



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2014
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

DIRECTORS OR TRUSTEES			
Steven Joseph Berkowitz	Richard Joseph Caplan	Roger Dale Cunningham	Bradley Irving Dietz
Kevin John Doyle #	Eric Michael Friel #	Andrew Nathan Rothseid	Anne Gram Shean #
John Bruce Sprung			

State ofNew York.....

County ofNew 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

Subscribed and sworn to before me
this 23rd day of February, 2015

Luis Lozada, Notary Public
January 14, 2017

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 _____



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).....	364,588,427		364,588,427	380,299,628
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$2,408,925 , Schedule E-Part 1), cash equivalents (\$, Schedule E-Part 2) and short-term investments (\$1,631,093 , Schedule DA).....	4,040,018		4,040,018	8,150,404
6. Contract loans (including \$premium notes).....				
7. Derivatives (Schedule DB).....				
8. Other invested assets (Schedule BA)	83,260	83,260		
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)	368,711,705	83,260	368,628,445	388,450,032
13. Title plants less \$ charged off (for Title insurers only).....				
14. Investment income due and accrued	2,202,406		2,202,406	2,897,660
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 \$earned but unbilled premiums).....				
15.3 Accrued retrospective premiums.....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset.....	32,475,155	32,475,155		
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software.....	32,587		32,587	74,338
21. Furniture and equipment, including health care delivery assets (\$)	49,760	49,760		
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	1,249,196	1,247,165	2,031	4,667
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	404,720,809	33,855,340	370,865,469	391,426,697
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
28. Total (Lines 26 and 27)	404,720,809	33,855,340	370,865,469	391,426,697
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.....	193,898	193,898		
2503. Security Deposit.....	53,267	53,267		
2598. Summary of remaining write-ins for Line 25 from overflow page	2,031		2,031	4,667
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,249,196	1,247,165	2,031	4,667

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	105,551,542	83,332,374
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)	4,565,000	5,979,000
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	4,253,611	4,186,057
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	98,293	99,083
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	92,643,742	119,602,855
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	83,260	83,678
20. Derivatives		
21. Payable for securities		291,831
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	96,767,895	88,804,771
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	303,963,343	302,379,649
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	303,963,343	302,379,649
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)	(312,071,874)	(289,926,952)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	66,902,126	89,047,048
38. Totals (Page 2, Line 28, Col. 3)	370,865,469	391,426,697
DETAILS OF WRITE-INS		
2501. Contingency Reserve	95,925,559	87,961,446
2502. Collateral Deposit	842,000	842,000
2503. Other Payables	336	1,325
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	96,767,895	88,804,771
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)	27,021,082	27,275,760
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	41,890,427	35,500,098
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	2,029,047	2,950,382
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	16,488,628	18,895,331
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	60,408,102	57,345,811
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(33,387,020)	(30,070,051)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	15,314,305	19,130,380
10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses)).....	495,010	1,617,566
11. Net investment gain (loss) (Lines 9 + 10)	15,809,315	20,747,946
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	3,305,000	140,500
15. Total other income (Lines 12 through 14)	3,305,000	140,500
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(14,272,705)	(9,181,605)
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)	(14,272,705)	(9,181,605)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(14,272,705)	(9,181,605)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	89,047,048	109,193,920
22. Net income (from Line 20)	(14,272,705)	(9,181,605)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	30,905	(37,566)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	2,315,920	3,268,465
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(2,254,929)	(3,153,545)
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	(7,964,113)	(11,042,621)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(22,144,922)	(20,146,872)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	66,902,126	89,047,048
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.....	205,000	140,500
1402. Other income.....	3,100,000	
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	3,305,000	140,500
3701. Change in Contingency Reserve.....	(7,964,113)	(11,042,621)
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)	(7,964,113)	(11,042,621)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	61,969	146,478
2. Net investment income	17,269,044	20,629,099
3. Miscellaneous income	3,305,000	140,500
4. Total (Lines 1 through 3)	20,636,013	20,916,077
5. Benefit and loss related payments	19,671,259	30,402,600
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	19,588,496	23,718,884
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Lines 5 through 9)	39,259,755	54,121,484
11. Net cash from operations (Line 4 minus Line 10)	(18,623,742)	(33,205,407)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	220,242,854	160,451,556
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
12.8 Total investment proceeds (Lines 12.1 to 12.7)	220,242,854	160,747,487
13. Cost of investments acquired (long-term only):		
13.1 Bonds	205,430,637	143,284,444
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	205,430,637	143,284,444
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)	14,812,217	17,463,043
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)	(298,862)	(348,581)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(298,862)	(348,581)
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)	(4,110,387)	(16,090,945)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	8,150,404	24,241,349
19.2 End of year (Line 18 plus Line 19.1)	4,040,017	8,150,404

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	61,969	119,602,855	92,643,742	27,021,082
11.1	Medical professional liability-occurrence				
11.2	Medical professional liability-claims-made				
12.	Earthquake				
13.	Group accident and health				
14.	Credit accident and health (group and individual)				
15.	Other accident and health				
16.	Workers' compensation				
17.1	Other liability-occurrence				
17.2	Other liability-claims-made				
17.3	Excess workers' compensation.....				
18.1	Products liability-occurrence				
18.2	Products liability-claims-made				
19.1,19.2	Private passenger auto liability				
19.3,19.4	Commercial auto liability				
21.	Auto physical damage				
22.	Aircraft (all perils)				
23.	Fidelity				
24.	Surety				
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance-nonproportional assumed property				
32.	Reinsurance-nonproportional assumed liability				
33.	Reinsurance-nonproportional assumed financial lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	61,969	119,602,855	92,643,742	27,021,082
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		92,643,742			92,643,742
11.1	Medical professional liability-occurrence					
11.2	Medical professional liability-claims-made					
12.	Earthquake					
13.	Group accident and health					
14.	Credit accident and health (group and individual) ...					
15.	Other accident and health					
16.	Workers' compensation					
17.1	Other liability-occurrence					
17.2	Other liability-claims-made					
17.3	Excess workers' compensation					
18.1	Products liability-occurrence					
18.2	Products liability-claims-made					
19.1,19.2	Private passenger auto liability					
19.3,19.4	Commercial auto liability					
21.	Auto physical damage					
22.	Aircraft (all perils)					
23.	Fidelity					
24.	Surety					
26.	Burglary and theft					
27.	Boiler and machinery					
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance-nonproportional assumed property					
32.	Reinsurance-nonproportional assumed liability					
33.	Reinsurance-nonproportional assumed financial lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS		92,643,742			92,643,742
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					92,643,742
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.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty	61,969					61,969
11.1 Medical professional liability-occurrence						
11.2 Medical professional liability-claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability-occurrence						
17.2 Other liability-claims-made						
17.3 Excess workers' compensation						
18.1 Products liability-occurrence						
18.2 Products liability-claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	XXX					
32. Reinsurance-nonproportional assumed liability	XXX					
33. Reinsurance-nonproportional assumed financial lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS	61,969					61,969
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Sum. of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

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

If yes: 1. The amount of such installment premiums \$61,969

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$61,969

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
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	19,671,260			19,671,260	105,551,542	83,332,374	41,890,428	155.0
11.1	Medical professional liability-occurrence								
11.2	Medical professional liability-claims-made								
12.	Earthquake								
13.	Group accident and health								
14.	Credit accident and health (group and individual)								
15.	Other accident and health								
16.	Workers' compensation								
17.1	Other liability-occurrence								
17.2	Other liability-claims-made								
17.3	Excess workers' compensation								
18.1	Products liability-occurrence								
18.2	Products liability-claims-made								
19.1,19.2	Private passenger auto liability								
19.3,19.4	Commercial auto liability								
21.	Auto physical damage								
22.	Aircraft (all perils)								
23.	Fidelity								
24.	Surety								
26.	Burglary and theft								
27.	Boiler and machinery								
28.	Credit								
29.	International								
30.	Warranty								
31.	Reinsurance-nonproportional assumed property	XXX							
32.	Reinsurance-nonproportional assumed liability	XXX							
33.	Reinsurance-nonproportional assumed financial lines	XXX							
34.	Aggregate write-ins for other lines of business								
35.	TOTALS	19,671,260			19,671,260	105,551,542	83,332,374	41,890,428	155.0
DETAILS OF WRITE-INS									
3401.	.....							
3402.	.....							
3403.	.....							
3498.	Sum. of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)								

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	105,551,542			105,551,542				105,551,542	4,565,000
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	105,551,542			105,551,542				105,551,542	4,565,000
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	2,029,047			2,029,047
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,029,047			2,029,047
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		295,854		295,854
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		7,538,769		7,538,769
8.2 Payroll taxes		339,871		339,871
9. Employee relations and welfare		789,342		789,342
10. Insurance		564,771		564,771
11. Directors' fees		578,876		578,876
12. Travel and travel items		35,882		35,882
13. Rent and rent items		567,985		567,985
14. Equipment		105,152		105,152
15. Cost or depreciation of EDP equipment and software		131,289		131,289
16. Printing and stationery		50,908		50,908
17. Postage, telephone and telegraph, exchange and express		105,795		105,795
18. Legal and auditing		4,230,004	632,770	4,862,774
19. Totals (Lines 3 to 18)		15,334,498	632,770	15,967,268
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		5,854		5,854
20.2 Insurance department licenses and fees		263,383		263,383
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)		269,237		269,237
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		884,896		884,896
25. Total expenses incurred	2,029,047	16,488,631	632,770	(a) 19,150,448
26. Less unpaid expenses-current year	4,565,000	4,258,207	93,697	8,916,904
27. Add unpaid expenses-prior year	5,979,000	4,024,991	260,149	10,264,140
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)	3,443,047	16,255,415	799,222	20,497,684
DETAILS OF WRITE-INS				
2401. Consulting Expenses.....		884,895		884,895
2402. Miscellaneous Expenses.....		1		1
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		884,896		884,896

(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).....1,492,236	.....1,488,837
1.1	Bonds exempt from U.S. tax	(a).....1,612,819	.....1,447,823
1.2	Other bonds (unaffiliated)	(a).....10,224,078	.....9,697,223
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).....13,196	.....13,193
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....3,300,000	.....3,300,000
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income	16,642,329	15,947,075
11.	Investment expenses		(g).....632,770
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) .....		.....632,770
17.	Net investment income (Line 10 minus Line 16)		15,314,305
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 \$1,093,920 accrual of discount less \$2,519,237 amortization of premium and less \$487,360 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 \$96 accrual of discount less \$ amortization of premium and less \$517 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	951,170		951,170		
1.1	Bonds exempt from U.S. tax	624,787	(1,730,720)	(1,105,933)	31,322	
1.2	Other bonds (unaffiliated)	652,841	(3,067)	649,774		
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				(419)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	2,228,798	(1,733,787)	495,011	30,904	
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)	83,260	83,678	418
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)	83,260	83,678	418
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.....	32,475,155	30,159,235	(2,315,920)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software.....			
21. Furniture and equipment, including health care delivery assets.....	49,760	118,592	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	1,247,165	1,238,906	(8,259)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	33,855,340	31,600,411	(2,254,929)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
28. Total (Lines 26 and 27)	33,855,340	31,600,411	(2,254,929)
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.....	193,898	185,639	(8,259)
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)	1,247,165	1,238,906	(8,259)

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.

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 Transactions and Global Settlement Agreement in 2008 (see Note 21.C.(2)), the Company made a cash payment and issued non-interest bearing surplus notes with a principal amount of \$1 billion to settle counterparty claims. Due to the unique nature of the transaction, and in consultation with the MIA, the Company recorded the issuance of surplus notes with a fully offsetting contra account. This accounting treatment has resulted in a net balance of \$0 reported as surplus notes. Payment of principal, or any other distributions, on the surplus notes may not be recognized until approved by the MIA. Upon the MIA’s approval, unassigned funds (surplus) and the contra account will be adjusted to reflect the amount approved. Upon payment, the principal amount of the surplus notes would be reduced by the amount of such payment. No payments have been made under the surplus notes.

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.

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. When a full loss on a guaranteed obligation is reflected in the financial statements and no further variability exists as to the measurement of the loss, the remaining unearned premiums are recognized as earned since the Company is no longer exposed to insurance risk.

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, 2014 and 2013, the Company recorded earned premiums of \$21.6 million and \$19.9 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, 2014.

NAIC Designation 1	\$	287,958,563
NAIC Designation 2		63,490,629
NAIC Designation 3		84,523
NAIC Designation 4		-
NAIC Designation 5		12,195,824
NAIC Designation 6		2,489,981
Total	\$	<u>366,219,520</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. For the years ended December 31, 2014 and 2013, the Company recorded “other than temporary” adjustments of \$1.7 million and \$1.6 million.

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, 2014.
- (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, 2014 and 2013, investment income includes dividends received from ACA Service, L.L.C. relating to its share of fees from certain managed CDO's of \$3.3 million and \$4.3 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 Company's liability for losses (also known as "loss reserves" "reserves for unpaid losses", "case reserves", or "case basis reserves"), reported on the accompanying Statement of Assets, Liabilities, Surplus and Other Funds, represents the best estimate of the present value of the Company's ultimate claim payments under the policy, net of its best estimate of the present value of any recoveries from salvage and subrogation rights under the policy, remaining unpaid at the balance sheet date. 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, willingness of the obligor or sponsor to honor its commitments 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, are difficult to predict, 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. Under SSAP 60, contributions to the contingency reserve may be discontinued if the total contingency reserve already recorded exceeds a calculated amount based upon unpaid principal guaranteed and prescribed percentages by bond category. The established contingency reserve is in excess of this calculated amount. The Company has discontinued its contributions in the fourth quarter of 2014. Reductions in the contingency reserve may be recognized under certain stipulated conditions, subject to the approval of the Maryland Insurance Commissioner.

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, 2014 and December 31, 2013.

B. Debt Restructuring

As a result of claims paid under certain of its insurance policies, 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, 2014 and December 31, 2013 was \$1.5 million and \$1.4 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, 2014, the Company did not recognize any other than temporary impairment charges on loan-backed securities.
- (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, 2014 is \$7.9 million and \$0.2 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, 2014 is \$59.3 million and \$0.1 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.

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) (\$ minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
j. On deposit with states	\$ 4,837,217	\$ -	\$ -	\$ -	\$ 4,837,217	\$ 4,834,517	\$ 2,700	\$ 4,837,217	1.20%	1.30%	
n. Other restricted assets	53,267	-	-	-	53,267	53,267	-	-	0.00%	0.00%	
o. Total restricted assets	\$ 4,890,484	\$ -	\$ -	\$ -	\$ 4,890,484	\$ 4,887,784	\$ 2,700	\$ 4,837,217	1.20%	1.30%	

NOTES TO FINANCIAL STATEMENTS

I. Working Capital Finance Investments

The Company has no working capital investments.

J. Offsetting and Netting of Assets and Liabilities

The Company has no offsetting or netting of assets and liabilities related to derivatives, repurchases, reverse repurchases, and securities borrowing or securities lending.

K. Structured Notes

The following table summarizes the Company’s structured notes:

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage- Referenced Security (YES/NO)
1248MBAJ4	\$ 1,024,061	\$ 1,337,863	\$ 1,024,061	YES
31359S2G4	101,037	114,569	97,312	YES
Total	\$ 1,125,098	\$ 1,452,432	\$ 1,121,373	

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

As of December 31, 2014 and December 31, 2013, the Company held an investment in ACA Service L.L.C., (“ACA Service”). The carrying value of such investment as of December 31, 2014 and December 31, 2013 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, 2014 and December 31, 2013.

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	2014			2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 108,371,481	\$ 524,452	\$ 108,895,933	\$ 94,840,004	\$ 4,942,539	\$ 99,782,543	\$ 13,531,476	\$ (4,418,086)	\$ 9,113,390
(b) Statutory valuation allowance adjustment	(74,797,536)	(524,452)	(75,321,988)	(64,053,499)	(4,942,539)	(68,996,038)	(10,744,037)	4,418,086	(6,325,951)
(c) Adjusted gross deferred tax assets	33,573,945	-	33,573,945	30,786,505	-	30,786,505	2,787,439	-	2,787,439
(d) Adjusted gross deferred tax assets nonadmitted	(32,475,155)	-	(32,475,155)	(30,159,235)	-	(30,159,235)	(2,315,920)	-	(2,315,920)
(e) Sub-total admitted adjusted gross deferred tax asset	1,098,790	-	1,098,790	627,270	-	627,270	471,519	-	471,519
(f) Gross deferred tax liabilities	(1,098,790)	-	(1,098,790)	(627,270)	-	(627,270)	(471,519)	-	(471,519)
(g) Net admitted deferred tax asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(2) Admission calculation components:

Description	Ordinary	2014 Capital	Total	Ordinary	2013 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.	1,098,790	-	1,098,790	627,270	-	627,270	471,519	-	471,519
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.total (a. + b. + c.)	\$ 1,098,790	\$ -	\$ 1,098,790	\$ 627,270	\$ -	\$ 627,270	\$ 471,519	\$ -	\$ 471,519

(3) Used in ¶11.b.

	2014	2013
(a) Applicable ratio for realization limitation threshold table	79.03%	99.85%

(4) Impact of tax planning strategies (TPS) on adjusted gross DTAs and net admitted DTAs:

Description	Ordinary	2014 Capital	Total	Ordinary	2013 Capital	Total
(a) Adjusted gross DTAs - Percentage	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%
(c) Do TPS include a reinsurance strategy? Yes or No.	No			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	2014	2013
(a) Current federal income tax expense	\$ -	\$ -
(b) Foreign Income tax expense	-	-
(c) Subtotal	0	-
(d) Tax expense on realized capital gains	780,079	1,116,155
(e) Utilization of capital loss carry forwards	(780,079)	(1,116,155)
(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, 2014	December 31, 2013	Change
(a) Ordinary			
(1) Salvage and Subrogation	\$ 6,061,344	\$ 1,239,365	\$ 4,821,979
(2) Unearned premiums	3,173,635	4,117,204	(943,569)
(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 carryforward	64,947,344	58,081,718	6,865,626
(12) Tax credit carryforward	615,212	615,212	-
(13) Contingency Reserve	33,573,945	30,786,505	2,787,440
(14) Other (separately disclose items >5%)	-	-	-
(99) Subtotal - Gross ordinary DTAs	108,371,481	94,840,004	13,531,477
(b) Statutory valuation adjustment adjustment - ordinary	(74,797,536)	(64,053,499)	(10,744,037)
(c) Nonadmitted ordinary DTAs	(32,475,155)	(30,159,235)	(2,315,920)
(d) Admitted ordinary DTAs	\$ 1,098,790	\$ 627,270	\$ 471,520
(e) Capital			
(1) Investments	\$ -	\$ 1,035,664	\$ (1,035,664)
(2) Net capital loss carry forward	524,452	3,906,875	(3,382,422)
(3) Real estate	-	-	-
(4) Other (separately disclose items >5%)	-	-	-
(5) Unrealized capital losses	-	-	-
(99) Gross capital DTAs	524,452	4,942,539	(4,418,087)
(f) Statutory valuation adjustment adjustment - capital	(524,452)	(4,942,539)	4,418,087
(g) Nonadmitted capital DTAs	-	-	-
(h) Admitted capital DTAs	\$ -	\$ -	\$ -
(i) Admitted DTAs	\$ 1,098,790	\$ 627,270	\$ 471,520
(3) DTLs Resulting From Book/Tax Differences In	December 31, 2014	December 31, 2013	Change
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	(53,478)	(57,726)	4,248
(3) Deferred and uncollected premiums	-	-	-
(4) Policyholder reserves/salvage and subrogation	-	-	-
(5) Other (separately disclose items >5%)	-	-	-
(99) Ordinary DTLs	\$ (53,478)	\$ (57,726)	\$ 4,248
(b) Capital			
(1) Investments	\$ (1,045,312)	\$ (569,544)	\$ (475,768)
(2) Real estate	-	-	-
(3) Other (separately disclose items >5%)	-	-	-
(4) Unrealized capital gains	-	-	-
(99) Capital DTLs	\$ (1,045,312)	\$ (569,544)	\$ (475,768)
(c) DTLs	\$ (1,098,790)	\$ (627,270)	\$ (471,520)
(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, 2014	December 31, 2013	Bal. Sheet Change
Total deferred tax assets	\$ 108,895,933	\$ 99,782,543	\$ 9,113,390
Total deferred tax liabilities	(1,098,790)	(627,270)	(471,519)
Net deferred tax assets/liabilities	107,797,143	99,155,273	8,641,871
Statutory valuation allowance adjustment (*see explanation below)	(75,321,988)	(68,996,038)	(6,325,951)
Net deferred tax assets/liabilities after SVA	\$ 32,475,155	\$ 30,159,235	2,315,920
Tax effect of unrealized gains/(losses)			-
Statutory valuation allowance adjustment allocated to unrealized (+)			-
Change in net deferred income tax benefit			\$ 2,315,920

***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	Statutory Rate		
	Amount	35.00% Tax Effect	Effective Tax Rate
Income Before Taxes (including all realized capital gains / (losses))	\$ (14,272,704)	\$ (4,995,446)	35.00%
Tax-Exempt Interest	(1,188,891)	(416,112)	2.92%
Equity in Affiliates	2,386	835	-0.01%
Proration	178,334	62,417	-0.44%
Meals & Entertainment, Lobbying Expenses, Etc.	6,330	2,216	-0.02%
Statutory Valuation Allowance Adjustment	18,074,145	6,325,951	-44.32%
Change in Contingency Reserve	(7,964,114)	(2,787,440)	19.53%
Prior Year True-up	(1,452,399)	(508,340)	3.56%
Total	\$ (6,616,914)	\$ (2,315,920)	16.23%
Federal income taxed incurred expense		-	0.00%
Change in net deferred income tax benefit		(2,315,920)	16.23%
Total statutory income taxes		\$ (2,315,920)	16.23%

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

The Company has net operating loss carry forwards of: \$ 185,563,840 expiring through the calendar year 2034

The Company had capital loss carryforwards of: \$ 1,498,435 expiring through the calendar year 2017

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

The Company's net operating and capital loss carryforwards are limited in its aggregate under Section 382 of the Internal Revenue Code. See Note 21C. This limitation amounted to \$5,340,000 and is reflected in the statutory valuation allowance determination.

