



# QUARTERLY STATEMENT

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

## TRIAD GUARANTY INSURANCE CORPORATION, IN REHABILITATION

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

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

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

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

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

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

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

Internet Web Site Address www.triadguaranty.com

Statutory Statement Contact Randall Keith Shields 336-723-1282-1155  
(Name) (Area Code) (Telephone Number) (Extension)  
rshields@tgic.com 336-761-5174-1155  
(E-mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____

### OTHER OFFICERS

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

### DIRECTORS OR TRUSTEES

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

State of .....North Carolina.....

County of .....Forsyth.....ss

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

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

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 \_\_\_\_\_

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

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	477,043,424		477,043,424	567,626,387
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	7,755,174		7,755,174	7,881,259
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....48,487,342 ), cash equivalents (\$ .....7,998,677 ) and short-term investments (\$ .....123,465,774 ) .....	179,951,793		179,951,793	129,811,456
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....	2,963		2,963	11,084
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	664,753,354	0	664,753,354	705,330,186
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	4,485,869		4,485,869	5,052,181
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	6,576,525	322	6,576,203	8,303,915
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	21,683,211		21,683,211	28,558,421
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,970,835		1,970,835	2,702,913
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....	35,047	24,124	10,923	13,328
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	39,952	39,952	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	23,904		23,904	25,360
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	847,735	847,735	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	700,416,432	912,133	699,504,299	749,986,304
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	700,416,432	912,133	699,504,299	749,986,304
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid expenses .....	847,735	847,735	0	0
2502. ....				
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) .....	847,735	847,735	0	0

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

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....78,336,808 ) .....	547,258,339	677,015,521
2. Reinsurance payable on paid losses and loss adjustment expenses .....		0
3. Loss adjustment expenses .....	3,513,334	7,372,569
4. Commissions payable, contingent commissions and other similar charges .....		0
5. Other expenses (excluding taxes, licenses and fees) .....	9,878,231	17,410,060
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	493,933	439,439
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		0
7.2 Net deferred tax liability .....		0
8. Borrowed money \$ ..... and interest thereon \$ .....		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....43,591 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) .....	4,090,573	5,794,670
10. Advance premium .....		0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		0
11.2 Policyholders .....		0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	799,215	1,132,333
13. Funds held by company under reinsurance treaties .....		0
14. Amounts withheld or retained by company for account of others .....	84,547,946	84,434,829
15. Remittances and items not allocated .....	1,184,343	869,318
16. Provision for reinsurance (including \$ ..... certified) .....		0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		0
18. Drafts outstanding .....		0
19. Payable to parent, subsidiaries and affiliates .....		0
20. Derivatives .....		0
21. Payable for securities .....	8,072	8,042
22. Payable for securities lending .....		0
23. Liability for amounts held under uninsured plans .....		0
24. Capital notes \$ ..... and interest thereon \$ .....		0
25. Aggregate write-ins for liabilities .....	908,042,066	808,257,811
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	1,559,816,052	1,602,734,592
27. Protected cell liabilities .....		0
28. Total liabilities (Lines 26 and 27) .....	1,559,816,052	1,602,734,592
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	3,500,000	3,500,000
31. Preferred capital stock .....		0
32. Aggregate write-ins for other than special surplus funds .....	12,237,500	11,125,000
33. Surplus notes .....	25,000,000	25,000,000
34. Gross paid in and contributed surplus .....	105,215,928	105,215,928
35. Unassigned funds (surplus) .....	(1,006,265,180)	(997,589,216)
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....		0
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) .....	(860,311,752)	(852,748,288)
38. Totals (Page 2, Line 28, Col. 3)	699,504,300	749,986,304
<b>DETAILS OF WRITE-INS</b>		
2501. Deferred Payment Obligation including carrying charges.....	902,301,930	803,978,629
2502. Rescinded Premium Payable.....	5,740,136	4,279,182
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	908,042,066	808,257,811
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201. Unapproved interest due on Surplus Note.....	12,237,500	11,125,000
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	12,237,500	11,125,000

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

**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 \$ 86,232,062 )	87,952,772	101,747,464	135,075,784
1.2 Assumed (written \$ 138 )	138	163	209
1.3 Ceded (written \$ 4,177,188 )	4,193,802	4,552,902	5,138,627
1.4 Net (written \$ 82,055,012 )	83,759,108	97,194,725	129,937,366
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 84,418,081 ):			
2.1 Direct	108,636,761	234,072,263	240,573,304
2.2 Assumed	0	0	0
2.3 Ceded	1,322,244	5,362,585	6,373,459
2.4 Net	107,314,517	228,709,678	234,199,845
3. Loss adjustment expenses incurred	(1,928,802)	3,528,772	3,982,824
4. Other underwriting expenses incurred	3,425,350	15,100,280	20,373,906
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	108,811,065	247,338,730	258,556,575
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(25,051,957)	(150,144,005)	(128,619,209)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	13,380,371	1,621,428	3,179,661
10. Net realized capital gains (losses) less capital gains tax of \$	1,142,669	634,758	985,163
11. Net investment gain (loss) (Lines 9 + 10)	14,523,040	2,256,186	4,164,824
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ )	0	0	0
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	2,395,847	2,415,267	4,768,751
15. Total other income (Lines 12 through 14)	2,395,847	2,415,267	4,768,751
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(8,133,070)	(145,472,552)	(119,685,634)
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(8,133,070)	(145,472,552)	(119,685,634)
19. Federal and foreign income taxes incurred	0	0	0
20. Net income (Line 18 minus Line 19)(to Line 22)	(8,133,070)	(145,472,552)	(119,685,634)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	(852,748,289)	234,118,496	234,118,495
22. Net income (from Line 20)	(8,133,070)	(145,472,552)	(119,685,634)
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(126,085)	(219,778)	(489,661)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	0	0	0
27. Change in nonadmitted assets	695,692	373,948	825,164
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	(337,816,371)
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	135,271,661	(629,700,282)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(7,563,463)	(10,046,721)	(1,086,866,784)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(860,311,752)	224,071,775	(852,748,289)
<b>DETAILS OF WRITE-INS</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income - Service Fees on information technology	0	0	(22,915)
1402. Income received under Asset Purchase Agreement	2,395,847	2,415,267	4,791,666
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	2,395,847	2,415,267	4,768,751
3701. Deferred Payment Obligation	0	135,271,661	(629,700,282)
3702. Increase in Contingency Reserve	(41,879,554)	(48,597,362)	(64,968,682)
3703. Decrease in Contingency Reserve	41,879,554	48,597,362	64,968,682
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	135,271,661	(629,700,282)

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

**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.....	92,003,804	82,428,313	104,915,178
2. Net investment income .....	14,792,939	20,201,963	27,105,934
3. Miscellaneous income .....	2,395,847	2,411,968	4,807,801
4. Total (Lines 1 to 3) .....	109,192,590	105,042,244	136,828,913
5. Benefit and loss related payments .....	139,942,392	173,532,958	222,626,806
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	10,139,514	11,970,547	14,880,173
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9) .....	150,081,906	185,503,505	237,506,979
11. Net cash from operations (Line 4 minus Line 10) .....	(40,889,316)	(80,461,261)	(100,678,066)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	216,603,293	114,914,706	183,023,268
12.2 Stocks .....	2,882	7,154	7,198
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	2,691	(764)	(766)
12.7 Miscellaneous proceeds .....	8,147	0	9,939
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	216,617,013	114,921,096	183,039,639
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	125,714,765	41,584,494	41,584,493
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	124	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	125,714,765	41,584,618	41,584,493
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	90,902,248	73,336,478	141,455,146
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	127,405	16,745,147	21,205,529
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	127,405	16,745,147	21,205,529
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	50,140,337	9,620,364	61,982,609
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	129,811,456	67,828,847	67,828,847
19.2 End of period (Line 18 plus Line 19.1) .....	179,951,793	77,449,211	129,811,456

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**A. Accounting Practices**

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

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

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

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

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

B. No change from year-end 2012.

C. No change from year-end 2012.

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

No change from year-end 2012.

