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PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
ACA Financial Guaranty Corporation

NAIC Group Code	0000	0000	NAIC Company Code	22896	Employer's ID Number	52-1474358
	(Current Period)	(Prior Period)				
Organized under the Laws of	Maryland		State of Domicile or Port of Entry	Maryland		
Country of Domicile	United States					
Incorporated/Organized	06/25/1986		Commenced Business	10/31/1986		
Statutory Home Office	7 Saint Paul Street, Suite 1660			Baltimore, MD, USA 21202		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	600 Fifth Avenue, 2nd Floor		New York, NY, USA 10020	212-375-2000		
	(Street and Number)		(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	600 Fifth Avenue, 2nd Floor		New York, NY, USA 10020			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	600 Fifth Avenue, 2nd Floor		New York, NY, USA 10020	212-375-2000		
	(Street and Number)		(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)		
Internet Web Site Address	http://www.aca.com					
Statutory Statement Contact	Eugene Thomas Carew		212-375-2041			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	ecarew@aca.com		212-375-2100			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
Steven Joseph Berkowitz	President and CEO	Carl Benedict McCarthy #	Secretary and General Counsel
Arnold Barry Jay Brousell	Treasurer and CFO		

OTHER OFFICERS

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DIRECTORS OR TRUSTEES

Steven Joseph Berkowitz #	Richard Joseph Caplan	Roger Dale Cunningham	Bradley Irving Dietz
Willis Thomas King, Jr.	Dwight Edward Lacey	Paul Douglas McFarlane	Andrew Nathan Rothseid
John Bruce Sprung			

State of New York
County of New York

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

Steven Joseph Berkowitz President and CEO	Carl Benedict McCarthy Secretary and General Counsel	Arnold Barry Jay Brousell Treasurer and CFO

Subscribed and sworn to before me
this 19th day of February, 2014

Nicolas Kalcanides,
September 7, 2014

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

NICOLAS KALCANIDES
Notary Public - State of New York
No. 01KA6227659
Qualified in New York County
My Commission Expires 9/7/14

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	380,299,628		380,299,628	397,472,162
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances).....				
4.2 Properties held for the produc ion of income (less \$0 encumbrances)				
4.3 Properties held for sale (less \$0 encumbrances)				
5. Cash (\$3,790,290 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$4,360,114 , Schedule DA).....	8,150,404		8,150,404	24,241,349
6. Contract loans (including \$0 premium notes).....				
7. Derivatives (Schedule DB).....				
8. Other invested assets (Schedule BA)	83,678	83,678		
9. Receivables for securities				3,000
10. Securities lending reinvested collateral assets (Schedule DL).....				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	388,533,710	83,678	388,450,032	421,716,511
13. Title plants less \$0 charged off (for Title insurers only).....				
14. Investment income due and accrued	2,897,660		2,897,660	2,836,056
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums).....				
15.3 Accrued retrospective premiums.....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 O her amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset.....	30,159,235	30,159,235		
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software.....	74,338		74,338	33,467
21. Furniture and equipment, including heal h care delivery assets (\$0)	118,592	118,592		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$0) and other amounts receivable.....				
25. Aggregate write-ins for other than invested assets	1,243,573	1,238,906	4,667	4,429
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	423,027,108	31,600,411	391,426,697	424,590,463
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
28. Total (Lines 26 and 27)	423,027,108	31,600,411	391,426,697	424,590,463
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Salvage Recoverable.....	1,000,000	1,000,000		
2502. Prepaid Expenses.....	185,639	185,639		
2503. Security Deposit.....	53,267	53,267		
2598. Summary of remaining write-ins for Line 25 from overflow page	4,667		4,667	4,429
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,243,573	1,238,906	4,667	4,429

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	83,332,374	78,234,876
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	5,979,000	8,345,000
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	4,186,057	3,839,829
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	99,083	99,737
7.1 Current federal and foreign income taxes (including \$0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$0 and interest thereon \$0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$94,496 and including warranty reserves of \$0 and accrued accident and health experience rating refunds including \$0 for medical loss ratio rebate per the Public Heal h Service Act)	119,602,855	146,732,137
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$0 cer ified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	83,678	82,578
20. Derivatives		
21. Payable for securities	291,831	
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$0 and interest thereon \$0		
25. Aggregate write-ins for liabilities	88,804,771	78,062,386
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	302,379,649	315,396,543
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	302,379,649	315,396,543
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	15,000,000	15,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	363,974,000	363,974,000
35. Unassigned funds (surplus)	(289,926,952)	(269,780,080)
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$0)		
36.2 .....0 shares preferred (value included in Line 31 \$0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	89,047,048	109,193,920
38. Totals (Page 2, Line 28, Col. 3)	391,426,697	424,590,463
DETAILS OF WRITE-INS		
2501. Contingency Reserve	87,961,446	76,918,825
2502. Collateral Deposit	842,000	1,123,272
2503. Other Payables	1,325	20,289
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	88,804,771	78,062,386
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	27,275,760	27,755,406
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	35,500,098	30,257,267
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	2,950,382	941,624
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	18,895,331	25,311,540
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	57,345,811	56,510,431
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(30,070,051)	(28,755,025)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	19,130,380	21,529,130
10. Net realized capital gains (losses) less capital gains tax of \$0 (Exhibit of Capital Gains (Losses)).....	1,617,566	1,018,165
11. Net investment gain (loss) (Lines 9 + 10)	20,747,946	22,547,295
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	140,500	254,607
15. Total other income (Lines 12 through 14)	140,500	254,607
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(9,181,605)	(5,953,123)
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(9,181,605)	(5,953,123)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(9,181,605)	(5,953,123)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	109,193,920	117,314,763
22. Net income (from Line 20)	(9,181,605)	(5,953,123)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$0	(37,566)	189,856
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	3,268,465	1,019,080
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(3,153,545)	(376,946)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(11,042,621)	(2,999,710)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(20,146,872)	(8,120,843)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	89,047,048	109,193,920
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401. Surveillance Consent Fees.....	140,500	221,499
1402. Other income.....		33,108
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	140,500	254,607
3701. Change in Contingency Reserve.....	(11,042,621)	(2,999,710)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(11,042,621)	(2,999,710)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	146,478	61,957
2. Net investment income	20,629,099	23,551,025
3. Miscellaneous income	140,500	254,607
4. Total (Lines 1 through 3)	20,916,077	23,867,589
5. Benefit and loss related payments	30,402,600	16,414,559
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	23,718,884	30,873,742
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	54,121,484	47,288,301
11. Net cash from operations (Line 4 minus Line 10)	(33,205,407)	(23,420,712)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	160,451,556	120,281,295
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	295,931	1,960,168
12.8 Total investment proceeds (Lines 12.1 to 12.7)	160,747,487	122,241,463
13. Cost of investments acquired (long-term only):		
13.1 Bonds	143,284,444	87,751,415
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		3,534
13.7 Total investments acquired (Lines 13.1 to 13.6)	143,284,444	87,754,949
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	17,463,043	34,486,514
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(348,581)	319,819
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(348,581)	319,819
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(16,090,945)	11,385,621
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	24,241,349	12,855,728
19.2 End of year (Line 18 plus Line 19.1)	8,150,404	24,241,349

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire				
2.	Allied lines				
3.	Farmowners multiple peril				
4.	Homeowners multiple peril				
5.	Commercial multiple peril				
6.	Mortgage guaranty				
8.	Ocean marine				
9.	Inland marine				
10.	Financial guaranty	146,478	146,732,137	119,602,855	27,275,760
11.1	Medical professional liability-occurrence				
11.2	Medical professional liability-claims-made				
12.	Earthquake				
13.	Group accident and health				
14.	Credit accident and health (group and individual)				
15.	O her accident and health				
16.	Workers' compensation				
17.1	O her liability - occurrence				
17.2	O her liability - claims-made				
17.3	Excess workers' compensation.....				
18.1	Products liability-occurrence				
18.2	Products liability-claims-made				
19.1,19.2	Private passenger auto liability				
19.3,19.4	Commercial auto liability				
21.	Auto physical damage				
22.	Aircraft (all perils)				
23.	Fidelity				
24.	Surety				
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance-nonproportional assumed property				
32.	Reinsurance-nonproportional assumed liability				
33.	Reinsurance-nonproportional assumed financial lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	146,478	146,732,137	119,602,855	27,275,760
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page				
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire					
2.	Allied lines					
3.	Farmowners multiple peril					
4.	Homeowners multiple peril					
5.	Commercial multiple peril					
6.	Mortgage guaranty					
8.	Ocean marine					
9.	Inland marine					
10.	Financial guaranty		119,602,855			119,602,855
11.1	Medical professional liability-occurrence					
11.2	Medical professional liability-claims-made					
12.	Earthquake					
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health					
16.	Workers' compensa ion					
17.1	Other liability-occurrence					
17.2	Other liability-claims-made					
17.3	Excess workers' compensation					
18.1	Products liability-occurrence					
18.2	Products liability-claims-made					
19.1,19.2	Private passenger auto liability					
19.3,19.4	Commercial auto liability					
21.	Auto physical damage					
22.	Aircraft (all perils)					
23.	Fidelity					
24.	Surety					
26.	Burglary and theft					
27.	Boiler and machinery					
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance-nonproportional assumed property					
32.	Reinsurance-nonproportional assumed liability					
33.	Reinsurance-nonproportional assumed financial lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS		119,602,855			119,602,855
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					119,602,855
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page.....					
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) State here basis of computation used in each case.

PART 1B - PREMIUMS WRITTEN

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

If yes: 1. The amount of such installment premiums \$ 146,478

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 146,478

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire								
2.	Allied lines								
3.	Farmowners multiple peril								
4.	Homeowners multiple peril								
5.	Commercial multiple peril								
6.	Mortgage guaranty								
8.	Ocean marine								
9.	Inland marine								
10.	Financial guaranty	30,402,600			30,402,600	83,332,374	78,234,876	35,500,098	130.2
11.1	Medical professional liability-occurrence								
11.2	Medical professional liability-claims-made								
12.	Earthquake								
13.	Group accident and health								
14.	Credit accident and health (group and individual)								
15.	Other accident and health								
16.	Workers' compensation								
17.1	Other liability-occurrence								
17.2	Other liability-claims-made								
17.3	Excess workers' compensa ion								
18.1	Products liability-occurrence								
18.2	Products liability-claims-made								
19.1,19.2	Private passenger auto liability								
19.3,19.4	Commercial auto liability								
21.	Auto physical damage								
22.	Aircraft (all perils)								
23.	Fidelity								
24.	Surety								
26.	Burglary and theft								
27.	Boiler and machinery								
28.	Credit								
29.	International								
30.	Warranty								
31.	Reinsurance-nonproportional assumed property	XXX							
32.	Reinsurance-nonproportional assumed liability	XXX							
33.	Reinsurance-nonproportional assumed financial lines	XXX							
34.	Aggregate write-ins for other lines of business								
35.	TOTALS	30,402,600			30,402,600	83,332,374	78,234,876	35,500,098	130.2
DETAILS OF WRITE-INS									
3401.	.....							
3402.	.....							
3403.	.....							
3498.	Sum. of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire									
2.	Allied lines									
3.	Farmowners multiple peril									
4.	Homeowners multiple peril									
5.	Commercial multiple peril									
6.	Mortgage guaranty									
8.	Ocean marine									
9.	Inland marine									
10.	Financial guaranty	83,332,374			83,332,374				83,332,374	5,979,000
11.1	Medical professional liability-occurrence									
11.2	Medical professional liability-claims-made									
12.	Earthquake									
13.	Group accident and health								(a)	
14.	Credit accident and health (group and individual)									
15.	Other accident and health								(a)	
16.	Workers' compensation									
17.1	Other liability-occurrence									
17.2	Other liability-claims-made									
17.3	Excess workers' compensation									
18.1	Products liability-occurrence									
18.2	Products liability-claims-made									
19.1,19.2	Private passenger auto liability									
19.3,19.4	Commercial auto liability									
21.	Auto physical damage									
22.	Aircraft (all perils)									
23.	Fidelity									
24.	Surety									
26.	Burglary and theft									
27.	Boiler and machinery									
28.	Credit									
29.	International									
30.	Warranty									
31.	Reinsurance-nonproportional assumed property	XXX				XXX				
32.	Reinsurance-nonproportional assumed liability	XXX				XXX				
33.	Reinsurance-nonproportional assumed financial lines	XXX				XXX				
34.	Aggregate write-ins for other lines of business									
35.	TOTALS	83,332,374			83,332,374				83,332,374	5,979,000
DETAILS OF WRITE-INS										
3401.	.....								
3402.	.....								
3403.	.....								
3498.	Sum. of remaining write-ins for Line 34 from overflow page									
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,950,382			2,950,382
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,950,382			2,950,382
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations		322,644		322,644
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		7,566,415		7,566,415
8.2 Payroll taxes		300,855		300,855
9. Employee relations and welfare		838,832		838,832
10. Insurance		760,701		760,701
11. Directors' fees		774,399		774,399
12. Travel and travel items		51,928		51,928
13. Rent and rent items		566,253		566,253
14. Equipment		130,806		130,806
15. Cost or depreciation of EDP equipment and software		211,408		211,408
16. Printing and stationery		66,590		66,590
17. Postage, telephone and telegraph, exchange and express		141,856		141,856
18. Legal and auditing		5,193,456	733,825	5,927,281
19. Totals (Lines 3 to 18)		16,926,143	733,825	17,659,968
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0		10,799		10,799
20.2 Insurance department licenses and fees		616,687		616,687
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		627,486		627,486
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		1,341,702		1,341,702
25. Total expenses incurred	2,950,382	18,895,331	733,825	(a) 22,579,538
26. Less unpaid expenses-current year	5,979,000	4,024,991	260,149	10,264,140
27. Add unpaid expenses-prior year	8,345,000	3,653,800	285,764	12,284,564
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	5,316,382	18,524,140	759,440	24,599,962
DETAILS OF WRITE-INS				
2401. Consulting Expenses.....		1,339,981		1,339,981
2402. Miscellaneous Expenses.....		1,721		1,721
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		1,341,702		1,341,702

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....2,529,833	.....2,375,445
1.1	Bonds exempt from U.S. tax	(a).....65,627	.....591,435
1.2	Other bonds (unaffiliated)	(a).....12,958,499	.....12,647,146
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....285	.....179
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....4,250,000	.....4,250,000
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income	19,804,245	19,864,204
11.	Investment expenses		(g).....733,825
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		.....733,825
17.	Net investment income (Line 10 minus Line 16)		19,130,379
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		.....
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....		.....
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....		.....

(a) Includes \$1,359,337 accrual of discount less \$2,945,276 amortization of premium and less \$660,357 paid for accrued interest on purchases.
(b) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued dividends on purchases.
(c) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$interest on encumbrances.
(e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(f) Includes \$accrual of discount less \$amortization of premium.
(g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$interest on surplus notes and \$interest on capital notes.
(i) Includes \$depreciation on real estate and \$depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	1,552,666		1,552,666		
1.1	Bonds exempt from U.S. tax	2,042	(1,541,016)	(1,538,975)	(37,053)	
1.2	Other bonds (unaffiliated)	1,634,308	(30,433)	1,603,875	3	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets				(514)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	3,189,016	(1,571,449)	1,617,566	(37,564)	
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income.....			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			
6. Contract loans			
7. Derivatives (Schedule DB).....			
8. Other invested assets (Schedule BA)	83,678	84,192	514
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL).....			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	83,678	84,192	514
13. Title plants (for Title insurers only).....			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			
15.3 Accrued retrospective premiums.....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset.....	30,159,235	26,890,770	(3,268,465)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software.....			
21. Furniture and equipment, including health care delivery assets.....	118,592	187,424	68,832
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable.....			
25. Aggregate write-ins for other than invested assets	1,238,906	1,284,480	45,574
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	31,600,411	28,446,866	(3,153,545)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
28. Total (Lines 26 and 27)	31,600,411	28,446,866	(3,153,545)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Salvage Recoverable.....	1,000,000	1,000,000	
2502. Prepaid Expenses.....	185,639	231,213	45,574
2503. Security Deposit.....	53,267	53,267	
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,238,906	1,284,480	45,574

NOTES TO FINANCIAL STATEMENTS

1. Basis of Accounting, Use of Estimates, and Summary of Significant Accounting Policies:

A. Basis of Accounting

ACA Financial Guaranty Corporation (“ACA” or the “Company”, a Maryland domiciled financial guaranty insurance company – see Note 21.C.(4) for a description of financial guaranty insurance) prepares its statutory basis financial statements in accordance with accounting practices prescribed or permitted by the Maryland Insurance Administration (the “MIA”). The MIA recognizes only statutory accounting practices prescribed or permitted by the State of Maryland for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under insurance law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State of Maryland. The state has adopted certain prescribed accounting practices that differ with those found in NAIC SAP. The Maryland Insurance Commissioner has the right to permit other specific practices which deviate from prescribed practices.

With the exception of that discussed in the paragraph below, there are no differences between amounts reported in the accompanying financial statements, which are prepared as prescribed or permitted by the MIA, and NAIC SAP.

In connection with ACA’s restructuring in 2008 (see Note 21.C.(2)), the Company received a permitted accounting practice in regard to its surplus notes. These notes have been recorded in the surplus notes section of the Statements of Assets, Liabilities, Surplus and Other Funds with an offsetting entry to a contra account. Payment of principal or interest on the surplus notes may not be recognized until approved by the MIA. Upon the MIA’s approval of the payment of principal (which includes accreted discount), the amount of the Company’s surplus notes and the contra account will be reduced by the amount of such payment. In addition, any other distributions (including dividends or interest) relating to the surplus notes will only be recognized upon the approval by the MIA for such payment. As the accounting for interest accretion described above deviates from NAIC SAP, the Company requested and received approval from the MIA for such accounting. Under NAIC SAP, the accretion of the discount is recorded in the Company’s income statement. This represents the only deviation from NAIC SAP and it does not have a net impact on the Company’s policyholders’ surplus.

B. Use of Estimates

The preparation of financial statements in conformity with accounting practices prescribed or permitted by the MIA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from estimates and those differences may be material.

Certain reclassifications have been made to amounts reported in the 2012 financial statements to conform to current year presentation.

C. Summary of Significant Accounting Policies

- (1) Premiums charged in connection with the issuance of the Company’s guaranties are received either upfront or in installments. Such premiums are recognized as written when due. Installment premiums written are earned ratably over the installment period, generally one year or less, which is consistent with the expiration of the underlying risk or amortization of the underlying insured principal. Upfront premiums written are earned based on the proportion of principal and interest scheduled to be paid on the underlying insured obligation during the period, as compared to the total amount of principal and interest to be paid over the contractual life of the insured debt obligation.

In addition, when an insured issue is retired early, is called by the issuer or is, in substance, paid in advance through a refunding accomplished by placing U.S. Government securities in escrow (hereafter referred to collectively as “Refundings”), the remaining unearned premium revenue relating to such insured issue is earned at that time since there is no longer risk to the Company. For the years ended December 31, 2013 and 2012, the Company recorded earned premiums of \$19.9 million and \$19.7 million, respectively, related to Refundings. Unearned premiums, net of prepaid reinsurance premiums, represent the unearned portion of upfront and installment premiums written.

- (2) Short-term investments are stated at amortized cost.
- (3) Bonds and loan-backed securities assigned an NAIC Designation of 1 or 2 are valued at cost, adjusted for amortization of any premium, or accretion of any discount, which is calculated using the constant yield method. Bonds and loan-backed securities assigned an NAIC rating of 3 or lower are valued at the lower of amortized cost (adjusted for amortization of any premium, or accretion of any discount, which is calculated using the constant yield method) or fair value. The prospective method is used to value loan-backed securities. Commencing January 1, 2013, the Company employs Clearwater Analytics, LLC (“Clearwater”) as its third party investment accounting service provider. Clearwater uses Bloomberg L.P. as the source to determine prepayment assumptions. Prior to January 1, 2013, the Company employed State Street Global Services as its third party investment accounting service provider. The following table summarizes the carrying amount of the Company’s long-term and short-term bonds and loan-backed securities by NAIC Designation at December 31, 2013.

NAIC Designation 1	\$	290,154,900
NAIC Designation 2		89,303,868
NAIC Designation 3		82,417
NAIC Designation 4		-
NAIC Designation 5		1,424,944
NAIC Designation 6		3,693,613
Total	\$	<u>384,659,742</u>

Realized capital gains and losses on the sale of investments are determined on the basis of specific identification and are included in net income. Decreases in the fair value of bond and stock investments below their carrying value which are determined to be “other than temporary” are reflected as realized capital losses and are recorded in the Statement of Income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) whether the decline is attributable to credit related or interest rate related factors, 2) whether the decline is substantial; 3) the amount of time that the fair value has been continuously less than cost; 4) the financial condition and near-term prospects of the issuer; and 5) the Company’s ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value.

NOTES TO FINANCIAL STATEMENTS

Net investment income includes interest and dividends received and accrued on investments. It also includes amortization of any purchase premium or discount using the constant yield method, adjusted prospectively for any change in estimated yield to maturity. Investment income is recognized when earned. Investment income due and accrued that is deemed uncollectible is charged against net investment income in the period such determination is made, while investment income greater than 90 days past due is non-admitted and charged directly to surplus. Net investment income is reduced by investment management expenses.

- (4) The Company has no investments in common stock or other similar equity interests, other than the common stock or other similar equity interests of subsidiary, controlled or affiliated insurance and non-insurance entities. See (7) below.
- (5) The Company has one preferred stock with a carrying value of zero at December 31, 2013.
- (6) The Company has no investments in mortgage loans.
- (7) Investments in the common stocks or other similar equity interests of its subsidiary, controlled or affiliated insurance or non-insurance entities are accounted for and reported in accordance with the equity method as prescribed by SSAP No. 97, "Investments in Subsidiary, Controlled and Affiliated Entities", and valued in accordance with section 3(ii)(D) of the NAIC Valuations Securities manual. Changes in the carrying value of such investments are reflected as unrealized capital gains or losses in capital and surplus. Dividends received from such investments are reported in investment income. For the years ended December 31, 2013 and 2012, investment income includes dividends received from ACA Service, L.L.C. relating to its share of fees from certain managed CDO's of \$4.3 million and \$4.9 million, respectively. See Note 6 below.
- (8) The Company has no investments in joint ventures.
- (9) The Company has no investments in derivatives.
- (10) The Company has no premium deficiencies.
- (11) The Company records a loss with respect to an insurance guaranty upon a payment default by the issuer of the insured obligation (a payment default is generally considered the incident which gives rise to a claim under the Company's insurance policies and triggers loss recognition relating to the incident). The loss recorded by the Company represents its best estimate of the present value of its ultimate claim payments under the policy, net of its best estimate of the present value of any recoveries from salvage or subrogation rights under the policy. The Company's liability for losses reported on the accompanying Statement of Assets, Liabilities, Surplus and Other Funds (and also known as "loss reserves" "reserves for unpaid losses", "case reserves", or "case basis reserves") represents the present value of the Company's estimated ultimate net losses that remain unpaid at the balance sheet date with respect to policies meeting the aforementioned criteria for loss recognition. Loss adjustment expenses ("LAE") are recorded by the Company in regard to insurance guaranties when costs are incurred or expected to be incurred to remediate losses under its policies. Accordingly, LAE may be recorded on policies for which claims have been paid or losses have been recognized, as well as on policies where no claim payments have been made or losses have been recorded but may be incurred in the future. LAE represents the estimated ultimate cost of remediating losses or potential losses under policies. The Company does not discount LAE.

Losses on the Company's insurance guaranties and related case reserves are determined using cash flow models to estimate the net present value of the anticipated shortfall between (i) scheduled payments on the insured obligation and (ii) anticipated cash flow from the obligor or the collateral supporting the obligation and other anticipated recoveries or cash flows. A number of quantitative and qualitative factors are considered when determining whether the Company will incur a loss and the amount of any case reserve. These factors may include the creditworthiness of the underlying issuer of the insured obligation, whether the obligation is secured or unsecured, the projected cash flow or market value of any assets that collateralize or secure the insured obligation, and the historical and projected recoveries from such assets. Other factors that may affect the actual ultimate loss include the state of the economy, market conditions for municipal bond issuance, changes in interest rates, rates of inflation and the salvage values of specific collateral. Such factors and management's assessment thereof will be subject to the specific facts and circumstances associated with the specific insured transaction being considered for loss recognition. Losses and related case reserves are discounted at a rate reflecting the average rate of return on the Company's admitted assets. Recognition of losses and related case reserves requires the use and exercise of significant judgment by management, including estimates regarding the amount and timing of a loss on an insured obligation. Actual experience may, and likely will, differ from those estimates and such difference may be material due to the fact that the ultimate dispositions of claims are subject to the outcome of events that have not yet occurred and, in certain cases, will occur over many years in the future. Examples of these events include changes in the level of interest rates, credit deterioration of guaranteed obligations, changes in the value of specific assets supporting guaranteed obligations, and changes in the expected timing of claims payments and recoveries, and the amounts of expected claims payments and recoveries. Any estimate of future costs is subject to the inherent limitation on the Company's ability to predict the aggregate course of future events. It should therefore be expected that the actual emergence of losses and LAE will vary, perhaps materially, from any estimate.

Reference should be made to Note 21.C.(1) for further information regarding the Company's accounting policy for loss recognition on its in-force insurance guaranties, as well as in regard to losses expected to be incurred by the Company on its insurance guaranties which have not yet been recorded in the accompanying Statement of Assets, Liabilities, Surplus and Other Funds because a payment default by the issuer of the insured obligation has not yet occurred.

- (12) A statutorily mandated contingency reserve is established net of reinsurance by an appropriation of unassigned surplus and is reflected in "Aggregate write-ins for liabilities" in the Statement of Assets, Liabilities, Surplus and Other Funds. This reserve is calculated as the greater of a prescribed percentage applied to original insured principal or 50% of premiums written, net of ceded reinsurance. The prescribed percentage varies by the type of business. Once the reserve is calculated, as described above, it is incrementally recognized in the financial statements over a prescribed time period based on type of business. Reductions in the contingency reserve may be recognized under certain stipulated conditions, subject to the approval of the Maryland Insurance Commissioner. On February 17, 2011, the Maryland Insurance Commissioner approved a request by the Company to de-recognize contingency reserves on policies which were terminated or on which case reserves have been established. Such contingency reserves aggregated approximately \$42.2 million at December 31, 2010. Pursuant to the approval, the Company may release the aforementioned contingency reserves in amounts equal to future adverse loss development recorded by the Company, but up to no more than the approved aggregate amount. The Company released \$34.0 million of such contingency reserves during the year ended December 31, 2011. The remaining amount of the approved contingency reserve release was de-recognized during the year ended December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

(13) There has been no change to the Company’s capitalization policy.