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

Available from tax year	Ordinary		Capital		Total
2012	\$ -		\$ -		\$ -
2013	-		-		-
2014	-		-		-
Total	\$ -		\$ -		\$ -

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.

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 2014 or 2013.
- C. Not applicable.
- D. The Company has \$83 thousand payable to subsidiaries at December 31, 2014 and December 31, 2013.
- 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 2014 or 2013.
- K. Not applicable.
- L. The Company does not hold an investment in a downstream noninsurance holding company.

NOTES TO FINANCIAL STATEMENTS

11. DEBT

- A. As of December 31, 2014 and December 31, 2013, the Company had no capital notes or other debt.
- B. As of December 31, 2014 and December 31, 2013, the Company had no Federal Home Loan Bank (FHLB) Agreements.

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, 2014 and December 31, 2013, the fair values of plan assets were \$6.5 million and \$7.1 million, respectively. For the years ended December 31, 2014 and 2013, the Company recognized expense in the amount of \$297.6 thousand and \$308.8 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 provides postemployment benefits to its employees. The benefits include severance and continuation of benefits, such as healthcare, for terminated employees. Amounts are reflected in the financial statements, as Employee Relations and Welfare expenses, when it is probable that the employee will be entitled to the benefit and the amount can be reasonably estimated.

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 2014 or 2013.
- (5) The Company had negative earned surplus at December 31, 2014 and 2013; therefore no dividends can be paid in 2014 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 \$26,092.
- (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 10, 2014, ACA made the aforementioned request to the MIA. On July 21, 2014, 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.

NOTES TO FINANCIAL STATEMENTS

B. Assessments

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

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. Following a motion for reargument with the Supreme Court that was denied December 17, 2013, ACA filed a motion for leave to appeal the decision to the Court of Appeals, which motion was fully briefed as of February 14, 2014. All lower court action has been stayed pending such motion. On May 2, 2014, the Appellate Division granted ACA’s motion for leave to appeal. Briefing began in July 2014 and oral arguments are on the calendar for February 19, 2015.
- 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, 2014, ACA expects to recognize a gain aggregating approximately \$12.8 million on a net present value basis, with recoveries expected to begin decades in the future. In addition, ACA was negotiating a settlement agreement with one of its former insurance carriers which was finalized in 2014, resulting in payments to ACA with respect to claims for coverage for certain investigations and lawsuits. Pursuant to ACA’s accounting policy, any estimated gains must be deferred and recognized only when the actual receipts of such recoveries occur, or in the case of losses related to ACA’s own insurance policies, they 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. On December 18, 2014, the court granted summary judgment in favor of the Company. Plaintiffs have filed a motion for reconsideration of the order granting summary judgment. If such motion fails, Plaintiffs are expected to appeal the dismissal.

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.

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.

NOTES TO FINANCIAL STATEMENTS

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. Joint and Several Liabilities

Not applicable.

G. 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 31, 2014 and 2013 was \$546.6 thousand.
- (2) At January 1, 2015, the minimum future lease payments under the lease are as follows (dollars in thousands):

Year Ending December 31,	Operating Leases
2015	624
2016	479
Total	<u>\$ 1,103</u>

B. Lessor Leases

Not applicable.

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, 2014 and December 31, 2013:

(\$ in millions)	December 31, 2014		December 31, 2013	
	Net Par	% of Net Par	Net Par	% of Net Par
	<u>Outstanding</u>	<u>Outstanding</u>	<u>Outstanding</u>	<u>Outstanding</u>
Tax-exempt obligations:				
Healthcare	\$ 203	7.5%	\$ 304	8.7%
Tax backed	276	10.2%	317	9.0%
Higher education	575	21.2%	728	20.8%
Long-term care	139	5.1%	184	5.3%
General obligations	732	27.0%	908	25.9%
Utilities	63	2.3%	84	2.4%
Transportation	191	7.0%	266	7.6%
Housing	118	4.3%	189	5.4%
Not for Profit	260	9.6%	359	10.2%
Other	152	5.6%	158	4.5%
Total municipal obligation:	<u>2,709</u>	<u>99.8%</u>	<u>3,497</u>	<u>99.8%</u>
Taxable obligations				
Other	6	0.2%	6	0.2%
Total	<u>\$ 2,715</u>	<u>100.0%</u>	<u>\$ 3,503</u>	<u>100.0%</u>

For the year ended December 31, 2014, the Company reported a decrease in insured net par outstanding of \$788 million, of which \$669 million was attributable to Refundings, including early retirement due to cancellation (See Note 1.C.(1)).

(\$ in millions)	PAR EXPOSURE BY STATE	December 31, 2014		December 31, 2013	
		Net Par	% of Net Par	Net Par	% of Net Par
		<u>Outstanding</u>	<u>Outstanding</u>	<u>Outstanding</u>	<u>Outstanding</u>
California		\$ 548	20.2%	\$ 697	19.9%
New York		490	18.1%	615	17.6%
Massachusetts		190	7.0%	197	5.6%
Texas		175	6.5%	194	5.5%
Florida		100	3.7%	196	5.6%
Other states		1,206	44.5%	1,598	45.7%
Total municipal obligations		<u>\$ 2,709</u>	<u>100.0%</u>	<u>\$ 3,497</u>	<u>100.0%</u>

NOTES TO FINANCIAL STATEMENTS

NET PAR OUTSTANDING BY MATURITY

(\$ in millions) Terms of Maturity	December 31, 2014	
	Net Par Outstanding	
0 to 5 years	\$	559
5 to 10 years		699
10 to 15 years		677
15 to 20 years		582
20 and above		198
Total	\$	<u>2,715</u>

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.

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:

2014				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 433,310	\$ -	\$ 433,310
Total	\$ -	\$ 433,310	\$ -	\$ 433,310

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

(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

NOTES TO FINANCIAL STATEMENTS

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.

2014						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying
Bonds	\$ 378,436,211	\$ 364,588,427	\$ -	\$ 378,436,211	\$ -	\$ -
Cash & Short-Term Investments	4,040,017	4,040,017	2,408,925	1,631,092	-	-
Total	\$ 382,476,228	\$ 368,628,444	\$ 2,408,925	\$ 380,067,303	\$ -	\$ -

2013						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying
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	\$ -	\$ -

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 2014 and 2013.

B. Troubled Debt Restructurings: Debtors

The Company had no troubled debt restructurings during 2014 and 2013. 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. However, ACA has policies in-force upon which it believes that it is probable that payment defaults will occur in the future. Such expected future losses (hereafter referred to as “Off-Balance Sheet Losses”) are not recorded by the Company in the accompanying Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2014 and December 31, 2013 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 its ultimate Off-Balance Sheet Losses ranged from \$90 million to \$110 million at December 31, 2014, on a discounted basis (see also Note 25). 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 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, 2014, the Company had insured obligations with outstanding principal totaling \$397.0 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 \$252.5 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.

NOTES TO FINANCIAL STATEMENTS

- 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, subrogation rights enable the Company 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, willingness of the obligor or sponsor to honor its commitments, changes in the expected timing of claims payments and recoveries, and changes in 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 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.

(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.

NOTES TO FINANCIAL STATEMENTS

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) mediate deteriorated insured exposures to minimize claim payments, maximize recoveries and mitigate ultimate 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. The Company has taken steps to reduce operating expenses and expects to take further steps in the future as the insured portfolio and remediation activities decrease. 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.

(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, 2014 and December 31, 2013, 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 \$4.6 million and \$4.8 million at December 31, 2014 and December 31, 2013, respectively. The Company has a loss reserve against this exposure in the amount of \$1.3 million and \$1.0 million at December 31, 2014 and December 31, 2013, 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, 2014:

NOTES TO FINANCIAL STATEMENTS

	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	\$ 13,265,377	\$ 13,606,686	\$ 14,372,440	\$ -
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities	5,134,526	5,134,099	5,147,640	
e. Equity investment in SCAs				
f. Other assets				
g. Total	\$ 18,399,902	\$ 18,740,785	\$ 19,520,081	\$ -

(4) As stated in F. (1) above, the Company has an outstanding loss reserve in the amount of \$1.3 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	-	257,353	1,276,600	-
c. Other lines	-	-	-	-
d. Total	\$ -	\$ 257,353	\$ 1,276,600	\$ -

22. EVENTS SUBSEQUENT

The Company reviewed all transactions and other matters that have occurred from January 1, 2015 through February 12, 2015 (the date the financial statements were available to be issued) to assess whether such transactions and matters qualify as “subsequent events” and require adjustment to or disclosure in the financial statements as of and for the year ended December 31, 2014. Based on the aforementioned review, no matters came to management’s attention that would require adjustment to or disclosure in the financial statements.

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.

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	4,435,858	-	-	-	4,435,858	-
Total	\$ 4,435,858	\$ -	\$ -	\$ -	\$ 4,435,858	\$ -

Direct Unearned Premium Reserve: \$88,207,883

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 2014.

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, including any provisions of the Affordable Care Act

NOTES TO FINANCIAL STATEMENTS

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

For the year ended December 31, 2014, the Company recorded a net provision for losses incurred of \$41.9 million, which consisted of \$11.3 million of net adverse loss development relating to accident years prior to 2014 (“prior accident year claims”) and \$30.6 million of losses incurred relating to the current accident year. As of December 31, 2014, the Company’s liability for unpaid losses was \$105.6 million, which related to twenty-four insured transactions, with a remaining aggregate in-force par outstanding of \$135.3 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$135.3 million represents the remaining maximum amount of par exposure subject to loss in regard to these twenty-four insured transactions. See Note 36A.(3) b for additional information regarding the Company’s reserves for losses and loss adjustment expenses.

As discussed in Note 21.C.(1), the Company’s estimate of its ultimate Off-Balance Sheet Losses at December 31, 2014 ranged from \$90 million to \$110 million. This range of Off-Balance Sheet Losses related to fifteen insured transactions, with a remaining aggregate in-force par outstanding of approximately \$62.8 million, excluding the aforementioned Off-Balance Sheet Losses (at the low end of the range) of \$90 million.

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.

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, 2014 and December 31, 2013.
- B. The Company has no risk sharing receivables as of December 31, 2014 and December 31, 2013.

29. PARTICIPATING POLICIES

The Company never issued participating policies.

30. PREMIUM DEFICIENCY RESERVE

The Company has no premium deficiency reserves. The Company includes anticipated investment income as a factor in the premium deficiency calculation.

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, 2014 and 2013 was 3.12% and 3.55%, 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, 2014 was \$1.8 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

NOTES TO FINANCIAL STATEMENTS

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, 2014 and 2013 was \$21.6 million and \$19.9 million, respectively.

b. Schedule of the future expected earned premium revenue on contracts written on an upfront basis as of December 31, 2014:

1.	1st Quarter 2015	\$ 1,110,932
	2nd Quarter 2015	1,095,700
	3rd Quarter 2015	1,642,289
	4th Quarter 2015	1,437,425
	Year 2016	5,388,083
	Year 2017	5,456,575
	Year 2018	4,953,943
	Year 2019	5,082,004
	Subtotal	26,166,951
2.	2020 through 2024	25,838,745
	2025 through 2029	20,311,586
	2030 through 2034	15,166,771
	2035 through 2039	5,159,688
	2040 through 2044	-
	2045 through 2048	-
	Total	\$ 92,643,741

- (3) Claim liability:

a. The Company used a rate of 3.12% to discount the claim liability.

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

New presentation below

Reserves for losses at December 31, 2013	\$ 83,332,374
Accretion of the discount	2,434,895
New reserves for defaults of insured contracts	25,667,901 ⁽¹⁾
Development on prior accident years reserves	(5,883,628) ⁽²⁾
Change in deficiency reserves	-
Change in incurred but not reported claims	-
Total change in reserves	22,219,168
Reserves for losses at December 31, 2014	\$ 105,551,542

⁽¹⁾ Represents 2014 accident year loss development of \$30,571,817 less claim payments of \$4,903,916.

⁽²⁾ Represents adverse development of \$8,883,715 and claim payments of \$14,767,343.

- (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

NOTES TO FINANCIAL STATEMENTS

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				Total
	1	2	3	4	
Number of policies	153	61	17	36	267
Remaining weighted-average contract period (in years)	11	9	10	11	10
Insured contractual payments outstanding:					
Principal	\$ 1,608,364,934	\$ 457,500,886	\$ 252,450,403	\$ 397,030,805	\$ 2,715,347,028
Interest	979,424,836	244,200,919	198,718,021	352,139,584	1,774,483,360
Total	<u>\$ 2,587,789,770</u>	<u>\$ 701,701,805</u>	<u>\$ 451,168,424</u>	<u>\$ 749,170,389</u>	<u>\$ 4,489,830,388</u>
Gross claim and LAE liability	\$ -	\$ 18,000	\$ 672,000	\$ 228,558,666	\$ 229,248,666
Less:					
Gross potential recoveries	-	-	-	117,354,320	117,354,320
Discount, net	-	-	-	1,777,804	1,777,804
Net claim and LAE liability	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 672,000</u>	<u>\$ 109,426,542</u>	<u>\$ 110,116,542</u>
Unearned premium revenue	\$ 37,883,629	\$ 18,442,044	\$ 11,631,133	\$ 24,686,936	\$ 92,643,742
Claim and LAE liability reported in the balance sheet	\$ -	\$ 18,000	\$ 672,000	\$ 109,426,542	\$ 110,116,542
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 Regulating?

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.

.....12/31/2012
- 3.3

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

.....06/18/2014
- 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 [] No [] N/A [X]
- 3.6

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

Yes [] No [] N/A [X]
- 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 Placed under option agreements

25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

25.32 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

4,837,217

25.3 For category (25.26) 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 the 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

GENERAL INTERROGATORIES

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.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [☐] No [☒]

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....366,219,520	.....380,067,303	.....13,847,783
30.2 Preferred Stocks.....	.....	.....	.....
30.3 Totals	.....366,219,520	.....380,067,303	.....13,847,783

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?

Yes [☐] No [☒]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [☐] No [☐]

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:

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

Yes [☒] No [☐]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 263,243
- 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.....	\$.....96,787
NAIC.....	\$.....68,018

- 34.1 Amount of payments for legal expenses, if any? \$ 3,698,468
- 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
Hirschmann & Tseng. LLP.....	\$.....1,371,310

- 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:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$		\$
2.2	Premium Denominator	\$	27,021,082	\$
2.3	Premium Ratio (2.1/2.2)			
2.4	Reserve Numerator	\$		\$
2.5	Reserve Denominator	\$	202,760,284	\$
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

16

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
THE COMPANY 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 this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
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 RESERVES AS A FINANCIAL GUARANTY INSURER. THESE RESERVES ARE ESTABLISHED IN ADDITION TO SPECIFIC CASE RESERVES ON FINANCIAL GUARANTY BUSINESS.....

7.1

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

Yes

[

]

No

[

X

]

7.2

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

7.3

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

Yes

[

]

No

[

]

]

8.1

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

Yes

[

]

No

[

X

]

8.2

If yes, give full information

9.1

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

Yes

[

]

No

[

X

]

9.2

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

Yes

[

]

No

[

X

]

9.3

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

9.4

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

Yes

[

]

No

[

X

]

9.5

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

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or,
(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 entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes

[

]

No

[

X

]

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 2014	2 2013	3 2012	4 2011	5 2010
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	61,969	146,478	61,957	308,978	486,855
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	61,969	146,478	61,957	308,978	486,855
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)	61,969	146,478	61,957	308,978	486,855
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	61,969	146,478	61,957	308,978	486,855
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(33,387,020)	(30,070,051)	(28,755,025)	(53,306,130)	(55,842,400)
14. Net investment gain (loss) (Line 11)	15,809,315	20,747,946	17,612,295	19,629,803	23,477,965
15. Total other income (Line 15)	3,305,000	140,500	5,189,607	7,415,322	8,336,095
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					(34,335)
18. Net income (Line 20)	(14,272,705)	(9,181,605)	(5,953,123)	(26,261,005)	(23,994,005)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	370,865,469	391,426,697	424,590,463	448,171,431	464,795,669
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)	303,963,343	302,379,649	315,396,543	330,856,668	357,594,553
22. Losses (Page 3, Line 1)	105,551,542	83,332,374	78,234,876	64,392,168	62,132,634
23. Loss adjustment expenses (Page 3, Line 3)	4,565,000	5,979,000	8,345,000	11,497,000	2,875,000
24. Unearned premiums (Page 3, Line 9)	92,643,742	119,602,855	146,732,137	174,425,586	190,450,036
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)	66,902,126	89,047,048	109,193,920	117,314,763	107,201,116
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(18,623,742)	(33,205,407)	(23,420,712)	(16,235,417)	45,711,504
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)	98.9	97.9	94.3	97.1	94.1
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)	1.1	2.1	5.7	2.9	5.6
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					0.2
38. Receivables for securities (Line 9)			0.0		
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					0.0

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2014	2013	2012	2011	2010
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	30,905	(37,566)	189,856	(141,733)	590,952
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(22,144,922)	(20,146,872)	(8,120,843)	10,113,646	(30,255,270)
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)	19,671,260	30,402,600	16,414,559	16,477,959	3,282,013
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	19,671,260	30,402,600	16,414,559	16,477,959	3,282,013
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)	19,671,260	30,402,600	16,414,559	16,477,959	3,282,013
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	19,671,260	30,402,600	16,414,559	16,477,959	3,282,013
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)	155.0	130.2	109.0	208.2	237.7
68. Loss expenses incurred (Line 3)	7.5	10.8	3.4	77.6	19.6
69. Other underwriting expenses incurred (Line 4)	61.0	69.3	91.2	140.6	124.5
70. Net underwriting gain (loss) (Line 8)	(123.6)	(110.2)	(103.6)	(326.4)	(367.3)
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)	21,274.6	12,803.9	32,477.3	5,033.9	4,843.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	162.5	141.0	112.4	285.7	257.4
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)	0.1	0.2	0.1	0.3	0.5
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)	11,582	4,234	(5,345)	(8,690)	3,162
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)	13.0	3.9	(4.6)	(8.1)	2.3
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)	13,011	(10,152)	(9,664)	6,419	5,243
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)	11.9	(8.7)	(9.0)	4.7	5.2

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 2014 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 2014				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												
2.4	Private crop												
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	61,969	26,758,342		88,207,883	19,671,260	41,890,427	105,551,542	3,443,047	2,029,047	4,565,000		144,016
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)	61,969	26,758,342		88,207,883	19,671,260	41,890,427	105,551,542	3,443,047	2,029,047	4,565,000		144,016
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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

SCHEDULE F - PART 1

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

[illegible]

Schedule F - Part 2

NONE

Schedule F - Part 3

NONE

Schedule F - Part 4

NONE

Schedule F - Part 5

NONE

Schedule F - Part 6 - Section 1

NONE

Schedule F - Part 6 - Section 2

NONE

Schedule F - Part 7

NONE

Schedule F - Part 8

NONE

SCHEDULE F - PART 9

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)	368,628,445		368,628,445
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	2,237,024		2,237,024
6. Net amount recoverable from reinsurers		119,644	119,644
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	370,865,469	119,644	370,985,113
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	110,116,542		110,116,542
10. Taxes, expenses, and other obligations (Lines 4 through 8)	4,351,904		4,351,904
11. Unearned premiums (Line 9)	92,643,742		92,643,742
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	96,851,155	119,644	96,970,799
19. Total liabilities excluding protected cell business (Line 26)	303,963,343	119,644	304,082,987
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	66,902,126	X X X	66,902,126
22. Totals (Line 38)	370,865,469	119,644	370,985,113

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	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
				4	5	6	7	8	9			
Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
1. Prior	XXX	XXX	XXX								XXX	
2. 2005	51,224	4,634	46,589	5,985		1,871				7,856	XXX	
3. 2006	72,477	3,202	69,275			4,565				4,565	XXX	
4. 2007	94,135	1,842	92,293	24,048		15				24,062	XXX	
5. 2008	26,172	74	26,098	251,422		20,540			2,513	271,962	XXX	
6. 2009	15,533	87	15,446	4,360		1,693			73	6,053	XXX	
7. 2010	15,250	46	15,205	17,471		4,169			1,000	21,640	XXX	
8. 2011	16,397	63	16,333	16,682		8,098			128	24,780	XXX	
9. 2012	27,901	146	27,755	13,898		1,631			182	15,529	XXX	
10. 2013	27,347	72	27,276	19,160		509				19,669	XXX	
11. 2014	27,117	94	27,022	4,904		354				5,258	XXX	
12. Totals	XXX	XXX	XXX	357,930		43,443			3,895	401,373	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.	1,287											1,287	XXX
3.													XXX
4.													XXX
5.	13,162				50							13,212	XXX
6.	14,225				196							14,421	XXX
7.	(3,694)				195						10,126	(3,499)	XXX
8.	23,504				2,618						27,194	26,122	XXX
9.	21,700				412						6,654	22,112	XXX
10.	10,194				154						3,009	10,348	XXX
11.	26,952				940						70,372	27,892	XXX
12.	107,329				4,565						117,354	111,894	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.	9,142		9,142	17.8		19.6	10			1,277	
3.	4,565		4,565	6.3		6.6					
4.	24,062		24,062	25.6		26.1					
5.	285,174		285,174	1,089.6		1,092.7	3,116			10,046	50
6.	20,474		20,474	131.8		132.5	3,856			10,369	196
7.	18,141		18,141	119.0		119.3	(6,713)			3,019	195
8.	50,902		50,902	310.4		311.6	(2,772)			26,276	2,618
9.	37,640		37,640	134.9		135.6	1,712			19,988	412
10.	30,017		30,017	109.8		110.1	1,285			8,910	154
11.	33,150		33,150	122.2		122.7	1,284			25,668	940
12.	XXX	XXX	XXX	XXX	XXX	XXX	1,778		XXX	105,552	4,565

