



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2017
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, US 21202		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	555 Theodore Fremd Ave., Suite C-205			Rye, NY, US 10580	212-375-2000	
	(Street and Number)			(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Mail Address	555 Theodore Fremd Ave., Suite C-205			Rye, NY, US 10580		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	555 Theodore Fremd Ave., Suite C-205			Rye, NY, US 10580	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	Sean Thomas Leonard			212-375-2021		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	sleonard@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

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DIRECTORS OR TRUSTEES

Steven Joseph Berkowitz	John Raymond Brecker	Richard Joseph Caplan	Roger Dale Cunningham
Bradley Irving Dietz	Thomas Joseph Gandolfo	Michael Joseph Keegan #	Charles Richard Schuler
Anne Gram Shean			

State of New York

ss

County of Westchester

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

Yes [X] No []

Subscribed and sworn to before me
this 12th day of February, 2018

Luis Lozada, Notary Public
1/14/2021

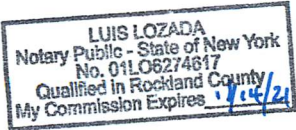
a. Is this an original filing?

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached



ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	258,994,292		258,994,292	302,032,290
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 (\$2,627,085 , Schedule E-Part 1), cash equivalents (\$1,227,766 , Schedule E-Part 2) and short-term investments (\$0 , Schedule DA).....	3,854,851		3,854,851	3,587,358
6. Contract loans (including \$0 premium notes).....				
7. Derivatives (Schedule DB).....				
8. Other invested assets (Schedule BA)	81,608	81,608		
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)	262,930,751	81,608	262,849,143	305,619,648
13. Title plants less \$0 charged off (for Title insurers only).....				
14. Investment income due and accrued	1,620,412		1,620,412	1,602,624
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.....	19,553,146	19,553,146		
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software.....				
21. Furniture and equipment, including health care delivery assets (\$0)				
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	3,789,682	1,343,200	2,446,482	2,135,258
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	287,893,991	20,977,954	266,916,037	309,357,530
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
28. Total (Lines 26 and 27)	287,893,991	20,977,954	266,916,037	309,357,530
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.....	315,300	315,300		
2503. Security Deposit.....	27,900	27,900		
2598. Summary of remaining write-ins for Line 25 from overflow page	2,446,482		2,446,482	2,135,258
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,789,682	1,343,200	2,446,482	2,135,258

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	74,126,639	111,387,169
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)	3,958,792	4,700,891
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	2,882,792	2,733,131
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
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)	32,763,523	51,577,653
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	81,608	82,304
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	96,769,265	96,769,648
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	210,582,619	267,250,796
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	210,582,619	267,250,796
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)	(322,640,582)	(336,867,266)
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)	56,333,418	42,106,734
38. Totals (Page 2, Line 28, Col. 3)	266,916,037	309,357,530
DETAILS OF WRITE-INS		
2501. Contingency Reserve	95,925,559	95,925,559
2502. Collateral Deposit	842,000	842,000
2503. Other Payables	1,706	2,089
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	96,769,265	96,769,648
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)	18,825,285	22,747,297
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	5,143,854	34,182,192
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	4,866,770	5,086,130
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	8,520,828	8,671,902
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	18,531,452	47,940,224
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	293,833	(25,192,927)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	10,644,397	11,362,535
10. Net realized capital gains (losses) less capital gains tax of \$0 (Exhibit of Capital Gains (Losses)).....	606,854	1,961,919
11. Net investment gain (loss) (Lines 9 + 10)	11,251,251	13,324,454
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	2,719,868	12,717,178
15. Total other income (Lines 12 through 14)	2,719,868	12,717,178
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	14,264,952	848,705
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)	14,264,952	848,705
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	14,264,952	848,705
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	42,106,734	41,165,649
22. Net income (from Line 20)	14,264,952	848,705
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$0	(65,747)	25,658
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(12,338,565)	(351,269)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	12,366,044	417,991
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		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	14,226,684	941,085
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	56,333,418	42,106,734
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. Other income.....	2,719,868	12,717,178
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	2,719,868	12,717,178
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	11,155	62,272
2. Net investment income	11,281,980	12,972,594
3. Miscellaneous income	2,719,870	12,717,178
4. Total (Lines 1 through 3)	14,013,005	25,752,044
5. Benefit and loss related payments	42,404,384	33,759,810
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	13,970,442	13,087,081
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	56,374,826	46,846,891
11. Net cash from operations (Line 4 minus Line 10)	(42,361,821)	(21,094,847)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	135,481,100	148,233,565
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	(2,116)	
12.7 Miscellaneous proceeds		18,678
12.8 Total investment proceeds (Lines 12.1 to 12.7)	135,478,984	148,252,243
13. Cost of investments acquired (long-term only):		
13.1 Bonds	92,564,980	128,870,430
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	92,564,980	128,870,430
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)	42,914,004	19,381,813
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)	(284,690)	(781,774)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(284,690)	(781,774)
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)	267,493	(2,494,808)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	3,587,358	6,082,166
19.2 End of year (Line 18 plus Line 19.1)	3,854,851	3,587,358

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	11,155	51,577,653	32,763,523	18,825,285
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	11,155	51,577,653	32,763,523	18,825,285
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		32,763,523			32,763,523
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		32,763,523			32,763,523
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					32,763,523
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	11,155					11,155
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	11,155					11,155
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 \$11,155

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$11,155

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

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	42,404,384			42,404,384	74,126,639	111,387,169	5,143,854	27.3
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	42,404,384			42,404,384	74,126,639	111,387,169	5,143,854	27.3
DETAILS OF WRITE-INS									
3401.	.....							
3402.	.....							
3403.	.....							
3498.	Sum. of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire									
2.	Allied lines									
3.	Farmowners multiple peril									
4.	Homeowners multiple peril									
5.	Commercial multiple peril									
6.	Mortgage guaranty									
8.	Ocean marine									
9.	Inland marine									
10.	Financial guaranty	74,126,639			74,126,639				74,126,639	3,958,792
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	74,126,639			74,126,639				74,126,639	3,958,792
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	4,866,770			4,866,770
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	4,866,770			4,866,770
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		60,289		60,289
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		4,912,579		4,912,579
8.2 Payroll taxes		208,318		208,318
9. Employee relations and welfare		445,396		445,396
10. Insurance		421,126		421,126
11. Directors' fees		589,887		589,887
12. Travel and travel items		29,717		29,717
13. Rent and rent items		125,309		125,309
14. Equipment		17,341		17,341
15. Cost or depreciation of EDP equipment and software		59,473		59,473
16. Printing and stationery		31,661		31,661
17. Postage, telephone and telegraph, exchange and express		45,873		45,873
18. Legal and auditing		1,054,564	423,662	1,478,226
19. Totals (Lines 3 to 18)		8,001,533	423,662	8,425,195
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0		2,293		2,293
20.2 Insurance department licenses and fees		294,689		294,689
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)		296,982		296,982
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		222,313		222,313
25. Total expenses incurred	4,866,770	8,520,828	423,662	(a) 13,811,260
26. Less unpaid expenses-current year	3,958,792	2,813,251	69,541	6,841,584
27. Add unpaid expenses-prior year	4,700,891	2,653,896	79,235	7,434,022
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	5,608,869	8,361,473	433,356	14,403,698
DETAILS OF WRITE-INS				
2401. Consulting Expenses.....		213,611		213,611
2402. Miscellaneous Expenses.....		8,702		8,702
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		222,313		222,313

(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).....775,276	.....814,945
1.1	Bonds exempt from U.S. tax	(a).....251,534	.....175,980
1.2	Other bonds (unaffiliated)	(a).....8,699,892	.....8,750,717
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).....23,570	.....26,417
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....1,300,000	.....1,300,000
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income	11,050,272	11,068,059
11.	Investment expenses		(g).....423,662
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) .....		.....423,662
17.	Net investment income (Line 10 minus Line 16)		10,644,397
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		.....
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....		.....
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....		.....

(a) Includes \$569,939 accrual of discount less \$1,235,735 amortization of premium and less \$326,343 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 \$709 accrual of discount less \$ amortization of premium and less \$16,066 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	(13,183)		(13,183)		
1.1	Bonds exempt from U.S. tax	257,905		257,905	(1,499)	
1.2	Other bonds (unaffiliated)	364,247		364,247	(63,553)	
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	(2,116)		(2,116)		
7.	Derivative instruments					
8.	Other invested assets				(696)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	606,854		606,854	(65,747)	
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)	81,608	82,304	696
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)	81,608	82,304	696
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.....	19,553,146	31,891,711	12,338,565
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software.....			
21. Furniture and equipment, including health care delivery assets			
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	1,343,200	1,369,983	26,783
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	20,977,954	33,343,998	12,366,044
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
28. Total (Lines 26 and 27)	20,977,954	33,343,998	12,366,044
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.....	315,300	342,083	26,783
2503. Security Deposit.....	27,900	27,900	
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,343,200	1,369,983	26,783

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, 2017 and 2016, the Company recorded earned premiums of \$16.0 million and \$17.0 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 adjust book value for 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, 2017.

NAIC Designation 1	\$ 178,543,622
NAIC Designation 2	68,029,962
NAIC Designation 3	1,709,903
NAIC Designation 4	367,131
NAIC Designation 5	10,342,306
NAIC Designation 6	1,367
Total	<u>\$ 258,994,291</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, 2017 and 2016, the Company recorded “other than temporary” adjustments of \$0 million and \$0 million, respectively.

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

NOTES TO FINANCIAL STATEMENTS

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, 2017.
- (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. For the twelve-month period ended December 31, 2017 and 2016, investment income includes dividends received from ACA Service, LLC., relating to its share of fees from certain managed CDO's of \$1.3 million and \$1.9 million, respectively. See Note 6 below.
- (8) The Company has no investments in joint ventures.
- (9) The Company has no investments in derivatives.
- (10) The Company has no premium deficiencies.
- (11) The Company records a loss with respect to an insurance guaranty upon a payment default by the issuer of the insured obligation (a payment default is generally considered the incident which gives rise to a claim under the Company's insurance policies and triggers loss recognition relating to the incident). The 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 weighted average rate of return on the Company's admitted assets at the end of the year. 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 credit quality classification 4 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 under certain stipulated conditions, subject to the approval of the MIA. In May 2015, the Company requested the MIA'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 in November 2015.

NOTES TO FINANCIAL STATEMENTS

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

(14) The Company has no pharmaceutical rebate receivables.

(15) For claims related extra-contractual obligations and bad faith contingency losses stemming from lawsuits, the Company recognizes a loss contingency when it determines that an estimated loss is deemed probable to occur and can be reasonably estimated. The Company recognizes a gain contingency when settled.

(16) The Company discloses restrictions placed upon its assets in Note 5(h). Currently there are three types of restrictions that apply to the Company's transactions, (1) admitted assets, typically bonds and cash equivalents, on deposit with states, (2) a non-admitted receivable relating to a lease security deposit, and (3) cash received from an obligor relating to an insurance obligation for which the Company records an offsetting liability.

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, 2017 and December 31, 2016.

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 as of December 31, 2017 and 2016 was \$0.0 million and \$0.1 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, 2017, 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, 2017 is \$54.5 million and \$1.5 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, 2017 is \$34.8 million and \$0.3 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. Repurchase Agreements Transactions Accounted for as Secured Borrowing

The Company had no repurchase agreement transactions accounted for as secured borrowing.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

The Company had no reverse repurchase agreement transactions accounted for as secured borrowing.

H. Repurchase Agreements Transactions Accounted for as a Sale

The Company had no repurchase agreement transactions accounted for as a sale.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

The Company had no reverse repurchase agreement transactions accounted for as a sale.

NOTES TO FINANCIAL STATEMENTS

J. Real Estate

The Company has no real estate investments.

K. Investments in Low-Income Housing Tax Credits

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

L. Restricted Assets

The following table summarizes the Company’s restricted assets:

Restricted Asset Category	Gross (Admitted & Non-Admitted) Restricted							Current Year			
	Current Year							Percentage			
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
j. On deposit with states	\$ 4,855,570	\$ -	\$ -	\$ -	\$ 4,855,570	\$ 4,793,199	\$ 62,371	\$ -	\$ 4,855,570	1.69%	1.82%
n. Other restricted assets	869,900	-	-	-	869,900	27,900	842,000	27,900	842,000	0.30%	0.32%
o. Total restricted assets	\$ 5,725,470	\$ -	\$ -	\$ -	\$ 5,725,470	\$ 4,821,099	\$ 904,371	\$ 27,900	\$ 5,697,570	1.99%	2.13%

(a) Subset of Column 1
(b) Subset of Column 3
(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 3 divided by Asset Page, Column 3, Line 28

Included in Other restricted assets are (1) a non-admitted receivable relating to a lease security deposit in the amount of \$27,900, and (2) cash received in the amount of \$842,000 from an obligor relating to an insurance obligation for which the Company records an offsetting liability.

M. Working Capital Finance Investments

The Company has no working capital investments.

N. 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.

O. 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)
30711XAC8	691,741	697,407	691,741	YES
Total	\$ 691,741	\$ 697,407	\$ 691,741	

P. NAIC 5* Self-Designated Securities

The following table summarizes the Company’s NAIC 5* self-designated securities:

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds - AC	6	4	\$ 10,342,306	\$ 2,324,330	\$ 10,396,993	\$ 2,455,445
(2) Bonds - FV	-	-	-	-	-	-
(3) LB&SS - AC	-	-	-	-	-	-
(4) LB&SS - FV	-	-	-	-	-	-
(5) Preferred Stock - AC	-	-	-	-	-	-
(6) Preferred Stock - FV	-	-	-	-	-	-
(7) Total (1+2+3+4)	6	4	\$ 10,342,306	\$ 2,324,330	\$ 10,396,993	\$ 2,455,445

Q. Short Sales

The Company had no short sales.

R. Prepayment Penalty and Acceleration Fees

The Company paid no prepayment penalties or acceleration fees.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

As of December 31, 2017 and 2016, the Company held an investment in ACA Service L.L.C., (“ACA Service”). The carrying value of such investment as of December 31, 2017 and 2016 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, 2017 and 2016.

7. INVESTMENT INCOME

See Note 1.C. (3) and Note 1.C. (7) above.

8. DERIVATIVE INSTRUMENTS

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

NOTES TO FINANCIAL STATEMENTS

9. INCOME TAXES

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

(1) DTA/DTL Components	2017			2016			Change		
	Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital
(a)	Gross deferred tax assets	\$ 69,191,521	\$ 460,659	\$ 69,652,179	\$ 118,581,938	\$ 2,567,476	\$ 121,149,414	\$ (49,390,417)	\$ (2,106,817)
(b)	Statutory valuation allowance adjustment	(49,036,512)	(460,659)	(49,497,171)	(85,007,992)	(2,567,476)	(87,575,468)	35,971,480	2,106,817
(c)	Adjusted gross deferred tax assets	20,155,008	-	20,155,008	33,573,946	-	33,573,946	(13,418,938)	-
(d)	Adjusted gross deferred tax assets nonadmitted	(19,553,146)	-	(19,553,146)	(31,891,711)	-	(31,891,711)	12,338,565	-
(e)	Sub-total admitted adjusted gross deferred tax asset	601,863	-	601,863	1,682,235	-	1,682,235	(1,080,372)	-
(f)	Gross deferred tax liabilities	(144,900)	(456,963)	(601,863)	(524,997)	(1,157,238)	(1,682,235)	380,097	700,275
(g)	Net admitted deferred tax asset	\$ 456,963	\$ (456,963)	\$ -	\$ 1,157,238	\$ (1,157,238)	\$ -	\$ (700,275)	\$ 700,275
(2) Admission calculation components:									
(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. Adjust ed Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. b.ii. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.)	Description	Ordinary	2017 Capital	Total	Ordinary	2016 Capital	Total	Ordinary	Change Capital
	Admission calculation under ¶11.a.-¶11.c.								
(a)	Federal income taxes paid in prior years recoverable through loss carry backs.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(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.	601,863	-	601,863	1,682,235	-	1,682,235	(1,080,372)	-
(d)	Deferred tax assets admitted as the result of application of SSAP No. 101. total (a. + b. + c.)	\$ 601,863	\$ -	\$ 601,863	\$ 1,682,235	\$ -	\$ 1,682,235	\$ (1,080,372)	\$ -

(a) Applicable ratio for realization limitation threshold table	2017	2016
	15.00%	15.00%

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

Description	Ordinary	2017 Capital	Total	Ordinary	2016 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	2017	2016
(a) Current federal income tax expense	\$ -	\$ -
(b) Foreign Income tax expense	-	-
(c) Subtotal	-	-
(d) Tax expense on realized capital gains	-	-
(e) Utilization of capital loss carry forwards	-	-
(f) Other, including prior year underaccrual	-	-
(g) Federal and foreign income taxes incurred	\$ -	\$ -