**3. Business Combinations and Goodwill**

No change from year-end 2012.

**4. Discontinued Operations**

No change from year-end 2012.

**5. Investments**

- A. No change from year-end 2012.
- B. No change from year-end 2012.
- C. No change from year-end 2012.
- D. Loan-Backed Securities

(1) The Company uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-back asset-backed securities with inputs from major third party data providers. The models combine the effects of interest rates, volatility, and pre-payment speeds based on various scenario (Monte Carlo) simulations with resulting effective analytics (spreads, duration, convexity) and cash-flows on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.

(2) The Company reviews its investments quarterly to identify whether any investments have indications of possible impairment and whether any impairments are other than temporary.

	(1)	(2)	(3)
	Amortized Cost Basis Before Other-than- Temporary Impairment	Other-than-Temporary Impairment Recognized in Loss	Fair Value 1 - 2
OTTI recognized 1 <sup>st</sup> Quarter ***NONE***			
a. Intent to sell	\$.....0	\$.....	\$.....
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....	\$.....	\$.....
c. Total 1 <sup>st</sup> Quarter	\$.....	\$.....	\$.....
OTTI recognized 2 <sup>nd</sup> Quarter ***NONE***			
d. Intent to sell	\$.....	\$.....	\$.....
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....2	\$.....	\$.....
f. Total 2 <sup>nd</sup> Quarter	\$.....	\$.....	\$.....
OTTI recognized 3 <sup>rd</sup> Quarter ***NONE***			
g. Intent to sell	\$.....	\$.....	\$.....
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....	\$.....	\$.....
i. Total 3 <sup>rd</sup> Quarter	\$.....	\$.....	\$.....
OTTI recognized 4 <sup>th</sup> Quarter			
j. Intent to sell	\$.....	\$.....	\$.....
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$.....	\$.....	\$.....
l. Total 4 <sup>th</sup> Quarter	\$.....	\$.....	\$.....
m. Annual Aggregate Total	\$.....	\$.....	\$.....

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

(4) The Company had investments held with Unrealized Losses less than 1 year of \$432,827.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

No change from year-end 2012.

**7. Investment Income**

No change from year-end 2012.

**8. Derivative Instruments**

No change from year-end 2012.

**9. Income Taxes**

No changes have occurred from year-end 2012 that would have a material impact on the Company.

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

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

**11. Debt**

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

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

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

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

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

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note Outstanding	Interest Paid Current Year	Total Interest Paid	Unapproved Interest	Date of Maturity
	January 29, 1998	8.90%	\$25,000,000	\$25,000,000	\$0	\$22,138,765	12,237,000	January 10, 2028

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

**14. Contingencies**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**15. Leases**

A. Lessee Operating Lease

(1) No change from year-end 2012.

(2)

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

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

(3) No change from year-end 2012.

B. No change from year-end 2012.

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

No change from year-end 2012.

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

No change from year-end 2012. The Company did not have any transfers of receivables reported as sales, transfer and servicing of financial assets, or wash sales.

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

No change from year-end 2012.

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

No change from year-end 2012.

**20. Fair Value Measurements**

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

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

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

Fair Value Measurements at Reporting Date

	(Level 1)	(Level 2)	(Level 3)	Total
<b>a. Assets at fair value</b>				
Bonds	\$0	\$2,807,224	\$0	\$ 2,807,224
Common Stock				
Parent, Subsidiaries, and Affiliates	\$0	\$7,755,174	\$0	\$7,755,174
Total assets at fair value	\$0	\$10,562,398	\$0	\$10,562,398
<b>b. Liabilities at fair value</b>				
None				
Total liabilities at fair value	\$0	\$0	\$0	\$0

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

Description	Beginning Balance on 1/1/2013	Transfer into Level 3	Transfer out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 9/30/2013
<b>Assets</b>										
Industrial & Miscellaneous	\$0	\$0	\$(6,302,188)	\$5	\$2,206	\$6,299,977	\$0	\$0	\$0	\$0
Total Assets	\$0	\$0	\$(6,302,188)	\$5	\$2,206	\$6,299,977	\$0	\$0	\$0	\$0
<b>Liabilities</b>										
none	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

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

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

C. The Company had the following financial instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
<b>Assets</b>						
Bonds	\$490,810,331	\$477,043,424	\$0	\$490,810,331	\$0	\$0
Common Stock	7,755,174	7,755,174	0	7,755,174	0	0
Cash and short-term investments	179,951,793	179,951,793	179,951,793	0	0	0
<b>Total</b>	\$678,517,298	\$664,750,391	\$179,951,793	\$498,565,505	\$0	\$0

D. Not Practicable to Estimate Fair Value:

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
None	\$0	\$0	\$0	

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

**NOTES TO FINANCIAL STATEMENTS**

**21. Other Items**

- A. The Company does not have any Extraordinary Items.
- B. The Company does not have any Troubled Debt Restructuring: Debtors.
- C. The Company does not have any Other Disclosures.
- D. The Company has no Uncollectible Assets.
- E. The Company has no Business Interruption Insurance Recoveries.
- F. The Company has no State Transferable and Non-transferable Tax Credits

G. Subprime-Mortgage-Related Risk Exposure

Subprime Mortgage Exposures

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

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

(3) Direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	7,358,844	7,358,588	7,968,020	
b. Commercial mortgage-backed securities	18,011,583	17,979,223	18,128,122	
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs				
f. Other assets	11,925,788	11,900,446	12,279,551	
g. Total	37,296,215	37,238,257	38,375,693	

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

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

The Company is in receivership and is no longer issuing mortgage insurance policies.

(a) The Company believes that mortgage credit risk was materially affected by the following underwriting factors:

- 1. the borrower's credit strength, including the borrower's credit history, debt-to-income ratios, and cash reserves; and
- 2. the loan product, which includes the ratio of the original principal balance of the loan to the value of the property at origination (the "LTV"), the type of loan instrument (including whether the instrument provides for fixed or variable payments and the amortization schedule), the type of property, the purpose of the loan, and the borrower's documentation for the loan.