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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior	(11,473)	(11,457)	(7,276)	(7,914)	(8,408)	(8,408)	(8,408)	(8,408)	(8,408)	(8,408)		
2. 2005	11,241	8,241	8,985	14,160	12,821	9,641	9,688	8,757	8,884	9,142	258	386
3. 2006	XXX	331	124	1,124	4,364	5,465	4,565	4,565	4,565	4,565		
4. 2007	XXX	XXX	32,450	24,062	24,062	24,062	24,062	24,062	24,062	24,062		
5. 2008	XXX	XXX	XXX	284,664	291,505	290,580	291,230	290,400	285,173	285,174	1	(5,225)
6. 2009	XXX	XXX	XXX	XXX	13,363	19,528	22,988	23,215	21,426	20,474	(953)	(2,742)
7. 2010	XXX	XXX	XXX	XXX	XXX	28,722	16,775	17,336	17,834	18,141	307	805
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	43,464	39,093	40,676	50,902	10,227	11,809
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,662	38,703	37,640	(1,063)	7,978
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,212	30,017	2,805	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,150	XXX	XXX
12. Totals											11,582	13,011

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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior	000	(2,126)	(3,381)	(7,165)	(8,408)	(8,408)	(8,408)	(8,408)	(8,408)	(8,408)	XXX	XXX
2. 2005	793	2,943	5,001	7,241	7,856	7,856	7,856	7,856	7,856	7,856	XXX	XXX
3. 2006	XXX	96	112	299	3,164	4,565	4,565	4,565	4,565	4,565	XXX	XXX
4. 2007	XXX	XXX	23,964	24,062	24,062	24,062	24,062	24,062	24,062	24,062	XXX	XXX
5. 2008	XXX	XXX	XXX	258,403	260,203	261,717	263,284	264,673	271,092	271,962	XXX	XXX
6. 2009	XXX	XXX	XXX	XXX	870	1,846	2,824	3,829	4,817	6,053	XXX	XXX
7. 2010	XXX	XXX	XXX	XXX	XXX	1,462	15,636	17,877	20,656	21,640	XXX	XXX
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	3,804	8,929	14,473	24,780	XXX	XXX
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,749	13,465	15,529	XXX	XXX
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,274	19,669	XXX	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,258	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 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	12
				4	5	6	7	8	9			
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
1. Prior	XXX	XXX	XXX	12,465		2,997				77	15,461	XXX
2. 2013	27,347	72	27,276	19,160		509					19,669	XXX
3. 2014	27,117	94	27,022	4,904		354					5,258	XXX
4. Totals	XXX	XXX	XXX	36,529		3,859				77	40,388	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	70,183				3,471						43,973	73,654	16
2.	10,194				154						3,009	10,348	3
3.	26,952				940						70,372	27,892	5
4.	107,329				4,565						117,354	111,894	24

	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	(791)		XXX	70,974	3,471
2.	30,017		30,017	109.8		110.1	1,285			8,910	154
3.	33,150		33,150	122.2		122.7	1,284			25,668	940
4.	XXX	XXX	XXX	XXX	XXX	XXX	1,778		XXX	105,552	4,565

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	2	3	4	5	6	7	8	9	10	11	12
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior												
2. 2005												
3. 2006	XXX											
4. 2007	XXX	XXX										
5. 2008	XXX	XXX	XXX									
6. 2009	XXX	XXX	XXX	XXX								
7. 2010	XXX	XXX	XXX	XXX	XXX							
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2014	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. 2005												
3. 2006	XXX											
4. 2007	XXX	XXX										
5. 2008	XXX	XXX	XXX									
6. 2009	XXX	XXX	XXX	XXX								
7. 2010	XXX	XXX	XXX	XXX	XXX							
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2014	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	94,550	98,784	107,561	8,777	13,011
2. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,212	30,017	2,805	XXX
3. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,150	XXX	XXX
4. Totals											11,582	13,011

SCHEDULE P - PART 2T – WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
2. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2014	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 Without Loss Payment
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior	.000											
2. 2005												
3. 2006	XXX											
4. 2007	XXX	XXX										
5. 2008	XXX	XXX	XXX									
6. 2009	XXX	XXX	XXX	XXX								
7. 2010	XXX	XXX	XXX	XXX	XXX							
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	.000											
2. 2005												
3. 2006	XXX											
4. 2007	XXX	XXX										
5. 2008	XXX	XXX	XXX									
6. 2009	XXX	XXX	XXX	XXX								
7. 2010	XXX	XXX	XXX	XXX	XXX							
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2014	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	18,445	33,907	XXX	XXX
2. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,274	19,669	XXX	XXX
3. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,258	XXX	XXX

SCHEDULE P - PART 3T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000				
2. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
3. 2014	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	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	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. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2014	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 - PRIMARY LOSS SENSITIVE CONTRACTS
(\$000 OMITTED)

SECTION 1

	1	2	3	4	5	6
	Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total
Schedule P - Part 1						
1. Homeowners/Farmowners						
2. Private Passenger Auto Liability/Medical						
3. Commercial Auto/Truck Liability/Medical						
4. Workers' Compensation						
5. Commercial Multiple Peril						
6. Medical Professional Liability-Occurrence						
7. Medical Professional Liability -Claims-Made						
8. Special Liability						
9. Other Liability-Occurrence						
10. Other Liability-Claims-Made						
11. Special Property						
12. Auto Physical Damage						
13. Fidelity/Surety						
14. Other						
15. International						
16. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX	XXX	XXX
19. Products Liability-Occurrence						
20. Products Liability-Claims-Made						
21. Financial Guaranty/Mortgage Guaranty	110,117			62		
22. Warranty						
23. Totals	110,117			62		

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

Years in Which Policies Were Issued	SECTION 4 NET EARNED PREMIUMS REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

Years in Which Policies Were Issued	SECTION 5 NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

SECTION 1

	1	2	3	4	5	6
Schedule P - Part 1	Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total
1. Homeowners/Farmowners						
2. Private Passenger Auto Liability/Medical						
3. Commercial Auto/Truck Liability/Medical.....						
4. Workers' Compensation						
5. Commercial Multiple Peril						
6. Medical Professional Liability-Occurrence ..						
7. Medical Professional Liability -Claims-Made						
8. Special Liability						
9. Other Liability-Occurrence						
10. Other Liability-Claims-made						
11. Special Property						
12. Auto Physical Damage						
13. Fidelity/Surety						
14. Other						
15. International						
16. Reinsurance-Nonproportional Assumed Property						
17. Reinsurance-Nonproportional Assumed Liability						
18. Reinsurance-Nonproportional Assumed Financial Lines						
19. Products Liability-Occurrence						
20. Products Liability-Claims-Made						
21. Financial Guaranty/Mortgage Guaranty	110,117			62		
22. Warranty						
23. Totals	110,117			62		

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

SECTION 4

Years in Which Policies Were Issued	NET EARNED PREMIUMS REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 5

Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 6

Years in Which Policies Were Issued	INCURRED ADJUSTABLE COMMISSIONS REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 7

Years in Which Policies Were Issued	RESERVES FOR COMMISSION ADJUSTMENTS AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior										
2. 2005										
3. 2006	XXX									
4. 2007	XXX	XXX								
5. 2008	XXX	XXX	XXX							
6. 2009	XXX	XXX	XXX	XXX						
7. 2010	XXX	XXX	XXX	XXX	XXX					
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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	2005		
1.603	2006		
1.604	2007		
1.605	2008		
1.606	2009		
1.607	2010		
1.608	2011		
1.609	2012		
1.610	2013		
1.611	2014		
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		54,211						
2. Alaska	AK L		46,932						
3. Arizona	AZ L		569,479						
4. Arkansas	AR L		597,939		3,012,186	4,753,095	13,540,421		
5. California	CA L		5,024,106		8,342,495	1,958,013	22,103,231		
6. Colorado	CO L		362,903						
7. Connecticut	CT L		43,512						
8. Delaware	DE L		399,543						
9. Dist. Columbia	DC L		163,133						
10. Florida	FL L		819,950		2,246,600	(838,551)	(2,605,274)		
11. Georgia	GA L		227,973		1,239,412	1,718,487	10,274,726		
12. Hawaii	HI L								
13. Idaho	ID L								
14. Illinois	IL L		751,181		1,042,680	24,141,137	23,098,457		
15. Indiana	IN L		3,585						
16. Iowa	IA L								
17. Kansas	KS L								
18. Kentucky	KY L		100,194						
19. Louisiana	LA L	8,175	95,012		448,956	(377,338)	5,929,122		
20. Maine	ME L								
21. Maryland	MD L		269,768						
22. Massachusetts	MA L		121,323		(24,802)	(22,230)	538,510		
23. Michigan	MI L		58,795						
24. Minnesota	MN L	2,764	234,349		1,341,737	6,792	5,224,553		
25. Mississippi	MS L		2,212,601		843,539	683,673	10,046,107		
26. Missouri	MO L	7,030	336,649		58,250	125,473	1,188,920		
27. Montana	MT L								
28. Nebraska	NE L								
29. Nevada	NV L								
30. New Hampshire	NH L	44,000	741,502						
31. New Jersey	NJ L		1,523,999						
32. New Mexico	NM L								
33. New York	NY L		3,207,830		208,669	115,802	1,917,997		
34. No. Carolina	NC L		553						
35. No. Dakota	ND L		29,973						
36. Ohio	OH L		50,076						
37. Oklahoma	OK L		924,970						
38. Oregon	OR L		63,957						
39. Pennsylvania	PA L		170,178						
40. Rhode Island	RI L		16,192						
41. So. Carolina	SC L		8,990		165,113	114,303	1,101,058		
42. So. Dakota	SD L		163,048						
43. Tennessee	TN L								
44. Texas	TX L		2,280,021		415,494	470,890	4,439,404		
45. Utah	UT L								
46. Vermont	VT L								
47. Virginia	VA L		13,238		330,931	9,040,881	8,754,310		
48. Washington	WA L		3,008,293						
49. West Virginia	WV L								
50. Wisconsin	WI L		37,670						
51. Wyoming	WY L								
52. American Samoa	AS N								
53. Guam	GU L		71,380						
54. Puerto Rico	PR L		39,081						
55. U.S. Virgin Islands	VI L		1,914,253						
56. Northern Mariana Islands	MP N								
57. Canada	CAN N								
58. Aggregate other alien	OT XXX								
59. Totals	(a) 54	61,969	26,758,342		19,671,260	41,890,427	105,551,542		
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 the state or jurisdiction where the trustee is located.

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

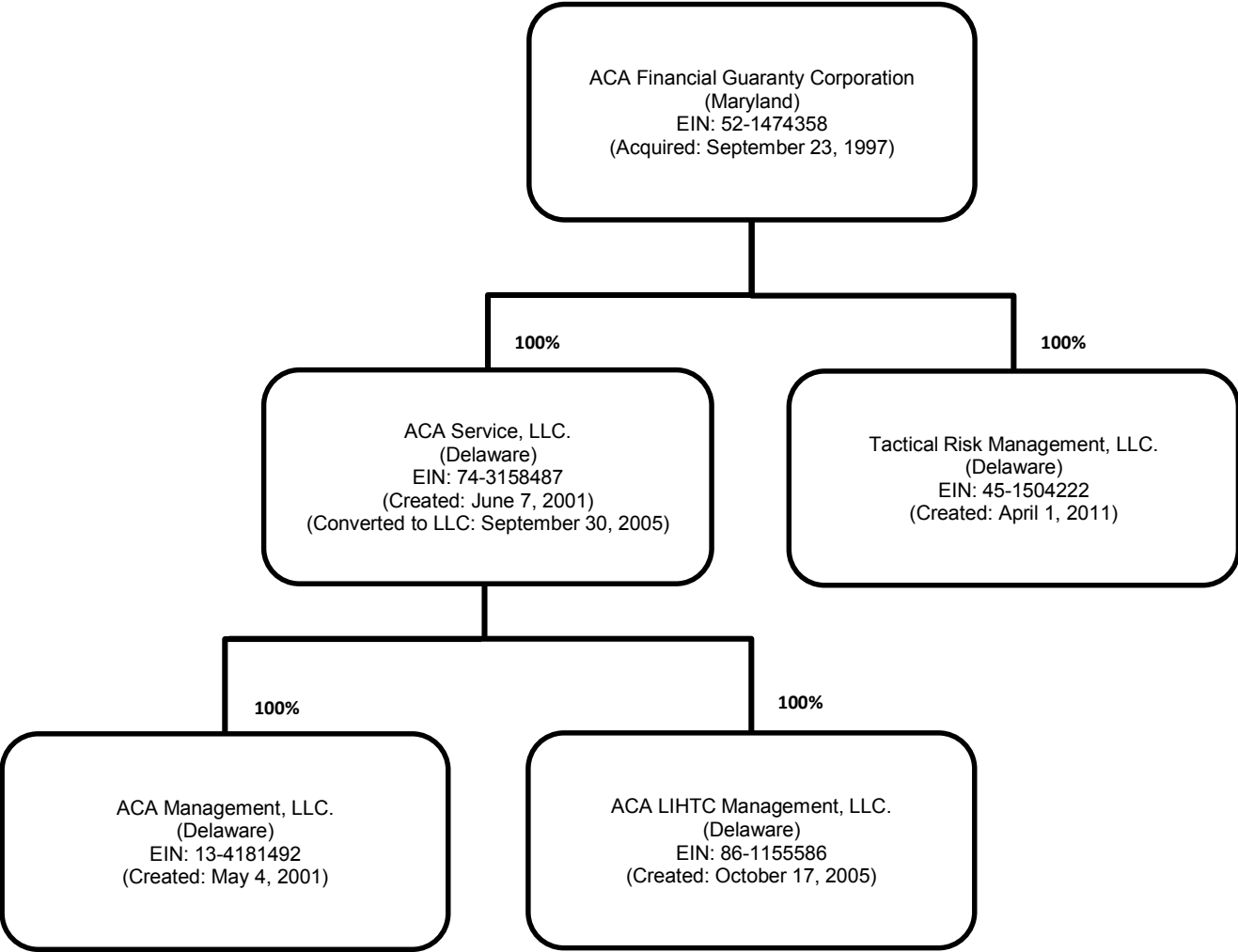
SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.		Direct Business Only					
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama	AL	NONE					
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



SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

NONE

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

SCHEDULE Y

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

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2014 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 2014 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 4 3 9 0 0 0 0 0 0
4. 
2 2 8 9 6 2 0 1 4 3 9 0 0 0 0 0 0
8. 
2 2 8 9 6 2 0 1 4 2 0 1 0 0 0 0 0
12. 
2 2 8 9 6 2 0 1 4 4 2 0 0 0 0 0 0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

14.	 2 2 8 9 6 2 0 1 4 3 6 0 5 9 0 0 0
15.	 2 2 8 9 6 2 0 1 4 4 5 5 0 0 0 0 0
16.	 2 2 8 9 6 2 0 1 4 4 9 0 0 0 0 0 0
17.	 2 2 8 9 6 2 0 1 4 3 8 5 0 0 0 0 0
19.	 2 2 8 9 6 2 0 1 4 3 6 5 0 0 0 0 0
23.	 2 2 8 9 6 2 0 1 4 5 0 0 0 0 0 0 0
24.	 2 2 8 9 6 2 0 1 4 5 0 5 0 0 0 0 0
25.	 2 2 8 9 6 2 0 1 4 2 2 4 0 0 0 0 0
26.	 2 2 8 9 6 2 0 1 4 2 2 5 0 0 0 0 0
27.	 2 2 8 9 6 2 0 1 4 2 2 6 0 0 0 0 0
28.	 2 2 8 9 6 2 0 1 4 2 3 0 5 9 0 0 0
29.	 2 2 8 9 6 2 0 1 4 3 0 6 0 0 0 0 0
30.	 2 2 8 9 6 2 0 1 4 2 1 0 0 0 0 0 0
31.	 2 2 8 9 6 2 0 1 4 2 1 6 5 9 0 0 0
32.	 2 2 8 9 6 2 0 1 4 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.....	2,031		2,031	4,667
2505.				
2506.				
2597. Summary of remaining write-ins for Line 25 from page 2	2,031		2,031	4,667

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	5,805,946	1.575	5,805,946		5,805,946	1.575
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	97,312	0.026	97,312		97,312	0.026
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	44,406	0.012	44,406		44,406	0.012
1.43 Revenue and assessment obligations	17,403,881	4.720	17,403,881		17,403,881	4.721
1.44 Industrial development and similar obligations	660,531	0.179	660,531		660,531	0.179
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	52,382,721	14.207	52,382,721		52,382,721	14.210
1.512 Issued or guaranteed by FNMA and FHLMC	33,653,164	9.127	33,653,164		33,653,164	9.129
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	21,160,361	5.739	21,160,361		21,160,361	5.740
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	61,276,071	16.619	61,276,071		61,276,071	16.623
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	135,468,744	36.741	135,468,744		135,468,744	36.749
2.2 Unaffiliated non-U.S. securities (including Canada)	36,635,292	9.936	36,635,292		36,635,292	9.938
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	4,040,017	1.096	4,040,017		4,040,017	1.096
11. Other invested assets	83,260	0.023				
12. Total invested assets	368,711,704	100.000	368,628,444		368,628,444	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.....	83,678
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	(419)
5.2 Totals, Part 3, Column 9	(419)
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).....	83,260
12. Deduct total nonadmitted amounts.....	83,260
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.....	380,299,628
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	205,430,637
3. Accrual of discount.....	1,093,920
4. Unrealized valuation increase (decrease):	
4.1 Part 1, Column 12.....	30,510
4.2 Part 2, Section 1, Column 15.....	
4.3 Part 2, Section 2, Column 13.....	
4.4 Part 4, Column 11.....	813
5. Total gain (loss) on disposals, Part 4, Column 19.....	31,322
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	2,228,798
7. Deduct amortization of premium.....	220,242,854
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.....	1,733,787
9.2 Part 2, Section 1, Column 17.....	
9.3 Part 2, Section 2, Column 14.....	
9.4 Part 4, Column 13.....	1,733,787
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	364,588,427
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	364,588,427

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	62,714,668	63,555,931	63,040,288	59,368,727
	2. Canada				
	3. Other Countries				
	4. Totals	62,714,668	63,555,931	63,040,288	59,368,727
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	44,406	48,891	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	68,449,246	75,238,682	67,488,613	94,415,709
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States	195,808,525	199,915,860	195,847,465	199,976,378
	9. Canada	936,289	2,637,436	1,178,045	
	10. Other Countries	36,635,292	37,039,411	36,750,632	56,845,673
	11. Totals	233,380,107	239,592,707	233,776,143	256,822,051
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	364,588,427	378,436,211	364,349,169	410,656,487
PREFERRED STOCKS Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	364,588,427	378,436,211	364,349,169	

ANNUAL STATEMENT FOR THE YEAR 2014 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	10,739,575	27,912,124	19,676,185	5,600,888	416,989	64,345,761	17.6	77,409,861	20.1	64,345,761	
1.2 NAIC 2											
1.3 NAIC 3											
1.4 NAIC 4											
1.5 NAIC 5											
1.6 NAIC 6											
1.7 Totals	10,739,575	27,912,124	19,676,185	5,600,888	416,989	64,345,761	17.6	77,409,861	20.1	64,345,761	
2. All Other Governments											
2.1 NAIC 1											
2.2 NAIC 2											
2.3 NAIC 3											
2.4 NAIC 4											
2.5 NAIC 5											
2.6 NAIC 6											
2.7 Totals											
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	0.0		
4.2 NAIC 2											
4.3 NAIC 3											
4.4 NAIC 4											
4.5 NAIC 5				44,406		44,406	0.0			44,406	
4.6 NAIC 6											
4.7 Totals				44,406		44,406	0.0	44,210	0.0	44,406	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 NAIC 1	7,829,611	30,037,853	9,830,302	3,313,055	202,970	51,213,791	14.0	46,614,341	12.1	51,213,791	
5.2 NAIC 2	1,952,925	1,468,500			24,398	3,445,823	0.9	11,255,918	2.9	3,445,823	
5.3 NAIC 3		84,523				84,523	0.0	82,417	0.0	84,523	
5.4 NAIC 4											
5.5 NAIC 5	2,188,882	7,649,202		786,709	1,526,625	12,151,418	3.3	1,424,944	0.4	12,001,418	150,000
5.6 NAIC 6	64,509	278,027	224,534	527,876	458,746	1,553,691	0.4	2,581,275	0.7	1,553,691	
5.7 Totals	12,035,927	39,518,105	10,054,835	4,627,639	2,212,739	68,449,246	18.7	61,958,893	16.1	68,299,246	150,000