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, 2017	December 31, 2016	Change
(a) Ordinary			
(1) Loss Reserve Discounting	\$ 2,231,750	\$ 2,739,663	\$ (507,913)
(2) Unearned premiums	688,037	1,805,219	(1,117,182)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrued	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefit accruals	-	-	-
(9) Pension accruals	-	-	-
(10) Nonadmitted assets	-	-	-
(11) Net operating loss carry forward	45,336,766	79,683,151	(34,346,385)
(12) Tax credit carry forward	779,960	779,960	-
(13) Contingency Reserve	20,144,367	33,573,945	(13,429,578)
(14) Other (separately disclose items >5%)	10,641	-	10,641
(99) Subtotal - Gross ordinary DTAs	69,191,521	118,581,938	(49,390,417)
(b) Statutory valuation adjustment adjustment - ordinary	(49,036,512)	(85,007,992)	35,971,480
(c) Nonadmitted ordinary DTAs	(19,553,146)	(31,891,711)	12,338,565
(d) Admitted ordinary DTAs	\$ 601,863	\$ 1,682,235	\$ (1,080,372)
(e) Capital			
(1) Investments	\$ 404,807	\$ 2,567,476	\$ (2,162,669)
(2) Net capital loss carry forward	55,852	-	55,852
(3) Real estate	-	-	-
(4) Other (separately disclose items >5%)	-	-	-
(5) Unrealized capital losses	-	-	-
(99) Gross capital DTAs	460,659	2,567,476	(2,106,817)
(f) Statutory valuation adjustment adjustment - capital	(460,659)	(2,567,476)	2,106,817
(g) Nonadmitted capital DTAs	-	-	-
(h) Admitted capital DTAs	\$ -	\$ -	\$ -
(i) Admitted DTAs	\$ 601,863	\$ 1,682,235	\$ (1,080,372)

NOTES TO FINANCIAL STATEMENTS

(3) DTLs Resulting From Book/Tax Differences In		December 31, 2017	December 31, 2016	Change
(a) Ordinary				
(1)	Investments	\$ -	\$ -	\$ -
(2)	Fixed assets	(144,900)	(159,257)	14,357
(3)	Deferred and uncollected premiums	-	-	-
(4)	Policy holder reserves/salvage and subrogation	-	-	-
(5)	Other (separately disclose items >5%)	-	(365,740)	365,740
(99)	Ordinary DTLs	\$ (144,900)	\$ (524,997)	\$ 380,097
(b) Capital				
(1)	Investments	\$ (456,963)	\$ (1,157,238)	\$ 700,275
(2)	Real estate	-	-	-
(3)	Other (separately disclose items >5%)	-	-	-
(4)	Unrealized capital gains	-	-	-
(99)	Capital DTLs	\$ (456,963)	\$ (1,157,238)	\$ 700,275
(c) DTLs		\$ (601,863)	\$ (1,682,235)	\$ 1,080,372
(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, 2017	December 31, 2016	Bal. Sheet Change
Total deferred tax assets	\$ 69,652,179	\$ 121,149,414	\$ (51,497,235)
Total deferred tax liabilities	(601,863)	(1,682,235)	1,080,372
Net deferred tax assets/liabilities	69,050,317	119,467,179	(50,416,862)
Statutory valuation allowance adjustment (*see explanation below)	(49,497,171)	(87,575,468)	38,078,297
Net deferred tax assets/liabilities after SVA	\$ 19,553,146	\$ 31,891,711	(12,338,565)
Tax effect of unrealized gains			-
Statutory valuation allowance adjustment allocated to unrealized (+)			-
Change in net deferred income tax charge			\$ (12,338,565)

*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.

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

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

The significant items causing this difference are as follows:

Description	Statutory Rate		
	Amount	35.00% Tax Effect	Effective Tax Rate
Income Before Taxes (including all realized capital gains)	\$ 14,264,954	\$ 4,992,734	35.00%
Tax-Exempt Interest	(175,980)	(61,593)	-0.43%
Equity in Affiliates	(119,113)	(41,689)	-0.29%
Proration	26,397	9,239	0.06%
Meals & Entertainment, Lobbying Expenses, Etc.	(1,291,046)	(451,866)	-3.17%
Statutory Valuation Allowance Adjustment	(108,795,134)	(38,078,295)	-266.94%
Change in Non-Admitted Assets	-	-	0.00%
Change in Contingency Reserve	-	-	0.00%
TCJA 2017 Rate Change Impact	-	45,513,571	319.06%
Prior Year True-up and other	1,304,182	456,464	3.20%
Total	\$ (94,785,740)	\$ 12,338,565	86.50%
Federal income taxed incurred expense		-	0.00%
Change in net deferred income tax charge		12,338,565	86.50%
Total statutory income taxes		\$ 12,338,565	86.50%

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

The Company has net operating loss carry forwards of: \$ 215,889,359 expiring through the calendar year 2036

The Company had capital loss carryforwards of: \$ 265,960

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 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
2015	\$ -	\$ -	\$ -
2016	-	-	-
2017	-	-	-
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 Note 21C. This limitation is reflected in the statutory valuation allowance determination. The cumulative remaining Section 382 limitation at December 31, 2017 is approximately \$18 million.

NOTES TO FINANCIAL STATEMENTS

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, 2017, no material adjustments are expected for tax years for which the statute of limitations remains open.

In December 2017, significant changes were enacted to the federal income tax code. The most significant change impacting the Company is the tax rate change from 35% to 21%. The rate change has been reflected in the Company's deferred tax assets and deferred tax liabilities. Due to the level of the Company's valuation allowance and nonadmitted assets, the change in tax rate had no impact on surplus.

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

A. & B. There were no transactions with parent, affiliates or other related parties in 2017 or 2016 except for certain brokerage services provided by a company owned by a Board member.

C. Not applicable.

D. The Company has \$82 thousand net payable to subsidiaries at December 31, 2017 and 2016.

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 common stock is owned 100% by Manifold Capital, LLC (ACACH), a Delaware limited liability company, legal successor to Manifold Capital Corp. (formerly ACA Capital Holdings, Inc.), a Delaware corporation. As of April 7, 2016, ACACH is a wholly owned subsidiary of Broadside Financial Ltd., a British Virgin Island limited company that is also ACACH's sole member. 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, ACACH, is 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 2017 or 2016.

K. Not applicable.

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, 2017 and 2016, the Company had no capital notes or other debt.

B. As of December 31, 2017 and 2016, 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. - D. Not applicable.

E. 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. For the years ended December 31, 2017 and 2016, the Company recognized expense in the amount of \$128.9 thousand and \$104.7 thousand for the defined contribution plan, respectively.

F. The Company has no Multi-employer Plan.

G. The Company has no Consolidated/Holding Company Plan.

H. & I. The Company provides postemployment benefits to its employees. The benefits include severance and temporary continuation of certain 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.

NOTES TO FINANCIAL STATEMENTS

- (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 2017 or 2016.
- (5) The Company had negative earned surplus at December 31, 2017 and 2016; therefore, no dividends can be paid in 2017 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 \$160,866.
- (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. ACA has made these annual requests to the MIA. Each year, the Company has been advised by the MIA that its request had been denied.

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

14. CONTINGENCIES

A. Contingency Commitments

The Company has no contingent commitments.

B. Assessments

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

C. Gain Contingencies

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

- As a result of contractual rights in one particular ACA insured transaction, ACA could recognize salvage and subrogation recoveries in excess of its expected aggregate claim payments on a present value basis due to a perpetual pledge of revenue and the positive interest rate spread between the insured bonds rate and the current ACA discount rate. If the underlying bonds are refunded at par earlier, a portion of the contingent gain may not be realized.
- In 2017, ACA received a net distribution of \$2.7 million from a Fair Fund set up by the Securities and Exchange Commission to compensate victims of misconduct by the underwriter of a particular CDO transaction, the super senior tranche of which had been insured against losses by ACA.
- In addition, ACA negotiated a confidential settlement agreement with one of its former insurance carriers which was finalized during the first quarter of 2018 and will result in payments to ACA in 2018 with respect to claims for coverage for certain investigations and lawsuits that are now closed. Such investigations and lawsuits related primarily to ACA’s legacy structured finance business.
- Pursuant to ACA’s accounting policy, any estimated gains must be deferred and recognized only when the actual receipts of such recoveries occur. 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.
- We have from time to time filed for damages, reserved rights and/or delivered notices of potential claims both to private parties and governmental entities, agencies and instrumentalities. We continually seek opportunities to obtain restitution and compensation for losses and related expenses incurred on previously issued financial guaranty insurance policies and on investment losses. The outcome of any such efforts remains uncertain at this time.

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.

NOTES TO FINANCIAL STATEMENTS

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

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 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. On June 6, 2017, the district court granted both the New Mexico Attorney General’s motion to dismiss and Vanderbilt’s motion to confirm its settlement with the New Mexico Attorney General. The order was entered September 8, 2017. On October 8, 2017, Frank Foy appealed the dismissal. 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.

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 subleased office space at 600 Fifth Avenue with a lease termination date of September 29, 2016. The Company has signed a new lease for office space at 555 Theodore Fremd Avenue in Rye, NY with a commencement date of September 1, 2016 and a termination date of November 30, 2021. The Company’s rental expense for the years ended December 31, 2017 and 2016 was \$125.3 thousand and \$451.7 thousand, respectively.

(2) At January 1, 2018, the minimum future lease payments under the leases are as follows (dollars in thousands):

Year Ending December 31,	Operating Leases
2018	126
2019	128
2020	130
2021	121
Beyond 5 Years	-
Total	<u>\$ 505</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, 2017 and December 31, 2016:

(\$ in millions)	December 31, 2017		December 31, 2016	
	Net Par <u>Outstanding</u>	% of Net Par <u>Outstanding</u>	Net Par <u>Outstanding</u>	% of Net Par <u>Outstanding</u>
Tax-exempt obligations:				
Healthcare	\$ 32	3.7%	\$ 167	10.6%
Tax backed	100	11.5%	173	11.0%
Higher education	178	20.4%	327	20.7%
Long-term care	21	2.4%	61	3.9%
General obligations	206	23.7%	470	29.8%
Utilities	41	4.7%	46	2.9%
Transportation	85	9.8%	90	5.7%
Housing	41	4.7%	52	3.3%
Not for Profit	54	6.2%	58	3.7%
Other	114	13.1%	127	8.1%
Total municipal obligations	<u>872</u>	<u>100.0%</u>	<u>1,571</u>	<u>99.6%</u>
Taxable obligations				
Other	-	0.0%	6	0.4%
Total	<u>\$ 871</u>	<u>100.0%</u>	<u>\$ 1,577</u>	<u>100.0%</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017, the Company reported a decrease in insured net par outstanding of \$706 million, of which \$637 million was attributable to Refundings, including early retirement due to cancellation (See Note 1.C.(1)).

(\$ in millions)	PAR EXPOSURE BY STATE	December 31, 2017		December 31, 2016	
		Net Par	% of Net Par	Net Par	% of Net Par
		Outstanding	Outstanding	Outstanding	Outstanding
New York		\$ 221	25.4%	\$ 409	26.0%
California		81	9.3%	298	19.0%
Georgia		74	8.5%	75	4.8%
Florida		72	8.3%	87	5.5%
Illinois		55	6.3%	63	4.0%
Other states		368	42.3%	639	40.7%
	Total municipal obligations	\$ 871	100.0%	\$ 1,571	100.0%

NET PAR OUTSTANDING BY MATURITY

(\$ in millions)	December 31, 2017	
	Net Par	
	Outstanding	
Terms of Maturity		
0 to 5 years	\$ 300	
5 to 10 years	320	
10 to 15 years	127	
15 to 20 years	117	
20 and above	7	
Total	\$ 871	

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:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Cash Equivalent (E-2)				
Exempt MM Mutual Fund	\$ 1,227,766	\$ -	\$ -	\$ 1,227,766
Total Cash Equivalent (E-2)	1,227,766	-	-	1,227,766
Long Term (D-1)				
Political Subdivision	-	-	-	-
Special Rev./Assess. Oblig.	-	9,295,125	-	9,295,125
Indust. & Misc.	-	367,131	-	367,131
Total Long Term (D-1)	-	9,662,256	-	9,662,256
Preferred Stock (D-2.1)				
Indust. & Misc.	-	-	-	-
Total Preferred Stock (D-2.1)	-	-	-	-
Separate account assets	-	-	-	-
Total assets at fair value	1,227,766	9,662,256.00	-	10,890,021.63
b. Liabilities at fair value				
Derivative liabilities	-	-	-	-
Total Liabilities at fair value	-	-	-	-

\$0.00 was transferred from Level 1 to Level 2 and \$0.00 was transferred from Level 2 to Level 1

(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.

NOTES TO FINANCIAL STATEMENTS

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

- Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets that the Company has the ability to access for identical assets or liabilities.
- Level 2: Fair value measurements, based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable at commonly quoted intervals.
- Level 3: Fair value measurements, based on certain inputs which are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

(5) Derivative Fair Value

Not applicable

B. Other Fair Value Disclosures

Not applicable

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

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

December 31, 2017						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 261,632,972	\$ 258,994,291	\$ -	\$ 261,632,972	\$ -	\$ -
Cash, Cash Equivalents & Short-Term Investments	3,854,851	3,854,851	3,854,851	-	-	-
Total	\$ 265,487,823	\$ 262,849,142	\$ 3,854,851	\$ 261,632,972	\$ -	\$ -

December 31, 2016						
Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 304,490,371	\$ 302,032,289	\$ -	\$ 304,490,371	\$ -	\$ -
Cash, Cash Equivalents & Short-Term Investments	3,587,358	3,587,358	1,934,191	1,653,167	-	-
Total	\$ 308,077,728	\$ 305,619,647	\$ 1,934,191	\$ 306,143,538	\$ -	\$ -

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 2017 and 2016.

B. Troubled Debt Restructurings: Debtors

The Company had no troubled debt restructurings during 2017 and 2016. 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, 2017 and December 31, 2016 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 \$23 million to \$28 million at December 31, 2017, 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 Maryland’s 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

NOTES TO FINANCIAL STATEMENTS

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, 2017, the Company had insured obligations with outstanding principal totaling \$312.3 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 \$73.1 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 from time to time in a number of legal proceedings, both as plaintiff and defendant, as well as regulatory inquiries and investigations. Management cannot predict the outcomes of any 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 lawsuits and proceedings has caused the Company to incur significant expenses.
- 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 to approximately \$5.3 million on an annual basis.

Since the ownership change mentioned above, the Company has generated significant net operating losses in 2014, 2015 and 2016. As a result of continuing transfers of surplus notes since the previous ownership change, ACA's current aggregate percentage is again approaching a significant amount which may result in a subsequent ownership change. Another ownership change may further limit the initial NOL limitation and could impact the ability to fully utilize NOLs generated in 2014, 2015 and 2016.

(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.).

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Management is actively seeking to (i) remediate deteriorated insured exposures to minimize claim payments, maximize recoveries and mitigate ultimate 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 and Non-transferable Tax Credits

Not applicable.

F. Subprime Exposure Related Risk

- (1) The only outstanding insured securitization of manufactured housing mortgages was extinguished as of December 31, 2017. 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). At December 31, 2016, the Company reported par exposure of \$5.7 million relating to the manufactured housing mortgage securitization and loss reserve of \$2 million against this exposure.

NOTES TO FINANCIAL STATEMENTS

- (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, 2017:

	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	\$ 7,309,425	\$ 7,485,825	\$ 7,649,046	\$ -
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities	6,454,009	6,448,571	6,471,066	-
e. Equity investment in SCAs				
f. Other assets				
g. Total	\$ 13,763,434	\$ 13,934,396	\$ 14,120,112	\$ -

- (4) As stated in F. (1) above, the Company has an outstanding loss reserve in the amount of \$0.0 million:

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
a. Mortgage guaranty coverage	\$ -	\$ -	\$ -	\$ -
b. Financial guaranty coverage	3,750,000	1,734,675	-	-
c. Other lines	-	-	-	-
d. Total	\$ 3,750,000	\$ 1,734,675	\$ -	\$ -

G. Insurance-linked Securities

Not applicable.

22. EVENTS SUBSEQUENT

The Company reviewed all transactions and other matters that have occurred from January 1, 2018 through February 12, 2018 (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 period ended December 31, 2017. Based on the aforementioned review, no matters came to management’s attention that would require adjustment to or disclosure in the financial statements, except as mentioned in Note 14.C.