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

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

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

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

To recognize the liability for unpaid losses related to outstanding reported defaults (known as the "default inventory"), the Company, similar to other private mortgage guaranty insurers, establishes loss reserves, representing the estimated percentage of defaults which will ultimately result in a claim (known as the "claim rate") and the estimated severity of the claims which will arise from the defaults included in the default inventory (known as the "severity rate"). In accordance with industry accounting practices, the Company does not establish loss reserves for future claims on insured loans which are not currently in default.

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

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

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

To provide reserve and incurred information required by SSAP No. 1, the Company has calculated subprime related case and IBNR reserves for its primary insurance, using the proportionate number of subprime default inventory compared to the total number of default inventory and multiplied that factor by the Company's total case and IBNR reserves, to arrive at subprime case and IBNR reserves as shown in the tables below. The information shown below is on a gross direct basis and does reflect amounts ceded to reinsurers, or the reduction to reserves under the April 1, 2009 corrective order (see Note 1).

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

		<u>As a % of total</u>
Prime	\$ 355,804,991	62.6%
Alt-A	184,803,133	32.5%
A-Minus	23,271,777	4.1%
Subprime (A)	<u>4,117,883</u>	<u>0.8%</u>
Total	\$567,997,784	100%

Losses and reserves related as of September 30, 2013 were as follows:

	<u>Total</u>	<u>Subprime</u>	<u>Subprime as a % of total</u>
Losses paid	\$ 244,228,142	\$1,552,438	0.6%
Incurred losses	110,916,734	759,383	0.7%
Case reserves	567,997,784	4,117,883	0.7%
IBNR reserves	18,920,762	0	0.0%

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

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

**NOTES TO FINANCIAL STATEMENTS**

**22. Events Subsequent**

On October 29, 2013, the Circuit Court of Cook County, Illinois approved the Rehabilitator's Plan of Rehabilitation (the "Plan"). The Plan implements Illinois' statutory schedule of priorities for the ratable distribution (i.e. payment) of an insolvent insurance company's assets. The Plan increases the percentage of cash paid on valid claims settlements from 60% to 75%. Those claim settlements previously paid 60% in cash will receive a payment on their deferred payment obligation to bring them up to the 75% cash claim settlement level. Also under the Plan, the return of premium constitutes a "policyholder claim" and therefore, will be paid at the prorated rate of 75% cash and 25% by the establishment of a deferred premium refund liability.

**23. Reinsurance**

- A. No change from year-end 2012 .
- B. No change from year-end 2012.
- C. Reinsurance Assumed and Ceded

(1)

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
a. Affiliates	\$ .....	\$ .....	\$ .....30,003	\$ .....9,001	\$ .....(30,003)	\$ .....(9,001)
b. All Other	\$ .....197	\$ .....25	\$ .....26,655	\$ .....4,731	\$ .....(26,458)	\$ .....(4,706)
c. TOTAL	\$ ..... 197	\$ .....25	\$ .....56,658	\$ .....13,732	\$ .....(56,461)	\$ .....(13,707)
d. Direct Unearned Premium Reserve			\$ .....4,134,023			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

(2) The Company has no additional or return commissions predicated on loss experience or other types of profit sharing arrangements

(3)The Company has no protected cells.

D. Uncollectible Reinsurance

(1) The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: \$1,787,996, which is reflected as:

a. Losses incurred	\$ .....
b. Loss adjustment expenses incurred	\$ .....
c. Premiums earned	\$ .....
d. Other	\$ .....
e. <u>Company</u>	<u>Amount</u>
BB&T Mortgage Reinsurance Corp	\$1,787,996

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

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

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

F. No change from year-end 2012.

G. No change from year-end 2012.

H. No change from year-end 2012.

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

No change from year-end 2012.

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

Loss and LAE Reserves as of December 31, 2012 were \$684,388,090. As of September 30, 2013, \$232,824,739 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$472,137,510 as a result of re-estimation of unpaid losses and loss adjustment expenses adjusted for paid claims during 2013 relating to 2012 and prior. Therefore, there has been a \$17,801,533 favorable prior-year development since December 31, 2012. Reserves are established using estimated claims rates (frequency) and claim amounts (severity) to estimate ultimate losses. Management periodically reviews the loss reserve process and refines its methodology as appropriate. The reserving process gives effect to current economic conditions and profiles delinquencies by such factors as policy year, originations within bulk and flow channels, and the number of months a policy has been in default. The Company does not adjust premiums based on claim activity.

**26. Intercompany Pooling Arrangements**

No change from year-end 2012.

**27. Structured Settlements**

No change from year-end 2012.

**28. Health Care Receivables**

No change from year-end 2012.

**29. Participating Policies**

No change from year-end 2012.

**30. Premium Deficiency Reserves**

No change from year-end 2012.

**31. High Deductibles**

No change from year-end 2012.

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

No change from year-end 2012.

## NOTES TO FINANCIAL STATEMENTS

**33. Asbestos/Environmental Reserves**

No change from year-end 2012.

**34. Subscriber Savings Accounts**

No change from year-end 2012.

**35. Multiple Peril Crop Insurance**

No change from year-end 2012.

**36. Financial Guaranty Insurance**

No change from year-end 2012.

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

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....

- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

3.2 If the response to 3.1 is yes, provide a brief description of those changes.  
.....

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ ] NA [X]  
If yes, attach an explanation.

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2007

- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2007

- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 06/03/2009

- 6.4 By what department or departments?  
Illinois Department of Insurance.....

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]

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

- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [X] No [ ]

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

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

- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]

- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

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

**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		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 .....	\$ 7,881,259		\$ 7,755,174
14.24 Short-Term Investments .....	\$ .....		\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....		\$ .....
14.26 All Other .....	\$ .....		\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ 7,881,259		\$ 7,755,174
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.

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

**GENERAL INTERROGATORIES**

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 16.3 Total payable for securities lending reported on the liability page \$ .....

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
The Northern Trust Company.....	50 South La Salle Street Chicago, IL 60603.....

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [X] No [ ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Bank of America.....	The Northern Trust Company.....	08/31/2013.....	Requirement of the OSD as part of the Rehabilitation Plan.....

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

1 Central Registration Depository	2 Name(s)	3 Address
111135.....	Mesirow Financial Investment Management, Inc.....	353 N. Clark Street Chicago IL 60654.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

18.2 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, 2013 OF THE TRIAD GUARANTY INSURANCE CORPORATION, IN  
REHABILITATION**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Current Year to Date - Allocated by States and Territories**

