



# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2012  
OF THE CONDITION AND AFFAIRS OF THE

## TRIAD GUARANTY INSURANCE CORPORATION

NAIC Group Code 0421 , 0421 NAIC Company Code 24350 Employer's ID Number 56-1570971  
(Current Period) (Prior Period)

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

Incorporated/Organized 07/30/1987 Commenced Business 08/07/1987

Statutory Home Office 111 South Wacker Street , Chicago, IL 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 27102-2300  
(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

<u>Shirley Aldridge Gaddy</u>	<u>SVP</u>		
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### DIRECTORS OR TRUSTEES

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

State of North Carolina

County of Forsyth ss

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

Kenneth Wayne Jones  
CEO and Chief Financial Officer

Earl Franklin Wall  
Secretary

Kenneth Stephen Dwyer  
Chief Accounting Officer

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

b. If no:

1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this  
9th day of November, 2012

Joyce B. Sills, Notary Public  
7/22/2014

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE 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 .....	636,128,687		636,128,687	712,059,028
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	8,151,142		8,151,142	8,370,920
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 (\$ .....31,863,293 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....45,585,918 ) .....	77,449,211		77,449,211	67,828,847
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....	21,143		21,143	12,977
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	721,750,183	0	721,750,183	788,271,772
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	6,231,603		6,231,603	6,468,052
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	9,063,865		9,063,865	10,788,415
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	26,965,775		26,965,775	29,849,630
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,547,749		2,547,749	4,389,006
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....	1,118,146	1,097,950	20,196	41,239
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	69,364		69,364	40,977
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	1,597,384	1,555,781	41,603	38,304
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	769,344,068	2,653,731	766,690,337	839,887,395
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	769,344,068	2,653,731	766,690,337	839,887,395
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid expenses .....	1,555,781	1,555,781	0	0
2502. Accounts receivable .....	41,603		41,603	38,304
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,597,384	1,555,781	41,603	38,304

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 104,589,789 )	417,255,397	478,850,170
2. Reinsurance payable on paid losses and loss adjustment expenses		0
3. Loss adjustment expenses	7,889,871	9,636,988
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	14,985,459	12,059,704
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	833,611	1,031,810
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 59,038 and including warranty reserves of and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	5,814,985	6,801,773
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)	965,091	1,304,768
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others	80,017,704	63,076,924
15. Remittances and items not allocated	1,158,999	214,849
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		167,247
20. Derivatives		0
21. Payable for securities	8,042	0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	13,689,403	32,624,666
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	542,618,562	605,768,899
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	542,618,562	605,768,899
29. Aggregate write-ins for special surplus funds	764,971,942	629,700,281
30. Common capital stock	3,500,000	3,500,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	10,012,500	8,900,000
33. Surplus notes	25,000,000	25,000,000
34. Gross paid in and contributed surplus	105,215,928	105,215,928
35. Unassigned funds (surplus)	(684,628,595)	(538,197,713)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$ )		0
36.2 shares preferred (value included in Line 31 \$ )		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	224,071,775	234,118,496
38. Totals (Page 2, Line 28, Col. 3)	766,690,337	839,887,395
<b>DETAILS OF WRITE-INS</b>		
2501. Rescinded premium payable	13,689,403	32,624,666
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	13,689,403	32,624,666
2901. Deferred Payment Obligation including carrying charges	764,971,942	629,700,281
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	764,971,942	629,700,281
3201. Unapproved interest due on Surplus Note	10,012,500	8,900,000
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	10,012,500	8,900,000

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 100,750,224 )	101,747,464	127,027,959	167,437,383
1.2 Assumed (written \$ 118 )	163	193	280
1.3 Ceded (written \$ 4,542,405 )	4,552,902	6,653,252	8,576,066
1.4 Net (written \$ 96,207,937 )	97,194,725	120,374,900	158,861,597
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 114,888,321 ):			
2.1 Direct	234,072,263	253,651,418	367,428,221
2.2 Assumed		0	
2.3 Ceded	5,362,585	9,714,181	14,019,924
2.4 Net	228,709,678	243,937,237	353,408,297
3. Loss adjustment expenses incurred	3,528,772	1,448,201	814,766
4. Other underwriting expenses incurred	15,100,280	13,199,070	17,376,304
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	247,338,730	258,584,508	371,599,367
7. Net income of protected cells		0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(150,144,005)	(138,209,608)	(212,737,770)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	1,621,428	9,809,740	11,313,225
10. Net realized capital gains (losses) less capital gains tax of \$	634,758	3,613,044	14,378,183
11. Net investment gain (loss) (Lines 9 + 10)	2,256,186	13,422,783	25,691,409
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ )		0	0
13. Finance and service charges not included in premiums		0	0
14. Aggregate write-ins for miscellaneous income	2,415,267	65,874	66,753
15. Total other income (Lines 12 through 14)	2,415,267	65,874	66,753
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(145,472,552)	(124,720,951)	(186,979,608)
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)	(145,472,552)	(124,720,951)	(186,979,608)
19. Federal and foreign income taxes incurred		0	0
20. Net income (Line 18 minus Line 19)(to Line 22)	(145,472,552)	(124,720,951)	(186,979,608)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	234,118,496	225,929,726	225,929,726
22. Net income (from Line 20)	(145,472,552)	(124,720,951)	(186,979,608)
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(219,778)	(1,869,325)	(1,808,068)
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax		0	0
27. Change in nonadmitted assets	373,948	1,131,917	3,668,733
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		(20,735,071)	(20,735,071)
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	135,271,661	160,852,017	214,042,785
38. Change in surplus as regards policyholders (Lines 22 through 37)	(10,046,721)	14,658,587	8,188,770
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	224,071,775	240,588,313	234,118,496
<b>DETAILS OF WRITE-INS</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income - Service Fees on Information Technology	2,415,267	65,874	66,753
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)	2,415,267	65,874	66,753
3701. Deferred Payment Obligation	135,271,661	160,852,017	214,042,785
3702. Increase in Contingency Reserve	(48,597,362)	(60,187,450)	(79,430,799)
3703. Decrease in Contingency Reserve	48,597,362	60,187,450	79,430,799
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)	135,271,661	160,852,017	214,042,785

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE 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.....	82,428,313	110,106,922	146,077,106
2. Net investment income .....	20,201,963	25,750,977	34,020,621
3. Miscellaneous income .....	2,411,968	65,874	65,873
4. Total (Lines 1 to 3) .....	105,042,244	135,923,772	180,163,600
5. Benefit and loss related payments .....	173,532,958	198,865,337	265,755,614
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 .....	11,970,547	14,611,132	18,628,384
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	(11,706,978)	(11,706,978)
10. Total (Lines 5 through 9) .....	185,503,505	201,769,491	272,677,020
11. Net cash from operations (Line 4 minus Line 10) .....	(80,461,261)	(65,845,719)	(92,513,420)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	114,914,706	170,605,913	344,661,987
12.2 Stocks .....	7,154	1,593	1,593
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 .....	(764)	(2,138)	(9,742)
12.7 Miscellaneous proceeds .....	0	35,330	28,838
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	114,921,096	170,640,697	344,682,676
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	41,584,494	90,431,105	276,054,017
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 .....	124	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	41,584,618	90,431,105	276,054,017
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) .....	73,336,478	80,209,593	68,628,659
<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).....	16,745,147	9,175,080	17,968,795
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	16,745,147	9,175,080	17,968,795
<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) .....	9,620,364	23,538,954	(5,915,966)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	67,828,847	73,744,813	73,744,813
19.2 End of period (Line 18 plus Line 19.1) .....	77,449,211	97,283,767	67,828,847

## NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

## a. Accounting Practices

The accompanying financial statements of Triad Guaranty Insurance 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.

