



ANNUAL STATEMENT
For the Year Ended December 31, 2015
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
Sean Thomas Leonard #	Treasurer and CFO		

OTHER OFFICERS

DIRECTORS OR TRUSTEES			
Steven Joseph Berkowitz	John Raymond Brecker #	Richard Joseph Caplan	Roger Dale Cunningham
Bradley Irving Dietz	Kevin John Doyle	Sharon Faybelle Manewitz #	Charles Richard Schuler #
Anne Gram Shean			

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	Sean Thomas Leonard Treasurer and CFO
Subscribed and sworn to before me this _____ day of _____ February, 2016		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 _____

Luis Lozada, Notary Public
1/14/2017

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).....	320,613,543		320,613,543	364,588,427
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances).....				
4.2 Properties held for the production of income (less \$0 encumbrances)				
4.3 Properties held for sale (less \$0 encumbrances)				
5. Cash (\$2,167,843 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$3,914,323 , Schedule DA).....	6,082,166		6,082,166	4,040,018
6. Contract loans (including \$0 premium notes).....				
7. Derivatives (Schedule DB).....				
8. Other invested assets (Schedule BA)	82,782	82,782		
9. Receivables for securities	19,156		19,156	
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)	326,797,646	82,782	326,714,864	368,628,445
13. Title plants less \$0 charged off (for Title insurers only).....				
14. Investment income due and accrued	2,008,643		2,008,643	2,202,406
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums).....				
15.3 Accrued retrospective premiums (\$0) and contracts subject to redetermination (\$0)				
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.....	32,242,985	32,242,985		
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software.....				32,587
21. Furniture and equipment, including health care delivery assets (\$0)	6,214	6,214		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$0) and other amounts receivable.....				
25. Aggregate write-ins for other-than-invested assets	2,724,131	1,430,008	1,294,123	2,031
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	363,779,619	33,761,989	330,017,630	370,865,469
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
28. Total (Lines 26 and 27)	363,779,619	33,761,989	330,017,630	370,865,469
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.....	1,669,495	376,741	1,292,754	
2503. Security Deposit.....	53,267	53,267		
2598. Summary of remaining write-ins for Line 25 from overflow page	1,369		1,369	2,031
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,724,131	1,430,008	1,294,123	2,031

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	110,964,787	105,551,542
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)	3,866,000	4,565,000
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	2,806,354	4,253,611
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	100,287	98,293
7.1 Current federal and foreign income taxes (including \$0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$0 and interest thereon \$0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$0 and including warranty reserves of \$0 and accrued accident and health experience rating refunds including \$0 for medical loss ratio rebate per the Public Health Service Act)	74,262,678	92,643,742
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$0 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	82,783	83,260
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$0 and interest thereon \$0		
25. Aggregate write-ins for liabilities	96,769,092	96,767,895
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	288,851,981	303,963,343
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	288,851,981	303,963,343
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)	(337,808,351)	(312,071,874)
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$0)		
36.2 .....0 shares preferred (value included in Line 31 \$0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	41,165,649	66,902,126
38. Totals (Page 2, Line 28, Col. 3)	330,017,630	370,865,469
DETAILS OF WRITE-INS		
2501. Contingency Reserve	95,925,559	95,925,559
2502. Collateral Deposit	842,000	842,000
2503. Other Payables	1,533	336
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	96,769,092	96,767,895
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)	18,443,504	27,021,082
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	47,901,938	41,890,427
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,322,956	2,029,047
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	9,556,264	16,488,628
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	58,781,158	60,408,102
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(40,337,654)	(33,387,020)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	12,659,628	15,314,305
10. Net realized capital gains (losses) less capital gains tax of \$0 (Exhibit of Capital Gains (Losses)).....	2,203,449	495,010
11. Net investment gain (loss) (Lines 9 + 10)	14,863,077	15,809,315
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		3,305,000
15. Total other income (Lines 12 through 14)		3,305,000
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(25,474,577)	(14,272,705)
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)	(25,474,577)	(14,272,705)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(25,474,577)	(14,272,705)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	66,902,126	89,047,048
22. Net income (from Line 20)	(25,474,577)	(14,272,705)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$0	(94,685)	30,905
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(232,170)	2,315,920
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	93,351	(2,254,929)
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	(28,396)	(7,964,113)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(25,736,477)	(22,144,922)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	41,165,649	66,902,126
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
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
3701. Change in Contingency Reserve.....		(7,964,113)
3702. Prior Period Adjustment.....	(28,396)	
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(28,396)	(7,964,113)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	62,440	61,969
2. Net investment income	14,452,140	17,269,044
3. Miscellaneous income		3,305,000
4. Total (Lines 1 through 3)	14,514,580	20,636,013
5. Benefit and loss related payments	42,488,693	19,671,259
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	12,767,383	19,588,496
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	196,144	
10. Total (Lines 5 through 9)	55,452,220	39,259,755
11. Net cash from operations (Line 4 minus Line 10)	(40,937,640)	(18,623,742)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	179,711,116	220,242,854
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		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	179,711,116	220,242,854
13. Cost of investments acquired (long-term only):		
13.1 Bonds	135,237,954	205,430,637
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	19,634	
13.7 Total investments acquired (Lines 13.1 to 13.6)	135,257,588	205,430,637
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)	44,453,528	14,812,217
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)	(1,473,739)	(298,862)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,473,739)	(298,862)
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)	2,042,149	(4,110,387)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,040,017	8,150,404
19.2 End of year (Line 18 plus Line 19.1)	6,082,166	4,040,017

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	62,440	92,643,742	74,262,678	18,443,504
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	62,440	92,643,742	74,262,678	18,443,504
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		74,262,678			74,262,678
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		74,262,678			74,262,678
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					74,262,678
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	62,440					62,440
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	62,440					62,440
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 \$62,440

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$62,440

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire								
2.	Allied lines								
3.	Farmowners multiple peril								
4.	Homeowners multiple peril								
5.	Commercial multiple peril								
6.	Mortgage guaranty								
8.	Ocean marine								
9.	Inland marine								
10.	Financial guaranty	42,488,693			42,488,693	110,964,787	105,551,542	47,901,938	259.7
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	42,488,693			42,488,693	110,964,787	105,551,542	47,901,938	259.7
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	110,964,787			110,964,787				110,964,787	3,866,000
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	110,964,787			110,964,787				110,964,787	3,866,000
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	1,322,956			1,322,956
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,322,956			1,322,956
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		260,576		260,576
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		4,648,132		4,648,132
8.2 Payroll taxes		257,090		257,090
9. Employee relations and welfare		430,024		430,024
10. Insurance		541,894		541,894
11. Directors' fees		596,722		596,722
12. Travel and travel items		23,504		23,504
13. Rent and rent items		569,867		569,867
14. Equipment		77,920		77,920
15. Cost or depreciation of EDP equipment and software		105,548		105,548
16. Printing and stationery		42,163		42,163
17. Postage, telephone and telegraph, exchange and express		79,894		79,894
18. Legal and auditing		1,202,486	496,884	1,699,370
19. Totals (Lines 3 to 18)		8,835,820	496,884	9,332,704
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0		2,277		2,277
20.2 Insurance department licenses and fees		249,827		249,827
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)		252,104		252,104
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		468,340		468,340
25. Total expenses incurred	1,322,956	9,556,264	496,884	(a) 11,376,104
26. Less unpaid expenses-current year	3,866,000	2,824,539	82,100	6,772,639
27. Add unpaid expenses-prior year	4,565,000	4,258,207	93,697	8,916,904
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)	2,021,956	10,989,932	508,481	13,520,369
DETAILS OF WRITE-INS				
2401. Consulting Expenses.....		467,817		467,817
2402. Miscellaneous Expenses.....		523		523
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		468,340		468,340

(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).....1,291,389	.....1,230,022
1.1	Bonds exempt from U.S. tax	(a).....1,190,136	.....1,189,206
1.2	Other bonds (unaffiliated)	(a).....8,618,803	.....8,487,251
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).....23	.....33
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....2,245,000	.....2,245,000
9.	Aggregate write-ins for investment income .....	.....5,000	.....5,000
10.	Total gross investment income	13,350,351	13,156,513
11.	Investment expenses		(g).....496,884
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) .....		.....496,884
17.	Net investment income (Line 10 minus Line 16)		12,659,628
DETAILS OF WRITE-INS			
0901.	Consent Solicitation Payment.....	.....5,000	.....5,000
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)	5,000	5,000
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 \$879,050 accrual of discount less \$2,490,016 amortization of premium and less \$212,942 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....(199,992)		.....(199,992)		
1.1	Bonds exempt from U.S. tax .....	.....169,518		.....169,518	.....(94,207)	
1.2	Other bonds (unaffiliated) .....	.....2,233,924		.....2,233,924		
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 .....				.....(478)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	2,203,449		2,203,449	(94,685)	
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)	82,782	83,260	478
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)	82,782	83,260	478
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 and contracts subject to redetermination			
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.....	32,242,985	32,475,155	232,170
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software.....			
21. Furniture and equipment, including health care delivery assets.....	6,214	49,760	43,546
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	1,430,008	1,247,165	(182,843)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	33,761,989	33,855,340	93,351
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
28. Total (Lines 26 and 27)	33,761,989	33,855,340	93,351
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.....	376,741	193,898	(182,843)
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)	1,430,008	1,247,165	(182,843)

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. Unearned premiums, net of prepaid reinsurance premiums, represent the unearned portion of upfront and installment premiums written.

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, 2015 and 2014, the Company recorded earned premiums of \$15.4 million and 21.6 million, respectively, related to Refundings.

- (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, 2015.

NAIC Designation 1	\$	232,549,664
NAIC Designation 2		77,952,127
NAIC Designation 3		2,609,774
NAIC Designation 4		-
NAIC Designation 5		9,714,936
NAIC Designation 6		1,701,365
Total	\$	<u>324,527,866</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, 2015 and 2014, the Company recorded “other than temporary” adjustments of \$0 million and \$1.7 million, respectively.

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 two preferred stock holdings with a carrying value of zero at December 31, 2015.
- (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. ACA Services derives its earnings from its wholly owned subsidiary, ACA Management. ACA Management receives management fees on asset management contracts which were sold on a forward revenue sharing basis in connection with the termination of the company's prior CDO/CLO asset management business. Management fees have declined substantially and will continue to decrease as the assets underlying managed deals run-off or are called and terminated. For the years ended December 31, 2015 and 2014, investment income includes dividends received from ACA Service, L.L.C. relating to its share of fees from certain managed CDO's of 2.2 million and \$3.3 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 probable 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 Company's 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

NOTES TO FINANCIAL STATEMENTS

under certain stipulated conditions, subject to the approval of the Maryland Insurance Commissioner. In May 2015, the Company requested the Commissioner’s approval to release contingency reserve equal to the amount in excess of the calculated maximum amount at December 31, 2014. The MIA denied the request.

(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, 2015 and December 31, 2014.

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, 2015 and December 31, 2014 was \$1.6 million and \$1.5 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, 2015, 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, 2015 is \$7.3 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, 2015 is \$99.7 million and \$0.8 million, respectively. All of the securities discussed above are rated investment grade by at least one 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) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
j. On deposit with states	\$ 4,817,907	\$ -	\$ -	\$ -	\$ 4,817,907	\$ 4,837,217	\$ (19,310)	\$ 4,817,907	1.32%	1.46%	
n. Other restricted assets	53,267	-	-	-	53,267	53,267	-	-	0.00%	0.00%	
o. Total restricted assets	\$ 4,871,174	\$ -	\$ -	\$ -	\$ 4,871,174	\$ 4,890,484	\$ (19,310)	\$ 4,817,907	1.32%	1.46%	

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	\$ 939,706	\$ 1,199,427	\$ 939,706	YES
31359S2G4	88,556	99,735	85,067	YES
Total	\$ 1,028,263	\$ 1,299,163	\$ 1,024,774	

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

As of December 31, 2015 and December 31, 2014, the Company held an investment in ACA Service L.L.C., (“ACA Service”). The carrying value of such investment as of December 31, 2015 and December 31, 2014 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, 2015 and December 31, 2014.

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) DTADTL Components	2015			2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 118,247,501	\$ -	\$ 118,247,502	\$ 108,371,481	\$ 524,452	\$ 108,895,933	\$ 9,876,021	\$ (524,451)	\$ 9,351,570
(b) Statutory valuation allowance adjustment	(84,673,557)	-	(84,673,557)	(74,797,536)	(524,452)	(75,321,988)	(9,876,021)	524,451	(9,351,570)
(c) Adjusted gross deferred tax assets	33,573,944	-	33,573,945	33,573,945	-	33,573,945	-	-	-
(d) Adjusted gross deferred tax assets nonadmitted	(32,242,985)	-	(32,242,985)	(32,475,155)	-	(32,475,155)	232,170	-	232,170
(e) Sub-total admitted adjusted gross deferred tax asset	1,330,959	-	1,330,960	1,098,790	-	1,098,790	232,170	-	232,170
(f) Gross deferred tax liabilities	(1,330,959)	-	(1,330,959)	(1,098,790)	-	(1,098,790)	(232,170)	-	(232,170)
(g) Net admitted deferred tax asset	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Admission calculation components:									
Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	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.	1,330,959	-	1,330,959	1,098,790	-	1,098,790	232,170	-	232,170
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. total (a. + b. + c.)	\$ 1,330,959	\$ -	\$ 1,330,959	\$ 1,098,790	\$ -	\$ 1,098,790	\$ 232,170	\$ -	\$ 232,170

(3) Used in ¶11.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.) b.i. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. b.ii. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.)