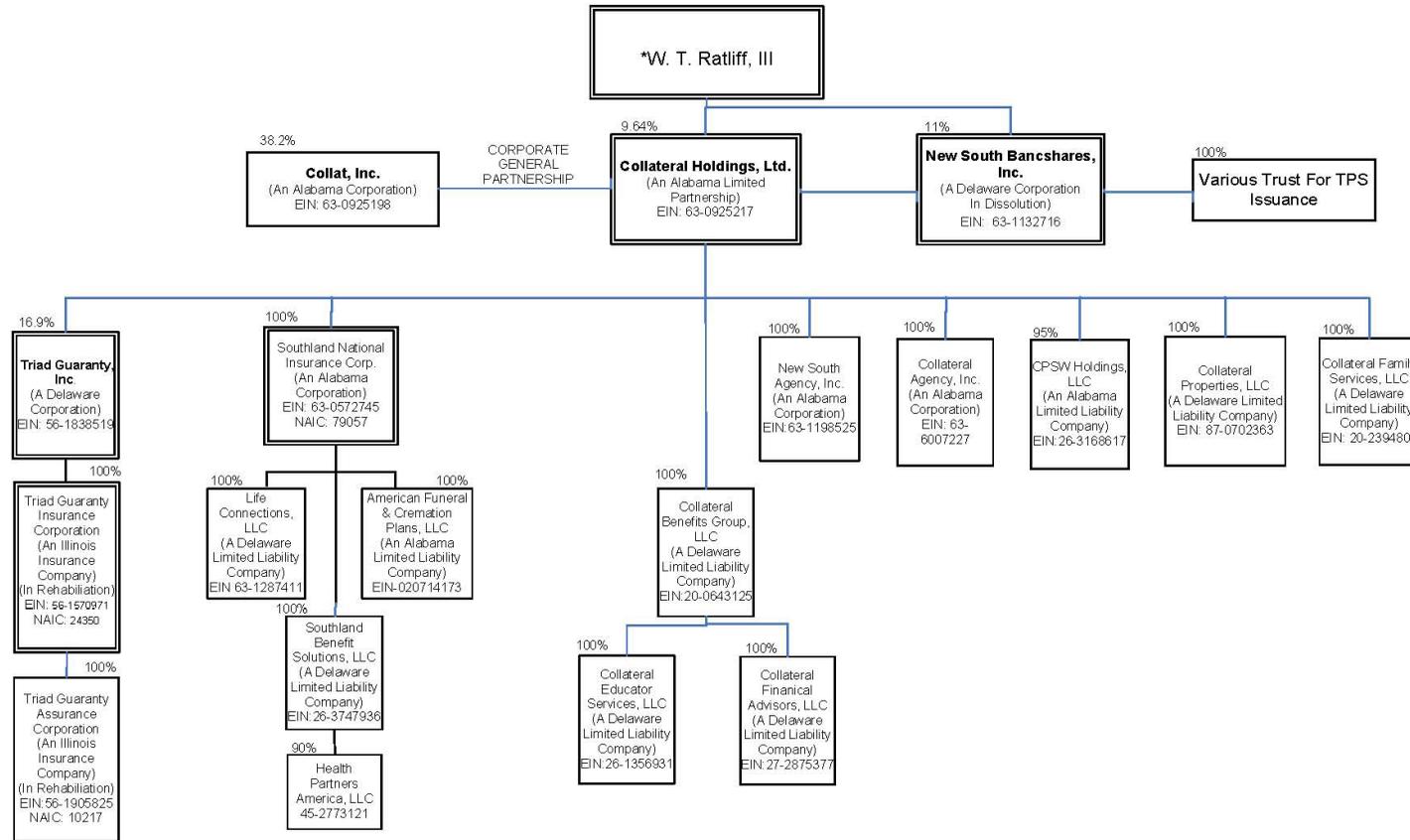
	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	
1. Alabama	AL	L	273,897	342,308	527,420	519,353	1,231,138	790,467
2. Alaska	AK	L		0		0		0
3. Arizona	AZ	L	1,346,671	1,782,852	6,628,002	13,912,376	4,892,999	7,130,186
4. Arkansas	AR	L	489,232	640,722	764,343	1,027,519	1,594,445	1,252,720
5. California	CA	L	18,375,344	23,666,916	66,488,458	86,986,088	162,555,189	134,722,031
6. Colorado	CO	L	3,107,489	3,899,977	9,341,168	8,617,829	16,612,342	11,089,199
7. Connecticut	CT	L	260,359	279,603	123,392	384,718	1,892,299	1,063,675
8. Delaware	DE	L	87,865	93,177	180,037	29,470	214,477	161,311
9. Dist. Columbia	DC	L	2,591,874	6,651,943	22,579,049	45,019,669	58,047,547	54,680,725
10. Florida	FL	L	3,394,296	4,081,297	15,796,740	13,025,223	37,509,794	30,901,395
11. Georgia	GA	L	1,617,517	2,078,588	3,244,044	4,294,664	5,555,310	4,752,698
12. Hawaii	HI	L	4,643	4,750		0	990	744
13. Idaho	ID	L	8,505	8,982		0	75,769	32,685
14. Illinois	IL	L	2,323,743	2,893,256	10,076,883	6,871,625	15,826,108	14,558,187
15. Indiana	IN	L	251,883	402,654	406,408	599,738	999,381	896,196
16. Iowa	IA	L	25,601	40,961	51,265	21,137	90,756	76,996
17. Kansas	KS	L	159,257	210,504	215,850	379,913	423,012	323,716
18. Kentucky	KY	L	629,865	881,891	1,382,195	1,221,794	2,310,753	2,294,120
19. Louisiana	LA	L	138,904	169,274	179,880	320,337	259,466	254,878
20. Maine	ME	L		0		0		0
21. Maryland	MD	L	811,090	896,629	1,923,677	2,067,205	7,472,775	4,656,283
22. Massachusetts	MA	L	526,386	591,552	1,109,325	1,030,118	3,488,533	2,413,548
23. Michigan	MI	L	1,458,776	1,907,433	3,430,447	5,221,564	7,188,826	5,711,227
24. Minnesota	MN	L	16,336,400	19,315,573	45,159,064	40,311,054	84,939,218	58,659,841
25. Mississippi	MS	L	111,368	146,445	101,021	206,351	190,588	228,324
26. Missouri	MO	L	258,419	325,753	323,783	615,781	523,764	533,817
27. Montana	MT	L	9,939	7,357		0	2,119	1,153
28. Nebraska	NE	L	239	1,160		0	51	182
29. Nevada	NV	L	313,121	313,426	1,858,261	2,565,367	2,376,854	2,367,927
30. New Hampshire	NH	L	23,371	28,306	92,338	35,025	4,982	73,317
31. New Jersey	NJ	L	1,663,489	1,823,737	2,674,776	2,208,724	17,379,351	11,461,021
32. New Mexico	NM	L	179,174	207,172	640,997	285,090	842,281	743,504
33. New York	NY	L	682,616	751,696	1,387,977	751,763	7,429,633	5,402,684
34. No. Carolina	NC	L	3,024,743	3,873,266	5,888,230	7,133,189	10,197,967	8,642,317
35. No. Dakota	ND	L		0		0		0
36. Ohio	OH	L	1,173,358	1,472,979	2,941,934	2,635,330	6,165,009	5,225,708
37. Oklahoma	OK	L	882,424	1,163,608	692,088	1,272,364	2,039,252	1,594,129
38. Oregon	OR	L	200,705	258,581	787,670	539,363	922,438	1,036,665
39. Pennsylvania	PA	L	1,067,205	1,292,315	2,122,790	2,021,256	5,145,336	3,859,636
40. Rhode Island	RI	L	71,685	88,617	92,198	288,309	661,446	402,404
41. So. Carolina	SC	L	1,736,123	2,177,039	3,885,011	4,637,088	7,935,915	6,386,861
42. So. Dakota	SD	L	4,012	5,005		35,834	855	784
43. Tennessee	TN	L	772,341	1,001,774	1,294,549	1,395,226	2,710,029	2,182,224
44. Texas	TX	L	17,368,871	11,737,176	22,618,097	32,954,109	67,875,863	40,516,585
45. Utah	UT	L	183,491	218,310	490,596	908,419	634,201	716,525
46. Vermont	VT	L		0		0		0
47. Virginia	VA	L	1,660,545	2,247,181	5,380,754	6,914,177	11,501,137	10,042,085
48. Washington	WA	L	244,718	312,262	788,292	420,846	1,713,557	1,414,726
49. West Virginia	WV	L	116,527	150,979	37,505	290,900	288,874	72,404
50. Wisconsin	WI	L	210,037	242,497	447,436	476,211	1,004,538	962,931
51. Wyoming	WY	L	53,946	62,741	74,192	0	11,498	53,963
52. American Samoa	AS			0		0		0
53. Guam	GU			0		0		0
54. Puerto Rico	PR			0		0		0
55. U.S. Virgin Islands	VI			0		0		0
56. Northern Mariana Islands	MP			0		0		0
57. Canada	CAN			0		0		0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a) 51		86,232,062	100,750,224	244,228,142	300,452,114	560,738,665	440,344,705
<b>DETAILS OF WRITE-INS</b>								
58001.		XXX						
58002.		XXX						
58003.		XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.		XXX	0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0