The Illinois Director of Insurance (the “Illinois Director”) issued a Corrective Order (“Order”) to the Company on April 1, 2009. Under this Order, effective June 1 2009, all valid claims under Triad’s mortgage guaranty insurance policies were paid 60% in cash and 40% by the creation of a deferred payment obligation (“DPO”). The DPO is represented by a separate entry in the Company’s financial statement and accrues a carrying charge based on the investment yield earned by the Company. Payments of the carrying charge and the DPO will be subject to the Company’s future financial performance and will require approval of the Illinois Director. The Company’s loss reserves were also adjusted to reflect only the estimated cash payment for claims under this Order. This practice is prescribed by the Illinois Director and is not addressed in the NAIC’s *Accounting Practices and Procedures Manual* (“SAP”).

The Corrective Order requires that the Company hold assets to support the DPO liability in a separate account pursuant to a custodial arrangement. At September 30, 2012, the aggregate amount of the DPO liability exceeded the cash and invested assets of the Company that were available for segregation in a separate account. Accordingly, the Company was not in compliance with this provision of the Order. The Company asked the Department to amend, modify or otherwise waive compliance with this provision of the Corrective Order and also requested that the calculation of the interest on the DPO prescribed in the Order be amended to limit the amount to a maximum equal to the actual aggregate net investment income that the Company earns rather than an amount based on the effective rate earned on its investments. The Company is currently awaiting the decision of the Department regarding modifications to the Corrective Order.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and this prescribed practice by the Illinois Director is shown below.

	<u>2012</u>
Net income, Illinois basis	\$ (145,472,552)
State prescribed practice (incurred losses)	
Change in direct loss reserves	<u>44,253,235</u>
Net income, NAIC SAP	<u>\$ (101,219,317)</u>
Statutory surplus, Illinois basis	\$ 224,071,775
State prescribed practices (surplus)	
Loss reserves	(293,563,137)
Deferred payment obligation	<u>(764,971,942)</u>
Statutory surplus, NAIC SAP	<u>\$(834,463,304)</u>

- b. No change from year-end 2011.  
c. No change from year-end 2011.

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

No change from year-end 2011.

3. **Business Combinations and Goodwill**

No change from year-end 2011.

4. **Discontinued Operations**

No change from year-end 2011.

5. **Investments**

- a. No change from year-end 2011.  
b. No change from year-end 2011.  
c. No change from year-end 2011.

## 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 prepayment 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.

	Amortized Cost Basis Before Other-than- Temporary Impairment	Other-than Temporary Impairment Recognized in Loss	Fair Value
<b>OTTI recognized 1st Quarter</b>			
a. Intent to sell	\$ -	\$ -	\$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	<u>217,711</u>	<u>12,345</u>	<u>205,366</u>
c. Total 1st Quarter	<u>217,711</u>	<u>12,345</u>	<u>205,366</u>
<b>OTTI recognized 2nd Quarter</b>			
d. Intent to sell	\$ -	\$ -	\$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	<u>281,618</u>	<u>1,085</u>	<u>280,533</u>
f. Total 2nd Quarter	<u>281,618</u>	<u>1,085</u>	<u>280,533</u>
<b>OTTI recognized 3rd Quarter</b>			
g. Intent to sell	\$ -	\$ -	\$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	<u>207,415</u>	<u>929</u>	<u>206,486</u>
i. Total 3rd Quarter	<u>207,415</u>	<u>929</u>	<u>206,486</u>

## NOTES TO FINANCIAL STATEMENTS

**5. Investments (Cont.)****OTTI recognized 4th Quarter**

j. Intent to sell	\$	-	\$	-	\$	-
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis		-		-		-
l. Total 4th Quarter		-		-		-
m. Annual Aggregate Total	\$	706,744	\$	14,359	\$	692,385

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

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

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

e. No change from year-end 2011.

f. The Company recognized no additional real estate impairment losses since year-end 2011.

g. No change from year-end 2011.

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

No change from year-end 2011.

**7. Investment Income**

No change from year-end 2011.

**8. Derivative Instruments**

No change from year-end 2011.

**9. Income Taxes**

No changes have occurred from year-end 2011 that would have a material impact on the Company.

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

a. No change from year-end 2011.

b. No change from year-end 2011.

c. No change from year-end 2011.

d. No change from year-end 2011.

e. No change from year-end 2011.

f. No change in arrangements from year-end 2011.

g. No change from year-end 2011.

h. No change from year-end 2011.

i. No change from year-end 2011.

j. No change from year-end 2011.

k. No change from year-end 2011.

l. No change from year-end 2011.

**11. Debt**

No change from year-end 2011.

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

The total amount employees are allowed to defer in 2012 in the Company's defined contribution 401(k) plan is \$16,500, except for employees 50 or older who may defer an additional \$5,500.

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

(1) No change from year-end 2011.

(2) No change from year-end 2011.

(3) No change from year-end 2011.

(4) No change from year-end 2011.

(5) No change from year-end 2011.

(6) No change from year-end 2011.

## NOTES TO FINANCIAL STATEMENTS

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

(7) No change from year-end 2011.

(8) No change from year-end 2011.

(9) No change from year-end 2011.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses was \$3,115,160.

(11) There was no interest paid in the current year on the Company's surplus note. At September 30, 2012, interest past due of \$10,012,500 remained unapproved by the Illinois Department of Insurance. No other change from year-end 2011.

(12) No change from year-end 2011.

(13) No change from year-end 2011.

**14. Contingencies**

a. No change from year-end 2011.

b. No change from year-end 2011.

c. No change from year-end 2011.

d. No change from year-end 2011.

e. No change from year-end 2011.

f. No change from year-end 2011.

**15. Leases**

a. Lessee Operating Lease

(1) No change from year-end 2011.

(2) Account changes from year-end 2011 are not significant in either amount or composition.

(3) No change from year-end 2011.

b. Lessor Lease

(1) No change from year-end 2011.

(2) Account changes from year-end 2011 are not significant in either amount or composition.

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

No change from year-end 2011.

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

No change from year-end 2011. The Company did not have any transfers of receivables reported as sales, transfer and servicing of financial assets, or wash sales.

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

No change from year-end 2011.

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

No change from year-end 2011.