(14) The Company has no pharmaceutical rebate receivables.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

Not applicable.

3. BUSINESS COMBINATION AND GOODWILL

The Company was not party to any business combinations and has not recorded any goodwill.

4. DISCONTINUED OPERATIONS

The Company had no discontinued operations.

5. INVESTMENTS

A. Mortgage Loans

The Company had no investments in mortgage loans or mezzanine real estate loans as of December 31, 2013 and 2012.

B. Debt Restructuring

As a result of claims paid under certain of its insurance policies guaranteeing debt obligations, the Company has received salvage in the form of investment securities. Such investment securities represent restructured debt issued in place of that originally guaranteed by the Company. The Company has recorded such investment securities at fair value at the date received. The aggregate carrying value of such restructured debt at December 31, 2013 and 2012 was \$1.4 million and \$2.6 million, respectively. The Company has no other restructured debt and has not been a party to a troubled debt restructuring by virtue of its ownership of its invested assets.

C. Reverse Mortgages

The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

(1) Prepayment assumptions are derived from an average of those forecast by a number of Wall Street dealers as tabulated by Bloomberg L.P. and referred to as Bloomberg consensus estimates.

(2) During the year ended December 31, 2013, the Company recognized an other than temporary impairment charge on the following loan-backed securities:

CUSIP	Security Name	Amortized Cost Prior to Impairment	Impairment	Fair Value	Amortized Cost After the Impairment
17307GCU0	Citigroup Mortgage Loan Trust Inc	\$ 1,452,475	\$ 30,433	\$ 1,422,043	\$ 1,422,043
	Total	\$ 1,452,475	\$ 30,433	\$ 1,422,043	\$ 1,422,043

(3) N/A

(4) The fair value and gross unrealized losses related to loan-backed and structured securities, where impairments have not been recognized, that have been in a continuous loss position for 12 months or longer at December 31, 2013 is \$5.2 million and \$0.1 million, respectively. The fair value and gross unrealized losses related to loan-backed and structured securities, where impairments have not been recognized, that have been in a continuous unrealized loss position for less than 12 months at December 31, 2013 is \$20.2 million and \$1.0 million, respectively. All of the securities discussed above are rated investment grade by a nationally recognized statistical ratings organization and have excess credit coverage within each structure and projected cash flows from the underlying collateral that are expected to be sufficient to pay principal and interest.

(5) None

E. Repurchase Agreements and/or Securities Lending Transactions

The Company has not used repurchase agreements and has not engaged in any securities lending transactions.

F. Real Estate

The Company has no real estate investments.

G. Investments in Low-Income Housing Tax Credits

The Company has no low-income housing tax credit investments.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

The following table summarizes the Company’s restricted assets:

	Gross Restricted								Percentage		
	Current Year					6	7		8	9	10
	1	2	3	4	5						
Restricted Asset Category	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
i. On deposit with states	\$ 4,834,517	\$ -	\$ -	\$ -	\$ 4,834,517	\$ 4,714,111	\$ 120,406	\$ 4,834,517	1.14%	1.24%	
l. Other restricted assets	53,267	-	-	-	53,267	53,267	-	-	0.00%	0.00%	
m. Total restricted assets	\$ 4,887,784	\$ -	\$ -	\$ -	\$ 4,887,784	\$ 4,767,377	\$ 120,406	\$ 4,834,517	1.14%	1.24%	

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

As of December 31, 2013 and 2012, the Company held an investment in ACA Service L.L.C., (“ACA Service”). The carrying value of such investment as of December 31, 2013 and 2012 was zero.

On April 1, 2011, the Company formed Tactical Risk Management LLC (“TRM”) a wholly owned subsidiary. The Company has committed to capitalize TRM with up to \$100 thousand. The Company’s equity in TRM has been non-admitted as of December 31, 2013 and 2012.

7. INVESTMENT INCOME

See Note 1.C. (3) above.

8. DERIVATIVE INSTRUMENTS

The Company has not purchased or sold any derivative financial instruments for hedging or other purposes.

9. INCOME TAXES

A. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

(1) DTA/DTL Components			2013			2012			Change		
Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total		
(a) Gross deferred tax assets	\$ 94,840,004	\$ 4,942,539	\$ 99,782,543	\$ 94,238,115	\$ 3,801,003	\$ 98,039,118	\$ 601,890	\$ 1,141,535	\$ 1,743,425		
(b) Statutory valuation allowance adjustment	(64,053,499)	(4,942,539)	(68,996,038)	(67,316,528)	(3,801,003)	(71,117,531)	3,263,029	(1,141,535)	2,121,494		
(c) Adjusted gross deferred tax assets	30,786,505	-	30,786,505	26,921,587	-	26,921,587	3,864,919	-	3,864,919		
(d) Adjusted gross deferred tax assets nonadmitted	(30,159,235)	-	(30,159,235)	(26,890,770)	-	(26,890,770)	(3,268,465)	-	(3,268,465)		
(e) Sub-total admitted adjusted gross deferred tax asset	627,270	-	627,270	30,817	-	30,817	596,454	-	596,454		
(f) Gross deferred tax liabilities	(627,270)	-	(627,270)	(30,817)	-	(30,817)	(596,454)	-	(596,454)		
(g) Net admitted deferred tax asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(2) Admission calculation components:											
Description	Ordinary	2013 Capital	Total	Ordinary	2012 Capital	Total	Ordinary	Change Capital	Total		
Admission calculation under ¶11.a.-¶11.c.											
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from a. above) after application of the threshold limitation. (the lesser of b.i. and b.ii below.)	-	-	-	-	-	-	-	-	-		
(i) Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	-	-	-	-	-	-	-	-	-		
(ii) Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	-	N/A	N/A	-	N/A	N/A	-		
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	-	-	-	-	-	-	-	-	-		
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. b. c.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
(3) Used in ¶11.b.											
(a) Applicable ratio for realization limitation threshold table											
(4) Impact of tax planning strategies (TPS) on adjusted gross DTAs and net admitted DTAs:											
Description	Ordinary	2013 Capital	Total	Ordinary	2012 Capital	Total					
(a) Adjusted gross DTAs - Percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
(b) Admitted adjusted gross DTAs - Percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
(c) Do TPS include a reinsurance strategy? Yes or No.											

B. Temporary differences for which a DTL has not been established:

There are no temporary differences for which deferred tax liabilities are not recognized

C. Significant components of income taxes incurred.

(1) Current income taxes incurred consist of the following major components:

Description	2013	2012
(a) Current federal income tax expense	\$ -	\$ -
(b) Foreign Income tax expense	-	-
(c) Subtotal	-	-
(d) Tax expense on realized capital gains	1,116,155	356,358
(e) Utilization of capital loss carry forwards	(1,116,155)	(356,358)
(f) Other, including prior year underaccrual (overaccrual)	-	-
(g) Federal and foreign income taxes incurred	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

(2) DTAs Resulting From Book/Tax Differences In		December 31, 2013	December 31, 2012	Change
(a) Ordinary				
(1)	Discounting of unpaid losses and LAE	\$ 1,239,365	\$ -	\$ 1,239,365
(2)	Unearned premiums	4,117,204	5,101,677	(984,473)
(3)	Policyholder reserves	-	-	-
(4)	Investments	-	-	-
(5)	Deferred acquisition costs	-	-	-
(6)	Policyholder dividends accrued	-	-	-
(7)	Fixed assets	-	-	-
(8)	Compensation and benefit accruals	-	-	-
(9)	Pension accruals	-	-	-
(10)	Nonadmitted assets	-	-	-
(11)	Net operating loss carry forward	58,081,718	61,596,086	(3,514,368)
(12)	Tax credit carry forward	615,212	615,212	-
(13)	Contingency Reserve	30,786,505	26,921,589	3,864,916
(14)	Other (separately disclose items >5%)	-	3,552	(3,552)
(99)	Subtotal - Gross ordinary DTAs	94,840,004	94,238,115	601,889
(b)	Statutory valuation adjustment adjustment - ordinary	(64,053,499)	(67,316,528)	3,263,029
(c)	Nonadmitted ordinary DTAs	(30,159,235)	(26,890,770)	(3,268,465)
(d)	Admitted ordinary DTAs	\$ 627,270	\$ 30,817	\$ 596,453
(e) Capital				
(1)	Investments	\$ 1,035,664	\$ 496,308	\$ 539,356
(2)	Net capital loss carry forward	3,906,875	3,304,695	602,179
(3)	Real estate	-	-	-
(4)	Other (separately disclose items >5%)	-	-	-
(5)	Unrealized capital losses	-	-	-
(99)	Gross capital DTAs	4,942,539	3,801,003	1,141,535
(f)	Statutory valuation adjustment adjustment - capital	(4,942,539)	(3,801,003)	(1,141,535)
(g)	Nonadmitted capital DTAs	-	-	-
(h)	Admitted capital DTAs	\$ -	\$ -	\$ -
(i)	Admitted DTAs	\$ 627,270	\$ 30,817	\$ 596,453
(3) DTLs Resulting From Book/Tax Differences In		December 31, 2013	December 31, 2012	Change
(a) Ordinary				
(1)	Investments	\$ -	\$ -	\$ -
(2)	Fixed assets	(57,726)	(30,817)	(26,909)
(3)	Deferred and uncollected premiums	-	-	-
(4)	Policyholder reserves/salvage and subrogation	-	-	-
(5)	Other (separately disclose items >5%)	-	-	-
(99)	Ordinary DTLs	\$ (57,726)	\$ (30,817)	\$ (26,909)
(b) Capital				
(1)	Investments	\$ (569,544)	\$ -	\$ (569,544)
(2)	Real estate	-	-	-
(3)	Other (separately disclose items >5%)	-	-	-
(4)	Unrealized capital gains	-	-	-
(99)	Capital DTLs	\$ (569,544)	\$ -	\$ (569,544)
(c)	DTLs	\$ (627,270)	\$ (30,817)	\$ (596,453)
(4)	Net deferred tax assets/liabilities	\$ -	\$ -	\$ -

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2013	December 31, 2012	Bal. Sheet Change
Total deferred tax assets	\$ 99,782,543	\$ 98,039,118	\$ 1,743,425
Total deferred tax liabilities	(627,270)	(30,817)	(596,454)
Net deferred tax assets/liabilities	99,155,273	98,008,301	1,146,971
Statutory valuation allowance adjustment (*see explanation below)	(68,996,038)	(71,117,531)	2,121,494
Net deferred tax assets/liabilities after SVA	\$ 30,159,235	\$ 26,890,770	3,268,465
Tax effect of unrealized gains/(losses)			-
Statutory valuation allowance adjustment allocated to unrealized (+)			-
Other intraperiod allocation of deferred tax movement			-
Change in net deferred income tax benefit			\$ 3,268,465

*Statutory valuation allowance

The Company does not forecast enough taxable income in future tax years in order to recover the deferred tax assets. As a result, a full valuation allowance is being utilized against deferred tax assets.

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of federal income tax rate to actual effective rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes including realized capital gains / losses

The significant items causing this difference are as follows:

Description	Amount	Statutory Rate 35.00% Tax Effect	Effective Tax Rate
Income before taxes (including all realized capital losses)	\$ (9,181,606)	\$ (3,213,562)	35 00%
Tax-exempt interest	(591,435)	(207,002)	2 25%
Equity in affiliates	(10,270)	(3,594)	0 04%
Proration	88,715	31,050	-0 34%
Meals & entertainment, lobbying expenses, etc	12,102	4,236	-0 05%
Statutory valuation allowance adjustment	(6,061,411)	(2,121,494)	23 11%
Change in contingency reserve	(11,042,617)	(3,864,916)	42 09%
Other, including prior year true-up	17,448,048	6,106,818	-66 51%
Total	<u>\$ (9,338,474)</u>	<u>\$ (3,268,465)</u>	<u>35 60%</u>
Federal income taxed incurred		-	0 00%
Change in net deferred income tax benefit		(3,268,465)	35 60%
Total statutory income taxes		<u>\$ (3,268,465)</u>	<u>35 60%</u>

E. Carryforwards, recoverable taxes, and IRC §6603 deposits:

The Company has net operating loss carryforwards of: \$ 165,947,765 expiring through the calendar year 2034

The Company had capital loss carryforwards of : \$ 11,162,499 expiring through the calendar year 2017

The Company has an AMT credit carry forward of: \$ 615,212 which does not expire

Income taxes, ordinary and capital, available for recoupment in the event of future losses include:

Available from tax year	Ordinary	Capital	Total
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Deposits admitted under IRC § 6603
None

F. Income tax loss contingencies

N/A

G. The Company's federal income tax return is consolidated with the following entities:

The Company files its tax return on a standalone basis

Change in Accounting Principle

Effective January 1, 2012, the National Association of Insurance Commissioners (NAIC) adopted SSAP 101

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A. & B. There were no material transactions with parent, affiliates or other related parties in 2013 or 2012.

C. Not applicable.

D. The Company has \$84 thousand payable to subsidiaries at December 31, 2013 and 2012.

E. Except as discussed in Note 6, the Company has no guaranties or undertakings for the benefit of an affiliate or related party.

F. The Company has no material management or service contract with any related parties.

G. The Company’s majority common shareholder, ACA Holding, L.L.C. (“ACAH”), a Delaware holding company, held a 76.6% share in the common shares of the Company. The minority shareholder, KPR Ltd. (“KPR”), a Cayman Island company and a wholly-owned subsidiary of ACAH, held the remaining 23.4% share in the common shares of the Company. Each of ACAH and KPR are wholly-owned by Manifold Capital Corp. (“ACACH”), formerly ACA Capital Holdings, Inc., a Delaware corporation. Effective at the closing of the restructuring transaction entered into on August 8, 2008, ACACH and its wholly owned subsidiaries disclaimed control over the Company. This disclaimer of control was approved by the MIA. See Note 21.C.(2) for a discussion of the restructuring transaction.

H. The Company's majority common shareholder and ultimate parent, ACAH and ACACH, respectively, are not owned directly or indirectly via any of the Company's downstream subsidiaries or controlled or affiliated entities. See Note 21.C.(2) for information regarding the ownership structure of the Company following the closing of its restructuring transaction that took place on August 8, 2008. See Note 21.C.(2) for a discussion of the restructuring transaction.

I. The Company holds no investment in any subsidiary, controlled or affiliated entity that exceeds 10% of its admitted assets.

J. The Company did not impair any subsidiary, controlled or affiliated entity in 2013 or 2012.

K. Not applicable.

L. The Company does not hold an investment in a downstream noninsurance holding company.

NOTES TO FINANCIAL STATEMENTS

11. DEBT

As of December 31, 2013 and 2012, the Company had no capital notes or other debt.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

- A. The Company has no Defined Benefit Plan.
- B. The Company sponsors a qualified defined contribution plan, which covers all full-time employees of the Company as of their start date with the Company. Eligible participants may contribute a percentage of their salary, subject to IRS limitations. The Company's contributions to the plan are based on a fixed percentage of employees' contributions subject to IRS limitations. At December 31, 2013 and 2012, the fair values of plan assets were \$7.1 million and \$5.7 million, respectively. For the years ended December 31, 2013 and 2012, the Company recognized expense in the amount of \$308.8 thousand and \$363.7 thousand for the defined contribution plan, respectively.
- C. The Company has no Multi-employer Plan.
- D. The Company has no Consolidated/Holding Company Plan.
- E. & F. The Company has no Post-employment Benefits and Compensated Absences.

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATION

- (1) The Company has 1,000,000 shares of common stock authorized, issued and outstanding with a par value of \$15.00 per share. See Note 10.G.
- (2) The Company has no preferred stock outstanding.
- (3) As part of the Company’s restructuring discussed in Note 21.C.(2) below, the MIA Order restricts the Company from paying dividends without the prior approval of the Commissioner.
- (4) No dividends were paid in 2013 or 2012.
- (5) The Company had negative earned surplus at December 31, 2013 and 2012; therefore no dividends can be paid in 2013 pursuant to Maryland Insurance Law. Negative earned surplus represents the amount reported in the Statement of “Assets, Liabilities, Surplus and Other Funds” under the line item entitled, “Unassigned funds (surplus)”.
- (6) There are no restrictions on unassigned surplus.
- (7) The Company is not a mutual company.
- (8) The Company holds no stock for special purposes.
- (9) The Company holds no special surplus funds.
- (10) The portion of unassigned surplus represented by cumulative unrealized capital losses is \$56,997.
- (11) The following table sets forth certain information regarding the Company’s surplus notes:

Date Issued	Interest Rate	Par Value (Face Value of Notes)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
8/8/2008	no stated rate	\$1,000,000,000	-	-	-	-	Within 30 days after the expiration, commutation or bulk reinsurance of the last insurance policy issued by the Company

As part of the restructuring transaction which took place on August 8, 2008, surplus notes with a face amount of \$1 billion were issued. See Note 21.C.(2) for a description of the notes. These notes were recorded in the surplus notes section of the balance sheet along with an offsetting entry to a contra account (see Note 1.A.). All payments made under the surplus notes require advance approval of the MIA.

The Surplus Notes provide that, on or before July 15, 2013 and on every anniversary thereafter, ACA, as obligor, shall seek regulatory approval from the MIA to make a payment on the Surplus Notes to the holders thereof. On July 8, 2013, ACA made the aforementioned request to the MIA. On July 30, 2013, the Company was advised by the MIA that it had denied the Company’s request.

- (12) & (13) The Company has not gone through any quasi-reorganization.

14. CONTINGENCIES

- A. Contingency Commitments

The Company has no contingent commitments.
- B. Assessments

The Company has no assessments other than those arising in the normal course of business. Such assessments are not material.

NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Except for that discussed below, the Company has no gain contingencies.

- On January 6, 2011, the Company commenced a lawsuit against Goldman, Sachs & Co. (“Goldman”) in the Supreme Court of the State of New York, County of New York (the “Lawsuit”). The lawsuit seeks compensatory damages against Goldman in the amount of at least \$30 million and punitive damages in the amount of at least \$90 million in connection with the development of a structured finance product, a synthetic collateralized debt obligation called ABACUS 2007-AC1 (“ABACUS”). On April 25, 2011, the Company filed its First Amended Complaint. On June 3, 2011, Goldman moved to dismiss the First Amended Complaint. On April 23, 2012, the Court issued an order denying Goldman’s motion to dismiss ACA’s fraud claims and granting Goldman’s motion to dismiss ACA’s unjust enrichment claim (the “Order”). On May 29, 2012, Goldman served notice of its intent to appeal the Order. Also on May 29, 2012, Goldman served its answer, asserting counterclaims for breach of contract and fraudulent inducement, together with a third-party complaint against ACA Management LLC (“ACAM”), asserting claims for breach of contract, unjust enrichment and indemnification. Goldman does not specify the amount of damages it seeks. Oral arguments were heard on Goldman’s appeal of the Order on January 2, 2013. Also on January 2, 2013, the Company filed for leave to amend its First Amended Complaint to add Paulson & Co. (“Paulson”) as an additional defendant, incorporating new allegations of fraud against both parties. On January 30, 2013 the Court granted ACA’s motion for leave to file a second amended complaint. On January 31, 2013 the Company filed its Second Amended Complaint. The Second Amended Complaint adds Paulson as an additional defendant and alleges that Paulson and Goldman conspired to fraudulently induce the Company to provide financial guaranty insurance for ABACUS by deceiving ACA into believing that Paulson was to be the equity investor in the product. On March 18, 2013 Paulson moved to dismiss the Second Amended Complaint. On April 17, 2013 Goldman answered the Second Amended Complaint. On May 14, 2013, the Appellate Division of the Supreme Court of the State of New York ordered the dismissal of ACA’s legal action against Goldman. The decision reversed the lower court’s order of April 23, 2012 denying Goldman’s motion to dismiss. ACA filed a motion for reargument with the Supreme Court that was denied December 17, 2013. ACA is in the process of appealing the Appellate Division’s decision. All lower court action has been stayed pending appeal.
- As a result of actions taken by the trustee in one particular ACA insured transaction, ACA expects to ultimately recognize salvage and subrogation recoveries in excess of its expected aggregate claim payments on the transaction. As a result, as of December 31, 2013, ACA expects to recognize a gain aggregating approximately \$10.0 million on a net present value basis, with recoveries expected to begin decades in the future. Pursuant to ACA’s accounting policy, however, this estimated gain must be deferred and recognized only when the actual receipts of such recoveries exceed the cumulative amounts paid out pursuant to claims. Accordingly, no assurance can be given that any or all expected recoveries will be received or that the amount of actual recoveries will not differ materially from that expected.

D. Claims Related Extra-Contractual Obligations and Bad Faith Contingency Losses Stemming from Lawsuits

No losses were paid or incurred on claims related extra-contractual obligations and bad faith contingency losses stemming from lawsuits during the period of this statement.

Set forth below are descriptions of lawsuits where the Company is currently defending itself which could possibly result in loss payments.

The Company is one of several defendants in a lawsuit in the Superior Court of the State of California (Los Angeles County) brought in December 2008 by Retirement Housing Foundation and several affiliates relating to the plaintiffs’ issuance of auction-rate securities insured by the Company. The plaintiffs allege that the Company’s insurance of securities backed by sub-prime mortgages was not financially responsible and was contrary to the Company’s statement about its investment practices, and that when the Company’s credit rating was downgraded from “A” to “CCC” after the collapse of the sub-prime market in December 2007, the plaintiffs were forced to refinance their securities. In response to various legal motions, as of March 29, 2011, the Court had dismissed with prejudice the plaintiffs’ contract, implied contract and negligence claims, but did not dismiss the fraud, negligent misrepresentation and unfair competition claims.. On April 19, 2011, the plaintiffs filed a fourth amended complaint, asserting causes of action for fraud, negligent misrepresentation and violations of California’s unfair competition law. Since June 2012, following a period of stay, the parties have engaged in discovery.

The Company (specifically, ACA Management, LLC) is one of many defendants in an action pending in New Mexico state court brought in 2009 by Frank Foy on behalf of the State of New Mexico. The complaint alleges that Vanderbilt Capital Advisors (and certain affiliates) engaged in an unlawful “pay to play” scheme with various New Mexico state officials, causing two New Mexico state agencies to purchase certain worthless CDO investments, including some with which the Company was allegedly connected. The complaint seeks compensatory damages in excess of \$90 million, plus interest and civil penalties which the plaintiffs assert raise the claim to several hundred million dollars under certain New Mexico statutes, including the Fraud Against Taxpayers Act (“FATA”). The only surviving portions of the amended complaint, at this time, are allegations of FATA violations occurring after July 1, 2007. Specifically with respect to the Company, early in the proceedings, it moved to dismiss the complaint for lack of personal jurisdiction. The trial court deferred ruling on the Company’s jurisdictional motion pending jurisdictional discovery. The Company responded to Foy’s discovery requests and, many months ago, served its own discovery requests upon Foy, seeking the facts he claims support assertion of the New Mexico district court of its jurisdiction over the Company. Foy provided no substantive responses. The Company intends to renew the motion to dismiss when the stay of the litigation is lifted, absent other intervening events.

The Company is named as a defendant in a suit in the United States District Court for the Northern District of Mississippi (the “Mississippi Connector Action”). Plaintiffs in the Mississippi Connector Action, owners/holders of certain Connector 2000 Association, Inc. Toll Road Revenue Bonds (the “Connector Bonds”) insured by the Company, allege breach of contract and certain tort claims arising from the Company’s decision on July 7, 2011 to deny coverage on secondary market policies insuring principal and interest payments on certain Connector Bonds.

The issuer of the Connector Bonds, Connector 2000 Association, Inc. (the “Issuer”), had successfully confirmed a Chapter 9 plan (the “Plan”) and emerged from its bankruptcy proceeding on April 1, 2011. Pursuant to the terms of the Plan and by operation of law, the Connector Bonds were exchanged for new obligations of the Issuer (the “New Obligations”) and were effectively cancelled. As a result, based on the plain language of the relevant insurance policies and other legal theories, the Company had asserted that it had no further liability or payment obligations under its secondary market insurance policies.

NOTES TO FINANCIAL STATEMENTS

Subsequent to the commencement of the Mississippi Connector Action, the Company was named as a defendant in an action filed in the Supreme Court of the State of New York in and for New York County (the “New York Connector Action”), in which the plaintiffs therein, representing approximately 84% of the relevant outstanding policies, sought a declaration of the Company’s obligations under the secondary market insurance policies the Company issued in connection with the Connector Bonds. The Company moved for summary judgment in the New York Connector Action and the plaintiffs therein opposed the Company’s motion and cross-moved for summary judgment on their claims for declaratory relief. On July 23, 2012, the New York Court denied the Company’s motion for summary judgment and granted the plaintiffs’ cross-motion for summary judgment. Notice of entry of the judgment was entered on September 14, 2012. The Company appealed the decision, and oral arguments were heard on March 19, 2013. On September 3, 2013, the New York Appellate Division, First Department, affirmed the order granting summary judgment in favor of the plaintiffs in the New York Connector Action and clarified certain matters of law. On September 24, 2013, the Company publically announced to all bondholders that it would honor the order of the New York Appellate Division in the New York Connector Action (the “Order”) as if it applied to *all* Connector Bonds that had been insured by the Company. On October 1, 2013, consistent with the Order and its public notice distributed via DTC, the Company made payments in arrears on the policies covering Connector Bonds that had payments due, net of amounts owed and received under the New Obligations. Consistent with the Order, the Company also received corresponding New Obligations to the extent such payments by the Company represented principal payments due on the original Connector Bonds.

During the pendency of the New York Connector Action, the Mississippi Connector Action had been effectively stayed, although the Mississippi Court issued an order on May 9, 2013 denying Mississippi plaintiffs’ motion for class certification. On September 18, 2013, plaintiffs in the Northern District of Mississippi were granted leave to amend their complaint to add thirty-three plaintiffs in addition to the sole extant plaintiff. Plaintiffs hold approximately \$2.5 million par and/or fully accreted amount of Connector Bonds that were insured by the Company, out of approximately \$51 million aggregate par and/or fully accreted amount of bonds originally insured by the Company. On October 30, 2013, the Mississippi Court denied without prejudice ACA’s motions to the effect that the Mississippi case should be dismissed to permit a period of discovery, although the Mississippi Court indicated that it appeared the law was against the plaintiffs’ case. The Company and the plaintiffs have entered into settlement discussions.

The Company is currently a defendant in an action commenced by Baker County Medical Services, Inc. (the “Hospital”) in the Fourth Judicial Circuit in Duval County, Florida (the “Florida Action”). The Florida Action involves the Hospital’s failure to purchase and maintain a certain type and level of professional liability insurance required pursuant to the bond documents executed in connection with the issuance of \$11.65 million of bonds insured by the Company. In its second amended complaint, the Hospital asserts, among other things, breach of contract, tortious interference and negligence claims against the Company. The Company has answered the second amended complaint and asserted various cross and counter claims against the Hospital and the trustee. Discovery is almost complete. Each of the parties has filed separate motions for summary judgment in advance of the trial originally scheduled for six days in September, 2013. In August, 2013, the Court, however, removed from the court's calendar the hearing on the summary judgment motions and the September trial; new dates have yet to be scheduled. Since then, the Company continues to explore and develop a consensual resolution of the Florida Action.