(a)	2015	2014
	65.05%	79.03%

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

Description	Ordinary	2015 Capital	Total	Ordinary	2014 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	2015	2014
(a) Current federal income tax expense	\$ -	\$ -
(b) Foreign Income tax expense	-	-
(c) Subtotal	-	-
(d) Tax expense on realized capital gains	524,452	780,079
(e) Utilization of capital loss carryforwards	(524,452)	(780,079)
(f) Other, including prior year underaccrual	164,748	-
(g) Federal and foreign income taxes incurred	\$ 164,748	\$ -

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, 2015	December 31, 2014	Change
(a) Ordinary				
(1)	Loss Reserve Discounting	\$ 5,537,510	\$ 6,061,344	\$ (523,834)
(2)	Unearned premiums	2,530,298	3,173,635	(643,337)
(3)	Policyholder reserves	-	-	-
(4)	Investments	-	-	-
(5)	Deferred acquisition costs	-	-	-
(6)	Policyholder dividends accrued	-	-	-
(7)	Fixed assets	-	-	-
(8)	Compensation and benefit accruals	1	-	1
(9)	Pension accruals	-	-	-
(10)	Nonadmitted assets	-	-	-
(11)	Net operating loss carry forward	75,825,788	64,947,344	10,878,444
(12)	Tax credit carry forward	779,960	615,212	164,748
(13)	Contingency Reserve	33,573,945	33,573,945	-
(14)	Other (separately disclose items >5%)	-	-	-
(99)	Subtotal - Gross ordinary DTAs	118,247,502	108,371,481	9,876,022
(b)	Statutory valuation adjustment adjustment - ordinary	(84,673,557)	(74,797,536)	(9,876,022)
(c)	Nonadmitted ordinary DTAs	(32,242,985)	(32,475,155)	232,170
(d)	Admitted ordinary DTAs	\$ 1,330,960	\$ 1,098,790	\$ 232,170
(e) Capital				
(1)	Investments	\$ -	\$ -	\$ -
(2)	Net capital loss carry forward	-	524,452	(524,451)
(3)	Real estate	-	-	-
(4)	Other (separately disclose items >5%)	-	-	-
(5)	Unrealized capital losses	-	-	-
(99)	Gross capital DTAs	-	524,452	(524,452)
(f)	Statutory valuation adjustment adjustment - capital	-	(524,452)	524,452
(g)	Nonadmitted capital DTAs	-	-	-
(h)	Admitted capital DTAs	\$ -	\$ -	\$ -
(i)	Admitted DTAs	\$ 1,330,960	\$ 1,098,790	\$ 232,170
(3) DTLs Resulting From Book/Tax Differences In		December 31, 2015	December 31, 2014	Change
(a) Ordinary				
(1)	Investments	\$ -	\$ -	\$ -
(2)	Fixed assets	(157,148)	(53,478)	(103,670)
(3)	Deferred and uncollected premiums	-	-	-
(4)	Policyholder reserves/salvage and subrogation	-	-	-
(5)	Other (separately disclose items >5%)	-	-	-
(99)	Ordinary DTLs	\$ (157,148)	\$ (53,478)	\$ (103,670)
(b) Capital				
(1)	Investments	\$ (1,173,812)	\$ (1,045,312)	\$ (128,500)
(2)	Real estate	-	-	-
(3)	Other (separately disclose items >5%)	-	-	-
(4)	Unrealized capital gains	-	-	-
(99)	Capital DTLs	\$ (1,173,812)	\$ (1,045,312)	\$ (128,500)
(c)	DTLs	\$ (1,330,960)	\$ (1,098,790)	\$ (232,170)
(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 S tatement):

	December 31, 2015	December 31, 2014	Bal. Sheet Change
Total deferred tax assets	\$ 118,247,502	\$ 108,895,933	\$ 9,351,569
Total deferred tax liabilities	(1,330,959)	(1,098,790)	(232,170)
Net deferred tax assets/liabilities	116,916,542	107,797,143	9,119,399
Statutory valuation allowance adjustment (*see explanation below)	(84,673,557)	(75,321,988)	(9,351,569)
Net deferred tax assets/liabilities after SVA	\$ 32,242,985	\$ 32,475,155	(232,170)
Tax effect of unrealized gains/(losses)			-
Statutory valuation allowance adjustment allocated to unrealized (+)			-
Change in net deferred income tax charge			\$ (232,170)

*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		Effective Tax Rate
	Amount	35.00% Tax Effect	
Income Before Taxes (including all realized capital losses)	\$ (25,474,574)	\$ (8,916,101)	35.00%
Tax-Exempt Interest	(1,184,281)	(414,498)	1.63%
Equity in Affiliates	(10,129)	(3,545)	0.01%
Proration	177,642	62,175	-0.24%
Meals & Entertainment, Lobbying Expenses, Etc.	6,019	2,107	-0.01%
Statutory Valuation Allowance Adjustment	26,718,768	9,351,570	-36.71%
Change in Contingency Reserve	-	-	0.00%
Prior Year True-up	900,606	315,212	-1.24%
Total	\$ 1,134,051	\$ 396,920	-1.56%
Federal income taxed incurred expense		164,748.10	-0.65%
Change in net deferred income tax benefit		232,170	-0.91%
Total statutory income taxes		\$ 396,918	-1.56%

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

The Company has net operating loss carryforwards of: \$ 216,645,109 expiring through the calendar year 2035

The Company had capital loss carryforwards of: \$ -

The Company has an AMT credit carryforward of: \$ 779,960 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
2013	\$ -	\$ -	\$ -	-
2014	-	-	-	-
2015	-	-	-	-
Total	\$ -	\$ -	\$ -	-

Deposits admitted under IRC § 6603
None

The Company's Net operating and capital loss carryforwards are limited in its aggregate under Section 382 of the Internal Revenue Code. See Notes 21C. This limitation is reflected in the statutory valuation allowance determination.

F. Income tax loss contingencies

N/A

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

In November 2015, the Internal Revenue Service ("IRS") concluded its examination of income tax returns for ACA through 2008 tax year. No material adjustments arose as a result of the audit in relation to the financial position or results of operations of the Company for the tax years that were examined. As of December 31, 2015, no material adjustments are expected for tax years for which the statute of limitations remains open.

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 2015 or 2014. The Company purchased ACA insured bonds from a surplus note holder. See Footnote 25.
- C. Not applicable.
- D. The Company has \$83 thousand net payable to subsidiaries at December 31, 2015 and December 31, 2014.
- 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 2015 or 2014.
- K. Not applicable.

NOTES TO FINANCIAL STATEMENTS

- L. The Company does not hold an investment in a downstream noninsurance holding company.
- M. Not applicable.
- N. Not applicable.

11. DEBT

- A. As of December 31, 2015 and December 31, 2014, the Company had no capital notes or other debt.
- B. As of December 31, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, the fair values of plan assets were \$5.9 million and \$6.5 million, respectively. For the years ended December 31, 2015 and 2014, the Company recognized expense in the amount of \$181.5 thousand and \$297.6 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 2015 or 2014.
- (5) The Company had negative earned surplus at December 31, 2015 and December 31, 2014; therefore no dividends can be paid in 2015 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 \$120,777.
- (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.

NOTES TO FINANCIAL STATEMENTS

14. CONTINGENCIES

A. Contingency Commitments

The Company has no contingent commitments.

B. Assessments

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

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 was stayed pending that motion. On May 2, 2014, the Appellate Division granted ACA’s motion for leave to appeal. Briefing began in July 2014 and oral arguments took place on March 26, 2015. On May 7, 2015, the Court of Appeals issued its decision reversing the dismissal by the Appellate Division. On August 18, 2015 the Appellate Division remanded the case to the Supreme Court. ACA’s motion to dismiss Goldman’s counterclaims against it and its third-party complaint against ACAM has been briefed, as has Paulson’s motion to dismiss the ACA’s claims against it. Oral argument on such motions is scheduled for March 2016. The various parties continue to seek discovery to the extent not yet obtained. The Company intends to vigorously pursue its claims, and defend those asserted against it, in this case.
- 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, 2015, ACA expects to recognize a gain aggregating approximately \$13.2 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 was 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 filed notice of appeal on March 19, 2015 and filed their opening appellate brief on October 6, 2015. The appeal was fully briefed as of February 2016 and oral arguments are expected by the end of 2016. The other defendants reached confidential settlements with Retirement Housing Foundation. The Company believes that the issues raised in Plaintiffs’ appeal are without merit and intends to defend itself vigorously.

The Company (specifically, ACA Management, LLC) is one of many defendants in an action pending in New Mexico First Judicial District Court, in Santa Fe, filed in 2008 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”). Further, the complaint seeks to

NOTES TO FINANCIAL STATEMENTS

impose joint and several liability on all defendants. In April 2010, the then-presiding judge ruled that the retroactive nature of FATA was unconstitutional. The ruling was affirmed by the New Mexico Court of Appeals. However, on June 25, 2015, the Supreme Court of the State of New Mexico reversed and held that FATA is constitutional. The New Mexico Supreme Court also consolidated multiple related cases and reassigned the consolidated proceeding to a new district judge. Briefing by the various parties currently is focused on the New Mexico Attorney General’s motion to dismiss and Vanderbilt’s motion to confirm its settlement with the Attorney General. If either motion is granted, it is likely the Company will be dismissed from the suit. Early in the proceeding, ACA moved to dismiss the complaint for lack of personal jurisdiction and the then-presiding judge deferred ruling on the Company’s jurisdictional motion pending jurisdictional discovery. The Company’s jurisdictional motion remains pending while the other motions are adjudicated. To the extent activity directly involving the Company resumes in the case, the Company intends to continue to defend itself vigorously.

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

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

E. Product Warranties

Not applicable.

F. 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, 2015 and 2014 was \$546.6 thousand.

(2) At January 1, 2016, the minimum future lease payments under the lease are as follows (dollars in thousands):

Year Ending December 31,	Operating Leases
2016	479
Total	<u>\$ 479</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, 2015 and December 31, 2014:

(\$ in millions)	December 31, 2015		December 31, 2014	
	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	\$ 172	7.7%	\$ 203	7.5%
Tax backed	210	9.4%	276	10.2%
Higher education	468	20.9%	575	21.2%
Long-term care	116	5.2%	139	5.1%
General obligations	624	27.9%	732	27.0%
Utilities	55	2.5%	63	2.3%
Transportation	185	8.3%	191	7.0%
Housing	64	2.9%	118	4.3%
Not for Profit	194	8.7%	260	9.6%
Other	146	6.5%	152	5.6%
Total municipal obligations	<u>2,234</u>	<u>99.7%</u>	<u>2,709</u>	<u>99.8%</u>
Taxable obligations				
Other	6	0.3%	6	0.2%
Total	<u>\$ 2,240</u>	<u>100.0%</u>	<u>\$ 2,715</u>	<u>100.0%</u>

For the year ended December 31, 2015, the Company reported a decrease in insured net par outstanding of \$475 million, of which \$394 million was attributable to Refundings, including early retirement due to cancellation (See Note 1.C.(1)).

NOTES TO FINANCIAL STATEMENTS

(\$ in millions)	PAR EXPOSURE BY STATE	December 31, 2015		December 31, 2014	
		Net Par	% of Net Par	Net Par	% of Net Par
		Outstanding	Outstanding	Outstanding	Outstanding
New York		\$ 510	22.8%	\$ 548	20.2%
California		403	18.0%	490	18.1%
Massachusetts		109	4.9%	190	7.0%
Florida		123	5.5%	175	6.5%
Washington		92	4.1%	100	3.7%
Other states		997	44.6%	1,206	44.5%
	Total municipal obligations	\$ 2,234	100.0%	\$ 2,709	100.0%

NET PAR OUTSTANDING BY MATURITY

(\$ in millions)	December 31, 2015	
	Net Par	Outstanding
Terms of Maturity		
0 to 5 years	\$	456
5 to 10 years		634
10 to 15 years		562
15 to 20 years		469
20 and above		119
Total	\$	2,240

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:

December 31, 2015				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 3,287,902	\$ -	\$ 3,287,902
Total	\$ -	\$ 3,287,902	\$ -	\$ 3,287,902

December 31, 2014				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 193,078	\$ -	\$ 193,078
Total	\$ -	\$ 193,078	\$ -	\$ 193,078

(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

NOTES TO FINANCIAL STATEMENTS

and liabilities in active markets, and inputs other than quoted prices that are observable at commonly quoted intervals.

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

(5) Derivative Fair Value

Not applicable

B. Other Fair Value Disclosures

Not applicable

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

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

December 31, 2015						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying
Bonds	\$ 323,515,344	\$ 320,613,543	\$ -	\$ 323,515,344	\$ -	\$ -
Cash & Short-Term Investments	6,082,166	6,082,166	2,167,843	3,914,323	-	-
Total	\$ 329,597,510	\$ 326,695,708	\$ 2,167,843	\$ 327,429,667	\$ -	\$ -

December 31, 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	\$ -	\$ -

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 2015 and 2014.

