No change since year-end 2009.

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

No change since year-end 2009.

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

No change from year-end 2009. The Company did not have any transfers of receivables reported as sales, transfer and servicing of financial assets, or wash sales.

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

No change since year-end 2009.

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

No change since year-end 2009.

### **20. Other Items**

Changes since year-end 2009 are not significant in either amount or composition except as noted in the tables below.

The total reserves based upon the credit classifications of TGAC as of March 31, 2010 were as follows:

	<u>(in thousands)</u>	<u>As a % of total</u>
Prime	\$7,847	54.0%
Alt-A	5,060	34.8%
A-Minus	1,255	8.6%
Subprime (A)	<u>382</u>	<u>2.6%</u>
Total	\$14,544	100%

Losses and reserves related as of March 31, 2010 were as follows:

<u>(in thousands)</u>	<u>Total</u>	<u>Subprime</u>	<u>Subprime as a % of total</u>
Losses paid	\$ 1,471	\$ 61	4.1%
Case reserves	14,543	382	2.6%
IBNR reserves	-	-	-

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

## NOTES TO FINANCIAL STATEMENTS

**21. Events Subsequent**

No change since year-end 2009.

**22. Reinsurance**

- a. No change since year-end 2009.
- b. No change since year-end 2009.
- c. Account changes since year-end 2009 are not significant in either amount or composition.
- d. No change since year-end 2009.
- e. No change since year-end 2009.
- f. No change since year-end 2009.
- g. No change since year-end 2009.

**23. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

No change since year-end 2009.

**24. Change in Incurred Claims and Claim Adjustment Expenses**

Reserves as of December 31, 2009 were \$14.4 million. As of March 31, 2010, \$1.4 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$12.5 million as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$465,000 favorable prior year development since December 31, 2010. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

**25. Intercompany Pooling Arrangements**

No change since year-end 2009.

**26. Structured Settlements**

No change since year-end 2009.

**27. Health Care Receivables**

No change since year-end 2009.

**28. Participating Policies**

No change since year-end 2009.

**29. Premium Deficiency Reserves**

No change since year-end 2009.

**30. High Deductibles**

No change since year-end 2009.

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

No change since year-end 2009.

**32. Asbestos/Environmental Reserves**

No change since year-end 2009.

**33. Subscriber Savings Accounts**

No change since year-end 2009.

**34. Multiple Peril Crop Insurance**

No change since year-end 2009.

**35. Financial Guaranty Insurance**

The Company has no financial guaranty insurance exposure.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ ] NA [X]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2007
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2007
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 06/03/2009
- 6.4 By what department or departments?  
Illinois Department of Insurance.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

**GENERAL INTERROGATORIES**

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes  No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:  
.....
- 9.2 Has the code of ethics for senior managers been amended?..... Yes  No
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
.....
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes  No
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
.....

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes  No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

**INVESTMENT**

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No
- 11.2 If yes, give full and complete information relating thereto:  
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0

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

14.2 If yes, please complete the following:

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

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

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

## GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Bank of America.....	540 W. Madison Street, Chicago, Illinois 60661.....

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

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

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

Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, 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	2 Name(s)	3 Address
DTC ABA: 107423.....	CONNING ASSET MANAGEMENT.....	ONE FINANCIAL PLAZA, HARTFORD, CT., 06103.....

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

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

**PART 2**

**PROPERTY & CASUALTY INTERROGATORIES**

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

If yes, attach an explanation.

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

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.  
.....

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

4.2 If yes, complete the following schedule:

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

5. Operating Percentages:

5.1 A&H loss percent ..... 0.0%

5.2 A&H cost containment percent ..... 0.0%

5.3 A&H expense percent excluding cost containment expenses ..... 0.0%

6.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....