Various lawsuits against the Company have arisen in the course of the Company’s business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position or the results of operations of the Company.

Also, see Note 14.C. discussion of the Goldman Lawsuit for a description of the potential loss related to the counter-claims filed by Goldman.

E. Product Warranties

Not applicable.

F. All Other Contingencies

Not applicable.

15. LEASES

A. Lessee Operating Lease

- (1) ACA subleases office space at 600 Fifth Avenue with a lease termination date of September 29, 2016. The Company’s rental expense for the years ended December, 2013 and 2012 was \$546.6 thousand.
- (2) At January 1, 2014, the minimum future lease payments under the lease are as follows (dollars in thousands):

Year Ending December 31,	Operating Leases
2014	\$ 594
2015	624
2016	479
2017	-
Total	<u>\$ 1,697</u>

B. Lessor Leases

Not applicable.

NOTES TO FINANCIAL STATEMENTS

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENT WITH CONCENTRATION OF CREDIT RISK

Except for that discussed below, the Company has no financial instruments with off-balance sheet risk.

While the Company establishes reserves for losses on obligations which are in default as to payment (see Note 1.C.(11) and Note 21.C.(1)), the risk of loss under the Company’s guaranties extends to the full amount of unpaid principal and interest on all debt obligations it has guaranteed (see description of financial guaranty insurance in Note 21.C.(4)). The tables below reflect certain information regarding the Company’s in-force par exposure at December 31, 2013 and 2012:

(\$ in millions)	December 31, 2013		December 31, 2012	
	Net Par Outstanding	% of Net Par Outstanding	Net Par Outstanding	% of Net Par Outstanding
Tax-exempt obligations:				
Healthcare	\$ 304	8.7%	\$ 407	9.3%
Tax backed	317	9.0%	526	12.0%
Higher education	728	20.8%	905	20.7%
Long-term care	184	5.3%	298	6.8%
General obligations	908	25.9%	1,003	22.9%
Utilities	84	2.4%	93	2.1%
Transportation	266	7.6%	324	7.4%
Housing	189	5.4%	244	5.6%
Not for Profit	359	10.2%	386	8.8%
Other	158	4.5%	187	4.3%
Total municipal obligation	3,497	99.8%	4,373	99.9%
Taxable obligations				
Other	6	0.2%	6	0.1%
Total	\$ 3,503	100.0%	\$ 4,379	100.0%

For the year ended December 31, 2013, the Company reported a decrease in net par outstanding of \$876 million, of which \$739 million was attributable to Refundings (See Note 1.C.(1)).

(\$ in millions)	December 31, 2013		December 31, 2012	
	Net Par Outstanding	% of Net Par Outstanding	Net Par Outstanding	% of Net Par Outstanding
PAR EXPOSURE BY STATE				
California	\$ 697	19.9%	\$ 814	18.6%
New York	615	17.6%	678	15.5%
Massachusetts	197	5.6%	267	6.1%
Texas	194	5.5%	291	6.7%
Washington	172	4.9%	277	6.3%
Other states	1,622	46.4%	2,046	46.8%
Total municipal obligations	\$ 3,497	100.0%	\$ 4,373	100.0%

NET PAR OUTSTANDING BY MATURITY

(\$ in millions)	December 31, 2013	
	Net Par Outstanding	
Terms of Maturity		
0 to 5 years	\$ 526	
5 to 10 years	732	
10 to 15 years	893	
15 to 20 years	855	
20 and above	497	
Total	\$ 3,503	

17. SALES, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. The Company had no transfer of receivables reported as sales.
- B. The Company had no transfer and servicing of financial assets.
- C. The Company had no wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

- A. The Company has no Administrative Services Only (ASO) plan.
- B. The Company has no Administrative Services Contract (ASC) plan.
- C. The Company has no Medicare or other similarly structured cost based retirement contract.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company has no direct premium written through or produced by managing general agents or third party administrators.

NOTES TO FINANCIAL STATEMENTS

20. FAIR VALUE MEASUREMENT

A. Inputs used for Assets and Liabilities Measured at Fair Value

(1) Assets measured at fair value on a non-recurring basis:

2013				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 258,440	\$ -	\$ 258,440
Total	\$ -	\$ 258,440	\$ -	\$ 258,440

2012				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 2,749,113	\$ -	\$ 2,749,113
Total	\$ -	\$ 2,749,113	\$ -	\$ 2,749,113

(2) Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Not applicable

(3) The Company’s policy is to recognize transfers in and out at the end of the reporting period, consistent with the date of the determination of fair value.

(4) In accordance with SSAP 100, the valuation techniques used in measuring fair values are based on the following:

Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets that the Company has the ability to access for identical assets or liabilities.

Level 2: Fair value measurements, based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable at commonly quoted intervals.

Level 3: Fair value measurements, based on certain inputs which are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

(5) Derivative Fair Value

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The tables below reflect the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries). The fair values are also categorized into the three-level fair value hierarchy as described above.

2013						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 391,550,520	\$ 380,299,628	\$ -	\$ 391,550,520	\$ -	\$ -
Cash & Short-Term Investments	8,150,404	8,150,404	3,790,289	4,360,115	-	-
Total	\$ 399,700,924	\$ 388,450,032	\$ 3,790,289	\$ 395,910,635	\$ -	\$ -

2012						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 428,431,936	\$ 397,472,162	\$ -	\$ 428,431,936	\$ -	\$ -
Cash & Short-Term Investments	24,241,349	24,241,349	8,871,888	15,369,461	-	-
Total	\$ 452,673,285	\$ 421,713,511	\$ 8,871,888	\$ 443,801,397	\$ -	\$ -

D. Financial Instruments for which Not Practicable to Estimate Fair Values

Not applicable

21. OTHER ITEMS

A. Extraordinary items

The Company had no extraordinary items during 2013 and 2012.

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructurings: Debtors

The Company had no troubled debt restructurings during 2013 and 2012. See also Note 5.B.

C. Other Disclosures

(1) Description of Significant Risks and Uncertainties

- As discussed in Note 1.C. (11), ACA recognizes losses and establishes related loss reserves on bond obligations it has insured only upon the initial payment default by the issuer of such bond obligations (under the Company's accounting policy, the initial payment default is generally considered the incident which gives rise to a claim and triggers loss recognition relating to the incident). The loss recognized by ACA upon a payment default represents the Company's best estimate of its ultimate loss over the life of the policy, discounted to reflect the time value of money (not the amount of the claim under the policy received upon the initial payment default which generally reflects the shortfall by the obligor of the scheduled principal and/or interest payment then due under the terms of the bond indenture). However, ACA has policies in-force upon which it expects that payment defaults will occur in the future resulting in losses that will be incurred by the Company. Such expected future losses (hereafter referred to as "Expected Future Losses") are not recorded by the Company in the accompanying Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2013 and 2012 because a payment default has not yet occurred. With consideration of the inherent uncertainty of estimating losses discussed further below, the Company's estimate of the ultimate losses that it will incur in the future on such policies (where payment defaults have not yet occurred but are expected) ranged from \$95 million to \$115 million at December 31, 2013, on a discounted basis. Accordingly, the Company believes it will incur material losses in the future which will materially adversely affect its policyholders' surplus. Notwithstanding the de-recognition of the Company's contingency reserves approved by the Maryland Insurance Commissioner discussed in Note 1.C.(12) and any further de-recognition of contingency reserves that may be approved by the Maryland Insurance Commissioner in the future, no assurance can be given that the recognition of such losses in the future will not cause the Company to fail to comply with its regulatory required minimum policyholders' surplus requirement of \$750,000. However, the Company believes that its policyholders' surplus will be in excess of the required minimum policyholders' surplus over the twelve months succeeding the date of the accompanying statement of Assets, Liabilities, Surplus and Other Funds and, that it has sufficient liquidity resources to satisfy its financial obligations as they come due for the foreseeable future.
- The Company is materially exposed to risks associated with deterioration in the tax exempt bond market through its insurance guaranties (see Note 16), as well as to the economy generally. The extent and duration of any future deterioration in the tax exempt bond market is unknown, as is the effect, if any, on potential claim payments and the ultimate amount of losses the Company may incur on obligations it has guaranteed. As discussed in Note 36, the Company classifies its insured in-force portfolio in one of four credit quality categories. As noted therein, as of December 31, 2013, the Company had insured obligations with outstanding principal totaling \$375.8 million classified in category 4, which means that it either has paid claims on such exposures or expects to pay claims on such exposures in the future. In addition, as of such date, the Company had insured obligations with outstanding principal totaling \$289.7 million classified in category 3, which means those credits have materially violated financial and operational covenants and require remedial action to avoid further performance deterioration. As discussed in Note 16, the risk of loss under the Company's guaranties extends to the full amount of unpaid principal and interest on all debt obligations it has guaranteed. No assurance can be provided that further deterioration in ACA's insured guaranties will not occur resulting in a further migration of insured exposure to categories 3 and 4 or that ACA will not incur losses that may be materially in excess of what it currently estimates.
- Losses incurred and reserves for losses are reported by the Company net of estimated recoveries from salvage and subrogation. Estimated salvage and subrogation are a material component of the Company's incurred losses and reserves for losses (both on-balance sheet and off-balance sheet). Pursuant to the Company's policies of insurance, should the Company pay a claim under a policy it is subrogated in regard to the rights of the policyholder and by virtue thereof has the ability to pursue the obligor for recovery of all claims paid or losses incurred. In other cases, the Company may be assigned the rights to certain salvage as reimbursement for any claims paid or losses incurred. An important characteristic to recognize with respect to estimated salvage and subrogation recoveries is that such estimates are subject to both timing and credit risk. In many instances the timing of such recoveries is expected to occur significantly later than the associated claim payments the Company is trying to recover. In addition, in regard to subrogation, credit risk exists with respect to the obligor's ability to ultimately honor the insurer's claim for recoveries, and in respect of salvage, risk exists as to whether such salvage will ultimately be sufficient to recover all of the insurer's claims for recoveries. No assurance can be provided that estimated salvage and subrogation recoveries will be fully collected and any uncollected amount may be material to the Company's financial position and results of operations.
- Establishment of case basis reserves for unpaid losses and loss adjustment expenses on the Company's insured guaranties requires the use and exercise of significant judgment by management, including estimates regarding the probability of default, the severity of loss upon default and the amount and timing of claim payments and recoveries on a guaranteed obligation. Case basis reserves reflect management's best estimate of the present value of the Company's ultimate loss and not the worst possible outcome. Actual experience may, and likely will, differ from those estimates and such difference may be material due to the fact that the ultimate dispositions of claims are subject to the outcome of events that have not yet occurred and, in certain cases, will occur over many years in the future. Examples of these events include changes in the level of interest rates, credit deterioration of guaranteed obligations, changes in the value of specific assets supporting guaranteed obligations, and changes in the expected timing of claims payments and recoveries, and the amounts of expected claims payments and recoveries. Both qualitative and quantitative factors are used in making such estimates. Each quarter, in connection with the preparation of its financial statements, the Company reevaluates all such estimates. Changes in these estimates may be material and may result in material changes in the Company's policyholders' surplus. Any estimate of future costs is subject to the inherent limitation on management's ability to predict the aggregate course of future events. It should, therefore, be expected that the actual emergence of losses and claims will vary, perhaps materially, from any estimate. The risk of loss under the Company's guaranties extends to the full amount of unpaid principal and interest on all debt obligations it has guaranteed (see Note 16).
- The Company is involved in a number of legal proceedings, both as plaintiff and defendant, as well as regulatory inquiries and investigations. Management cannot predict the outcomes of these proceedings and other contingencies with certainty. In addition, it is not possible to predict whether additional suits will be filed or whether additional inquiries or investigations will be commenced. The outcome of some of these proceedings and other contingencies could require the Company to take or refrain from taking actions which could have a material adverse effect on its business, financial position or cash flows or could require the Company to pay (or fail to receive) substantial amounts of money. Additionally, prosecuting and defending these lawsuits and proceedings has caused the Company to incur significant expenses. The Company expects to continue to incur significant expenses in this regard in the near term. In addition, such expenses may

NOTES TO FINANCIAL STATEMENTS

continue to be significant beyond the near term and may cause diversion of resources from other matters. See Notes 14.C. and 14.D.

- ACA has experienced and likely will continue to experience substantial tax losses in the conduct of its business.

Section 382 of the Internal Revenue Code (“Section 382”) contains rules that limit the ability of a corporation that experiences an “ownership change” to utilize its net operating loss carryforwards (“NOLs”) and certain built-in losses recognized in periods following the ownership change. An ownership change is generally any change in ownership of more than 50 percentage points of a corporation’s stock over a rolling 3-year period. Accordingly, the aggregate ownership change (“Aggregate Ownership Change”) at any particular date represents the summation of the amount of ownership change resulting from all transactions in a corporation’s stock occurring during the three year period ended on such date. These rules generally operate by focusing on ownership changes among shareholders owning directly or indirectly 5% or more of the stock of a corporation or any change in ownership arising from a new issuance of stock by the corporation. For purposes of the aforementioned test, ACA’s surplus notes are considered stock and ACA’s surplus note holders are considered shareholders.

Under Section 382, the transfer of ACA’s surplus notes can cause an ownership change that would limit ACA’s ability to utilize its NOLs and recognize certain built-in losses. Depending on the resulting limitation, a significant portion of ACA’s NOLs could be deferred or could expire before ACA would be able to use them to offset positive taxable income in current or future tax periods. As of December 31, 2013, ACA’s Aggregate Ownership Change was approximately 49%.

Subsequent to December 31, 2013, a certain holder of ACA’s surplus notes notified ACA that it had agreed to transfer its notes. This transfer became effective, under the terms of the surplus note, on February 12, 2014. As a result, ACA experienced an ownership change for purposes of Section 382. As a consequence of the ownership change, ACA’s ability to use its NOLs will be limited on an annual basis. ACA is currently determining the amount of the limitation and the effective date of the ownership change for tax purposes.

(2) Restructuring Transaction

As a result of adverse developments in the credit markets generally and the mortgage market specifically that began in the second half of 2007 and continued to deepen in 2008 and thereafter, the Company experienced material adverse effects on its business, results of operations, and financial condition, which resulted in significant downgrades of the Company’s financial strength ratings by Standard & Poor’s Ratings Services (“S&P”) and, ultimately, a restructuring of the Company to avoid a regulatory proceeding (the “Restructuring Transaction”). The Restructuring Transaction, which was consummated on August 8, 2008, was comprised of three main components (see also Note 10.G.).

The first component of the Restructuring Transaction consisted of a Global Settlement Agreement whereby insured credit swap counterparties’ claims were settled in consideration for a cash payment of approximately \$209 million and surplus notes with a face value of approximately \$950 million. In the aggregate \$1 billion face amount of surplus notes were issued in connection with the Restructuring Transaction. Of such amount, the aforementioned insured credit swap counterparties’ received \$950 million as previously discussed and the balance of \$50 million was issued to ACACH. While certain of the surplus notes issued to the insured credit swap counterparties were issued to be non-voting at the request of certain of such counterparties, the surplus notes issued to the counterparties, in the aggregate, represent a 100% voting interest in the Company. The surplus notes issued to ACACH are all non-voting.

The second component of the Restructuring Transaction provided for the settlement of a \$100 million medium term note guaranteed by the Company. This obligation was settled by a cash payment of approximately \$48 million to the note holders in 2008 and the relinquishment by the Company of investments in CDO equity with an estimated value of \$2.5 million. Of the total cash settlement, approximately \$32 million was paid out of a cash collateral account supporting the issued note while the remaining amount of approximately \$16 million was funded by cash from the Company and its other subsidiaries.

The third component of the Restructuring Transaction centered on the Intercompany Agreement which treated ACACH and its non-ACA FG subsidiaries as one sub-group and ACA FG and its subsidiary as a separate sub-group. By its terms, the Intercompany Agreement provided for the cancellation of a previously issued intercompany surplus note as well as intercompany balances between the Company’s sub-group and the ACACH sub-group. It also provided for a global release of liability among the two sub-groups. In general, the release discharges the entities from any and all actions, cause of action, suits, debts, liens, contracts, rights and other legal obligations against each other, except those provided for in the Intercompany Agreement.

Subsequent to the closing of the Restructuring Transaction, the Company is required to and has operated under an order issued by the MIA, Case No.: MIA: 2008-08-011 dated August 7, 2008 (the “Order”). The Order provides, among other things, that the Company operate as a run-off company. In connection with the Order, following the Restructuring Transaction, the Company wound down all subsidiaries no longer necessary for the conduct of its ongoing business, including 73 special purpose entities created for the insured credit swap and CDO asset management businesses.

(3) Description of the Company’s On-Going Strategic Plan

Management is actively seeking to (i) remediate deteriorated insured exposures to minimize claim payments, maximize recoveries and mitigate ultimate expected losses, (ii) increase the Company’s capital, surplus, liquidity and claims paying resources, (iii) realize maximum value from various legal proceedings described in Note 14.C. and from any other rights and remedies the Company may have, and (iv) take other actions to enhance its financial position (hereafter collectively referred to as “Strategic Actions”). In regard to the Strategic Actions, the Company is actively pursuing or exploring a number of options available to it to enhance the Company’s policyholders’ surplus or liquidity position or address other challenges that the Company faces. No assurances can be given that the Company will be successful in completing any of the aforementioned actions. Furthermore, certain of the Strategic Actions contemplated by the Company may be outside the ordinary course of the Company’s operations or its control and may require consents or approvals of parties outside of the Company, including the MIA.

NOTES TO FINANCIAL STATEMENTS

(4) Description of Financial Guaranty Insurance

Financial guaranty insurance provides an unconditional and irrevocable guaranty to the holder of a valid debt obligation with an enforceable guaranty of full and timely payment of the guaranteed principal and interest thereon when due. Financial guaranty insurance adds another potential source of repayment of principal and interest for an investor, namely the credit quality of the financial guarantor. Generally, in the event of any default on an insured debt obligation, payments made pursuant to the applicable insurance policy may not be accelerated by the holder of the insured debt obligation without the approval of the insurer. While the holder of such an insured debt obligation continues to receive guaranteed payments of principal and interest on schedule, as if no default had occurred, and each subsequent purchaser of the obligation generally receives the benefit of such guaranty, the insurer normally retains the option to pay the debt obligation in full at any time. Also, the insurer generally has recourse against the issuer of the defaulted obligation and/or any related collateral for amounts paid under the terms of the insurance policy as well as pursuant to general rights of subrogation. The issuer of an insured debt obligation generally pays the premium for financial guaranty insurance, either in full at the inception of the policy, as is the case in most public finance transactions, or in periodic installments funded by the cash flow generated by related pledged collateral, as is the case in most structured finance and international transactions. Typically, premium rates paid by an issuer are stated as a percentage of the total principal (in the case of structured finance and international transactions) or principal and interest (in the case of public finance transactions) of the insured obligation. Premiums are almost always non-refundable and are invested upon receipt. See Note 1.C.(1) for a description of NAIC SAP for premium revenue recognition.

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable Tax Credits

The Company had no state transferable credits.

F. Subprime Exposure Related Risk

- (1) Except for one insured securitization of manufactured housing mortgages, as of December 31, 2013 and 2012, the Company had no exposure to subprime mortgages among its in-force guaranties. With the exception of the aforementioned securitization, all other subprime mortgage exposure of the Company was extinguished in the Global Settlement Agreement described in Note 21.C.(2). The remaining par exposure relating to the manufactured housing mortgage securitization was \$4.8 million and \$4.9 million at December 31, 2013 and 2012, respectively. The Company has a loss reserve against this exposure in the amount of \$1.0 million and \$0.9 million at December 31, 2013 and 2012, respectively.
- (2) The Company has no investments consisting of direct exposure to subprime-mortgages.
- (3) The Company has the following indirect exposures to sub-prime mortgages included in its investment portfolio at December 31, 2013:

	1 Actual Cost	2 Book/Adjusted Carrying Value (excluding interest)	3 Fair Value	4 Other Than Temporary Impairment Losses Recognized
a Residential mortgage backed securities	\$ 16,609,449	\$ 17,027,654	\$ 17,843,251	\$ 30,433
b Commercial mortgage backed securities				
c Collateralized debt obligations				
d Structured securities				
e Equity investment in SCAs				
f Other assets				
g Total	\$ 16,609,449	\$ 17,027,654	\$ 17,843,251	\$ 30,433

- (4) As stated in F. (1) above, the Company has an outstanding loss reserve in the amount of \$1.0 million:

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
a Mortgage guaranty coverage	\$ -	\$ -	\$ -	\$ -
b Financial guaranty coverage	-	126,563	1,019,247	-
c Other lines	-	-	-	-
d Total	\$ -	\$ 126,563	\$ 1,019,247	\$ -

22. EVENTS SUBSEQUENT

The Company has evaluated all subsequent events through February 14, 2014, the date the financial statements were available to be issued. Other than that discussed below, there were no events that required adjustment to or disclosure in the financial statements.

See disclosure in the last bullet point in Note 21.C. (1) that discusses the consequence to ACA of having undergone an ownership change for tax purposes.

23. REINSURANCE

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses paid and unpaid, including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceed 3% of the Company’s policyholder surplus.

NOTES TO FINANCIAL STATEMENTS

B. Reinsurance Recoverable in Dispute

The Company has no reinsurance recoverable in dispute.

C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All other	4,793,095	-	94,496	-	4,698,599	-
Total	\$ 4,793,095	\$ -	\$ 94,496	\$ -	\$ 4,698,599	\$ -

Direct Unearned Premium Reserve: \$114,904,256

There are no contingent commission or profit sharing arrangements.

D. Uncollectible Reinsurance

The Company has no uncollectible reinsurance balances.

E. Commutation of Ceded Reinsurance

The Company had no commutations of ceded reinsurance in 2013.

F. Retroactive Reinsurance

The Company has no retroactive reinsurance contracts.

G. Reinsurance Accounted for as a Deposit

The Company did not account for any reinsurance as deposits.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

The Company has not entered into any retrospectively rated contracts or contracts subject to redetermination.

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

For the year ended December 31, 2013, the Company recorded a provision for losses of \$35.5 million, which consisted of \$7.7 million of adverse loss development relating to reserves established in years prior to 2013 (“prior accident year claims”) and \$27.8 million of incurred losses relating to the current accident year. As of December 31, 2013, the Company’s liability for unpaid losses was \$83.3 million, which related to nineteen insured transactions, with a remaining aggregate in-force par outstanding of \$101.2 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$101.2 million represents the remaining maximum amount of par exposure subject to loss in regard to these nineteen insured transactions. See Note 36A.(3)b for additional information regarding the Company’s reserves for losses and loss adjustment expenses.

For the year ended December 31, 2012, the Company recorded a provision for losses of \$30.3 million, which consisted of \$2.3 million of adverse loss development related to reserves established in years prior to 2012 (“prior accident year claims”), and \$28.0 million of incurred losses relating to the current accident year. As of December 31, 2012, the Company’s liability for unpaid losses was \$78.2 million, which related to fifteen insured transactions, with a remaining aggregate in-force par outstanding of \$125.1 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$125.1 million represents the remaining maximum amount of exposure to loss the Company has in regard to these fifteen insured transactions.

Refer to Note 1.C.(11) and Note 21.C.(1) for further information regarding the Company’s reserves for losses and loss adjustment expenses.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company has no intercompany pooling arrangements.

27. STRUCTURED SETTLEMENTS

- A. The Company has not entered into any structured settlements for reserves no longer being carried.
- B. The Company does not hold any annuities under which the Company is the payee and the recorded asset balance due exceeds 1% of surplus.

28. HEALTH CARE RECEIVABLE

- A. The Company has no pharmaceutical rebate receivables as of December 31, 2013 and 2012.
- B. The Company has no risk sharing receivables as of December 31, 2013 and 2012.

29. PARTICIPATING POLICIES

The Company never issued participating policies.

NOTES TO FINANCIAL STATEMENTS

30. PREMIUM DEFICIENCY RESERVE

The Company has no premium deficiency reserves.

31. HIGH DEDUCTIBLES ON UNPAID CLAIMS

The Company has no high deductibles on unpaid claims.

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company's case reserves for unpaid losses are discounted on a non-tabular basis. The discount rate used at December 31, 2013 and 2012 was 3.55% and 3.65%, respectively. The discount rate is based on the average rate of return on the Company's admitted assets. The net amount of discount associated with the Company's loss reserves at December 31, 2013 was \$1.0 million. Loss adjustment expenses are not discounted.

33. ASBESTOS/ENVIRONMENTAL RESERVES

The Company does not write this line of business and therefore has no asbestos/environmental reserves.

34. SUBSCRIBER SAVINGS ACCOUNTS

The Company has no subscriber savings accounts.

35. MULTIPLE PERIL CROP INSURANCE

The Company has never written this line of business.

36. FINANCIAL GUARANTY INSURANCE

A.

- (1) a. The Company has not recorded unearned premiums related to installment payments.

Premiums charged in connection with the issuance of financial guaranty insurance are received either upfront at the inception of an insurance contract or in installments (usually monthly, quarterly, semi-annually or annually) over the life of the underlying insured obligation. All of the Company's remaining in-force business was written on an upfront basis with the exception of a de minimis amount of business written on an installment basis.

b. + c. The Company has not recorded premiums receivable on installment contracts.

- (2) a. The amount of premium revenue that has been accelerated during the years ended December 31, 2013 and 2012 was \$19.9 million and \$19.7 million, respectively. The acceleration was due to the prepayments or advance refunding of credits.

b. Schedule of the future expected earned premium revenue on contracts written on an upfront basis as of December 31, 2013:

1.

1st Quarter 2014	\$ 1,371,200
2nd Quarter 2014	1,252,243
3rd Quarter 2014	1,988,870
4th Quarter 2014	1,903,580
Year 2015	6,246,665
Year 2016	6,328,280
Year 2017	6,440,714
Year 2018	5,948,418
Subtotal	31,479,970

2.

2019 through 2023	30,616,218
2024 through 2028	26,709,128
2029 through 2033	20,829,532
2034 through 2038	9,412,276
2039 through 2043	455,660
2044 through 2047	100,072
Total	\$119,602,855

- (3) Claim liability:

a. The Company used a rate of 3.55% to discount the claim liability.