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	\$ 1,432,393	\$ -	\$ -	\$ -	\$ 1,432,393	\$ -
Total	\$ 1,432,393	\$ -	\$ -	\$ -	\$ 1,432,393	\$ -

Direct Unearned Premium Reserve: \$31,331,130

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 2017.

F. Retroactive Reinsurance

The Company has no retroactive reinsurance contracts.

G. Reinsurance Accounted for as a Deposit

The Company did not account for any reinsurance as deposits.

H. Not applicable.

I. Not applicable.

NOTES TO FINANCIAL STATEMENTS

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, 2017, the Company recorded a net provision for losses incurred of \$5.1 million, which consisted of \$6.6 million of net favorable loss development on accident years prior to 2017 ("prior accident year claims"), \$2.3 million of discount accretion, and \$9.4 million losses incurred relating to the current accident year. The 2017 accident year losses are comprised of two credits that experienced initial payment defaults, of which one credit was fully settled in 2017. 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 twelve month period ended December 31, 2017, the Company purchased bonds for loss remediation purposes in the amount of \$8.2 million. As of December 31, 2017, the Company's liability for unpaid losses was \$74.1 million, which related to twenty-four insured transactions, with a remaining aggregate in-force par outstanding of \$206.2 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$206.2 million represents the remaining maximum amount of par exposure subject to loss in regard to these twenty-four insured transactions. See Note 36A.(3) b for additional information regarding the Company's reserves for losses and loss adjustment expenses.

As discussed in Note 21.C.(1), the Company's estimate of its ultimate Off-Balance Sheet Losses at December 31, 2017 ranged from \$23 million to \$28 million. This range of Off-Balance Sheet Losses related to ten insured transactions classified as Category 4 credits (see Note 36), with a remaining aggregate in-force par outstanding of approximately \$6.6 million, excluding the aforementioned Off-Balance Sheet Losses.

For the year ended December 31, 2016, the Company recorded a net provision for losses incurred of \$34.2 million, which consisted of \$2.1 million of net adverse loss development on accident years prior to 2016, \$5.1 million of discount accretion, and \$26.9 million losses incurred relating to 2016. The 2016 accident year losses are comprised of one credit that experienced an initial payment default and one credit downgraded from CQC3 and fully settled in 2016. During the year ended December 31, 2016, the Company purchased bonds for loss remediation purposes in the amount of \$13.5 million. As of December 31, 2016, the Company's liability for unpaid losses was \$111.4 million, which related to twenty-nine insured transactions, with a remaining aggregate in-force par outstanding of \$183.7 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$183.7 million represents the remaining maximum amount of par exposure subject to loss in regard to these twenty-nine insured transactions.

In 2013, ACA's board of directors approved the economic terms by which BedRok Securities, LLC, a broker-dealer controlled by a board member, was authorized to purchase ACA-insured bonds on behalf of ACA. Such approved compensation earned by BedRok was in the range of spreads paid by ACA since its restructuring to non-affiliated brokers for similar transactions. For the year ended December 31, 2017, BedRok earned approximately \$36 thousand in connection with seven significant purchases of ACA-insured bonds in the amount of \$7.3 million. For the year ended December 31, 2016, BedRok earned approximately \$35,000 in connection with three significant purchases of ACA-insured bonds in the amount of \$7.1 million.

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, 2017 and 2016.
- B. The Company has no risk sharing receivables as of December 31, 2017 and 2016.

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, 2017 and December 31, 2016 was 3.1% and 2.9%, 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, 2017 was \$(8.0) million. Loss adjustment expenses are not discounted.

NOTES TO FINANCIAL STATEMENTS

33. ASBESTOS/ENVIRONMENTAL RESERVES

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

34. SUBSCRIBER SAVINGS ACCOUNTS

The Company has no subscriber savings accounts.

35. MULTIPLE PERIL CROP INSURANCE

The Company has never written this line of business.

36. FINANCIAL GUARANTY INSURANCE

A.

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

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

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

- (2) a. The amount of premium revenue that has been accelerated during the years ended December 31, 2017 and 2016 was \$16.0 million and \$17.0 million, respectively.

b. Schedule of the future expected earned premium revenue on contracts written on an upfront basis as of December 31, 2017:

1.	1st Quarter 2018	\$	659,195
	2nd Quarter 2018		454,574
	3rd Quarter 2018		472,847
	4th Quarter 2018		720,612
	Year 2019		2,434,553
	Year 2020		2,711,377
	Year 2021		2,971,000
	Year 2022		2,129,878
	Subtotal		12,554,036
2.	2023 through 2027		9,986,729
	2028 through 2032		5,744,694
	2033 through 2037		4,263,253
	2038 through 2039		214,811
	Total	\$	32,763,523

- (3) Claim liability:

a. The Company used a rate of 3.1% to discount the claim liability.

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

Reserves for losses at December 31, 2016	\$	111,387,169
Accretion of the discount		2,302,225
New reserves for defaults of insured contracts		7,075,132 ⁽¹⁾
Development on prior accident years reserves		(46,637,887) ⁽²⁾
Change in deficiency reserves		-
Change in incurred but not reported claims		-
Total change in reserves		(37,260,530)
Reserves for losses at December 31, 2017	\$	74,126,639

⁽¹⁾ Represents 2017 accident year loss development of \$9,442,855, less claim payments of \$2,367,723.
⁽²⁾ Represents favorable loss development of \$6,601,226, and claim payments of \$40,036,661.

- (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.

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.

NOTES TO FINANCIAL STATEMENTS

- b. & c. 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. Expenses related to risk management activities are recorded as either loss adjustment expenses or other underwriting expenses in the statement of income and the related liabilities are recorded as loss adjustment expenses or other expenses in the statement of financial position.

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	57	18	7	31	113
Remaining weighted-average contract period (in years)	6	7	8	10	8
Insured contractual payments outstanding:					
Principal	\$ 382,575,987	\$ 103,397,744	\$ 73,130,000	\$ 312,309,249	\$ 871,412,980
Interest	163,393,170	98,162,142	29,614,747	286,002,420	577,172,479
Total	<u>\$ 545,969,157</u>	<u>\$ 201,559,887</u>	<u>\$ 102,744,747</u>	<u>\$ 598,311,668</u>	<u>\$ 1,448,585,458</u>
Gross claim and LAE liability	\$ -	\$ -	\$ 108,043	\$ 115,749,260	\$ 115,857,303
Less:					
Gross potential recoveries	-	-	-	45,810,542	45,810,542
Discount, net	-	-	-	(8,038,670)	(8,038,670)
Net claim and LAE liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,043</u>	<u>\$ 77,977,388</u>	<u>\$ 78,085,431</u>
Unearned premium revenue	\$ 6,665,005	\$ 4,294,999	\$ 2,755,885	\$ 19,047,635	\$ 32,763,523
Claim and LAE liability reported in the balance sheet	\$ -	\$ -	\$ 108,043	\$ 77,977,388	\$ 78,085,431
Reinsurance recoverables	\$ -	\$ -	\$ -	\$ -	\$ -

The Company purchases ACA insured bonds periodically in the marketplace when available and the price meets internal prescribed limits for Category 4 rated credits. For accounting purposes, the Company reflects the purchase as a loss payment and carries the bond at a zero value. Unless the bond is cancelled with the trustee, the par value remains outstanding. At December 31, 2017, the par value outstanding of Category 4 bonds purchased and not cancelled is \$40.4 million.

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?
Mazars USA 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?
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

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

4,849,269

869,900

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 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
JP MORGAN ASSET MANAGEMENT.....	U.....
STEVEN BERKOWITZ.....	I.....
MARIA CHENG.....	I.....
SEAN LEONARD.....	I.....
CARL MCCARTHY.....	I.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [X] No []

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107038.....	JP MORGAN ASSET MANAGEMENT.....	549300W78QHV4XMM6K69.....	SECURITIES AND EXCHANGE COMMISSION.....	DS.....

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.....	258,994,291	261,632,972	2,638,681
30.2 Preferred Stocks.....			
30.3 Totals	258,994,291	261,632,972	2,638,681

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

Fair values are based on quoted market prices when available.....

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

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements of each self-designated 5*GI security:
- a.Documentation necessary to permit a full credit analysis of the security does not exist.
 - b.Issuer or obligor is current on all contracted interest and principal payments.
 - c.The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [X] No []

OTHER

- 34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$35,084
- 34.2 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
CSC.....	\$.....13,233
NAIC.....	\$.....10,964
Standard and Poor's.....	\$.....10,887

- 35.1 Amount of payments for legal expenses, if any? \$892,219
- 35.2 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
Reuben, Raucher & Blum, PC.....	\$.....300,000

- 36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$
- 36.2 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 \$ 18,825,285
2.3 Premium Ratio (2.1/2.2)
2.4 Reserve Numerator \$
2.5 Reserve Denominator \$ 110,848,954
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):

\$152,100,712

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 reporting entity a cedant in a multiple cedant reinsurance contract?

Yes [] No [X]

14.2

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

14.3

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

Yes [] No []

14.4

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

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.					
	1 2017	2 2016	3 2015	4 2014	5 2013
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)	11,155	62,272	62,440	61,969	146,478
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	11,155	62,272	62,440	61,969	146,478
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)	11,155	62,272	62,440	61,969	146,478
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	11,155	62,272	62,440	61,969	146,478
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	293,833	(25,192,927)	(40,337,654)	(33,387,020)	(30,070,051)
14. Net investment gain (loss) (Line 11)	11,251,251	13,324,454	14,863,077	15,809,315	20,747,946
15. Total other income (Line 15)	2,719,868	12,717,178		3,305,000	140,500
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	14,264,952	848,705	(25,474,577)	(14,272,705)	(9,181,605)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	266,916,037	309,357,530	330,017,630	370,865,469	391,426,697
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)	210,582,619	267,250,796	288,851,981	303,963,343	302,379,649
22. Losses (Page 3, Line 1)	74,126,639	111,387,169	110,964,787	105,551,542	83,332,374
23. Loss adjustment expenses (Page 3, Line 3)	3,958,792	4,700,891	3,866,000	4,565,000	5,979,000
24. Unearned premiums (Page 3, Line 9)	32,763,523	51,577,653	74,262,678	92,643,742	119,602,855
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)	56,333,418	42,106,734	41,165,649	66,902,126	89,047,048
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(42,361,821)	(21,094,847)	(40,937,640)	(18,623,742)	(33,205,407)
Risk-Based Capital Analysis					
28. Total adjusted capital	64,372,088				
29. Authorized control level risk-based capital	5,174,730				
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)	98.5	98.8	98.1	98.9	97.9
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)	1.5	1.2	1.9	1.1	2.1
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)			0.0		
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE-YEAR HISTORICAL DATA

	(Continued)				
	1 2017	2 2016	3 2015	4 2014	5 2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(65,747)	25,658	(94,685)	30,905	(37,566)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	14,226,684	941,085	(25,736,477)	(22,144,922)	(20,146,872)
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)	42,404,384	33,759,810	42,488,693	19,671,260	30,402,600
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	42,404,384	33,759,810	42,488,693	19,671,260	30,402,600
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)	42,404,384	33,759,810	42,488,693	19,671,260	30,402,600
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	42,404,384	33,759,810	42,488,693	19,671,260	30,402,600
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)	27.3	150.3	259.7	155.0	130.2
68. Loss expenses incurred (Line 3)	25.9	22.4	7.2	7.5	10.8
69. Other underwriting expenses incurred (Line 4)	45.3	38.1	51.8	61.0	69.3
70. Net underwriting gain (loss) (Line 8)	1.6	(110.8)	(218.7)	(123.6)	(110.2)
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)	52,003.2	(6,496.1)	15,304.7	21,274.6	12,803.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	53.2	172.6	266.9	162.5	141.0
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)	0.0	0.1	0.2	0.1	0.2
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)	(2,410)	(2,883)	(2,951)	11,582	4,234
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)	(5.7)	(7.0)	(4.4)	13.0	3.9
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)	15,341	(1,660)	12,171	13,011	(10,152)
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)	37.3	(2.5)	13.7	11.9	(8.7)

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 2017 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 2017				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												
2.5	Private flood												
3.	Farmowners multiple peril												
4.	Homeowners multiple peril												
5.1	Commercial multiple peril (non-liability portion)												
5.2	Commercial multiple peril (liability portion)												
6.	Mortgage guaranty												
8.	Ocean marine												
9.	Inland marine												
10.	Financial guaranty	11,155	16,897,762		31,331,132	42,404,384	5,143,854	74,126,639	5,608,870	4,866,770	3,958,792		131,190
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)	11,155	16,897,762		31,331,132	42,404,384	5,143,854	74,126,639	5,608,870	4,866,770	3,958,792		131,190
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 \$ and number of persons insured under indemnity only products

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products

ANNUAL STATEMENT FOR THE YEAR 2017 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)	262,849,143		262,849,143
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	4,066,894		4,066,894
6. Net amount recoverable from reinsurers		119,644	119,644
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	266,916,037	119,644	267,035,681
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	78,085,431		78,085,431
10. Taxes, expenses, and other obligations (Lines 4 through 8)	2,882,792		2,882,792
11. Unearned premiums (Line 9)	32,763,523		32,763,523
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	96,850,873	119,644	96,970,517
19. Total liabilities excluding protected cell business (Line 26)	210,582,619	119,644	210,702,263
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	56,333,418	X X X	56,333,418
22. Totals (Line 38)	266,916,037	119,644	267,035,681

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

If yes, give full explanation:

.....

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5 - Health Claims

NONE

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	3,750		2					3,752	XXX
2. 2008	26,172	74	26,098	260,755		20,662				2,513	281,417	XXX
3. 2009	15,533	87	15,446	10,708		2,757				73	13,465	XXX
4. 2010	15,250	46	15,205	18,929		4,266				1,000	23,195	XXX
5. 2011	16,397	63	16,333	30,637		10,177				210	40,814	XXX
6. 2012	27,901	146	27,755	23,025		2,163				222	25,188	XXX
7. 2013	27,347	72	27,276	22,691		816					23,506	XXX
8. 2014	27,117	94	27,022	32,268		1,196					33,464	XXX
9. 2015	18,443		18,443	30,056		27					30,083	XXX
10. 2016	22,748		22,748	11,365		6,540					17,905	XXX
11. 2017	18,825		18,825	2,368		270					2,638	XXX
12. Totals	XXX	XXX	XXX	446,550		48,876				4,017	495,426	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. ....					.75							.75	XXX
2. ....					.23							.23	XXX
3.	18,293				298							18,592	XXX
4.	(4,651)				.95						9,312	(4,556)	XXX
5.	19,743				380						17,923	20,122	XXX
6.	16,306				246						2,602	16,552	XXX
7.	4,363				40						2,207	4,403	XXX
8.	(3,189)				201						5,210	(2,988)	XXX
9.	12,154											12,154	XXX
10.	(7,122)				1,116						8,557	(6,006)	XXX
11.	10,191				110		1,375					11,676	XXX
12.	66,088				2,584		1,375				45,811	70,047	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		75
2.	281,440		281,440	1,075.3		1,078.4					23
3.	32,056		32,056	206.4		207.5	3,852			14,442	298
4.	18,639		18,639	122.2		122.6	(6,599)			1,948	95
5.	60,936		60,936	371.6		373.1	1,380			18,363	380
6.	41,740		41,740	149.6		150.4	2,308			13,997	246
7.	27,909		27,909	102.1		102.3	33			4,330	40
8.	30,475		30,475	112.4		112.8	(8,199)			5,010	201
9.	42,237		42,237	229.0		229.0	1,818			10,336	
10.	11,898		11,898	52.3		52.3	(5,749)			(1,373)	1,116
11.	14,314		14,314	76.0		76.0	3,116			7,075	1,485
12.	XXX	XXX	XXX	XXX	XXX	XXX	(8,039)		XXX	74,127	3,959

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	One Year	Two Year
1. Prior	6,995	8,402	6,322	5,470	4,539	4,666	4,924	5,150	5,712	7,465	1,752	2,315
2. 2008	284,664	291,505	290,580	291,230	290,400	285,173	285,174	284,246	283,828	281,440	(2,388)	(2,806)
3. 2009	XXX	13,363	19,528	22,988	23,215	21,426	20,474	20,764	24,330	32,056	7,726	11,292
4. 2010	XXX	XXX	28,722	16,775	17,336	17,834	18,141	18,751	18,767	18,639	(128)	(112)
5. 2011	XXX	XXX	XXX	43,464	39,093	40,676	50,902	47,638	51,689	60,936	9,248	13,299
6. 2012	XXX	XXX	XXX	XXX	29,662	38,703	37,640	41,534	41,293	41,740	446	206
7. 2013	XXX	XXX	XXX	XXX	XXX	27,212	30,017	29,780	28,879	27,909	(970)	(1,870)
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	33,150	29,610	24,265	30,475	6,211	865
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,086	45,911	42,237	(3,674)	(7,849)
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,532	11,898	(20,634)	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,314	XXX	XXX
12. Totals											(2,410)	15,341