B. Troubled Debt Restructurings: Debtors

The Company had no troubled debt restructurings during 2015 and 2014. 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 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, 2015 and December 31, 2014 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 \$40 million to \$60 million at December 31, 2015, 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, 2015, the Company

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had insured obligations with outstanding principal totaling \$375.9 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 \$208.1 million classified in Category 3, which means those credits have materially violated financial and operational covenants and require remedial action to avoid further performance deterioration. As discussed in Note 16, the risk of loss under the Company's guaranties extends to the full amount of unpaid principal and interest on all debt obligations it has guaranteed. No assurance can be provided that further deterioration in ACA's insured guaranties will not occur resulting in a further migration of insured exposure to categories 3 and 4 or that ACA will not incur losses that may be materially in excess of what it currently estimates.

- Losses incurred and reserves for losses are reported by the Company net of estimated recoveries from salvage and subrogation. Estimated salvage and subrogation are a material component of the Company's incurred losses and reserves for losses (both on-balance sheet and off-balance sheet). Pursuant to the Company's policies of insurance, should the Company pay a claim under a policy, 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 severity of loss 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.

ACA experienced an ownership change for purposes of Section 382 in 2014. 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

NOTES TO FINANCIAL STATEMENTS

in connection with the Restructuring Transaction. Of such amount, the aforementioned insured credit swap counterparties’ received \$950 million as previously discussed and the balance of \$50 million was issued to ACACH. While certain of the surplus notes issued to the insured credit swap counterparties were issued to be non-voting at the request of certain of such counterparties, the surplus notes issued to the counterparties, in the aggregate, represent a 100% voting interest in the Company. The surplus notes issued to ACACH are all non-voting.

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

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

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

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

Management is actively seeking to (i) remediate deteriorated insured exposures to minimize claim payments, maximize recoveries and mitigate ultimate 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. ACA’s Board conducted a strategic review of the Company’s finances and operations in 2014, including exploration of a sale or reinsurance assumption and outsourcing management of the Company’s operations. The sale and reinsurance assumption efforts were not successful and there are no present efforts to sell the Company. Although competitive outsourcing proposals were received from other financial guaranty companies and other third parties, the Company ultimately decided that the expense reduction plan developed in late 2014 was the most optimal path forward. 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, 2015 and December 31, 2014, 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 \$4.4 million and \$4.6 million at December 31, 2015 and December 31, 2014, respectively. The Company has a loss reserve against this exposure in the amount of \$1.5 million and \$1.3 million at December 31, 2015 and December 31, 2014, respectively.

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- (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, 2015:

	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	\$ 13,575,905	\$ 13,818,459	\$ 14,242,942	\$ -
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities	16,173,079	16,169,663	16,112,004	-
e. Equity investment in SCAs				
f. Other assets				
g. Total	\$ 29,748,984	\$ 29,988,122	\$ 30,354,946	\$ -

- (4) As stated in F. (1) above, the Company has an outstanding loss reserve in the amount of \$1.5 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	-	212,263	1,488,863	-
c. Other lines	-	-	-	-
d. Total	\$ -	\$ 212,263	\$ 1,488,863	\$ -

G. Insurance-linked Securities

Not applicable.

22. EVENTS SUBSEQUENT

The Company reviewed all transactions and other matters that have occurred from January 1, 2016 through February 11, 2016 (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, 2015. 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	4,081,899	-	-	-	4,081,899	-
Total	\$ 4,081,899	\$ -	\$ -	\$ -	\$ 4,081,899	\$ -

Direct Unearned Premium Reserve: \$70,180,779

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 2015.

F. Retroactive Reinsurance

The Company has no retroactive reinsurance contracts.

G. Reinsurance Accounted for as a Deposit

NOTES TO FINANCIAL STATEMENTS

The Company did not account for any reinsurance as deposits.

H. Not applicable.

I. Not applicable.

J. Not applicable.

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

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

For the year ended December 31, 2015, the Company recorded a net provision for losses incurred of \$47.9 million, which consisted of \$5.0 million of net adverse loss development on accident years prior to 2015 ("prior accident year claims") and \$42.9 million losses incurred relating to the current accident year. The Company reflects loss remediation bond buybacks as loss payments and reflects a corresponding modeled reduction to estimated future losses. Loss remediation bond purchases may relate to policies where case basis reserves have already been established in the statutory financial statements or for policies related to Off-Balance Sheet Losses. See footnote 21C(1). During the 2015 year, the Company purchased bonds for loss remediation purposes in the amount of \$33.3 million. The majority of the bond purchases made during the year were sold to the Company by a Surplus Note Holder. As of December 31, 2015, the Company's liability for unpaid losses was \$111.0 million, which related to twenty-six insured transactions, with a remaining aggregate in-force par outstanding of \$144.6 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$144.6 million represents the remaining maximum amount of par exposure subject to loss in regard to these twenty-six 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, 2015 ranged from \$40 million to \$60 million. This range of Off-Balance Sheet Losses related to thirteen insured transactions, with a remaining aggregate in-force par outstanding of approximately \$77.8 million, excluding the aforementioned Off-Balance Sheet Losses.

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.

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, 2015 and December 31, 2014.

B. The Company has no risk sharing receivables as of December 31, 2015 and December 31, 2014.

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, 2015 and December 31, 2014 was 3.07% and 3.12%, respectively. The discount rate is based on the average rate of return on the Company's admitted assets determined at the end of each year. The net amount of discount associated with the Company's loss reserves at December 31, 2015 was \$0.3 million. Loss adjustment expenses are not discounted.

33. ASBESTOS/ENVIRONMENTAL RESERVES

NOTES TO FINANCIAL STATEMENTS

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

34. SUBSCRIBER SAVINGS ACCOUNTS

The Company has no subscriber savings accounts.

35. MULTIPLE PERIL CROP INSURANCE

The Company has never written this line of business.

36. FINANCIAL GUARANTY INSURANCE

A.

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

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

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

- (2) a. The amount of premium revenue that has been accelerated during the years ended December 31, 2015 and 2014 was \$15.4 million and \$21.6 million, respectively.

b. Schedule of the future expected earned premium revenue on contracts written on an upfront basis as of December 31, 2015:

1.

1st Quarter 2016	\$	979,491
2nd Quarter 2016		962,541
3rd Quarter 2016		1,259,374
4th Quarter 2016		1,272,963
Year 2017		4,524,136
Year 2018		4,095,979
Year 2019		4,194,747
Year 2020		4,550,530
Subtotal		21,839,762

2.

2021 through 2025	20,781,569
2026 through 2030	16,514,899
2031 through 2035	12,068,959
2036 through 2039	3,057,489
Total	\$ 74,262,677

- (3) Claim liability:

a. The Company used a rate of 3.07% to discount the claim liability.

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

Reserves for losses at December 31, 2014	\$	105,551,542
Accretion of the discount		4,517,092
New reserves for defaults of insured contracts		27,991,958 ⁽¹⁾
Development on prior accident years reserves		(27,095,804) ⁽²⁾
Change in deficiency reserves		-
Change in incurred but not reported claims		-
Total change in reserves		5,413,246
Reserves for losses at December 31, 2015	\$	110,964,788

⁽¹⁾ Represents 2015 accident year loss development of \$42,882,159, less claim payments of \$14,890,201.

⁽²⁾ Represents favorable loss development of \$502,688 and claim payments of \$27,598,492.

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

a. Category 1: Fully Performing

Credits are fully performing. Covenants have been met, financial reporting is timely and complete, and there have been no significant negative deviations from expected performance.

Category 2: Watch

Credits are performing below expected levels. Some covenants have been violated, projected budget and/or cash flow has not been achieved, operating performance or financial position is weakened. Although operating results are below underwriting expectations, current and projected revenues are adequate to service debt.

NOTES TO FINANCIAL STATEMENTS

Category 3: Deteriorating
Credits show significant performance declines. Covenant violations are recurring and material; cashflow is significantly below projections, operating results are materially impaired. Corrective action is required to arrest credit deterioration and avert a longer-term risk of payment default.

Category 4: Paid or Expected Claim
Credits show material decline in creditworthiness and ability to pay. Operating results are increasingly negative, unreimbursed draws on debt service reserves have been made; payment defaults have occurred or are expected, and loss reserves have been established or are expected to be established in the financial statements.

- b. Risk management activities are performed by ACA’s portfolio management department. Portfolio analysts monitor all insured transactions in the portfolio to determine whether their financial performance is consistent with underwriting expectations and to identify any deterioration in the obligor’s ability or willingness to pay insured debt service. Portfolio management staff are also responsible for recommending and undertaking remedial actions to prevent or mitigate losses.
- All transactions in the insured portfolio are assigned one of four internal credit quality classifications that reflect the current and expected performance of the obligor. Credit quality classifications of insured transactions are reviewed and updated on a regular basis as analysts obtain more current financial and market information from the obligor, the trustee, or from public sources such as rating agencies and fixed income analysts. The frequency with which individual obligors are reviewed is based on ACA’s judgment of potential performance volatility and varies according to credit classification, sector, geography, size of exposure, and exogenous events.
- B. Schedule of insured financial obligations at the end of the period:

	Credit Quality Categories				Total
	1	2	3	4	
Number of policies	116	42	16	36	210
Remaining weighted-average contract period (in years)	11	9	9	11	11
Insured contractual payments outstanding:					
Principal	\$ 1,309,506,897	\$ 346,075,884	\$ 208,072,909	\$ 375,923,699	\$ 2,239,579,389
Interest	783,774,658	182,016,160	165,896,972	335,887,051	1,467,574,841
Total	<u>\$ 2,093,281,555</u>	<u>\$ 528,092,044</u>	<u>\$ 373,969,882</u>	<u>\$ 711,810,750</u>	<u>\$ 3,707,154,231</u>
Gross claim and LAE liability	\$ -	\$ 56,000	\$ 323,000	\$ 171,558,914	\$ 171,937,914
Less:					
Gross potential recoveries	-	-	-	57,419,501	57,419,501
Discount, net	-	-	-	(312,374)	(312,374)
Net claim and LAE liability	<u>\$ -</u>	<u>\$ 56,000</u>	<u>\$ 323,000</u>	<u>\$ 114,451,787</u>	<u>\$ 114,830,787</u>
Unearned premium revenue	\$ 27,353,909	\$ 14,133,881	\$ 9,482,807	\$ 23,292,080	\$ 74,262,678
Claim and LAE liability reported in the balance sheet	\$ -	\$ 56,000	\$ 323,000	\$ 114,451,787	\$ 114,830,787
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?
Weiser Mazars LLP, 501 Office Center Drive, Suite 300 Fort Washington, PA 19034.....

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 18A 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? Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

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

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

4,817,907

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 [X]

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.....	324,527,866	327,429,667	2,901,801
30.2 Preferred Stocks.....			
30.3 Totals	324,527,866	327,429,667	2,901,801

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 [X]

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 Investment Analysis Office* been followed?

Yes [X] 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? \$116,977
- 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.....	\$.....89,778

- 34.1 Amount of payments for legal expenses, if any? \$1,116,164
- 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
NONE AT 25% OR MORE.....	\$.....

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has 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. \$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE ACA Financial Guaranty Corporation

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2015	2 2014	3 2013	4 2012	5 2011
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)	62,440	61,969	146,478	61,957	308,978
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	62,440	61,969	146,478	61,957	308,978
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)	62,440	61,969	146,478	61,957	308,978
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	62,440	61,969	146,478	61,957	308,978
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(40,337,654)	(33,387,020)	(30,070,051)	(28,755,025)	(53,306,130)
14. Net investment gain (loss) (Line 11)	14,863,077	15,809,315	20,747,946	17,612,295	19,629,803
15. Total other income (Line 15)		3,305,000	140,500	5,189,607	7,415,322
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	(25,474,577)	(14,272,705)	(9,181,605)	(5,953,123)	(26,261,005)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	330,017,630	370,865,469	391,426,697	424,590,463	448,171,431
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)	288,851,981	303,963,343	302,379,649	315,396,543	330,856,668
22. Losses (Page 3, Line 1)	110,964,787	105,551,542	83,332,374	78,234,876	64,392,168
23. Loss adjustment expenses (Page 3, Line 3)	3,866,000	4,565,000	5,979,000	8,345,000	11,497,000
24. Unearned premiums (Page 3, Line 9)	74,262,678	92,643,742	119,602,855	146,732,137	174,425,586
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)	41,165,649	66,902,126	89,047,048	109,193,920	117,314,763
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(40,937,640)	(18,623,742)	(33,205,407)	(23,420,712)	(16,235,417)
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)	98.1	98.9	97.9	94.3	97.1
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)	1.9	1.1	2.1	5.7	2.9
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)	0.0			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)					

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2015	2014	2013	2012	2011
(Continued)					
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(94,685)	30,905	(37,566)	189,856	(141,733)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(25,736,477)	(22,144,922)	(20,146,872)	(8,120,843)	10,113,646
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)	42,488,693	19,671,260	30,402,600	16,414,559	16,477,959
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	42,488,693	19,671,260	30,402,600	16,414,559	16,477,959
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)	42,488,693	19,671,260	30,402,600	16,414,559	16,477,959
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	42,488,693	19,671,260	30,402,600	16,414,559	16,477,959
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)	259.7	155.0	130.2	109.0	208.2
68. Loss expenses incurred (Line 3)	7.2	7.5	10.8	3.4	77.6
69. Other underwriting expenses incurred (Line 4)	51.8	61.0	69.3	91.2	140.6
70. Net underwriting gain (loss) (Line 8)	(218.7)	(123.6)	(110.2)	(103.6)	(326.4)
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)	15,304.7	21,274.6	12,803.9	32,477.3	5,033.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	266.9	162.5	141.0	112.4	285.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	0.2	0.1	0.2	0.1	0.3
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)	(2,951)	11,582	4,234	(5,345)	(8,690)
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)	(4.4)	13.0	3.9	(4.6)	(8.1)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	12,171	13,011	(10,152)	(9,664)	6,419
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)	13.7	11.9	(8.7)	(9.0)	4.7