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

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

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

**COLLATERAL FAMILY OF COMPANIES**



\*William T. Ratliff, III 7.36% ownership, Alabama resident  
William T. Ratliff, Jr., 29.58% ownership, Alabama resident

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

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

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
0421	Collateral Holding, Ltd.						William T. Ratliff, and family	USA	UDP	Collat general partnership, William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-1132716				New South Bancshares, Inc.	USA	NIA	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.						Various Trust for TPS Issuance	USA	NIA	New South Bancshares, Inc.	Ownership	100.0	William T. Ratliff, and family	6
0421	Collateral Holding, Ltd.		63-0925217				Collateral Holdings, Ltd.	USA	UDP	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	5
0421	Collateral Holding, Ltd.		63-0925198				Collat, Inc.	USA	NIA	William T. Ratliff, and family	Ownership	100.0	William T. Ratliff, and family	4
0421	Collateral Holding, Ltd.		56-1838519		0000911631	OTCBB	Triad Guaranty, Inc.	USA	NIA	Collateral Holdings, Ltd.	Ownership	16.9	William T. Ratliff, and family	1
0421	Collateral Holding, Ltd.	24350	56-1570971				Triad Guaranty Insurance Corporation (In Rehabilitation)	USA	IA	Triad Guaranty, Inc.	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.	10217	56-1905825				Triad Guaranty Assurance Corporation (In Rehabilitation)	USA	IA	Triad Guaranty Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.	79057	63-0572745				Southland National Insurance Corporation	USA		Collateral Holdings, Ltd.	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		64-0858642				Southland National Trust Company, Inc.	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-1065494				Southland National Funeral Group, Inc.	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-1287411				Life Connections, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		63-1263856				Benefit Resource Group, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		02-0714173				American Funeral & Cremation Plans, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0
0421	Collateral Holding, Ltd.		26-3747936				Southland Benefits Solutions, LLC	USA	DS	Southland National Insurance Corporation	Ownership	100.0	William T. Ratliff, and family	0



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

**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	87,952,772	108,636,761	123.5	230.1
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	87,952,772	108,636,761	123.5	230.1
<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	26,147,367	86,232,062	100,750,224
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	26,147,367	86,232,062	100,750,224
<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, 2013 OF THE TRIAD GUARANTY INSURANCE CORPORATION, IN REHABILITATION

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2010 + Prior .....	289,838	0	289,838	108,357		108,357	504,860			504,860	323,380	0	323,380
2. 2011 .....	158,810	2,331	161,141	58,101		58,101	(111,572)			(111,572)	(212,282)	(2,331)	(214,613)
3. Subtotals 2011 + prior .....	448,648	2,331	450,979	166,458	0	166,458	393,287	0	0	393,287	111,098	(2,331)	108,766
4. 2012 .....	212,428	20,981	233,409	66,367		66,367	77,067		1,783	78,850	(68,994)	(19,199)	(88,192)
5. Subtotals 2012 + prior .....	661,076	23,313	684,388	232,825	0	232,825	470,355	0	1,783	472,138	42,104	(21,530)	20,574
6. 2013 .....	XXX	XXX	XXX	XXX	6,177	6,177	XXX	62,590	16,044	78,634	XXX	XXX	XXX
7. Totals .....	661,076	23,313	684,388	232,825	6,177	239,002	470,355	62,590	17,827	550,772	42,104	(21,530)	20,574
8. Prior Year-End Surplus As Regards Policy-holders	(852,748)												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 6.4	2. (92.4)	3. 3.0
													Col. 13, Line 7 Line 8
													4. (2.4)

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

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

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

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

**Explanation:**

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

**Bar Code:**

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

**OVERFLOW PAGE FOR WRITE-INS**

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

**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
2.2 Additional investment made after acquisition .....		0
3. Current year change in encumbrances .....		0
4. Total gain (loss) on disposals .....		0
5. Deduct amounts received on disposals .....		0
6. Total foreign exchange change in book/adjusted carrying value .....		0
7. Deduct current year's other than temporary impairment recognized .....		0
8. Deduct current year's depreciation .....		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
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other than temporary impairment recognized .....		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
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
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

**NONE**

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	575,507,645	720,429,949
2. Cost of bonds and stocks acquired .....	125,714,769	41,584,493
3. Accrual of discount .....	1,046,194	1,508,530
4. Unrealized valuation increase (decrease) .....	(126,085)	(489,665)
5. Total gain (loss) on disposals .....	1,030,054	1,055,693
6. Deduct consideration for bonds and stocks disposed of .....	216,602,580	183,030,466
7. Deduct amortization of premium .....	2,015,473	5,481,124
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....	(244,074)	69,765
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	484,798,598	575,507,645
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	484,798,598	575,507,645

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

**SCHEDULE D - PART 1B**

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	581,525,990	164,266,051	165,714,027	(5,239,200)	608,157,526	581,525,990	574,838,813	614,586,177
2. Class 2 (a).....	44,447,928		17,046,692	1,177,438	34,830,130	44,447,928	28,578,675	37,373,988
3. Class 3 (a).....	875,812		140,000	15,059	2,269,364	875,812	750,871	871,998
4. Class 4 (a).....	0			2,807,224	407,350	0	2,807,224	406,606
5. Class 5 (a).....	1,195,498			260,616	1,102,634	1,195,498	1,456,115	1,095,719
6. Class 6 (a).....	0		54	1,622	0	0	1,568	2,099
7. Total Bonds	628,045,228	164,266,051	182,900,773	(977,241)	646,767,004	628,045,228	608,433,266	654,336,587
<b>PREFERRED STOCK</b>								
8. Class 1.....	0				0	0	0	0
9. Class 2.....	0				0	0	0	0
10. Class 3.....	0				0	0	0	0
11. Class 4.....	0				0	0	0	0
12. Class 5.....	0				0	0	0	0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	628,045,228	164,266,051	182,900,773	(977,241)	646,767,004	628,045,228	608,433,266	654,336,587