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
1. Prior	000	2,237	3,638	3,638	3,638	3,638	3,638	3,638	3,638	7,390	XXX	XXX
2. 2008	258,403	260,203	261,717	263,284	264,673	271,092	271,962	273,438	274,873	281,417	XXX	XXX
3. 2009	XXX	870	1,846	2,824	3,829	4,817	6,053	7,154	10,559	13,465	XXX	XXX
4. 2010	XXX	XXX	1,462	15,636	17,877	20,656	21,640	22,509	22,830	23,195	XXX	XXX
5. 2011	XXX	XXX	XXX	3,804	8,929	14,473	24,780	27,633	32,073	40,814	XXX	XXX
6. 2012	XXX	XXX	XXX	XXX	10,749	13,465	15,529	17,909	20,938	25,188	XXX	XXX
7. 2013	XXX	XXX	XXX	XXX	XXX	17,274	19,669	20,644	21,469	23,506	XXX	XXX
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	5,258	25,198	29,063	33,464	XXX	XXX
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,916	22,927	30,083	XXX	XXX
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,680	17,905	XXX	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,638	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 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,301	
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,375

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	37,994		2,156					40,151	XXX
2. 2016	22,748		22,748	11,365		6,540					17,905	XXX
3. 2017	18,825		18,825	2,368		270					2,638	XXX
4. Totals	XXX	XXX	XXX	51,727		8,966					60,693	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1.	63,019				1,358						37,253	64,377	20
2.	(7,122)				1,116						8,557	(6,006)	3
3.	10,191				110		1,375					11,676	1
4.	66,088				2,584		1,375				45,811	70,047	24

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	(5,406)		XXX	68,425	1,358
2.	11,898		11,898	52.3		52.3	(5,749)			(1,373)	1,116
3.	14,314		14,314	76.0		76.0	3,116			7,075	1,485
4.	XXX	XXX	XXX	XXX	XXX	XXX	(8,039)		XXX	74,127	3,959

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	One Year	Two Year
1. Prior												
2. 2008												
3. 2009	XXX											
4. 2010	XXX	XXX										
5. 2011	XXX	XXX	XXX									
6. 2012	XXX	XXX	XXX	XXX								
7. 2013	XXX	XXX	XXX	XXX	XXX							
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2017	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. 2008												
3. 2009	XXX											
4. 2010	XXX	XXX										
5. 2011	XXX	XXX	XXX									
6. 2012	XXX	XXX	XXX	XXX								
7. 2013	XXX	XXX	XXX	XXX	XXX							
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2017	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	114,518	111,635	129,859	18,224	15,341
2. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,532	11,898	(20,634)	XXX
3. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,314	XXX	XXX
4. Totals											(2,410)	15,341

SCHEDULE P - PART 2T – WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
2. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
1. Prior	.000											
2. 2008												
3. 2009	XXX											
4. 2010	XXX	XXX										
5. 2011	XXX	XXX	XXX									
6. 2012	XXX	XXX	XXX	XXX								
7. 2013	XXX	XXX	XXX	XXX	XXX							
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

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

1. Prior	.000											
2. 2008												
3. 2009	XXX											
4. 2010	XXX	XXX										
5. 2011	XXX	XXX	XXX									
6. 2012	XXX	XXX	XXX	XXX								
7. 2013	XXX	XXX	XXX	XXX	XXX							
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	25,331	65,482	XXX	XXX
2. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,680	17,905	XXX	XXX
3. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,638	XXX	XXX

SCHEDULE P - PART 3T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000				
2. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
3. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,301	
3. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,375

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2017	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	78,085			11		
22. Warranty						
23. Totals	78,085			11		

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 7A - PRIMARY 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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	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						
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	78,085			11		
22. Warranty						
23. Totals	78,085			11		

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior										
2. 2008										
3. 2009	XXX									
4. 2010	XXX	XXX								
5. 2011	XXX	XXX	XXX							
6. 2012	XXX	XXX	XXX	XXX						
7. 2013	XXX	XXX	XXX	XXX	XXX					
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2017	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	2008.....		
1.603	2009.....		
1.604	2010.....		
1.605	2011.....		
1.606	2012.....		
1.607	2013.....		
1.608	2014.....		
1.609	2015.....		
1.610	2016.....		
1.611	2017.....		
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		4,037						
2. Alaska	AK L								
3. Arizona	AZ L		226,112						
4. Arkansas	AR L		48,908		2,894,665	1,047,693	13,175,922		
5. California	CA L		140,396		8,845,619	3,337,336	27,640,523		
6. Colorado	CO L		230,664						
7. Connecticut	CT L		43,636						
8. Delaware	DE L		366,824						
9. Dist. Columbia	DC L		241,053						
10. Florida	FL L		393,203		344,862	(228,121)	(8,261,796)		
11. Georgia	GA L		228,148		2,255,898	7,780,678	11,686,009		
12. Hawaii	HI L								
13. Idaho	ID L								
14. Illinois	IL L		299,169		8,668,216	1,613,780	3,771,060		
15. Indiana	IN L		69,975						
16. Iowa	IA L								
17. Kansas	KS L								
18. Kentucky	KY L								
19. Louisiana	LA L	6,785	189,159		1,572,018	5,157,846	9,529,496		
20. Maine	ME L								
21. Maryland	MD L								
22. Massachusetts	MA L		576,792		270,938	(185,405)			
23. Michigan	MI L		48,741						
24. Minnesota	MN L		59,084		4,236,455	1,784,896	2,862,392		
25. Mississippi	MS L				6,430,345	(860,645)			
26. Missouri	MO L	4,370	258,860		791,370	(29,434)			
27. Montana	MT L								
28. Nebraska	NE L								
29. Nevada	NV L								
30. New Hampshire	NH L		77,100						
31. New Jersey	NJ L		192,767						
32. New Mexico	NM L								
33. New York	NY L		9,013,307		4,693,274	(14,749,049)	2,601,501		
34. No. Carolina	NC L								
35. No. Dakota	ND L								
36. Ohio	OH L		49,939						
37. Oklahoma	OK L								
38. Oregon	OR L		211,777						
39. Pennsylvania	PA L		1,060,648						
40. Rhode Island	RI L		18,512						
41. So. Carolina	SC L		8,968		148,192	(23,231)	559,248		
42. So. Dakota	SD L								
43. Tennessee	TN L		2,588						
44. Texas	TX L		440,029		677,969	751,508	4,912,059		
45. Utah	UT L								
46. Vermont	VT L								
47. Virginia	VA L		13,334		574,563	(253,998)	5,650,225		
48. Washington	WA L		1,897,327						
49. West Virginia	WV L								
50. Wisconsin	WI L		447,614						
51. Wyoming	WY L								
52. American Samoa	AS N								
53. Guam	GU L								
54. Puerto Rico	PR L		39,091						
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	11,155	16,897,762		42,404,384	5,143,854	74,126,639		
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 (other than their state of domicile – see DSLI); (D) DSLI – Domestic Surplus Lines Insurer (DSLI) – Reporting entities authorized to write Surplus Lines in the state of domicile; (N) None of the above - Not allowed to write business in the state.

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

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

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

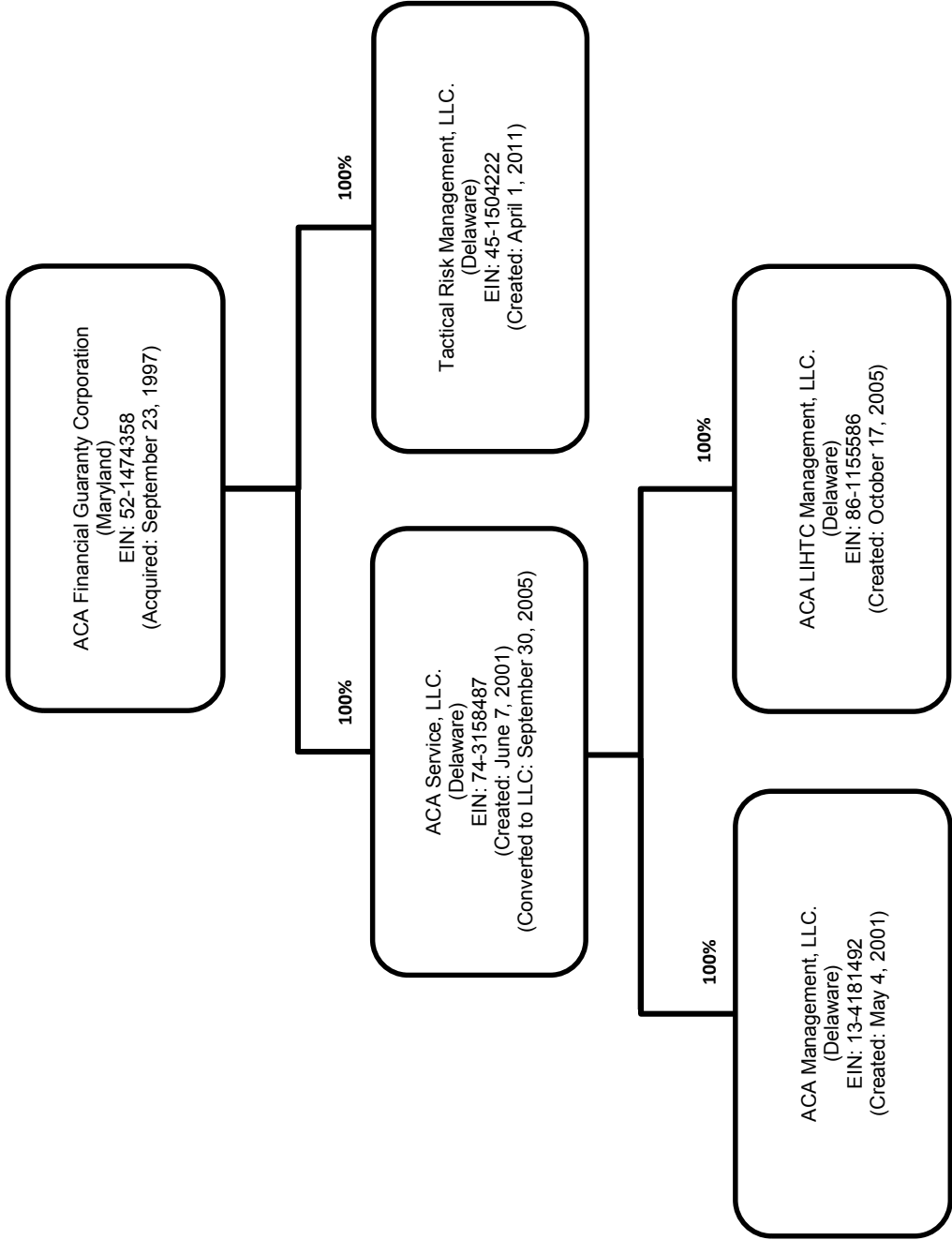
SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.		Direct Business Only					
		1	2	3	4	5	6
		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
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68

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68

ANNUAL STATEMENT FOR THE YEAR 2017 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 the regulator-only (non-public) Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile and electronically with the NAIC (as a regulator-only non-public document) 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 2017 OF THE ACA Financial Guaranty Corporation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

28. Will the Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution Contracts be filed with the state of domicile and the NAIC by March 1?

.....NO.....

APRIL FILING

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

.....NO.....

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

.....NO.....

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

.....NO.....

32. 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.....

33. 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.....

34. 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

35. 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.

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34.

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





















Bar Code:

3.



228962017390000000

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

4.	 2 2 8 9 6 2 0 1 7 3 9 0 0 0 0 0 0
8.	 2 2 8 9 6 2 0 1 7 2 0 1 0 0 0 0 0
12.	 2 2 8 9 6 2 0 1 7 4 2 0 0 0 0 0 0
14.	 2 2 8 9 6 2 0 1 7 3 6 0 5 9 0 0 0
15.	 2 2 8 9 6 2 0 1 7 4 5 5 0 0 0 0 0
16.	 2 2 8 9 6 2 0 1 7 4 9 0 0 0 0 0 0
17.	 2 2 8 9 6 2 0 1 7 3 8 5 0 0 0 0 0
19.	 2 2 8 9 6 2 0 1 7 3 6 5 0 0 0 0 0
23.	 2 2 8 9 6 2 0 1 7 5 0 0 0 0 0 0 0
24.	 2 2 8 9 6 2 0 1 7 5 0 5 0 0 0 0 0
25.	 2 2 8 9 6 2 0 1 7 2 2 4 0 0 0 0 0
26.	 2 2 8 9 6 2 0 1 7 2 2 5 0 0 0 0 0
27.	 2 2 8 9 6 2 0 1 7 2 2 6 0 0 0 0 0
28.	 2 2 8 9 6 2 0 1 7 5 5 5 0 0 0 0 0
29.	 2 2 8 9 6 2 0 1 7 2 3 0 5 9 0 0 0
30.	 2 2 8 9 6 2 0 1 7 3 0 6 0 0 0 0 0
31.	 2 2 8 9 6 2 0 1 7 2 1 0 0 0 0 0 0
32.	 2 2 8 9 6 2 0 1 7 2 1 6 5 9 0 0 0
33.	 2 2 8 9 6 2 0 1 7 2 1 7 0 0 0 0 0
34.	 2 2 8 9 6 2 0 1 7 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.....	2,446,482		2,446,482	2,135,258
2505.				
2506.				
2597. Summary of remaining write-ins for Line 25 from page 2	2,446,482		2,446,482	2,135,258

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	26,090,150	9.923	26,090,150		26,090,150	9.926
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						
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						
1.43 Revenue and assessment obligations	13,165,492	5.007	13,165,492		13,165,492	5.009
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	22,588,220	8.591	22,588,220		22,588,220	8.594
1.512 Issued or guaranteed by FNMA and FHLMC	51,083,824	19.429	51,083,824		51,083,824	19.435
1.513 All other	77,667	0.030	77,667		77,667	0.030
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	7,029,182	2.673	7,029,182		7,029,182	2.674
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	33,796,916	12.854	33,796,916		33,796,916	12.858
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	79,913,653	30.393	79,913,653		79,913,653	30.403
2.2 Unaffiliated non-U.S. securities (including Canada)	25,249,187	9.603	25,249,187		25,249,187	9.606
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$0 property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	3,854,851	1.466	3,854,851		3,854,851	1.467
11. Other invested assets	81,608	0.031				
12. Total invested assets	262,930,750	100.000	262,849,142		262,849,142	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.....	82,304
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	(696)
5.2 Totals, Part 3, Column 9	(696)
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).....	81,608
12. Deduct total nonadmitted amounts.....	81,608
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.....	302,032,289
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	92,564,980
3. Accrual of discount.....	569,939
4. Unrealized valuation increase (decrease):	
4.1 Part 1, Column 12.....	(73,015)
4.2 Part 2, Section 1, Column 15.....	
4.3 Part 2, Section 2, Column 13.....	
4.4 Part 4, Column 11.....	7,963
5. Total gain (loss) on disposals, Part 4, Column 19.....	(65,051)
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	608,970
7. Deduct amortization of premium.....	135,481,100
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).....	258,994,291
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	258,994,291

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	48,678,371	48,574,363	48,950,212	47,329,235
	2. Canada				
	3. Other Countries				
	4. Totals	48,678,371	48,574,363	48,950,212	47,329,235
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				335,000
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	71,278,498	71,296,181	71,045,155	110,276,372
Industrial and Miscellaneous, SVO Identified Funds and Hybrid Securities (unaffiliated)	8. United States	113,788,236	115,403,657	114,235,169	132,536,114
	9. Canada	5,718,179	5,928,785	5,717,501	5,721,781
	10. Other Countries	19,531,008	20,429,987	19,636,773	19,440,000
	11. Totals	139,037,423	141,762,428	139,589,443	157,697,895
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	258,994,291	261,632,972	259,584,810	315,638,502
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	258,994,291	261,632,972	259,584,810	