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 2015 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 2015				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	62,441	18,089,546		70,180,779	42,488,694	47,901,939	110,964,787	2,021,957	1,322,957	3,866,000		138,767
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.	TOTAL (a)	62,441	18,089,546		70,180,779	42,488,694	47,901,939	110,964,787	2,021,957	1,322,957	3,866,000		138,767
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 2015 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)	326,714,864		326,714,864
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	3,302,766		3,302,766
6. Net amount recoverable from reinsurers		119,644	119,644
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	330,017,630	119,644	330,137,274
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	114,830,787		114,830,787
10. Taxes, expenses, and other obligations (Lines 4 through 8)	2,906,641		2,906,641
11. Unearned premiums (Line 9)	74,262,678		74,262,678
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	96,851,875	119,644	96,971,519
19. Total liabilities excluding protected cell business (Line 26)	288,851,981	119,644	288,971,625
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	41,165,649	X X X	41,165,649
22. Totals (Line 38)	330,017,630	119,644	330,137,274

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 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX									XXX
2. 2006	72,477	3,202	69,275			4,565					4,565	XXX
3. 2007	94,135	1,842	92,293	24,048		15					24,062	XXX
4. 2008	26,172	74	26,098	252,890		20,547				2,513	273,438	XXX
5. 2009	15,533	87	15,446	5,296		1,858				73	7,154	XXX
6. 2010	15,250	46	15,205	18,282		4,228				1,000	22,509	XXX
7. 2011	16,397	63	16,333	18,742		8,891				210	27,633	XXX
8. 2012	27,901	146	27,755	15,944		1,964				222	17,909	XXX
9. 2013	27,347	72	27,276	19,930		714					20,644	XXX
10. 2014	27,117	94	27,022	24,411		787					25,198	XXX
11. 2015	18,443		18,443	14,890		26					14,916	XXX
12. Totals	XXX	XXX	XXX	394,433		43,595				4,017	438,028	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	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	1,512											1,512	XXX
2.													XXX
3.													XXX
4.	10,774					35						10,809	XXX
5.	13,445					165						13,610	XXX
6.	(3,908)					149					10,070	(3,759)	XXX
7.	18,974				1,031						27,194	20,005	XXX
8.	23,396				229						6,674	23,625	XXX
9.	9,013				122						2,727	9,135	XXX
10.	3,662				750						10,755	4,412	XXX
11.	33,784				1,385							35,169	XXX
12.	110,652				3,866						57,419	114,518	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	23		XXX	1,489	
2.	4,565		4,565	6.3		6.6					
3.	24,062		24,062	25.6		26.1					
4.	284,246		284,246	1,086.1		1,089.2	2,213			8,561	35
5.	20,764		20,764	133.7		134.4	3,352			10,093	165
6.	18,751		18,751	123.0		123.3	(6,686)			2,778	149
7.	47,638		47,638	290.5		291.7	(4,151)			23,124	1,031
8.	41,534		41,534	148.9		149.6	2,277			21,120	229
9.	29,780		29,780	108.9		109.2	899			8,114	122
10.	29,610		29,610	109.2		109.6	(4,031)			7,693	750
11.	50,086		50,086	271.6		271.6	5,792			27,992	1,385
12.	XXX	XXX	XXX	XXX	XXX	XXX	(312)		XXX	110,965	3,866

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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior	(4,034)	.891	.5,429	.3,595	.415	.462	(469)	(341)	(83)	.142	.225	.484
2. 2006	.331	.124	.1,124	.4,364	.5,465	.4,565	.4,565	.4,565	.4,565	.4,565		
3. 2007	XXX	.32,450	.24,062	.24,062	.24,062	.24,062	.24,062	.24,062	.24,062	.24,062		
4. 2008	XXX	XXX	.284,664	.291,505	.290,580	.291,230	.290,400	.285,173	.285,174	.284,246	(.928)	(.927)
5. 2009	XXX	XXX	XXX	.13,363	.19,528	.22,988	.23,215	.21,426	.20,474	.20,764	.290	(.662)
6. 2010	XXX	XXX	XXX	XXX	.28,722	.16,775	.17,336	.17,834	.18,141	.18,751	.610	.917
7. 2011	XXX	XXX	XXX	XXX	XXX	.43,464	.39,093	.40,676	.50,902	.47,638	(3,265)	6,962
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	.29,662	.38,703	.37,640	.41,534	3,894	2,831
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.27,212	.30,017	.29,780	(.238)	2,567
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.33,150	.29,610	(3,540)	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,086	XXX	XXX
12. Totals											(2,951)	12,171

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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior	.000	.803	(.741)	(.1,370)	(.1,370)	(.1,370)	(.1,370)	(.1,370)	(.1,370)	(.1,370)	XXX	XXX
2. 2006	.96	.112	.299	.3,164	.4,565	.4,565	.4,565	.4,565	.4,565	.4,565	XXX	XXX
3. 2007	XXX	.23,964	.24,062	.24,062	.24,062	.24,062	.24,062	.24,062	.24,062	.24,062	XXX	XXX
4. 2008	XXX	XXX	.258,403	.260,203	.261,717	.263,284	.264,673	.271,092	.271,962	.273,438	XXX	XXX
5. 2009	XXX	XXX	XXX	.870	.1,846	.2,824	.3,829	.4,817	.6,053	.7,154	XXX	XXX
6. 2010	XXX	XXX	XXX	XXX	.1,462	.15,636	.17,877	.20,656	.21,640	.22,509	XXX	XXX
7. 2011	XXX	XXX	XXX	XXX	XXX	.3,804	.8,929	.14,473	.24,780	.27,633	XXX	XXX
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	.10,749	.13,465	.15,529	.17,909	XXX	XXX
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.17,274	.19,669	.20,644	XXX	XXX
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.5,258	.25,198	XXX	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,916	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	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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	8,091		1,563				122	9,654	XXX
2. 2014	27,117	94	27,022	24,411		787					25,198	XXX
3. 2015	18,443		18,443	14,890		26					14,916	XXX
4. Totals	XXX	XXX	XXX	47,393		2,376				122	49,768	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	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	73,206				1,731								
2.	3,662				750						10,755	4,412	5
3.	33,784				1,385							35,169	2
4.	110,652				3,866						57,419	114,518	26

	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	(2,074)		XXX	75,279	1,731
2.	29,610		29,610	109.2		109.6	(4,031)			7,693	750
3.	50,086		50,086	271.6		271.6	5,792			27,992	1,385
4.	XXX	XXX	XXX	XXX	XXX	XXX	(312)		XXX	110,965	3,866

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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior												
2. 2006												
3. 2007	XXX											
4. 2008	XXX	XXX										
5. 2009	XXX	XXX	XXX									
6. 2010	XXX	XXX	XXX	XXX								
7. 2011	XXX	XXX	XXX	XXX	XXX							
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2015	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. 2006												
3. 2007	XXX											
4. 2008	XXX	XXX										
5. 2009	XXX	XXX	XXX									
6. 2010	XXX	XXX	XXX	XXX								
7. 2011	XXX	XXX	XXX	XXX	XXX							
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	90,277	101,859	102,448	589	12,171
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,150	29,610	(3,540)	XXX
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,086	XXX	XXX
4. Totals											(2,951)	12,171

SCHEDULE P - PART 2T – WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior	.000											
2. 2006												
3. 2007	XXX											
4. 2008	XXX	XXX										
5. 2009	XXX	XXX	XXX									
6. 2010	XXX	XXX	XXX	XXX								
7. 2011	XXX	XXX	XXX	XXX	XXX							
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	.000											
2. 2006												
3. 2007	XXX											
4. 2008	XXX	XXX										
5. 2009	XXX	XXX	XXX									
6. 2010	XXX	XXX	XXX	XXX								
7. 2011	XXX	XXX	XXX	XXX	XXX							
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2015	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	17,857	27,511	XXX	XXX
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,258	25,198	XXX	XXX
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,916	XXX	XXX

SCHEDULE P - PART 3T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000				
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
3. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2015	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	114,831			62		
22. Warranty						
23. Totals	114,831			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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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	114,831			62		
22. Warranty						
23. Totals	114,831			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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	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	2006		
1.603	2007		
1.604	2008		
1.605	2009		
1.606	2010		
1.607	2011		
1.608	2012		
1.609	2013		
1.610	2014		
1.611	2015		
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		728,294						
2. Alaska	AK L		44,547						
3. Arizona	AZ L		225,784						
4. Arkansas	AR L		49,003		2,486,212	5,196,392	16,250,601		
5. California	CA L		3,699,372		15,723,112	33,059,853	39,439,972		
6. Colorado	CO L		264,521						
7. Connecticut	CT L		43,538						
8. Delaware	DE L		645,936						
9. Dist. Columbia	DC L		162,818						
10. Florida	FL L		3,991,258		792,804	15,173	(3,382,905)		
11. Georgia	GA L		228,081		1,211,245	236,015	9,299,496		
12. Hawaii	HI L								
13. Idaho	ID L								
14. Illinois	IL L		1,597,608		17,665,652	7,358,771	12,791,576		
15. Indiana	IN L		3,585						
16. Iowa	IA L								
17. Kansas	KS L								
18. Kentucky	KY L								
19. Louisiana	LA L	10,625	97,366		603,791	252,884	5,578,215		
20. Maine	ME L								
21. Maryland	MD L								
22. Massachusetts	MA L		525,221		21,447	7,805	524,868		
23. Michigan	MI L		635,824						
24. Minnesota	MN L	1,336	154,045		436,943	317,139	5,104,749		
25. Mississippi	MS L		71,672		1,468,397	(16,442)	8,561,268		
26. Missouri	MO L	6,480	47,331		223,593	41,640	1,006,967		
27. Montana	MT L								
28. Nebraska	NE L								
29. Nevada	NV L								
30. New Hampshire	NH L	44,000	186,069						
31. New Jersey	NJ L		80,676						
32. New Mexico	NM L								
33. New York	NY L		1,467,822		254,833	152,726	1,815,890		
34. No. Carolina	NC L		13,365						
35. No. Dakota	ND L		332,806						
36. Ohio	OH L		49,974						
37. Oklahoma	OK L		557,075						
38. Oregon	OR L		63,956						
39. Pennsylvania	PA L		170,221						
40. Rhode Island	RI L		16,919						
41. So. Carolina	SC L		9,146		602,619	463,850	962,289		
42. So. Dakota	SD L		160,415						
43. Tennessee	TN L								
44. Texas	TX L		1,443,143		332,208	407,588	4,514,784		
45. Utah	UT L								
46. Vermont	VT L								
47. Virginia	VA L		13,317		665,838	408,545	8,497,017		
48. Washington	WA L		59,868						
49. West Virginia	WV L								
50. Wisconsin	WI L		40,088						
51. Wyoming	WY L								
52. American Samoa	AS N								
53. Guam	GU L		169,821						
54. Puerto Rico	PR L		39,061						
55. U.S. Virgin Islands	VI L								
56. Northern Mariana Islands	MP N								
57. Canada	CAN N								
58. Aggregate other alien	OT XXX								
59. Totals	(a) 54	62,441	18,089,546		42,488,694	47,901,939	110,964,787		
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