## NOTES TO FINANCIAL STATEMENTS

## 20. Fair Value Measurements

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

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

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

## Fair Value at Reporting Date Using

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets</b>				
Bonds	\$ -	\$ 206,764	\$ -	\$ 206,764
Common Stock - Subsidiary	-	8,151,142	-	8,151,142
<b>Total</b>	<b>\$ -</b>	<b>\$ 8,354,906</b>	<b>\$ -</b>	<b>\$ 8,354,906</b>

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

Description	Beginning Balance at 6/30/2012	Transfer into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 9/30/2012
<b>a. Assets:</b>										
Industrial & Misc.	360,783	-	-	-	(360,783)	-	-	-	-	-
Total Assets	360,783	-	-	-	(360,183)	-	-	-	-	-
<b>b. Liabilities:</b>										
Total Liabilities	-	-	-	-	-	-	-	-	-	-

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

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

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

C. The Company had the following assets measured at fair value for all types of financial instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
<b>Assets</b>						
Bonds	\$ 663,508,171	\$ 636,128,687	\$ -	\$ 663,508,171	\$ -	\$ -
Common Stock	8,151,142	\$ 8,151,142	-	\$ 8,151,142	-	-
Cash and short-term investments	77,449,211	\$ 77,449,211	\$ 77,449,211	\$ -	-	-
<b>Total</b>	<b>\$ 749,108,524</b>	<b>\$ 721,729,040</b>	<b>\$ 77,449,211</b>	<b>\$ 671,659,313</b>	<b>\$ -</b>	<b>\$ -</b>

## NOTES TO FINANCIAL STATEMENTS

### 21. Other Items

Changes since year-end 2011 are not significant in either amount or composition except as noted in the tables below.

The total gross reserves based upon the credit classifications of TGIC as of September 30, 2012 were as follows:

		As a % of total
Prime	\$466,571,091	63.3%
Alt-A	235,621,776	31.9%
A-Minus	30,322,046	4.1%
Subprime (A)	5,217,943	0.7%
Total	\$737,732,856	100.0%

Losses and reserves related as of September 30, 2012 were as follows:

	Total	Subprime	Subprime as a % of total
Losses paid	\$290,304,450	\$2,124,065	0.7%
Case reserves	\$737,732,856	\$5,217,944	0.7%
Incurred losses	\$163,256,926	\$572,322	0.4%
IBNR reserves	\$26,744,655	-	-

(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 events that would have a material effect on its financial condition.

### 23. Reinsurance

- a. Account changes since year-end 2011 are not significant in either amount or composition.
- b. No change from year-end 2011.
- c. Account changes since year-end 2011 are not significant in either amount or composition.
- d. The Company has written off in the current year reinsurance balances due from the companies listed below of \$1,774,777, which is reflected as:
 

(1) Losses incurred	\$ -
(2) Loss adjustment expenses incurred	\$ -
(3) Premiums earned	\$ -
(4) Other	\$ -
(5) Company	Amount
BB&T Mortgage Insurance	\$ 1,774,777
- e. No change from year-end 2011.
- f. No change from year-end 2011.
- g. No change from year-end 2011.
- h. No change from year-end 2011.

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

No change from year-end 2011.

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

Loss and LAE reserves as of December 31, 2011 were \$488.5 million. As of September 30, 2012, \$284.9 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 \$319.3 million as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$115.7 million unfavorable prior year development since December 31, 2011.

### 26. Intercompany Pooling Arrangements

No change from year-end 2011.

### 27. Structured Settlements

No change from year-end 2011.

### 28. Health Care Receivables

No change from year-end 2011.

### 29. Participating Policies

No change from year-end 2011.

### 30. Premium Deficiency Reserves

No change from year-end 2011.

### 31. High Deductibles

No change from year-end 2011.

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

No change from year-end 2011.

## NOTES TO FINANCIAL STATEMENTS

33. Asbestos/Environmental Reserves

No change from year-end 2011.

34. Subscriber Savings Accounts

No change from year-end 2011.

35. Multiple Peril Crop Insurance

No change from year-end 2011.

36. Financial Guaranty Insurance

The Company has no financial guaranty insurance exposure.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

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

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

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

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

## GENERAL INTERROGATORIES

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

9.11 If the response to 9.1 is No, please explain:  
 .....

- 9.2 Has the code of ethics for senior managers been amended? ..... Yes  No

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
 .....

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes  No

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
 .....

### FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes  No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

### INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No

11.2 If yes, give full and complete information relating thereto:  
 .....

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ 8,370,920	\$ 8,151,142
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).....	\$ 8,370,920	\$ 8,151,142
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 St., Chicago, IL 60661.....

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

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

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

Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
DTC ABA: 107423.....	Conning Inc.....	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:

.....