NOTES TO FINANCIAL STATEMENTS

b. Significant components of the change in the claim liability for the period:

Reserves for losses at December 31, 2012	\$	78,234,876
Accretion of the discount		3,932,901
New reserves for defaults of insured contracts		10,925,599 ⁽¹⁾
Development on prior accident years reserves		(9,761,002) ⁽²⁾
Change in deficiency reserves		-
Change in incurred but not reported claims		-
Total change in reserves		5,097,498
Reserves for losses at December 31, 2013	\$	83,332,374

⁽¹⁾ Represents 2013 accident year loss development of \$27,783,471 less claim payments of \$16,857,872
⁽²⁾ Represents adverse development of \$3,783,727 and claim payments of \$13,544,729

(4) The Company's credit quality classifications are:

a. Category 1: Fully Performing
Covenants have been met and there have been no significant negative deviations from expected performance.

Category 2: Watch
Performing below expected levels but current and projected revenues are adequate to service debt.

Category 3: Deteriorating
Performing significantly below expected levels; corrective action is required to avert a longer-term risk of payment default.

Category 4: Paid or Expected Claim
Material decline in creditworthiness and ability to pay debt service; unreimbursed draws on debt service reserves and/or payment defaults have occurred or are probable.

b. Risk management activities are performed by ACA’s portfolio management department. Portfolio analysts monitor all insured transactions in the portfolio to determine whether their financial performance is consistent with underwriting expectations and to identify any deterioration in the obligor’s ability or willingness to pay insured debt service. Portfolio management staff are also responsible for recommending and undertaking remedial actions to prevent or mitigate losses.

All transactions in the insured portfolio are assigned one of four internal credit quality classifications that reflect the current and expected performance of the obligor. Credit quality classifications of insured transactions are reviewed and updated on a regular basis as analysts obtain more current financial and market information from the obligor, the trustee, or from public sources such as rating agencies and fixed income analysts. The frequency with which individual obligors are reviewed is based on ACA’s judgment of potential performance volatility and varies according to credit classification, sector, geography, size of exposure, and exogenous events.

B. Schedule of insured financial obligations at the end of the period:

	Credit Quality Categories				
	1	2	3	4	Total
Number of policies	193	76	18	36	323
Remaining weighted-average contract period (in years)	12	11	12	12	12
Insured contractual payments outstanding:					
Principal	\$ 2,110,405,839	\$ 726,986,158	\$ 289,706,319	\$ 375,771,667	\$ 3,502,869,983
Interest	1,366,891,089	443,302,303	245,885,689	334,042,947	2,390,122,028
Total	<u>\$ 3,477,296,927</u>	<u>\$ 1,170,288,461</u>	<u>\$ 535,592,008</u>	<u>\$ 709,814,614</u>	<u>\$ 5,892,992,011</u>
Gross claim and LAE liability	\$ -	\$ 238,000	\$ 286,000	\$ 144,947,469	\$ 145,471,469
Less:					
Gross potential recoveries	-	-	-	55,194,367	55,194,367
Discount, net	-	-	-	965,728	965,728
Net claim and LAE liability	<u>\$ -</u>	<u>\$ 238,000</u>	<u>\$ 286,000</u>	<u>\$ 88,787,374</u>	<u>\$ 89,311,374</u>
Unearned premium revenue	\$ 51,983,712	\$ 30,825,188	\$ 13,559,175	\$ 23,234,780	\$ 119,602,855
Claim and LAE liability reported in the balance sheet	\$ -	\$ 238,000	\$ 286,000	\$ 88,787,374	\$ 89,311,374
Reinsurance recoverables	\$ -	\$ -	\$ -	\$ -	\$ -

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [] No [X]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [] No [] N/A [X]
- 1.3

State Regulation?

MARYLAND.....
- 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

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2012
- 3.2

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

.....12/31/2007
- 3.3

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

.....05/07/2009
- 3.4

By what department or departments? MARYLAND INSURANCE ADMINISTRATION.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] N/A []
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes [] No [X]
- 4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes [] No [X]
- 4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

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

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

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

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

GENERAL INTERROGATORIES

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
DELOITTE & TOUCHE, LLP. TWO WORLD FINANCIAL CENTER, NEW YORK, NY 10281-1414.....

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

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
JOEL CHANSKY, MILLIMAN USA (ACTUARIAL CONSULTANTS) 289 EDGEWATER DRIVE, WAKEFIELD, MA. 01880.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$.....

12.2 If yes, provide explanation

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

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

GENERAL INTERROGATORIES

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

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

25.21	Subject to repurchase agreements	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....
25.28	On deposit with state or other regulatory body	\$.....4,834,516
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
US BANK, NATIONAL ASSOCIATION.....	1025 CONNECTICUT AVENUE, SUITE 517, WASHINGTON, DC 20036.....

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
107038.....	JP MORGAN ASSET MANAGEMENT.....	245 PARK AVENUE, NEW YORK, NY 10167.....

GENERAL INTERROGATORIES

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

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....384,659,742	.....395,910,634	.....11,250,892
30.2 Preferred Stocks.....	.....	.....	.....
30.3 Totals	.....384,659,742	.....395,910,634	.....11,250,892

- 30.4 Describe the sources or methods utilized in determining the fair values:

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- Yes [] No [X]
- Yes [] No []
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [X] No []

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$224,095
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
STANDARD & POOR'S.....	\$.....115,081
MOODY'S ANALYTICS, INC.....	\$.....64,194

- 34.1 Amount of payments for legal expenses, if any? \$5,717,114
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
KASOWITZ, BENSON, TORRES & FRIEDMAN, LLP.....	\$.....1,767,239
FRIED, FRANK, HARRIS, SHRIVER & JACOBSON.....	\$.....1,726,540

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
1.2 If yes, indicate premium earned on U. S. business only \$
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
1.31 Reason for excluding
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$
1.6 Individual policies:
Most current three years:
1.61 Total premium earned \$
1.62 Total incurred claims \$
1.63 Number of covered lives
All years prior to most current three years:
1.64 Total premium earned \$
1.65 Total incurred claims \$
1.66 Number of covered lives
1.7 Group policies:
Most current three years:
1.71 Total premium earned \$
1.72 Total incurred claims \$
1.73 Number of covered lives
All years prior to most current three years:
1.74 Total premium earned \$
1.75 Total incurred claims \$
1.76 Number of covered lives
2. Health Test:
2.1 Premium Numerator \$
2.2 Premium Denominator \$ 27,275,760
2.3 Premium Ratio (2.1/2.2)
2.4 Reserve Numerator \$
2.5 Reserve Denominator \$ 208,914,229
2.6 Reserve Ratio (2.4/2.5)
3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
3.2 If yes, state the amount of calendar year premiums written on:
3.21 Participating policies \$
3.22 Non-participating policies \$
4. For Mutual reporting entities and Reciprocal Exchanges only:
4.1 Does the reporting entity issue assessable policies? Yes [] No []
4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$
5. For Reciprocal Exchanges Only:
5.1 Does the exchange appoint local agents? Yes [] No []
5.2 If yes, is the commission paid:
5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
5.22 As a direct expense of the exchange Yes [] No [] N/A []
5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has his reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: THE COMPANY IS A MONOLINE FINANCIAL GUARANTY INSURER AND AS SUCH DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: THE COMPANY IS IN RUNOFF AND NO LONGER EVALUATES ITS PROBABLE MAXIMUM LOSS EXPOSURE.

6.3

What provision has his reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? THE COMPANY IS A MONOLINE FINANCIAL GUARANTY INSURER AND AS SUCH DOES NOT WRITE PROPERTY INSURANCE.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes [] No [X]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
ACCORDING TO SSAP 60, THE COMPANY IS REQUIRED TO ESTABLISH CONTINGENCY AS A FINANCIAL GUARANTY INSURER. THESE RESERVES ARE ESTABLISHED IN ADDITION TO SPECIFIC CASE RESERVES ON FINANCIAL GUARANTY BUSINESS TO ENSURE THE PAYMENT OF CLAIMS IN THE EVENT OF AN ECONOMIC CATASTROPHE.

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract hat includes a provision hat would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ra io corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes [] No [X]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [] No []

8.1

Has this repor ing en ity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes [] No [X]

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by he reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes [] No [X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under mul iple contracts with the same reinsurer or its affiliates), for which, during he period covered by the statement, it recorded a positive or nega ive underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of he repor ing en ity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes [] No [X]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts mee ing the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospec ive or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [] No [X]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not u ilize reinsurance; or,
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
(c) The en ity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [] No [X]
Yes [] No [X]
Yes [] No [X]

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes [] No [] N/A [X]

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

Yes [] No [X]

11.2

If yes, give full information

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [] No [] N/A [X]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [] No [X]

12.6

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

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$189,999,999

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [] No [X]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [] No [X]

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [] No []

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.					
	1 2013	2 2012	3 2011	4 2010	5 2009
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All o her lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	146,478	61,957	308,978	486,855	864,387
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	146,478	61,957	308,978	486,855	864,387
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	146,478	61,957	308,978	486,855	864,387
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	146,478	61,957	308,978	486,855	864,387
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(30,070,051)	(28,755,025)	(53,306,130)	(55,842,400)	(17,008,402)
14. Net investment gain (loss) (Line 11)	20,747,946	17,612,295	19,629,803	23,477,965	1,747,638
15. Total other income (Line 15)	140,500	5,189,607	7,415,322	8,336,095	8,781,995
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)				(34,335)	(55,235,704)
18. Net income (Line 20)	(9,181,605)	(5,953,123)	(26,261,005)	(23,994,005)	48,756,935
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	391,426,697	424,590,463	448,171,431	464,795,669	463,463,937
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)					
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	302,379,649	315,396,543	330,856,668	357,594,553	326,007,550
22. Losses (Page 3, Line 1)	83,332,374	78,234,876	64,392,168	62,132,634	29,269,309
23. Loss adjustment expenses (Page 3, Line 3)	5,979,000	8,345,000	11,497,000	2,875,000	1,960,489
24. Unearned premiums (Page 3, Line 9)	119,602,855	146,732,137	174,425,586	190,450,036	205,167,794
25. Capital paid up (Page 3, Lines 30 & 31)	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	89,047,048	109,193,920	117,314,763	107,201,116	137,456,387
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(33,205,407)	(23,420,712)	(16,235,417)	45,711,504	9,534,006
Risk-Based Capital Analysis					
28. Total adjusted capital					
29. Authorized control level risk-based capital					
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100 0					
30. Bonds (Line 1)	97.9	94.3	97.1	94.1	90.5
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	2.1	5.7	2.9	5.6	9.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					XXX
37. Other invested assets (Line 8)				0.2	0.3
38. Receivables for securities (Line 9)		0.0			
39. Securities lending reinvested collateral assets (Line 10)					XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					769,815
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All o her affiliated					
48. Total of above Lines 42 to 47					769,815
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100 0)				0.0	0.6

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
(Continued)					
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(37,566)	189,856	(141,733)	590,952	598,349
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(20,146,872)	(8,120,843)	10,113,646	(30,255,270)	36,170,000
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	30,402,600	16,414,559	16,477,959	3,282,013	934,031
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	30,402,600	16,414,559	16,477,959	3,282,013	934,031
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	30,402,600	16,414,559	16,477,959	3,282,013	934,031
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	30,402,600	16,414,559	16,477,959	3,282,013	934,031
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	130.2	109.0	208.2	237.7	67.5
68. Loss expenses incurred (Line 3)	10.8	3.4	77.6	19.6	30.7
69. Other underwriting expenses incurred (Line 4)	69.3	91.2	140.6	124.5	111.9
70. Net underwriting gain (loss) (Line 8)	(110.2)	(103.6)	(326.4)	(367.3)	(110.1)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	12,803.9	32,477.3	5,033.9	4,843.5	984.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	141.0	112.4	285.7	257.4	98.2
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	0.2	0.1	0.3	0.5	0.6
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	4,234	(5,345)	(8,690)	3,162	8,247
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	3.9	(4.6)	(8.1)	2.3	8.1
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(10,152)	(9,664)	6,419	5,243	(1,445)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(8.7)	(9.0)	4.7	5.2	(0.6)

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

If no, please explain

.....



ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code 0000		BUSINESS IN THE STATE OF Consolidated				DURING THE YEAR 2013					NAIC Company Code 22896		
Line of Business		Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
		1 Direct Premiums Written	2 Direct Premiums Earned										
1.	Fire												
2.1	Allied lines												
2.2	Multiple peril crop												
2.3	Federal flood												
3.	Farmowners multiple peril												
4.	Homeowners multiple peril												
5.1	Commercial multiple peril (non-liability portion)												
5.2	Commercial multiple peril (liability portion)												
6.	Mortgage guaranty												
8.	Ocean marine												
9.	Inland marine												
10.	Financial guaranty	146,478	26,599,968		114,904,257	30,402,600	35,500,098	83,332,374	5,316,380	2,950,382	5,979,000		609,040
11.	Medical professional liability												
12.	Earthquake												
13.	Group accident and health (b).....												
14.	Credit A & H (group and individual)												
15.1	Collectively renewable A & H (b).....												
15.2	Non-cancelable A & H (b).....												
15.3	Guaranteed renewable A & H (b).....												
15.4	Non-renewable for stated reasons only (b).....												
15.5	Other accident only												
15.6	Medicare Title XVIII exempt from state taxes or fees.....												
15.7	All other A & H (b).....												
15.8	Federal Employees Health Benefits Plan premium (b).....												
16.	Workers' compensation												
17.1	Other liability-Occurrence.....												
17.2	Other Liability-Claims-Made.....												
17.3	Excess workers' compensation.....												
18.	Products liability												
19.1	Private passenger auto no-fault (personal injury protection)												
19.2	Other private passenger auto liability												
19.3	Commercial auto no-fault (personal injury protection)												
19.4	Other commercial auto liability												
21.1	Private passenger auto physical damage												
21.2	Commercial auto physical damage												
22.	Aircraft (all perils)												
23.	Fidelity												
24.	Surety												
26.	Burglary and theft												
27.	Boiler and machinery												
28.	Credit												
30.	Warranty												
34.	Aggregate write-ins for other lines of business												
35.	TOTALS (a)	146,478	26,599,968		114,904,257	30,402,600	35,500,098	83,332,374	5,316,380	2,950,382	5,979,000		609,040
DETAILS OF WRITE-INS													
3401.	.....											
3402.	.....											
3403.	.....											
3498.	Summary of remaining write-ins for Line 34 from overflow page												
3499.	Totals (Lines 3401 through 3403 Plus 3498) (Line 34 above)												

(a) Finance and service charges not included in Lines 1 to 35 \$
(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

20

20

20

20

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE F - PART 2

Premium Portfolio Reinsurance Effected or (Canceled) during Current Year	2019	2018	2017
Reinsurance Effected	\$1,000	\$1,000	\$1,000
Reinsurance Canceled	\$1,000	\$1,000	\$1,000
Net Reinsurance Effected or (Canceled)	\$2,000	\$2,000	\$2,000

1 ID Number	2 NAIC Company Code	3 Premium Portion Reinsurance Ceded or (Cancelled) during Current Year	4 Date of Contract	5 Original Premium	6 Reinsurance Premium
0199999 Total Reinsurance Ceded by Portfolio					
0299999 Total Reinsurance Assumed by Portfolio					
NONE					

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commis- sions	15 Cols. 7 through 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
Authorized - Other U.S. Unaffiliated Insurers																			
52-1533088	30180	ASSURED GUAR CORP	MD									89		89		89			
0999999 - Total Authorized - Other U.S. Unaffiliated Insurers					0	0	0	0	0	0	0	89	0	89	0	0	89	0	
1399999 - Total Authorized - Total Authorized					0	0	0	0	0	0	0	89	0	89	0	0	89	0	
Unauthorized - Other non-U.S. Insurers																			
AA-1320035	00000	COLISEE RE	FRA									6		6		6			
2599999 - Total Unauthorized - Other Non-U.S. Insurers					0	0	0	0	0	0	0	6	0	6	0	0	6	0	
2699999 - Total Unauthorized - Total Unauthorized					0	0	0	0	0	0	0	6	0	6	0	0	6	0	
4099999 - Total Authorized, Unauthorized and Certified					0	0	0	0	0	0	0	95	0	95	0	0	95	0	
9999999 Totals					0	0	0	0	0	0	0	95	0	95	0	0	95	0	

NOTE: A. Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

	1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
1.		
2.		
3.		
4.		
5.		

B. Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on-the total recoverables, Line 9999999, Column 15, the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

	1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1.			Yes [] No []
2.			Yes [] No []
3.			Yes [] No []
4.			Yes [] No []
5.			Yes [] No []

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 OMITTED)

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 OMITTED)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable All Items Schedule F Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Issuing or Confirming Bank Reference Number (a)	Ceded Balances Payable	Miscellaneous Balances Payable	Trust Funds and Other Allowed Offset Items	Total Collateral and Offsets Allowed (Cols. 6+7+9+10+11 but not in Excess of Col. 5)	Provision for Unau horized Reinsurance (Col. 5 Minus Col. 12)	Recoverable Paid Losses & LAE Expenses Over 90 Days past Due not in Dispute	20% of Amount in Col. 14	20% of Amount Included in Column 5	Provision for Overdue Reinsurance (Col. 15 plus Col. 16)	Total Provision for Reinsurance Ceded to Unauthorized Reinsurers (Col. 13 plus Col. 17 but not in Excess of Col. 5)
Other Non-U.S. Insurers																	
AA-1320035	00000	COLISEE RE	FRA	6		162					6						
1299999 - Total Other Non-U.S. Insurers				6		162	XXX				6						
1399999 - Total Affiliates and Others				6		162	XXX				6						
9999999 Totals				6		162	XXX				6						

1. Amounts in dispute totaling \$are included in Column 5.
2. Amounts in dispute totaling \$are excluded from Column 14.

(a)	Issuing or Confirming Bank Reference Number	Letters of Credit Code	American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Letters of Credit Amount
	0001	1	026009920	NATIXIS	162

Schedule F - Part 6 - Section 1

NONE

Schedule F - Part 6 - Section 2

NONE

Schedule F - Part 7

NONE

Schedule F - Part 8

NONE

SCHEDULE F - PART 9

Restatement of Balance Sheet to Identify Net Credit for Reinsurance			
	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 12)	388,450,032		388,450,032
2. Premiums and considerations (Line 15)			
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 16.1).....			
4 Funds held by or deposited with reinsured companies (Line 16.2).....			
5. Other assets	2,976,665		2,976,665
6. Net amount recoverable from reinsurers		208,349	208,349
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	391,426,697	208,349	391,635,046
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	89,311,374		89,311,374
10. Taxes, expenses, and other obligations (Lines 4 hrough 8)	4,285,140		4,285,140
11. Unearned premiums (Line 9)	119,602,855	94,496	119,697,351
12. Advance premiums (Line 10)			
13. Dividends declared and unpaid (Line 11.1 and 11.2)			
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12)			
15. Funds held by company under reinsurance treaties (Line 13)			
16. Amounts withheld or retained by company for account of others (Line 14)			
17. Provision for reinsurance (Line 16)			
18. Other liabilities	89,180,280	113,853	89,294,133
19. Total liabilities excluding protected cell business (Line 26)	302,379,649	208,349	302,587,998
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	89,047,048	X X X	89,047,048
22. Totals (Line 38)	391,426,697	208,349	391,635,046

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes [] No [X]

If yes, give full explanation:

.....

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5 - Health Claims

NONE

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX									XXX
2. 2004	36,048	7,861	28,187	19,789		6,000					25,789	XXX
3. 2005	51,224	4,634	46,589	5,985		1,871					7,856	XXX
4. 2006	72,477	3,202	69,275			4,565					4,565	XXX
5. 2007	94,135	1,842	92,293	24,048		15					24,062	XXX
6. 2008	26,172	74	26,098	250,578		20,514				2,513	271,092	XXX
7. 2009	15,533	87	15,446	3,495		1,322				73	4,817	XXX
8. 2010	15,250	46	15,205	17,097		3,559				1,000	20,656	XXX
9. 2011	16,397	63	16,333	8,067		6,405				128	14,473	XXX
10. 2012	27,901	146	27,755	12,130		1,336				105	13,465	XXX
11. 2013	27,347	72	27,276	16,858		416					17,274	XXX
12. Totals	XXX	XXX	XXX	358,047		46,000				3,818	404,048	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20			Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1.													XXX
2.													XXX
3.	1,028											1,028	XXX
4.													XXX
5.													XXX
6.	14,057				25							14,082	XXX
7.	16,170				440							16,610	XXX
8.	(3,482)				660						10,177	(2,822)	XXX
9.	22,365				3,838						29,396	26,203	XXX
10.	24,909				329						6,626	25,238	XXX
11.	9,252				687						8,995	9,939	XXX
12.	84,298				5,979						55,194	90,277	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.	25,789		25,789	71.5		91.5					
3.	8,884		8,884	17.3		19.1	9			1,019	
4.	4,565		4,565	6.3		6.6					
5.	24,062		24,062	25.6		26.1					
6.	285,173		285,173	1,089.6		1,092.7	3,851			10,206	25
7.	21,426		21,426	137.9		138.7	5,030			11,139	440
8.	17,834		17,834	116.9		117.3	(6,645)			3,163	660
9.	40,676		40,676	248.1		249.0	(2,902)			25,267	3,838
10.	38,703		38,703	138.7		139.4	3,297			21,612	329
11.	27,212		27,212	99.5		99.8	(1,674)			10,926	687
12.	XXX	XXX	XXX	XXX	XXX	XXX	966		XXX	83,332	5,979

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	(4,534)	(4,713)	(4,735)	(4,734)	(4,934)	(5,428)	(5,428)	(5,428)	(5,428)	(5,428)		
2. 2004	21,131	22,009	22,046	26,227	25,789	25,789	25,789	25,789	25,789	25,789		
3. 2005	XXX	11,241	8,241	8,985	14,160	12,821	9,641	9,688	8,757	8,884	127	(804)
4. 2006	XXX	XXX	331	124	1,124	4,364	5,465	4,565	4,565	4,565		
5. 2007	XXX	XXX	XXX	32,450	24,062	24,062	24,062	24,062	24,062	24,062		
6. 2008	XXX	XXX	XXX	XXX	284,664	291,505	290,580	291,230	290,400	285,173	(5,226)	(6,057)
7. 2009	XXX	XXX	XXX	XXX	XXX	13,363	19,528	22,988	23,215	21,426	(1,789)	(1,562)
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	28,722	16,775	17,336	17,834	498	1,058
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	43,464	39,093	40,676	1,583	(2,788)
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,662	38,703	9,041	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,212	XXX	XXX
12. Totals											4,234	(10,152)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	3,399	774	(481)	(4,184)	(5,428)	(5,428)	(5,428)	(5,428)	(5,428)	XXX	XXX
2. 2004	12,600	25,370	25,869	25,869	25,789	25,789	25,789	25,789	25,789	25,789	XXX	XXX
3. 2005	XXX	793	2,943	5,001	7,241	7,856	7,856	7,856	7,856	7,856	XXX	XXX
4. 2006	XXX	XXX	96	112	299	3,164	4,565	4,565	4,565	4,565	XXX	XXX
5. 2007	XXX	XXX	XXX	23,964	24,062	24,062	24,062	24,062	24,062	24,062	XXX	XXX
6. 2008	XXX	XXX	XXX	XXX	258,403	260,203	261,717	263,284	264,673	271,092	XXX	XXX
7. 2009	XXX	XXX	XXX	XXX	XXX	870	1,846	2,824	3,829	4,817	XXX	XXX
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	1,462	15,636	17,877	20,656	XXX	XXX
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,804	8,929	14,473	XXX	XXX
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,749	13,465	XXX	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,274	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior										
2. 2004	131									
3. 2005	XXX									
4. 2006	XXX	XXX								
5. 2007	XXX	XXX	XXX							
6. 2008	XXX	XXX	XXX	XXX						
7. 2009	XXX	XXX	XXX	XXX	XXX					
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Med Pro Liab Occ

NONE

Schedule P - Part 1F - Med Pro Liab Clm

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Other Liab Occur

NONE

Schedule P - Part 1H - Other Liab Claims

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance

NONE

Schedule P - Part 1O - Reinsurance

NONE

Schedule P - Part 1P - Reinsurance

NONE

Schedule P - Part 1R - Prod Liab Occur

NONE

Schedule P - Part 1R - Prod Liab Claims

NONE

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

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	11,230		4,499				128	15,729	XXX
2. 2012	27,901	146	27,755	12,130		1,336				105	13,465	XXX
3. 2013	27,347	72	27,276	16,858		416					17,274	XXX
4. Totals	XXX	XXX	XXX	40,218		6,251				232	46,468	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		2122		Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	50,137				4,963								
2.	24,909				329						6,626	25,238	7
3.	9,252				687						8,995	9,939	3
4.	84,298				5,979						55,194	90,277	19

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	(657)		XXX	50,794	4,963
2.	38,703		38,703	138.7		139.4	3,297			21,612	329
3.	27,212		27,212	99.5		99.8	(1,674)			10,926	687
4.	XXX	XXX	XXX	XXX	XXX	XXX	966		XXX	83,332	5,979

Schedule P - Part 1T - Warranty

NONE

Schedule P - Part 2A

NONE

Schedule P - Part 2B

NONE

Schedule P - Part 2C

NONE

Schedule P - Part 2D

NONE

Schedule P - Part 2E

NONE

Schedule P - Part 2F - Section 1

NONE

Schedule P - Part 2F - Med Pro Liab Clm

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Other Liab Occur

NONE

Schedule P - Part 2H - Other Liab Claim

NONE

Schedule P - Part 2I
NONE

Schedule P - Part 2J
NONE

Schedule P - Part 2K
NONE

Schedule P - Part 2L
NONE

Schedule P - Part 2M
NONE

Schedule P - Part 2N
NONE

Schedule P - Part 2O
NONE

Schedule P - Part 2P
NONE

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

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	11 One Year	12 Two Year
1. Prior												
2. 2004												
3. 2005	XXX											
4. 2006	XXX	XXX										
5. 2007	XXX	XXX	XXX									
6. 2008	XXX	XXX	XXX	XXX								
7. 2009	XXX	XXX	XXX	XXX	XXX							
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

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

1. Prior												
2. 2004												
3. 2005	XXX											
4. 2006	XXX	XXX										
5. 2007	XXX	XXX	XXX									
6. 2008	XXX	XXX	XXX	XXX								
7. 2009	XXX	XXX	XXX	XXX	XXX							
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	90,740	85,395	80,588	(4,807)	(10,152)
2. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,662	38,703	9,041	XXX
3. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,212	XXX	XXX
4. Totals											4,234	(10,152)

SCHEDULE P - PART 2T – WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
2. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals												