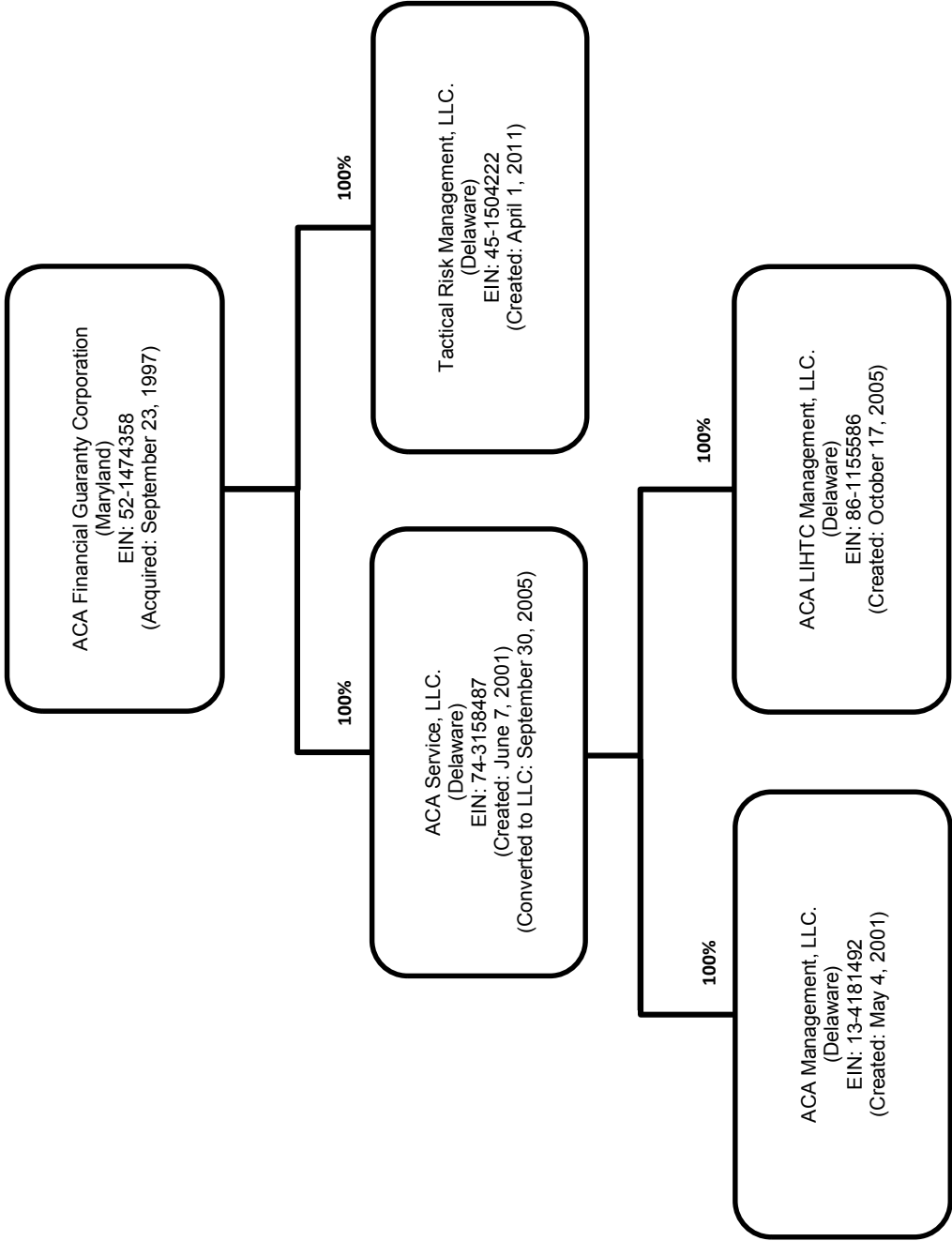
SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

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

NONE

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



SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

NONE

Asterisk

Explanation

68

68

68

68

ANNUAL STATEMENT FOR THE YEAR 2015 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?	.....SEE EXPLANATION.....
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 2015 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.....
33.

Will the Cybersecurity and Identity Theft Insurance Coverage Supplement be filed with the state of domicile and the NAIC by April 1?

.....NO.....

AUGUST FILING

34.

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

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

Explanation:

2.

Not required by domicile state
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.
34.

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



















Bar Code:

3.


2 2 8 9 6 2 0 1 5 3 9 0 0 0 0 0 0
4.


2 2 8 9 6 2 0 1 5 3 9 0 0 0 0 0 0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

8.	 2 2 8 9 6 2 0 1 5 2 0 1 0 0 0 0 0
12.	 2 2 8 9 6 2 0 1 5 4 2 0 0 0 0 0 0
14.	 2 2 8 9 6 2 0 1 5 3 6 0 5 9 0 0 0
15.	 2 2 8 9 6 2 0 1 5 4 5 5 0 0 0 0 0
16.	 2 2 8 9 6 2 0 1 5 4 9 0 0 0 0 0 0
17.	 2 2 8 9 6 2 0 1 5 3 8 5 0 0 0 0 0
19.	 2 2 8 9 6 2 0 1 5 3 6 5 0 0 0 0 0
23.	 2 2 8 9 6 2 0 1 5 5 0 0 0 0 0 0 0
24.	 2 2 8 9 6 2 0 1 5 5 0 5 0 0 0 0 0
25.	 2 2 8 9 6 2 0 1 5 2 2 4 0 0 0 0 0
26.	 2 2 8 9 6 2 0 1 5 2 2 5 0 0 0 0 0
27.	 2 2 8 9 6 2 0 1 5 2 2 6 0 0 0 0 0
28.	 2 2 8 9 6 2 0 1 5 2 3 0 5 9 0 0 0
29.	 2 2 8 9 6 2 0 1 5 3 0 6 0 0 0 0 0
30.	 2 2 8 9 6 2 0 1 5 2 1 0 0 0 0 0 0
31.	 2 2 8 9 6 2 0 1 5 2 1 6 5 9 0 0 0
32.	 2 2 8 9 6 2 0 1 5 2 1 7 0 0 0 0 0
33.	 2 2 8 9 6 2 0 1 5 5 5 0 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.....	1,369		1,369	2,031
2505.				
2506.				
2597. Summary of remaining write-ins for Line 25 from page 2	1,369		1,369	2,031

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	5,799,256	1.775	5,799,256		5,799,256	1.775
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	85,067	0.026	85,067		85,067	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	44,612	0.014	44,612		44,612	0.014
1.43 Revenue and assessment obligations	17,877,052	5.470	17,877,052		17,877,052	5.472
1.44 Industrial development and similar obligations	560,862	0.172	560,862		560,862	0.172
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	40,329,815	12.341	40,329,815		40,329,815	12.344
1.512 Issued or guaranteed by FNMA and FHLMC	32,353,880	9.900	32,353,880		32,353,880	9.903
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	13,487,885	4.127	13,487,885		13,487,885	4.128
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	31,745,445	9.714	31,745,445		31,745,445	9.717
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	146,481,821	44.823	146,481,821		146,481,821	44.835
2.2 Unaffiliated non-U.S. securities (including Canada)	31,847,848	9.745	31,847,848		31,847,848	9.748
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$0 property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities	19,156	0.006	19,156		19,156	0.006
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	6,082,166	1.861	6,082,166		6,082,166	1.862
11. Other invested assets	82,782	0.025				
12. Total invested assets	326,797,647	100.000	326,714,865		326,714,865	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.....	83,260
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	(478)
5.2	Totals, Part 3, Column 9	(478)
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).....	82,782
12.	Deduct total nonadmitted amounts.....	82,782
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.....	364,588,427
2.	Cost of bonds and stocks acquired, Part 3, Column 7.....	135,237,954
3.	Accrual of discount.....	879,050
4.	Unrealized valuation increase (decrease):	
4.1	Part 1, Column 12.....	(94,207)
4.2	Part 2, Section 1, Column 15.....	
4.3	Part 2, Section 2, Column 13.....	
4.4	Part 4, Column 11.....	(94,207)
5.	Total gain (loss) on disposals, Part 4, Column 19.....	2,203,449
6.	Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	179,711,116
7.	Deduct amortization of premium.....	2,490,016
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.....	
9.2	Part 2, Section 1, Column 17.....	
9.3	Part 2, Section 2, Column 14.....	
9.4	Part 4, Column 13.....	
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	320,613,543
11.	Deduct total nonadmitted amounts.....	
12.	Statement value at end of current period (Line 10 minus Line 11).....	320,613,543

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	46,563,169	46,946,765	46,683,820	44,520,439
	2. Canada				
	3. Other Countries				
	4. Totals	46,563,169	46,946,765	46,683,820	44,520,439
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	44,612	49,489	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	63,930,648	66,698,523	63,109,705	114,694,262
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States	178,227,266	178,086,626	178,602,357	183,570,131
	9. Canada	1,525,000	1,493,894	1,525,000	1,525,000
	10. Other Countries	30,322,848	30,240,047	30,538,827	50,800,673
	11. Totals	210,075,114	209,820,568	210,666,183	235,895,804
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	320,613,543	323,515,344	320,503,834	395,160,505
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	320,613,543	323,515,344	320,503,834	

ANNUAL STATEMENT FOR THE YEAR 2015 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	12,385,182	28,821,132	9,271,178			50,477,492	15.6	64,345,761	17.6	50,477,492	
1.2 NAIC 2											
1.3 NAIC 3											
1.4 NAIC 4											
1.5 NAIC 5											
1.6 NAIC 6											
1.7 Totals	12,385,182	28,821,132	9,271,178			50,477,492	15.6	64,345,761	17.6	50,477,492	
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				44,612		44,612	0.0			44,612	
4.2 NAIC 2											
4.3 NAIC 3											
4.4 NAIC 4								44,406	0.0		
4.5 NAIC 5											
4.6 NAIC 6											
4.7 Totals				44,612		44,612	0.0	44,406	0.0	44,612	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 NAIC 1	10,553,161	33,264,880	2,481,875			46,299,916	14.3	51,213,791	14.0	46,299,916	
5.2 NAIC 2	1,469,347	85,049		2,050,262		3,604,658	1.1	3,445,823	0.9	3,604,658	
5.3 NAIC 3		139,565		946,761	1,523,449	2,609,774	0.8	84,523	0.0	2,609,774	
5.4 NAIC 4											
5.5 NAIC 5	6,834,635	2,267,602		612,698		9,714,936	3.0	12,151,418	3.3	9,564,936	150,000
5.6 NAIC 6	170,165	291,127	148,293	585,475	506,305	1,701,365	0.5	1,553,691	0.4	1,701,365	
5.7 Totals	19,027,308	36,048,223	2,630,168	4,195,195	2,029,753	63,930,648	19.7	68,449,246	18.7	63,780,648	150,000

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ANNUAL STATEMENT FOR THE YEAR 2015 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) 81,352,867	117,726,611	29,932,022	538,164	3,000,000	232,549,664	71.7	XXX	XXX	213,250,583	19,299,081
9.2 NAIC 2	(d) 14,556,809	27,236,851	30,957,528	5,200,939		77,952,127	24.0	XXX	XXX	70,554,855	7,397,273
9.3 NAIC 3	(d)	139,565		946,761	1,523,449	2,609,774	0.8	XXX	XXX	2,609,774	
9.4 NAIC 4	(d)							XXX	XXX		
9.5 NAIC 5	(d) 6,834,635	2,267,602		612,698		9,714,936	3.0	XXX	XXX	9,564,936	150,000
9.6 NAIC 6	(d) 170,165	291,127	148,293	585,475	506,305	1,701,365	0.5	XXX	XXX	1,701,365	
9.7 Totals	102,914,476	147,661,756	61,037,843	7,884,037	5,029,753	324,527,866	100.0	XXX	XXX	297,681,512	26,846,354
9.8 Line 9.7 as a % of Col. 6	31.7	45.5	18.8	2.4	1.5	100.0	XXX	XXX	XXX	91.7	8.3
10. Total Bonds Prior Year											
10.1 NAIC 1	60,420,328	156,260,108	58,178,899	11,998,675	1,100,553	XXX	XXX	287,958,563	78.6	280,214,959	7,743,605
10.2 NAIC 2	5,803,978	40,299,607	17,362,646		24,398	XXX	XXX	63,490,629	17.3	57,052,259	6,438,370
10.3 NAIC 3		84,523				XXX	XXX	84,523	0.0	84,523	
10.4 NAIC 4						XXX	XXX				
10.5 NAIC 5	2,188,882	7,649,202		831,115	1,526,625	XXX	XXX	(c) 12,195,824	3.3	12,045,824	150,000
10.6 NAIC 6	64,509	464,579	827,693	674,454	458,746	XXX	XXX	(c) 2,489,981	0.7	2,489,981	
10.7 Totals	68,477,697	204,758,019	76,369,238	13,504,244	3,110,322	XXX	XXX	(b) 366,219,520	100.0	351,887,545	14,331,975
10.8 Line 10.7 as a % of Col. 8	18.7	55.9	20.9	3.7	0.8	XXX	XXX	100.0	XXX	96.1	3.9
11. Total Publicly Traded Bonds											
11.1 NAIC 1	76,648,936	107,933,091	28,214,832	453,724		213,250,583	65.7	280,214,959	76.5	213,250,583	XXX
11.2 NAIC 2	11,277,292	25,825,981	28,909,909	4,541,673		70,554,855	21.7	57,052,259	15.6	70,554,855	XXX
11.3 NAIC 3		139,565		946,761	1,523,449	2,609,774	0.8	84,523	0.0	2,609,774	XXX
11.4 NAIC 4										XXX	
11.5 NAIC 5	6,684,635	2,267,602		612,698		9,564,936	2.9	12,045,824	3.3	9,564,936	XXX
11.6 NAIC 6	170,165	291,127	148,293	585,475	506,305	1,701,365	0.5	2,489,981	0.7	1,701,365	XXX
11.7 Totals	94,781,029	136,457,366	57,273,034	7,140,331	2,029,753	297,681,512	91.7	351,887,545	96.1	297,681,512	XXX
11.8 Line 11.7 as a % of Col. 6	31.8	45.8	19.2	2.4	0.7	100.0	XXX	XXX	XXX	100.0	XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9	29.2	42.0	17.6	2.2	0.6	91.7	XXX	XXX	XXX	91.7	XXX
12. Total Privately Placed Bonds											
12.1 NAIC 1	4,703,930	9,793,520	1,717,190	84,441	3,000,000	19,299,081	5.9	7,743,605	2.1	XXX	19,299,081
12.2 NAIC 2	3,279,517	1,410,871	2,047,619	659,266		7,397,273	2.3	6,438,370	1.8	XXX	7,397,273
12.3 NAIC 3										XXX	
12.4 NAIC 4										XXX	
12.5 NAIC 5	150,000					150,000	0.0	150,000	0.0	XXX	150,000
12.6 NAIC 6										XXX	
12.7 Totals	8,133,448	11,204,390	3,764,809	743,706	3,000,000	26,846,354	8.3	14,331,975	3.9	XXX	26,846,354
12.8 Line 12.7 as a % of Col. 6	30.3	41.7	14.0	2.8	11.2	100.0	XXX	XXX	XXX	XXX	100.0
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9	2.5	3.5	1.2	0.2	0.9	8.3	XXX	XXX	XXX	XXX	8.3