6.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [X]

6.4 If yes, please provide the balance of funds administered as of the reporting date. \$.....

Schedule F  
**NONE**

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	N	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0
5. California	CA	N	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0
9. District of Columbia	DC	N	0	0	0	0	0
10. Florida	FL	N	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0
14. Illinois	IL	L	0	0	0	0	0
15. Indiana	IN	N	0	0	0	0	0
16. Iowa	IA	N	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0
37. Oklahoma	OK	N	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a) 1	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>							
5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0

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

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

Schedule Y - Part 1

**NONE**

Part 1

**NONE**

Part 2

**NONE**

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	2010 Loss and LAE Payments on Unreported Claims as of Prior Year-End	Total 2010 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Q.S. Date Known LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2007 + Prior	651		651	132		132	548			548	29	0	29
2. 2008	3,171	3	3,173	475		475	2,526			2,526	(170)	(3)	(173)
3. Subtotals 2008 + Prior	3,822	3	3,825	607	0	607	3,073	0	0	3,073	(142)	(3)	(144)
4. 2009	10,585	26	10,610	836		836	9,434	21	21	9,454	(315)	(5)	(320)
5. Subtotals 2009 + Prior	14,407	28	14,435	1,443	0	1,443	12,507	0	21	12,527	(457)	(8)	(465)
6. 2010	XXX	XXX	XXX	XXX	26	26	XXX	2,036	186	2,222	XXX	XXX	XXX
7. Totals	14,407	28	14,435	1,443	26	1,470	12,507	2,036	207	14,749	(457)	(8)	(465)
8. Prior Year-End's Surplus AS Regards Policyholders	6,793												
											1.	2.	3.
											(3.2)	(27.1)	(3.2)
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4.
													(6.8)

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

- 1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? .....NO.....
- 2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement? .....NO.....
- 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? .....NO.....

**Explanation:**

- 1.
- 2.
- 3.

**Bar Code:**

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

**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	20,645,677	23,006,221
2. Cost of bonds and stocks acquired		3,452,765
3. Accrual of discount	4,741	36,154
4. Unrealized valuation increase (decrease)		(15,000)
5. Total gain (loss) on disposals	2,423	144,351
6. Deduct consideration for bonds and stocks disposed of	1,074,713	5,612,980
7. Deduct amortization of premium	18,350	99,058
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		266,776
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	19,559,778	20,645,677
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	19,559,778	20,645,677

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

**SCHEDULE D - PART 1B**

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	21,249,885	5,594,734	6,065,670	(14,425)	20,764,525	0	0	21,249,885
2. Class 2 (a).....	814,137			816	814,953	0	0	814,137
3. Class 3 (a).....	0				0	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	22,064,022	5,594,734	6,065,670	(13,609)	21,579,477	0	0	22,064,022
<b>PREFERRED STOCK</b>								
8. Class 1.....	0				0	0	0	0
9. Class 2.....	0				0	0	0	0
10. Class 3.....	0				0	0	0	0
11. Class 4.....	0				0	0	0	0
12. Class 5.....	0				0	0	0	0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	22,064,022	5,594,734	6,065,670	(13,609)	21,579,477	0	0	22,064,022

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 2,019,699 ; NAIC 2 \$ ; NAIC 3 \$ ; NAIC 4 \$ ; NAIC 5 \$ ; NAIC 6 \$

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**SCHEDULE DA - PART 1**

**Short-Term Investments**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	2,019,699	XXX	2,019,699		

**SCHEDULE DA - VERIFICATION**

**Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,418,345	1,118,036
2. Cost of short-term investments acquired .....	5,594,734	19,950,374
3. Accrual of discount.....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	4,993,380	19,648,498
7. Deduct amortization of premium.....		1,567
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	2,019,699	1,418,345
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	2,019,699	1,418,345

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B- Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