Schedule P - Part 3A

NONE

Schedule P - Part 3B

NONE

Schedule P - Part 3C

NONE

Schedule P - Part 3D

NONE

Schedule P - Part 3E

NONE

Schedule P - Part 3F - Med Pro Liab Occ

NONE

Schedule P - Part 3F - Med Pro Liab Clm

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Other Liab Occur

NONE

Schedule P - Part 3H - Other Liab Claims

NONE

Schedule P - Part 3I

NONE

Schedule P - Part 3J
NONE

Schedule P - Part 3K
NONE

Schedule P - Part 3L
NONE

Schedule P - Part 3M
NONE

Schedule P - Part 3N
NONE

Schedule P - Part 3O
NONE

Schedule P - Part 3P
NONE

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

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Wi hout Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	.000											
2. 2004												
3. 2005	XXX											
4. 2006	XXX	XXX										
5. 2007	XXX	XXX	XXX									
6. 2008	XXX	XXX	XXX	XXX								
7. 2009	XXX	XXX	XXX	XXX	XXX							
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	.000											
2. 2004												
3. 2005	XXX											
4. 2006	XXX	XXX										
5. 2007	XXX	XXX	XXX									
6. 2008	XXX	XXX	XXX	XXX								
7. 2009	XXX	XXX	XXX	XXX	XXX							
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	9,759	25,488	XXX	XXX
2. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,749	13,465	XXX	XXX
3. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,274	XXX	XXX

SCHEDULE P - PART 3T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000				
2. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
3. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Med Pro Liab Occ

NONE

Schedule P - Part 4F - Med Pro Liab Clm

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I

NONE

Schedule P - Part 4J

NONE

Schedule P - Part 4K

NONE

Schedule P - Part 4L

NONE

Schedule P - Part 4M

NONE

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

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

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior										
2. 2004										
3. 2005	XXX									
4. 2006	XXX	XXX								
5. 2007	XXX	XXX	XXX							
6. 2008	XXX	XXX	XXX	XXX						
7. 2009	XXX	XXX	XXX	XXX	XXX					
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

1. Prior										
2. 2004										
3. 2005	XXX									
4. 2006	XXX	XXX								
5. 2007	XXX	XXX	XXX							
6. 2008	XXX	XXX	XXX	XXX						
7. 2009	XXX	XXX	XXX	XXX	XXX					
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

Schedule P - Part 5A- SN1
NONE

Schedule P - Part 5A- SN2
NONE

Schedule P - Part 5A- SN3
NONE

Schedule P - Part 5B- SN1
NONE

Schedule P - Part 5B- SN2
NONE

Schedule P - Part 5B- SN3
NONE

Schedule P - Part 5C- SN1
NONE

Schedule P - Part 5C- SN2
NONE

Schedule P - Part 5C- SN3
NONE

Schedule P - Part 5D- SN1
NONE

Schedule P - Part 5D- SN2
NONE

Schedule P - Part 5D- SN3

NONE

Schedule P - Part 5E- SN1

NONE

Schedule P - Part 5E- SN2

NONE

Schedule P - Part 5E- SN3

NONE

Schedule P - Part 5F- SN1A

NONE

Schedule P - Part 5F- SN2A

NONE

Schedule P - Part 5F- SN3A

NONE

Schedule P - Part 5F- SN1B

NONE

Schedule P - Part 5F- SN2B

NONE

Schedule P - Part 5F- SN3B

NONE

Schedule P - Part 5H- SN1A

NONE

Schedule P - Part 5H- SN2A

NONE

Schedule P - Part 5H- SN3A

NONE

Schedule P - Part 5H- SN1B

NONE

Schedule P - Part 5H- SN2B

NONE

Schedule P - Part 5H- SN3B

NONE

Schedule P - Part 5R- SN1A

NONE

Schedule P - Part 5R- SN2A

NONE

Schedule P - Part 5R- SN3A

NONE

Schedule P - Part 5R- SN1B

NONE

Schedule P - Part 5R- SN2B

NONE

Schedule P - Part 5R- SN3B

NONE

Schedule P - Part 5T- SN1

NONE

Schedule P - Part 5T- SN2

NONE

Schedule P - Part 5T- SN3

NONE

Schedule P - Part 6C - SN1

NONE

Schedule P - Part 6C - SN2

NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

Schedule P - Part 6E - SN1

NONE

Schedule P - Part 6E - SN2

NONE

Schedule P - Part 6H - SN1A

NONE

Schedule P - Part 6H - SN2A

NONE

Schedule P - Part 6H - SN1B

NONE

Schedule P - Part 6H - SN2B

NONE

Schedule P - Part 6M - SN1

NONE

Schedule P - Part 6M - SN2

NONE

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

Schedule P - Part 6R - SN1A

NONE

Schedule P - Part 6R - SN2A

NONE

Schedule P - Part 6R - SN1B

NONE

Schedule P - Part 6R - SN2B

NONE

Schedule P - Part 7A - Section 1

NONE

Schedule P - Part 7A - Section 2

NONE

Schedule P - Part 7A - Section 3

NONE

Schedule P - Part 7A - Section 4

NONE

Schedule P - Part 7A - Section 5

NONE

Schedule P - Part 7B - Section 1

NONE

Schedule P - Part 7B - Section 2

NONE

Schedule P - Part 7B - Section 3

NONE

Schedule P - Part 7B - Section 4

NONE

Schedule P - Part 7B - Section 5

NONE

Schedule P - Part 7B - Section 6

NONE

Schedule P - Part 7B - Section 7

NONE

SCHEDULE P INTERROGATORIES

1.

The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.
- 1.1

Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or “ERE”) benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost?
If the answer to question 1.1 is “no”, leave the following questions blank. If the answer to question 1.1 is “yes”, please answer the following questions:

Yes [] No [X]
- 1.2

What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)?

\$
- 1.3

Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65?

Yes [] No [X]
- 1.4

Does the company report any DDR reserve as loss or loss adjustment expense reserve?

Yes [] No [X]
- 1.5

If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2?

Yes [] No [] N/A [X]
- 1.6

If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred		DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
		1	2
		Section 1: Occurrence	Section 2: Claims-Made
1.601	Prior		
1.602	2004		
1.603	2005		
1.604	2006		
1.605	2007		
1.606	2008		
1.607	2009		
1.608	2010		
1.609	2011		
1.610	2012		
1.611	2013		
1.612	Totals		

2.

The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as “Defense and Cost Containment” and “Adjusting and Other”) reported in compliance with these definitions in this statement?

Yes [X] No []
3.

The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement?:

Yes [X] No []
4.

Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10?

Yes [X] No []

If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.
5.

What were the net premiums in force at the end of the year for:
(in thousands of dollars)

5.1 Fidelity

\$

5.2 Surety

\$
6.

Claim count information is reported per claim or per claimant. (indicate which).....CLAIM
If not the same in all years, explain in Interrogatory 7.
- 7.1

The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses?

Yes [] No [X]
- 7.2

An extended statement may be attached.
.....

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories									
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL L		616,615						
2. Alaska	AK L		46,970						
3. Arizona	AZ L		329,511						
4. Arkansas	AR L		1,240,604		1,014,133	106,974	11,799,512		
5. California	CA L		2,906,647		13,417,761	17,809,253	28,487,713		
6. Colorado	CO L		2,352,340						
7. Connecticut	CT L		57,597						
8. Delaware	DE L		399,243						
9. Dist. Columbia	DC L		162,074						
10. Florida	FL L		1,969,103		772,628	3,993,581	479,877		
11. Georgia	GA L		226,712		1,275,000	4,362,302	9,795,651		
12. Hawaii	HI L								
13. Idaho	ID L								
14. Illinois	IL L	85,316	644,496						
15. Indiana	IN L		3,585						
16. Iowa	IA L								
17. Kansas	KS L		184,793						
18. Kentucky	KY L		25,778						
19. Louisiana	LA L	6,360	92,967		465,110	(944,374)	6,755,415		
20. Maine	ME L								
21. Maryland	MD L		13,509						
22. Massachusetts	MA L		1,114,982		20,090	11,217	535,938		
23. Michigan	MI L		526,934						
24. Minnesota	MN L	2,857	245,087		732,506	6,399,320	6,559,498		
25. Mississippi	MS L		148,352		5,430,600	(1,373,620)	10,205,973		
26. Missouri	MO L	7,945	253,693		110,206	14,829	1,121,697		
27. Montana	MT L								
28. Nebraska	NE L								
29. Nevada	NV L								
30. New Hampshire	NH L	44,000	910,402						
31. New Jersey	NJ L		871,416						
32. New Mexico	NM L		60,970						
33. New York	NY L		2,800,847		1,454,863	86,814	2,010,864		
34. No. Carolina	NC L		554						
35. No. Dakota	ND L		30,093						
36. Ohio	OH L		49,910						
37. Oklahoma	OK L		134,379						
38. Oregon	OR L		63,956						
39. Pennsylvania	PA L		828,488						
40. Rhode Island	RI L		15,513						
41. So. Carolina	SC L		9,276		1,183,526	883,876	1,151,868		
42. So. Dakota	SD L		14,242						
43. Tennessee	TN L								
44. Texas	TX L		2,826,413		195,000	156,639	4,384,008		
45. Utah	UT L								
46. Vermont	VT L								
47. Virginia	VA L		13,247		331,177	(6,713)	44,360		
48. Washington	WA L		3,834,813		4,000,000	4,000,000			
49. West Virginia	WV L								
50. Wisconsin	WI L		37,700						
51. Wyoming	WY L								
52. American Samoa	AS N								
53. Guam	GU L		71,331						
54. Puerto Rico	PR L		412,829						
55. U.S. Virgin Islands	VI L		51,997						
56. Northern Mariana Islands	MP N								
57. Canada	CAN N								
58. Aggregate other alien	OT XXX								
59. Totals	(a) 54	146,478	26,599,968		30,402,600	35,500,098	83,332,374		
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX								

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

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

Written premium is allocated to states and other jurisdictions by using the state or jurisdiction of the obligor. In the case of a secondary market deal it is allocated to the state or jurisdiction where the trustee is located.

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

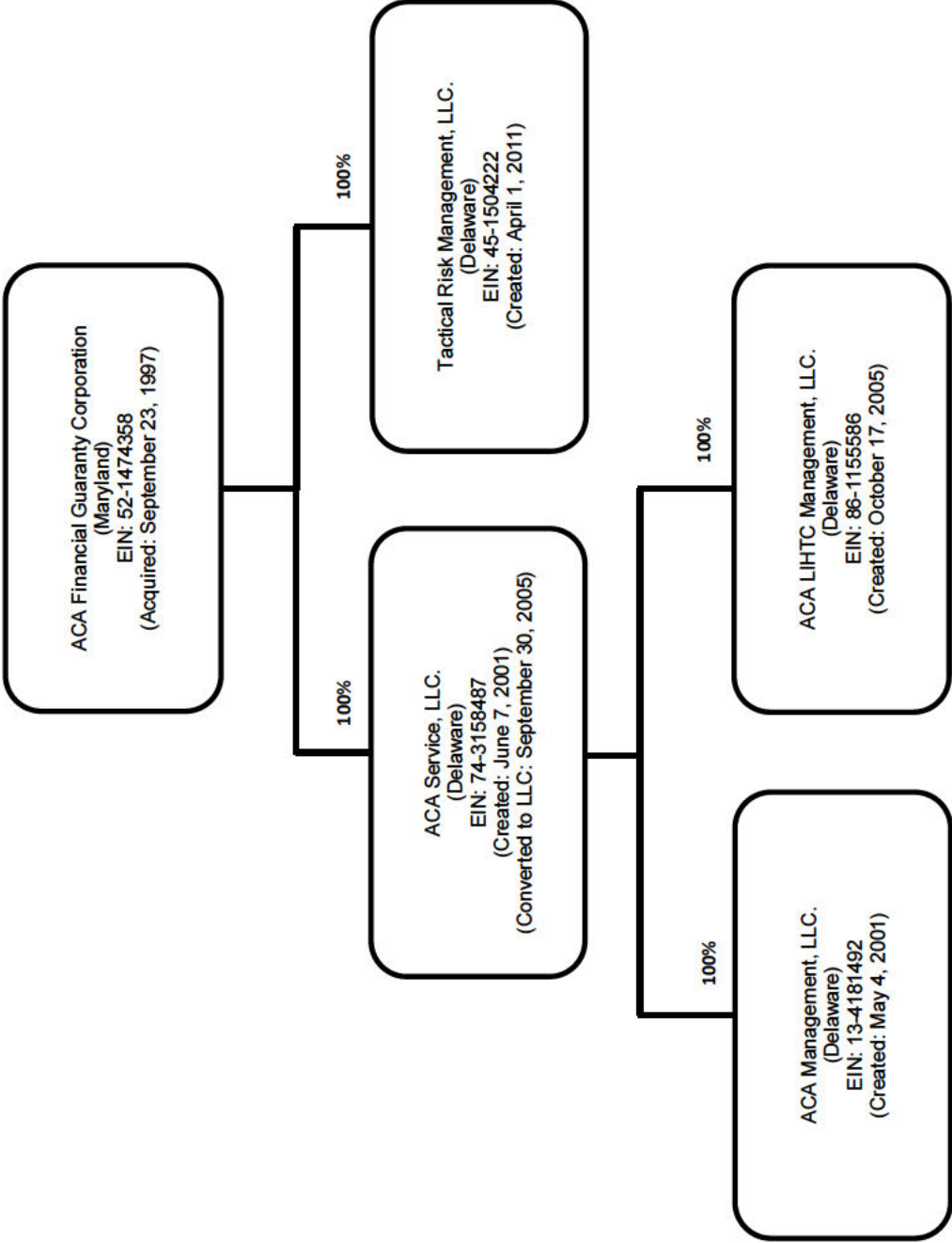
SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

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

NONE

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



ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

Asterisk	Explanation
----------	-------------

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE Y

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

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

APRIL FILING

28.

Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?

.....NO.....
29.

Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?

.....NO.....
30.

Will the Accident and Health Policy Experience Exhibit be filed by April 1?

.....NO.....
31.

Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?

.....NO.....
32.

Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1?

.....NO.....

AUGUST FILING

33.

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

.....SEE EXPLANATION.....

Explanation:

12.
14.
15.
16.
17.
18.


The Company has all "No" answers on Interrogatory 9 indicating that there is nothing to report.
19.
22.


The Company does not have any exceptions to report.
23.
24.
25.
26.
27.
28.
29.
30.
31.
32.
33.


The Company falls below the premium threshold, therefore is exempt from this requirement.


Bar Code:

3.













2 2 8 9 6 2 0 1 3 3 9 0 0 0 0 0 0
4.


2 2 8 9 6 2 0 1 3 3 9 0 0 0 0 0 0
8.


2 2 8 9 6 2 0 1 3 2 0 1 0 0 0 0 0
12.


2 2 8 9 6 2 0 1 3 4 2 0 0 0 0 0 0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

14.	 2 2 8 9 6 2 0 1 3 3 6 0 5 9 0 0 0
15.	 2 2 8 9 6 2 0 1 3 4 5 5 0 0 0 0 0
16.	 2 2 8 9 6 2 0 1 3 4 9 0 0 0 0 0 0
17.	 2 2 8 9 6 2 0 1 3 3 8 5 0 0 0 0 0
19.	 2 2 8 9 6 2 0 1 3 3 6 5 0 0 0 0 0
23.	 2 2 8 9 6 2 0 1 3 5 0 0 0 0 0 0 0
24.	 2 2 8 9 6 2 0 1 3 5 0 5 0 0 0 0 0
25.	 2 2 8 9 6 2 0 1 3 2 2 4 0 0 0 0 0
26.	 2 2 8 9 6 2 0 1 3 2 2 5 0 0 0 0 0
27.	 2 2 8 9 6 2 0 1 3 2 2 6 0 0 0 0 0
28.	 2 2 8 9 6 2 0 1 3 2 3 0 5 9 0 0 0
29.	 2 2 8 9 6 2 0 1 3 3 0 6 0 0 0 0 0
30.	 2 2 8 9 6 2 0 1 3 2 1 0 0 0 0 0 0
31.	 2 2 8 9 6 2 0 1 3 2 1 6 5 9 0 0 0
32.	 2 2 8 9 6 2 0 1 3 2 1 7 0 0 0 0 0

OVERFLOW PAGE FOR WRITE-INS

P002 Additional Aggregate Lines for Page 2 Line 25.
*ASSETS - Assets

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 – 2)	Net Admitted Assets
2504. Other Assets.....	4,667		4,667	4,429
2505.				
2506.				
2597. Summary of remaining write-ins for Line 25 from page 2	4,667		4,667	4,429

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3+4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities	21,823,677	5.617	21,823,677		21,823,677	5.618
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies	122,106	0.031	122,106		122,106	0.031
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	44,210	0.011	44,210		44,210	0.011
1.43 Revenue and assessment obligations	25,860,697	6.656	25,860,697		25,860,697	6.657
1.44 Industrial development and similar obligations	196,441	0.051	196,441		196,441	0.051
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	27,932,885	7.189	27,932,885		27,932,885	7.191
1.512 Issued or guaranteed by FNMA and FHLMC	20,894,413	5.378	20,894,413		20,894,413	5.379
1.513 All other	46,612,211	11.997	46,612,211		46,612,211	12.000
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	38,178,421	9.826	38,178,421		38,178,421	9.828
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other	15,091,749	3.884	15,091,749		15,091,749	3.885
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	142,974,297	36.798	142,974,297		142,974,297	36.806
2.2 Unaffiliated non-U.S. securities (including Canada)	40,568,521	10.441	40,568,521		40,568,521	10.444
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$0 property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	8,150,404	2.098	8,150,404		8,150,404	2.098
11. Other invested assets	83,678	0.022				
12. Total invested assets	388,533,710	100.000	388,450,032		388,450,032	100.000

SCHEDULE A – VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31 of prior year.....

2. Cost of acquired:

2.1 Actual cost at time of acquisition (Part 2, Column 6).....

2.2 Additional investment made after acquisition (Part 2, Column 9).....

3. Current year change in encumbrances:

3.1 Totals, Part 1, Column 13.....

3.2 Totals, Part 3, Column 11.....

4. Total gain (loss) on disposals, Part 3, Column 18.....

5. Deduct amounts received on disposals, Part 3, Column 15.....

6. Total foreign exchange change in book/adjusted carrying value:

6.1 Totals, Part 1, Column 15.....

6.2 Totals, Part 3, Column 13.....

7. Deduct current year's other-than-temporary impairment recognized:

7.1 Totals, Part 1, Column 12.....

7.2 Totals, Part 3, Column 10.....

8. Deduct current year's depreciation:

8.1 Totals, Part 1, Column 11.....

8.2 Totals, Part 3, Column 9.....

9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....

10. Deduct total nonadmitted amounts

11. Statement value at end of current period (Line 9 minus Line 10).....

NONE

SCHEDULE B – VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....

2. Cost of acquired:

2.1 Actual cost at time of acquisition (Part 2, Column 7).....

2.2 Additional investment made after acquisition (Part 2, Column 8)

3. Capitalized deferred interest and other:

3.1 Totals, Part 1, Column 12.....

3.2 Totals, Part 3, Column 11

4. Accrual of discount.....

5. Unrealized valuation increase (decrease):

5.1 Totals, Part 1, Column 9

5.2 Totals, Part 3, Column 8

6. Total gain (loss) on disposals, Part 3, Column 18.....

7. Deduct amounts received on disposals, Part 3, Column 15.....

8. Deduct amortization of premium and mortgage interest points and commitment fees.....

9. Total foreign exchange change in book value/recorded investment excluding accrued interest:

9.1 Totals, Part 1, Column 13

9.2 Totals, Part 3, Column 13

10. Deduct current year's other-than-temporary impairment recognized:

10.1 Totals, Part 1, Column 11

10.2 Totals, Part 3, Column 10

11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....

12. Total valuation allowance.....

13. Subtotal (Line 11 plus Line 12).....

14. Deduct total nonadmitted amounts.....

15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14).....

NONE

SCHEDULE BA – VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year.....	84,192
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8)	
2.2 Additional investment made after acquisition (Part 2, Column 9)	
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 16.....	
3.2 Totals, Part 3, Column 12.....	
4. Accrual of discount.....	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13	(514)
5.2 Totals, Part 3, Column 9	(514)
6. Total gain (loss) on disposals, Part 3, Column 19.....	
7. Deduct amounts received on disposals, Part 3, Column 16.....	
8. Deduct amortization of premium and depreciation.....	
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17.....	
9.2 Totals, Part 3, Column 14.....	
10. Deduct current year's other-than-temporary impairment recognized:	
10.1 Totals, Part 1, Column 15	
10.2 Totals, Part 3, Column 11.....	
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	83,678
12. Deduct total nonadmitted amounts.....	83,678
13. Statement value at end of current period (Line 11 minus Line 12).....	

SCHEDULE D – VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year.....	397,472,162
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	143,284,441
3. Accrual of discount.....	1,359,337
4. Unrealized valuation increase (decrease):	
4.1 Part 1, Column 12.....	(37,050)
4.2 Part 2, Section 1, Column 15.....	
4.3 Part 2, Section 2, Column 13.....	
4.4 Part 4, Column 11.....	(37,050)
5. Total gain (loss) on disposals, Part 4, Column 19.....	3,189,017
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	160,451,556
7. Deduct amortization of premium.....	2,945,276
8. Total foreign exchange change in book/adjusted carrying value:	
8.1 Part 1, Column 15.....	
8.2 Part 2, Section 1, Column 19.....	
8.3 Part 2, Section 2, Column 16.....	
8.4 Part 4, Column 15.....	
9. Deduct current year's other-than-temporary impairment recognized:	
9.1 Part 1, Column 14.....	1,568,197
9.2 Part 2, Section 1, Column 17.....	
9.3 Part 2, Section 2, Column 14.....	
9.4 Part 4, Column 13.....	3,250
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	380,299,628
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	380,299,628

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	73,049,747	74,337,891	74,263,285	70,964,797
	2. Canada				
	3. O her Countries				
	4. Totals	73,049,747	74,337,891	74,263,285	70,964,797
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals	44,210	41,534	44,125	50,000
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	61,958,893	64,792,141	61,286,919	96,807,903
Industrial and Miscellaneous and Hybrid Securi ies (unaffiliated)	8. United States	203,280,644	208,648,454	204,771,752	209,199,147
	9. Canada	2,122,947	3,642,971	2,317,515	1,000,000
	10. O her Countries	39,843,187	40,087,529	40,816,403	59,616,727
	11. Totals	245,246,777	252,378,953	247,905,670	269,815,874
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	380,299,628	391,550,520	383,499,999	437,638,574
PREFERRED STOCKS Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. O her Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. O her Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	380,299,628	391,550,520	383,499,999	

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1A - SECTION 1

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

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 NAIC 1	18,699,791	40,007,294	14,368,582	3,943,687	390,506	77,409,861	20.1	116,715,295	28.3	77,409,861	
1.2 NAIC 2											
1.3 NAIC 3											
1.4 NAIC 4											
1.5 NAIC 5											
1.6 NAIC 6											
1.7 Totals	18,699,791	40,007,294	14,368,582	3,943,687	390,506	77,409,861	20.1	116,715,295	28.3	77,409,861	
2. All Other Governments											
2.1 NAIC 1								1,431,351	0.3		
2.2 NAIC 2											
2.3 NAIC 3											
2.4 NAIC 4											
2.5 NAIC 5											
2.6 NAIC 6											
2.7 Totals								1,431,351	0.3		
3. U.S. States, Territories and Possessions, etc., Guaranteed											
3.1 NAIC 1											
3.2 NAIC 2											
3.3 NAIC 3											
3.4 NAIC 4											
3.5 NAIC 5											
3.6 NAIC 6											
3.7 Totals											
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 NAIC 1				44,210		44,210	0.0			44,210	
4.2 NAIC 2											
4.3 NAIC 3											
4.4 NAIC 4											
4.5 NAIC 5											
4.6 NAIC 6											
4.7 Totals				44,210		44,210	0.0			44,210	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 NAIC 1	4,313,322	20,801,894	8,502,512	11,706,357	1,290,255	46,614,341	12.1	43,062,838	10.4	46,614,341	
5.2 NAIC 2				4,921,513	6,334,405	11,255,918	2.9			11,255,918	
5.3 NAIC 3					82,417	82,417	0.0			82,417	
5.4 NAIC 4											
5.5 NAIC 5					1,424,944	1,424,944	0.4			1,424,944	
5.6 NAIC 6	137,230	287,439	488,498	792,488	875,620	2,581,275	0.7	3,205,540	0.8	2,581,275	
5.7 Totals	4,450,552	21,089,333	8,991,010	17,420,358	10,007,641	61,958,893	16.1	46,268,378	11.2	61,958,893	

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ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

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

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

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
9. Total Bonds Current Year											
9.1 NAIC 1	d) 61,525,678	155,927,824	51,775,630	17,798,002	3,127,767	290,154,900	75.4	XXX	XXX	274,425,489	15,729,412
9.2 NAIC 2	d) 19,234,719	27,210,792	30,591,831	5,932,122	6,334,405	89,303,869	23.2	XXX	XXX	77,368,089	11,935,779
9.3 NAIC 3	d)				82,417	82,417	0.0	XXX	XXX	82,417	
9.4 NAIC 4	d)							XXX	XXX		
9.5 NAIC 5	d)				1,424,944	(c) 1,424,944	0.4	XXX	XXX	1,424,944	
9.6 NAIC 6	d) 287,208	887,351	850,945	792,488	875,620	3,693,613	1.0	XXX	XXX	3,693,613	
9.7 Totals	81,047,605	184,025,968	83,218,406	24,522,611	11,845,153	(b) 384,659,742	100.0	XXX	XXX	356,994,551	27,665,191
9.8 Line 9.7 as a % of Col. 6	21.1	47.8	21.6	6.4	3.1	100.0	XXX	XXX	XXX	92.8	7.2
10. Total Bonds Prior Year											
10.1 NAIC 1	60,149,447	156,979,554	57,882,211	17,943,947	24,293,924	XXX	XXX	317,249,083	76.8	298,873,169	18,375,915
10.2 NAIC 2	6,005,817	33,096,476	41,034,180	4,650,736	5,437,648	XXX	XXX	90,224,857	21.9	77,852,736	12,372,121
10.3 NAIC 3						XXX	XXX				
10.4 NAIC 4				858,500		XXX	XXX	858,500	0.2	858,500	
10.5 NAIC 5						XXX	XXX	(c) 4,509,182			
10.6 NAIC 6	94,858	528,466	1,127,797	1,537,727	1,220,334	XXX	XXX	(c) 4,509,182	1.1	4,509,183	
10.7 Totals	66,250,122	190,604,496	100,044,188	24,990,910	30,951,906	XXX	XXX	(b) 412,841,622	100.0	382,093,588	30,748,036
10.8 Line 10.7 as a % of Col. 8	16.0	46.2	24.2	6.1	7.5	XXX	XXX	100.0	XXX	92.6	7.4
11. Total Publicly Traded Bonds											
11.1 NAIC 1	50,291,331	151,432,759	51,775,630	17,798,002	3,127,767	274,425,489	71.3	298,873,168	72.4	274,425,489	XXX
11.2 NAIC 2	16,200,740	22,284,101	26,616,722	5,932,122	6,334,405	77,368,089	20.1	77,852,736	18.9	77,368,089	XXX
11.3 NAIC 3					82,417	82,417	0.0			82,417	XXX
11.4 NAIC 4								858,500	0.2		XXX
11.5 NAIC 5					1,424,944	1,424,944	0.4			1,424,944	XXX
11.6 NAIC 6	287,208	887,351	850,945	792,488	875,620	3,693,613	1.0	4,509,181	1.1	3,693,613	XXX
11.7 Totals	66,779,278	174,604,212	79,243,297	24,522,611	11,845,153	356,994,551	92.8	382,093,585	92.6	356,994,551	XXX
11.8 Line 11.7 as a % of Col. 6	18.7	48.9	22.2	6.9	3.3	100.0	XXX	XXX	XXX	100.0	XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9	17.4	45.4	20.6	6.4	3.1	92.8	XXX	XXX	XXX	92.8	XXX
12. Total Privately Placed Bonds											
12.1 NAIC 1	11,234,347	4,495,065				15,729,412	4.1	18,375,915	4.5	XXX	15,729,412
12.2 NAIC 2	3,033,980	4,926,691	3,975,109			11,935,779	3.1	12,372,121	3.0	XXX	11,935,779
12.3 NAIC 3										XXX	
12.4 NAIC 4										XXX	
12.5 NAIC 5										XXX	
12.6 NAIC 6										XXX	
12.7 Totals	14,268,326	9,421,756	3,975,109			27,665,191	7.2	30,748,036	7.4	XXX	27,665,191
12.8 Line 12.7 as a % of Col. 6	51.6	34.1	14.4			100.0	XXX	XXX	XXX	XXX	100.0
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9	3.7	2.4	1.0			7.2	XXX	XXX	XXX	XXX	7.2