(a) Includes \$ 26,696,354 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$ 148,764 current year, \$ 849,895 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 \$ 9,566,172 current year, \$ 11,345,929 prior year of bonds with 5* designations and \$ 1,701,365 current year, \$ 1,553,691 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 2015 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	3,914,323	19,966	5,779,291			9,713,579	3.0	7,437,038	2.0	9,713,579	
1.2	Residential Mortgage-Backed Securities	8,470,859	28,801,166	3,491,887			40,763,913	12.6	56,908,723	15.5	40,763,913	
1.3	Commercial Mortgage-Backed Securities											
1.4	Other Loan-Backed and Structured Securities											
1.5	Totals	12,385,182	28,821,132	9,271,178			50,477,492	15.6	64,345,761	17.6	50,477,492	
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				44,612		44,612	0.0	44,406	0.0	44,612	
4.2	Residential Mortgage-Backed Securities.....											
4.3	Commercial Mortgage-Backed Securities											
4.4	Other Loan-Backed and Structured Securities.....											
4.5	Totals				44,612		44,612	0.0	44,406	0.0	44,612	
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1	Issuer Obligations	8,474,147	3,590,525	148,293	3,731,261	2,029,753	17,973,979	5.5	17,600,555	4.8	17,823,979	150,000
5.2	Residential Mortgage-Backed Securities.....	10,543,054	32,417,271	2,447,343			45,407,667	14.0	50,287,523	13.7	45,407,667	
5.3	Commercial Mortgage-Backed Securities.....											
5.4	Other Loan-Backed and Structured Securities.....	10,107	40,428	34,532	463,935		549,002	0.2	561,169	0.2	549,002	
5.5	Totals	19,027,308	36,048,223	2,630,168	4,195,195	2,029,753	63,930,648	19.7	68,449,246	18.7	63,780,648	150,000
6. Industrial and Miscellaneous												
6.1	Issuer Obligations	24,820,734	51,119,717	44,942,278	3,235,118	3,000,000	127,117,847	39.2	136,185,387	37.2	106,521,318	20,596,530
6.2	Residential Mortgage-Backed Securities	2,378,844	6,686,577	1,731,021	210,379		11,006,821	3.4	8,914,989	2.4	11,006,821	
6.3	Commercial Mortgage-Backed Securities.....	17,601,944	6,479,198	1,813,368			25,894,511	8.0	55,317,673	15.1	25,894,511	
6.4	Other Loan-Backed and Structured Securities.....	26,700,464	14,330,333	649,829	198,733		41,879,360	12.9	28,695,942	7.8	35,779,535	6,099,824
6.5	Totals	71,501,986	78,615,826	49,136,497	3,644,229	3,000,000	205,898,539	63.4	229,113,992	62.6	179,202,185	26,696,354
7. Hybrid Securities												
7.1	Issuer Obligations		4,176,575				4,176,575	1.3	4,266,115	1.2	4,176,575	
7.2	Residential Mortgage-Backed Securities.....											
7.3	Commercial Mortgage-Backed Securities											
7.4	Other Loan-Backed and Structured Securities.....											
7.5	Totals		4,176,575				4,176,575	1.3	4,266,115	1.2	4,176,575	
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 2015 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	37,209,204	58,906,783	50,869,862	7,010,990	5,029,753	159,026,593	49.0	XXX	XXX	138,280,063	20,746,530
9.2 Residential Mortgage-Backed Securities	21,392,757	67,905,014	7,670,251	210,379		97,178,401	29.9	XXX	XXX	97,178,401	
9.3 Commercial Mortgage-Backed Securities	17,601,944	6,479,198	1,813,368			25,894,511	8.0	XXX	XXX	25,894,511	
9.4 Other Loan-Backed and Structured Securities	26,710,571	14,370,761	684,361	662,668		42,428,362	13.1	XXX	XXX	36,328,537	6,099,824
9.5 Totals	102,914,476	147,661,756	61,037,843	7,884,037	5,029,753	324,527,866	100.0	XXX	XXX	297,681,512	26,846,354
9.6 Lines 9.5 as a % Col. 6	31.7	45.5	18.8	2.4	1.5	100.0	XXX	XXX	XXX	91.7	8.3
10. Total Bonds Prior Year											
10.1 Issuer Obligations	10,718,699	109,777,175	42,132,725	895,133	2,009,769	XXX	XXX	165,533,501	45.2	152,201,446	13,332,055
10.2 Residential Mortgage-Backed Securities	18,000,771	60,444,008	25,600,033	10,965,869	1,100,553	XXX	XXX	116,111,235	31.7	116,111,235	
10.3 Commercial Mortgage-Backed Securities	33,035,034	14,695,173	7,587,466			XXX	XXX	55,317,673	15.1	55,317,673	
10.4 Other Loan-Backed and Structured Securities	6,723,193	19,841,663	1,049,014	1,643,241		XXX	XXX	29,257,111	8.0	28,257,191	999,920
10.5 Totals	68,477,697	204,758,019	76,369,238	13,504,244	3,110,322	XXX	XXX	366,219,520	100.0	351,887,545	14,331,975
10.6 Line 10.5 as a % of Col. 8	18.7	55.9	20.9	3.7	0.8	XXX	XXX	100.0	XXX	96.1	3.9
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations	33,735,631	49,142,342	47,105,053	6,267,284	2,029,753	138,280,063	42.6	152,201,446	41.6	138,280,063	XXX
11.2 Residential Mortgage-Backed Securities	21,392,757	67,905,014	7,670,251	210,379		97,178,401	29.9	116,111,235	31.7	97,178,401	XXX
11.3 Commercial Mortgage-Backed Securities	17,601,944	6,479,198	1,813,368			25,894,511	8.0	55,317,673	15.1	25,894,511	XXX
11.4 Other Loan-Backed and Structured Securities	22,050,697	12,930,812	684,361	662,668		36,328,537	11.2	28,257,191	7.7	36,328,537	XXX
11.5 Totals	94,781,029	136,457,366	57,273,034	7,140,331	2,029,753	297,681,512	91.7	351,887,545	96.1	297,681,512	XXX
11.6 Line 11.5 as a % of Col. 6	31.8	45.8	19.2	2.4	0.7	100.0	XXX	XXX	XXX	100.0	XXX
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	29.2	42.0	17.6	2.2	0.6	91.7	XXX	XXX	XXX	91.7	XXX
12. Total Privately Placed Bonds											
12.1 Issuer Obligations	3,473,573	9,764,441	3,764,809	743,706	3,000,000	20,746,530	6.4	13,332,055	3.6	XXX	20,746,530
12.2 Residential Mortgage-Backed Securities										XXX	
12.3 Commercial Mortgage-Backed Securities										XXX	
12.4 Other Loan-Backed and Structured Securities	4,659,875	1,439,950				6,099,824	1.9	999,920	0.3	XXX	6,099,824
12.5 Totals	8,133,448	11,204,390	3,764,809	743,706	3,000,000	26,846,354	8.3	14,331,975	3.9	XXX	26,846,354
12.6 Line 12.5 as a % of Col. 6	30.3	41.7	14.0	2.8	11.2	100.0	XXX	XXX	XXX	XXX	100.0
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9	2.5	3.5	1.2	0.2	0.9	8.3	XXX	XXX	XXX	XXX	8.3

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	1,631,093	1,631,093			
2. Cost of short-term investments acquired	171,186,271	171,186,271			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	168,903,041	168,903,041			
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)	3,914,323	3,914,323			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	3,914,323	3,914,323			

(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 2015 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%		Vancouver	WA	City of Vancouver Redevelopment Auth		.06/27/2013												
...000000-00-0...	Investment in Subsidiary - ACA Service, LLC		New York	NY	ACA Service, LLC		.06/07/2001		.26,010,780								2,245,000		100.000
...000000-00-0...	Tactical Risk Management, LLC		New York	NY	Tactical Risk Management, LLC		.04/01/2011		100,000	82,782		(478)							100.000
4399999 - Any Other Class of Assets - Affiliated									26,110,780	82,782		(478)					2,245,000		XXX
4499999 - Subtotals - Unaffiliated																			XXX
4599999 - Subtotals - Affiliated									26,110,780	82,782		(478)					2,245,000		XXX
4699999 Totals									26,110,780	82,782		(478)					2,245,000		XXX