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ANNUAL STATEMENT FOR THE YEAR 2014 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) 60,420,328	156,260,108	58,178,899	11,998,675	1,100,553	287,958,563	78.6	XXX	XXX	280,214,959	7,743,605
9.2 NAIC 2	(d) 5,803,978	40,299,607	17,362,646		24,398	63,490,629	17.3	XXX	XXX	57,052,259	6,438,370
9.3 NAIC 3	(d)	84,523				84,523	0.0	XXX	XXX	84,523	
9.4 NAIC 4	(d)							XXX	XXX		
9.5 NAIC 5	(d) 2,188,882	7,649,202		831,115	1,526,625	12,195,824	3.3	XXX	XXX	12,045,824	150,000
9.6 NAIC 6	(d) 64,509	464,579	827,693	674,454	458,746	2,489,981	0.7	XXX	XXX	2,489,981	
9.7 Totals	68,477,697	204,758,019	76,369,238	13,504,244	3,110,322	366,219,520	100.0	XXX	XXX	351,887,545	14,331,975
9.8 Line 9.7 as a % of Col. 6	18.7	55.9	20.9	3.7	0.8	100.0	XXX	XXX	XXX	96.1	3.9
10. Total Bonds Prior Year											
10.1 NAIC 1	61,525,678	155,927,824	51,775,630	17,798,002	3,127,767	XXX	XXX	290,154,900	75.4	274,425,489	15,729,412
10.2 NAIC 2	19,234,719	27,210,792	30,591,831	5,932,122	6,334,405	XXX	XXX	89,303,869	23.2	77,368,089	11,935,779
10.3 NAIC 3					82,417	XXX	XXX	82,417	0.0	82,417	
10.4 NAIC 4						XXX	XXX				
10.5 NAIC 5					1,424,944	XXX	XXX	(c) 1,424,944	0.4	1,424,944	
10.6 NAIC 6	287,208	887,351	850,945	792,488	875,620	XXX	XXX	(c) 3,693,613	1.0	3,693,613	
10.7 Totals	81,047,605	184,025,968	83,218,406	24,522,611	11,845,153	XXX	XXX	(b) 384,659,742	100.0	356,994,551	27,665,191
10.8 Line 10.7 as a % of Col. 8	21.1	47.8	21.6	6.4	3.1	XXX	XXX	100.0	XXX	92.8	7.2
11. Total Publicly Traded Bonds											
11.1 NAIC 1	60,420,328	149,515,500	57,179,902	11,998,675	1,100,553	280,214,959	76.5	274,425,489	71.3	280,214,959	XXX
11.2 NAIC 2	3,662,448	36,002,767	17,362,646		24,398	57,052,259	15.6	77,368,089	20.1	57,052,259	XXX
11.3 NAIC 3		84,523				84,523	0.0	82,417	0.0	84,523	XXX
11.4 NAIC 4											XXX
11.5 NAIC 5	2,038,882	7,649,202		831,115	1,526,625	12,045,824	3.3	1,424,944	0.4	12,045,824	XXX
11.6 NAIC 6	64,509	464,579	827,693	674,454	458,746	2,489,981	0.7	3,693,613	1.0	2,489,981	XXX
11.7 Totals	66,186,167	193,716,571	75,370,242	13,504,244	3,110,322	351,887,545	96.1	356,994,551	92.8	351,887,545	XXX
11.8 Line 11.7 as a % of Col. 6	18.8	55.1	21.4	3.8	0.9	100.0	XXX	XXX	XXX	100.0	XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9	18.1	52.9	20.6	3.7	0.8	96.1	XXX	XXX	XXX	96.1	XXX
12. Total Privately Placed Bonds											
12.1 NAIC 1		6,744,608	998,997			7,743,605	2.1	15,729,412	4.1	XXX	7,743,605
12.2 NAIC 2	2,141,530	4,296,840				6,438,370	1.8	11,935,779	3.1	XXX	6,438,370
12.3 NAIC 3										XXX	
12.4 NAIC 4										XXX	
12.5 NAIC 5	150,000					150,000	0.0			XXX	150,000
12.6 NAIC 6										XXX	
12.7 Totals	2,291,530	11,041,448	998,997			14,331,975	3.9	27,665,191	7.2	XXX	14,331,975
12.8 Line 12.7 as a % of Col. 6	16.0	77.0	7.0			100.0	XXX	XXX	XXX	XXX	100.0
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9	0.6	3.0	0.3			3.9	XXX	XXX	XXX	XXX	3.9

(a) Includes \$ 14,181,975 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$ 849,895 current year, \$ 12,487,940 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 \$ 11,345,929 current year, \$ prior year of bonds with 5* designations and \$ 1,553,691 current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2014 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	1,631,093	19,952	5,785,994			7,437,038	2.0	26,183,791	6.8	7,437,038	
1.2	Residential Mortgage-Backed Securities	9,108,482	27,892,172	13,890,191	5,600,888	416,989	56,908,723	15.5	51,226,069	13.3	56,908,723	
1.3	Commercial Mortgage-Backed Securities											
1.4	Other Loan-Backed and Structured Securities											
1.5	Totals	10,739,575	27,912,124	19,676,185	5,600,888	416,989	64,345,761	17.6	77,409,861	20.1	64,345,761	
2. All Other Governments												
2.1	Issuer Obligations											
2.2	Residential Mortgage-Backed Securities											
2.3	Commercial Mortgage-Backed Securities											
2.4	Other Loan-Backed and Structured Securities											
2.5	Totals											
3. U.S. States, Territories and Possessions, Guaranteed												
3.1	Issuer Obligations											
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				44,406		44,406	0.0	44,210	0.0	44,406	
4.2	Residential Mortgage-Backed Securities											
4.3	Commercial Mortgage-Backed Securities											
4.4	Other Loan-Backed and Structured Securities											
4.5	Totals				44,406		44,406	0.0	44,210	0.0	44,406	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1	Issuer Obligations	4,206,316	10,309,208	224,534	850,728	2,009,769	17,600,555	4.8	26,057,138	6.8	17,450,555	150,000
5.2	Residential Mortgage-Backed Securities	7,732,299	29,208,897	9,830,302	3,313,055	202,970	50,287,523	13.7	35,779,649	9.3	50,287,523	
5.3	Commercial Mortgage-Backed Securities											
5.4	Other Loan-Backed and Structured Securities	97,312			463,857		561,169	0.2	122,106	0.0	561,169	
5.5	Totals	12,035,927	39,518,105	10,054,835	4,627,639	2,212,739	68,449,246	18.7	61,958,893	16.1	68,299,246	150,000
6. Industrial and Miscellaneous												
6.1	Issuer Obligations	4,881,290	95,181,900	36,122,197			136,185,387	37.2	152,705,457	39.7	123,003,332	13,182,055
6.2	Residential Mortgage-Backed Securities	1,159,990	3,342,939	1,879,541	2,051,925	480,594	8,914,989	2.4	10,021,976	2.6	8,914,989	
6.3	Commercial Mortgage-Backed Securities	33,035,034	14,695,173	7,587,466			55,317,673	15.1	54,391,221	14.1	55,317,673	
6.4	Other Loan-Backed and Structured Securities	6,625,881	19,841,663	1,049,014	1,179,385		28,695,942	7.8	26,003,452	6.8	27,696,023	999,920
6.5	Totals	45,702,195	133,061,675	46,638,218	3,231,310	480,594	229,113,992	62.6	243,122,107	63.2	214,932,017	14,181,975
7. Hybrid Securities												
7.1	Issuer Obligations		4,266,115				4,266,115	1.2	2,124,670	0.6	4,266,115	
7.2	Residential Mortgage-Backed Securities											
7.3	Commercial Mortgage-Backed Securities											
7.4	Other Loan-Backed and Structured Securities											
7.5	Totals		4,266,115				4,266,115	1.2	2,124,670	0.6	4,266,115	
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 2014 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	10,718,699	109,777,175	42,132,725	895,133	2,009,769	165,533,501	45.2	XXX	XXX	152,201,446	13,332,055
9.2 Residential Mortgage-Backed Securities	18,000,771	60,444,008	25,600,033	10,965,869	1,100,553	116,111,235	31.7	XXX	XXX	116,111,235	
9.3 Commercial Mortgage-Backed Securities	33,035,034	14,695,173	7,587,466			55,317,673	15.1	XXX	XXX	55,317,673	
9.4 Other Loan-Backed and Structured Securities	6,723,193	19,841,663	1,049,014	1,643,241		29,257,111	8.0	XXX	XXX	28,257,191	999,920
9.5 Totals	68,477,697	204,758,019	76,369,238	13,504,244	3,110,322	366,219,520	100.0	XXX	XXX	351,887,545	14,331,975
9.6 Lines 9.5 as a % Col. 6	18.7	55.9	20.9	3.7	0.8	100.0	XXX	XXX	XXX	96.1	3.9
10. Total Bonds Prior Year											
10.1 Issuer Obligations	47,870,977	77,662,225	55,493,494	15,341,871	10,746,702	XXX	XXX	207,115,268	53.8	179,625,515	27,489,753
10.2 Residential Mortgage-Backed Securities	21,815,779	46,680,756	18,463,200	8,969,510	1,098,450	XXX	XXX	97,027,694	25.2	97,027,694	
10.3 Commercial Mortgage-Backed Securities	4,939,736	41,847,913	7,603,572			XXX	XXX	54,391,221	14.1	54,215,783	175,438
10.4 Other Loan-Backed and Structured Securities	6,421,113	17,835,074	1,658,140	211,231		XXX	XXX	26,125,559	6.8	26,125,559	
10.5 Totals	81,047,605	184,025,968	83,218,406	24,522,611	11,845,153	XXX	XXX	384,659,742	100.0	356,994,551	27,665,191
10.6 Line 10.5 as a % of Col. 8	21.1	47.8	21.6	6.4	3.1	XXX	XXX	100.0	XXX	92.8	7.2
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations	8,427,169	99,735,647	41,133,728	895,133	2,009,769	152,201,446	41.6	179,625,515	46.7	152,201,446	XXX
11.2 Residential Mortgage-Backed Securities	18,000,771	60,444,008	25,600,033	10,965,869	1,100,553	116,111,235	31.7	97,027,694	25.2	116,111,235	XXX
11.3 Commercial Mortgage-Backed Securities	33,035,034	14,695,173	7,587,466			55,317,673	15.1	54,215,783	14.1	55,317,673	XXX
11.4 Other Loan-Backed and Structured Securities	6,723,193	18,841,743	1,049,014	1,643,241		28,257,191	7.7	26,125,559	6.8	28,257,191	XXX
11.5 Totals	66,186,167	193,716,571	75,370,242	13,504,244	3,110,322	351,887,545	96.1	356,994,551	92.8	351,887,545	XXX
11.6 Line 11.5 as a % of Col. 6	18.8	55.1	21.4	3.8	0.9	100.0	XXX	XXX	XXX	100.0	XXX
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	18.1	52.9	20.6	3.7	0.8	96.1	XXX	XXX	XXX	96.1	XXX
12. Total Privately Placed Bonds											
12.1 Issuer Obligations	2,291,530	10,041,528	998,997			13,332,055	3.6	27,489,753	7.1	XXX	13,332,055
12.2 Residential Mortgage-Backed Securities										XXX	
12.3 Commercial Mortgage-Backed Securities								175,438	0.0	XXX	
12.4 Other Loan-Backed and Structured Securities		999,920				999,920	0.3			XXX	999,920
12.5 Totals	2,291,530	11,041,448	998,997			14,331,975	3.9	27,665,191	7.2	XXX	14,331,975
12.6 Line 12.5 as a % of Col. 6	16.0	77.0	7.0			100.0	XXX	XXX	XXX	XXX	100.0
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9	0.6	3.0	0.3			3.9	XXX	XXX	XXX	XXX	3.9

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	4,360,114	4,360,114			
2. Cost of short-term investments acquired	188,656,395	188,656,395			
3. Accrual of discount	96	96			
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	191,385,512	191,385,512			
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)	1,631,093	1,631,093			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	1,631,093	1,631,093			

(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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1	2	3	Location		6	7	8	9	10	11	12	Change in Book/Adjusted Carrying Value					18	19	20
			4	5								13	14	15	16	17			
CUSIP Identification	Name or Description	Code	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost	Fair Value	Book / Adjusted Carrying Value Less Encumbrances	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Foreign Exchange Change in B./A.C.V.	Investment Income	Commitment for Additional Investment	Percentage of Ownership
...000000-00-0...	City of Vancouver Downtown Redevelopment Promissory Note 4.42% Investment in Subsidiary - ACA		Vancouver	WA	City of Vancouver Redevelopment Auth.		.06/27/2013												100.000
...000000-00-0...	Service LLC.		New York	NY	ACA Service LLC.		.06/07/2001		26,010,780								3,300,000		100.000
...000000-00-0...	Tactical Risk Management, LLC.		New York	NY	Tactical Risk Management		.04/01/2011		100,000	83,260		(419)							100.000
4399999 - Any Other Class of Assets - Affiliated									26,110,780	83,260		(419)					3,300,000		XXX
4499999 - Subtotals - Unaffiliated																			XXX
4599999 - Subtotals - Affiliated									26,110,780	83,260		(419)					3,300,000		XXX
4699999 Totals									26,110,780	83,260		(419)					3,300,000		XXX

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2014 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 Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date	
912828-RR-3.	US TREASURY N/B.	SD.			1.	3,753,675	100.3670	3,748,707	3,735,000	3,748,635		(1,838)			2.000	1.943	MN.	11,699	74,700	02/10/2012	11/15/2021	
912828-SV-3.	US TREASURY N/B.	SD.			1.	2,048,906	98.3050	1,966,100	2,000,000	2,037,359		(4,763)			1.750	1.482	MN.	4,544	35,000	07/18/2012	05/15/2022	
912828-VE-7.	US TREASURY N/B.	SD.			1.	19,930	99.0310	19,806	20,000	19,952		14			1.000	1.072	MN.	18	200	06/07/2013	05/31/2018	
0199999 - Bonds - U.S. Governments - Issuer Obligations						5,822,512	XXX	5,734,614	5,755,000	5,805,946		(6,587)			XXX	XXX	XXX	16,260	109,900	XXX	XXX	
36179M-K8-2.	GNMA POOL II MA0319.			2.	1.	1,361,625	107.3310	1,360,869	1,267,918	1,362,230		605			4.000	2.616	MON.	4,226		12/16/2014	08/20/2042	
36179Q-RZ-6.	GNMA POOL II MA2304.			2.	1.	11,739,813	107.4370	11,746,592	10,933,470	11,730,488		(9,325)			4.000	2.405	MON.	36,445	36,445	11/25/2014	10/20/2044	
36179Q-T5-0.	GNMA POOL II MA2372.			2.	1.	15,012,235	107.4460	15,011,239	13,970,961	14,998,264		(13,971)			4.000	2.411	MON.	46,570	46,570	11/25/2014	11/20/2044	
36179Q-WF-4.	GNMA POOL II MA2446.			2.	1.	15,578,438	107.4460	15,579,670	14,500,000	15,574,197		(4,241)			4.000	2.384	MON.	48,333		12/16/2014	12/20/2044	
36200A-BE-8.	GNMA POOL 595037.			2.	1.	3,575	115.6010	4,014	3,472	3,554		(16)			6.000	5.327	MON.	17	208	11/04/2003	10/15/2032	
36200A-CW-7.	GNMA POOL 595085.			2.	1.	75,893	115.7330	85,300	73,704	75,650		(201)			6.000	5.213	MON.	369	4,422	11/04/2003	10/15/2032	
36200E-TY-7.	GNMA POOL 599167.			2.	1.	112,913	113.1200	124,045	109,658	111,818		(457)			6.000	5.425	MON.	548	6,579	11/04/2003	12/15/2033	
36200M-AT-0.	GNMA POOL 604018.			2.	1.	969,544	113.9840	1,073,995	942,234	964,212		(964)			5.500	4.796	MON.	4,319	51,823	04/22/2003	02/15/2033	
36200M-EN-9.	GNMA POOL 604141.			2.	1.	24,688	115.6590	27,731	23,976	24,769					6.000	5.023	MON.	120	1,439	11/04/2003	03/15/2033	
36200Q-2R-4.	GNMA POOL 569684.			2.	1.	39,298	115.7490	44,176	38,165	39,176		(35)			6.000	5.215	MON.	191	2,290	11/04/2003	02/15/2032	
36200R-LX-8.	GNMA POOL 570142.			2.	1.	18,652	115.7520	20,968	18,115	18,599		(48)			6.000	5.115	MON.	91	1,087	11/04/2003	12/15/2031	
36200R-XT-4.	GNMA POOL 570490.			2.	1.	1,889	115.2400	2,114	1,834	1,879		4			6.000	5.207	MON.	9	110	11/04/2003	12/15/2031	
36200S-US-7.	GNMA POOL 571293.			2.	1.	1,762	113.0690	1,935	1,711	1,776		2			6.000	4.738	MON.	9	103	11/04/2003	11/15/2031	
36201A-PF-9.	GNMA POOL 577422.			2.	1.	4,488	113.0220	4,926	4,359	4,476		(7)			6.000	5.204	MON.	22	262	11/04/2003	01/15/2032	
36201D-AX-0.	GNMA POOL 579722.			2.	1.	60,114	115.7420	67,571	58,381	59,706		(258)			6.000	5.342	MON.	292	3,503	11/04/2003	08/15/2032	
36201E-AG-5.	GNMA POOL 580607.			2.	1.	12,708	115.7260	14,283	12,342	12,648		(32)			6.000	5.251	MON.	62	741	11/04/2003	02/15/2033	
36201F-AF-4.	GNMA POOL 581506.			2.	1.	1,672	115.4650	1,875	1,624	1,688		2			6.000	4.842	MON.	8	97	11/04/2003	04/15/2033	
36201Y-FD-3.	GNMA POOL 606864.			2.	1.	7,409	115.6830	8,324	7,196	7,384		(11)			6.000	5.238	MON.	36	432	11/04/2003	10/15/2033	
36207E-ND-2.	GNMA POOL 429788.			2.	1.	26,138	115.7300	29,377	25,384	26,187		(100)			6.000	5.067	MON.	127	1,523	11/04/2003	12/15/2033	
36210J-HW-1.	GNMA POOL 493545.			2.	1.	2,323	114.3700	2,580	2,256	2,304		(9)			6.000	5.277	MON.	11	135	11/04/2003	03/15/2031	
36213F-U4-3.	GNMA POOL 553303.			2.	1.	1,008	113.1370	1,107	979	999		(4)			6.000	5.357	MON.	5	59	11/04/2003	06/15/2033	
36213R-2A-4.	GNMA POOL 562469.			2.	1.	468,069	110.6720	515,385	465,687	466,865		(440)			5.000	4.925	MON.	1,940	23,284	02/13/2004	02/15/2034	
36213R-ZF-7.	GNMA POOL 562442.			2.	1.	161,785	111.6750	175,892	157,503	160,419		220			5.500	4.956	MON.	722	8,663	01/16/2004	01/15/2034	
36213T-GW-7.	GNMA POOL 563713.			2.	1.	43,099	115.7040	48,430	41,857	42,872		(76)			6.000	5.271	MON.	209	2,511	11/04/2003	01/15/2033	
36213U-EZ-9.	GNMA POOL 564552.			2.	1.	2,204	113.1680	2,422	2,141	2,207		(13)			6.000	4.996	MON.	11	128	11/04/2003	12/15/2031	
36213V-GN-2.	GNMA POOL 565505.			2.	1.	1,795	114.5650	1,997	1,743	1,796		(2)			6.000	5.120	MON.	9	105	11/04/2003	09/15/2032	
36290X-PM-6.	GNMA POOL 620628.			2.	1.	27,759	113.6300	30,633	26,958	27,836		(172)			6.000	5.004	MON.	135	1,617	11/04/2003	09/15/2033	
36290X-PT-1.	GNMA POOL 620634.			2.	1.	42,832	113.1330	47,060	41,597	42,415		(173)			6.000	5.427	MON.	208	2,496	11/04/2003	09/15/2033	
36290Y-TN-8.	GNMA POOL 621657.			2.	1.	1,902	113.1240	2,090	1,847	1,875		(6)			6.000	5.557	MON.	9	111	11/04/2003	12/15/2033	
36291C-PV-1.	GNMA POOL 624236.			2.	1.	9,287	114.2880	10,308	9,019	9,217		(8)			6.000	5.344	MON.	45	541	11/04/2003	12/15/2033	
36291E-AD-3.	GNMA POOL 625604.			2.	1.	8,670	114.1810	9,614	8,420	8,654		3			6.000	5.165	MON.	42	505	11/04/2003	12/15/2033	
36291E-AV-3.	GNMA POOL 625620.			2.	1.	2,194	115.5790	2,463	2,131	2,185		(1)			6.000	5.260	MON.	11	128	11/04/2003	12/15/2033	
36296X-H8-0.	GNMA POOL 704155.			2.	1.	6,592,482	113.0060	7,226,335	6,394,647	6,594,377		2,127			5.500	4.598	MON.	29,309	351,706	12/18/2008	01/15/2039	
383742-UK-7.	GNMA GNR 2008-6 EC.			2.	1.	2,355,963	100.6990	2,238,143	2,222,607	2,227,066		(15,257)			4.000	2.461	MON.	7,409	88,904	08/23/2010	08/20/2032	
38376V-BM-8.	GNMA GNR 2010-20 PU.			2.	1.	1,737,423	101.0250	1,594,533	1,578,355	1,601,199		(45,825)			4.500	(0.011)	MON.	5,919	71,026	10/26/2011	10/16/2036	
38376W-6C-4.	GNMA GNR 2010-33 LN.			2.	1.	706,126	106.3260	703,321	661,476	697,736		(7,543)			4.500	1.602	MON.	2,481	29,766	10/30/2013	02/20/2038	
0299999 - Bonds - U.S. Governments - Residential Mortgage-Backed Securities						57,217,776	XXX	57,821,317	53,613,727	56,908,723		(96,232)			XXX	XXX	XXX	190,267	739,319	XXX	XXX	
0599999 - Bonds - U.S. Governments - Subtotals - U.S. Governments						63,040,288	XXX	63,555,931	59,368,727	62,714,668		(102,819)			XXX	XXX	XXX	206,527	849,219	XXX	XXX	
661765-AQ-0, NORTH RANGE MET #1						44,125	97.7810	48,891	50,000	44,406		195			4.500	5.525	JD.	100	2,250	07/18/2013	12/15/2031	
1899999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations						44,125	XXX	48,891	50,000	44,406		195			XXX	XXX	XXX	100	2,250	XXX	XXX	
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Subtotals - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)						44,125	XXX	48,891	50,000	44,406		195			XXX	XXX	XXX	100	2,250	XXX	XXX	
03348R-AV-7.	ANDALUSIA ETC ARPT-A.			1.	5*.	1,754,415	100.4010	1,817,258	1,810,000	1,757,771		3,260			5.000	5.337	FA.	37,708	90,500	12/18/2013	08/01/2026	
04777L-AB-2.	ATLANTA STD HSG-A-CLA.			1.	6Z.			91.5000	100,000			215	90,215				JJ.			09/12/2014	07/01/2024	
04777L-AC-0.	ATLANTA STD HSG-A-CLA.			1.	6Z.			82.9990	210,000			179	176,254				JJ.			10/28/2014	07/01/2036	
04777L-AD-8.	ATLANTA STD HSG-A-CLA.			1.	6Z.			82.0000	200,000			169	162,169				JJ.			10/14/2014	07/01/2036	
13033W-B2-8.	CA INFRA CAB-SER A.			1.	6*.				100,000								N/A					