**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
<b>NONE</b>				

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

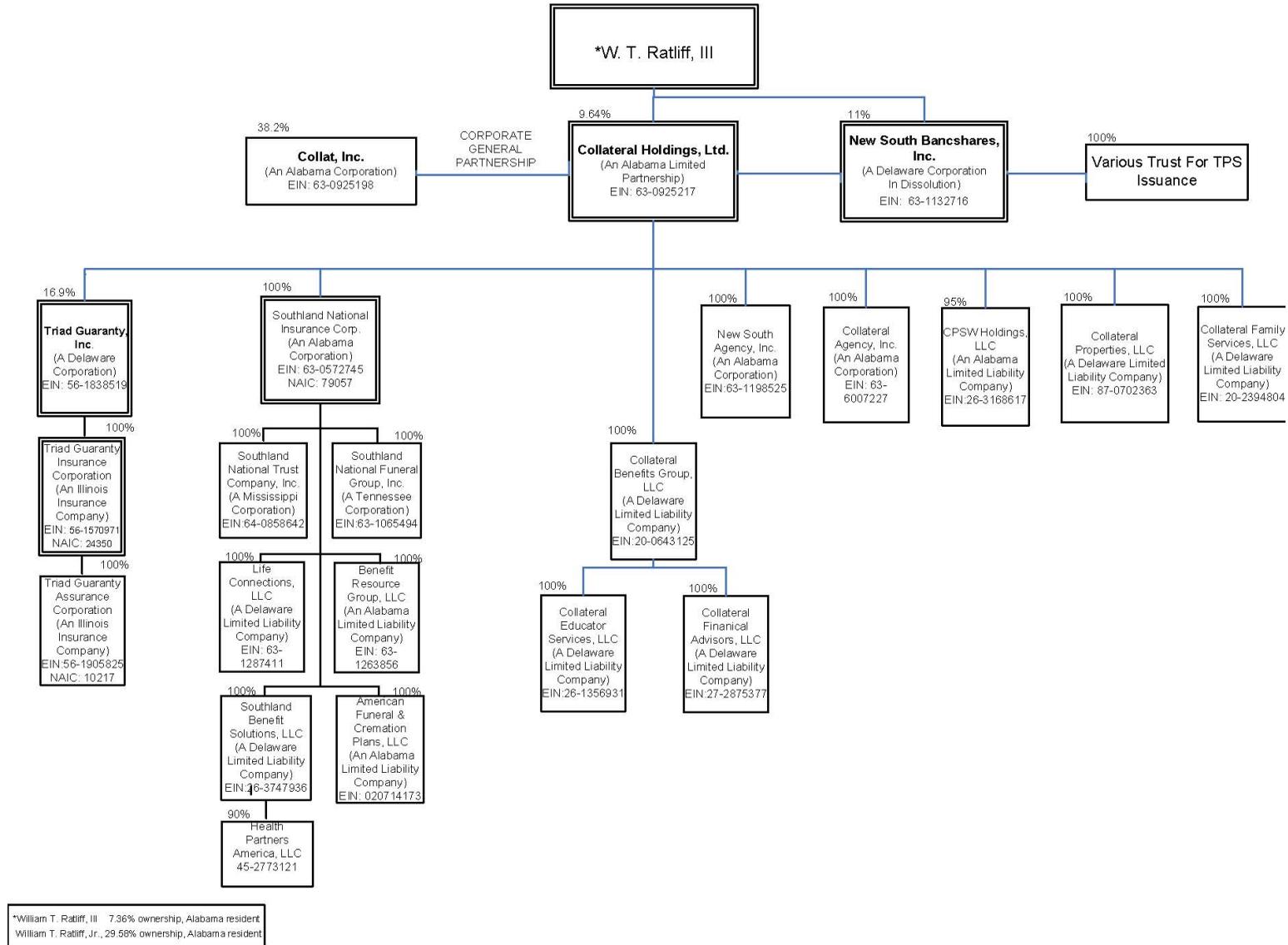
	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL L	342,308	415,380	519,353	831,411	790,467	986,950
2. Alaska	AK L		0		0		0
3. Arizona	AZ L	1,782,852	2,408,214	13,912,376	22,341,747	7,130,186	10,472,807
4. Arkansas	AR L	640,722	798,719	1,027,519	1,697,230	1,252,720	1,290,129
5. California	CA L	23,666,916	29,077,282	86,986,088	75,835,415	134,722,031	147,843,670
6. Colorado	CO L	3,899,977	1,794,028	8,617,829	6,978,310	11,089,199	9,130,594
7. Connecticut	CT L	279,603	307,212	384,718	149,081	1,063,675	852,374
8. Delaware	DE L	93,177	92,215	29,470	25,540	161,311	156,724
9. District of Columbia	DC L	6,651,943	21,457,517	45,019,669	84,944,786	54,680,725	83,736,920
10. Florida	FL L	4,081,297	4,218,433	13,025,223	15,389,227	30,901,395	33,345,760
11. Georgia	GA L	2,078,588	2,441,511	4,294,664	5,480,224	4,752,698	5,763,290
12. Hawaii	HI L	4,750	5,615		0	744	578
13. Idaho	ID L	8,982	26,438		58,177	32,685	4,480
14. Illinois	IL L	2,893,256	3,147,622	6,871,625	7,160,983	14,558,187	14,877,510
15. Indiana	IN L	402,654	436,819	599,738	810,317	896,196	864,591
16. Iowa	IA L	40,961	54,971	21,137	27,026	76,996	80,265
17. Kansas	KS L	210,504	245,799	379,913	544,446	323,716	411,269
18. Kentucky	KY L	881,891	1,146,685	1,221,794	1,007,900	2,294,120	2,368,381
19. Louisiana	LA L	169,274	190,075	320,337	95,853	254,878	371,133
20. Maine	ME L		0		0		0
21. Maryland	MD L	896,629	1,072,463	2,067,205	2,872,277	4,656,283	4,465,608
22. Massachusetts	MA L	591,552	630,466	1,030,118	1,319,287	2,413,548	2,224,658
23. Michigan	MI L	1,907,433	2,370,070	5,221,564	5,013,399	5,711,227	6,920,107
24. Minnesota	MN L	19,315,573	20,556,237	40,311,054	70,009,110	58,659,841	79,670,188
25. Mississippi	MS L	146,445	183,696	206,351	549,918	228,324	258,423
26. Missouri	MO L	325,753	390,897	615,781	299,534	533,817	450,965
27. Montana	MT L	7,357	6,392		0	1,153	3,136
28. Nebraska	NE L	1,160	2,184		0	182	225
29. Nevada	NV L	313,426	442,308	2,565,367	4,150,661	2,367,927	2,843,841
30. New Hampshire	NH L	28,306	13,063	35,025	0	73,317	21,082
31. New Jersey	NJ L	1,823,737	2,008,639	2,208,724	1,772,635	11,461,021	9,947,882
32. New Mexico	NM L	207,172	228,878	285,090	225,239	743,504	642,631
33. New York	NY L	751,696	732,551	751,763	274,203	5,402,684	5,927,961
34. North Carolina	NC L	3,873,266	4,514,833	7,133,189	5,122,330	8,642,317	10,891,758
35. North Dakota	ND L		0		0		0
36. Ohio	OH L	1,472,979	1,829,299	2,635,330	2,936,538	5,225,708	5,826,378
37. Oklahoma	OK L	1,163,608	1,553,419	1,272,364	981,554	1,594,129	1,770,112
38. Oregon	OR L	258,581	322,649	539,363	794,723	1,036,665	949,091
39. Pennsylvania	PA L	1,292,315	1,508,452	2,021,256	2,031,594	3,859,636	3,819,371
40. Rhode Island	RI L	88,617	100,760	288,309	299,699	402,404	574,888
41. South Carolina	SC L	2,177,039	2,580,285	4,637,088	3,023,080	6,386,861	6,936,241
42. South Dakota	SD L	5,005	5,812	35,834	0	784	14,359
43. Tennessee	TN L	1,001,774	1,243,106	1,395,226	1,260,702	2,182,224	2,427,094
44. Texas	TX L	11,737,176	10,212,328	32,954,109	22,044,289	40,516,585	35,256,728
45. Utah	UT L	218,310	278,687	908,419	996,623	716,525	773,978
46. Vermont	VT L		0		0		0
47. Virginia	VA L	2,247,181	3,652,881	6,914,177	18,279,855	10,042,085	13,599,153
48. Washington	WA L	312,262	385,286	420,846	612,363	1,414,726	1,231,105
49. West Virginia	WV L	150,979	165,972	290,900	0	72,404	145,776
50. Wisconsin	WI L	242,497	275,532	476,211	389,757	962,931	1,076,655
51. Wyoming	WY L	62,741	75,088		0	53,963	34,439
52. American Samoa	AS		0		0		0
53. Guam	GU		0		0		0
54. Puerto Rico	PR		0		0		0
55. U.S. Virgin Islands	VI		0		0		0
56. Northern Mariana Islands	MP		0		0		0
57. Canada	CN		0		0		0
58. Aggregate Other Alien	OT XXX	0	0	0	0	0	0
59. Totals	(a) 51	100,750,224	125,606,765	300,452,114	368,637,046	440,344,705	511,261,260
<b>DETAILS OF WRITE-INS</b>							
5801.	XXX		0		0		0
5802.	XXX		0		0		0
5803.	XXX		0		0		0
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.