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2015 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	
		F o r e i g n	Bond CHAR	NAIC Designation			Rate Used to Obtain Fair Value	Fair 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	
CUSIP Identification	Description	Code				Actual Cost			Par Value	Book/ Adjusted Carrying Value												
912828-RR-3.	US TREASURY N/B	SD			1.	3,753,675	100.2930	3,745,944	3,735,000	3,746,762		(1,873)			2.000	1.943	MN	12,395	71,950	02/10/2012	11/15/2021	
912828-SV-3.	US TREASURY N/B	SD			1.	2,048,906	98.3630	1,967,260	2,000,000	2,032,529		(4,831)			1.750	1.482	MN	4,519	35,000	07/18/2012	05/15/2022	
912828-VE-7.	US TREASURY N/B	SD			1.	19,930	99.4880	19,898	20,000	19,966		14			1.000	1.072	MN	17	200	06/07/2013	05/31/2018	
0199999 - Bonds - U.S. Governments - Issuer Obligations						5,822,512	XXX	5,733,101	5,755,000	5,799,256		(6,689)			XXX	XXX	XXX	16,932	107,150	XXX	XXX	
36179M-K8-2.	GNMA POOL II MA0319			2.	1.	1,030,908	106.8000	1,025,238	959,961	1,032,767		1,400			4.000	1.900	MON	3,200	38,398	12/16/2014	08/20/2042	
361790-6P-1.	GNMA POOL II MA2678			2.	1.	9,913,785	104.3990	9,801,614	9,388,609	9,900,099		(13,686)			3.500	2.438	MON	27,383	219,068	04/09/2015	03/20/2045	
36179R-BX-6.	GNMA POOL II MA2754			2.	1.	13,445,670	104.3990	13,291,571	12,731,512	13,409,882		(35,788)			3.500	2.469	MON	37,134	297,069	04/09/2015	04/20/2045	
36179R-NX-3.	GNMA POOL II MA3106			2.	1.	9,441,197	106.3470	9,434,555	8,871,482	9,418,158		(23,040)			4.000	2.495	MON	29,572	88,715	09/16/2015	09/20/2045	
36200A-BE-8.	GNMA POOL 595037			2.	1.	2,621	113.4650	2,888	2,545	2,600		(6)			6.000	5.240	MON	13	153	11/04/2003	10/15/2032	
36200A-CW-7.	GNMA POOL 595085			2.	1.	47,039	115.4070	52,721	45,682	46,848		(40)			6.000	5.053	MON	228	2,741	11/04/2003	10/15/2032	
36200E-TY-7.	GNMA POOL 599167			2.	1.	109,550	112.1770	119,347	106,391	108,048		(440)			6.000	5.446	MON	532	6,384	11/04/2003	12/15/2033	
36200M-AT-0.	GNMA POOL 604018			2.	1.	757,033	113.9780	838,546	735,709	750,871		(1,999)			5.500	4.754	MON	3,372	40,464	04/22/2003	02/15/2033	
36200M-EN-9.	GNMA POOL 604141			2.	1.	20,833	115.4470	23,357	20,232	20,805		(96)			6.000	4.992	MON	101	1,214	11/04/2003	03/15/2033	
36200Q-2R-4.	GNMA POOL 569684			2.	1.	33,980	115.5010	38,116	33,000	33,722		(152)			6.000	5.190	MON	165	1,980	11/04/2003	02/15/2032	
36200R-LX-8.	GNMA POOL 570142			2.	1.	15,008	115.1940	16,790	14,576	14,927		(39)			6.000	5.116	MON	73	875	11/04/2003	12/15/2031	
36200R-XT-4.	GNMA POOL 570490			2.	1.	1,593	112.2150	1,736	1,547	1,580		(5)			6.000	5.230	MON	8	93	11/04/2003	12/15/2031	
36200S-US-7.	GNMA POOL 571293			2.	1.	788	112.1910	859	765	798		4			6.000	4.457	MON	4	46	11/04/2003	11/15/2031	
36201A-PF-9.	GNMA POOL 577422			2.	1.	4,211	115.0600	4,706	4,090	4,178		(23)			6.000	5.207	MON	20	245	11/04/2003	01/15/2032	
36201D-AX-0.	GNMA POOL 579722			2.	1.	47,782	115.5020	53,598	46,404	47,321		(137)			6.000	5.284	MON	232	2,784	11/04/2003	08/15/2032	
36201E-AG-5.	GNMA POOL 580607			2.	1.	10,751	115.4990	12,059	10,441	10,662		(38)			6.000	5.230	MON	52	626	11/04/2003	02/15/2033	
36201F-AF-4.	GNMA POOL 581506			2.	1.	1,614	115.0300	1,803	1,567	1,617		(12)			6.000	4.876	MON	8	94	11/04/2003	04/15/2033	
36201Y-FD-3.	GNMA POOL 606864			2.	1.	4,930	112.1770	5,371	4,788	4,905		(8)			6.000	5.140	MON	24	287	11/04/2003	10/15/2033	
36207E-ND-2.	GNMA POOL 429788			2.	1.	16,894	112.1770	18,405	16,407	16,901		(24)			6.000	4.924	MON	82	984	11/04/2003	12/15/2033	
36210J-HW-1.	GNMA POOL 493545			2.	1.	2,214	113.4150	2,439	2,150	2,188		(8)			6.000	5.337	MON	11	129	11/04/2003	03/15/2031	
36213F-U4-3.	GNMA POOL 553303			2.	1.	958	112.1770	1,044	931	946		(4)			6.000	5.378	MON	5	56	11/04/2003	06/15/2033	
36213R-2A-4.	GNMA POOL 562469			2.	1.	292,627	109.5800	319,029	291,138	291,723		(151)			5.000	4.916	MON	1,213	14,557	02/13/2004	02/15/2034	
36213R-ZF-7.	GNMA POOL 562442			2.	1.	156,787	111.2590	169,823	152,637	154,918		(546)			5.500	4.978	MON	700	8,395	01/16/2004	01/15/2034	
36213T-GW-7.	GNMA POOL 563713			2.	1.	36,453	115.4540	40,873	35,402	36,131		(130)			6.000	5.253	MON	177	2,124	11/04/2003	01/15/2033	
36213U-EZ-9.	GNMA POOL 564552			2.	1.	2,130	112.1970	2,321	2,068	2,122		(11)			6.000	5.076	MON	10	124	11/04/2003	12/15/2031	
36213V-GN-2.	GNMA POOL 565505			2.	1.	1,400	114.9340	1,563	1,360	1,395		(5)			6.000	5.041	MON	7	82	11/04/2003	09/15/2032	
36290X-PM-6.	GNMA POOL 620628			2.	1.	14,874	112.1770	16,204	14,445	14,936		20			6.000	4.747	MON	72	867	11/04/2003	09/15/2033	
36290X-PT-1.	GNMA POOL 620634			2.	1.	41,409	112.1770	45,112	40,215	40,839		(165)			6.000	5.447	MON	201	2,413	11/04/2003	09/15/2033	
36290Y-TN-8.	GNMA POOL 621657			2.	1.	1,849	112.1770	2,015	1,796	1,818		(6)			6.000	5.574	MON	9	108	11/04/2003	12/15/2033	
36291C-PV-1.	GNMA POOL 624236			2.	1.	6,787	112.9140	7,443	6,591	6,724		(12)			6.000	5.277	MON	33	396	11/04/2003	12/15/2033	
36291E-AD-3.	GNMA POOL 625604			2.	1.	7,612	113.4600	8,387	7,392	7,563		(35)			6.000	5.163	MON	37	444	11/04/2003	12/15/2033	
36291E-AV-3.	GNMA POOL 625620			2.	1.	1,708	115.4750	1,915	1,658	1,696		(4)			6.000	5.199	MON	8	100	11/04/2003	12/15/2033	
36296X-H8-0.	GNMA POOL 704155			2.	1.	4,946,752	112.9640	5,420,356	4,798,304	4,940,131		(8,042)			5.500	4.546	MON	21,992	263,907	12/18/2008	01/15/2039	
38376W-6C-4.	GNMA GNR 2010-33 LN			2.	1.	441,563	104.4050	431,863	413,642	434,098		(2,219)			4.500	1.561	MON	1,551	18,614	10/30/2013	02/20/2038	
0299999 - Bonds - U.S. Governments - Residential Mortgage-Backed Securities						40,861,308	XXX	41,213,664	38,765,439	40,763,913		(85,447)			XXX	XXX	XXX	128,229	1,014,533	XXX	XXX	
0599999 - Bonds - U.S. Governments - Subtotals - U.S. Governments						46,683,820	XXX	46,946,765	44,520,439	46,563,169		(92,137)			XXX	XXX	XXX	145,161	1,121,683	XXX	XXX	
661765-AQ-0.	NORTH RANGE METRO DISTR 1			1.	1.	44,125	98.9770	49,489	50,000	44,612		206			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	49,489	50,000	44,612		206			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	49,489	50,000	44,612		206			XXX	XXX	XXX	100	2,250	XXX	XXX	
04777L-AB-2.	ATL GA STD HSG REV ADA/CAU			1.	6Z				95,000								JJ			09/12/2014	07/01/2024	
04777L-AC-0.	ATL GA STD HSG REV ADA/CAU			1.	6Z				310,000								JJ			11/20/2015	07/01/2036	
04777L-AD-8.	ATL GA STD HSG REV ADA/CAU			1.	6Z				200,000								JJ			10/14/2014	07/01/2036	
13033W-A9-4.	CA INFRA ECON CABS SERIES A	@		1.	6Z				50,000								N/A			09/30/2015	12/01/2020	
13033W-B3-6.	CA INFRA ECON CABS SERIES A	@		1.	6*				50,000								N/A			09/30/2015	12/01/2022	
13033W-B4-4.	CA INFRA ECON CABS SERIES A	@		1.	6Z				75,000								N/A			09/30/2015	12/01/2023	
13033W-B5-1.	CA INFRA ECON CABS SERIES A	@		1.	6*				120,000								N/A			09/30/2015	12/01/2024	
13033W-B6-9.	CA INFRA ECON CABS SERIES A	@		1.	6*				2,595,000								N/A			11/20/2015	12/01/2025	
13078S-AG-3.	CA HLTH MTN SHADOWS SERIES B			1.	5*	4,792,500	100.0150	5,400,810	5,400,000	4,835,257		21,514			5.000	6.049	JJ	135,000	270,000	12/11/2013	07/01/2031	

ANNUAL STATEMENT FOR THE YEAR 2015 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
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					17,667,572	XXX	18,964,739	70,095,570	17,973,979	(94,207)	189,204			XXX	XXX	XXX	364,168	749,064	XXX	XXX
30711X-AC-8	CONNECTICUT AVE 2014-C01 M1			23	1	1,978,674	100.1540	1,981,721	1,978,674	1,978,674					1.821	1.828	MON	400	36,203	01/14/2014	01/25/2024
3128MJ-XF-2	FHLMC G08677			2	1	4,500,330	105.7230	4,507,173	4,263,190	4,500,883			553		4.000	2.928	MON	14,211		12/30/2015	11/01/2045
31387C-M3-2	FNMA POOL 580078			2	1	6,700	113.3610	7,389	6,518	6,639			(13)		7.000	6.303	MON	38	412	03/06/2002	09/01/2031
3138WD-T4-3	FNMA POOL AS4170			2	1	8,605,040	105.8550	8,523,850	8,052,383	8,584,611		(20,429)			4.000	2.545	MON	26,841	322,095	12/31/2014	12/01/2044
3138Y6-MM-3	FNMA POOL AX4863			2	1	11,246,791	106.0300	11,139,954	10,506,417	11,194,699		(49,347)			4.000	2.558	MON	35,021	420,257	12/16/2014	12/01/2044
31393W-K4-0	FHLMC 2643 OH			2	1	3,394,676	109.9990	4,140,385	3,764,020	3,629,120		(3,753)			5.000	6.089	MON	15,683	188,201	06/07/2007	07/15/2033
31394D-JJ-0	FNMA 2005-29 QE			2	1	3,849,776	109.8670	4,702,042	4,279,758	4,116,497		4,447			5.000	6.148	MON	17,832	213,988	06/07/2007	04/25/2035
31394Y-KX-1	FHLMC 2791 UG			2	1	931,817	105.0570	987,581	940,043	936,725		505			5.000	5.217	MON	3,917	47,002	11/08/2004	05/15/2019
31395J-W5-1	FHLMC 2888 HG			2	1	2,306,357	109.0230	2,652,908	2,433,347	2,392,772		(147)			5.000	5.484	MON	10,139	121,667	11/02/2004	11/15/2034
31402D-F7-0	FNMA POOL 725690			2	1	2,373,000	113.9270	2,616,212	2,296,394	2,370,271		591			6.000	4.920	MON	11,482	137,784	01/20/2005	08/01/2034
31405R-AR-7	FNMA POOL 796616			2	1	1,982,539	112.7300	2,201,041	1,952,489	1,987,019		384			5.500	4.969	MON	8,949	107,367	11/09/2004	10/01/2034
31407U-EK-9	FNMA POOL 840838			2	1	207,558	111.5640	234,566	210,252	206,405		(423)			5.500	5.996	MON	964	11,564	10/27/2005	11/01/2035
31418B-VG-8	FNMA POOL 2414			2	1	3,506,479	103.2490	3,474,242	3,364,916	3,503,353		(3,126)			3.500	2.811	MON	9,814	29,443	09/29/2015	10/01/2045
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					44,889,739	XXX	47,169,063	44,048,401	45,407,667		(70,758)			XXX	XXX	XXX	155,292	1,636,003	XXX	XXX
31359S-2G-4	FNMA WHOLE LOAN NW 2001-W1 AF6			23	1	88,556	116.9350	99,735	85,291	85,067		(224)			6.902	5.855	MON	491	5,887	02/20/2004	07/25/2031
40064U-AP-7	GUAM EDU SCH FACS - SERIES B		R	1	5*	463,838	99.9970	464,986	465,000	463,935		78			4.500	4.527	AO	5,231	20,925	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					552,394	XXX	564,721	550,291	549,002		(146)			XXX	XXX	XXX	5,722	26,812	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					63,109,705	XXX	66,698,523	114,694,262	63,930,648	(94,207)	118,300			XXX	XXX	XXX	525,182	2,411,879	XXX	XXX
6AMCD9-1K-4	BANK OF HAWAII	SD			1FE	50,000	100.0000	50,000	50,000	50,000					0.150	0.150	N/A	39		06/30/2015	06/30/2017
00206R-AW-2	AT&T INC.				2FE	1,996,360	100.6090	2,012,180	2,000,000	1,999,716		752			2.950	2.989	MN	7,539	59,000	04/26/2011	05/15/2016
009088-AB-1	AIR CANADA 2015-2A PTT		I	2	1FE	525,000	100.3150	526,654	525,000	525,000					4.125	4.125	JD	1,023		12/01/2015	06/15/2029
009090-AB-7	AIR CANADA 2015-1B PTT		I	2	2FE	1,000,000	96.7240	967,240	1,000,000	1,000,000					3.875	3.874	MS	11,410	18,299	03/11/2015	09/15/2024
00912X-AF-1	AIR LEASE CORPORATION			3	2	2,214,000	103.7500	2,075,000	2,000,000	2,088,018		(68,845)			5.625	2.038	AO	28,125	112,500	02/25/2014	04/01/2017
00912X-AP-9	AIR LEASE CORPORATION				2FE	800,400	98.2500	786,000	800,000	800,252		(120)			2.125	2.109	JJ	7,839	14,119	10/10/2014	01/15/2018
020002-AV-3	ALLSTATE CORPORATION			13	2FE	531,875	101.0000	505,000	500,000	519,652		(12,223)			6.125	3.172	MN	3,913	30,625	02/19/2015	05/15/2067
023770-AB-6	AMERICAN AIRLINES 15-1 B PTT			2	2FE	1,342,707	97.7500	1,303,121	1,333,117	1,341,951		(756)			3.700	3.546	MN	8,221	30,828	03/03/2015	11/01/2024
02377B-AC-0	AMERICAN AIRLINES 15-2 B PTT			2	2FE	1,500,000	99.0000	1,485,000	1,500,000	1,500,000					4.400	4.310	MS	17,783		09/10/2015	03/22/2025
025816-AU-3	AMERICAN EXPRESS COMPANY			13	2FE	1,518,750	100.7500	1,511,250	1,500,000	1,513,899		(4,851)			6.800	5.351	MS	34,000		10/01/2015	09/01/2066
0258M0-DH-9	AMERICAN EXPRESS CREDIT CORP			3	1FE	1,000,000	100.0170	1,000,170	1,000,000	1,000,000					0.833	0.844	JAJO	1,482	7,851	07/24/2013	07/29/2016
0258M0-DQ-9	AMERICAN EXPRESS CREDIT CORP			3	1FE	3,000,000	97.8290	2,934,870	3,000,000	3,000,000					0.862	0.863	FMAN	3,264	23,101	08/12/2014	08/15/2019
026870-BC-1	AMERICAN INERNATIONAL GROUP				2FE	399,636	103.2080	412,832	400,000	399,963		44			5.600	5.612	AO	4,542	22,400	10/13/2006	10/18/2016
031162-AZ-3	AMGEN INC				2FE	997,770	110.2480	1,102,480	1,000,000	999,190		234			5.700	5.729	FA	23,750	57,000	01/13/2009	02/01/2019
037833-AK-6	APPLE INC				1FE	1,997,340	97.4370	1,948,740	2,000,000	1,997,987		248			2.400	2.415	MN	7,733	48,000	04/30/2013	05/03/2023
038222-AH-8	APPLIED MATERIALS INC			1	1FE	2,498,250	99.8850	2,497,125	2,500,000	2,498,340		90			2.625	2.640	MS	17,682		09/21/2015	10/01/2020
055451-AW-8	BHP BILLITON FINANCE LTD		R	1	1FE	3,000,000	97.8750	2,936,250	3,000,000	3,000,000					6.250	6.250	AO	37,500		10/14/2015	10/19/2075
055650-DA-3	BP CAPITAL MARKETS PLC		R		1FE	1,500,000	96.8400	1,452,600	1,500,000	1,500,000					3.506	3.506	MS	15,193	26,295	03/12/2015	03/17/2025
05578D-AA-0	BPCE SA		R	3	1FE	505,370	100.2670	501,335	500,000	500,664		(2,108)			1.570	1.168	JAJO	1,461	7,661	10/01/2013	04/25/2016
06050T-JN-3	BANK OF AMERICA NA			3	1FE	2,019,050	99.9540	2,498,850	2,500,000	2,449,618		110,780			0.792	5.335	MUSD	935	14,285	09/10/2010	06/15/2016
06051G-EH-8	BANK OF AMERICA CORP				2FE	3,982,600	109.2550	4,370,200	4,000,000	3,989,598		1,648			5.000	5.056	MN	26,667	200,000	05/10/2011	05/13/2021
06051G-EU-9	BANK OF AMERICA CORP				2FE	471,143	98.4330	467,557	475,000	472,140		355			3.300	3.397	JJ	7,402	15,675	02/13/2013	01/11/2023
11102A-AA-9	BRITISH TELECOMMUNICATIONS		R		2FE	2,183,460	107.8230	2,156,460	2,000,000	2,066,569		(30,651)			5.950	4.228	JJ	54,872	119,000	12/05/2011	01/15/2018