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(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 \$ .....131,398,683 ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

## 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	123,465,774	XXX	123,999,703	400,940	472,697

## SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	86,710,197	28,204,983
2. Cost of short-term investments acquired .....	529,752,645	315,909,218
3. Accrual of discount .....	4,863	0
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals .....	202	0
6. Deduct consideration received on disposals .....	492,402,369	256,705,568
7. Deduct amortization of premium.....	599,764	697,670
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		766
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	123,465,774	86,710,197
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	123,465,774	86,710,197

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

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

**SCHEDULE E - VERIFICATION**

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired .....	94,475,607	39,995,586
3. Accrual of discount .....	15,731	4,414
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....	2,488	0
6. Deduct consideration received on disposals .....	86,498,104	40,000,000
7. Deduct amortization of premium .....	(2,955)	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) .....	7,998,677	0
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	7,998,677	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, 2013 OF THE TRIAD GUARANTY INSURANCE CORPORATION, IN REHABILITATION

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>																					
383766-6E-5	GNR 2011-152 A		09/01/2013	MBS PAYMENT		73,768	73,768	73,595	73,738		30		30		73,768			0	798	07/16/2033	1
383766-AG-5	GNR 2009-71 A		09/01/2013	MBS PAYMENT		649,126	649,126	673,063	672,871		(23,745)		(23,745)		649,126			0	14,624	04/16/2038	1
383766-R0-5	GNR 2010-74 B		09/01/2013	MBS PAYMENT		87,839	87,839	88,865	87,991		(152)		(152)		87,839			0	2,510	08/16/2039	1
383766-U0-1	GNR 2010-118 A		09/01/2013	MBS PAYMENT		348,330	348,330	351,487	353,494		(5,164)		(5,164)		348,330			0	4,409	11/16/2032	1
38378B-AH-2	GNR 2011-164 A		09/01/2013	MBS PAYMENT		560,993	560,993	561,461	561,123		(129)		(129)		560,993			0	6,512	12/16/2037	1
<b>0599999 - Bonds - U.S. Governments</b>						1,720,056	1,720,056	1,748,471	1,749,217	0	(29,160)	0	(29,160)	0	1,720,056	0	0	0	28,853	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>																					
013538-HJ-5	ALBUQUERQUE NM ARPT REVENUE		07/01/2013	MATURITY		1,665,000	1,665,000	1,685,946	1,667,834		(2,834)		(2,834)		1,665,000			0	83,250	07/01/2013	1FE
164243-NH-6	CHEROKEE CNTY GA WTR & SWR AUT		08/01/2013	100.000 CALLED BY ISSUER at		800,000	800,000	817,399	803,628		(3,628)		(3,628)		800,000			0	40,000	08/01/2017	1FE
207714-AF-3	CONNECTICUT ST SPL OBLIG PKG R		07/01/2013	100.000 CALLED BY ISSUER at		140,000	140,000	118,931	125,228		14,772		14,772		140,000			0	9,100	07/01/2018	3FE
3128MB-VP-9	FG 613122		09/01/2013	MBS PAYMENT		117,516	117,516	114,761	116,317		1,199		1,199		117,516			0	3,883	04/01/2023	1
3128PK-7A-6	FG J08089		09/01/2013	MBS PAYMENT		90,591	90,591	90,393	90,531		60		60		90,591			0	3,318	06/01/2023	1
3128PK-XM-1	FG J07884		09/01/2013	MBS PAYMENT		105,526	105,526	105,526	105,526		0		0		105,526			0	3,867	05/01/2023	1
31349U-B3-1	FH 782758		09/01/2013	VARIOUS		32,717	32,717	35,313	35,313		167		167		35,480		(2,763)	(2,763)	1,443	11/01/2036	1
314020-ZE-4	FN 735241		09/01/2013	MBS PAYMENT		755	755	778	757		(2)		(2)		755			0	15	02/01/2035	1
31403B-PC-1	FN 743919		09/01/2013	MBS PAYMENT		5,885	5,885	6,146	5,942		(56)		(56)		5,885			0	168	11/01/2018	1
31403D-RH-4	FN 745788		09/01/2013	MBS PAYMENT		24,606	24,606	26,192	26,192		270		270		26,462		(1,856)	(1,856)	537	08/01/2036	1
31403D-VZ-9	FN 745932		09/01/2013	MBS PAYMENT		5,449	5,449	5,963	5,575		(126)		(126)		5,449			0	236	11/01/2036	1
31404V-Y6-9	FN 780233		09/01/2013	MBS PAYMENT		11,719	11,719	12,234	11,835		(117)		(117)		11,719			0	337	05/01/2019	1
31405H-6L-7	FN 790275		09/01/2013	MBS PAYMENT		1,006	1,006	1,040	1,011		(4)		(4)		1,006			0	19	08/01/2034	1
31405R-CR-5	FN 796680		09/01/2013	MBS PAYMENT		15,594	15,594	16,315	15,761		(168)		(168)		15,594			0	471	10/01/2019	1