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**



STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

**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)	*
00421	Collateral Holding, Ltd.						William T. Ratliff, and family	US	UDP	Collat general partnership, William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		63-0925217				Collateral Holdings, Ltd.	US	UDP	William Ratliff, and family	Ownership	9.6	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		63-0925198				Collat, Inc.	US	NIA	William Ratliff, and family	Ownership	38.2	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		63-1132716				New South Bancshares, Inc.	US	NIA	William Ratliff, and family	Ownership	11.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.						Various Trust For TPS Issuance	US	NIA	New South Bancshares, Inc.	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		56-1838519				Triad Guaranty, Inc.	US	NIA	Collateral Holdings, Ltd.	Ownership	16.9	William T. Ratliff, and family	1
00421	Collateral Holding, Ltd.	24350	56-1570971		000911631	OTCBB	Triad Guaranty Insurance Corporation	US	IA	Triad Guaranty, Inc.	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.	10217	56-1905825				Triad Guaranty Assurance Corporation	US	IA	Triad Guaranty Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.	79057	63-0572745				Southland National Insurance Corporation	US		Collateral Holding, Ltd.	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		64-0858642				Southland National Trust Company, Inc.	US	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		63-1065494				Southland National Funeral Group, Inc.	US	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		63-1287411				Life Connections, LLC	US	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		63-1263856				Benefit Resource Group, LLC	US	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		02-0714173				American Funeral & Cremation Plans, LLC	US	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	
00421	Collateral Holding, Ltd.		26-3747936				Southland Benefits Solutions, LLC	US	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	



**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			0.0	0.0
2. Allied lines			0.0	0.0
3. Farmowners multiple peril			0.0	0.0
4. Homeowners multiple peril			0.0	0.0
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty	101,747,464	234,072,263	230.1	199.7
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
10. Financial guaranty			0.0	0.0
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence			0.0	0.0
17.2 Other liability-claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability			0.0	0.0
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage			0.0	0.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery			0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	101,747,464	234,072,263	230.1	199.7
<b>DETAILS OF WRITE-INS</b>				
3401.			0.0	0.0
3402.			0.0	0.0
3403.			0.0	0.0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	0		0
2. Allied lines	0		0
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0		0
5. Commercial multiple peril	0		0
6. Mortgage guaranty	26,653,035	100,750,224	125,606,765
8. Ocean marine	0		0
9. Inland marine	0		0
10. Financial guaranty	0		0
11.1 Medical professional liability-occurrence	0		0
11.2 Medical professional liability-claims made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability occurrence	0		0
17.2 Other liability-claims made	0		0
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	0		0
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	0		0
19.3,19.4 Commercial auto liability	0		0
21. Auto physical damage	0		0
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0		0
28. Credit	0		0
29. International	0		0
30. Warranty	0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	26,653,035	100,750,224	125,606,765
<b>DETAILS OF WRITE-INS</b>			
3401.	0		0
3402.	0		0
3403.	0		0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2009 + Prior .....	163,752		163,752	105,148		105,148	102,207			102,207	43,603	0	43,603
2. 2010 .....	141,148	2,274	143,422	88,752		88,752	94,352			94,352	41,956	(2,274)	39,682
3. Subtotals 2010 + prior .....	304,900	2,274	307,174	193,900	0	193,900	196,559	0	0	196,559	85,559	(2,274)	83,285
4. 2011 .....	160,845	20,468	181,313	90,952		90,952	121,282		1,500	122,782	51,389	(18,968)	32,421
5. Subtotals 2011 + prior .....	465,745	22,742	488,487	284,852	0	284,852	317,841	0	1,500	319,341	136,948	(21,242)	115,706
6. 2012 .....	XXX	XXX	XXX	XXX	10,729	10,729	XXX	92,307	13,497	105,804	XXX	XXX	XXX
7. Totals .....	465,745	22,742	488,487	284,852	10,729	295,580	317,841	92,307	14,997	425,145	136,948	(21,242)	115,706
8. Prior Year-End Surplus As Regards Policy-holders	234,118												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 29.4	2. (93.4)	3. 23.7
													Col. 13, Line 7 Line 8
													4. 49.4

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	<u>Response</u>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....NO.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**

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

**OVERFLOW PAGE FOR WRITE-INS**

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## SCHEDULE A – VERIFICATION

### Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	0	0
5. Deduct amounts received on disposals .....	0	0
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other than temporary impairment recognized .....	0	0
8. Deduct current year's depreciation .....	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	0	0
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

NONE

## SCHEDULE B – VERIFICATION

### Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....	0	0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

## SCHEDULE BA – VERIFICATION

### Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and depreciation .....	0	0
9. Total foreign exchange change in book/adjusted carrying value .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

NONE

## SCHEDULE D – VERIFICATION

### Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	720,429,949	779,498,553
2. Cost of bonds and stocks acquired .....	41,584,493	276,054,022
3. Accrual of discount .....	1,059,829	1,677,294
4. Unrealized valuation increase (decrease) .....	(219,779)	(1,808,069)
5. Total gain (loss) on disposals .....	701,198	17,718,956
6. Deduct consideration for bonds and stocks disposed of .....	114,921,860	344,663,581
7. Deduct amortization of premium .....	4,288,327	4,714,240
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	65,674	3,332,986
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	644,279,829	720,429,949
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	644,279,829	720,429,949

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE 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).....	658,197,781	76,225,828	93,001,900	(7,507,218)	691,047,531	658,197,781	633,914,491	678,776,646
2. Class 2 (a).....	42,284,568	5,353,450	8,479,789	6,071,738	52,280,747	42,284,568	45,229,967	59,114,437
3. Class 3 (a).....	868,348			205,480	1,272,571	868,348	1,073,828	1,270,814
4. Class 4 (a).....	406,093			124	0	406,093	406,217	0
5. Class 5 (a).....	1,085,301			4,802	1,080,592	1,085,301	1,090,102	1,076,061
6. Class 6 (a).....	0				0	0	0	26,053
7. Total Bonds	702,842,091	81,579,278	101,481,689	(1,225,074)	745,681,441	702,842,091	681,714,605	740,264,011
<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	702,842,091	81,579,278	101,481,689	(1,225,074)	745,681,441	702,842,091	681,714,605	740,264,011

(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 \$ 45,585,918 ; 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	45,585,918	XXX	45,820,383	363,419	

**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.....	28,204,983	33,499,507
2. Cost of short-term investments acquired .....	154,814,320	332,828,940
3. Accrual of discount .....		18,206
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		60
6. Deduct consideration received on disposals .....	136,745,379	337,973,142
7. Deduct amortization of premium.....	687,240	158,720
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....	766	9,868
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	45,585,918	28,204,983
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	45,585,918	28,204,983