ANNUAL STATEMENT FOR THE YEAR 2014 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 Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
20786L-CS-8.	CONNECTOR ASSN-A-SOUT			1.	6*	8,500		86,0000	21,500	25,000	287	673			5,250	22,190	JJ	656	1,313	07/15/2011	01/01/2023
20786L-DC-2.	CONNECTOR 2000-A-CABS	@			6*	54,410		100,0000	64,509	64,509	660	7,174				12,151	N/A			05/24/2011	01/01/2015
20786L-DD-0.	CONNECTOR 2000-A-CABS	@			6*	53,925		83,9800	60,385	71,904	(3,543)	7,090				12,110	N/A			05/24/2011	01/01/2016
20786L-DE-8.	CONNECTOR 2000-A-CABS	@			6*	64,606		75,9700	73,904	97,281	(2,800)	8,585				12,236	N/A			05/24/2011	01/01/2017
20786L-DF-5.	CONNECTOR 2000-A-CABS	@			6*	60,858		67,9400	73,042	107,509	(696)	8,791				13,207	N/A			05/24/2011	01/01/2018
20786L-DG-3.	CONNECTOR 2000-A-CABS	@			6*	59,459		63,9400	74,835	117,040		8,318				12,820	N/A			05/24/2011	01/01/2019
20786L-DH-1.	CONNECTOR 2000-A-CABS	@			6*	59,648		55,9400	71,214	127,304	(972)	7,827				12,092	N/A			05/24/2011	01/01/2020
20786L-DJ-7.	CONNECTOR 2000-A-CABS	@			6*	64,041		49,9400	75,409	150,999	(1,171)	8,224				11,845	N/A			05/24/2011	01/01/2021
20786L-DK-4.	CONNECTOR 2000-A-CABS	@			6*	60,051		44,9400	71,760	159,679	(170)	7,758				11,910	N/A			05/24/2011	01/01/2022
20786L-DS-7.	CONNECTOR 2000-A1-CAB	@		1.	6*	423,512		25,4800	757,458	2,972,754		49,476				10,845	N/A			06/12/2012	01/01/2032
20786L-DT-5.	CONNECTOR 2000-A1-CAB	@		1.	6*	309,738		10,5790	528,108	4,992,039		357,037				9,992	N/A			06/12/2012	01/01/2042
20786L-DU-2.	CONNECTOR 2000-A1-CAB	@		1.	6*	70,018		1,8520	122,851	6,633,432		9,401				12,337	N/A			06/12/2012	07/22/2051
20786L-DV-0.	CONNECTOR 2000-B1-CAB	@		1.	6*	24,972		3,6300	48,970	1,349,035	10,866	6,625				22,729	N/A			06/12/2012	01/01/2032
20786L-DW-8.	CONNECTOR 2000-B1-CAB	@		1.	6*	14,760		0,5000	22,551	4,510,180	4,995	2,565				15,608	N/A			06/12/2012	07/22/2051
245589-BK-1.	DELANO CMNTY-REF-A			1.	5*	99,750		100,6960	105,731	105,000		111			5,000	5,367	MS	1,750	5,250	11/21/2013	09/01/2038
254839-VV-2.	DC JAMES F OYSTER SCH			1.	5Z	89,775		100,0200	90,018	90,000		14			6,450	6,471	MN	968	2,903	07/22/2014	11/01/2034
453419-AT-0.	INDEPENDENCE COUNTY, AR SENIOR LIEN			1.	6*			89,9500	224,875	250,000		8,448	201,497				MN		12,188	01/11/2011	05/01/2019
453419-BX-0.	INDEPENDENCE COUNTY, AR SUBORDINATE LIEN			1.	6*			78,5260	7,853	10,000		236	4,449				MN		480	01/20/2011	05/01/2024
490236-BD-7.	KENT STUDENT HSG-A-RF			1.	5*	143,625		100,2460	150,369	150,000		168			5,000	5,525	JJ	3,750		08/15/2014	07/01/2025
490236-BH-8.	KENT STUDENT HSG-A-RF			1.	5*	320,000		100,2460	400,984	400,000		2,676			5,000	7,068	JJ	10,000	20,000	12/04/2013	07/01/2030
515847-AZ-4.	LANGSTON ECON-A-LANGS			1.	2FE	1,950,000		100,2860	2,005,720	2,000,000		1,964			5,000	5,225	MN	16,667	100,000	07/25/2013	05/01/2030
52480R-CF-5.	LEHIGH GEN-A			1.	6Z			97,1180	170,884	175,955		1	1,172				FA			08/01/2014	02/01/2044
52480R-CG-3.	LEHIGH GEN-CABS-B			13.	6Z			26,3320	11,495	43,655		535	1,706				MAT			08/01/2014	02/01/2044
52480R-CH-1.	LEHIGH GEN-C-TXBL				6Z			0,0010	1	131,405		1,860	3,067				FA			08/01/2014	02/01/2044
544566-AP-7.	L A ZONE SANTEE CRT			1.	6*			77,3410	220,422	285,000	8,326	3,557	191,131				JD		14,250	08/01/2013	12/01/2027
546279-RG-7.	LA GOVT BATON RGE-A			1.	6*			82,2420	45,233	55,000		2,319	43,677				MS		2,888	12/14/2011	09/01/2018
546279-RJ-1.	LA GOVT BATON RGE-A			1.	6*			72,0000	72,000	100,000		1,178	71,364				MS		5,250	10/30/2013	09/01/2027
546279-RK-8.	LA GOVT BATON RGE-A			1.	6*			72,0000	673,200	935,000	13,114	4,976	596,812				MS		49,088	01/27/2014	09/01/2035
546279-XE-5.	LA ENVIR-A-NICHOLLS U			1.	5Z	98,663		100,5350	100,535	100,000		58			4,850	5,000	AO	1,213	2,425	05/16/2014	04/01/2026
57583R-FT-7.	MA DEV-A-ACADEMY PACI			1.	5*	257,125		100,6740	276,854	275,000		615			5,125	5,713	JD	1,174	14,094	09/20/2013	06/01/2031
57583R-GK-5.	MA DEV CURRY CLG-A			1.	2FE	1,467,500		101,4090	1,521,135	1,500,000		882			5,000	5,164	MS	25,000	75,000	12/10/2013	03/01/2036
57583R-HP-3.	MA DEV BOSTON ARCHITE			1.	5*	972,130		101,6920	1,016,920	1,000,000		1,502			5,000	5,292	JJ	25,000	50,000	07/31/2013	01/01/2027
57583R-HQ-1.	MA DEV BOSTON ARCHITE			1.	5*	1,188,925		101,2130	1,320,830	1,305,000		2,520			5,000	5,694	JJ	32,625	65,250	11/07/2013	01/01/2037
57585K-JG-4.	MA H/E E CONCORD-A			1.	5Z	150,000		100,1880	150,282	150,000					6,450	6,448	MS	3,225	4,838	07/10/2014	03/01/2020
60535R-AJ-7.	MS HM CORP-8A-MS VY S			1.	6*				35,000						5,500		JD	160		04/03/2014	12/01/2035
64971C-F4-1.	NY CITY INDL-MAGEN			1.	6*				1,960,000						5,700		JD			01/26/2012	06/15/2027
665588-ND-7.	NTHRN PALM BCH #43-B			1.	5*	96,625		100,7100	100,710	100,000		122			4,625	4,909	FA	1,927	4,625	07/30/2013	08/01/2031
682462-JX-5.	ONEIDA IDA-CIVIC FAC			1.	5Z	47,500		100,0620	50,031	50,000		29			4,625	5,086	MS	681		09/17/2014	09/15/2030
717868-CB-7.	PHILA REDEV BEECH-A			1.	5*	1,424,235		100,0950	1,501,425	1,500,000		1,801	1,426,750		5,500	5,914	JJ	41,250	82,500	08/27/2013	07/01/2035
717903-D6-2.	PHILADELPHIA HSP-RF-A			1.	3FE	84,000		101,1230	106,179	105,000	1,614	492			5,000	6,824	JJ	2,625	5,250	12/06/2013	07/01/2034
723161-FK-6.	PINELLAS EDL-ECKERD C			1.	5*	23,875		100,8450	25,211	25,000		39			4,750	5,133	AO	297	1,188	07/18/2013	10/01/2031
745181-M7-9.	PUERTO RICO HWY & TRANS REV	SD			1FE	864,165		105,7020	792,765	750,000		(21,174)			6,000	2,820	JJ	22,500	45,000	04/23/2013	07/01/2018
802576-AJ-7.	SANTA ROSA BAY BRDG				6*			31,2500	479,688	1,535,000							N/A			12/10/1997	07/01/2012
882385-AC-1.	TX DORM STD HSG JR-A			1.	6*			89,9360	58,458	65,000		1,693	40,688				MS		3,819	05/19/2011	09/01/2022
882385-AD-9.	TX DORM STD HSG JR-A			1.	6*			82,8950	87,040	105,000		1,329	66,700				MS		6,038	03/24/2011	09/01/2027
882385-AE-7.	TX DORM STD HSG JR-A			1.	6*			79,8600	111,804	140,000		879	82,886				MS		8,400	04/29/2011	09/01/2033
88276P-AR-7.	TX FIN-A-KIPP INC ED			1.	2FE	24,375		100,0970	25,024	24,398		15			5,000	5,189	FA	472	1,250	07/23/2013	02/15/2036
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					17,368,492	XXX	21,840,874	45,089,680	17,600,555	30,510	209,419	1,733,787		XXX	XXX	XXX	370,023	954,533	XXX	XXX
30711X-AC-8.	CONNECTICUT AVENUE SEC. 2014-C01 M1			23.	1.	2,601,520		99,8100	2,596,577	2,601,520					1,770	1,765	MON	767	42,208	01/14/2014	01/25/2024
31387C-M3-2.	FNMA POOL 580078			2.	1.	7,070		115,1400	6,878	7,019		(30)			7,000	6,163	MON	40	481	03/06/2002	09/01/2031
3138WD-T4-3.	FNMA POOL AS4170			2.	1.	9,991,717		106,8200	9,987,670	9,350,000					4,000	2,659	MON	31,167		12/31/2014	12/01/2044
3138XU-VB-5.	FNMA POOL AW5109			2.	1.	5,375,194		106,8590	5,368,111	5,023,546		(633)			4,000	2,528	MON	16,745		12/16/2014	08/01/2044

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SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
3138Y6-MM-3.	FNMA POOL AX4863.....			2.	1.	12,631,531	106.9020	12,614,436	11,800,000	12,628,449		(3,083)			4.000	2.533	MON	39,333		12/16/2014	12/01/2044
31393W-K4-0.	FHLMC 2643 OH.....			2.	1.	4,509,375	111.3960	5,569,800	5,000,000	4,825,788		40,325			5.000	6.100	MON	20,833	250,000	06/07/2007	07/15/2033
31394D-JJ-0.	FNMA 2005-29 OE.....			2.	1.	4,497,656	111.3700	5,568,500	5,000,000	4,804,068		44,800			5.000	6.217	MON	20,833	250,000	06/07/2007	04/25/2035
31394Y-KX-1.	FHLMC 2791 UG.....			2.	1.	1,445,994	105.9040	1,544,883	1,458,758	1,452,825		(216)			5.000	5.201	MON	6,078	72,938	11/08/2004	05/15/2019
31395J-W5-1.	FHLMC 2888 HG.....			2.	1.	2,843,438	110.5030	3,315,090	3,000,000	2,950,158		10,461			5.000	5.506	MON	12,500	150,000	11/02/2004	11/15/2034
31402D-F7-0.	FNMA POOL 725690.....			2.	1.	2,994,827	114.2160	3,310,147	2,898,147	2,990,637		(4,184)			6.000	4.838	MON	14,491	173,889	01/20/2005	08/01/2034
31405R-AR-7.	FNMA POOL 796616.....			2.	1.	2,364,913	112.0300	2,609,254	2,329,067	2,369,798		1,238			5.500	4.921	MON	10,675	128,099	11/09/2004	10/01/2034
31407U-EK-9.	FNMA POOL 840838.....			2.	1.	292,011	112.1460	331,729	295,801	290,982		614			5.500	5.973	MON	1,356	16,269	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						49,555,247	XXX	52,824,117	48,763,717	50,287,523		89,293			XXX	XXX	XXX	174,819	1,083,884	XXX	XXX
31359S-2G-4.	FNMA WHOLE LOAN NW 2001-W1 AF6.....			23.	1.	101,037	117.7340	114,569	97,312	97,312		(620)			6.902		MON	560	6,716	02/20/2004	07/25/2031
40064U-AP-7.	GUAM ED SCH FACS-B.....		R	1.	5Z	463,838	98.7360	459,122	465,000	463,857		19			4.500	4.527	AO	5,231		10/15/2014	10/01/2026
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						564,875	XXX	573,692	562,312	561,169		(600)			XXX	XXX	XXX	5,791	6,716	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						67,488,613	XXX	75,238,682	94,415,709	68,449,246	30,510	298,112	1,733,787		XXX	XXX	XXX	550,633	2,045,133	XXX	XXX
00206R-AW-2.	AT&T INC.....				1FE	1,996,360	102.5250	2,050,500	2,000,000	1,998,964		731			2.950	2.989	MN	7,539	59,000	04/26/2011	05/15/2016
00912X-AF-1.	AIR LEASE CORP.....			3.	2.	2,214,000	107.7500	2,155,000	2,000,000	2,156,863		(57,137)			5.625	2.039	AO	28,125	112,500	02/25/2014	04/01/2017
00912X-AP-9.	AIR LEASE CORP.....			2FE		800,400	98.2500	786,000	800,000	800,372					2.125	2.109	JJ	4,958		10/10/2014	01/15/2018
0258MO-DH-9.	AMERICAN EXPRESS CREDIT.....			3.	1FE	1,000,000	100.3740	1,003,740	1,000,000	1,000,000		0.743			0.753	0.753	JAJO	1,320	7,537	07/24/2013	07/29/2016
0258MO-DQ-9.	AMERICAN EXPRESS CREDIT.....			3.	1FE	3,000,000	99.2750	2,978,250	3,000,000	3,000,000					0.722	0.732	FMAN	2,708	5,668	08/12/2014	08/15/2019
02687Q-BC-1.	AMERICAN INTL GROUP.....			2FE		399,636	107.4580	429,832	400,000	399,919		42			5.600	5.612	AO	4,542	22,400	10/13/2006	10/18/2016
03116Z-AZ-3.	AMGEN INC.....			1.	2FE	997,770	112.4880	1,124,880	1,000,000	998,956		221			5.700	5.729	FA	23,750	57,000	01/13/2009	02/01/2019
037833-AK-6.	APPLE INC.....			1FE		1,997,340	97.2000	1,944,000	2,000,000	1,997,739		242			2.400	2.415	MN	7,733	48,000	04/30/2013	05/03/2023
05531F-AS-2.	BB&T CORPORATION.....			1.	1FE	1,897,245	99.5930	1,892,267	1,900,000	1,897,282		37			2.450	2.480	JJ	2,974		12/03/2014	01/15/2020
05565Q-CT-3.	BP CAPITAL MARKETS PLC.....		R	1FE		1,060,000	100.1170	1,061,240	1,060,000	1,060,000					2.521	2.521	JJ	4,231		10/30/2014	01/15/2020
05574L-XG-8.	BNP PARIBAS.....		R	1FE		2,499,425	99.7190	2,492,975	2,500,000	2,499,575		150			1.375	1.383	MS	9,931	17,188	03/10/2014	03/17/2017
05578D-AA-0.	BPCE SA.....		R	3.	1FE	505,370	101.1030	505,515	500,000	502,772		(2,108)			1.484	1.079	JAJO	1,360	7,569	10/01/2013	04/25/2016
05578D-AE-2.	BPCE SA.....		R	1FE		3,013,200	100.2080	3,006,240	3,000,000	3,009,497		(3,703)			1.625	1.472	FA	19,094	24,104	02/25/2014	02/10/2017
06050T-JN-3.	BANK OF AMERICA NA.....			3.	2FE	2,019,050	99.3240	2,483,100	2,500,000	2,338,838		110,780			0.521	5.163	MJSD	615	13,024	09/10/2010	06/15/2016
06051G-EH-8.	BANK OF AMERICA CORP.....			1FE		3,982,600	111.5850	4,463,400	4,000,000	3,987,950		1,569			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	100.0080	1,000,080	1,000,000	993,232		722			3.300	3.397	JJ	15,583	33,000	02/13/2013	01/11/2023
06738E-AD-7.	BARCLAYS PLC.....		R	1FE		697,536	99.3890	695,723	700,000	697,602		66			2.750	2.826	MN	2,727		11/03/2014	11/08/2019
06739G-AE-9.	BARCLAYS BANK PLC.....		R	2FE		1,113,680	109.9910	1,099,910	1,000,000	1,107,690		(5,990)			6.050	2.224	JD	4,538	30,250	10/28/2014	12/04/2017
11102A-AA-9.	BRITISH TELECOM PLC.....		R	1.	2FE	2,183,460	111.5190	2,230,380	2,000,000	2,097,220		(29,395)			5.950	4.228	JJ	54,872	119,000	05/25/2011	05/15/2018
17275R-AQ-5.	CISCO SYSTEMS INC.....			3.	1FE	500,000	100.4880	502,440	500,000	500,000					0.734	0.744	MJSD	316	2,777	02/24/2014	03/01/2019
17275R-AT-9.	CISCO SYSTEMS INC.....			1FE		2,999,820	100.0420	3,001,260	3,000,000	2,999,869		49			1.100	1.102	MS	10,817	16,500	02/24/2014	03/03/2017
172967-DY-4.	CITIGROUP INC.....			2FE		1,992,380	107.4980	2,149,960	2,000,000	1,998,023		856			5.500	5.550	FA	41,556	110,000	02/05/2007	02/15/2017
172967-EM-9.	CITIGROUP INC.....			1FE		2,987,160	111.5080	3,345,240	3,000,000	2,995,464		1,395			6.125	6.183	MN	20,417	183,750	11/14/2007	11/21/2017
172967-HX-2.	CITIGROUP INC.....			3.	1FE	500,000	99.3300	496,650	500,000	500,000					0.723	0.733	FMAN	482	924	08/07/2014	08/14/2017
191216-AK-6.	COCA-COLA CO/THE.....			1.	1FE	4,742,923	110.8910	5,267,323	4,750,000	4,747,628		746			5.350	5.369	MN	32,472	254,125	10/29/2007	11/15/2017
20271R-AE-0.	COMMONWEALTH BK AUSTR NY.....		R	1FE		2,994,810	99.6470	2,989,410	3,000,000	2,996,183		1,373			1.125	1.184	MS	10,125	16,875	03/05/2014	03/13/2017
2027AO-GW-3.	COMMONWEALTH BANK AUST.....		R	3.	1FE	1,000,000	100.2880	1,002,880	1,000,000	1,000,000					0.747	0.759	MJSD	208	7,503	09/16/2013	09/20/2016
205887-BR-2.	CONAGRA FOODS INC.....			1.	2FE	1,449,561	97.9520	1,417,365	1,447,000	1,449,129		(231)			3.200	3.179	JJ	20,065	46,304	01/29/2013	01/25/2023
21079U-AA-3.	CONTL AIRLINES 2009-2.....			2.	2FE	879,230	115.5000	894,723	774,652	851,352		(11,474)			7.250	4.578	MN	7,956	56,162	05/23/2012	05/10/2021
21686C-AD-2.	RABOBANK NEDERLAND.....		R	1FE		999,130	104.3190	1,043,190	1,000,000	999,626		174			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	103.3850	1,550,775	1,500,000	1,501,028		(1,316)			5.500	5.405	AO	20,625	82,500	09/24/2003	10/01/2015
233851-AK-0.	DAIMLER FINANCE NA LLC.....		R	1FE		998,250	103.1460	1,031,460	1,000,000	999,259		349			2.950	2.988	JJ	13,931	29,500	01/04/2012	01/11/2017