(a) Includes \$ 27,665,191 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$ 12,487,940 current year, \$ prior year of bonds with Z designations and \$ current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$ current year, \$ 3,205,531 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by he SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certifica ion of principal and interest payments.
(d) Includes he following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1A - SECTION 2

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

Distribution by Type		1	2	3	4	5	6	7	8	9	10	11
		1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 9.5	Total from Col 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
1. U.S. Governments												
1.1	Issuer Obligations	4,360,114	16,031,083	5,792,594			26,183,791	6.8	22,854,479	5.5	26,183,791	
1.2	Residential Mortgage-Backed Securities	14,339,677	23,976,211	8,575,988	3,943,687	390,506	51,226,069	13.3	93,860,817	22.7	51,226,069	
1.3	Commercial Mortgage-Backed Securities											
1.4	Other Loan-Backed and Structured Securities											
1.5	Totals	18,699,791	40,007,294	14,368,582	3,943,687	390,506	77,409,861	20.1	116,715,296	28.3	77,409,861	
2. All Other Governments												
2.1	Issuer Obligations								1,431,351	0.3		
2.2	Residential Mortgage-Backed Securities											
2.3	Commercial Mortgage-Backed Securities											
2.4	Other Loan-Backed and Structured Securities											
2.5	Totals								1,431,351	0.3		
3. U.S. States, Territories and Possessions, Guaranteed												
3.1	Issuer Obligations											
3.2	Residential Mortgage-Backed Securities											
3.3	Commercial Mortgage-Backed Securities											
3.4	Other Loan-Backed and Structured Securities											
3.5	Totals											
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed												
4.1	Issuer Obligations				44,210		44,210	0.0			44,210	
4.2	Residential Mortgage-Backed Securities											
4.3	Commercial Mortgage-Backed Securities											
4.4	Other Loan-Backed and Structured Securities											
4.5	Totals				44,210		44,210	0.0			44,210	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1	Issuer Obligations	137,230	1,137,569	488,498	14,287,051	10,006,790	26,057,138	6.8	4,815,750	1.2	26,057,138	
5.2	Residential Mortgage-Backed Securities	4,191,216	19,951,764	8,502,512	3,133,306	850	35,779,649	9.3	41,452,628	10.0	35,779,649	
5.3	Commercial Mortgage-Backed Securities											
5.4	Other Loan-Backed and Structured Securities	122,106					122,106	0.0			122,106	
5.5	Totals	4,450,552	21,089,333	8,991,010	17,420,358	10,007,641	61,958,893	16.1	46,268,378	11.2	61,958,893	
6. Industrial and Miscellaneous												
6.1	Issuer Obligations	43,373,633	58,368,902	49,212,401	1,010,609	739,912	152,705,457	39.7	167,786,159	40.6	125,215,705	27,489,753
6.2	Residential Mortgage-Backed Securities	3,284,886	2,752,780	1,384,700	1,892,516	707,094	10,021,976	2.6	25,232,692	6.1	10,021,976	
6.3	Commercial Mortgage-Backed Securities	4,939,736	41,847,913	7,603,572			54,391,221	14.1	55,167,607	13.4	54,215,783	175,438
6.4	Other Loan-Backed and Structured Securities	6,299,007	17,835,074	1,658,140	211,231		26,003,452	6.8	240,139	0.1	26,003,452	
6.5	Totals	57,897,262	120,804,670	59,858,814	3,114,356	1,447,006	243,122,107	63.2	248,426,597	60.2	215,456,916	27,665,191
7. Hybrid Securities												
7.1	Issuer Obligations		2,124,670				2,124,670	0.6			2,124,670	
7.2	Residential Mortgage-Backed Securities											
7.3	Commercial Mortgage-Backed Securities											
7.4	Other Loan-Backed and Structured Securities											
7.5	Totals		2,124,670				2,124,670	0.6			2,124,670	
8. Parent, Subsidiaries and Affiliates												
8.1	Issuer Obligations											
8.2	Residential Mortgage-Backed Securities											
8.3	Commercial Mortgage-Backed Securities											
8.4	Other Loan-Backed and Structured Securities											
8.5	Totals											

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

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

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues											
Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.5	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
9. Total Bonds Current Year											
9.1 Issuer Obligations	47,870,977	77,662,224	55,493,494	15,341,871	10,746,702	207,115,268	53.8	XXX	XXX	179,625,515	27,489,753
9.2 Residential Mortgage-Backed Securities	21,815,779	46,680,756	18,463,200	8,969,510	1,098,450	97,027,694	25.2	XXX	XXX	97,027,694	
9.3 Commercial Mortgage-Backed Securities	4,939,736	41,847,913	7,603,572			54,391,221	14.1	XXX	XXX	54,215,783	175,438
9.4 Other Loan-Backed and Structured Securities	6,421,113	17,835,074	1,658,140	211,231		26,125,559	6.8	XXX	XXX	26,125,559	
9.5 Totals	81,047,605	184,025,968	83,218,406	24,522,611	11,845,153	384,659,742	100.0	XXX	XXX	356,994,551	27,665,191
9.6 Lines 9.5 as a % Col. 6	21.1	47.8	21.6	6.4	3.1	100.0	XXX	XXX	XXX	92.8	7.2
10. Total Bonds Prior Year											
10.1 Issuer Obligations	28,062,502	79,504,286	65,599,421	8,713,227	15,008,303	XXX	XXX	196,887,739	47.7	170,347,671	26,540,067
10.2 Residential Mortgage-Backed Securities	29,918,557	80,305,503	26,774,201	16,161,601	7,386,275	XXX	XXX	160,546,137	38.9	160,546,138	
10.3 Commercial Mortgage-Backed Securities	8,259,932	30,756,636	7,619,310		8,531,729	XXX	XXX	55,167,607	13.4	51,199,778	3,967,829
10.4 Other Loan-Backed and Structured Securities	9,132	38,071	51,255	116,082	25,599	XXX	XXX	240,139	0.1		240,139
10.5 Totals	66,250,123	190,604,496	100,044,187	24,990,910	30,951,906	XXX	XXX	412,841,622	100.0	382,093,587	30,748,035
10.6 Line 10.5 as a % of Col. 8	16.0	46.2	24.2	6.1	7.5	XXX	XXX	100.0	XXX	92.6	7.4
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations	33,778,089	68,240,468	51,518,385	15,341,871	10,746,702	179,625,515	46.7	170,347,671	41.3	179,625,515	XXX
11.2 Residential Mortgage-Backed Securities	21,815,779	46,680,756	18,463,200	8,969,510	1,098,450	97,027,694	25.2	160,546,138	38.9	97,027,694	XXX
11.3 Commercial Mortgage-Backed Securities	4,764,298	41,847,913	7,603,572			54,215,783	14.1	51,199,778	12.4	54,215,783	XXX
11.4 Other Loan-Backed and Structured Securities	6,421,113	17,835,074	1,658,140	211,231		26,125,559	6.8			26,125,559	XXX
11.5 Totals	66,779,278	174,604,212	79,243,297	24,522,611	11,845,153	356,994,551	92.8	382,093,587	92.6	356,994,551	XXX
11.6 Line 11.5 as a % of Col. 6	18.7	48.9	22.2	6.9	3.3	100.0	XXX	XXX	XXX	100.0	XXX
11.7 Line 11 5 as a % of Line 9.5, Col. 6, Section 9	17.4	45.4	20.6	6.4	3.1	92.8	XXX	XXX	XXX	92.8	XXX
12. Total Privately Placed Bonds											
12.1 Issuer Obligations	14,092,888	9,421,756	3,975,109			27,489,753	7.1	26,540,068	6.4	XXX	27,489,753
12.2 Residential Mortgage-Backed Securities										XXX	
12.3 Commercial Mortgage-Backed Securities	175,438					175,438	0.0	3,967,829	1.0	XXX	175,438
12.4 Other Loan-Backed and Structured Securities								240,139	0.1	XXX	
12.5 Totals	14,268,326	9,421,756	3,975,109			27,665,191	7.2	30,748,036	7.4	XXX	27,665,191
12.6 Line 12.5 as a % of Col. 6	51.6	34.1	14.4			100.0	XXX	XXX	XXX	XXX	100.0
12.7 Line 12 5 as a % of Line 9.5, Col. 6, Section 9	3.7	2.4	1.0			7.2	XXX	XXX	XXX	XXX	7.2

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments					
	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	15,369,461	15,369,461			
2. Cost of short-term investments acquired	194,268,792	194,268,792			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	205,278,139	205,278,139			
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other-than-temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	4,360,114	4,360,114			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	4,360,114	4,360,114			

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

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification Between Yrs

NONE

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

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ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE December 31 of Current Year

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

[illegible]

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ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP	Description	Code	F o r e i g n	Bond CHAR	NAIC Designa ion	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valua ion Increase/ (Decrease)	Current Year's (Amor iza ion)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
03348R-AV-7	ANDALUSIA ETC ARPT-A			1	2Z	1,754,415	96.5980	1,748,424	1,810,000	1,754,511		.96			5.000	5.337	FA	37,708		12/18/2013	08/01/2026
13033W-A7-8	CA INFRA CAB-SER A			1	6*				3,000,000								N/A			12/20/2013	12/01/2018
13033W-A8-6	CA INFRA CAB-SER A			1	6*				1,000,000								N/A			12/20/2013	12/01/2019
13033W-B3-6	CA INFRA CAB-SER A			1	6*				170,000								N/A			10/17/2013	12/01/2022
13033W-B5-1	CA INFRA CAB-SER A			1	6*				555,000								N/A			11/26/2013	12/01/2024
13033W-B8-5	CA INFRA CAB-SER A			1	6*				3,970,000								N/A			12/20/2013	12/01/2027
13078S-AG-3	CA HLTH-MT SHADOWS-B			1	1Z	5,076,500	88.0720	5,037,718	5,720,000	5,077,531		1,031			5.000	6.049	JJ	143,000		12/11/2013	07/01/2031
20786L-CS-8	CONNECTOR ASSN-A-SOUT			1	6Z	8,500	8.0000	8,500	25,000	8,500	371	565	936		5.250		JJ		3,245	07/15/2011	01/01/2023
20786L-DB-4	CONNECTOR 2000-A-CABS	@			6Z	52,199	100.0000	59,660	59,660	59,660		8,373	5,073				N/A			05/24/2011	01/01/2014
20786L-DC-2	CONNECTOR 2000-A-CABS	@			6Z	54,410	88.0000	56,768	64,509	56,675	(660)	3,928	4,990				N/A			05/24/2011	01/01/2015
20786L-DD-0	CONNECTOR 2000-A-CABS	@			6Z	53,925	82.5000	59,321	71,904	56,837		4,093	8,138				N/A			05/24/2011	01/01/2016
20786L-DE-8	CONNECTOR 2000-A-CABS	@			6Z	64,606	76.4400	74,362	97,281	68,119		5,102	13,559				N/A			05/24/2011	01/01/2017
20786L-DF-5	CONNECTOR 2000-A-CABS	@			6Z	60,858	69.0000	74,181	107,509	64,449		5,386	18,695				N/A			05/24/2011	01/01/2018
20786L-DG-3	CONNECTOR 2000-A-CABS	@			6Z	59,459	64.0000	74,906	117,040	62,875		5,324	21,237				N/A			05/24/2011	01/01/2019
20786L-DH-1	CONNECTOR 2000-A-CABS	@			6Z	59,648	59.5000	75,746	127,304	62,872		5,187	22,040				N/A			05/24/2011	01/01/2020
20786L-DJ-7	CONNECTOR 2000-A-CABS	@			6Z	64,041	54.0000	81,539	150,999	67,444		5,656	26,265				N/A			05/24/2011	01/01/2021
20786L-DK-4	CONNECTOR 2000-A-CABS	@			6Z	60,051	49.0000	78,243	159,679	63,263		5,461	29,501				N/A			05/24/2011	01/01/2022
20786L-DS-7	CONNECTOR 2000-A1-CAB	@		1	6Z	423,512		549,959	2,972,754	444,180		43,796	405,191				N/A			06/12/2012	01/01/2032
20786L-DT-5	CONNECTOR 2000-A1-CAB	@		1	6Z	309,738	7.7500	386,883	4,992,039	323,871		33,559	322,990				N/A			06/12/2012	01/01/2042
20786L-DU-2	CONNECTOR 2000-A1-CAB	@		1	6Z	70,188	1.6000	106,393	6,649,567	74,104		16,034	283,985				N/A			06/12/2012	07/22/2051
20786L-DV-0	CONNECTOR 2000-B1-CAB	@		1	6Z	26,079	1.2400	17,469	1,408,815	17,469	(11,348)	12,756	227,968				N/A			06/12/2012	01/01/2032
20786L-DW-8	CONNECTOR 2000-B1-CAB	@		1	6Z	14,760	0.2400	10,824	4,510,180	10,824	(4,995)	6,819	124,008				N/A			06/12/2012	07/22/2051
245589-BK-1	DELANO CMNTY-REF-A			1	2Z	99,750	89.0850	93,539	105,000	99,764		.14			5.000	5.367	MS	1,750		11/21/2013	09/01/2038
453419-AT-0	INDEPENDENCE			1	6Z	172,500	80.1380	200,345	250,000	193,049		7,690			4.875	10.577	MN	2,031	12,188	01/11/2011	05/01/2019
453419-BX-0	INDEPENDENCE HYDROELE			1	6Z	3,700	59.7220	5,972	10,000	4,213		205			4.800	16.780	MN	80	480	01/20/2011	05/01/2024
490236-BH-8	KENT STUDENT HSG-A-RF			1	1Z	320,000	80.0250	320,100	400,000	320,176		176			5.000	7.068	JJ	10,000		12/04/2013	07/01/2030
515847-AZ-4	LANGSTON ECON-A-LANGS			1	2FE	1,950,000	96.0340	1,920,680	2,000,000	1,950,961		961			5.000	5.225	MN	16,667	50,000	07/25/2013	05/01/2030
524805-F3-7	LEHIGH GEN KIDSPACE			1	6Z			178,000	445,000								MN			04/19/2013	11/01/2012
524805-F4-5	LEHIGH GEN KIDSPACE			1	6Z	1,961	40.0000	2,000	5,000	2,000	717	209	2,050		6.000		MN			04/30/2009	11/01/2018
544566-AP-7	L A ZONE SANTEE CRT			1	6Z	185,973	64.6060	184,127	285,000	179,248	(8,326)	2,103	21,154		5.000		JD	1,188	11,750	08/01/2013	12/01/2027
546279-RE-2	LA GOVT BATON RGE-A			1	6Z	71,132	96.9620	77,570	80,000	77,570	1,421	11,864	1,223		4.400	23.250	MS	1,173	3,520	12/14/2011	03/01/2014
546279-RG-7	LA GOVT BATON RGE-A			1	6Z	37,400	76.8100	42,246	55,000	41,358		2,079			5.250	12.420	MS	963	2,888	12/14/2011	09/01/2018
546279-RJ-1	LA GOVT BATON RGE-A			1	6Z	70,000	67.6640	67,664	100,000	70,187		187			5.250	9.107	MS	1,750		10/30/2013	09/01/2027
546279-RK-8	LA GOVT BATON RGE-A			1	6Z	465,805	67.4270	509,074	755,000	456,322	(13,114)	2,016	2,014		5.250	9.282	MS	13,213	14,306	10/02/2013	09/01/2035
57583R-FT-7	MA DEV-A-ACADEMY PACI			1	1Z	257,125	90.2200	248,105	275,000	257,308		183			5.125	5.713	JD	1,174	7,047	09/20/2013	06/01/2031
57583R-GK-5	MA DEV CURRY CLG-A			1	2FE	1,467,500	96.7410	1,451,115	1,500,000	1,467,618		118			5.000	5.164	MS	25,000		12/10/2013	03/01/2036
57583R-HP-3	MA DEV BOSTON ARCHITE			1	1Z	972,130	96.7510	967,510	1,000,000	972,767		637			5.000	5.292	JJ	25,000		07/31/2013	01/01/2027
57583R-HQ-1	MA DEV BOSTON ARCHITE			1	1Z	1,188,925	90.4980	1,180,999	1,305,000	1,189,636		711			5.000	5.694	JJ	32,625		11/07/2013	01/01/2037
60535R-AH-1	MS HM CORP-8A-MS VY S			1	6*				25,000								JD			03/12/2013	12/01/2028
64971C-F4-1	NY CITY INDL-WAGEN			1	6*				2,060,000								JD			01/26/2012	06/15/2027
665588-ND-7	NTHRN PALM BCH #43-B			1	1Z	96,625	90.0060	90,006	100,000	96,677		52			4.625	4.908	FA	1,927	1,156	07/30/2013	08/01/2031
717868-CB-7	PHILA REDEV BEECH-A			1	5	1,424,235	96.2220	1,443,330	1,500,000	1,424,949		714			5.500	5.914	JJ	41,250		08/27/2013	07/01/2035
717903-D6-2	PHILADELPHIA HSP-RF-A			1	3FE	84,000	78.4920	82,417	105,000	82,417	(1,614)	31			5.000	6.824	JJ	2,625		12/06/2013	07/01/2034
723161-FK-6	PINELLAS EDL-ECKERD C			1	1Z	23,875	89.2660	22,317	25,000	23,894		19			4.750	5.133	AO	297	594	07/18/2013	10/01/2031
745181-M7-9	Puerto Rico Hwy & Trans Rev	SD			1FE	864,165	101.5720	761,790	750,000	850,130		(14,035)			6.000	2.820	JJ	22,500	22,500	04/23/2013	07/01/2018
802576-AJ-7	SANTA ROSA BAY BRDG				6Z		31.2500	479,688	1,535,000								N/A			10/15/2013	07/01/2012
882385-AC-1	TX DORM STD HSG JR-A			1	6Z	35,518	79.2490	51,512	65,000	38,995		1,503			5.875	13.987	MS	1,273	3,819	05/19/2011	09/01/2022
882385-AD-9	TX DORM STD HSG JR-A			1	6Z	62,288	68.5140	71,940	105,000	65,371	495	1,217			5.750	11.213	MS	2,013	6,038	03/24/2011	09/01/2027
882385-AE-7	TX DORM STD HSG JR-A			1	6Z	80,050	64.4460	90,224	140,000	82,007		818			6.000	11.285	MS	2,800	8,400	04/29/2011	09/01/2033
88276P-AR-7	TX FIN-A-KIPP INC ED			1	2FE	4,265,625	91.2550	3,992,406	4,375,000	4,266,887		1,262			5.000	5.189	FA	82,639	109,375	07/23/2013	02/15/2036
88276P-BM-7	TX SCH-EDU-A-IDEA PUB			1	2FE	2,970,000	95.1150	2,853,450	3,000,000	2,970,551		551			5.000	5.088	FA	56,667	75,000	07/24/2013	08/15/2030
88276P-BS-4	TX SCH-EDU-A-IDEA PUB			1	2FE	599,375	90.9680	623,131	685,000	599,900		525			5.000	5.989	FA	12,939		09/06/2013	08/15/2037
2599999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations						25,982,546	XXX	26,512,152	60,779,240	26,057,138	(37,053)	184,974	1,541,016		XXX	XXX	XXX	540,250	332,305	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Residential Mortgage-Backed Securities																					
3128MD-W3-3	FG 614966			2	1	5,003,742	102.1172	4,974,438	4,871,303	5,003,742					3.000	2.538	MON	2,030		12/31/2013	11/01/2028

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identifica ion	Description	Code	F o r e i g n	Bond CHAR	NAIC Designa ion	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valua ion Increase/ (Decrease)	Current Year's (Amor iza ion)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
31387C-W3-2.	FNMA Pool 580078.....			2.	1.	7,757	112.7750	8,510	7,546	7,734		(10)			7.000	6.076	MON	.44	528	03/06/2002	09/01/2031
3138W9-U4-0.	FNMA Pool AS0602.....			2.	1.	5,055,011	98.9270	5,047,301	5,102,046	5,055,011					2.500	2.666	MON	1,772		12/31/2013	09/01/2028
31393W-K4-0.	FHLMC 2643 OH.....			2.	1.	4,509,375	107.4330	5,371,650	5,000,000	4,785,463		36,269			5.000	6.083	MON	20,833	250,000	06/07/2007	07/15/2033
31394D-JJ-0.	FNMA 2005-29 OE.....			2.	1.	4,497,656	107.1340	5,356,700	5,000,000	4,759,268		39,525			5.000	6.189	MON	20,833	250,000	06/07/2007	04/25/2035
31394Y-KX-1.	FHLMC 2791 UG.....			2.	1.	2,389,165	107.4400	2,589,578	2,410,255	2,400,809		(468)			5.000	5.172	MON	10,043	120,513	11/08/2004	05/15/2019
31395J-W5-1.	FHLMC 2888 HG.....			2.	1.	2,843,438	107.4070	3,222,210	3,000,000	2,939,697		9,619			5.000	5.502	MON	12,500	150,000	11/02/2004	11/15/2034
31402D-F7-0.	FNMA Pool 725690.....			2.	1.	3,879,634	112.2330	4,213,664	3,754,390	3,879,626		7,570			6.000	4.794	MON	18,772	225,263	01/20/2005	08/01/2034
31402D-PT-1.	FNMA Pool 725934.....			2.	1.	3,044,746	107.1060	3,068,825	2,865,222	2,996,516		(18,087)			5.000	2.554	MON	11,938	143,261	04/19/2010	11/01/2019
31405R-AR-7.	FNMA Pool 796616.....			2.	1.	3,644,443	110.0120	3,948,554	3,589,203	3,650,065		8,954			5.500	5.006	MON	16,451	197,406	11/09/2004	10/01/2034
31407U-EK-9.	FNMA Pool 840838.....			2.	1.	303,426	109.9430	337,925	307,364	301,719		(1,839)			5.500	5.993	MON	1,409	16,905	10/27/2005	11/01/2035
2699999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Residential Mortgage-Backed Securities						35,178,394	XXX	38,139,355	35,907,329	35,779,649		81,534			XXX	XXX	XXX	116,624	1,353,877	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Other Loan-Backed and Structured Securities																					
31359S-2G-4.	FNMA Whole Loan NW 2001-W1 AF6.....			23.	1.	125,979	115.9070	140,635	121,334	122,106		(9,096)			6.902	3.860	MON	698	8,375	02/20/2004	07/25/2031
2899999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Other Loan-Backed and Structured Securities						125,979	XXX	140,635	121,334	122,106		(9,096)			XXX	XXX	XXX	698	8,375	XXX	XXX
3199999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Subtotals - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies of Governments and Their Political Subdivisions						61,286,919	XXX	64,792,141	96,807,903	61,958,893	(37,053)	257,412	1,541,016		XXX	XXX	XXX	657,573	1,694,556	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																					
00084D-AG-5.	ABN AMRO BANK NV.....		R.		1FE	2,496,025	99.7840	2,494,600	2,500,000	2,496,155		130			2.500	2.534	AO	10,590		10/23/2013	10/30/2018
00206R-AW-2.	AT&T INC.....				1FE	1,996,360	104.2750	2,085,500	2,000,000	1,998,233		753			2.950	2.989	MN	7,539	59,000	04/26/2011	05/15/2016
0258MO-DH-9.	AMERICAN EXPRESS CREDIT.....			3.	1FE	1,000,000	100.4860	1,004,860	1,000,000	1,000,000					0.747	0.757	JAJO	1,328	1,978	07/24/2013	07/29/2016
026874-CU-9.	AMERICAN INTL GROUP.....			2FE	2.	240,100	107.4820	2,149,640	2,000,000	2,219,718		(20,382)			4.875	3.365	JD	8,125	97,500	01/29/2013	01/06/2022
026870-BC-1.	AMERICAN INTL GROUP.....			2FE		399,636	111.4150	445,660	400,000	399,877		77			5.600	5.612	AO	4,542	22,400	10/13/2006	10/18/2016
031162-AZ-3.	AMGEN INC.....			1.	2FE	997,770	115.2400	1,152,400	1,000,000	998,735		265			5.700	5.729	FA	23,750	57,000	01/13/2009	02/01/2019
034863-AA-8.	ANGLO AMERICAN CAPITAL.....		R.	1.	2FE	3,511,260	102.2170	3,066,510	3,000,000	3,033,980		(124,420)			9.375	5.018	AO	64,844	281,250	11/05/2009	04/08/2014
037833-AK-6.	APPLE INC.....				1FE	1,997,340	89.9210	1,798,420	2,000,000	1,997,497		157			2.400	2.415	MN	7,733	24,000	04/30/2013	05/03/2023
04650N-AB-0.	AT&T INC.....				1FE	739,888	98.9430	731,189	739,000	739,912		43			5.350	5.341	MS	13,179	39,537	05/12/2011	09/01/2040
05578D-AA-0.	BPCE SA.....		R.	3.	1FE	505,370	101.3010	506,505	500,000	504,879		(491)			1.488	1.082	JAJO	1,406	1,937	10/01/2013	04/25/2016
06050T-JN-3.	BANK OF AMERICA NA.....			3.	2FE	2,019,050	99.1040	2,477,600	2,500,000	2,228,058		110,780			0.523	5.288	MJSD	581	14,123	09/10/2010	06/15/2016
06051G-EH-8.	BANK OF AMERICA CORP.....				1FE	3,982,600	109.2770	4,371,080	4,000,000	3,986,380		1,741			5.000	5.056	MN	26,667	200,000	05/10/2011	05/13/2021
06051G-EU-9.	BANK OF AMERICA CORP.....				1FE	991,880	94.6270	946,270	1,000,000	992,510		630			3.300	3.397	JJ	15,583	16,500	02/13/2013	01/11/2023
06739F-FZ-9.	BARCLAYS BANK PLC.....		R.		1FE	2,108,920	102.4970	2,049,940	2,000,000	2,013,021		(24,107)			5.200	3.933	JJ	49,400	104,000	10/01/2009	07/10/2014
06739G-BP-3.	BARCLAYS BANK PLC.....		R.		2FE	2,172,680	106.4870	2,129,740	2,000,000	2,159,398		(13,282)			5.140	3.796	AO	21,988	51,400	05/02/2013	10/14/2020
11102A-AA-9.	BRITISH TELECOM PLC.....		R.	1.	2FE	2,183,460	114.3470	2,286,940	2,000,000	2,126,615		(28,179)			5.950	4.228	JJ	54,872	119,000	12/05/2011	01/15/2018
14040H-AS-4.	CAPITAL ONE FINANCIAL CO.....				2FE	3,367,050	102.5750	3,077,250	3,000,000	3,033,998		(84,333)			7.375	4.422	MN	23,354	221,250	10/01/2009	05/23/2014
14912L-SS-6.	CATERPILLAR FINANCIAL SE.....				1FE	2,099,685	100.6190	2,112,999	2,100,000	2,099,718		33			1.350	1.355	MS	9,056		09/03/2013	09/06/2016
172967-DY-4.	CITIGROUP INC.....			2FE		1,992,380	110.1840	2,203,680	2,000,000	1,997,167		950			5.500	5.550	FA	41,556	110,000	02/05/2007	02/15/2017
172967-EM-9.	CITIGROUP INC.....			1FE		2,987,160	115.2710	3,458,130	3,000,000	2,994,068		1,558			6.125	6.183	MN	20,417	183,750	11/14/2007	11/21/2017
191216-AK-6.	COCA-COLA CO/THE.....			1.	1FE	4,742,923	113.8590	5,408,303	4,750,000	4,746,882		1,029			5.350	5.369	MN	32,472	254,125	10/29/2007	11/15/2017
2027AO-GW-3.	COMMONWEALTH BANK AUST.....		R.	3.	1FE	1,000,000	100.2430	1,002,430	1,000,000	1,000,000					0.745	0.767	MJSD	248	1,902	09/16/2013	09/20/2016
205887-BR-2.	CONAGRA FOODS INC.....			1.	2FE	2,003,540	92.8430	1,856,860	2,000,000	2,003,263		(277)			3.200	3.179	JJ	27,733	32,000	01/29/2013	01/25/2023
21079S-OB-9.	CONTL AIRLINES 2012-2 A.....			2.	2FE	1,000,000	99.5000	995,000	1,000,000	1,000,000					4.000	3.999	AO	6,889	42,889	09/19/2012	10/29/2024
21079U-AA-3.	CONTL AIRLINES 2009-2.....			2.	2FE	937,597	114.5000	945,858	826,077	920,105		(10,581)			7.250	4.580	MN	8,485	59,891	05/23/2012	11/10/2019
21686C-AD-2.	RABOBANK NEDERLAND.....		R.		1FE	999,130	105.2890	1,052,890	1,000,000	999,452		181			3.375	3.394	JJ	15,188	33,750	01/11/2012	01/19/2017
224044-BH-9.	COX COMMUNICATIONS INC.....			1.	2FE	1,512,420	107.3380	1,610,070	1,500,000	1,502,344		(1,116)			5.500	5.405	AO	20,625	82,500	09/24/2003	10/01/2015
225460-AA-5.	CREDIT SUISSE NEW YORK.....		F.		1FE	2,163,900	101.6300	2,032,600	2,000,000	2,012,761		(37,719)			5.500	3.541	MN	18,333	110,000	10/01/2009	05/01/2014
23311V-AA-5.	DCP MIDSTREAM OPERATING.....			1.	2FE	1,551,315	103.3090	1,549,635	1,500,000	1,544,481		(6,834)			3.250	1.523	AO	12,188	24,375	09/19/2013	10/01/2015