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

**SCHEDULE E - VERIFICATION**

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	2,999,214
2. Cost of cash equivalents acquired .....		22,996,254
3. Accrual of discount .....		3,465
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....		67
6. Deduct consideration received on disposals .....		25,999,000
7. Deduct amortization of premium .....		0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	0	0
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE 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 (a)
<b>Bonds - U.S. Special Revenue</b>									
249182-DL-7	DENVER CITY & CNTY CO ARPT REV		08/15/2012	EXCHANGE		49,832	60,000	750	1FE
249182-DM-5	DENVER CITY & CNTY CO ARPT REV		08/15/2012	EXCHANGE		211,788	255,000	3,188	1FE
54811A-X9-9	LOWER COLORADO RIVER TX AUTH R		08/21/2012	EXCHANGE		163,074	175,000	2,217	1FE
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions</b>						424,694	490,000	6,155	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
278642-AD-5	EBAY INC		07/19/2012	CITIGROUP GLOBAL MARKETS		325,000	325,000		1FE
34529Y-AB-2	FORDO 2012-C A3		07/17/2012	J.P. MORGAN		1,599,882	1,600,000		1FE
41283T-AC-2	HDMOT 2012-1 A3		07/17/2012	J.P. MORGAN		499,913	500,000		1FE
43813X-AC-8	HAROT 2012-3 A3		07/17/2012	ROYAL BANK OF SCOTLAND US		2,499,982	2,500,000		1FE
44890H-AC-7	HART 2012-B A3		07/10/2012	BANK AMERICA		1,049,821	1,050,000		1FE
78355H-JL-4	RYDER SYSTEM INC		07/27/2012	JEFFERIES & CO		5,353,450	5,000,000	121,875	2FE
89233P-6J-0	TOYOTA MOTOR CREDIT CORP		07/16/2012	DEUTSCHE BANK		849,550	850,000		1FE
98157H-AB-3	WOART 2012-A A3		07/11/2012	BARCLAYS AMERICAN		1,699,873	1,700,000		1FE
874060-AA-4	TAKEDA PHARMACEUTICAL	F	07/09/2012	NOMURA SECURITIES DOMESTIC		600,000	600,000		1FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						14,477,471	14,125,000	121,875	XXX
<b>8399997 - Subtotals- Bonds - Part 3</b>						14,902,165	14,615,000	128,030	XXX
<b>8399999 - Subtotals - Bonds</b>						14,902,165	14,615,000	128,030	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>									
00685R-70-6	ADELPHIA CONTINGENT VALUE		08/13/2012	CLASS ACTION	2,000				U
749121-10-9	QWEST COMMUNICATIONS INTL		07/10/2012	CLASS ACTION	1,000				L
63921A-10-0	GLOBAL CROSSING LTD	F	07/27/2012	CLASS ACTION	1,000				U
<b>9999999 Totals</b>						14,902,165	XXX	128,030	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....2

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STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>																					
31359M-Y0-0	FANNIE MAE		09/03/2012	VARIOUS		1,905,000	1,905,000	1,904,722	1,904,867		133		133		1,905,000			0	92,261	08/02/2012	1
912828-GW-4	US TREASURY N/B		07/02/2012	PRIOR YEAR INCOME									0					24,375	06/30/2012	1	
<b>0599999 - Bonds - U.S. Governments</b>						1,905,000	1,905,000	1,904,722	1,904,867	0	133	0	133	0	1,905,000	0	0	0	116,636	XXX	XXX
<b>Bonds - U.S. States, Territories and Possessions</b>																					
68607F-CU-2	OREGON ST		08/01/2012	VARIOUS		105,000	105,000	104,458	105,000				0		105,000			0	2,861	08/01/2012	1FE
<b>1799999 - Bonds - U.S. States, Territories and Possessions</b>						105,000	105,000	104,458	105,000	0	0	0	0	0	105,000	0	0	0	2,861	XXX	XXX
<b>Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>																					
249181-WD-6	DENVER CITY & CNTY CO		08/15/2012	VARIOUS		261,620	315,000	254,687	260,602		1,018		1,018		261,620			0	11,813	11/15/2025	1FE
29270M-BJ-1	ENERGY N W WA WIND PROJ		07/02/2012	VARIOUS		500,000	500,000	457,020	462,791		37,209		37,209		500,000			0	12,500	07/01/2023	1FE
3128MB-VP-9	FG 613122		09/01/2012	MBS PAYMENT		209,497	209,497	204,587	208,013		1,484		1,484		209,497			0	7,071	04/01/2023	1
3128PK-7A-6	FG J08089		09/01/2012	MBS PAYMENT		213,891	213,891	213,423	213,773		117		117		213,891			0	7,826	06/01/2023	1
3128PK-XM-1	FG J07884		09/01/2012	MBS PAYMENT		385,893	385,893	385,893	385,893		0		0		385,893			0	13,391	05/01/2023	1
31349U-B3-1	FH 782758		09/17/2012	VARIOUS		49,561	49,561	52,229	49,705		(144)		(144)		49,561			0	1,036	11/01/2036	1
31402Q-ZE-4	FN 735241		09/01/2012	MBS PAYMENT		148	148	153	149		(1)		(1)		148			0	31	02/01/2035	1
31403B-PC-1	FN 743919		09/01/2012	MBS PAYMENT		2,095	2,095	2,188	2,105		(10)		(10)		2,095			0	7	11/01/2018	1