ANNUAL STATEMENT FOR THE YEAR 2017 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 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Governments												
1.1 NAIC 1	20,773,124	18,243,650	5,724,971	3,465,274	471,353	XXX	48,678,371	18.8	50,570,357	16.7	48,678,371	
1.2 NAIC 2						XXX						
1.3 NAIC 3						XXX						
1.4 NAIC 4						XXX						
1.5 NAIC 5						XXX						
1.6 NAIC 6						XXX						
1.7 Totals	20,773,124	18,243,650	5,724,971	3,465,274	471,353	XXX	48,678,371	18.8	50,570,357	16.7	48,678,371	
2. All Other Governments												
2.1 NAIC 1						XXX						
2.2 NAIC 2						XXX						
2.3 NAIC 3						XXX						
2.4 NAIC 4						XXX						
2.5 NAIC 5						XXX						
2.6 NAIC 6						XXX						
2.7 Totals						XXX						
3. U.S. States, Territories and Possessions, etc., Guaranteed												
3.1 NAIC 1						XXX						
3.2 NAIC 2						XXX						
3.3 NAIC 3						XXX						
3.4 NAIC 4						XXX						
3.5 NAIC 5						XXX						
3.6 NAIC 6						XXX						
3.7 Totals						XXX						
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed												
4.1 NAIC 1						XXX						
4.2 NAIC 2						XXX						
4.3 NAIC 3						XXX						
4.4 NAIC 4						XXX						
4.5 NAIC 5						XXX						
4.6 NAIC 6						XXX						
4.7 Totals						XXX						
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1 NAIC 1	7,416,502	23,035,948	15,046,618	10,469,785	2,905,911	XXX	58,874,765	22.7	66,277,755	21.8	58,874,765	
5.2 NAIC 2				2,060,061		XXX	2,060,061	0.8	2,140,634	0.7	2,060,061	
5.3 NAIC 3						XXX						
5.4 NAIC 4						XXX						
5.5 NAIC 5	47,864		9,665,850	628,592		XXX	10,342,306	4.0	2,560,382	0.8	10,342,306	
5.6 NAIC 6				1,367		XXX	1,367	0.0	143,191	0.0	1,367	
5.7 Totals	7,464,367	23,035,948	24,712,468	13,159,804	2,905,911	XXX	71,278,498	27.5	71,121,962	23.4	71,278,498	

ANNUAL STATEMENT FOR THE YEAR 2017 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 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)												
6.1 NAIC 1	12,342,679	27,411,897	28,582,322	2,619,313	34,275	XXX	70,990,486	27.4	124,182,901	40.9	60,889,090	10,101,396
6.2 NAIC 2	4,054,048	30,893,317	27,458,262	564,275		XXX	62,969,902	24.3	54,810,236	18.0	51,175,280	11,794,622
6.3 NAIC 3		1,709,904				XXX	1,709,904	0.7			1,709,904	
6.4 NAIC 4	131,413	234,829	888			XXX	367,131	0.1			367,131	
6.5 NAIC 5						XXX						
6.6 NAIC 6						XXX						
6.7 Totals	16,528,140	60,249,947	56,041,472	3,183,588	34,275	XXX	136,037,423	52.5	178,993,138	58.9	114,141,405	21,896,018
7. Hybrid Securities												
7.1 NAIC 1						XXX						
7.2 NAIC 2		3,000,000				XXX	3,000,000	1.2	3,000,000	1.0		3,000,000
7.3 NAIC 3						XXX						
7.4 NAIC 4						XXX						
7.5 NAIC 5						XXX						
7.6 NAIC 6						XXX						
7.7 Totals		3,000,000				XXX	3,000,000	1.2	3,000,000	1.0		3,000,000
8. Parent, Subsidiaries and Affiliates												
8.1 NAIC 1						XXX						
8.2 NAIC 2						XXX						
8.3 NAIC 3						XXX						
8.4 NAIC 4						XXX						
8.5 NAIC 5						XXX						
8.6 NAIC 6						XXX						
8.7 Totals						XXX						
9. SVO-Designated Securities												
9.1 NAIC 1	XXX	XXX	XXX	XXX	XXX							
9.2 NAIC 2	XXX	XXX	XXX	XXX	XXX							
9.3 NAIC 3	XXX	XXX	XXX	XXX	XXX							
9.4 NAIC 4	XXX	XXX	XXX	XXX	XXX							
9.5 NAIC 5	XXX	XXX	XXX	XXX	XXX							
9.6 NAIC 6	XXX	XXX	XXX	XXX	XXX							
9.7 Totals	XXX	XXX	XXX	XXX	XXX							

ANNUAL STATEMENT FOR THE YEAR 2017 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 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1 NAIC 1	(d) 40,532,305	68,691,495	49,353,910	16,554,372	3,411,540		178,543,622	68.9	XXX	XXX	168,442,226	10,101,396
10.2 NAIC 2	(d) 4,054,048	33,893,317	27,458,262	2,624,335			68,029,962	26.3	XXX	XXX	53,235,340	14,794,622
10.3 NAIC 3	(d) 1,709,904	1,709,904					1,709,904	0.7	XXX	XXX	1,709,904	
10.4 NAIC 4	(d) 131,413	234,829	888				367,131	0.1	XXX	XXX	367,131	
10.5 NAIC 5	(d) 47,864		9,665,850	628,592		(c) 10,342,306	4.0	XXX	XXX	XXX	10,342,306	
10.6 NAIC 6	(d) 1,367			1,367		(c) 1,367	0.0	XXX	XXX	XXX	1,367	
10.7 Totals	44,765,630	104,529,545	86,478,911	19,808,666	3,411,540	(b) 258,994,291	100.0	XXX	XXX	XXX	234,098,273	24,896,018
10.8 Line 10.7 as a % of Col. 7	17.3	40.4	33.4	7.6	1.3		100.0	XXX	XXX	XXX	90.4	9.6
11. Total Bonds Prior Year												
11.1 NAIC 1	42,409,958	107,741,391	67,009,322	20,379,719	3,490,622		XXX	XXX	241,031,013	79.4	220,803,189	20,227,824
11.2 NAIC 2	7,601,055	31,273,664	16,023,836	4,547,048	505,267		XXX	XXX	59,950,870	19.7	48,603,376	11,347,494
11.3 NAIC 3							XXX	XXX				
11.4 NAIC 4							XXX	XXX				
11.5 NAIC 5	2,275,164			285,218			XXX	XXX	(c) 2,560,382	0.8	2,460,382	100,000
11.6 NAIC 6			11,314	1,180	130,697		XXX	XXX	(c) 143,191	0.0	143,191	
11.7 Totals	52,286,176	139,015,056	83,044,472	25,213,166	4,126,586		XXX	XXX	(b) 303,685,456	100.0	272,010,138	31,675,318
11.8 Line 11.7 as a % of Col. 9	17.2	45.8	27.3	8.3	1.4		XXX	XXX	100.0	XXX	89.6	10.4
12. Total Publicly Traded Bonds												
12.1 NAIC 1	38,235,855	65,816,111	44,567,205	16,411,515	3,411,540		168,442,226	65.0	220,803,189	72.7	168,442,226	XXX
12.2 NAIC 2	3,627,039	29,981,772	17,066,469	2,560,061			53,235,340	20.6	48,603,376	16.0	53,235,340	XXX
12.3 NAIC 3		1,709,904					1,709,904	0.7			1,709,904	XXX
12.4 NAIC 4	131,413	234,829	888				367,131	0.1			367,131	XXX
12.5 NAIC 5	47,864		9,665,850	628,592			10,342,306	4.0	2,460,382	0.8	10,342,306	XXX
12.6 NAIC 6				1,367			1,367	0.0	143,191	0.0	1,367	XXX
12.7 Totals	42,042,171	97,742,616	71,300,412	19,601,534	3,411,540		234,098,273	90.4	272,010,138	89.6	234,098,273	XXX
12.8 Line 12.7 as a % of Col. 7	18.0	41.8	30.5	8.4	1.5		100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 7, Section 10	16.2	37.7	27.5	7.6	1.3		90.4	XXX	XXX	XXX	90.4	XXX
13. Total Privately Placed Bonds												
13.1 NAIC 1	2,296,450	2,875,384	4,786,705	142,857			10,101,396	3.9	20,227,824	6.7	XXX	10,101,396
13.2 NAIC 2	427,009	3,911,545	10,391,793	64,275			14,794,622	5.7	11,347,494	3.7	XXX	14,794,622
13.3 NAIC 3											XXX	
13.4 NAIC 4											XXX	
13.5 NAIC 5									100,000	0.0	XXX	
13.6 NAIC 6											XXX	
13.7 Totals	2,723,459	6,786,928	15,178,498	207,132			24,896,018	9.6	31,675,318	10.4	XXX	24,896,018
13.8 Line 13.7 as a % Col. 7	10.9	27.3	61.0	0.8			100.0	XXX	XXX	XXX	XXX	100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 7, Section 10	1.1	2.6	5.9	0.1			9.6	XXX	XXX	XXX	XXX	9.6

(a) Includes \$ 24,896,018 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ 101,819 current year, \$ 236,052 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 \$ 9,295,125 current year, \$ 2,324,330 prior year of bonds with 5* designations and \$ 1,367 current year, \$ 143,191 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 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 2017 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 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 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.6	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Governments												
1.1 Issuer Obligations	17,490,127	8,600,022				XXX	26,090,150	10.1	27,712,592	9.1	26,090,150	
1.2 Residential Mortgage-Backed Securities	3,282,996	9,643,627	5,724,971	3,465,274	471,353	XXX	22,588,221	8.7	22,857,764	7.5	22,588,221	
1.3 Commercial Mortgage-Backed Securities						XXX						
1.4 Other Loan-Backed and Structured Securities						XXX						
1.5 Totals	20,773,124	18,243,650	5,724,971	3,465,274	471,353	XXX	48,678,371	18.8	50,570,357	16.7	48,678,371	
2. All Other Governments												
2.1 Issuer Obligations						XXX						
2.2 Residential Mortgage-Backed Securities						XXX						
2.3 Commercial Mortgage-Backed Securities						XXX						
2.4 Other Loan-Backed and Structured Securities						XXX						
2.5 Totals						XXX						
3. U.S. States, Territories and Possessions, Guaranteed												
3.1 Issuer Obligations						XXX						
3.2 Residential Mortgage-Backed Securities						XXX						
3.3 Commercial Mortgage-Backed Securities						XXX						
3.4 Other Loan-Backed and Structured Securities						XXX						
3.5 Totals						XXX						
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed												
4.1 Issuer Obligations						XXX						
4.2 Residential Mortgage-Backed Securities						XXX						
4.3 Commercial Mortgage-Backed Securities						XXX						
4.4 Other Loan-Backed and Structured Securities						XXX						
4.5 Totals						XXX						
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1 Issuer Obligations	47,864		9,665,850	2,690,019	761,759	XXX	13,165,492	5.1	5,628,995	1.9	13,165,492	
5.2 Residential Mortgage-Backed Securities	7,416,502	23,035,948	15,046,618	10,469,785	2,144,153	XXX	58,113,006	22.4	65,492,967	21.6	58,113,006	
5.3 Commercial Mortgage-Backed Securities						XXX						
5.4 Other Loan-Backed and Structured Securities						XXX						
5.5 Totals	7,464,367	23,035,948	24,712,468	13,159,804	2,905,911	XXX	71,278,498	27.5	71,121,962	23.4	71,278,498	
6. Industrial and Miscellaneous												
6.1 Issuer Obligations	6,464,055	42,592,159	35,518,127	1,748,063		XXX	86,322,404	33.3	101,123,179	33.3	72,772,176	13,550,228
6.2 Residential Mortgage-Backed Securities	3,092,049	5,393,931	2,561,634	1,292,668	34,275	XXX	12,374,558	4.8	15,829,527	5.2	10,645,450	1,729,108
6.3 Commercial Mortgage-Backed Securities	417,127	5,978,329	14,961,711	142,857		XXX	21,500,025	8.3	29,906,355	9.8	18,500,025	3,000,000
6.4 Other Loan-Backed and Structured Securities	6,554,908	6,285,528	3,000,000			XXX	15,840,436	6.1	32,134,077	10.6	12,223,754	3,616,682
6.5 Totals	16,528,140	60,249,947	56,041,472	3,183,588	34,275	XXX	136,037,423	52.5	178,993,138	58.9	114,141,405	21,896,018
7. Hybrid Securities												
7.1 Issuer Obligations		3,000,000				XXX	3,000,000	1.2	3,000,000	1.0		3,000,000
7.2 Residential Mortgage-Backed Securities						XXX						
7.3 Commercial Mortgage-Backed Securities						XXX						
7.4 Other Loan-Backed and Structured Securities						XXX						
7.5 Totals		3,000,000				XXX	3,000,000	1.2	3,000,000	1.0		3,000,000
8. Parent, Subsidiaries and Affiliates												
8.1 Issuer Obligations						XXX						
8.2 Residential Mortgage-Backed Securities						XXX						
8.3 Commercial Mortgage-Backed Securities						XXX						
8.4 Other Loan-Backed and Structured Securities						XXX						
8.5 Totals						XXX						

ANNUAL STATEMENT FOR THE YEAR 2017 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 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.6	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
9. SVO Identified Funds												
9.1 Exchange Traded Funds Identified by the SVO.....	XXX	XXX	XXX	XXX	XXX							
9.2 Bond Mutual Funds Identified by the SVO.....	XXX	XXX	XXX	XXX	XXX							
9.3 Totals	XXX	XXX	XXX	XXX	XXX							
10. Total Bonds Current Year												
10.1 Issuer Obligations	24,002,047	54,192,181	45,183,977	4,438,082	761,759	XXX	128,578,046	49.6	XXX	XXX	112,027,817	16,550,228
10.2 Residential Mortgage-Backed Securities	13,791,548	38,073,506	23,333,223	15,227,727	2,649,781	XXX	93,075,785	35.9	XXX	XXX	91,346,677	1,729,108
10.3 Commercial Mortgage-Backed Securities	417,127	5,978,329	14,961,711	142,857		XXX	21,500,025	8.3	XXX	XXX	18,500,025	3,000,000
10.4 Other Loan-Backed and Structured Securities	6,554,908	6,285,528	3,000,000			XXX	15,840,436	6.1	XXX	XXX	12,223,754	3,616,682
10.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
10.6 Totals	44,765,630	104,529,545	86,478,911	19,808,666	3,411,540		258,994,291	100.0	XXX	XXX	234,098,273	24,896,018
10.7 Lines 10.6 as a % Col. 7	17.3	40.4	33.4	7.6	1.3		100.0	XXX	XXX	XXX	90.4	9.6
11. Total Bonds Prior Year												
11.1 Issuer Obligations	13,973,671	81,028,540	34,510,496	7,316,094	635,964	XXX	XXX	XXX	137,464,766	45.3	113,514,023	23,950,743
11.2 Residential Mortgage-Backed Securities	15,197,401	41,621,973	25,973,191	17,897,071	3,490,622	XXX	XXX	XXX	104,180,258	34.3	104,180,258	
11.3 Commercial Mortgage-Backed Securities	4,585,181	2,945,615	22,375,559			XXX	XXX	XXX	29,906,355	9.8	29,906,355	
11.4 Other Loan-Backed and Structured Securities	18,529,923	13,418,927	185,227			XXX	XXX	XXX	32,134,077	10.6	24,409,502	7,724,575
11.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX		XXX	XXX				
11.6 Totals	52,286,176	139,015,056	83,044,472	25,213,166	4,126,586		XXX	XXX	303,685,456	100.0	272,010,138	31,675,318
11.7 Line 11.6 as a % of Col. 9	17.2	45.8	27.3	8.3	1.4		XXX	XXX	100.0	XXX	89.6	10.4
12. Total Publicly Traded Bonds												
12.1 Issuer Obligations	23,976,730	51,090,917	31,760,329	4,438,082	761,759	XXX	112,027,817	43.3	113,514,023	37.4	112,027,817	XXX
12.2 Residential Mortgage-Backed Securities	13,364,539	37,161,961	23,006,944	15,163,452	2,649,781	XXX	91,346,677	35.3	104,180,258	34.3	91,346,677	XXX
12.3 Commercial Mortgage-Backed Securities	131,413	4,835,472	13,533,140			XXX	18,500,025	7.1	29,906,355	9.8	18,500,025	XXX
12.4 Other Loan-Backed and Structured Securities	4,569,488	4,654,266	3,000,000			XXX	12,223,754	4.7	24,409,502	8.0	12,223,754	XXX
12.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX							XXX
12.6 Totals	42,042,171	97,742,616	71,300,412	19,601,534	3,411,540		234,098,273	90.4	272,010,138	89.6	234,098,273	XXX
12.7 Line 12.6 as a % of Col. 7	18.0	41.8	30.5	8.4	1.5		100.0	XXX	XXX	XXX	100.0	XXX
12.8 Line 12.6 as a % of Line 10.6, Col. 7, Section 10	16.2	37.7	27.5	7.6	1.3		90.4	XXX	XXX	XXX	90.4	XXX
13. Total Privately Placed Bonds												
13.1 Issuer Obligations	25,316	3,101,265	13,423,648			XXX	16,550,228	6.4	23,950,743	7.9	XXX	16,550,228
13.2 Residential Mortgage-Backed Securities	427,009	911,545	326,279	64,275		XXX	1,729,108	0.7			XXX	1,729,108
13.3 Commercial Mortgage-Backed Securities	285,714	1,142,857	1,428,571	142,857		XXX	3,000,000	1.2			XXX	3,000,000
13.4 Other Loan-Backed and Structured Securities	1,985,420	1,631,262				XXX	3,616,682	1.4	7,724,575	2.5	XXX	3,616,682
13.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX						XXX	
13.6 Totals	2,723,459	6,786,928	15,178,498	207,132			24,896,018	9.6	31,675,318	10.4	XXX	24,896,018
13.7 Line 13.6 as a % of Col. 7	10.9	27.3	61.0	0.8			100.0	XXX	XXX	XXX	XXX	100.0
13.8 Line 13.6 as a % of Line 10.6, Col. 7, Section 10	1.1	2.6	5.9	0.1			9.6	XXX	XXX	XXX	XXX	9.6