Schedule E Verification

**NONE**

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator <sup>(a)</sup>
0399999 - Total - Bonds - U.S. Government						0	0	0	XXX
1099999 - Total - Bonds - All Other Government						0	0	0	XXX
1799999 - Total - Bonds - U.S. States, Territories and Possessions						0	0	0	XXX
2499999 - Total - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						0	0	0	XXX
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...						0	0	0	XXX
3899999 - Total - Bonds - Industrial, Misc.						0	0	0	XXX
4199999 - Total - Bonds - Credit Tenant Loans						0	0	0	XXX
4899999 - Total - Bonds - Hybrid Securities						0	0	0	XXX
5599999 - Total - Bonds - Parent, Subsidiaries, Affiliates						0	0	0	XXX
8399997 - Total - Bonds - Part 3						0	0	0	XXX
8399999 - Total - Bonds						0	0	0	XXX
8499999 - Total - Preferred Stocks - Industrial, Misc.						0	XXX	0	XXX
8599999 - Total - Preferred Stocks - Parent, Subsidiaries, Affiliates						0	XXX	0	XXX
8999997 - Total - Preferred Stocks - Part 3						0	XXX	0	XXX
8999999 - Total - Preferred Stocks						0	XXX	0	XXX
89417E-10-9	TRAVELERS COS INC/THE		02/03/2010	ADJUSTMENT	1.000	0	0	0	U
9099999 - Total - Common Stocks - Industrial, Misc.						0	XXX	0	XXX
9199999 - Total - Common Stocks - Parent, Subsidiaries, Affiliates						0	XXX	0	XXX
9299999 - Total - Common Stocks - Mutual Funds						0	XXX	0	XXX
9399999 - Total - Common Stocks - Money Market Mutual Funds						0	XXX	0	XXX
9799997 - Total - Common Stocks - Part 3						0	XXX	0	XXX
9799999 - Total - Common Stocks						0	XXX	0	XXX
9899999 - Total - Preferred and Common Stocks						0	XXX	0	XXX
9999999 - Totals						0	XXX	0	XXX

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

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STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
0399999	Bonds - U.S. Governments					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
1099999	Bonds - All Other Governments					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
1799999	Bonds - U.S. States, Territories and Possessions					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
2499999	Bonds - U.S. Political Subdivisions of States, Territories and Possessions					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
31397E-MK-8	FHR 3262 PA		03/01/2010	MBS PAYMENT		72,290	72,290	73,758	72,364	0	(74)	0	(74)	0	72,290	0	0	0	662	10/01/2011	1	
3199999	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					72,290	72,290	73,758	72,364	0	(74)	0	(74)	0	72,290	0	0	0	662	XXX	XXX	
67019E-AA-5	NSTAR		02/15/2010	MATURITY		500,000	500,000	534,365	502,465	0	(2,465)	0	(2,465)	0	500,000	0	0	0	20,000	02/15/2010	1FE	
931142-BX-0	WAL-MART STORES INC.		01/15/2010	MATURITY		500,000	500,000	507,575	500,174	0	(174)	0	(174)	0	500,000	0	0	0	10,000	01/15/2010	1FE	
3899999	Bonds - Industrial and Miscellaneous					1,000,000	1,000,000	1,041,940	1,002,639	0	(2,639)	0	(2,639)	0	1,000,000	0	0	0	30,000	XXX	XXX	
4199999	Bonds - Credit Tenant Loans					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
4899999	Total - Bonds - Hybrid Securities					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
5599999	Bonds - Parent, Subsidiaries and Affiliates					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8399997	Bonds - Part 4					1,072,290	1,072,290	1,115,698	1,075,002	0	(2,713)	0	(2,713)	0	1,072,290	0	0	0	30,662	XXX	XXX	
8399999	Total - Bonds					1,072,290	1,072,290	1,115,698	1,075,002	0	(2,713)	0	(2,713)	0	1,072,290	0	0	0	30,662	XXX	XXX	
8499999	Preferred Stocks - Industrial and Miscellaneous					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8599999	Preferred Stocks - Parent, Subsidiaries and Affiliates					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999997	Preferred Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
89417E-10-9	TRAVELERS COS INC/THE		02/03/2010	ADJUSTMENT		1,000	2,423	0	0	0	0	0	0	0	0	0	2,423	2,423	0	0	1	
9099999	Common Stocks - Industrial and Miscellaneous					2,423	XXX	0	0	0	0	0	0	0	0	0	2,423	2,423	0	0	XXX	XXX
9199999	Common Stocks - Parent, Subsidiaries and Affiliates					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9299999	Common Stocks - Mutual Funds					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9399999	Common Stocks - Money Market Mutual Funds					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799997	Common Stocks - Part 4					2,423	XXX	0	0	0	0	0	0	0	0	0	2,423	2,423	0	0	XXX	XXX
9799999	Total - Common Stocks					2,423	XXX	0	0	0	0	0	0	0	0	0	2,423	2,423	0	0	XXX	XXX
9899999	Total - Preferred and Common Stocks					2,423	XXX	0	0	0	0	0	0	0	0	0	2,423	2,423	0	0	XXX	XXX
9999999	Totals					1,074,713	XXX	1,115,698	1,075,002	0	(2,713)	0	(2,713)	0	1,072,290	0	2,423	2,423	30,662	XXX	XXX	