31403D-RH-4	FN 745788		09/01/2012	MBS PAYMENT		76,903	76,903	82,092	77,847		(944)		(944)		76,903			0	1,556	08/01/2036	1
31403D-VZ-9	FN 745932		09/01/2012	MBS PAYMENT		7,419	7,419	8,118	7,456		(38)		(38)		7,419			0	162	11/01/2036	1
31404V-Y6-9	FN 780233		09/01/2012	MBS PAYMENT		19,334	19,334	20,184	19,395		(61)		(61)		19,334			0	290	05/01/2019	1
31405H-6L-7	FN 790275		09/01/2012	MBS PAYMENT		533	533	551	534		0		0		533			0	4	08/01/2034	1
31405R-CR-5	FN 796680		09/01/2012	MBS PAYMENT		18,012	18,012	18,845	18,057		(45)		(45)		18,012			0	248	10/01/2019	1
31410K-JY-1	FN 889579		09/01/2012	MBS PAYMENT		41,793	41,793	44,672	42,004		(211)		(211)		41,793			0	833	05/01/2038	1
31410R-6J-3	FN 895573		09/01/2012	MBS PAYMENT		12,711	12,711	13,143	12,718		(7)		(7)		12,711			0	143	06/01/2036	1
31411Y-DP-5	FN 918210		09/01/2012	MBS PAYMENT		10,932	10,932	11,488	10,983		(51)		(51)		10,932			0	259	05/01/2037	1
31412W-SD-1	FN 929416		09/01/2012	MBS PAYMENT		22,139	22,139	23,618	22,235		(96)		(96)		22,139			0	435	05/01/2038	1
31414D-UF-1	FN 963282		09/01/2012	MBS PAYMENT		408,018	408,018	401,451	406,425		1,593		1,593		408,018			0	13,905	05/01/2023	1
31416J-PH-8	FN AA1323		09/01/2012	MBS PAYMENT		52,345	52,345	56,898	52,542		(196)		(196)		52,345			0	984	11/01/2032	1
31417Y-T7-2	FN MA0573		09/01/2012	MBS PAYMENT		83,088	83,088	83,406	83,113		(25)		(25)		83,088			0	971	11/01/2025	1
383766-6E-5	GNR 2011-152 A		09/01/2012	MBS PAYMENT		74,013	74,013	73,840	73,989		24		24		74,013			0	801	07/16/2033	1
383766-AG-5	GNR 2009-71 A		09/01/2012	MBS PAYMENT		286,551	286,551	297,117	291,067		(4,517)		(4,517)		286,551			0	6,062	04/16/2038	1
383766-U0-1	GNR 2010-118 A		09/01/2012	MBS PAYMENT		24,066	24,066	24,284	24,127		(56)		(56)		24,066			0	307	11/16/2032	1
38378B-AH-2	GNR 2011-164 A		09/01/2012	MBS PAYMENT		34,982	34,982	35,012	34,991		(8)		(8)		34,982			0	367	12/16/2037	1
45129T-GY-7	IDAHO ST HSG & FIN ASSN		07/02/2012	100.000		5,000	5,000	5,000	5,000		0		0		5,000			0	153	07/01/2016	1FE
45200P-MU-8	ILLINOIS ST HLTH FACS		08/01/2012	PREREFUNDED		256,250	250,000	250,000	250,000		6,250		6,250		256,250			0	6,875	08/01/2020	1FE
54810C-DZ-0	LOWER COLORADO RIVER TX		08/21/2012	VARIOUS		163,074	175,000	160,426	162,678		395		395		163,074			0	6,373	05/15/2022	1FE
59455R-BN-5	MICHIGAN ST MUNI BOND		09/07/2012	100.000		230,000	230,000	227,877	228,924		1,076		1,076		230,000			0	8,233	11/01/2019	1FE
605275-MQ-6	MISSISSIPPI BUSINESS FIN		07/02/2012	SINK		21,692	21,692	20,827	21,676		16		16		21,692			0	434	01/01/2022	2Z
64971K-SE-7	NEW YORK CITY NY		08/01/2012	TRANSITIONAL		1,500,000	1,500,000	1,596,270	1,535,621		(35,621)		(35,621)		1,500,000			0	75,000	08/01/2012	1FE
717903-YN-2	PHILADELPHIA PA HOSPS & HGR ED		07/02/2012	100.000		25,000	25,000	25,000	25,000		0		0		25,000			0	663	01/01/2018	1Z
735388-6L-9	PORT OF SEATTLE WA		09/04/2012	REVENUE		1,000,000	1,000,000	1,001,560	1,000,287		(287)		(287)		1,000,000			0	55,000	09/01/2013	1FE
796242-HK-4	SAN ANTONIO TX ARPT SYS		07/02/2012	VARIOUS		500,000	500,000	511,935	501,184		(1,184)		(1,184)		500,000			0	14,375	07/01/2013	1FE
796242-HQ-1	SAN ANTONIO TX ARPT SYS		07/02/2012	VARIOUS		500,000	500,000	418,655	428,793		71,207		71,207		500,000			0	13,125	07/01/2023	1FE
796242-JH-9	SAN ANTONIO TX ARPT SYS		07/02/2012	100.000		1,465,000	1,465,000	1,466,817	1,465,324		(324)		(324)		1,465,000			0	84,238	07/01/2016	1FE
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>						8,461,560	8,520,616	8,449,266	8,384,996	0	76,563	0	76,563	0	8,461,560	0	0	0	345,465	XXX	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
02005X-AB-4	ALLYA 2011-4 A2		09/15/2012	VARIOUS		633,514	633,514	632,686	632,773		741		741		633,514			0	2,366	03/17/2014	1FE
02660Y-AU-6	AHM 2006-2 3A2		09/01/2012	MBS PAYMENT		15,111	15,111	7,659	7,659		0		0		15,111			7,452	249	06/25/2036	1FM
03064R-AB-3	AMCAR 2011-4 A2		09/08/2012	MBS PAYMENT		208,459	208,459	208,162	208,243		216		216		208,459			0	1,280	03/09/2015	1FE
03064T-AB-9	AMCAR 2011-5 A2		09/08/2012	MBS PAYMENT		649,513	649,513	649,484	649,358		155		155		649,513			0	5,144	08/08/2015	1FE
03064U-AB-6	AMCAR 2012-1 A2		09/08/2012	MBS PAYMENT		59,622	59,622	59,618	59,618		12		12		59,622			0	316	10/08/2015	1FE
05948X-6S-5	BOAMS 2004-5 2A1		07/01/2012	MBS PAYMENT		712	712	673	(41)		753		753		712			0	10	06/25/2034	1FM