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ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identifica ion	Description	Code	F o r e i g n	Bond CHAR	NAIC Designa ion	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valua ion Increase/ (Decrease)	Current Year's (Amor iza ion)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
00764W-FQ-5	Aegis Asset Backed Securities 2005-3 A3			23	1FM	33,787	99.8770	34,379	34,422	34,408		196			0.535	1.100	MON	3	196	10/26/2011	08/25/2035
03072S-LD-5	Ameritrust Mortgage Securities 2003-1A1			23	1FM	291,485	99.7680	290,809	291,485	290,688		(797)			4.965	4.877	MON	1,206	14,472	10/21/2003	11/25/2033
17307G-CU-0	Credit Based Asset Service CMLT1 2003-HE			23	1FM	1,270,128	94.6230	1,321,480	1,396,574	1,280,776		17,691	27,182		0.545	4.979	MON	127	8,088	01/19/2011	12/25/2033
45254N-JG-3	Impac CMB Trust IMM 2004-5 1A1			23	1FM	1,682,447	94.8230	1,762,814	1,859,057	1,711,087		14,932			0.885	3.705	MON	274	17,175	09/27/2010	10/25/2034
57643L-BY-1	Mastr Asset Backed Sec Trust 2003-WMC2			23	1FM	585,367	99.6850	613,428	615,366	590,022		1,719			1.215	1.557	MON	125	7,743	08/12/2011	08/25/2033
68383N-AA-1	Opteum Mortgage Acceptance OPMAC 2005-1			23	1FM	679,415	99.3840	709,076	713,471	705,606		10,752			0.465	3.361	MON	55	3,553	10/12/2010	02/25/2035
759950-BG-2	Renaissance Home Equity Loan 2003-3 M1			23	1FM	554,982	94.6270	750,232	792,830	594,087		14,917			0.895	8.735	MON	118	7,405	05/02/2011	12/25/2033
76110W-2X-3	Residential Asset Securities C RASC 2005			23	1FM	744,703	98.7050	773,152	783,296	777,718		13,944			0.605	3.795	MON	79	4,946	10/14/2010	08/25/2035
76110W-W6-9	Residential Asset Securities C RASC 2005			23	1FM	241,465	99.4780	253,514	254,844	253,877		4,250			0.615	4.007	MON	26	1,657	10/04/2011	06/25/2035
81744Y-AA-4	Sequoia Mortgage Trust 2013-4 A1			23	1FM	3,782,094	86.8000	3,347,720	3,856,820	3,783,707		1,613			2.325	2.524	MON	7,473	52,308	05/14/2013	04/25/2043
3399999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities						9,865,872	XXX	9,856,603	10,598,165	10,021,976		79,219	27,182		XXX	XXX	XXX	9,486	117,543	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities																					
05947U-W2-1	Banc of America Comm Mtg BACM 2005-2 A5			23	1FM	3,931,719	104.0350	4,161,400	4,000,000	3,986,749		6,642			4.857	5.098	MON	16,190	194,280	01/20/2006	07/10/2043
07383F-7W-2	Bear Stearns Commercial Mtg 2005-PWR8 A4			2	1FM	5,792,971	104.0010	6,140,115	5,903,900	5,882,833		9,097			4.674	4.913	MON	22,996	275,948	08/03/2005	06/11/2041
07387B-AH-6	Bear Stearns Commercial Mtg 2005-PWR9 A4			2	1FM	1,005,490	104.9030	1,049,030	1,000,000	999,894		(836)			4.871	4.834	MON	4,059	48,710	09/11/2005	09/11/2042
07387B-CL-5	Bear Stearns Commercial Mtg BSCMS 2005-T			23	1FM	4,081,410	106.1840	4,311,070	4,060,000	4,058,770		(3,589)			5.138	5.171	MON	17,384	211,389	01/12/2006	10/12/2042
12513E-AG-9	Citigroup Deutsche Bank 2005-CD1 A4			23	1FM	2,502,140	106.0270	2,650,675	2,500,000	2,499,158		(2,982)			5.218	5.226	MON	10,870	132,274	10/27/2005	07/15/2044
126171-AF-4	Commercial Mtg Pass-Through Comm 2005-C6			23	1FM	6,029,589	105.1650	6,309,900	6,000,000	6,014,601		(14,989)			5.116	4.897	MON	25,580	306,960	08/05/2005	06/10/2044
12623D-AA-1	Commercial Mtg Pass Through Comm 2011-FL			23	1FM	171,716	100.3840	176,829	176,153	175,438		1,323			2.514	2.946	MON	184	4,467	10/07/2011	07/17/2028
173067-EE-5	Citigroup Commercial Mtg Trust Cgcm 200			2	1FM	2,978,468	101.7420	3,015,475	2,963,844	2,959,395		(2,038)			4.733	4.722	MON	11,690	140,279	12/15/2004	10/15/2041
20047N-AD-4	Commercial Mtg Pass-Through Comm 2004-LB		R	2	1FM	286,692	100.1840	285,800	285,275	285,275		497			4.584	4.770	MON	1,090	13,077	10/27/2004	10/15/2037
36228C-VU-4	GS Mortgage Securities Corp 2005-G64 A4A			2	1FM	5,847,720	103.5940	6,135,297	5,922,445	5,906,481		5,493			4.751	4.936	MON	23,448	285,149	08/03/2005	07/10/2039
59022H-NC-2	Merrill Lynch Mortgage Trust 2005-LC1 A4			23	1FM	3,783,221	106.7690	4,017,398	3,762,701	3,760,353		(2,352)			5.291	5.290	MON	16,590	205,168	12/16/2005	01/12/2044
617451-FL-8	Morgan Stanley Capital 2006-HQ8 A4			23	1FM	4,298,281	106.7680	4,270,720	4,000,000	4,264,575		(33,706)			5.417	1.617	MON	18,057	54,770	09/25/2013	03/12/2044
61750W-AX-1	Morgan Stanley Capital I 2006-IQ12			2	1FM	998,715	109.1350	1,084,063	993,323	993,339		(799)			5.332	5.307	MON	4,414	52,964	12/14/2006	12/15/2043
61761A-AZ-1	Morgan Stanley Baml Trust 2012- C5 A4			2	1FM	4,650,814	96.4440	4,397,846	4,560,000	4,638,399		(8,860)			3.176	2.946	MON	12,069	144,826	07/13/2012	08/15/2045
92890N-AU-3	WF- RBS Commercial Mortgage Tr 2012-C10			2	1FM	2,972,277	93.3880	2,708,252	2,900,000	2,965,173		(6,878)			2.875	2.590	MON	6,948	83,375	11/30/2012	12/15/2045
92976B-BN-1	Wachovia Bank Commercial Mtg 2005-C22 A4			23	1FM	4,019,876	106.4500	4,258,000	4,000,000	4,000,621		(339)			5.289	5.284	MON	17,631	214,537	12/15/2005	12/15/2044

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP	Description	Code	F o r e i g n	Bond CHAR	NAIC Designa ion	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valua ion Increase/ (Decrease)	Current Year's (Amor iza ion)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
92978P-AE-9	Wachovia Bank Commerical Mtg 2006-C29			2	1FM	1,004,947	109.2890	1,092,890	1,000,000	1,000,167		(818)			5.308	5.280	MON	4,423	53,080	12/13/2006	11/15/2048
3499999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities						54,356,046	XXX	56,064,760	54,027,640	54,391,221		(55,133)			XXX	XXX	XXX	213,623	2,421,253	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities																					
98935V-AA-3	Zenith Funding LTD 2004-1A C		E	23	6*				5,000,000								MJSD			12/21/2004	12/06/2039
000809-AD-5	ACA ABS 2004-1A C1 144A		R	23	6*				326,593								JAJO			11/13/2012	07/10/2039
00083M-AG-6	ACA ABS LTD 2007-3A 144A		F	23	6*				6,976,362								FMAN			11/07/2013	05/07/2047
00083M-AH-4	ACA ABS LTD 2007-3A 144A		F	23	6*				6,678,806								FMAN			11/07/2013	05/07/2047
00083M-AJ-0	ACA ABS LTD 2007-3A 144A		F	23	6*				6,249,692								FMAN			11/07/2013	05/07/2047
03063X-AF-2	AmeriCredit Auto Rec Trust 2012-4			2	1FE	1,999,063	100.6980	2,013,960	2,000,000	1,999,156		.94			1.930	1.956	MON	2,466	9,650	09/19/2013	08/08/2018
06052Y-AE-9	Bank of America Auto Trust 2012-1 B			2	1FE	826,887	101.0680	828,758	820,000	825,812		(1,075)			1.590	1.205	MON	579	4,346	08/22/2013	02/15/2017
073879-MC-9	Bear Stearns Asset Backed Secu BSABS 20			23	1FM	2,170,117	98.1820	2,213,677	2,254,667	2,249,133		.77,695			1.065	4.516	MON	400	24,945	08/09/2012	08/25/2044
09774X-AK-8	Bombardier Capital Mortgage Se 1998-B M1			234	6FE	1,304,768	49.7700	2,727,171		1,112,338		(79,042)			6.810	49.228	MON	31,096	392,021	09/19/2007	10/15/2028
1248MB-AJ-4	Credit-Based Asset Sevicing 2007-CB2 A2C			23	1FM	1,115,140	72.4080	1,408,794	1,945,634	1,115,140					4.936	12.068	MON	8,002	111,309	02/26/2007	02/25/2037
12613S-AC-6	CNH Equipment Trust 2013-C A3			2	1FE	1,999,769	100.4220	2,008,440	2,000,000	1,999,800		.31			1.020	1.027	MON	907	6,007	08/20/2013	08/15/2018
126671-R4-0	Countrywide Asset-Backed Certs 2003-5 MF			23	1FM	152,527	97.0680	225,467	232,278	152,527					5.413	10.289	MON	1,048	12,573	01/26/2005	01/25/2034
126671-UU-8	Countrywide Asset-Backed Certs 2003-BC1			23	1FM	1,133,885	91.3800	1,330,114	1,455,585	1,188,655		.22,103			0.965	5.104	MON	234	14,628	05/26/2011	03/25/2033
17305E-FE-0	Citibank Credit Card Iss T 2013-A6			2	1FE	4,999,718	100.6830	5,034,150	5,000,000	4,999,740		.23			1.320	1.322	MS	18,517		09/13/2013	09/07/2018
32027N-MH-1	First Franklin Mtg Loan Asset FFML 2004			23	1FM	345,061	99.7540	354,173	355,047	353,884		2,071			1.245	2.418	MON	74	4,102	02/28/2011	09/25/2034
345280-CV-4	Ford Credit Floorplan MOT A 2013-5 A1			2	1FE	1,799,618	100.8870	1,815,966	1,800,000	1,799,654		.36			1.500	1.512	MON	1,200	6,600	09/10/2013	09/15/2018
448900-AC-7	Hyundai Auto Rec. Trust 2013-C A3			2	1FE	599,893	100.5820	603,492	600,000	599,906		.13			1.010	1.020	MON	269	1,465	09/11/2013	02/15/2018
477879-AC-4	John Deere Owner Trust 2013-B A3			2	1FE	1,999,727	100.3070	2,006,140	2,000,000	1,999,768		.41			0.870	0.878	MON	773	4,882	08/27/2013	08/15/2017
71085P-BM-4	People's Choice H L Sec T 2005-1 M3			23	1FE	1,959,775	99.0360	1,970,440	1,989,619	1,964,077		4,302			1.035	2.319	MON	343	7,044	08/22/2013	01/25/2035
76112B-PB-0	Residential Asset Mortgage RAMP 2005-RS4			23	1FM	2,331,250	98.0120	2,450,300	2,500,000	2,414,513		.45,026			0.595	4.215	MON	248	15,736	06/20/2012	04/25/2035
81375W-DS-2	Securitized Asset Backed Rec SABR 2005-F			23	1FM	202,994	99.5790	215,326	216,236	205,255		1,199			0.840	1.464	MON	30	1,899	09/24/2010	12/25/2034
83611M-GS-1	Soundview Home Equity Loan SVHE 2005-0PT			23	1FM	988,943	98.6500	1,025,442	1,039,475	1,024,094		.15,637			0.465	3.456	MON	80	5,177	09/28/2011	11/25/2035
3599999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities						25,929,134	XXX	28,231,809	51,439,993	26,003,452		88,152			XXX	XXX	XXX	66,267	622,382	XXX	XXX
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Subtotals - Industrial and Miscellaneous (Unaffiliated)						245,763,170	XXX	250,208,953	267,815,874	243,122,107		(623,318)	27,182		XXX	XXX	XXX	2,013,767	9,254,756	XXX	XXX
Bonds - Hybrid Securities - Issuer Obligations																					
369626-3M-4	GENERAL ELEC CAP CORP			13	1FE	2,142,500	108.5000	2,170,000	2,000,000	2,124,670		(17,830)			6.375	4.597	MN	16,292	63,750	05/16/2013	11/15/2067
4299999 - Bonds - Hybrid Securities - Issuer Obligations						2,142,500	XXX	2,170,000	2,000,000	2,124,670		(17,830)			XXX	XXX	XXX	16,292	63,750	XXX	XXX
4899999 - Bonds - Hybrid Securities - Subtotals - Hybrid Securities						2,142,500	XXX	2,170,000	2,000,000	2,124,670		(17,830)			XXX	XXX	XXX	16,292	63,750	XXX	XXX
7799999 - Bonds - Total Bonds - Subtotals - Issuer Obligations						205,617,667	XXX	206,246,220	236,334,317	202,755,154	(37,053)	(577,496)	1,541,016		XXX	XXX	XXX	2,297,459	6,631,336	XXX	XXX
7899999 - Bonds - Total Bonds - Subtotals - Residential Mortgage-Backed Securities						97,471,172	XXX	100,867,096	95,715,291	97,027,694		(192,404)	27,182		XXX	XXX	XXX	319,610	3,757,002	XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

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SCHEDULE D - PART 2 - SECTION 1

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SCHEDULE D - PART 2 - SECTION 2

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ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
38376W-6C-4	GNMA GNR 2010-33 LN		11/01/2013	Adjustment	XXX	960,612	899,871	337
912828-VE-7	US TREASURY N/B		06/07/2013	Morgan Stanley	XXX	9,965,234	10,000,000	3,279
912828-VH-0	US TREASURY N/B		08/21/2013	VARIOUS	XXX	17,015,039	17,000,000	8,672
0599999 - Bonds - U.S. Governments						27,940,885	27,899,871	12,288
Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)								
661765-AQ-0	NORTH RANGE MET #1		07/18/2013	BEDROCK SECURITIES LLC	XXX	44,125	50,000	238
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)						44,125	50,000	238
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions								
03348R-AV-7	ANDALUSTIA ETC ARPT-A		12/18/2013	BEDROCK SECURITIES LLC	XXX	1,754,415	1,810,000	35,697
13033W-A7-8	CA INFRA CAB-SER A		12/20/2013	VARIOUS	XXX		3,000,000	
13033W-A8-6	CA INFRA CAB-SER A		12/20/2013	VARIOUS	XXX		1,000,000	
13033W-B3-6	CA INFRA CAB-SER A		10/17/2013	VARIOUS	XXX		170,000	
13033W-B5-1	CA INFRA CAB-SER A		10/17/2013	VARIOUS	XXX		340,000	
13033W-B8-5	CA INFRA CAB-SER A		12/20/2013	VARIOUS	XXX		3,970,000	
13078S-AG-3	CA HLTH-MT SHADOWS-B		12/11/2013	PERSHING LLC	XXX	5,076,500	5,720,000	131,083
20786L-DB-4	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	10,193	11,651	
20786L-DC-2	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	10,624	12,597	
20786L-DD-0	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	10,530	14,042	
20786L-DE-8	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	12,159	18,998	
20786L-DF-5	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	11,548	20,996	
20786L-DG-3	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	11,429	22,857	
20786L-DH-1	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	10,442	24,861	
20786L-DJ-7	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	11,796	29,489	
20786L-DK-4	CONNECTOR 2000-A-CABS		10/01/2013	Obligor	XXX	11,226	31,183	
20786L-DS-7	CONNECTOR 2000-A1-CAB		10/01/2013	Obligor	XXX	82,672	580,560	
20786L-DT-5	CONNECTOR 2000-A1-CAB		10/01/2013	Obligor	XXX	48,746	974,914	
20786L-DU-2	CONNECTOR 2000-A1-CAB		10/01/2013	Obligor	XXX	12,986	1,298,609	
20786L-DV-0	CONNECTOR 2000-B1-CAB		10/01/2013	Obligor	XXX	3,439	275,133	
20786L-DW-8	CONNECTOR 2000-B1-CAB		10/01/2013	Obligor	XXX	2,202	880,793	
245589-BK-1	DELANO CMNTY-REF-A		11/21/2013	KEYBANC CAPITAL MARKETS INC	XXX	99,750	105,000	1,240
3128MD-W3-3	FG G14966		12/31/2013	Wells Fargo	XXX	5,003,742	4,871,303	2,042
3138W9-U4-0	FNMA Pool AS0602		12/31/2013	Wells Fargo	XXX	5,055,011	5,102,046	1,772
490236-BH-8	KENT STUDENT HSG-A-RF		12/04/2013	BEDROCK SECURITIES LLC	XXX	320,000	400,000	8,778
515847-AZ-4	LANGSTON ECON-A-LANGS		07/25/2013	BEDROCK SECURITIES LLC	XXX	1,950,000	2,000,000	24,722
524805-F3-7	LEHIGH GEN KIDSPEACE		04/19/2013	Obligor	XXX		445,000	
544566-AP-7	L A ZONE SANTEE CRT		08/01/2013	KEYBANC CAPITAL MARKETS INC	XXX	206,625	285,000	3,844
546279-RJ-1	LA GOVT BATON RGE-A		10/30/2013	KEYBANC CAPITAL MARKETS INC	XXX	70,000	100,000	919
546279-RK-8	LA GOVT BATON RGE-A		10/02/2013	VARIOUS	XXX	363,225	520,000	2,796
57583R-FT-7	MA DEV-A-ACADEMY PACI		09/20/2013	BEDROCK SECURITIES LLC	XXX	257,125	275,000	4,463
57583R-GK-5	MA DEV CURRY CLG-A		12/10/2013	BEDROCK SECURITIES LLC	XXX	1,467,500	1,500,000	17,778
57583R-HP-3	MA DEV BOSTON ARCHITE		07/31/2013	BEDROCK SECURITIES LLC	XXX	972,130	1,000,000	4,722
57583R-HQ-1	MA DEV BOSTON ARCHITE		11/07/2013	VARIOUS	XXX	1,188,925	1,305,000	16,981
60535R-AH-1	MS HM CORP-8A-MS VY S		03/12/2013	VARIOUS	XXX		25,000	
665588-ND-7	NTHRN PALM BCH #43-B		07/30/2013	VARIOUS	XXX	96,625	100,000	1,015
717868-CB-7	PHILA REDEV BEECH-A		08/27/2013	KEYBANC CAPITAL MARKETS INC	XXX	1,424,235	1,500,000	13,521
717903-D6-2	PHILADELPHIA HSP-RF-A		12/06/2013	APEX CLEARING CORPORATION	XXX	84,000	105,000	2,333
723161-FK-6	PINELLAS EDL-ECKERD C		07/18/2013	BEDROCK SECURITIES LLC	XXX	23,875	25,000	369
745181-M7-9	Puerto Rico Hwy & Trans Rev	R	04/23/2013	Southwest Securities	XXX	864,165	750,000	14,375
802576-AJ-7	SANTA ROSA BAY BRDG		10/15/2013	Obligor	XXX		1,535,000	
88276P-AR-7	TX FIN-A-KIPP INC ED		07/23/2013	BEDROCK SECURITIES LLC	XXX	4,265,625	4,375,000	97,551
88276P-BM-7	TX SCH-EDU-A-IDEA PUB		07/24/2013	BEDROCK SECURITIES LLC	XXX	2,970,000	3,000,000	68,333
88276P-BS-4	TX SCH-EDU-A-IDEA PUB		09/06/2013	PENSON FINANCIAL SERVICES INC	XXX	599,375	685,000	2,474
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						34,362,839	50,215,032	456,807
Bonds - Industrial and Miscellaneous (Unaffiliated)								
000809-AD-5	CDO - ACABS 2004-1A C1	F	02/01/2013	Adjustment	XXX	(3)		
00083M-AG-6	CDO - ACABS 2007-3A A5L	F	11/07/2013	Direct	XXX		976,362	
00083M-AH-4	CDO - ACABS 2007-3A B1L	R	11/07/2013	Direct	XXX		1,132,147	
00083M-AJ-0	CDO - ACABS 2007-3A B2L	R	11/07/2013	Direct	XXX		1,198,525	
00084D-AG-5	ABN AMRO BANK NV	R	10/23/2013	Goldman Sachs	XXX	2,496,025	2,500,000	
0258M0-DH-9	AMERICAN EXPRESS CREDIT		07/24/2013	BARCLAYS CAPITAL INC FIXED INC	XXX	1,000,000	1,000,000	