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SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest						Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date	
25459H-BF-1.	DIRECTV HOLDINGS/FING.				2FE	4,053,700		101,7370	4,069,480	4,000,000		(5,155)			3,800	3,629	MS	44,756	152,000	09/26/2012	03/15/2022	
257375-AG-0.	DOMINION GAS HLDGS LLC			1	1FE	599,772		100,2480	601,488	599,775		3			2,500	2,508	JD	958		12/03/2014	12/15/2019	
263534-BQ-1.	E.I. DU PONT DE NEMOURS				1FE	996,540		108,1450	1,081,450	1,000,000		391			5,250	5,295	JD	2,333	52,500	12/12/2006	12/15/2016	
278062-AC-8.	EATON CORP		R		2FE	1,993,280		98,2400	1,964,800	2,000,000		622			2,750	2,799	MN	9,014	55,000	11/14/2012	11/02/2022	
29273R-AH-2.	ENERGY TRANSFER PARTNERS			1	2FE	2,298,240		112,4480	2,248,960	2,000,000		(47,278)			6,700	3,913	JJ	67,000	134,000	06/05/2012	07/01/2018	
30219G-AE-8.	EXPRESS SCRIPTS HOLDING				2FE	1,288,911		110,3550	1,434,615	1,300,000		981			4,750	4,859	MN	7,890	61,750	11/14/2011	11/15/2021	
345397-WA-7.	FORD MOTOR CREDIT CO LLC				2FE	3,000,000		103,5400	3,106,200	3,000,000					3,984	3,984	JD	5,312	119,520	06/14/2012	06/15/2016	
35671D-BK-0.	FREEPORT-MCMORAN INC				2FE	749,505		100,1200	750,900	750,000		21			2,300	2,323	MN	2,252		11/10/2014	11/14/2017	
38141E-A2-5.	GOLDMAN SACHS GROUP INC				1FE	1,814,443		118,9460	2,200,501	1,850,000		3,560			7,500	7,779	FA	52,417	138,750	01/29/2009	02/15/2019	
38141G-EG-5.	GOLDMAN SACHS GROUP INC			3	1FE	1,857,800		99,7770	1,995,540	2,000,000		26,388			0,697	2,045	MJSD	387	13,863	09/10/2010	03/22/2016	
38141G-FG-4.	GOLDMAN SACHS GROUP INC				1FE	1,525,986		111,0970	1,555,358	1,400,000		(17,071)			5,950	4,506	JJ	37,716	83,300	08/18/2010	01/18/2018	
38141G-RD-8.	GOLDMAN SACHS GROUP INC				1FE	1,004,290		101,2620	1,012,620	1,000,000		(380)			3,625	3,573	JJ	16,010	36,250	02/13/2013	01/22/2023	
40414L-AC-3.	HCP INC				2FE	1,992,020		102,7740	2,055,480	2,000,000		1,641			3,750	3,838	FA	31,250	75,000	01/19/2011	02/01/2016	
404280-AK-5.	HSBC HOLDINGS PLC		R		1FE	1,995,660		113,0400	2,260,800	2,000,000		393			5,100	5,128	AO	24,367	102,000	03/29/2011	04/05/2021	
40429C-FR-8.	HSBC FINANCE CORP		R	3	1FE	898,700		99,7820	997,820	1,000,000		18,279			0,664	2,544	MJSD	571	6,714	09/10/2010	06/01/2016	
459200-GM-7.	IBM CORP			1	1FE	996,280		120,5630	1,205,630	1,000,000		384			7,625	7,679	AO	16,097	76,250	10/09/2008	10/15/2018	
46115H-AN-7.	INTESA SANPAOLO SPA		R		2FE	1,014,520		100,8750	1,008,750	1,000,000		(1,078)			2,375	1,699	JJ	11,083		10/28/2014	01/13/2017	
46115L-VG-0.	INTESA SANPAOLO SPA		R	3	2FE	656,793		100,7562	654,915	650,000		(1,877)			1,610	1,021	JAJO	2,296	5,410	07/01/2014	04/11/2016	
49446R-AK-5.	KIMCO REALTY CORP			1	2FE	1,886,073		97,9750	1,861,525	1,900,000		1,221			3,125	3,211	JD	4,948	59,375	05/14/2013	06/01/2023	
49456B-AE-1.	KINDER MORGAN INC/DELAWA			1	2FE	2,501,077		99,2050	2,480,125	2,500,000		11			3,050	3,040	JD	7,413		12/04/2014	12/01/2019	
500255-AP-9.	KOHL'S CORPORATION			1	2FE	3,473,520		111,2290	3,336,870	3,000,000		(88,008)			6,250	1,765	JD	8,333	187,500	04/15/2014	01/15/2017	
505597-AC-8.	LACLEDE GROUP INC			13	2FE	3,100,000		99,9450	3,098,295	3,100,000					0,982	0,982	FMAN	3,721	7,442	08/12/2014	08/15/2017	
585055-BF-2.	MEDTRONIC INC				1FE	998,990		100,2620	1,002,620	1,000,000		7			2,500	2,521	MS	1,458		12/01/2014	03/15/2020	
60688X-AJ-9.	MIZUHO BANK LTD		R		1FE	998,570		99,5220	995,220	1,000,000		126			1,700	1,749	MS	4,533		09/18/2014	09/25/2017	
61746B-DC-7.	MORGAN STANLEY			3	1FE	967,370		99,7000	997,000	1,000,000		8,809			0,681	1,586	JAJO	1,380	6,994	01/30/2013	10/18/2016	
61746S-BQ-1.	MORGAN STANLEY			3	1FE	920,520		100,1640	1,001,640	1,000,000		25,134			0,711	3,269	JAJO	1,540	7,256	08/06/2012	10/15/2015	
61747Y-DT-9.	MORGAN STANLEY				1FE	6,551,520		106,5190	6,391,140	6,000,000		(124,947)			4,750	1,483	MS	78,375	142,500	05/22/2014	03/22/2017	
628530-AL-1.	MYLAN INC			1	2FE	2,287,500		106,5200	2,130,400	2,000,000		(115,026)			7,875	1,907	JJ	72,625	157,500	09/18/2013	07/15/2020	
68268N-AJ-2.	ONEOK PARTNERS LP			1	2FE	1,344,276		92,5660	1,249,641	1,350,000		506			3,375	3,425	AO	11,391	45,563	09/10/2012	10/01/2022	
6AMCD9-1K-4.	BANK OF HAWAII		SD		1FE	50,000		100,0000	50,000	50,000					0,150	0,150	N/A	39	75	06/30/2013	06/30/2015	
74153W-CE-7.	PRICOA GLOBAL FUNDING 1				1FE	1,748,775		99,5880	1,742,790	1,750,000		148			1,350	1,374	FA	8,728		08/11/2014	08/18/2017	
857477-AL-7.	STATE STREET CORP				1FE	1,148,137		98,5910	1,133,797	1,150,000		165			3,100	3,119	MN	4,555	35,650	05/08/2013	05/15/2023	
87165B-AA-1.	SYNCHRONY FINANCIAL			1	2FE	499,565		100,1940	500,970	500,000		55			1,875	1,905	FA	3,646		08/06/2014	08/15/2017	
87165B-AB-9.	SYNCHRONY FINANCIAL			1	2FE	709,233		101,0940	707,658	700,000		(111)			3,000	2,693	FA	8,167		12/04/2014	08/15/2019	
90261X-HC-9.	UBS AG STAMFORD CT		R		1FE	2,491,950		99,3490	2,483,725	2,500,000		1,002			1,375	1,485	FA	13,082		08/11/2014	08/14/2017	
90331H-MJ-9.	US BANK NA CINCINNATI			13	1FE	500,000		99,9420	499,710	500,000					0,439	0,446	MJSD	128	549	09/08/2014	09/11/2017	
90521A-PG-7.	UNION BANK NA		R	3	1FE	1,000,000		100,5130	1,005,130	1,000,000					1,005	1,021	MJSD	166	10,039	09/19/2013	09/26/2016	
92276M-AY-1.	VENTAS REALTY LP/CAP CRP			1	2FE	1,492,335		105,8280	1,587,420	1,500,000		1,027			4,000	4,084	AO	10,167	60,000	04/12/2012	04/30/2019	
92343V-BL-7.	VERIZON COMMUNICATIONS			3	2FE	400,000		101,8130	407,252	400,000					1,771	1,799	MJSD	334	7,159	09/11/2013	09/15/2016	
92343V-BN-3.	VERIZON COMMUNICATIONS				2FE	908,300		102,2170	929,153	909,000		230			2,500	2,527	MS	6,691	22,536	09/11/2013	09/15/2016	
92343V-CA-0.	VERIZON COMMUNICATIONS			3	2FE	506,297		100,5180	502,590	500,000		(771)			1,013	0,775	MJSD	211	3,832	05/14/2014	06/17/2019	
92857W-BC-3.	VODAFONE GROUP PLC		R		2FE	1,990,740		96,3880	1,927,760	2,000,000		828			2,950	3,004	FA	21,633	59,000	02/11/2013	02/19/2023	
92866B-AH-5.	VOLKSWAGEN GROUP AMERICA				1FE	997,760		100,6510	1,006,510	1,000,000		49			2,450	2,498	MN	2,790		11/12/2014	11/20/2019	
92936M-AC-1.	WPP FINANCE 2010		R		2FE	1,991,440		101,6810	2,033,620	2,000,000		780			3,625	3,678	MS	22,958	72,500	01/29/2013	09/07/2022	
942683-AF-0.	ACTAVIS INC		R	1	2FE	1,363,519		97,3620	1,338,728	1,375,000		1,026			3,250	3,349	AO	11,172	44,688	09/27/2012	10/01/2022	
94974B-FJ-4.	WELLS FARGO & COMPANY				1FE	3,675,352		101,3490	3,724,576	3,675,000		(32)			3,450	3,449	FA	48,602	126,788	02/13/2013	02/13/2023	
94980V-AF-5.	WELLS FARGO BANK NA			3	1FE	1,766,980		99,7260	1,994,520	2,000,000		53,091			0,442	3,166	FMAN	1,105	8,951	11/22/2011	05/16/2016	
98417E-AB-6.	XSTRATA FINANCE CANADA		R	1	2FE	3,290,600		106,9740	3,209,220	3,000,000		(85,876)			5,800	2,332	MN	22,233				

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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
		F	o	r			R	F			U	C	C	T	R	E	W	A	A	A	S
CUSIP Identification	Description	Code	g	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	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
61744C-EA-0.	MORGAN STANLEY CAPITAL 2004-SD2 M1			23	1FM	681,734	92.2330	681,378	738,757	684,259		2,525			1.100	3.622	MON	135	1,334	11/04/2014	04/25/2034
64352V-JY-8.	NEW CENTURY HOME EQUITY LOAN 2005-1 A2C			23	1FE	797,551	100.1370	797,647	796,556	797,530		(21)			0.870	0.855	MON	115	3,477	07/18/2014	03/25/2035
68383N-AA-1.	OPTEUM MORTGAGE ACCEPTANCE OPMAC 2005-1			23	1FM	43,054	100.0070	45,215	45,212	45,173		459			0.470	1.721	MON	4	220	10/12/2010	02/25/2035
759950-BG-2.	RENAISSANCE HOME EQUITY LOAN 2003-3 M1			23	1FM	444,298	95.2180	604,359	634,711	483,130		7,526			0.900	5.680	MON	95	5,695	05/02/2011	12/25/2033
81744Y-AA-4.	SEQUOIA MORTGAGE TRUST 2013-4 A1			23	1FM	3,531,966	94.2950	3,396,270	3,601,750	3,535,942		2,470			2.325	2.552	MON	6,978	83,741	05/14/2013	04/25/2043
3399999	- Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities					8,816,156	XXX	8,992,838	9,384,264	8,914,989		32,007			XXX	XXX	XXX	7,868	126,795	XXX	XXX
05947U-M2-1.	BANC OF AMERICA COMM MTG BACM 2005-2 A5			23	1FM	2,053,724	100.3970	2,097,686	2,089,391	2,085,587		3,118			4.857	5.142	MON	8,457	101,482	01/20/2006	07/10/2043
07383F-7W-2.	BEAR STEARNS COMMERCIAL MTG 2005-PWR8 A4			2	1FM	4,467,571	100.4590	4,574,019	4,553,120	4,544,293		7,420			4.674	4.935	MON	17,734	228,951	08/03/2005	06/11/2041
07387B-AH-6.	BEAR STEARNS COMMERCIAL MTG 2005-PWR9 A4			2	1FM	790,461	101.4400	797,465	786,145	785,393		(669)			4.871	4.840	MON	3,191	40,330	09/11/2005	09/11/2042
07387B-CL-5.	BEAR STEARNS COMMERCIAL MTG BSCMS 2005-T			23	1FM	3,887,509	101.6860	3,932,316	3,867,116	3,862,869		(3,075)			5.129	5.174	MON	16,529	201,041	01/12/2006	10/12/2042
07388L-AG-5.	BEAR STEARNS COMMERCIAL MTG BSCMS 2006-P			23	1FM	3,281,250	105.6130	3,168,390	3,000,000	3,192,832		(88,418)			5.582	1.450	MON	13,955	111,640	04/02/2014	09/11/2041
07388Q-AG-4.	BEAR STEARNS COMMERCIAL MTG BSCMS 2007-P			23	1FM	3,825,000	109.4070	3,719,838	3,400,000	3,733,025		(91,975)			5.896	2.000	MON	16,706	133,801	04/02/2014	06/11/2050
12513E-AG-9.	CITIGROUP DEUTSCHE BANK 2005-CD1 A4			23	1FM	2,341,794	101.6160	2,377,602	2,339,791	2,336,343		(2,660)			5.226	5.236	MON	10,189	127,108	10/27/2005	07/15/2044
126171-AF-4.	COMMERCIAL MTG PASS-THROUGH COMM 2005-C6			23	1FM	5,206,242	101.0660	5,235,919	5,180,693	5,180,425		(12,876)			5.116	4.898	MON	22,087	265,199	08/05/2005	06/10/2044
36228C-VU-4.	GS MORTGAGE SECURITIES CORP 2005-G64 A4A			2	1FM	3,136,473	100.0970	3,179,633	3,176,552	3,171,681		3,691			4.751	4.959	MON	12,577	151,848	08/03/2005	07/10/2039
362332-AG-3.	2006-G68			2	1FE	1,085,391	106.4860	1,064,860	1,000,000	1,067,367		(18,024)			5.591	1.520	MON	4,659	23,296	07/15/2014	11/10/2039
50179M-AH-4.	LB-UBS 2006-C6 AJ			23	1FM	636,422	105.1250	630,750	600,000	629,587		(6,835)			5.452	2.473	MON	1,817	10,904	08/06/2014	09/15/2039
59022H-NC-2.	MERRILL LYNCH MORTGAGE TRUST 2005-LC1 A4			23	1FM	3,558,828	102.7230	3,635,907	3,539,525	3,535,330		(1,987)			5.291	5.295	MON	15,606	189,579	12/16/2005	01/12/2044
617451-FL-8.	MORGAN STANLEY CAPITAL 2006-HQ8 A4			23	1FM	4,065,215	102.5100	3,878,064	3,783,108	3,908,222		(125,115)			5.412	1.251	MON	17,063	207,718	09/25/2013	03/12/2044
61750C-AH-0.	MORGAN STANLEY CAPITAL 2006-HQ9 AJ			23	1FE	1,074,688	105.4570	1,054,570	1,000,000	1,058,975		(15,713)			5.793	1.796	MON	4,828	24,138	07/28/2014	07/12/2044
61750W-AX-1.	MORGAN STANLEY CAPITAL I 2006-IQ12			2	1FM	941,753	105.5860	988,990	936,668	935,954		(729)			5.332	5.312	MON	4,162	50,004	12/14/2006	12/15/2043
61761A-AZ-1.	MORGAN STANLEY BAML TRUST 2012- C5 A4			2	1FM	4,650,814	102.3840	4,668,710	4,560,000	4,629,326		(9,073)			3.176	2.947	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	100.0350	2,901,015	2,900,000	2,958,141		(7,033)			2.875	2.591	MON	6,948	83,375	11/30/2012	12/15/2045
92976B-BN-1.	WACHOVIA BANK COMMERCIAL MTG 2005-C22 A4			23	1FM	3,629,020	102.1350	3,688,173	3,611,076	3,611,331		(306)			5.269	5.112	MON	15,857	194,735	12/15/2005	12/15/2044
92976B-DX-7.	WACHOVIA BANK COMMERCIAL MTG 2006-C23 AJ			23	1FE	3,129,844	103.7640	3,112,920	3,000,000	3,118,348		(11,495)			5.515	1.716	MON	13,788	13,788	11/19/2014	01/15/2045
92978P-AE-9.	WACHOVIA BANK COMMERCIAL MTG 2006-C29			2	1FM	978,077	105.9730	1,031,395	973,262	972,646		(779)			5.308	5.283	MON	4,305	51,661	12/13/2006	11/15/2048
3499999	- Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities					55,712,351	XXX	55,738,222	54,296,448	55,317,673		(382,533)			XXX	XXX	XXX	222,526	2,355,421	XXX	XXX
98935V-AA-3.	ABS - ZENTH 2004-1A C		E	23	6*				5,000,000						3.252		MJSD			12/21/2004	12/06/2039
000809-AD-5.	ACA ABS 2004-1A C1 144A		R	23	6FE				326,593						3.479		JAJO			11/13/2012	07/10/2039
00083M-AG-6.	ACA ABS LTD 2007-3A 144A		F	23	6FE				7,011,800						1.999		FMAN			02/07/2014	05/07/2047
00083M-AH-4.	ACA ABS LTD 2007-3A 144A		F	23	6FE				6,818,146						2.732		FMAN			09/19/2014	05/07/2047

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
00083M-AJ-0.	ACA ABS LTD 2007-3A 144A		F	23	6FE				6,404,135						3.232		FMAN			09/12/2014	05/07/2047
03063X-AF-2.	AMERICREDIT AUTO REC TRUST 2012-4.			2	1FE	1,999,063		2,012,360	2,000,000	1,999,524		368			1.930	1.957	MON	2,466	38,600	09/19/2013	08/08/2018
06052Y-AE-9.	BANK OF AMERICA AUTO TRUST 2012-1 B.			2	1FE	826,887	100.7990	826,552	820,000	822,945		(2,867)			1.590	1.229	MON	579	13,038	08/22/2013	02/15/2017
073879-MC-9.	BEAR STEARNS ASSET BACKED SECU BSABS 20.			23	1FM	2,055,766	100.9630	2,156,429	2,135,861	2,133,250		2,632			1.070	2.850	MON	381	22,844	08/09/2012	08/25/2044
09774X-AK-8.	BOMBARDIER CAPITAL MORTGAGE SE 1998-B M1.	@	I	234	6FE	1,178,045		2,637,436		936,289		(71,830)			6.810	52.437	MON	28,076	358,885	09/19/2007	10/15/2028
1248MB-AJ-4.	CREDIT-BASED ASSET SEVICING 2007-CB2 A2C.			23	1FM	1,024,061	74.8780	1,337,863	1,786,724	1,024,061					4.615	9.878	MON	6,871	84,550	02/26/2007	02/25/2037
12613S-AC-6.	CNH EQUIPMENT TRUST 2013-C A3			2	1FE	1,999,769	100.1720	2,003,440	2,000,000	1,999,896		96			1.020	1.027	MON	907	20,400	08/20/2013	08/15/2018
126671-R4-0.	COUNTRYWIDE ASSET-BACKED CERTS 2003-5 MF.			23	1FM	148,349	100.6940	227,483	225,915	148,349					5.413	9.258	MON	1,019	1,019	01/26/2005	01/25/2034
126671-UU-8.	COUNTRYWIDE ASSET-BACKED CERTS 2003-BC1.			23	1FM	923,144		91,9750	1,185,053	994,614		26,879			0.970	6.104	MON	1,291	10,343	05/26/2011	03/25/2033
13975E-AF-0.	CAPITAL AUTO RECEIVABLES 2013-1 C.			2	1FE	2,135,658	100.3310	2,137,050	2,130,000	2,134,725		(933)			1.740	1.661	MON	1,132	21,620	06/12/2014	10/22/2018
14041N-EP-2.	CAPITAL ONE MULTI-ASSET 2014- A2 A2.			2	1FE	999,952	99.8780	998,780	1,000,000	999,964		12			1.260	1.265	MON	560	8,575	04/03/2014	01/15/2020
24702K-AD-8.	DELL EQUIPMENT FINANCE 2014-1 B.			2	1FE	999,898	99.9000	999,000	1,000,000	999,920		22			1.360	1.369	MON	340	5,629	07/15/2014	06/22/2020
254683-BJ-3.	DISCOVER CARD EXECUTION NT 2014-A3 A3.			2	1FE	1,599,590	99.8290	1,597,264	1,600,000	1,599,681		90			1.220	1.232	MON	868	11,983	04/28/2014	10/15/2019
345280-CV-4.	FORD CREDIT FLOORPLAN MOT A 2013-5 A1.			2	1FE	1,799,618	100.8370	1,815,066	1,800,000	1,799,780		126			1.500	1.512	MON	1,200	27,000	09/10/2013	09/15/2018
36159J-CY-5.	GE CAPITAL CREDIT CARD 2012-3																				
36242D-NT-6.	A.			23	1FE	174,221	99.8710	174,774	175,000	174,420		199			0.611	0.754	MON	50	800	03/28/2014	03/15/2020
448900-AC-7.	GSAMP TRUST 2004-OPT A4.			23	1FM	594,028	96.5770	592,201	613,190	594,936		908			1.070	1.280	MON	109	5,456	03/12/2014	11/25/2034
71085P-BM-4.	HYUNDAI AUTO REC. TRUST 2013- C A3.			2	1FE	599,893	100.2880	601,728	600,000	599,953		47			1.010	1.020	MON	269	6,060	09/11/2013	02/15/2018
76112B-PB-0.	PEOPLE'S CHOICE H L SEC T 2005-1 M3.			23	1FM	1,415,685	100.2570	1,440,937	1,437,243	1,423,794		5,001			1.040	1.884	MON	249	14,935	08/22/2013	01/25/2035
80283X-AE-7.	RESIDENTIAL ASSET MORTGAGE RAMP 2005-RS4.			23	1FM	1,130,595	99.1920	1,202,638	1,212,434	1,198,451		27,476			0.600	4.458	MON	121	7,181	06/20/2012	04/25/2035
83611M-GS-1.	SANTANDER DRIVE AUTO REC. 2014-3 B.			2	1FE	999,805	99.8230	998,230	1,000,000	999,849		44			1.450	1.463	MON	644	7,129	06/11/2014	05/15/2019
87165L-AA-9.	SOUNDVIEW HOME EQUITY LOAN SVHE 2005-OPT.			23	1FM	588,523	99.2250	613,801	618,595	612,873		3,430			0.470	2.459	MON	48	2,853	09/28/2011	11/25/2035
98160Q-AD-4.	SYNCHRONY CREDIT CARD 2014-1 A.			2	1FE	4,498,752	99.6350	4,483,575	4,500,000	4,498,798		46			1.610	1.625	MON	3,220	5,031	11/14/2014	11/15/2020
3599999	WORLD OMNI AUTO 2014-B A3			2	1FE	999,863	99.4470	994,470	1,000,000	999,871		9			1.140	1.148	MON	507	1,457	10/22/2014	01/15/2020
3599999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities						28,691,162	XXX	30,941,029	54,400,688	28,695,942		(8,242)			XXX	XXX	XXX	50,910	675,388	XXX	XXX
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Subtotals - Industrial and Miscellaneous (Unaffiliated)						229,441,143	XXX	235,302,707	252,822,051	229,113,992		(691,382)			XXX	XXX	XXX	1,412,563	7,106,716	XXX	XXX
369626-3M-4.	GENERAL ELEC CAP CORP.			13	1FE	4,335,000	107.2500	4,290,000	4,000,000	4,266,115		(51,056)			6.375	3.896	MN	32,583	191,250	10/08/2014	11/15/2067
4299999 - Bonds - Hybrid Securities - Issuer Obligations						4,335,000	XXX	4,290,000	4,000,000	4,266,115		(51,056)			XXX	XXX	XXX	32,583	191,250	XXX	XXX
4899999 - Bonds - Hybrid Securities - Subtotals - Hybrid Securities						4,335,000	XXX	4,290,000	4,000,000	4,266,115		(51,056)			XXX	XXX	XXX	32,583	191,250	XXX	XXX
7799999 - Bonds - Total Bonds - Subtotals - Issuer Obligations						163,791,602	XXX	171,544,996	189,635,332	163,902,408	30,510	(180,643)	1,733,787		XXX	XXX	XXX	1,550,226	5,207,044	XXX	XXX
7899999 - Bonds - Total Bonds - Subtotals - Residential Mortgage-Backed Securities						115,589,179	XXX	119,638,272	111,761,708	116,111,235		25,069			XXX	XXX	XXX	372,953	1,949,998	XXX	XXX
7999999 - Bonds - Total Bonds - Subtotals - Commercial Mortgage-Backed Securities						55,712,351	XXX	55,738,222	54,296,448	55,317,673		(382,533)			XXX	XXX	XXX	222,526	2,355,421	XXX	XXX
8099999 - Bonds - Total Bonds - Subtotals - Other Loan-Backed and Structured Securities						29,256,036	XXX	31,514,721	54,963,000	29,257,111		(8,842)			XXX	XXX	XXX	56,701	682,104	XXX	XXX
8399999 Subtotals - Total Bonds						364,349,169	XXX	378,436,211	410,656,487	364,588,427	30,510	(546,949)	1,733,787		XXX	XXX	XXX	2,202,406	10,194,568	XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 2 - SECTION 1