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	1,653,167	1,653,167			
2. Cost of short-term investments acquired	3,993,028	3,993,028			
3. Accrual of discount	709	709			
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals	(2,116)	(2,116)			
6. Deduct consideration received on disposals	5,644,789	5,644,789			
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)					
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)					

(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 – PART 2 – VERIFICATION BETWEEN YEARS

(Cash Equivalents)				
	1	2	3	4
	Total	Bonds	Money Market Mutual Funds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year.....				
2. Cost of cash equivalents acquired.....	132,739,438		132,739,438	
3. Accrual of discount.....				
4. Unrealized valuation increase (decrease).....				
5. Total gain (loss) on disposals.....				
6. Deduct consideration received on disposals.....	131,511,672		131,511,672	
7. Deduct amortization of premium.....				
8. Total foreign exchange change in book/adjusted carrying value.....				
9. Deduct current year's other-than-temporary impairment recognized.....				
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	1,227,766		1,227,766	
11. Deduct total nonadmitted amounts.....				
12. Statement value at end of current period (Line 10 minus Line 11)	1,227,766		1,227,766	

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

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 2017 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								1,300,000		100.000
...000000-00-0...	Tactical Risk Management, LLC		New York	NY	Tactical Risk Management, LLC		.04/01/2011		100,000			(696)							100.000
4399999 - Any Other Class of Assets - Affiliated									26,110,780			(696)					1,300,000		XXX
4499999 - Subtotals - Unaffiliated																			XXX
4599999 - Subtotals - Affiliated									26,110,780			(696)					1,300,000		XXX
4699999 Totals									26,110,780			(696)					1,300,000		XXX

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest						Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change In B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date	
912828-KD-1..	US TREASURY N/B				1	4,647,811	100.9960	4,595,318	4,550,000	4,624,625		(23,185)			2.750	1.273	FA	47,262	7,563	08/31/2017	02/15/2019.	
912828-OQ-6..	US TREASURY N/B				1	17,830,977	100.3750	17,440,156	17,375,000	17,490,127		(277,975)			2.375	0.761	MN	36,277	412,656	11/04/2016	05/31/2018.	
912828-RR-3..	US TREASURY N/B				1	3,854,851	99.7030	3,823,610	3,835,000	3,843,925		(2,101)			2.000	1.937	MN	9,958	70,625	05/23/2017	11/15/2021.	
912828-SV-3..	US TREASURY N/B				1	133,179	98.3910	127,908	130,000	131,472		(324)			1.750	1.481	MN	295	2,093	07/18/2012	05/15/2022.	
0199999 - Bonds - U.S. Governments - Issuer Obligations						26,466,817	XXX	25,986,993	25,890,000	26,090,150		(303,585)			XXX	XXX	XXX	93,793	492,937	XXX	XXX	
361790-6P-1..	GNMA POOL 11 MA2678			4	1	5,668,905	103.5350	5,558,379	5,368,599	5,722,332		19,775			3.500	2.317	MON	15,658	191,729	04/09/2015	03/20/2045.	
36179R-BX-6..	GNMA POOL 11 MA2754			4	1	7,768,982	103.5170	7,615,060	7,356,338	7,825,926		27,339			3.500	2.353	MON	21,456	262,832	04/09/2015	04/20/2045.	
36179S-YT-8..	GNMA POOL 11 MA4322			4	1	4,509,186	104.3810	4,499,342	4,310,499	4,510,564		1,377			4.000	2.904	MON	14,368		12/29/2017	03/20/2047.	
36200A-BE-8..	GNMA POOL 595037			4	1	2,431	112.8830	2,665	2,361	2,406		(4)			6.000	5.394	MON	12	142	11/04/2003	10/15/2032.	
36200A-CW-7..	GNMA POOL 595085			4	1	24,748	112.7760	27,105	24,034	24,683		(8)			6.000	5.078	MON	120	1,480	11/04/2003	10/15/2032.	
36200E-TY-7..	GNMA POOL 599167			4	1	47,937	111.8020	52,050	46,555	47,460		(47)			6.000	5.397	MON	233	2,800	11/04/2003	12/15/2033.	
36200M-AT-0..	GNMA POOL 604018			4	1	499,379	112.7690	547,282	485,313	495,647		189			5.500	4.833	MON	2,224	27,055	04/22/2003	02/15/2033.	
36200M-EN-9..	GNMA POOL 604141			4	1	14,720	112.7130	16,113	14,295	14,700		(2)			6.000	5.108	MON	71	873	11/04/2003	03/15/2033.	
36200Q-2R-4..	GNMA POOL 569684			4	1	22,296	113.0670	24,482	21,653	22,128		(22)			6.000	5.268	MON	108	1,312	11/04/2003	02/15/2032.	
36200R-LX-8..	GNMA POOL 570142			4	1	10,494	113.0660	11,523	10,191	10,433		(9)			6.000	5.212	MON	51	619	11/04/2003	12/15/2031.	
36200R-XT-4..	GNMA POOL 570490			4	1	1,132	111.8400	1,230	1,100	1,123		(2)			6.000	5.299	MON	6	66	11/04/2003	12/15/2031.	
36200S-US-7..	GNMA POOL 571293			4	1	667	111.8020	724	648	674		(2)			6.000	4.617	MON	3	39	11/04/2003	11/15/2031.	
36201A-PF-9..	GNMA POOL 577422			4	1	2,942	111.8020	3,194	2,857	2,915		(1)			6.000	5.314	MON	14	176	11/04/2003	01/15/2032.	
36201D-AX-0..	GNMA POOL 579722			4	1	34,901	112.4290	38,108	33,895	34,540		(24)			6.000	5.382	MON	169	2,065	11/04/2003	08/15/2032.	
36201E-AG-5..	GNMA POOL 580607			4	1	6,957	112.4280	7,596	6,756	6,900		(1)			6.000	5.309	MON	34	410	11/04/2003	02/15/2033.	
36201F-AF-4..	GNMA POOL 581506			4	1	819	111.8020	889	796	823		1			6.000	4.898	MON	4	49	11/04/2003	04/15/2033.	
36201Y-FD-3..	GNMA POOL 606864			4	1	3,924	112.3630	4,282	3,811	3,903		(5)			6.000	5.250	MON	19	229	11/04/2003	10/15/2033.	
36207E-ND-2..	GNMA POOL 429788			4	1	8,738	112.1240	9,515	8,487	8,764		13			6.000	4.939	MON	42	530	11/04/2003	12/15/2033.	
36210J-HW-1..	GNMA POOL 493545			4	1	988	111.8020	1,073	960	977		1			6.000	5.365	MON	5	63	11/04/2003	03/15/2031.	
36213F-U4-3..	GNMA POOL 553303			4	1	854	111.8020	927	830	842		(1)			6.000	5.513	MON	4	50	11/04/2003	06/15/2033.	
36213R-2A-4..	GNMA POOL 562469			4	1	204,332	107.5420	218,624	203,292	203,695		1			5.000	4.941	MON	847	10,475	02/13/2004	02/15/2034.	
36213R-ZF-7..	GNMA POOL 562442			4	1	145,847	109.6780	155,728	141,987	143,966		(86)			5.500	5.090	MON	651	7,832	01/16/2004	01/15/2034.	
36213T-GW-7..	GNMA POOL 563713			4	1	25,342	112.9810	27,807	24,612	25,109		(14)			6.000	5.342	MON	123	1,498	11/04/2003	01/15/2033.	
36213U-EZ-9..	GNMA POOL 564552			4	1	1,964	111.8020	2,132	1,907	1,950		(4)			6.000	5.273	MON	10	115	11/04/2003	12/15/2031.	
36213V-GN-2..	GNMA POOL 565505			4	1	1,016	112.5240	1,110	986	1,012		(1)			6.000	5.153	MON	5	59	11/04/2003	09/15/2032.	
36290X-PM-6..	GNMA POOL 620628			4	1	11,946	111.8020	12,970	11,601	11,994		(21)			6.000	4.902	MON	58	699	11/04/2003	09/15/2033.	
36290X-PT-1..	GNMA POOL 620634			4	1	38,681	111.8020	41,999	37,566	38,067		(48)			6.000	5.582	MON	188	2,260	11/04/2003	09/15/2033.	
36290Y-TN-8..	GNMA POOL 621657			4	1	1,733	111.8020	1,882	1,683	1,701		(2)			6.000	5.684	MON	8	101	11/04/2003	12/15/2033.	
36291C-PV-1..	GNMA POOL 624236			4	1	1,854	111.8020	2,013	1,801	1,848		4			6.000	5.197	MON	9	98	11/04/2003	12/15/2033.	
36291E-AD-3..	GNMA POOL 625604			4	1	3,827	111.8020	4,155	3,716	3,811		6			6.000	5.198	MON	19	232	11/04/2003	12/15/2033.	
36291E-AV-3..	GNMA POOL 625620			4	1	888	114.0230	984	863	885					6.000	5.203	MON	4	53	11/04/2003	12/15/2033.	
36296X-H8-0..	GNMA POOL 704155			4	1	3,317,465	111.9840	3,603,546	3,217,911	3,323,554		3,544			5.500	4.638	MON	14,749	179,539	12/18/2008	01/15/2039.	
38376W-6C-4..	GNMA GNR 2010-33 LN			4	1	97,500	101.6930	92,881	91,335	92,892		(1,227)			4.500	1.303	MON	343	4,276	10/30/2013	02/20/2038.	
0299999 - Bonds - U.S. Governments - Residential Mortgage-Backed Securities						22,483,395	XXX	22,587,371	21,439,235	22,588,221		50,720			XXX	XXX	XXX	71,616	699,755	XXX	XXX	
0599999 - Bonds - U.S. Governments - Subtotals - U.S. Governments						48,950,212	XXX	48,574,363	47,329,235	48,678,371		(252,865)			XXX	XXX	XXX	165,409	1,192,692	XXX	XXX	
04777L-AB-2..	ATL GA STD HSG REV ADA/CAU			2	6*					85,000							JJ			09/12/2014	07/01/2024.	
04777L-AC-0..	ATL GA STD HSG REV ADA/CAU			2	6*					895,000							JJ			02/23/2016	07/01/2036.	
04777L-AD-8..	ATL GA STD HSG REV ADA/CAU			2	6*					200,000							JJ			10/14/2014	07/01/2036.	
11943D-AC-2..	A			2	6*					1,675,000					5.500		JJ			12/14/2016	07/15/2035.	
13033W-B2-8..	CA INFRA ECON CABS SERIES A	@		3	6*					100,000							N/A			10/30/2017	12/01/2021.	
13033W-B6-9..	CA INFRA ECON CABS SERIES A	@		3	6*					75,000							N/A			11/29/2017	12/01/2025.	
13033W-B8-5..	CA INFRA ECON CABS SERIES A	@		3	6*					25,000							N/A			10/31/2017	12/01/2027.	
13033W-C2-7..	CA INFRA ECON CABS SERIES A	@		3	6*					200,000							N/A			10/10/2017	12/01/2037.	
20786L-CS-8..	CONNECTOR 2000 CABS A			2	6*					25,000					5.250		JJ			07/15/2011	01/01/2023.	
20786L-CW-9..	CONNECTOR 2000 CABS B	@		3	6*					750,000							N/A			05/12/2015	01/01/2021.	
20786L-CY-5..	CONNECTOR 2000 CABS B	@		3	6*					100,000							N/A			05/12/2015	01/01/2026.	
20786L-DV-0..	CONNECTOR 2000 CABS B1	@		3	6*	528	16.0290	4,235	26,418	1,367												