31410K-JY-1	FN 889579		09/01/2013	MBS PAYMENT		28,167	28,167	30,108	28,754		(587)		(587)		28,167			0	1,121	05/01/2038	1
31410R-6J-3	FN 895573		09/01/2013	MBS PAYMENT		2,288	2,288	2,366	2,298		(10)		(10)		2,288			0	44	06/01/2036	1
31411Y-DP-5	FN 918210		09/01/2013	MBS PAYMENT		2,136	2,136	2,244	2,186		(50)		(50)		2,136			0	71	05/01/2037	1
31412M-SD-1	FN 929416		09/01/2013	MBS PAYMENT		6,929	6,929	7,392	7,051		(122)		(122)		6,929			0	277	05/01/2038	1
31414D-JF-1	FN 963282		09/01/2013	MBS PAYMENT		149,690	149,690	147,281	149,182		508		508		149,690			0	4,688	05/01/2023	1
31416J-PH-8	FN AA1323		09/01/2013	MBS PAYMENT		33,566	33,566	36,485	34,509		(943)		(943)		33,566			0	1,467	11/01/2032	1
31417Y-T7-2	FN MA0573		09/01/2013	MBS PAYMENT		29,293	29,293	29,405	29,273		20		20		29,293			0	673	11/01/2025	1
400524-DB-7	GUADALUPE-BLANCO RIVER AUTH TX		08/13/2013	100.000 CALLED BY ISSUER at		540,000	540,000	549,081	540,985		(985)		(985)		540,000			0	23,468	04/15/2019	1FE
45129T-H0-3	IDAHO ST HSG & FIN ASSN		07/01/2013	100.000 CALLED BY ISSUER at		10,000	10,000	10,000	10,000		0		0		10,000			0	585	07/01/2016	1FE
546540-AM-7	LOUISIANA ST UNIV & AGRIC & ME		09/04/2013	100.000 CALLED BY ISSUER at		60,000	60,000	60,000	60,000		0		0		60,000			0	3,131	05/01/2020	1FE
560425-04-5	MAINE ST HLTH & HGR EDUCNTL FA		09/25/2013	100.000 CALLED BY ISSUER at		25,000	25,000	26,348	25,000		0		0		25,000			0	1,850	07/01/2029	1FE
605275-M0-6	MISSISSIPPI BUSINESS FIN CORP		07/01/2013	SINK		21,692	21,692	20,827	21,630		62		62		21,692			0	1,302	01/01/2022	2
64971K-VF-0	NEW YORK CITY NY TRANSITIONAL		08/01/2013	100.000 CALLED BY ISSUER at		250,000	250,000	242,726	246,208		3,792		3,792		250,000			0	12,500	08/01/2024	1FE
65818P-CP-2	NORTH CAROLINA ST CAPITAL FACS		08/09/2013	100.000 CALLED BY ISSUER at		1,025,000	1,025,000	987,670	1,003,229		21,771		21,771		1,025,000			0	43,847	04/01/2018	2Z
717903-YN-2	PHILADELPHIA PA HOSPS & HGR ED		07/01/2013	100.000 CALLED BY ISSUER at		25,000	25,000	25,000	25,000		0		0		25,000			0	1,325	01/01/2018	1Z
<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>						5,225,125	5,225,125	5,213,870	5,196,755	0	32,989	0	32,989	0	5,229,744	0	(4,619)	(4,619)	242,993	XXX	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
02005J-AC-3	ALLYA 2011-3 A3		09/15/2013	MBS PAYMENT		1,344,125	1,344,125	1,346,226			(471)		(471)		1,344,125			0	2,168	08/17/2015	1FE
02006A-AC-1	ALLYA 2012-2 A3		09/15/2013	MBS PAYMENT		118,112	118,112	118,462			(99)		(99)		118,112			0	291	04/15/2016	1FE
02660Y-AU-6	AHM 2006-2 3A2		09/01/2013	MBS PAYMENT		4,001	4,001	2,028	2,028		0		0		4,001		1,973	1,973	135	03/01/2043	1FM
026660-G8-0	AMERICAN HONDA FINANCE		09/20/2013	MATURITY		6,875,000	6,875,000	6,875,413	6,901,875		(26,875)		(26,875)		6,875,000			0	111,719	09/20/2013	1FE
03064N-AD-8	AMCAR 2011-2 A3		09/08/2013	MBS PAYMENT		1,983,846	1,983,846	1,989,425			(3,158)		(3,158)		1,983,846			0	7,966	10/08/2015	1FE
03064R-AB-3	AMCAR 2011-4 A2		07/08/2013	MBS PAYMENT		39,115	39,115	39,060	39,095		20		20		39,115			0	210	03/09/2015	1FE
03064T-AB-9	AMCAR 2011-5 A2		09/08/2013	MBS PAYMENT		571,325	571,325	571,300	571,252		73		73		571,325			0	4,537	08/08/2015	1FE
03064U-AB-6	AMCAR 2012-1 A2		09/08/2013	MBS PAYMENT		173,345	173,345	173,335	173,318		27		27		173,345			0	1,050	10/08/2015	1FE
037411-AU-9	APACHE CORP		09/15/2013	MATURITY		1,930,000	1,930,000	2,055,025	1,951,004		(21,004)		(21,004)		1,930,000			0	115,800	09/15/2013	1FE
12616V-AB-8	CNH 2011-C A2		08/15/2013	MBS PAYMENT		149,862	149,862	149,790	149,929		(67)		(67)		149,862			0	798	04/15/2015	1FE
12668B-TJ-2	CWALT 2006-J2 A6		09/01/2013	MBS PAYMENT		3,256	4,319	3,175	3,175		0		0		3,175			0	178	04/25/2036	1FM
12669G-LP-4	CWHL 2005-HYB1 4A1		09/01/2013	MBS PAYMENT		2,098	2,098	1,385	1,385		0		0		1,385		81	81	42	03/25/2035	1FM
12669Y-AC-6	CWHL 2006-J4 A3		09/01/2013	MBS PAYMENT		4,930	4,973	3,206	3,206		0		0		3,206		1,724	1,724	208	09/25/2036	1FM
144141-CT-3	DUKE ENERGY PROGRESS INC		09/15/2013	MATURITY		4,202,000	4,202,000	4,503,914	4,327,406		(125,406)		(125,406)		4,202,000			0	215,353	09/15/2013	1FE
15200D-AC-1	CNP 2005-A A3		08/01/2013	MBS PAYMENT		596,035	596,035	649,035	595,591		444		444		596,035			0	30,338	08/01/2015	1FE