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ANNUAL STATEMENT FOR THE YEAR 2015 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]

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues _____, the total \$ value (included in Column 8) of all such issues \$ _____

ANNUAL STATEMENT FOR THE YEAR 2015 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
.36179Q-6P-1.....	GNMA POOL II MA2678.....		.04/09/2015.....	MORGAN STANLEY & CO LLC.....	XXX.....	10,799,037.....	10,226,966.....	20,880.....
.36179R-BX-6.....	GNMA POOL II MA2754.....		.04/09/2015.....	GOLDMAN SACHS.....	XXX.....	14,257,266.....	13,500,000.....	27,563.....
.36179R-NX-3.....	GNMA POOL II MA3106.....		.09/16/2015.....	DAIWA CAPITAL MARKETS AMERICA.....	XXX.....	9,577,969.....	9,000,000.....	20,000.....
0599999 - Bonds - U.S. Governments						34,634,272	32,726,966	68,443
.04777L-AC-0.....	ATL GA STD HSG REV ADA/CAU.....		11/25/2015.....	VARIOUS.....	XXX.....		100,000.....	
.13033W-A9-4.....	CA INFRA ECON CABS SERIES A.....		10/05/2015.....	NATIONAL FINANCIAL SERVICES CO.....	XXX.....		100,000.....	
.13033W-B3-6.....	CA INFRA ECON CABS SERIES A.....		10/05/2015.....	VARIOUS.....	XXX.....		100,000.....	
.13033W-B4-4.....	CA INFRA ECON CABS SERIES A.....		10/05/2015.....	NATIONAL FINANCIAL SERVICES CO.....	XXX.....		150,000.....	
.13033W-B5-1.....	CA INFRA ECON CABS SERIES A.....		10/05/2015.....	VARIOUS.....	XXX.....		240,000.....	
.13033W-B6-9.....	CA INFRA ECON CABS SERIES A.....		11/25/2015.....	NATIONAL FINANCIAL SERVICES CO.....	XXX.....		2,660,000.....	
.20786L-CW-9.....	CONNECTOR 2000 CABS B.....		05/12/2015.....	VARIOUS.....	XXX.....		750,000.....	
.20786L-CY-5.....	CONNECTOR 2000 CABS B.....		05/12/2015.....	VARIOUS.....	XXX.....		100,000.....	
.254839-P8-0.....	DC REV - FRIENDSHIP ACAD PCS.....		06/30/2015.....	BAIRD (ROBERT W.) & CO. INC.....	XXX.....	140,000.....	140,000.....	1,142.....
.254839-P9-8.....	DC REV - FRIENDSHIP ACAD PCS.....		06/30/2015.....	BAIRD (ROBERT W.) & CO. INC.....	XXX.....	950,000.....	950,000.....	8,181.....
.254839-Q2-2.....	DC REV - FRIENDSHIP ACAD PCS.....		06/30/2015.....	BAIRD (ROBERT W.) & CO. INC.....	XXX.....	1,550,000.....	1,550,000.....	13,697.....
.3128MJ-XF-2.....	FHLMC G08677.....		12/30/2015.....	BANC OF AMERICA SECURITIES LLC.....	XXX.....	4,500,330.....	4,263,190.....	14,211.....
.31418B-VG-8.....	FNMA POOL 2414.....		09/29/2015.....	BANC OF AMERICA SECURITIES LLC.....	XXX.....	3,543,039.....	3,400,000.....	9,586.....
.453419-CB-7.....	INDEP CTY AR HYDRO SUB SER B.....		08/01/2015.....	VARIOUS.....	XXX.....		100,000.....	
.541589-BN-6.....	LOMBARD FACS 1ST TIER SER A-2.....		07/20/2015.....	VARIOUS.....	XXX.....		7,160,000.....	
.541589-BT-3.....	LOMBARD FACS 1ST TIER SER A-2.....		08/01/2015.....	VARIOUS.....	XXX.....		1,625,000.....	
.541589-BZ-9.....	LOMBARD FACS 1ST TIER SER A-2.....		08/01/2015.....	VARIOUS.....	XXX.....		10,640,000.....	
.546279-RK-8.....	LA GOV BATON RGE ST HSG-SER A.....		04/24/2015.....	NATIONAL FINANCIAL SERVICES, LLC.....	XXX.....		255,000.....	
.60535R-AH-1.....	MS HOME MS VALLEY ST HSG 8A.....		11/02/2015.....	VARIOUS.....	XXX.....		20,000.....	
.685624-AR-9.....	ORCHARD TX HGR ED NYOS SER A.....		08/31/2015.....	NORTHLAND SECURITIES, INC.....	XXX.....	96,000.....	100,000.....	244.....
.72177M-BX-4.....	PIMA CTY AZ INDL BELL CANYON.....		10/20/2015.....	MS HOWELLS & CO.....	XXX.....	53,100.....	60,000.....	1,433.....
.745272-DG-6.....	PR ENVIR POLYTECH UNIV SER A.....		12/22/2015.....	MS HOWELLS & CO.....	XXX.....	2,048,113.....	2,180,000.....	30,613.....
.864768-ND-4.....	SUFFOLK CTY NY-DOWLING COLL SER A.....		11/19/2015.....	NORTHLAND SECURITIES, INC.....	XXX.....		55,000.....	
.802576-AL-2.....	SANTA ROSA FL BAY BRIDGE AUTH.....		12/28/2015.....	VARIOUS.....	XXX.....		1,635,000.....	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						12,880,583	38,333,190	79,107
.6AMCD9-1K-4.....	BANK OF HAWAII.....		07/01/2015.....	ADJUSTMENT.....	XXX.....	50,000.....	50,000.....	
.009088-AB-1.....	AIR CANADA 2015-2A PTT.....	J	12/01/2015.....	MORGAN STANLEY.....	XXX.....	525,000.....	525,000.....	
.009090-AB-7.....	AIR CANADA 2015-1B PTT.....	J	03/11/2015.....	MORGAN STANLEY.....	XXX.....	1,000,000.....	1,000,000.....	
.020002-AV-3.....	ALLSTATE CORPORATION.....		02/19/2015.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	531,875.....	500,000.....	8,422.....
.023770-AB-6.....	AMERICAN AIRLINES 15-1 B PTT.....		03/03/2015.....	VARIOUS.....	XXX.....	1,400,000.....	1,390,000.....	
.02377B-AC-0.....	AMERICAN AIRLINES 15-2 B PTT.....		09/10/2015.....	MORGAN STANLEY.....	XXX.....	1,500,000.....	1,500,000.....	
.025816-AU-3.....	AMERICAN EXPRESS COMPANY.....		10/01/2015.....	WELLS FARGO SECURITIES LLC.....	XXX.....	1,518,750.....	1,500,000.....	9,917.....
.038222-AH-8.....	APPLIED MATERIALS INC.....		09/21/2015.....	MITSUBISHI UFJ SECURITIES (USA) , INC.....	XXX.....	2,498,250.....	2,500,000.....	
.040104-GC-9.....	ARGENT SECURITIES INC 2004-W4.....		02/05/2015.....	GOLDMAN SACHS.....	XXX.....	906,168.....	982,962.....	282.....
.055451-AW-8.....	BHP BILLITON FINANCE LTD.....	R	10/14/2015.....	GOLDMAN, SACHS & CO.....	XXX.....	3,000,000.....	3,000,000.....	
.055650-DA-3.....	BP CAPITAL MARKETS PLC.....	R	03/12/2015.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,500,000.....	1,500,000.....	
.05950E-AH-1.....	BANC OF AMERICA CMT 2006 2 AJ.....		06/04/2015.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	1,085,086.....	1,045,000.....	1,338.....
.07384M-7C-0.....	BEAR STERNS ARM TR 2005-2 A1.....		03/09/2015.....	STIFEL NICOLAUS & CO.....	XXX.....	941,371.....	938,438.....	769.....
.07387J-AG-1.....	BEAR STEARNS CMS 2006 PWR12.....		11/13/2015.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	508,125.....	500,000.....	1,402.....
.139738-AD-0.....	CAPITAL AUTO REC TR 2015-2 A3.....		05/13/2015.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,999,939.....	3,000,000.....	
.13975G-AF-5.....	CAPITAL AUTO REC TR 2014-1.....		09/15/2015.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	2,539,063.....	2,500,000.....	5,522.....
.13975K-AC-3.....	CAPITAL AUTO REC TR 2015-1 A3.....		01/22/2015.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,499,613.....	1,500,000.....	
.198280-AC-3.....	COLUMBIA PIPELINE GROUP, INC.....		05/19/2015.....	SCOTIA CAPITAL USA INC.....	XXX.....	648,830.....	650,000.....	
.2027A0-HR-3.....	COMMONWEALTH BANK AUSTRAL.....	R	12/02/2015.....	GOLDMAN, SACHS & CO.....	XXX.....	1,496,895.....	1,500,000.....	
.24703B-AD-7.....	DELL EQUIP FINANCE 2015-1.....		04/15/2015.....	MLPFS INC FIXED INCOME.....	XXX.....	1,099,870.....	1,100,000.....	
.26207W-AE-5.....	DRIVE AUTO RECEIVE TR 2015-DA.....		09/23/2015.....	RBC CAPITAL MARKETS.....	XXX.....	3,999,939.....	4,000,000.....	
.268317-AN-4.....	ELECTRICITE DE FRANCE SA.....	R	10/07/2015.....	MITSUBISHI UFJ SECURITIES (USA) , INC.....	XXX.....	1,685,635.....	1,700,000.....	
.26884A-BD-4.....	ERP OPERATING LP.....		05/11/2015.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	944,775.....	950,000.....	
.26884U-AB-5.....	EPR PROPERTIES.....		03/09/2015.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	996,380.....	1,000,000.....	
.32027N-PG-0.....	FIRST FRANKLIN 2004-FFH4 M5.....		02/09/2015.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	1,992,500.....	2,000,000.....	1,646.....
.320517-AB-1.....	FIRST HORIZON NATIONAL CORP.....		10/26/2015.....	MORGAN STANLEY & CO LLC.....	XXX.....	1,995,160.....	2,000,000.....	
.32113C-BH-2.....	FIRST NATL MASTER NT 2015-1 A.....		09/10/2015.....	RBC CAPITAL MARKETS.....	XXX.....	1,500,000.....	1,500,000.....	
.34530J-AF-3.....	FORD CREDIT AUTO LEASE 2014-A.....		04/20/2015.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	900,070.....	900,000.....	232.....
.35671D-BD-6.....	FREEMPORT-MCMORAN INC.....		02/12/2015.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,464,060.....	1,500,000.....	15,141.....
.362341-RX-9.....	GSR MORT LOAN TR 2005-AR6 2A1.....		05/01/2015.....	SOUTHWEST SECURITIES.....	XXX.....	840,953.....	838,363.....	1,397.....
.40414L-AP-4.....	HCP INC.....		11/23/2015.....	BANC OF AMERICA SECURITIES LLC.....	XXX.....	1,194,924.....	1,200,000.....	
.404280-AU-3.....	HSBC HOLDINGS PLC.....	R	08/10/2015.....	HSBC SECURITIES INC.....	XXX.....	1,487,700.....	1,500,000.....	

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ANNUAL STATEMENT FOR THE YEAR 2015 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

[illegible]

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E15

SCHEDULE D - PART 6 - SECTION 1

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

SCHEDULE D - PART 6 - SECTION 2

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 2015 OF THE ACA Financial Guaranty Corporation

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States, etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 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.....			.61,884	.61,884
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.....	2,407,558	2,407,032		
22. Massachusetts.....MA	B	RSD for Financial Guaranty.....			101,626	.98,363
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.....			120,281	120,191
33. New York.....NY						
34. North Carolina.....NC	B	RSD for Financial Guaranty.....			200,630	200,586
35. North Dakota.....ND						
36. Ohio.....OH						
37. Oklahoma.....OK						
38. Oregon.....OR	B	RSD for Financial Guaranty.....			291,307	290,271
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.....			275,866	275,806
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.....			807,181	795,623
55. US Virgin Islands.....VI	B	RSD for Financial Guaranty.....			501,575	501,465
56. Northern Mariana Islands.....MP						
57. Canada.....CAN						
58. Aggregate Other Alien.....OT	XXX	XXX				
59. Total	XXX	XXX	2,407,558	2,407,032	2,410,349	2,394,187
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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