ANNUAL STATEMENT FOR THE YEAR 2017 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
453419-CB-7.	INDEP CTY AR HYDRO SUB SER B.			2.	6*				100,000						5.050		MN			07/21/2015	05/01/2032
453419-CH-4.	INDEP CTY AR HYDRO SUB SER A.			2.	6*				1,560,000						5.150		MN			06/23/2017	05/01/2033
52480R-CF-5.	LEHIGH GEN KIDSPCEACE SERIES A.			2.	6*				175,955								FA			08/01/2014	02/01/2044
52480R-CG-3.	LEHIGH GEN KIDSPCEACE SERIES B.	@		9.	6*				43,655								N/A			08/01/2014	02/01/2044
52480R-CH-1.	LEHIGH TAX KIDSPCEACE SERIES C.				6*				131,405								FA			08/01/2014	02/01/2044
541589-BN-6.	LOMBARD FACS 1ST TIER SER A-2.			2.	6*				7,160,000						5.500		JJ			07/15/2015	01/01/2025
541589-BT-3.	LOMBARD FACS 1ST TIER SER A-2.			2.	6*				1,625,000						5.500		JJ			07/15/2015	01/01/2030
541589-BZ-9.	LOMBARD FACS 1ST TIER SER A-2.			2.	6*				10,640,000						5.500		JJ			07/15/2015	01/01/2036
544566-AP-7.	LA CA INDL DEV SANTEE COURT.			2.	6*				1,635,000						5.000		JD			03/17/2017	12/01/2027
546279-RG-7.	LA GOV BATON RGE ST HSG-SER A.			2.	6*				15,000								MS			12/14/2011	09/01/2018
546279-RJ-1.	LA GOV BATON RGE ST HSG-SER A.			2.	6*				610,000						5.250		MS	10,675		03/30/2017	09/01/2027
546279-RK-8.	LA GOV BATON RGE ST HSG-SER A.			2.	6*				2,810,000								MS			04/27/2017	09/01/2035
641345-CP-6.	REG.			2.	5*	467,050	95.6990	478,495	500,000	468,092		1,042			4.300	5.207	A0	5,375	2,043	10/11/2017	10/01/2026
	NEVADA MO HOSP REV: NEVADA																				
641345-CR-2.	REG.			2.	5*	475,200	91.6860	518,026	565,000	477,271		2,071			4.375	6.055	A0	6,180	12,359	08/16/2017	10/01/2031
	NY CITY INDL DEV SPL NEEDS																				
649710-BW-9.	PG-A-1.			2.	5*	101,850	92.7300	97,367	105,000	97,367	(4,573)	90			4.650	4.891	JJ	2,441	2,441	02/28/2017	07/01/2036
64971C-F4-1.	NY CITY INDL DEV MAGEN DAVID.			2.	6*				1,625,000						5.700		JD			01/26/2012	06/15/2027
682462-JX-5.	ONEIDA CTY NY MOHAWK VALLEY.			2.	5*	47,500	100.2310	50,116	50,000	47,864	1,401	117			4.625	5.086	MS	681	2,313	09/17/2014	09/15/2030
72177W-BX-4.	PIMA CTY AZ INDL BELL CANYON.			2.	5*	53,100	91.8700	55,122	60,000	53,955	241	404			5.000	6.345	MN	500	3,000	10/20/2015	05/01/2028
745181-M7-9.	PUERTO RICO HWY & TRANS REV.				1FE	864,165	101.6440	762,330	750,000	761,759		(23,029)			6.000	2.820	JJ		45,000	04/23/2013	07/01/2018
745272-DG-6.	PR ENVIR POLYTECH UNIV SER A.			2.	2FE	2,048,113	95.9620	2,091,972	2,180,000	2,060,061		5,039			5.000	5.547	FA	45,417	109,000	12/22/2015	08/01/2032
802576-AJ-7.	SANTA ROSA FL BAY BRIDGE AUTH.	@			6*				1,535,000								N/A			12/10/1997	07/01/2012
802576-AL-2.	SANTA ROSA FL BAY BRIDGE AUTH.	@			6*				1,635,000								N/A			12/24/2015	07/01/2014
802576-AN-8.	SANTA ROSA FL BAY BRIDGE AUTH.	@			6*				3,315,000								N/A			07/01/2016	07/01/2016
802576-AX-6.	SANTA ROSA FL BAY BRIDGE AUTH.			2.	6*				97,795						6.250		JJ			05/05/2017	07/01/2028
864768-NC-6.	SUFFOLK CTY DOWLING SERIES A.			2.	6*				165,548						4.750		JD			03/22/2017	06/01/2026
864768-ND-4.	SUFFOLK CTY DOWLING SERIES A.			2.	6*				372,161		134	(134)			5.000		JD			02/07/2017	06/01/2036
882385-AC-1.	TX ST HSG TEMPLE JR COLLEGE A.			2.	6*				40,000						5.875		MS	783		05/19/2011	09/01/2022
882385-AD-9.	TX ST HSG TEMPLE JR COLLEGE A.			2.	6*				105,000						5.750		MS	2,013		03/24/2011	09/01/2027
882385-AE-7.	TX ST HSG TEMPLE JR COLLEGE A.			2.	6*				240,000						6.000		MS	4,800		05/11/2017	09/01/2033
	WCHSTR CTY NY INDL - LC WHT																				
957372-BU-8.	PLNS.			2.	5*	9,221,888	99.4890	9,197,758	9,245,000	9,197,758	(25,987)	1,857			6.250	6.282	A0	121,983	577,813	03/13/2017	10/15/2027
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						13,279,393	XXX	13,255,419	53,842,937	13,165,492	(28,784)	(12,283)			XXX	XXX	XXX	200,847	753,968	XXX	XXX
30711X-AC-8.	CONNECTICUT AVE 2014-C01 M1.			4.	1.	691,741	100.8190	697,407	691,741	691,741					3.152	3.559	MON	363	19,540	01/14/2014	01/25/2024
3128MJ-2H-2.	FHLMC GOLD POOL FG G08775			4.	1.	6,143,545	104.5830	6,080,240	5,813,794	6,133,194		(10,351)			4.000	2.907	MON	19,379	78,068	08/10/2017	08/01/2047
3128MJ-X4-7.	FHLMC GOLD POOL FG G08698			4.	1.	3,470,577	102.8440	3,411,116	3,316,787	3,473,816		(1,791)			3.500	2.727	MON	9,674	117,366	03/30/2016	03/01/2046
3128MJ-Y7-9.	FHLMC GOLD POOL FG G08733			4.	1.	4,660,018	102.8490	4,550,334	4,424,286	4,653,509		(3,754)			3.500	2.683	MON	12,904	156,361	10/28/2016	11/01/2046
3128MJ-YH-7.	FHLMC GOLD POOL FH G08711			4.	1.	2,999,919	102.8480	2,918,819	2,837,993	2,997,513		(1,089)			3.500	2.601	MON	8,277	100,426	07/13/2016	06/01/2046
3128MJ-YY-0.	FHLMC GOLD POOL FH G08726			4.	1.	8,732,465	100.1230	7,912,570	7,902,849	8,225,290		(12,357)			3.000	2.440	MON	19,757	238,561	09/27/2016	10/01/2046
3132WD-YQ-1.	FHLMC GOLD POOL FG Q40718			4.	1.	8,350,972	102.8470	8,193,148	7,966,347	8,338,342		(10,375)			3.500	2.742	MON	23,235	281,394	05/24/2016	05/01/2046
	FNMA WHOLE LOAN NW 2001-W1																				
31359S-2G-4.	AF6			4.	1.	62,665	114.9630	69,386	60,355	63,761		5,573			6.902	5.371	MON	347	4,237	02/20/2004	07/25/2031
31387C-M3-2.	FNMA POOL 580078			4.	1.	4,406	106.6290	4,570	4,286	4,357		(7)			7.000	6.359	MON	25	301	03/06/2002	09/01/2031
3138WD-T4-3.	FNMA POOL AS4170			4.	1.	2,850,029	104.6600	2,791,268	2,666,987	2,879,688		9,947			4.000	2.359	MON	8,890	114,828	12/31/2014	12/01/2044
3138Y6-MM-3.	FNMA POOL AX4863			4.	1.	6,732,465	104.6670	6,582,789	6,289,269	6,747,855		5,681			4.000	2.487	MON	20,964	256,670	12/16/2014	12/01/2044
31393W-K4-0.	FHLMC 2643 OH			4.	1.	1,988,137	107.5820	2,371,590	2,204,449	2,122,057		1,408			5.000	6.151	MON	9,185	112,900	06/07/2007	07/15/2033
31394D-JJ-0.	FNMA 2005-29 OE			4.	1.	2,393,390	107.4090	2,857,840	2,660,708	2,551,886		699			5.000	6.150	MON	11,086	135,458	06/07/2007	04/25/2035
31394Y-KX-1.	FHLMC 2791 UG			4.	1.	191,713	101.1710	195,670	193,406	192,866		111			5.000	5.235	MON	806	9,760	11/08/2004	05/15/2019
31395J-W5-1.	FHLMC 2888 HG			4.	1.	1,358,055	107.4040	1,538,918	1,432,831	1,406,872		(788)			5.000	5.518	MON	5,970	72,919	11/02/2004	11/15/2034
31402D-F7-0.	FNMA POOL 725690			4.	1.	1,510,104	113.6460	1,660,771	1,461,354	1,508,657		(727)			6.000	4.982	MON	7,307	88,949	01/20/2005	08/01/2034
31405R-AR-7.	FNMA POOL 796616			4.	1.	1,384,646	110.8560	1,511,697	1,363,659	1,388,721		(37)			5.500	5.020	MON	6,250	76,007	11/09/2004	10/01/2034
31407U-EK-9.	FNMA POOL 840838			4.	1.	120,092	109.6600	133,402	121,650	119,134		(259)			5.500	6.008	MON	558	6,709	10/27/2005	11/01/2035
31418B-V6-8.	FNMA POOL 2414			4.	1.	2,399,505	102.7270	2,365,425	2,302,633	2,405,324		745			3.500	2.758	MON	6,716	81,713	09/29/2015	10/01/2045

ANNUAL STATEMENT FOR THE YEAR 2017 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 F o r e i g n	5 Bond CHAR			8 Rate Used to Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change In B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Stated Contractual Maturity Date				
CUSIP Identification	Description	Code			NAIC Designation	Actual Cost		Fair Value	Par Value	Book/ Adjusted Carrying Value															
31418C-QB-3.	FNMA POOL 3149			4.	1.	2,211,355		104.6780		2,193,801		2,095,761		2,208,421		(2,934)			4.000	2.944	MON	6.986	21,055	09/28/2017	10/01/2047
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					57,765,762		XXX		58,040,762		55,811,144		58,113,006		(20,302)			XXX	XXX	XXX	178,681	1,973,223	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					71,045,155		XXX		71,296,181		109,654,081		71,278,498		(28,784)			XXX	XXX	XXX	379,528	2,727,191	XXX	XXX
00206R-DB-5.	AT&T INC.			1.	2FE	4,092,480		103.3490		4,133,960		4,000,000		4,066,848		(14,578)			3.800	3.370	MS	44,756	152,000	03/21/2016	03/15/2022
00772B-AP-6.	AERCAP IRELAND CAPITAL, LLC	C.		1.	2FE	3,120,000		105.9390		3,178,170		3,000,000		3,100,768		(19,232)			4.625	3.806	JJ	69,375	69,375	01/11/2017	07/01/2022
009088-AB-1.	AIR CANADA 2015-2A PTT			1.	1FE	487,024		104.7500		510,158		487,024		487,024					4.125	4.125	JD	893	20,605	12/01/2015	06/15/2029
009090-AB-7.	AIR CANADA 2015-1B PTT			1.	2FE	854,757		101.2500		865,441		854,757		854,757					3.875	3.874	MS	9,753	34,579	03/11/2015	09/15/2024
00912X-AS-3.	AIR LEASE CORPORATION			1.	2FE	693,413		102.1490		715,043		700,000		695,516		1,214			3.375	3.576	JD	1,969	23,625	04/04/2016	06/01/2021
020002-AV-3.	ALLSTATE CORPORATION			1,2	2FE	531,875		98.7500		493,750		500,000		500,000		(5,267)			3.351	3.351	FMAN	2,187	23,448	02/19/2015	05/15/2067
023765-AA-8.	AMERICAN AIRLINES 16-2 PTT			1.	1FE	1,516,800		99.7070		1,512,356		1,516,800		1,516,800					3.200	3.200	JD	2,157	49,851	05/02/2016	12/15/2029
02376U-AA-3.	AMERICAN AIRLINES 16-1 AA PTT			1.	1FE	594,746		101.8100		605,511		594,746		594,746					3.575	3.575	JJ	9,804	21,770	01/12/2016	07/15/2029
023770-AB-6.	AMERICAN AIRLINES 15-1 B PTT			1.	2FE	1,069,295		99.7500		1,059,003		1,061,657		1,067,350		(720)			3.700	3.546	MN	6,547	41,621	03/03/2015	11/01/2024
02377B-AC-0.	AMERICAN AIRLINES 15-2 B PTT			1.	2FE	1,255,774		102.0900		1,282,020		1,255,774		1,255,774					4.400	4.398	MS	15,195	58,565	09/10/2015	03/22/2025
031162-AZ-3.	AMGEN INC.			1.	2FE	997,770		103.7950		1,037,950		1,000,000		999,699		262			5.700	5.729	FA	23,750	57,000	01/13/2009	02/01/2019
03939C-AA-1.	ARCH CAPITAL FINANCE LLC	C.		1,2	2FE	2,900,000		104.1120		3,019,248		2,900,000		2,900,000					4.011	4.011	JD	5,170	118,581	11/29/2016	12/15/2026
052528-AK-2.	AUST & NEW ZEAL BANK GRP LTD	C.			2FE	3,498,320		104.0250		3,640,875		3,500,000		3,498,545		141			4.400	4.406	MN	17,967	154,000	05/12/2016	05/19/2026
060516-EH-8.	BANK OF AMERICA CORP.				1FE	3,982,600		107.7860		4,311,440		4,000,000		3,993,156		1,823			5.000	5.056	MN	26,667	200,000	05/10/2011	05/13/2021
11102A-AA-9.	BRITISH TELECOMMUNICATIONS	C.		1.	2FE	1,091,730		100.1340		1,001,340		1,000,000		1,000,642		(16,663)			5.950	4.228	JJ	27,436	59,500	12/05/2011	01/15/2018
14040H-BL-8.	CAPITAL ONE FINANCIAL CORP			2.	2FE	2,998,080		100.7010		3,021,030		3,000,000		2,998,374		294			3.050	3.064	MS	28,467	45,750	03/06/2017	03/09/2022
2027A0-HR-3.	COMMONWEALTH BANK AUSTRALI	C.			2FE	1,496,895		104.6820		1,570,230		1,500,000		1,497,427		264			4.500	4.526	JD	4,125	67,500	12/02/2015	12/09/2025
25272K-AG-8.	DIAMOND 1 FIN/DIAMOND 2			1,2	2FE	1,554,331		108.0640		1,680,395		1,555,000		1,554,498		77			5.450	5.457	JD	3,767	84,748	05/17/2016	06/15/2023
26884U-AB-5.	EPR PROPERTIES			1,2	2FE	996,380		102.3420		1,023,420		1,000,000		997,247		314			4.500	4.545	AO	11,250	45,000	03/09/2015	04/01/2025
26884U-AD-1.	EPR PROPERTIES			1,2	2FE	1,590,288		100.5690		1,609,104		1,600,000		1,590,778		490			4.500	4.576	JD	6,000	37,600	05/16/2017	06/01/2027
29273R-AH-2.	ENERGY TRANSFER PARTNERS LP			1.	2FE	2,298,240		102.2080		2,044,160		2,000,000		2,027,335		(53,106)			6.700	3.913	JJ	67,000	134,000	06/05/2012	07/01/2018
30161M-AR-4.	EXELON GENERATION CO., LLC			1,2	2FE	1,197,420		101.6810		1,220,172		1,200,000		1,197,813		393			3.400	3.447	MS	12,013	20,967	03/07/2017	03/15/2022
30219G-AE-8.	EXPRESS SCRIPTS HOLDING CO.			1.	2FE	1,288,911		106.5430		1,385,059		1,300,000		1,295,067		1,133			4.750	4.859	MN	7,890	61,750	11/14/2011	11/15/2021
320517-AB-1.	FIRST HORIZON NATIONAL CORP.			2.	2FE	498,790		102.1180		510,590		500,000		499,290		224			3.500	3.551	JD	778	17,500	10/26/2015	12/15/2020
345397-YL-1.	FORD MOTOR CREDIT CO., LLC			2.	2FE	700,000		101.1580		708,106		700,000		700,000					3.339	3.341	MS	6,038	11,557	03/28/2017	03/28/2022
37045X-BT-2.	GENL MOTORS FINL CO., INC.			1,2	2FE	843,775		104.0050		878,842		845,000		843,870		96			4.350	4.368	JJ	16,745	18,379	01/11/2017	01/17/2027
37045X-BW-5.	GENL MOTORS FINL CO., INC.			1,2	2FE	1,497,450		102.9490		1,544,235		1,500,000		1,497,681		231			3.950	3.978	AO	12,838	29,625	04/10/2017	04/13/2024
38141E-A2-5.	GOLDMAN SACHS GROUP INC				1FE	1,814,443		105.6840		1,955,154		1,850,000		1,844,562		4,475			7.500	7.779	FA	52,417	138,750	01/29/2009	02/15/2019
38141G-FG-4.	GOLDMAN SACHS GROUP INC.				1FE	1,525,986		100.1580		1,402,212		1,400,000		1,400,913		(19,513)			5.950	4.506	JJ	37,716	83,300	08/18/2010	01/18/2018
38141G-RD-8.	GOLDMAN SACHS GROUP INC.				1FE	1,004,290		103.3030		1,033,030		1,000,000		1,002,385		(423)			3.625	3.573	JJ	16,010	36,250	02/13/2013	01/22/2023
40414L-AP-4.	HCP INC.			1,2	2FE	1,194,924		104.7090		1,256,508		1,200,000		1,196,290		669			4.000	4.070	JD	4,000	48,000	11/23/2015	12/01/2022
404280-AK-5.	HSBC HOLDINGS PLC.	C.			1FE	1,995,660		107.4430		2,148,860		2,000,000		1,998,339		457			5.100	5.128	AO	24,367	102,000	03/29/2011	04/05/2021
459200-GM-7.	IBM CORP.			1.	1FE	996,280		104.4330		1,044,330		1,000,000		999,597		481			7.625	7.679	AO	16,097	76,250	10/09/2008	10/15/2018
49456B-AE-1.	KINDER MORGAN INC.			1,2	2FE	2,501,077		100.8760		2,521,900		2,500,000		2,500,402		(238)			3.050	3.040	JD	6,354	76,250	12/04/2014	12/01/2019
56501R-AE-6.	MANULIFE FINANCIAL CORP.			2,5	2FE	2,380,000		100.7540		2,397,945		2,380,000		2,380,000					4.061	4.061	FA	34,097	48,326	02/21/2017	02/24/2032
61761J-ZN-2.	MORGAN STANLEY				2FE	2,491,000		101.5480		2,538,700		2,500,000		2,492,666		639			3.950	3.988	AO	18,653	98,750	04/20/2015	04/23/2027
64952W-CN-1.	NEW YORK LIFE GLOBAL FUNDING.				1FE	2,997,360		100.4410		3,013,230		3,000,000		2,997,690		330			2.900	2.914	JJ	39,633	43,500	01/09/2017	01/17/2024
68268N-AN-3.	ONEOK PARTNERS LP			1,2	2FE	1,142,515		102.1960		1,165,034		1,140,000		1,141,152		(506)			3.800	3.751	MS	12,755	43,320	03/18/2015	03/15/2020
6AMCDB-SS-3.	BANK OF HAWAII				1FE	50,000																			