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
172973-A6-6	CMSI 2004-5 2A6		09/01/2013	MBS PAYMENT		25,621	25,621	24,037	25,128		493		493		25,621			.0	.817	08/25/2034	1FM
173105-AC-1	CMSI 2007-1 1A3		09/01/2013	MBS PAYMENT		76,663	76,663	72,116	72,116				.0		72,116		4,547	4,547	2,807	01/25/2037	1FM
225418-6M-4	CSFB 2004-3 2A1		09/01/2013	MBS PAYMENT		15,498	15,498	15,556	15,524		(26)		(26)		15,498			.0	555	04/25/2019	1FM
225458-XS-2	CSFB 2005-6 3A1		09/01/2013	MBS PAYMENT		1,790	1,790	1,761	1,783		.6		.6		1,790			.0	52	07/25/2020	1FM
233851-AE-4	DAIMLER FINANCE NA LLC		09/13/2013	MATURITY		3,000,000	3,000,000	2,961,450	2,961,450				.0		2,961,450		38,550	38,550	33,956	09/13/2013	1FE
24702R-AK-7	DELL INC.		09/10/2013	MATURITY		2,000,000	2,000,000	2,011,320	2,004,480		(4,480)		(4,480)		2,000,000			.0	28,000	09/10/2013	2FE
34529T-AC-1	FORDL 2011-B A3		09/15/2013	MBS PAYMENT		2,486,778	2,486,778	2,490,449			(726)		(726)		2,486,778			.0	3,777	10/15/2014	1FE
36162D-AB-5	GEEST 2011-2A A2		09/21/2013	MBS PAYMENT		322,737	322,737	322,724	322,703		33		33		322,737			.0	2,444	06/23/2014	1FE
36242D-OY-2	GSR 2004-15F 2A2		09/01/2013	MBS PAYMENT		2,712	2,712	2,112	2,616		97		97		2,712			.0	84	12/25/2034	1FM
36830H-AC-6	GEEST 2011-1A A3		09/21/2013	MBS PAYMENT		419,947	419,947	421,199	420,494		(547)		(547)		419,947			.0	4,028	01/21/2018	1FE
370334-BG-8	GENERAL MILLS INC.		08/15/2013	MATURITY		2,000,000	2,000,000	2,144,740	2,052,573		(52,573)		(52,573)		2,000,000			.0	105,000	08/15/2013	2FE
373334-JT-9	GEORGIA POWER COMPANY		09/15/2013	MATURITY		1,150,000	1,150,000	1,160,143	1,154,132		(4,132)		(4,132)		1,150,000			.0	14,950	09/15/2013	1FE
477867-AC-9	JDOT 2011-A A3		09/15/2013	MBS PAYMENT		1,126,072	1,126,072	1,132,273			(2,669)		(2,669)		1,126,072			.0	9,662	01/15/2016	1FE
57643M-DE-1	MASTR 2004-6 4A1		09/01/2013	MBS PAYMENT		22,108	22,108	22,374	22,191		(82)		(82)		22,108			.0	690	07/25/2019	1FM
587682-AC-9	MBART 2010-1 A3		08/15/2013	MBS PAYMENT		25,720	25,720	25,715	25,749		(29)		(29)		25,720			.0	221	08/15/2014	1FE
58768T-AC-0	MBALT 2012-A A3		09/15/2013	MBS PAYMENT		852,346	852,346	852,299	852,055		291		291		852,346			.0	5,420	11/17/2014	1FE
637432-LM-5	NATIONAL RURAL UTIL COOP.		07/01/2013	MATURITY		1,034,000	1,034,000	1,032,387	1,033,818		182		182		1,034,000			.0	60,025	07/01/2013	1FE
75953M-AD-2	CNP 2001-1 A4		09/16/2013	MBS PAYMENT		2,075,994	2,075,994	2,168,418	2,150,232		(74,240)		(74,240)		2,075,994			.0	116,877	09/15/2015	1FE
761118-TB-4	RALI 2006-QA1 A21		09/01/2013	MBS PAYMENT		1,758	2,809	1,362							1,363		395	395	72	01/25/2036	1FM
76111X-ZC-0	RFMSI 2005-SA5 3A		09/01/2013	MBS PAYMENT		21,921	22,316	15,804	15,803						15,804		6,117	6,117	466	11/25/2035	1FM
790849-AG-8	ST JUDE MEDICAL INC.		09/15/2013	MATURITY		7,400,000	7,400,000	7,531,620	7,455,945		(55,945)		(55,945)		7,400,000			.0	162,800	09/15/2013	1FE
80282U-AB-0	SDART 2012-5 A2		09/15/2013	MBS PAYMENT		1,484,085	1,484,085	1,484,965			(365)		(365)		1,484,085			.0	1,939	12/15/2015	1FE
80282X-AB-4	SDART 2012-4 A2		09/15/2013	MBS PAYMENT		1,798,367	1,798,367	1,799,912			(419)		(419)		1,798,367			.0	2,366	08/17/2015	1FE
80283C-AB-9	SDART 2012-6 A2		09/15/2013	MBS PAYMENT		423,279	423,279	423,130			34		34		423,279			.0	166	09/15/2015	1FE
86359L-TB-5	SAMI 2006-AR1 1A2		08/25/2013	MBS PAYMENT		65	286	54							54		11	11	1	02/25/2036	6FM
90261X-GF-3	UBS AG STAMFORD CT	E	08/12/2013	MATURITY		4,900,000	4,900,000	4,812,143	4,870,472		29,527		29,527		4,900,000			.0	110,250	08/12/2013	1FE
918204-AU-2	VF CORP.		08/23/2013	MATURITY		3,600,000	3,600,000	3,600,144	3,599,530		469		469		3,600,000			.0	28,427	08/23/2013	1FE
92867F-AC-9	VWALT 2011-A A3		09/20/2013	MBS PAYMENT		968,161	968,161	968,878	968,456		(294)		(294)		968,161			.0	7,789	10/20/2014	1FE
92867K-AB-0	VWALT 2012-A A2		09/20/2013	MBS PAYMENT		58,987	58,987	58,982	58,970		18		18		58,987			.0	262	11/20/2014	1FE
931422-AD-1	WALGREEN CO.		08/01/2013	MATURITY		7,000,000	7,000,000	7,310,380	7,166,581		(166,581)		(166,581)		7,000,000			.0	341,250	08/01/2013	2FE
949758-AD-8	WFMS 2004-0 A1		09/01/2013	MBS PAYMENT		23,448	23,448	23,477	23,539		(91)		(91)		23,448			.0	779	08/25/2034	1FM
94979X-AA-5	WFMS 2003-H A1		09/01/2013	MBS PAYMENT		14,512	14,512	14,061	14,415		98		98		14,512			.0	420	09/25/2033	1FM
984121-CE-1	XEROX CORPORATION		09/13/2013	MATURITY		3,000,000	3,000,000	3,000,000	3,000,000				.0		3,000,000			.0	38,523	09/13/2013	2FE
034863-AC-4	ANGLO AMERICAN CAPITAL	F	09/27/2013	MATURITY		2,000,000	2,000,000	2,003,086	2,001,419		(1,419)		(1,419)		2,000,000			.0	43,000	09/27/2013	2FE
718448-AB-9	KONINKLIJKE PHILIPS NV	F	08/15/2013	MATURITY		1,000,000	1,000,000	1,068,110	1,037,679		(37,679)		(37,679)		1,000,000			.0	72,500	08/15/2013	1FE
928670-AC-2	VOLKSWAGEN INTL FIN NV	F	08/12/2013	MATURITY		7,075,000	7,075,000	7,065,175	7,072,838		2,162		2,162		7,075,000			.0	114,969	08/12/2013	1FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						<b>75,404,619</b>	<b>75,407,392</b>	<b>76,523,135</b>	<b>66,252,114</b>	<b>0</b>	<b>(545,403)</b>	<b>0</b>	<b>(545,403)</b>	<b>0</b>	<b>75,350,508</b>	<b>0</b>	<b>54,111</b>	<b>54,111</b>	<b>1,806,137</b>	<b>XXX</b>	<b>XXX</b>
<b>8399997 - Subtotals - Bonds - Part 4</b>						<b>82,349,800</b>	<b>82,352,573</b>	<b>83,485,476</b>	<b>73,198,086</b>	<b>0</b>	<b>(541,574)</b>	<b>0</b>	<b>(541,574)</b>	<b>0</b>	<b>82,300,308</b>	<b>0</b>	<b>49,492</b>	<b>49,492</b>	<b>2,077,983</b>	<b>XXX</b>	<b>XXX</b>
<b>8399999 - Subtotals - Bonds</b>						<b>82,349,800</b>	<b>82,352,573</b>	<b>83,485,476</b>	<b>73,198,086</b>	<b>0</b>	<b>(541,574)</b>	<b>0</b>	<b>(541,574)</b>	<b>0</b>	<b>82,300,308</b>	<b>0</b>	<b>49,492</b>	<b>49,492</b>	<b>2,077,983</b>	<b>XXX</b>	<b>XXX</b>
<b>9999999 Totals</b>						<b>82,349,800</b>	<b>82,352,573</b>	<b>83,485,476</b>	<b>73,198,086</b>	<b>0</b>	<b>(541,574)</b>	<b>0</b>	<b>(541,574)</b>	<b>0</b>	<b>82,300,308</b>	<b>0</b>	<b>49,492</b>	<b>49,492</b>	<b>2,077,983</b>	<b>XXX</b>	<b>XXX</b>

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

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