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
.026874-CU-9.....	AMERICAN INTL GROUP.....		.01/29/2013.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	2,240,100.....	2,000,000.....	16,250.....
.03063X-AF-2.....	AMERICREDIT AUTO REC TRUST 2012-4.....		.09/19/2013.....	Wellis Fargo.....	XXX.....	1,999,063.....	2,000,000.....	1,716.....
.037833-AK-6.....	APPLE INC.....		.04/30/2013.....	Goldman Sachs.....	XXX.....	1,997,340.....	2,000,000.....	
.05578D-AA-0.....	BPCE SA.....	R.....	.10/01/2013.....	MLPFS INC FIXED INCOME.....	XXX.....	505,370.....	500,000.....	1,579.....
.06051G-EU-9.....	BANK OF AMERICA CORP.....		.02/13/2013.....	Goldman Sachs.....	XXX.....	991,880.....	1,000,000.....	3,483.....
.06052Y-AE-9.....	BANK OF AMERICA AUTO TRUST 2012-1 B.....		.08/22/2013.....	Nomura International Trust Co.....	XXX.....	826,887.....	820,000.....	435.....
.06739G-BP-3.....	BARCLAYS BANK PLC.....	R.....	.05/02/2013.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,172,680.....	2,000,000.....	6,568.....
.12613S-AC-6.....	CNH EQUIPMENT TRUST 2013-C A3.....		.08/20/2013.....	CREDIT SUISSE SECURITIES (USA).....	XXX.....	1,999,769.....	2,000,000.....	
.14912L-5S-6.....	CATERPILLAR FINANCIAL SE.....		.09/03/2013.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,099,685.....	2,100,000.....	
.17305E-FE-0.....	CITIBANK CREDIT CARD ISS T 2013-A6.....		.09/13/2013.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	4,999,718.....	5,000,000.....	
.2027A0-GW-3.....	COMMONWEALTH BANK AUST.....	R.....	.09/16/2013.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	1,000,000.....	1,000,000.....	
.205887-BR-2.....	CONAGRA FOODS INC.....		.01/29/2013.....	MLPFS INC FIXED INCOME.....	XXX.....	2,003,540.....	2,000,000.....	1,067.....
.23311V-AA-5.....	DCP MIDSTREAM OPERATING.....		.09/19/2013.....	STERNE, AGEE & LEACH, INC.....	XXX.....	1,551,315.....	1,500,000.....	23,427.....
.34528Q-CV-4.....	FORD CREDIT FLOORPLAN MOT A 2013-5 A1.....		.09/10/2013.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,799,618.....	1,800,000.....	
.38141G-RD-8.....	GOLDMAN SACHS GROUP INC.....		.02/13/2013.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	1,004,290.....	1,000,000.....	2,719.....
.44890Q-AC-7.....	HYUNDAI AUTO REC. TRUST 2013-C A3.....		.09/11/2013.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	599,893.....	600,000.....	
.477879-AC-4.....	JOHN DEERE OWNER TRUST 2013-B A3.....		.09/01/2013.....	Adjustment.....	XXX.....	1,999,727.....	2,000,000.....	
.49446R-AK-5.....	KIMCO REALTY CORP.....		.05/14/2013.....	Morgan Stanley.....	XXX.....	1,886,073.....	1,900,000.....	
.617451-FL-8.....	MORGAN STANLEY CAPITAL 2006-HQ8 A4.....		.12/01/2013.....	Adjustment.....	XXX.....	4,298,281.....	4,000,000.....	17,453.....
.61746B-DC-7.....	MORGAN STANLEY.....		.01/30/2013.....	Morgan Stanley.....	XXX.....	967,370.....	1,000,000.....	356.....
.628530-AL-1.....	MYLAN INC.....		.09/18/2013.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,287,500.....	2,000,000.....	29,750.....
.628530-AZ-0.....	MYLAN INC.....		.06/18/2013.....	Goldman Sachs.....	XXX.....	499,625.....	500,000.....	
.6AMCD9-1K-4.....	BANK OF HAWAII.....		.07/01/2013.....	Adjustment.....	XXX.....	50,000.....	50,000.....	
.709599-AN-4.....	PENSKE TRUCK LEASING/PTL.....		.01/14/2013.....	MLPFS INC FIXED INCOME.....	XXX.....	1,982,800.....	2,000,000.....	
.71085P-BM-4.....	PEOPLE'S CHOICE H L SEC T 2005-1 M3.....		.08/22/2013.....	Amherst Securities Group LLC.....	XXX.....	1,989,700.....	2,020,000.....	59.....
.78413H-AA-7.....	SES.....	F.....	.03/26/2013.....	MLPFS INC FIXED INCOME.....	XXX.....	1,990,360.....	2,000,000.....	
.81744Y-AA-4.....	SEQUOIA MORTGAGE TRUST 2013-4 A1.....		.05/14/2013.....	Further Lane Securities, L.P.....	XXX.....	3,905,734.....	3,982,903.....	4,116.....
.857477-AL-7.....	STATE STREET CORP.....		.05/08/2013.....	MLPFS INC FIXED INCOME.....	XXX.....	1,148,137.....	1,150,000.....	
.883556-BD-3.....	THERMO FISHER SCIENTIFIC.....		.12/04/2013.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	799,528.....	800,000.....	
.90521A-PG-7.....	UNION BANK NA.....		.09/19/2013.....	Morgan Stanley.....	XXX.....	1,000,000.....	1,000,000.....	
.90521A-PH-5.....	UNION BANK NA.....		.09/19/2013.....	Morgan Stanley.....	XXX.....	1,097,206.....	1,100,000.....	
.92343V-BL-7.....	VERIZON COMMUNICATIONS.....		.09/11/2013.....	Morgan Stanley.....	XXX.....	400,000.....	400,000.....	
.92343V-BN-3.....	VERIZON COMMUNICATIONS.....		.09/11/2013.....	Morgan Stanley.....	XXX.....	1,323,980.....	1,325,000.....	
.92857W-BC-3.....	VODAFONE GROUP PLC.....	F.....	.02/11/2013.....	HSBC SECURITIES INC.....	XXX.....	1,990,740.....	2,000,000.....	
.92936M-AC-1.....	WPP FINANCE 2010.....	F.....	.01/29/2013.....	HSBC SECURITIES INC.....	XXX.....	1,991,440.....	2,000,000.....	29,000.....
.94974B-FJ-4.....	WELLS FARGO & COMPANY.....		.02/13/2013.....	VARIOUS.....	XXX.....	3,675,352.....	3,675,000.....	1,150.....
.98417E-AB-6.....	XSTRATA FINANCE CANADA.....	I.....	.09/18/2013.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,186,020.....	2,000,000.....	41,244.....
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						68,756,741	71,029,936	180,371
Bonds - Hybrid Securities								
.36962G-3M-4.....	GENERAL ELEC CAP CORP.....		.05/16/2013.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	2,142,500.....	2,000,000.....	2,125.....
4899999 - Bonds - Hybrid Securities						2,142,500	2,000,000	2,125
8399997 - Bonds - Subtotals - Bonds - Part 3						133,247,091	151,194,839	651,828
8399998 - Bonds - Summary item from Part 5 for Bonds						10,037,350	10,050,000	8,529
8399999 - Bonds - Subtotals - Bonds						143,284,441	161,244,839	660,357
9999999 Totals						143,284,441	XXX	660,357

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 4

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

CUS P Identifi- cation	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date			
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other-Than- Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11+12-13)	15 Total Foreign Exchange Change in B/A. C.V.									
Bonds - U S Governments																							
36200A-BE-8	GNMA Pool 595037		12/15/2013	Direct		1,298	1,298	1,337	1,332		(33)		(33)		1,298				27	10/15/2032			
36200A-CW-7	GNMA Pool 595085		12/15/2013	Direct		45,311	45,311	46,656	46,453		(1,142)		(1,142)		45,311				1,363	10/15/2032			
36200E-TY-7	GNMA Pool 599167		12/15/2013	Direct		3,055	3,055	3,146	3,142		(86)		(86)		3,055				95	12/15/2033			
36200W-AT-0	GNMA Pool 604018		12/15/2013	Direct		278,576	278,576	286,650	285,858		(7,282)		(7,282)		278,576				4,740	02/15/2033			
36200W-EN-9	GNMA Pool 604141		12/15/2013	Direct		17,006	17,006	17,511	17,477		(471)		(471)		17,006				456	03/15/2033			
36200Q-2R-9	GNMA Pool 569684		12/15/2013	Direct		14,412	14,412	14,840	14,803		(391)		(391)		14,412				470	02/15/2032			
36200R-LX-8	GNMA Pool 570142		12/15/2013	Direct		9,482	9,482	9,763	9,741		(259)		(259)		9,482				258	12/15/2031			
36200R-XT-4	GNMA Pool 570490		12/15/2013	Direct		571	571	588	586		(15)		(15)		571				7	12/15/2031			
36200S-US-7	GNMA Pool 571293		12/15/2013	Direct		1,964	1,964	2,022	2,017		(54)		(54)		1,964				42	11/15/2031			
36201A-PF-9	GNMA Pool 577422		12/15/2013	Direct		1,420	1,420	1,462	1,460		(40)		(40)		1,420				36	01/15/2032			
36201D-AX-0	GNMA Pool 579722		12/15/2013	Direct		16,477	16,477	16,967	16,912		(435)		(435)		16,477				424	08/15/2032			
36201E-AG-5	GNMA Pool 580607		12/15/2013	Direct		3,919	3,919	4,036	4,027		(107)		(107)		3,919				170	02/15/2033			
36201F-AF-4	GNMA Pool 581506		12/15/2013	Direct		1,771	1,771	1,824	1,820		(49)		(49)		1,771				52	04/15/2033			
36201K-JQ-0	GNMA Pool 585371		12/15/2013	VARIOUS		385	385	396	395		(11)		(11)		385				13	04/15/2032			
36201Y-FD-3	GNMA Pool 606864		12/15/2013	Direct		1,769	1,769	1,821	1,819		(50)		(50)		1,769				37	10/15/2033			
36202F-JQ-0	G2 4771		07/22/2013	VARIOUS		10,568,065	10,071,016	10,610,759	10,600,006		(80,644)		(80,644)		10,519,362		48,703	48,703	253,432	08/20/2040			
36202F-KN-5	G2 4801		09/20/2013	VARIOUS		11,686,700	11,085,086	11,691,302	11,678,649		(109,500)		(109,500)		11,569,149		117,551	117,551	354,350	09/20/2040			
36202F-LP-9	G2 4834		06/24/2013	VARIOUS		8,185,798	7,816,152	8,452,741	8,448,167		(92,191)		(92,191)		8,355,976		(170,178)	(170,178)	186,531	10/20/2040			
36207E-ND-2	GNMA Pool 429788		12/15/2013	Direct		22,622	22,622	23,293	23,251		(629)		(629)		22,622				466	12/15/2033			
3620C4-2P-4	GNMA Pool 748782		12/15/2013	Direct		1,439,160	1,439,160	1,526,409	1,522,448		(83,288)		(83,288)		1,439,160				33,953	09/15/2040			
36210J-HW-1	GNMA Pool 493545		12/15/2013	Direct		544	544	560	558		(14)		(14)		544				12	03/15/2031			
36213F-U4-3	GNMA Pool 553303		12/15/2013	VARIOUS		413	413	426	423		(9)		(9)		413				9	06/15/2033			
36213R-2A-4	GNMA Pool 562469		12/15/2013	Direct		85,924	85,924	86,364	86,261		(337)		(337)		85,924				1,867	02/15/2034			
36213R-ZF-7	GNMA Pool 562442		12/15/2013	Direct		6,959	6,959	7,148	7,100		(142)		(142)		6,959				209	01/15/2034			
36213T-GW-7	GNMA Pool 563713		12/15/2013	Direct		12,603	12,603	12,977	12,941		(338)		(338)		12,603				390	01/15/2033			
36213U-EZ-9	GNMA Pool 564552		12/15/2013	Direct		2,681	2,681	2,760	2,741		(61)		(61)		2,681				54	12/15/2031			
36213V-QN-2	GNMA Pool 565505		12/15/2013	Direct		982	982	1,011	1,009		(27)		(27)		982				31	09/15/2032			
36241K-YU-6	GNMA Pool 782523		12/15/2013	Direct		1,642,708	1,642,708	1,766,681	1,763,828		(121,120)		(121,120)		1,642,708				37,279	11/15/2035			
36290X-PM-6	GNMA Pool 620628		12/15/2013	Direct		22,881	22,881	23,560	23,518		(638)		(638)		22,881				605	09/15/2033			
36290X-PT-1	GNMA Pool 620634		12/15/2013	Direct		1,043	1,043	1,074	1,072		(29)		(29)		1,043				34	09/15/2033			
36290Y-TN-8	GNMA Pool 621657		12/15/2013	VARIOUS		45	45	46	46		(1)		(1)		45				1	12/15/2033			
36291C-PV-1	GNMA Pool 624236		12/15/2013	Direct		2,779	2,779	2,862	2,842		(63)		(63)		2,779				50	12/15/2033			
36291E-AD-3	GNMA Pool 625604		12/15/2013	Direct		4,225	4,225	4,350	4,338		(113)		(113)		4,225				87	12/15/2033			
36291E-AV-3	GNMA Pool 625620		12/15/2013	Direct		599	599	616	614		(16)		(16)		599				23	12/15/2033			
36296X-H8-0	GNMA Pool 704155		12/15/2013	Direct		2,566,278	2,566,278	2,645,673	2,643,248		(76,970)		(76,970)		2,566,278				75,540	01/15/2039			
383742-UK-7	GNMA GNR 2008-6 EC		12/20/2013	Direct		2,815,460	2,815,460	2,984,388	2,974,341		(58,881)		(58,881)		2,815,460				90,898	08/20/2032			
38374H-EW-6	GNMA GNR 2004-58 VB		12/16/2013	Direct		38,809	38,809	43,515	41,043		(2,234)		(2,234)		38,809				1,987	04/16/2028			
38376V-BM-8	GNMA GNR 2010-20 PU		12/16/2013	Direct		2,891,710	2,891,710	3,183,140	3,077,683		(185,973)		(185,973)		2,891,710				95,790	10/16/2036			
38376W-6C-4	GNMA GNR 2010-33 LN		12/20/2013	Direct		17,081	17,081	18,234			(1,153)		(1,153)		17,081				64	02/20/2038			
912803-CZ-4	STRIP PRINC		06/07/2013	VARIOUS		7,291,258	15,507,000	5,442,591	5,469,435		90,017				5,559,452		1,731,806	1,731,806	968	02/15/2037			
912828-RR-3	US TREASURY N/B		06/24/2013	BNP Paribas DEUTSCHE BANK SECURITIES		475,008	465,000	467,325	467,147		(31)		(31)		467,117		7,891	7,891	2,739	11/15/2021			
912828-VE-7	US TREASURY N/B		12/31/2013	INC		9,761,688	9,980,000	9,945,304			3,814		3,814		9,949,118		(187,431)	(187,431)	58,948	05/31/2018			
912828-VH-0	US TREASURY N/B		10/02/2013	Morgan Stanley		1,001,914	1,000,000	1,001,172			(85)		(85)		1,001,087		827	827	968	06/30/2015			
0599999 - Bonds - U.S. Governments						60,943,352	67,897,176	60,355,300	49,160,553		(731,080)		(731,080)		59,394,183		1,549,169	1,549,169	1,204,508	XXX			
Bonds - All Other Governments																							
857524-AB-8 - REPUBLIC OF POLAND						R	09/23/2013	Goldman Sachs		1,569,770	1,450,000	1,429,773	1,431,351		1,290		1,290		1,432,641	137,129	137,129	72,903	03/23/2022
1099999 - Bonds - All Other Governments										1,569,770	1,450,000	1,429,773	1,431,351		1,290		1,290		1,432,641	137,129	137,129	72,903	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																							
13033W-A5-2	CA INFRA CAB-SER A		03/13/2013	Direct			130,000		1											12/01/2016			
13033W-D2-6	CA INFRASTRUCTURE-B		03/13/2013	Direct			100,000													12/01/2027			
13033W-D3-4	CA INFRASTRUCTURE-B		03/13/2013	Direct			50,000													12/01/2032			
13033W-D4-2	CA INFRASTRUCTURE-B		03/13/2013	Direct			90,000													12/01/2037			
20786L-DA-6	CONNECTOR 2000-A-CABS		01/01/2013	Maturity		45,898	45,898	43,182	45,898					45,898						01/01/2013			
20786L-DV-0	CONNECTOR 2000-B1-CAB		01/01/2013	CALLS		10,604	49,964	10,138	10,603					10,603			1	1	749	01/01/2032			
31359S-26-4	FNMA Whole Loan NW 2001-W1 AF6		12/25/2013	VARIOUS		21,386	21,386	22,205	23,126		(1,7												

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SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUS P Identi- fication	Description	F o r e i g n	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 (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
60535R-AH-1	MS HM CORP-8A-MS VY S		03/12/2013	Direct MERRILL LYNCH PIERCE			110,000													12/01/2028
73358W-AH-7	PORT AUTH NY/NJ- 158		08/14/2013	FENNER		1,739,777	1,510,000	1,622,525	1,610,210		(3,878)		(3,878)		1,606,332		133,444	133,444	63,404	12/01/2024
88238S-AC-1	TX DORM STD HSG JR-A		09/03/2013	Redemption		5,000	5,000	2,732	2,884		75		75		2,959		2,041	2,041	294	09/01/2022
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						16,931,164	17,198,938	17,399,922	17,351,660		(196,325)		(196,325)		17,155,335		(224,171)	(224,171)	386,719	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
00184A-AC-9	TIME WARNER INC		06/20/2013	Morgan Stanley		1,182,393	930,000	1,127,179	1,095,279		(2,338)		(2,338)		1,092,942		89,451	89,451	49,245	04/15/2031
00764W-FQ-5	Aegis Asset Backed Securities 2005-3 A3		12/26/2013	Direct		654,719	654,719	642,648	650,723		3,997		3,997		654,719				2,178	08/25/2035
02209S-AC-7	ALTRIA GROUP INC		11/10/2013	Maturity		3,850,000	3,850,000	4,310,124	3,949,300		(99,300)		(99,300)		3,850,000				327,250	11/10/2013
0258M0-CY-3	AMER EXPRESS CREDIT CO		08/20/2013	Maturity		3,000,000	3,000,000	3,336,540	3,058,335		(58,335)		(58,335)		3,000,000				219,000	08/20/2013
03072S-LD-5	Amerquest Mortgage Securities 2003-1A1		12/25/2013	Direct		509,279	509,279	509,279	509,279						509,279				12,385	11/25/2033
03072S-XN-0	AMERIQUEST MTG SEC 2004-R12 A4		12/26/2013	Direct		1,119,435	1,119,435	1,080,954	1,102,585		16,850		16,850		1,119,435				4,358	01/25/2035
03073E-AJ-4	AMERISOURCEBERGEN CORP		08/20/2013	U.S. Bank		1,678,971	1,700,000	1,697,586	1,697,771		186		186		1,697,957		(18,986)	(18,986)	45,947	11/15/2021
031162-BM-1	AMGEN INC		08/20/2013	Morgan Stanley		1,982,800	2,000,000	1,994,400	1,994,873		383		383		1,995,256		(12,456)	(12,456)	59,847	11/15/2021
039483-BB-7	ARCHER-DANIELS-MIDLAND C		08/14/2013	INC		2,139,040	2,000,000	2,014,580	2,012,409		(710)		(710)		2,011,699		127,341	127,341	86,594	03/01/2021
04530D-AB-8	ASPEN INSURANCE HLDS LTD	R	12/16/2013	Redemption		1,109,791	1,070,000	1,066,956	1,069,276		456		456		1,069,732		40,058	40,058	85,779	08/15/2014
07383F-7W-2	Bear Stearns Commerical Mtg 2005-PWR8 A4		12/11/2013	Direct		96,100	96,100	94,295	95,609		491		491		96,100				3,656	06/11/2041
073879-MC-9	Bear Stearns Asset Backed Secu 2004-S04		11/25/2013	VARIOUS																08/25/2044
079860-AK-8	BELLSOUTH CORP		06/24/2013	MERRILL LYNCH PROF CLRING CORP		943,256	935,000	950,745	948,745		(79)		(79)		948,666		(5,410)	(5,410)	34,595	11/15/2034
09774X-AK-8	BOMBARDIER CAPITAL MORTGAGE SE 1998-B M1		12/01/2013	Adjustment				127,465	116,500		(112,263)		(112,263)						1,376	10/15/2028
10112R-AU-8	BOSTON PROPERTIES LP		09/16/2013	Wellis Fargo		1,936,820	2,000,000	1,995,580	1,995,647		306		306		1,995,953		(59,133)	(59,133)	87,267	02/01/2023
1248MB-AJ-4	CREDIT-BASED ASSET SEVICING 2007-CB2 A2C		12/25/2013	Direct		54,366	54,366	31,160	31,160		23,206		23,206		54,366				2,794	02/25/2037
126164-AS-1	COMM MORTGAGE TRUST 2005-FL11 B		08/16/2013	Direct		1,456,174	1,456,174	1,383,366	1,453,752		2,422		2,422		1,456,174				4,424	11/15/2017
12623D-AA-1	COMMERCIAL MTG PASS THROUGH COMM 2011-FL		12/19/2013	Direct		1,525,157	1,525,158	1,486,748	1,507,519		17,639		17,639		1,525,158				18,013	07/17/2028
126671-R4-0	COUNTRYWIDE ASSET-BACKED CERTS 2003-5 MF		12/25/2013	Direct		161,846	161,846	106,278	106,278		55,569		55,569		161,846				6,299	01/25/2034
126671-UU-8	COUNTRYWIDE ASSET-BACKED CERTS 2003-B01		10/25/2013	Direct		23,466	23,466	18,280	18,806		4,660		4,660		23,466				197	03/25/2033
15135U-AB-5	CENOVUS ENERGY INC		09/16/2013	Redemption		3,118,860	3,000,000	3,056,477	3,023,938		(9,649)		(9,649)		3,014,289		104,571	104,571	135,375	09/15/2014
172967-BU-4	CITIGROUP INC		11/06/2013	JEFFERIES & CO. - BONDS		1,275,413	1,250,000	1,045,588	1,050,763		4,028		4,028		1,054,791		220,621	220,621	89,757	02/22/2033
173067-EE-5	CITIGROUP COMMERCIAL MTG TRUST CGCMT 200		12/17/2013	Direct		36,156	36,156	36,334	36,126		29		29		36,156				1,521	10/15/2041
173076-CU-0	CREDIT BASED ASSET SERVICE CMLTI 2003-HE		12/26/2013	VARIOUS		381,874	381,875	347,617	352,806		32,319	3,251	29,068		381,875				1,155	12/25/2033
20030N-AC-5	COMCAST CORP		06/24/2013	BARCLAYS CAPITAL INC FIXED INC		1,475,221	1,205,000	1,406,991	1,377,935		(2,111)		(2,111)		1,375,824		99,397	99,397	66,546	03/15/2033
20047N-AD-4	COMMERCIAL MTG PASS-THROUGH COMM 2004-LB		12/15/2013	Direct		383,057	383,057	384,960	382,390		667		667		383,057				9,351	10/15/2037
20825R-AB-7	CONOCOPHIL AU		04/15/2013	Maturity		1,500,000	1,500,000	1,488,660	1,499,159		841		841		1,500,000				41,250	04/15/2013
21079U-AA-3	CONTL AIRLINES 2009-2		11/10/2013	Direct		50,503	50,503	57,321	56,899		(6,395)		(6,395)		50,503				2,747	11/10/2019
222862-AJ-3	COVENTRY HEALTH CARE INC		09/12/2013	JEFFERIES & CO. - BONDS		1,091,010	1,000,000	1,107,570	1,099,363		(7,359)		(7,359)		1,092,004		(994)	(994)	41,026	06/15/2021
25179S-AD-2	DEVON FINANCING CO LLC		02/11/2013	Direct		903,123	650,000	884,793	829,364		(643)		(643)		828,721		74,402	74,402	19,053	09/30/2031
25748U-AN-9	DOMINION RESOURCES INC		06/20/2013	Morgan Stanley		714,126	600,000	664,908	655,271		(674)		(674)		654,597		59,529	59,529	29,400	03/15/2033
26884A-AZ-6	ERP OPERATING LP		08/14/2013	U.S. Bank		845,280	800,000	796,952	797,196		179		179		797,375		47,905	47,905	25,078	12/15/2021
32027N-MH-1	FIRST FRANKLIN MTG LOAN ASSET FFWL 2004-		12/26/2013	Stifel Nicolaus & Co		556,397	556,397	540,749	551,330		5,067		5,067		556,397				3,249	09/25/2034
36228C-VU-4	GS MORTGAGE SECURITIES CORP 2005-G64 A4A		12/12/2013	Direct		77,555	77,555	76,577	77,274		281		281		77,555				3,734	07/10/2039
375558-AD-7	GILEAD SCIENCES INC		09/12/2013	Direct		2,102,920	2,000,000	1,995,400	1,995,702		347		347		1,996,049		106,871	106,871	69,667	12/01/2021
38141G-FD-1	GOLDMAN SACHS GROUP INC		08/08/2013	Morgan Stanley		630,750	600,000	596,718	596,845		115		115		596,960		33,790	33,790	35,100	10/01/2037
45264N-JG-3	IMPAC CMB TRUST IMM 2004-5 1A1		12/26/2013	CORTVIEW CAPITAL LLC		489,057	489,057	442,597	446,203		42,854		42,854		489,057				2,388	10/25/2034
460146-CG-6	INTL PAPER CO		09/16/2013	Direct		2,074,900	2,000,000	2,116,940	2,110,951		(7,513)		(7,513)		2,103,438		(28,538)	(28,538)	103,972	02/15/2022
494550-BL-9	KINDER MORGAN ENER PART		08/20/2013	MARKETS		966,710	1,000,000	998,140	998,201		140		140		998,341		(31,631)	(31,631)	38,622	09/01/2022

E14.2

E14.2

E14.2

E14.2

E15

E15

E15

E15

SCHEDULE D - PART 6 - SECTION 1

1.	Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein:	\$	_____
2.	Total amount of intangible assets nonadmitted:	\$	_____

SCHEDULE D - PART 6 - SECTION 2

E17

E17

E17

E17

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year							
1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents							

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE ACA Financial Guaranty Corporation

SCHEDULE E PART 3 - SPECIAL DEPOSITS

		1	2	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
				3	4	5	6
States, etc.		Type of Deposits	Purpose of Deposits	Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL						
11. Georgia	GA	ST	RSD for Financial Guaranty			.61,870	.61,870
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD	B	RSD for Financial Guaranty	2,409,942	2,290,680		
22. Massachusetts	MA	B	RSD for Financial Guaranty			102,106	92,460
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO						
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV						
30. New Hampshire	NH						
31. New Jersey	NJ						
32. New Mexico	NM	B	RSD for Financial Guaranty			120,352	115,008
33. New York	NY						
34. North Carolina	NC	B	RSD for Financial Guaranty			200,829	190,890
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR	B	RSD for Financial Guaranty			261,077	248,157
39. Pennsylvania	PA						
40. Rhode Island	RI						
41. South Carolina	SC						
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA	B	RSD for Financial Guaranty			276,139	262,474
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI						
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU	C	RSD for Financial Guaranty			.50,000	.50,000
54. Puerto Rico	PR	B	RSD for Financial Guaranty			850,130	761,790
55. US Virgin Islands	VI	B	RSD for Financial Guaranty			502,071	477,225
56. Northern Mariana Islands	MP						
57. Canada	CAN						
58. Aggregate Other Alien	OT	XXX	XXX				
59. Total		XXX	XXX	2,409,942	2,290,680	2,424,574	2,259,874
DETAILS OF WRITE-INS							
5801.							
5802.							
5803.							
5898.	Sum of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899.	Totals (Lines 5801 - 5803 + 5898) (Line 58 above)	XXX	XXX				

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