Showing All **PREFERRED STOCKS** Owned December 31 of Current Year[illegible]

SCHEDULE D - PART 2 - SECTION 2

[illegible]

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ANNUAL STATEMENT FOR THE YEAR 2014 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
.36179M-K8-2.....	GNMA POOL II MA0319.....		12/16/2014.....	Nomura International Trust Co.....	XXX.....	1,361,625.....	1,267,918.....	2,395.....
.36179Q-RZ-6.....	GNMA POOL II MA2304.....		11/25/2014.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	11,783,004.....	10,973,694.....	30,482.....
.36179Q-T5-0.....	GNMA POOL II MA2372.....		11/25/2014.....	Morgan Stanley.....	XXX.....	15,043,438.....	14,000,000.....	38,889.....
.36179Q-WF-4.....	GNMA POOL II MA2446.....		12/16/2014.....	MLPFS INC FIXED INCOME.....	XXX.....	15,578,438.....	14,500,000.....	27,389.....
0599999 - Bonds - U.S. Governments						43,766,504.....	40,741,612.....	99,155.....
.04777L-AB-2.....	ATLANTA STD HSG-A-CLA.....		09/12/2014.....	NORTHLAND SECS INC.....	XXX.....	90,000.....	100,000.....	1,319.....
.04777L-AC-0.....	ATLANTA STD HSG-A-CLA.....		10/28/2014.....	VARIOUS.....	XXX.....	176,075.....	210,000.....	3,375.....
.04777L-AD-8.....	ATLANTA STD HSG-A-CLA.....		10/14/2014.....	NORTHLAND SECS INC.....	XXX.....	162,000.....	200,000.....	3,533.....
13033W-B2-8.....	CA INFRA CAB-SER A.....		10/06/2014.....	PERSHING LLC.....	XXX.....		100,000.....	
13033W-D2-6.....	CA INFRASTRUCTURE-B.....		12/10/2014.....	JPMORGAN.....	XXX.....		220,000.....	
20786L-CS-8.....	CONNECTOR ASSN-A-SOUT.....		09/01/2014.....	Adjustment.....	XXX.....			656.....
254839-VV-2.....	DC JAMES F OYSTER SCH.....		07/22/2014.....	NORTHLAND SECS INC.....	XXX.....	89,775.....	90,000.....	1,355.....
30711X-AC-8.....	CONNECTICUT AVENUE SEC. 2014-C01 M1.....		01/14/2014.....	MLPFS INC FIXED INCOME.....	XXX.....	3,000,000.....	3,000,000.....	
3128MD-W3-3.....	FHLM GOLD POOL G14966.....		01/01/2014.....	Adjustment.....	XXX.....	(5,003,742).....	(4,871,303).....	(2,042).....
3138W9-U4-0.....	FNMA POOL AS0602.....		01/01/2014.....	Adjustment.....	XXX.....	(5,055,011).....	(5,102,046).....	(1,772).....
3138WD-T4-3.....	FNMA POOL AS4170.....		12/31/2014.....	Morgan Stanley.....	XXX.....	9,991,717.....	9,350,000.....	31,167.....
3138XU-VB-5.....	FNMA POOL AW5109.....		12/16/2014.....	Nomura International Trust Co.....	XXX.....	5,375,194.....	5,023,546.....	10,047.....
3138Y6-MM-3.....	FNMA POOL AX4863.....		12/16/2014.....	Nomura International Trust Co.....	XXX.....	12,631,531.....	11,800,000.....	23,600.....
40064U-AP-7.....	GUAM ED SCH FACS-B.....	R.....	10/15/2014.....	NORTHLAND SECS INC.....	XXX.....	463,838.....	465,000.....	467.....
490236-BD-7.....	KENT STUDENT HSG-A-RF.....		08/15/2014.....	NORTHLAND SECS INC.....	XXX.....	143,625.....	150,000.....	1,021.....
52480R-CF-5.....	LEHIGH GEN-A.....		09/01/2014.....	Adjustment.....	XXX.....	1,171.....	175,955.....	
52480R-CG-3.....	LEHIGH GEN-CABS-B.....		09/01/2014.....	Adjustment.....	XXX.....	1,171.....	43,655.....	
52480R-CH-1.....	LEHIGH GEN-C-TXBL.....		09/01/2014.....	Adjustment.....	XXX.....	1,207.....	131,405.....	
546279-RK-8.....	LA GOV'T BATON RGE-A.....		01/27/2014.....	BEDROCK SECURITIES LLC.....	XXX.....	122,400.....	180,000.....	3,911.....
546279-XE-5.....	LA ENVIR-A-NICHOLLS U.....		05/16/2014.....	NORTHLAND SECS INC.....	XXX.....	98,663.....	100,000.....	674.....
57585K-JG-4.....	MA H/E E CONCORD-A.....		07/10/2014.....	NORTHLAND SECS INC.....	XXX.....	150,000.....	150,000.....	3,601.....
60535R-AJ-7.....	MS HM CORP-8A-MS VY S.....		04/03/2014.....	CAPROK CAPITAL LLC.....	XXX.....		35,000.....	
682462-JX-5.....	ONEIDA IDA-CIVIC FAC.....		09/17/2014.....	NORTHLAND SECS INC.....	XXX.....	47,500.....	50,000.....	45.....
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						22,487,114.....	21,601,212.....	80,958.....
.00083M-AG-6.....	ACA ABS LTD 2007-3A 144A.....	F.....	02/07/2014.....	DIRECT.....	XXX.....		35,438.....	
.00083M-AH-4.....	ACA ABS LTD 2007-3A 144A.....	F.....	09/19/2014.....	DIRECT.....	XXX.....		139,340.....	
.00083M-AJ-0.....	ACA ABS LTD 2007-3A 144A.....	F.....	09/12/2014.....	DIRECT.....	XXX.....		154,443.....	
.004375-BL-4.....	ACCREDITED MORT LOAN TRUST 2004-3.....		01/14/2014.....	Goldman Sachs.....	XXX.....	1,064,202.....	1,067,371.....	890.....
.00912X-AF-1.....	AIR LEASE CORP.....		02/25/2014.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	2,214,000.....	2,000,000.....	45,938.....
.00912X-AP-9.....	AIR LEASE CORP.....		10/10/2014.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	800,400.....	800,000.....	1,417.....
.0258M0-DQ-9.....	AMERICAN EXPRESS CREDIT.....		08/12/2014.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	3,000,000.....	3,000,000.....	
.05531F-AS-2.....	BB&T CORPORATION.....		12/03/2014.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	1,897,245.....	1,900,000.....	
.05565Q-CT-3.....	BP CAPITAL MARKETS PLC.....	R.....	10/30/2014.....	BNP Paribas.....	XXX.....	1,060,000.....	1,060,000.....	
.05574L-XG-8.....	BNP PARIBAS.....	R.....	03/10/2014.....	BNP Paribas.....	XXX.....	2,499,425.....	2,500,000.....	
.05578D-AE-2.....	BPCE SA.....	R.....	02/25/2014.....	Goldman Sachs.....	XXX.....	3,013,200.....	3,000,000.....	2,167.....
.06738E-AD-7.....	BARCLAYS PLC.....	R.....	11/03/2014.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	697,536.....	700,000.....	
.06739G-AE-9.....	BARCLAYS BANK PLC.....	R.....	10/28/2014.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,113,680.....	1,000,000.....	24,704.....
.07388L-AG-5.....	BEAR STEARNS COMMERCIAL MTG BSCMS 2006-P.....		04/02/2014.....	MLPFS INC FIXED INCOME.....	XXX.....	3,281,250.....	3,000,000.....	2,791.....
.07388Q-AG-4.....	BEAR STEARNS COMMERCIAL MTG BSCMS 2007-P.....		04/02/2014.....	Nomura International Trust Co.....	XXX.....	3,825,000.....	3,400,000.....	3,336.....
13975E-AF-0.....	CAPITAL AUTO RECEIVABLES 2013-1 C.....		06/12/2014.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	2,135,658.....	2,130,000.....	2,780.....
14041N-EP-2.....	CAPITAL ONE MULTI-ASSET 2014-A2 A2.....		04/03/2014.....	Wells Fargo.....	XXX.....	999,952.....	1,000,000.....	
17275R-AQ-5.....	CISCO SYSTEMS INC.....		02/24/2014.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	500,000.....	500,000.....	
17275R-AT-9.....	CISCO SYSTEMS INC.....		02/24/2014.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	2,999,820.....	3,000,000.....	
172967-HX-2.....	CITIGROUP INC.....		08/07/2014.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	500,000.....	500,000.....	
20271R-AE-0.....	COMMONWEALTH BK AUSTR NY.....	R.....	03/05/2014.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	2,994,810.....	3,000,000.....	
24702K-AD-8.....	DELL EQUIPMENT FINANCE 2014-1 B.....		07/15/2014.....	CREDIT SUISSE SECURITIES (USA).....	XXX.....	999,898.....	1,000,000.....	
254683-BJ-3.....	DISCOVER CARD EXECUTION NT 2014-A3 A3.....		04/28/2014.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,599,590.....	1,600,000.....	
257375-AG-0.....	DOMINION GAS HLDGS LLC.....		12/03/2014.....	Goldman Sachs.....	XXX.....	599,772.....	600,000.....	
35671D-BK-0.....	FREEPORT-MCMORAN INC.....		11/10/2014.....	MLPFS INC FIXED INCOME.....	XXX.....	749,505.....	750,000.....	
36159J-CY-5.....	GE CAPITAL CREDIT CARD 2012-3 A.....		03/28/2014.....	Wells Fargo.....	XXX.....	174,221.....	175,000.....	41.....
362332-AG-3.....	GS MORTGAGE SECURITIES CORP 2006-G68.....		07/15/2014.....	Wells Fargo.....	XXX.....	1,085,391.....	1,000,000.....	2,485.....
36242D-NT-6.....	GSAMP TRUST 2004-OPT A4.....		03/12/2014.....	Southwest Securities.....	XXX.....	594,028.....	613,190.....	360.....
46115H-AN-7.....	INTESA SANPAOLO SPA.....	R.....	10/28/2014.....	MLPFS INC FIXED INCOME.....	XXX.....	1,014,520.....	1,000,000.....	7,125.....
46115L-VG-0.....	INTESA SANPAOLO SPA.....	R.....	07/01/2014.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	656,793.....	650,000.....	2,525.....
49456B-AE-1.....	KINDER MORGAN INC/DELAWARE.....		12/04/2014.....	VARIOUS.....	XXX.....	2,501,077.....	2,500,000.....	881.....
500255-AP-9.....	KOHL'S CORPORATION.....		04/15/2014.....	Wells Fargo.....	XXX.....	3,473,520.....	3,000,000.....	65,625.....

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ANNUAL STATEMENT FOR THE YEAR 2014 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

CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					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
										11	12	13	14	15						
										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.						
361790-RZ-6	GNMA POOL 11 MA2304		12/22/2014	Direct		40,224	40,224	43,191			(2,967)		(2,967)		40,224				134	10/20/2044
361790-T5-0	GNMA POOL 11 MA2372		12/22/2014	Direct		29,039	29,039	31,203			(2,164)		(2,164)		29,039				97	11/20/2044
36200A-BE-8	GNMA POOL 595037		12/15/2014	Direct		103	103	106			(3)		(3)		103				3	10/15/2032
36200A-CW-7	GNMA POOL 595085		12/15/2014	Direct		12,204	12,204	12,567			(355)		(355)		12,204				339	10/15/2032
36200E-TY-7	GNMA POOL 599167		12/15/2014	Direct		2,939	2,939	3,027			(70)		(70)		2,939				96	12/15/2033
36200W-AT-0	GNMA POOL 604018		12/15/2014	Direct		279,413	279,413	287,511			(6,804)		(6,804)		279,413				8,817	02/15/2033
36200W-EN-9	GNMA POOL 604141		12/15/2014	Direct		8,514	8,514	8,767			(282)		(282)		8,514				249	03/15/2033
362000-2R-4	GNMA POOL 569684		12/15/2014	Direct		10,745	10,745	11,064			(295)		(295)		10,745				302	02/15/2032
36200R-LX-8	GNMA POOL 570142		12/15/2014	Direct		3,220	3,220	3,316			(95)		(95)		3,220				83	12/15/2031
36200R-XT-4	GNMA POOL 570490		12/15/2014	Direct		1,073	1,073	1,105			(24)		(24)		1,073				31	12/15/2031
36200S-US-7	GNMA POOL 571293		12/15/2014	Direct		827	827	852			(30)		(30)		827				29	11/15/2031
36201A-PF-9	GNMA POOL 577422		12/15/2014	Direct		1,166	1,166	1,200			(33)		(33)		1,166				56	01/15/2032
36201D-AX-0	GNMA POOL 579722		12/15/2014	Direct		2,117	2,117	2,180			(57)		(57)		2,117				69	08/15/2032
36201E-AG-5	GNMA POOL 580607		12/15/2014	Direct		2,194	2,194	2,259			(60)		(60)		2,194				74	02/15/2033
36201F-AF-4	GNMA POOL 581506		12/15/2014	Direct		652	652	671			(25)		(25)		652				10	04/15/2033
36201K-JQ-0	GNMA POOL 585371		07/15/2014	Direct		13,595	13,595	13,999	13,918		(323)		(323)		13,595				472	04/15/2032
36201Y-FD-3	GNMA POOL 606864		12/15/2014	Direct		1,643	1,643	1,692	1,689		(45)		(45)		1,643				36	10/15/2033
36207E-ND-2	GNMA POOL 429788		12/15/2014	Direct		3,285	3,285	3,382	3,401		(117)		(117)		3,285				77	12/15/2033
3620C4-2P-4	GNMA POOL 748782		12/16/2014	VARIOUS		12,994,325	11,946,704	12,670,973	12,603,931		(131,797)		(131,797)		12,472,135		522,191	522,191	517,772	09/15/2040
36210J-HW-1	GNMA POOL 493545		12/15/2014	Direct		169	169	174			(4)		(4)		169				5	03/15/2031
36213F-U4-3	GNMA POOL 553303		12/15/2014	Direct		48	48	50			(1)		(1)		48				2	06/15/2033
36213R-2A-4	GNMA POOL 562469		12/15/2014	Direct		13,628	13,628	13,698	13,675		(47)		(47)		13,628				372	02/15/2034
36213R-ZF-7	GNMA POOL 562442		12/15/2014	Direct		108,810	108,810	111,768	110,672		(1,863)		(1,863)		108,810				5,799	01/15/2034
36213T-GW-7	GNMA POOL 563713		12/15/2014	Direct		9,361	9,361	9,638	9,605		(244)		(244)		9,361				279	01/15/2033
36213U-EZ-9	GNMA POOL 564552		12/15/2014	Direct		67	67	69			(2)		(2)		67				2	12/15/2031
36213V-GN-2	GNMA POOL 565505		12/15/2014	Direct		493	493	508			(15)		(15)		493				14	09/15/2032
36241K-YU-6	GNMA POOL 782523		12/16/2014	VARIOUS		3,675,320	3,371,096	3,625,508	3,652,370		(71,197)		(71,197)		3,581,173		94,147	94,147	159,714	11/15/2035
36290X-PM-6	GNMA POOL 620628		12/15/2014	Direct		1,135	1,135	1,169	1,180		(44)		(44)		1,135				37	09/15/2033
36290X-PT-1	GNMA POOL 620634		12/15/2014	Direct		1,112	1,112	1,145	1,139		(26)		(26)		1,112				37	09/15/2033
36290Y-TN-8	GNMA POOL 621657		12/15/2014	Direct		48	48	49			(1)		(1)		48				2	12/15/2033
36291C-PV-1	GNMA POOL 624236		12/15/2014	Direct		2,651	2,651	2,729	2,711		(60)		(60)		2,651				79	12/15/2033
36291E-AD-3	GNMA POOL 625604		12/15/2014	Direct		3,483	3,483	3,586	3,578		(95)		(95)		3,483				126	12/15/2033
36291E-AV-3	GNMA POOL 625620		12/15/2014	Direct		651	651	670			(17)		(17)		651				19	12/15/2033
36296X-H8-0	GNMA POOL 704155		12/15/2014	Direct		2,388,182	2,388,182	2,462,066	2,461,980		(73,798)		(73,798)		2,388,182				70,769	01/15/2039
383742-UK-7	GNMA GNR 2008-6 EC		12/22/2014	Direct		4,447,650	4,447,650	4,714,509	4,487,103		(39,453)		(39,453)		4,447,650				91,897	08/20/2032
38374H-EW-6	GNMA GNR 2004-58 VB		12/16/2014	VARIOUS		4,094,658	3,961,191	4,441,485	4,091,714		(69,864)		(69,864)		4,021,851		72,807	72,807	202,533	04/16/2028
38376V-BM-8	GNMA GNR 2010-20 PU		12/16/2014	Direct		3,506,935	3,506,935	3,860,368	3,659,511		(152,576)		(152,576)		3,506,935				83,868	10/16/2036
38376W-6C-4	GNMA GNR 2010-33 LN		12/22/2014	Direct		221,314	221,314	236,252	235,969		(14,655)		(14,655)		221,314				5,644	02/20/2038
38377D-FE-1	GNMA GNR 2010-99 NE		12/22/2014	Morgan Stanley		4,739,063	4,500,000	4,865,625	4,714,441		(75,257)		(75,257)		4,639,185		99,878	99,878	189,000	09/20/2037
38377G-ST-5	GNMA GNR 2010-89 PD		12/22/2014	Morgan Stanley		1,575,000	1,440,000	1,525,500	1,509,820		(9,058)		(9,058)		1,500,762		74,238	74,238	60,480	07/20/2040
912828-VH-0	US TREASURY N/B		07/28/2014	VARIOUS		16,035,078	16,000,000	16,013,867	16,011,145		(2,494)		(2,494)		16,008,650		26,428	26,428	22,513	06/30/2015
0599999 - Bonds - U.S. Governments						54,232,135	52,337,682	54,989,501	53,924,370		(656,318)		(656,318)		53,342,446		889,689	889,689	1,421,939	XXX
13078S-AG-3	CA HLTH-MT SHADOWS-B		07/01/2014	Redemption		105,000	105,000	93,188	93,206		194		194		93,401		11,599	11,599	5,250	07/01/2031
20786L-DB-4	CONNECTOR 2000-A-CABS		01/01/2014	Maturity		59,660	59,660	52,199	59,660						59,660					01/01/2014
20786L-DU-2	CONNECTOR 2000-A1-CAB		02/15/2014	Redemption		1,133	1,133	170	180		3		3		182		951	951		07/22/2051
20786L-DV-0	CONNECTOR 2000-B1-CAB		01/01/2014	Redemption		13,766	59,780	1,107	741	482	1		483		1,223		12,543	12,543		01/01/2032
30711X-AC-8	CONNECTICUT AVENUE SEC. 2014-C01 M1		12/26/2014	Direct		398,480	398,480	398,480							398,480				3,775	01/25/2024
31359S-26-4	FNMA WHOLE LOAN NW 2001-W1 AF6		12/26/2014	Direct		24,022	24,022	24,942	24,175		(153)		(153)		24,022				867	07/25/2031
31387C-W3-2	FNMA POOL 580078		12/26/2014	Direct		668	668	687	685		(17)		(17)		668				18	09/01/2031
31394Y-KX-1	FHLMC 2791 UG		12/15/2014	Direct		951,497	951,497	943,171	947,768		3,729		3,729		951,497				27,914	05/15/2019
31402D-F7-0	FNMA POOL 725690		1																	

ANNUAL STATEMENT FOR THE YEAR 2014 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