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

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STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

**SCHEDULE DB - PART A - SECTION 1**

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23				
Description	Description of Items Hedged or Used For Income Generation	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate or Index Received (Paid)	Prior Year Initial Cost of Premium Received (Paid)	Current Year Initial Cost of Premium Received (Paid)	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Amortization)/ Accretion	Adjustment To Carry Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Quarter-end (a)				
<b>NONE</b>																										
1399999	Subtotal - Hedging Effective										0	0	0	0	XXX		0	0	0	0	0	0	XXX	XXX		
1409999	Subtotal - Hedging Other										0	0	0	0	XXX		0	0	0	0	0	0	XXX	XXX		
1419999	Subtotal - Replication										0	0	0	0	XXX		0	0	0	0	0	0	XXX	XXX		
1429999	Subtotal - Income Generation										0	0	0	0	XXX		0	0	0	0	0	0	XXX	XXX		
1439999	Subtotal - Other										0	0	0	0	XXX		0	0	0	0	0	0	XXX	XXX		
1449999	Total										0	0	0	0	XXX		0	0	0	0	0	0	XXX	XXX		

(a)	Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

**SCHEDULE DB - PART B - SECTION 1**

Future Contracts Open as of the Current Statement Date

1 Ticker Symbol	2 Number of Contracts	3 Notional Amount	4 Description	5 Description of Hedged Item(s)	6 Schedule/ Exhibit Identifier	7 Type(s) of Risk(s)	8 Date of Maturity or Expiration	9 Exchange	10 Trade Date	11 Transaction Price	12 Reporting Date Price	13 Book/ Adjusted Carrying Value	Change in Valuation Margin				18 Potential Exposure	19 Hedge Effectiveness at Inception and at Quarter-end (a)		
													14 Cumulative	15 Gain (Loss) Recognized in Current Year	16 Gain (Loss) Used to Adjust Basis of Hedged Item	17 Deferred				
<b>NONE</b>																				
1399999 - Subtotal - Hedging Effective																				XXX
1409999 - Subtotal - Hedging Other																				XXX
1419999 - Subtotal - Replication																				XXX
1429999 - Subtotal - Income Generation																				XXX
1439999 - Subtotal - Other																				XXX
1449999 - Total													0	0	0	0	0	0	0	XXX

Broker Name	Net Cash Deposits
9999999	0

(a)	Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

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STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

**SCHEDULE DB - PART D**

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1	2	3	4	Statement Value			Fair Value			11	12
Description Counterparty or Exchange Traded	Master Agreement (Y or N)	Credit Support Annex (Y or N)	Fair Value of Acceptable Collateral	5 Contracts With Book/ Adjusted Carrying Value > 0	6 Contracts With Book/ Adjusted Carrying Value < 0	7 Exposure Net of Collateral	8 Contracts With Fair Value > 0	9 Contracts With Fair Value < 0	10 Exposure Net of Collateral	Potential Exposure	Off-Balance Sheet Exposure
0199999 - Aggregate Sum of Exchange Traded Derivatives						0			0		0
<b>NONE</b>											
0899999 Totals											

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STATEMENT AS OF MARCH 31, 2010 OF THE TRIAD GUARANTY ASSURANCE CORPORATION

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

Show Investments Owned End of Current Quarter

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

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