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STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE CORPORATION

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
069501-AC-9	BOAMS 2006-B 2A1		09/01/2012	MBS PAYMENT		12,029	12,029	8,444	8,444						8,444		3,586	3,586	127	11/20/2046	1FM
06052W-AC-9	BAAT 2010-2 A3		09/15/2012	MBS PAYMENT		202,701	202,701	202,695	202,699	.12			.12		202,701			.0	1,772	07/15/2014	1FE
09657M-AC-2	BWOT 2010-A A3		09/25/2012	MBS PAYMENT		269,681	269,681	269,675	269,646	.35			.35		269,681			.0	2,490	04/25/2014	1FE
125430-AB-4	CWHL 2006-11 1A2		07/01/2012	VARIOUS		135	6,747	293	293			202	(202)		.91		44	44	102	06/25/2036	1FM
12612B-AC-4	CNH 2010-A A3		09/15/2012	VARIOUS		161,053	161,053	161,298	162,284	(1,160)	.71		(1,231)		161,053			.0	1,606	07/15/2014	1FE
12616V-AB-8	CNH 2011-C A2		09/15/2012	MBS PAYMENT		713,089	713,089	712,743	712,627		462		462		713,089			.0	4,831	04/15/2015	1FE
12668B-TJ-2	CWALT 2006-J2 A6		09/01/2012	MBS PAYMENT		4,593	6,628	4,871	4,871						4,871		(279)	(279)	140	04/25/2036	1FM
12669G-LP-4	CWHL 2005-HYB1 4A1		09/01/2012	MBS PAYMENT		2,045	2,045	1,350	1,350						1,350		695	695	19	03/25/2035	1FM
12669Y-AC-6	CWHL 2006-J4 A3		09/01/2012	MBS PAYMENT		6,604	8,298	5,350	5,350						5,350		1,255	1,255	166	09/25/2036	1FM
15200D-AC-1	CNP 2005-A A3		08/01/2012	MBS PAYMENT		385,700	385,700	419,997	391,756	(6,055)			(6,055)		385,700			.0	19,632	08/01/2015	1FE
16162W-AL-3	CHASE 2003-S10 A1		09/01/2012	MBS PAYMENT		19,663	19,663	19,901	19,705	(43)			(43)		19,663			.0	294	11/25/2018	1FM
16162W-BZ-1	CHASE 2003-S12 2A1		09/01/2012	MBS PAYMENT		24,969	24,969	25,271	25,008	(38)			(38)		24,969			.0	406	12/25/2018	1FM
172973-A6-6	CMSI 2004-5 2A6		09/01/2012	MBS PAYMENT		45,092	45,092	42,304	44,626	465			465		45,092			.0	749	08/25/2034	1FM
173105-AC-1	CMSI 2007-1 1A3		09/01/2012	MBS PAYMENT		107,210	107,210	100,852	100,852						100,852		6,358	6,358	2,073	01/25/2037	1FM
225415-GM-4	CSFB 2004-3 2A1		09/01/2012	MBS PAYMENT		16,688	16,688	16,751	16,751	(14)			(14)		16,688			.0	312	04/25/2019	1FM
225458-XS-2	CSFB 2005-6 3A1		09/01/2012	MBS PAYMENT		2,150	2,150	2,116	2,143						2,150			.0	34	07/25/2020	1FM
34529L-AD-6	FORDO 2010-A A3		09/15/2012	MBS PAYMENT		399,879	399,879	399,806	399,809	.70			.70		399,879			.0	3,171	06/15/2014	1FE
34529R-AB-7	FORDO 2011-B A2		09/15/2012	MBS PAYMENT		197,119	197,119	197,108	197,077						197,119			.0	895	01/15/2014	1FE
34529T-AB-3	FORDL 2011-B A2		09/15/2012	MBS PAYMENT		560,619	560,619	560,179	560,190	429			429		560,619			.0	3,119	01/15/2014	1FE
3622M-AN-3	GSR 2007-3F 3A2		09/01/2012	MBS PAYMENT		34,464	34,464	29,971	29,971						29,971		4,494	4,494	640	05/25/2037	1FM
36242D-OY-2	GSR 2004-15F 2A2		09/01/2012	MBS PAYMENT		2,985	2,985	2,324	2,920	.65			.65		2,985			.0	49	12/25/2034	1FM
36830H-AB-8	GEEST 2011-1A A2		09/21/2012	MBS PAYMENT		534,735	534,735	534,567	534,548	186			186		534,735			.0	3,129	08/21/2013	1FE
41283N-AB-7	HDMOT 2011-1 A2A		09/15/2012	MBS PAYMENT		292,290	292,290	291,829	291,817	473			473		292,290			.0	1,184	10/15/2014	1FE
43811A-AB-2	HAROT 2011-3 A2		09/21/2012	MBS PAYMENT		998,930	998,930	998,487	998,316	614			614		998,930			.0	4,461	04/21/2014	1FE
57643M-DE-1	MASTR 2004-6 4A1		09/01/2012	MBS PAYMENT		16,916	16,916	17,119	16,942	(26)			(26)		16,916			.0	242	07/25/2019	1FM
587682-AC-9	MBART 2010-1 A3		09/15/2012	MBS PAYMENT		108,315	108,315	108,294	108,289	27			27		108,315			.0	1,024	08/15/2014	1FE
587727-AB-4	MBALT 2011-B A2		09/15/2012	MBS PAYMENT		901,242	901,242	900,767	900,661	581			581		901,242			.0	5,395	01/15/2014	1FE
617446-V8-9	MORGAN STANLEY		08/31/2012	MATURITY		2,750,000	2,750,000	2,785,310	2,785,310	(35,310)			(35,310)		2,750,000			.0	158,129	08/31/2012	1FE
65475H-AB-7	NALT 2011-A 2A2		09/15/2012	MBS PAYMENT		570,898	570,898	570,186	570,232	665			665		570,898			.0	2,705	01/15/2014	1FE
65475V-AC-4	NAROT 2009-1 A3		08/15/2012	VARIOUS		105,121	105,121	107,010	107,895	(1,209)	1,569		(2,774)		105,121			.0	3,219	09/15/2014	1FE
66880H-AA-0	NORVELL CONWAY LLC		09/15/2012	SINK		15,197	15,197	12,196	14,967	231			231		15,197			.0	344	12/15/2018	2Z
68233L-AC-3	ONCOR 2003-1 A3		08/15/2012	MBS PAYMENT		798,484	798,484	800,074	799,357	(873)			(873)		798,484			.0	39,525	02/15/2015	1FE
724479-AF-7	PITNEY BOWES INC.		07/02/2012	CALL BY ISSUER at 101.118		5,055,900	5,000,000	5,177,150	5,125,416	(69,516)			(69,516)		5,055,900			.0	172,795	10/01/2012	2FE
73328V-AD-5	PILOT 2011-1 A2		09/20/2012	MBS PAYMENT		975,702	975,702	975,368	975,135	567			567		975,702			.0	6,010	02/20/2014	1FE
74367F-AN-8	PROTECTIVE LIFE SECD TR		09/28/2012	MATURITY		5,000,000	5,000,000	4,800,275	4,924,545	75,455			75,455		5,000,000			.0	272,500	09/28/2012	1FE
75953M-AD-2	CNP 2001-1 A4		09/15/2012	MBS PAYMENT		1,907,384	1,907,384	1,992,304	1,956,592	(49,208)			(49,208)		1,907,384			.0	107,386	09/15/2015	1FE
761118-TB-4	RALI 2006-QA1 A21		09/01/2012	MBS PAYMENT		1,533	3,148	1,527	1,527						1,527		.5	.5	41	01/25/2036	1FM
76111X-ZC-0	RFMSI 2005-SA5 3A		09/01/2012	MBS PAYMENT		49,944	58,938	41,739	41,739						41,739		8,206	8,206	1,074	11/25/2035	1FM
86359L-TB-5	SAMI 2006-AR1 1A2		09/25/2012	MBS PAYMENT		957	957	208	208						208		748	748	2	02/25/2036	1FM
89235V-AC-9	TAOT 2010-B A3		09/15/2012	MBS PAYMENT		190,921	190,921	190,904	190,903	18			18		190,921			.0	1,319	02/18/2014	1FE
92867F-AB-1	VWALT 2011-A A2		09/20/2012	MBS PAYMENT		413,049	413,049	413,044	412,833	215			215		413,049			.0	2,765	02/20/2014	1FE
93364F-AC-5	WAMU 2007-HY7 2A1		09/01/2012	MBS PAYMENT		29,063	47,674	26,043	26,043						26,043		3,020	3,020	559	07/25/2037	1FM
949758-AD-8	WFMSB 2004-0 A1		09/01/2012	MBS PAYMENT		24,972	24,972	25,003	24,972	(3)			(3)		24,972			.0	380	08/25/2034	1FM
94979X-AA-5	WFMSB 2003-H A1		09/01/2012	MBS PAYMENT		16,585	16,585	16,070	16,514	.71			.71		16,585			.0	257	09/25/2033	1FM
878742-AD-7	TECK RESOURCES LIMITED		09/15/2012	VARIOUS		3,387,000	3,387,000	3,464,744	3,507,076	(108,006)	12,070		(120,076)		3,387,000			.0	237,090	09/15/2012	2FE
046353-AC-2	ASTRAZENECA PLC		09/15/2012	MATURITY		2,500,000	2,500,000	2,663,875	2,579,662	(79,662)			(79,662)		2,500,000			.0	135,000	09/15/2012	1FE
902118-BK-3	TYCO INTERNATIONAL FINAN		08/15/2012	VARIOUS		4,810,140	4,500,000	4,857,383	4,810,140	(64,897)	4,763		(69,660)		4,810,140			.0	202,500	11/15/2013	1FE
3899999	Bonds - Industrial and Miscellaneous (Unaffiliated)					36,190,677	35,864,198	36,513,057	31,567,807	0	(333,449)	18,675	(352,124)	0	36,155,094	0	35,584	35,584	1,411,023	XXX	XXX
8399997	Subtotals - Bonds - Part 4					46,662,237	46,394,814	46,971,503	41,962,670	0	(256,753)	18,675	(275,428)	0	46,626,654	0	35,584	35,584	1,875,985	XXX	XXX
8399999	Subtotals - Bonds					46,662,237	46,394,814	46,971,503	41,962,670	0	(256,753)	18,675	(275,428)	0	46,626,654	0	35,584	35,584	1,875,985	XXX	XXX
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
00685R-70-6	ADELPHI CONTINGENT VALUE		08/13/2012	CLASS ACTION	2,000	1,692	.XXX										1,692	1,692		XXX	U
749121-10-9	QWEST COMMUNICATIONS INTL		07/10/2012	CLASS ACTION	1,000	.95	.XXX										.95	.95		XXX	U
63921A-10-0	GLOBAL CROSSING LTD		07/27/2012																		

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



STATEMENT AS OF SEPTEMBER 30, 2012 OF THE TRIAD GUARANTY INSURANCE 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 Total Cash Equivalents					0	0	0

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