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						
CUSIP Identification	Description	For 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
034863-AA-8..	ANGLO AMERICAN CAPITAL	R..	04/08/2014..	Maturity.....		3,000,000	3,000,000	3,511,260	3,033,980		(33,980)		(33,980)		3,000,000				140,625	04/08/2014..
04650N-AB-0..	AT&T INC.....		07/01/2014..	Morgan Stanley.....		799,362	739,000	739,888	739,912		(8)		(8)		739,904		59,458	59,458	33,606	09/01/2040..
05947U-M2-1..	BANC OF AMERICA COMM MTG BACW 2005-2 A3.....		12/10/2014..	Direct.....		1,910,609	1,910,609	1,877,995	1,904,280		6,329		6,329		1,910,609				79,469	07/10/2043..
06739F-FZ-9..	BARCLAYS BANK PLC.....	R..	07/10/2014..	Maturity.....		2,000,000	2,000,000	2,108,920	2,013,021		(13,021)		(13,021)		2,000,000				104,000	07/10/2014..
06739G-BP-3..	BARCLAYS BANK PLC.....	R..	02/24/2014..	BARCLAYS CAPITAL INC FIXED INC.....		2,157,400	2,000,000	2,172,680	2,159,398		(3,235)		(3,235)		2,156,163		1,237	1,237	37,979	10/14/2020..
07383F-7W-2..	BEAR STEARNS COMMERCIAL MTG 2005-PWR8 A4.....		12/11/2014..	Direct.....		1,350,780	1,350,780	1,325,400	1,345,960		4,820		4,820		1,350,780				48,432	06/11/2041..
073879-MC-9..	BEAR STEARNS ASSET BACKED SECU BSABS 20.....		12/26/2014..	VARIOUS.....		118,807	118,807	114,351	118,515		292		292		118,807				571	08/25/2044..
07387B-AH-6..	BEAR STEARNS COMMERCIAL MTG 2005-PWR9 A4.....		12/11/2014..	Direct.....		213,855	213,855	215,029	213,832		23		23		213,855				5,749	09/11/2042..
07387B-CL-5..	BEAR STEARNS COMMERCIAL MTG BSCMS 2005-T.....		12/12/2014..	Direct.....		192,884	192,884	193,901	192,825		58		58		192,884				10,028	10/12/2042..
09774X-AK-8..	BOMBARDIER CAPITAL MORTGAGE SE 1998-B M1.....	L..	12/15/2014..	Adjustment.....				126,723	110,272		(104,218)		(104,218)							10/15/2028..
1248MB-AJ-4..	CREDIT-BASED ASSET SEVICING 2007-CB2 A2C.....		12/26/2014..	Direct.....		158,910	158,910	91,079	91,079		67,831		67,831		158,910				3,757	02/25/2037..
12513E-AG-9..	CITIGROUP DEUTSCHE BANK 2005-CD1 A4.....		12/15/2014..	VARIOUS.....		160,209	160,209	160,346	160,155		54		54		160,209				5,118	07/15/2044..
126171-AF-4..	COMMERCIAL MTG PASS-THROUGH 2005-C6.....		12/10/2014..	Direct.....		819,307	819,307	823,347	821,301		(1,994)		(1,994)		819,307				34,316	06/10/2044..
12623D-AA-1..	COMMERCIAL MTG PASS-THROUGH 2011-FL1 A.....		12/17/2014..	Direct.....		176,153	176,153	171,716	175,438		714		714		176,153				3,895	07/17/2028..
126671-R4-0..	COUNTRYWIDE ASSET-BACKED CERTS 2003-5 MF.....		08/01/2014..	Direct.....		6,363	6,363	4,178	4,178		2,185		2,185		6,363				29	01/25/2034..
126671-UU-8..	COUNTRYWIDE ASSET-BACKED CERTS 2003-BC1.....		10/27/2014..	Direct.....		270,531	270,532	210,741	220,921		49,611		49,611		270,532		(1)	(1)	1,167	03/25/2033..
14040H-AS-4..	CAPITAL ONE FINANCIAL CO.....		05/23/2014..	Maturity.....		3,000,000	3,000,000	3,367,050	3,033,998		(33,998)		(33,998)		3,000,000				110,625	05/23/2014..
14912L-SS-6..	CATERPILLAR FINANCIAL SE.....		01/15/2014..	MLPFS INC FIXED INCOME.....		2,122,701	2,100,000	2,099,685	2,099,718		6		6		2,099,724		22,977	22,977	10,631	09/06/2016..
17305E-FE-0..	CREDIT SUISSE SECURITIES (USA).....		11/14/2014..	(USA).....		5,038,672	5,000,000	4,999,718	4,999,740		82		82		4,999,823		38,849	38,849	76,817	09/07/2018..
173067-EE-5..	CITIBANK CREDIT CARD ISS T 2013-A6.....		10/15/2014..	CREDIT 200.....		2,963,844	2,963,844	2,978,468	2,959,395		4,449		4,449		2,963,844				80,290	10/15/2041..
17307G-CU-0..	CREDIT BASED ASSET SERVICE CNLTI 2003-HE.....		12/26/2014..	VARIOUS.....		305,321	305,321	277,677	280,005		25,316		25,316		305,321				863	12/25/2033..
20047N-AD-4..	COMMERCIAL MTG PASS-THROUGH COMM 2004-LB.....	R..	02/15/2014..	Direct.....		285,275	285,275	286,692	285,275						285,275				2,081	10/15/2037..
205887-BR-2..	CONAGRA FOODS INC.....		08/01/2014..	TENDER/PURCHASE OFFER.....		546,718	553,000	553,979	553,902		(52)		(52)		553,850		(7,132)	(7,132)	18,138	01/25/2023..
210795-QB-9..	CONTL AIRLINES 2012-2 A.....		01/15/2014..	Goldman Sachs.....		1,009,500	1,000,000	1,000,000	1,000,000						1,000,000		9,500	9,500	9,111	04/29/2026..
21079U-AA-3..	CONTL AIRLINES 2009-2.....		11/10/2014..	Direct.....		51,425	51,425	58,367	57,279		(5,853)		(5,853)		51,425				2,808	05/10/2021..
225460-AA-5..	CREDIT SUISSE NEW YORK.....	F..	05/01/2014..	Maturity.....		2,000,000	2,000,000	2,163,900	2,012,761		(12,761)		(12,761)		2,000,000				55,000	05/01/2014..
23311V-AA-5..	DCP MIDSTREAM OPERATING.....		12/04/2014..	Wells Fargo.....		1,528,710	1,500,000	1,551,315	1,544,481		(23,708)		(23,708)		1,520,773		7,937	7,937	57,958	10/01/2015..
25179W-AP-8..	DEVON ENERGY CORPORATION.....		02/24/2014..	Goldman Sachs.....		785,072	800,000	795,264	795,935		67		67		796,002		(10,930)	(10,930)	7,367	05/15/2022..
268317-AA-2..	ELECTRICITE DE FRANCE.....	R..	01/26/2014..	Maturity.....		2,000,000	2,000,000	1,992,060	1,999,878		122		122		2,000,000				55,000	01/26/2014..
302182-AF-7..	EXPRESS SCRIPTS HOLDING.....		11/24/2014..	U.S. Bank.....		1,547,580	1,500,000	1,505,055	1,502,485		(929)		(929)		1,501,556		46,024	46,024	48,568	05/15/2016..
32027N-MH-1..	RMBS - FFML 2004-FF10 A3.....		11/25/2014..	VARIOUS.....		355,047	355,047	345,061	353,884		1,163		1,163		355,047				2,385	09/25/2034..
36228C-VU-4..	GS MORTGAGE SECURITIES CORP 2005-GG4 A4A.....		12/10/2014..	Direct.....		2,745,893	2,745,893	2,711,247	2,738,491		7,401		7,401		2,745,893				112,395	07/10/2039..
369626-4C-5..	GENERAL ELEC CAP CORP.....		05/13/2014..	Maturity.....		4,000,000	4,000,000	4,367,880	4,031,969		(31,969)		(31,969)		4,000,000				118,000	05/13/2014..
40429C-FW-7..	HSBC FINANCE CORP.....	R..	01/15/2014..	Maturity.....		2,000,000	2,000,000	2,084,820	2,000,817		(817)		(817)		2,000,000				52,500	01/15/2014..
428236-BM-4..	HEWLETT-PACKARD CO.....		01/09/2014..	INC.....		2,044,120	2,000,000	1,995,980	1,996,864		12		12		1,996,875		47,245	47,245	10,033	06/01/2021..
45254N-JG-3..	IMPAC CMB TRUST IMM 2004-5 1A1.....		12/26/2014..	Direct.....		299,009	299,009	270,603	275,210		23,799		23,799		299,009				1,361	10/25/2034..
477879-AC-4..	JOHN DEERE OWNER TRUST 2013-B A3.....		09/15/2014..	Nomura International Trust Co.....		2,004,063	2,000,000	1,999,727	1,999,768		92		92		1,999,860		4,203	4,203	13,195	08/15/2017..
55608J-AA-6..	MACQUARIE GROUP LTD.....	R..	08/01/2014..	Maturity.....		3,000,000	3,000,000	3,170,430	3,023,154		(23,154)		(23,154)		3,000,000				219,000	08/01/2014..
57643L-BY-1..	MASTR ASSET BACKED SEC TRUST 2003-WMC2.....		11/25/2014..	VARIOUS.....		615,366	615,366	585,367	590,022		25,345		25,345		615,366				3,544	08/25/2033..
59022H-NC-2..	MERRILL LYNCH MORTGAGE TRUST 2005-LC1 A4.....		12/12/2014..	Direct.....		223,176	223,176	224,393	223,036		139		139		223,176				6,613	01/12/2044..
59217E-BW-3..	NET LIFE GLOB FUNDING I.....		06/10/2014..	Maturity.....		3,000,000	3,000,000	3,172,680	3,017,538		(17,538)		(17,538)		3,000,000				76,875	06/10/2014..
617451-FL-8..	MORGAN STANLEY CAPITAL 2006-HQ8 A4.....		12/12/2014..	Direct.....		216,892	216,892	233,066	231,238		(14,346)		(14,346)		216,892				6,609	03/12/2044..
61747Y-CF-0..	MORGAN STANLEY.....		05/13/2014..	Maturity.....		3,000,000	3,000,000	3,222,330	3,019,199		(19,199)		(19,199)		3,000,000				90,000	05/13/2014..
61748A-AE-6..	MORGAN STANLEY.....		04/01/2014..	Maturity.....		2,300,000	2,300,000	2,244,409	2,298,175		1,825		1,825		2,300,000				54,625	04/01/2014..
61750W-AX-1..	MORGAN STANLEY CAPTIAL I 2006-IQ12.....		12/15/2014..	Direct.....		56,655	56,655	56,962	56,656		(1)		(1)		56,655				1,700	12/15/2043..
628530-AW-7..	JEFFERIES & CO. - BONDS.....		04/02/2014..	DIRECT.....		506,905	500,000	499,625	499,688		34		34		499,722		7,183	7,183	2,575	06/24/2016..
68383N-AA-1..	MYLAN INC.....		12/26/2014..	VARIOUS.....		668,259	668,259	636,362	660,893		7,366		7,366		668,259				1,649	02/25/2035..

ANNUAL STATEMENT FOR THE YEAR 2014 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

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						
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (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
69352P-AE-3	PPL CAPITAL FUNDING INC.		07/01/2014	US Bank		667,484	660,000	658,964	659,098		45		45		659,143		8,341	8,341	13,860	12/01/2022
709599-AN-4	PENSKE TRUCK LEASING/PTL		02/04/2014	CORTVIEW CAPITAL LLC		2,024,780	2,000,000	1,982,800	1,984,144		146		146		1,984,290		40,490	40,490	47,222	01/17/2023
71085P-BM-4	PEOPLE'S CHOICE H L SEC T 2005-1 M3		12/26/2014	Direct		552,376	552,376	544,091	545,285		7,091		7,091		552,376				2,818	01/25/2035
718172-AG-4	PHILIP MORRIS INTL INC.		03/17/2014	Maturity		3,000,000	3,000,000	3,433,140	3,021,437		(21,437)		(21,437)		3,000,000				103,125	03/17/2014
725906-AH-4	PLACER DOME INC.		05/29/2014	MILLENNIUM ADVISORS, LLC		1,044,850	1,000,000	1,012,747	1,010,609		(123)		(123)		1,010,486		34,364	34,364	48,167	03/01/2033
74153W-BY-4	PRICOA GLOBAL FUNDING 1		06/11/2014	Maturity		3,000,000	3,000,000	3,178,560	3,018,338		(18,338)		(18,338)		3,000,000				81,750	06/11/2014
759950-BG-2	RENAISSANCE HOME EQUITY LOAN 2003-3 M1		09/25/2014	Direct		158,120	158,120	110,684	118,483		39,637		39,637		158,120				749	12/25/2033
76110W-2X-3	RESIDENTIAL ASSET SECURITIES C RASC 2005		08/25/2014	Direct		783,296	783,296	744,703	777,718		5,578		5,578		783,296				1,687	08/25/2035
76110W-W6-9	RESIDENTIAL ASSET SECURITIES C RASC 2005		04/25/2014	Direct		254,844	254,844	241,465	253,877		967		967		254,844				283	06/25/2035
76112B-PB-0	RESIDENTIAL ASSET MORTGAGE RAMP 2005-RS4		12/26/2014	Direct		1,287,566	1,287,566	1,200,655	1,243,538		44,028		44,028		1,287,566				4,562	04/25/2035
78413H-AA-7	SES	R	02/24/2014	RAYMOND JAMES/FI		1,934,500	2,000,000	1,990,360	1,990,965		129		129		1,991,093		(56,593)	(56,593)	28,600	04/04/2023
81375W-DS-2	RMBS - SABR 2005-FR1 M1		04/25/2014	VARIOUS		216,236	216,236	202,994	205,255		10,981		10,981		216,236				377	12/25/2034
81744Y-AA-4	SEQUOIA MORTGAGE TRUST 2013-4 A1		12/26/2014	Direct		255,070	255,070	250,128	250,234		4,835		4,835		255,070				3,711	04/25/2043
83611W-GS-1	SOUNDVIEW HOME EQUITY LOAN SVHE 2005-OPT		12/26/2014	Direct		420,880	420,880	400,419	414,652		6,227		6,227		420,880				1,103	11/25/2035
883556-BD-3	THERMO FISHER SCIENTIFIC		03/06/2014	INC		799,448	800,000	799,528	799,537		29		29		799,566		(118)	(118)	2,600	02/01/2017
88732J-AQ-1	TIME WARNER CABLE INC.		02/14/2014	Maturity		3,500,000	3,500,000	4,105,500	3,517,813		(17,813)		(17,813)		3,500,000				144,375	02/14/2014
90521A-PH-5	UNION BANK NA	R	04/02/2014	Goldman Sachs		1,115,312	1,100,000	1,097,206	1,097,451		242		242		1,097,693		17,619	17,619	8,754	09/26/2016
92343V-BN-3	VERIZON COMMUNICATIONS		11/24/2014	Redemption		428,364	416,000	415,680	415,710		94		94		415,803		12,560	12,560	12,307	09/15/2016
92553P-AE-2	VIACOM INC.		04/01/2014	Redemption		4,070,918	4,000,000	4,095,000	4,014,872		(5,317)		(5,317)		4,009,555		61,363	61,363	96,250	09/15/2014
92976B-BN-1	WACHOVIA BANK COMMERCIAL MTG 2005-C22 A4		12/15/2014	Direct		388,924	388,924	390,856	388,984		(60)		(60)		388,924				16,443	12/15/2044
92978P-AE-9	WACHOVIA BANK COMMERCIAL MTG 2006-C29		12/15/2014	Direct		26,738	26,738	26,870	26,742		(4)		(4)		26,738				700	11/15/2048
3899999	- Bonds - Industrial and Miscellaneous (Unaffiliated)					94,658,206	93,953,918	97,392,417	94,242,232		(58,720)		(58,720)		94,328,403		329,803	329,803	2,489,989	XXX
8399997	- Bonds - Subtotals - Bonds - Part 4					164,087,884	161,020,006	167,000,079	162,359,719	813	(781,339)		(780,526)		162,196,956		1,890,928	1,890,928	4,570,813	XXX
8399998	- Bonds - Summary item from Part 5 for Bonds					56,154,971	63,254,093	55,914,129			(97,029)		(97,029)		55,817,100		337,871	337,871	476,428	XXX
8399999	- Bonds - Subtotals - Bonds					220,242,854	224,274,099	222,914,208	162,359,719	813	(878,368)		(877,555)		218,014,056		2,228,798	2,228,798	5,047,242	XXX
9999999	Totals					220,242,854	XXX	222,914,208	162,359,719	813	(878,368)		(877,555)		218,014,056		2,228,798	2,228,798	5,047,242	XXX

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks **ACQUIRED** During Year and Fully **DISPOSED OF** During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identification	Description	F o r e i g n	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stocks)	Actual Cost	Consideration	Book/ Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change In B./A. C.V. (12 + 13 - 14)	Total Foreign Exchange Change in B./A. C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
912828-WH-9	US TREASURY N/B		06/20/2014	VARIOUS	11/25/2014	NESBITT BURNS SECS INC	16,500,000	16,524,824	16,547,051	16,520,576		(4,248)		(4,248)			26,475	26,475	76,575	7,181
912828-WQ-9	US TREASURY N/B		09/25/2014	VARIOUS	11/25/2014	VARIOUS	21,000,000	21,009,414	21,043,311	21,008,304		(1,110)		(1,110)			35,006	35,006	28,051	12,717
0599999 - Bonds - U.S. Governments							37,500,000	37,534,238	37,590,361	37,528,881		(5,358)		(5,358)			61,481	61,481	104,626	19,898
13033W-A8-6	CA INFRA CAB-SER A		03/04/2014	Direct	11/04/2014	Direct	100,000													
13033W-B2-8	CA INFRA CAB-SER A		09/18/2014	ODEON CAPITAL GROUP LLC	11/04/2014	Direct	125,000													
13033W-B6-9	CA INFRA CAB-SER A		04/15/2014	Direct	11/04/2014	Direct	740,000													
13033W-B8-5	CA INFRA CAB-SER A		08/12/2014	Direct	11/04/2014	Direct	125,000													
13033W-C2-7	CA INFRA CAB-SER A		02/06/2014	Direct	11/04/2014	Direct	210,000													
13033W-D3-4	CA INFRASTRUCTURE-B		01/09/2014	Direct	11/04/2014	Direct	6,430,000													
3128MD-W3-3	FHLMC G14966		01/01/2014	Adjustment	12/16/2014	VARIOUS	4,871,303	4,974,438	5,069,731	4,955,689		(18,749)		(18,749)			114,041	114,041	134,650	2,030
3138W9-U4-0	FNMA Pool ASO602		01/01/2014	Adjustment	12/26/2014	VARIOUS	5,056,462	5,009,848	5,156,827	5,015,998		6,150		6,150			140,829	140,829	117,415	1,756
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions							17,657,765	9,984,286	10,226,558	9,971,688		(12,598)		(12,598)			254,870	254,870	252,064	3,785
13056R-AA-4	CALIFORNTA REP. AUTO REC. 2012-T A		03/07/2014	NOMURA SECURITIES/FIXED INCOME	09/15/2014	VARIOUS	192,328	192,621	192,673	192,466		(154)		(154)			207	207	1,114	170
29250N-AK-1	ENBRIDGE INC.		05/28/2014	DEUTSCHE BANK SECURITIES, INC	07/18/2014	U.S. Bank	425,000	425,000	426,116	425,000							1,116	1,116	392	
36159J-DF-5	GE CAPITAL CREDIT CARD M 2012-5 B		04/24/2014	BAIRD (ROBERT W.) & CO. INC	09/15/2014	Wells Fargo	479,000	482,069	481,021	481,022		(1,047)		(1,047)			(1)	(1)	3,074	281
46629M-AL-9	JP MORGAN CHASE COMM 2006-LDP8 AM		04/02/2014	Nomura International Trust Co.	11/21/2014	Amherst Securities Group LLC	3,000,000	3,277,266	3,201,094	3,201,878		(75,388)		(75,388)			(784)	(784)	106,080	2,720
55279H-AD-2	MANUF & TRADERS TRUST CO.		01/27/2014	CITIGROUP GLOBAL MARKETS INC	03/06/2014	MLPFS INC FIXED INCOME	3,500,000	3,499,685	3,521,035	3,499,696		11		11			21,339	21,339	4,983	
59022H-LK-6	MERRILL LYNCH MORT TRUST 2005-CK11 AJ		10/06/2014	DEUTSCHE BANK SECURITIES, INC	11/21/2014	Nomura International Trust Co.	500,000	518,965	516,113	516,469		(2,496)		(2,496)			(356)	(356)	4,096	607
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)							8,096,328	8,395,605	8,338,051	8,316,532		(79,073)		(79,073)			21,520	21,520	119,738	3,778
8399998 - Bonds - Subtotals - Bonds							63,254,093	55,914,129	56,154,971	55,817,100		(97,029)		(97,029)			337,871	337,871	476,428	27,462
9999999 Totals								55,914,129	56,154,971	55,817,100		(97,029)		(97,029)			337,871	337,871	476,428	27,462

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE ACA Financial Guaranty Corporation

SCHEDULE DA - PART 1

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

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 2014 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			.61,878	.61,878
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	2,408,761	2,408,808		
22. Massachusetts	MA	B	RSD for Financial Guaranty			.98,305	.96,141
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			.120,317	.120,173
33. New York	NY						
34. North Carolina	NC	B	RSD for Financial Guaranty			.200,730	.200,734
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR	B	RSD for Financial Guaranty			.290,441	.289,797
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			.276,004	.276,009
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			.828,956	.792,765
55. US Virgin Islands	VI	B	RSD for Financial Guaranty			.501,825	.501,835
56. Northern Mariana Islands	MP						
57. Canada	CAN						
58. Aggregate Other Alien	OT	XXX	XXX				
59. Total		XXX	XXX	2,408,761	2,408,808	2,428,456	2,389,332
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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