ANNUAL STATEMENT FOR THE YEAR 2017 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 F o r e i g n	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code		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
90932D-AA-3.	UNITED AIRLINES 2016-2 A PTT...			1	1FE	2,000,000		1,964,400	2,000,000	2,000,000					3.100	3.100	AO	14,467	63,722	09/13/2016	04/07/2030
92276W-AY-1.	VENTAS REALTY LP/CAPITAL CORP.			1 2	2FE	1,492,335		1,527,285	1,500,000	1,498,389		1,159			4.000	4.084	AO	10,167	60,000	04/12/2012	04/30/2019
948741-AL-7.	WEINGARTEN REALTY INVESTORS			1,2	2FE	992,330		1,009,290	1,000,000	994,074		676			3.850	3.943	JD	3,208	38,500	05/07/2015	06/01/2025
949746-SP-7.	WELLS FARGO & CO.			2	1FE	3,000,000		3,037,410	3,000,000	3,000,000					2.343	2.377	FMAN	9,567	47,969	02/06/2017	02/11/2022
959802-AU-3.	WESTERN UNION CO., THE			1,2	2FE	2,995,770		3,037,050	3,000,000	2,996,396		626			3.600	3.631	MS	31,800	54,000	03/08/2017	03/15/2022
961214-DF-7.	WESTPAC BANKING CORP.		C	2	2FE	1,875,000		1,931,831	1,875,000	1,875,000					4.322	4.322	MN	8,554	81,038	11/15/2016	11/23/2031
3299999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations						86,814,661	XXX	88,772,894	86,205,758	86,322,404		(111,438)			XXX	XXX	XXX	936,403	3,249,470	XXX	XXX
004375-BL-4.	ACCREDITED MORT LOAN 2004-3			4	1FM	608,472		622,947	610,284	622,382		11,616			2.752	2.823	MON	280	13,988	01/14/2014	10/25/2034
07384W-7C-0.	BEAR STERNS ARM TR 2005-2 A1			4	1FM	453,920		457,307	452,506	465,229		9,419			3.330	3.772	MON	1,256	15,009	03/09/2015	03/25/2035
073879-MC-9.	BEAR STEARNS ABS 2004-SD4 A1			4	1FM	1,353,955		1,390,684	1,406,707	1,368,829		2,790			2.452	3.695	MON	575	27,990	08/09/2012	08/25/2044
126671-R4-0.	COUNTRYWIDE ABC 2003-5 MF			4	1FM	77,667		101,3510	118,275	77,667					5.251	10.140	MON	518	6,329	01/26/2005	01/25/2034
17307G-CU-0.	CITIGROUP MLT 2003-HE3 A			4	1FM	336,236		367,809	369,709	359,817		4,756			2.312	5.994	MON	142	6,829	01/19/2011	12/25/2033
32027N-PG-0.	FIRST FRANKLIN 2004-FFH4 M5			4	1FM	1,629,261		1,648,019	1,635,394	1,655,842		19,877			3.127	2.935	MON	852	43,683	02/09/2015	01/25/2035
362341-RX-9.	GSR MORT LOAN TR 2005-AR6 2A1			4	1FM	395,513		402,113	394,302	402,043		3,744			3.472	3.509	MON	1,141	12,862	04/17/2015	09/25/2035
36242D-NT-6.	GS AMP 2004-OPT A4			4	1FM	594,028		615,042	613,190	612,299		7,824			2.452	2.835	MON	251	12,195	03/12/2014	11/25/2034
45254N-JG-3.	IMPAC CMB TRUST 2004-5 1A1			4	1FM	671,068		722,766	741,511	700,349		3,635			2.272	4.181	MON	281	13,396	09/27/2010	10/25/2034
589929-Y3-6.	MERRILL LYNCH MLCC 2003-E A1			4	1FM	66,557		68,195	69,830	68,134		1,383			2.172	3.318	MON	25	1,184	03/02/2015	10/25/2028
61744C-FP-6.	MORGAN STAN 2004-NC7 M1 MTGE			4	1FM	1,506,736		1,623,394	1,637,757	1,556,041		36,895			2.407	3.821	MON	657	31,825	05/13/2016	07/25/2034
64352V-JY-8.	NEW CENTURY HOME 2005-1 A2C NEW RES MORT LOAN TR 2017-3A			4	1FM	469,338		469,127	468,752	468,839		(172)			2.252	2.236	MON	176	8,374	07/18/2014	03/25/2035
64828W-AA-5.	A			4	2FM	1,691,960		1,672,911	1,624,517	1,729,108		37,148			4.000	1.996	MON	5,415	33,124	06/05/2017	04/25/2057
81744Y-AA-4.	SEQUOIA MORTGAGE 2013-4 A1			4	1FM	2,279,975		2,258,759	2,325,022	2,287,980		1,543			2.325	2.588	MON	4,505	54,577	05/14/2013	04/27/2043
3399999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities						12,134,685	XXX	12,438,946	12,467,755	12,374,558		140,456			XXX	XXX	XXX	16,073	281,365	XXX	XXX
125282-AA-1.	CDGBB COMM MORT TR 2017-B			4	1FM	3,000,000		3,003,720	3,000,000	3,000,000					2.267	2.300	MON	3,212	20,276	08/03/2017	07/15/2032
12531Y-AU-2.	CFCRE CMT 2016-C4 AM			4	1FM	2,059,866		2,033,540	2,000,000	2,051,002		(5,503)			3.691	3.348	MON	6,152	73,820	05/04/2016	05/10/2058
12593A-BD-6.	COMM CMT 2015-CR23 B			4	1FM	3,023,672		3,006,360	3,000,000	3,019,404		(2,725)			4.183	4.098	MON	10,458	125,490	05/25/2016	05/12/2048
50179W-AH-4.	LB UBS CMS TR 2006 C6 AJ			4	4FM	490,135		367,131	367,131	367,131	(44,231)	462,085			5.452	(13,090)	MON	1,400	23,838	08/06/2014	09/15/2039
61761A-AZ-1.	MORGAN STAN BAML 2012 C5 A4			4	1FM	4,650,814		4,645,728	4,560,000	4,600,643		(9,911)			3.176	2.948	MON	12,069	144,826	07/13/2012	08/17/2045
61761Q-AG-8.	MORGAN STANLEY BAML TR 2013-C8			4	1FM	3,244,792		3,186,230	3,170,000	3,236,008		(8,784)			3.376	2.921	MON	8,918	71,346	04/21/2017	12/17/2048
61762D-AY-7.	MORGAN STAN BAML TR 2013-C9			4	1FM	2,884,699		2,804,970	2,775,000	2,859,029		(15,268)			3.456	2.828	MON	7,992	95,904	04/15/2016	05/17/2046
90276G-AX-0.	UBS COMM MORT TR 2017-C3			4	1FM	2,368,861		2,329,026	2,300,000	2,366,809		(2,053)			4.092	3.742	MON	7,843	31,372	08/17/2017	08/17/2050
3499999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities						21,722,839	XXX	21,376,705	21,267,085	21,500,025	(44,231)	(47,509)			XXX	XXX	XXX	58,042	586,872	XXX	XXX
00083W-AH-4.	ACA ABS LTD 2007-3A 144A			4	6FE				6,818,146						3.892		FMAN			09/19/2014	05/07/2047
00083W-AJ-0.	ACA ABS LTD 2007-3A 144A			4	6FE				6,404,135						4.392		FMAN			09/12/2014	05/07/2047
12479R-AD-9.	CAPITAL AUTO REIT 2017-1A A1			4	1FE	1,092,350		1,107,953	1,092,667	1,092,390		40			3.870	3.908	MON	1,879	27,979	03/30/2017	04/15/2047
13057D-AE-6.	CALIFORNIA REPUB AUTO REC 2017-1 B			4	1FE	1,624,484		1,611,188	1,625,000	1,624,578		93			2.910	2.935	MON	2,102	39,275	02/09/2017	12/15/2022
139738-AD-0.	CAPITAL AUTO REC TR 2015-2 A3			4	1FE	1,552,810		1,552,810	1,552,841	1,552,838		9			1.730	1.737	MON	821	28,454	05/13/2015	09/20/2019
139756-AF-5.	CAPITAL AUTO REC TR 2014-1			4	1FE	377,125		371,539	371,323	371,463		(2,365)			2.840	2.137	MON	322	12,964	09/15/2015	04/22/2019
14313U-AG-1.	CARMAX AUTO OWNER TR 2014-4			4	3AM	1,711,527		1,712,434	1,705,000	1,709,904		(1,623)			3.040	2.932	MON	2,304	43,193	03/01/2017	05/17/2021
17305E-GE-9.	CITIBANK CC ISS TR 2017-A6			4	1FE	3,000,000		3,028,140	3,000,000	3,000,000					2.242	0.771	MON	3,363	33,625	05/15/2017	05/14/2029
21079U-AA-3.	CONTINENTAL AIRLINES 2009-2			1	1FE	715,159		679,326	630,096	645,209		(16,050)			7.250	4.308	MN	6,472	47,163	05/23/2012	05/10/2021
22540A-6C-7.	INDYMAC MANU HSG 1998-1W			4	6FE				5,713,612						7.110		MON			12/13/2017	09/25/2028
26207Y-AE-1.	DRIVE AUTO REC TR 2016-AA B			4	1FE	157,467		157,621	157,477	157,477		5			3.170	3.193	MON	222	6,412	01/21/2016	05/15/2020
26208C-AJ-7.	DRIVE AUTO RECEIVABLES TR 2017-AA B			4	1FE	1,666,932		1,671,651	1,667,000	1,666,981		49			2.510	2.526	MON	1,860	36,612	01/24/2017	01/15/2021
33843N-AE-1.	FLAGSHIP CRED AUTO TR 2016-2			4	1FE																
44614D-AF-4.	B			4	1FE	699,780		713,965	700,000	699,834		12			3.840	3.846	MON	1,195	26,880	04/25/2016	09/15/2022
	HUNTINGTON AUTO TR 2016-1 C			4	1FE	1,319,728		1,316,278	1,320,000	1,319,785		52			2.560	2.578	MON	1,502	33,792	11/28/2016	08/15/2022
80285E-AE-7.	SANTANDER DR AUTO REC 2016-1 B			4	1FE	1,999,894		2,003,480	2,000,000	1,999,979		51			2.470	2.485	MON	2,196	49,400	02/10/2016	12/15/2020

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 2 - SECTION 1

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

E11

SCHEDULE D - PART 2 - SECTION 2

[illegible]

E12

ANNUAL STATEMENT FOR THE YEAR 2017 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
.36179S-YT-8.....	GNMA POOL II MA4322.....		.12/29/2017.....	NOMURA SECURITIES INTERNATIONAL.....	XXX.....	4,509,186.....	4,310,499.....	13,410.....
.912828-KD-1.....	US TREASURY N/B.....		.08/31/2017.....	VARIOUS.....	XXX.....	5,466,217.....	5,350,000.....	18,926.....
.912828-RR-3.....	US TREASURY N/B.....		.05/23/2017.....	CREDIT AGRICOLE SECURITIES, NEW YORK.....	XXX.....	101,176.....	100,000.....	49.....
0599999 - Bonds - U.S. Governments						10,076,579	9,760,499	32,386
.453419-AZ-6.....	INDEP CTY AR HYDRO SENIOR.....		.08/18/2017.....	VARIOUS.....	XXX.....		335,000.....	
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)							335,000.....	
.13033W-B2-8.....	CA INFRA ECON CABS SERIES A.....		.11/01/2017.....	VARIOUS.....	XXX.....		100,000.....	
.13033W-B6-9.....	CA INFRA ECON CABS SERIES A.....		.11/29/2017.....	VARIOUS.....	XXX.....		75,000.....	
.13033W-B8-5.....	CA INFRA ECON CABS SERIES A.....		.11/02/2017.....	VARIOUS.....	XXX.....		25,000.....	
.13033W-C2-7.....	CA INFRA ECON CABS SERIES A.....		.10/10/2017.....	VARIOUS.....	XXX.....		200,000.....	
.20786L-CS-8.....	CONNECTOR 2000 CABS A.....		.12/01/2017.....	VARIOUS.....	XXX.....		25,000.....	
.3128MJ-ZH-2.....	FHLMC GOLD POOL FG G08775.....		.08/10/2017.....	WELLS FARGO SECURITIES LLC.....	XXX.....	6,319,958.....	5,980,738.....	8,639.....
.31418C-QB-3.....	FNMA POOL 3149.....		.09/28/2017.....	RBC CAPITAL MARKETS, LLC.....	XXX.....	2,242,207.....	2,125,000.....	6,611.....
.453419-CH-4.....	INDEP CTY AR HYDRO SUB SER A.....		.06/28/2017.....	VARIOUS.....	XXX.....		990,000.....	
.544566-AP-7.....	LA CA INDL DEV SANTEE COURT.....		.03/17/2017.....	VARIOUS.....	XXX.....		1,300,000.....	
.546279-RJ-1.....	LA GOV BATON RGE ST HSG-SER A.....		.03/30/2017.....	VARIOUS.....	XXX.....		50,000.....	
.546279-RK-8.....	LA GOV BATON RGE ST HSG-SER A.....		.05/02/2017.....	VARIOUS.....	XXX.....		265,000.....	
.641345-CP-6.....	NEVADA MO HOSP REV: NEVADA REG.....		.10/11/2017.....	HILLTOP SECURITIES INC.....	XXX.....	467,050.....	500,000.....	1,329.....
.641345-CR-2.....	NEVADA MO HOSP REV: NEVADA REG.....		.08/16/2017.....	VARIOUS.....	XXX.....	475,200.....	565,000.....	6,332.....
.649710-BW-9.....	NY CITY INDL DEV SPL NEEDS PG-A-1.....		.02/28/2017.....	SOUTHWEST SECURITIES.....	XXX.....	101,850.....	105,000.....	841.....
.802576-AX-6.....	SANTA ROSA FL BAY BRIDGE AUTH.....		.05/10/2017.....	VARIOUS.....	XXX.....		100,000.....	
.864768-NC-6.....	SUFFOLK CTY DOWLING SERIES A.....		.03/27/2017.....	VARIOUS.....	XXX.....		165,548.....	
.864768-ND-4.....	SUFFOLK CTY DOWLING SERIES A.....		.02/07/2017.....	VARIOUS.....	XXX.....		285,000.....	
.882385-AE-7.....	TX ST HSG TEMPLE JR COLLEGE A.....		.05/16/2017.....	VARIOUS.....	XXX.....		100,000.....	
.957372-BU-8.....	WCHSTR CTY NY INDL - LC WHT PLNS.....		.03/13/2017.....	VARIOUS.....	XXX.....	9,221,888.....	9,245,000.....	240,624.....
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						18,828,152	22,201,286	264,376
.00772B-AP-6.....	AERCAP IRELAND CAPITAL, LLC.....	C.....	.01/11/2017.....	GOLDMAN, SACHS & CO.....	XXX.....	3,120,000.....	3,000,000.....	6,167.....
.12479R-AD-9.....	CAPITAL AUTO REIT 2017-1A A1.....		.03/30/2017.....	CREDIT SUISSE SECURITIES (USA).....	XXX.....	1,099,681.....	1,100,000.....	
.125282-AA-1.....	CDGBB COMM MORT TR 2017-B.....		.08/03/2017.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	3,000,000.....	3,000,000.....	
.126671-R4-0.....	COUNTRYWIDE ABC 2003-5 MF.....		.02/01/2017.....	ADJUSTMENT.....	XXX.....	258,805.....	394,124.....	1,778.....
.126671-R4-0.....	COUNTRYWIDE ABC 2003-5 MF.....		.03/01/2017.....	VARIOUS.....	XXX.....	(258,805).....	(394,124).....	(1,778).....
.13057D-AE-6.....	CALIFORNIA REPUB AUTO REC 2017-1 B.....		.02/09/2017.....	CREDIT SUISSE SECURITIES (USA).....	XXX.....	1,624,484.....	1,625,000.....	
.14040H-BL-8.....	CAPITAL ONE FINANCIAL CORP.....		.03/06/2017.....	MORGAN STANLEY.....	XXX.....	2,998,080.....	3,000,000.....	
.14313U-AG-1.....	CARMAX AUTO OWNER TR 2014-4.....		.03/01/2017.....	BANK OF NEW YORK TORONTO DOMINION.....	XXX.....	1,711,527.....	1,705,000.....	3,024.....
.17305E-GE-9.....	CITIBANK CC ISS TR 2017-A6.....		.05/15/2017.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	3,000,000.....	3,000,000.....	
.22540A-FK-9.....	INDYMAC MANU HSG 1998-1W.....		.12/13/2017.....	VARIOUS.....	XXX.....		5,713,612.....	
.26208C-AJ-7.....	DRIVE AUTO RECEIVABLES TR 2017-AA B.....		.01/24/2017.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	1,666,932.....	1,667,000.....	
.26884U-AD-1.....	EPR PROPERTIES.....		.05/16/2017.....	MLPFS INC FIXED INCOME.....	XXX.....	1,590,288.....	1,600,000.....	
.30161M-AR-4.....	EXELON GENERATION CO., LLC.....		.03/07/2017.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	1,197,420.....	1,200,000.....	
.345397-YL-1.....	FORD MOTOR CREDIT CO., LLC.....		.03/28/2017.....	CITIGROUP GLOBAL MARKETS INC.....	XXX.....	700,000.....	700,000.....	
.37045X-BT-2.....	GENL MOTORS FINL CO., INC.....		.01/11/2017.....	DEUTSCHE BANK SECURITIES, INC.....	XXX.....	843,775.....	845,000.....	
.37045X-BW-5.....	GENL MOTORS FINL CO., INC.....		.04/10/2017.....	MLPFS INC FIXED INCOME.....	XXX.....	1,497,450.....	1,500,000.....	
.46632H-AJ-0.....	JPMC CMT 2007-LDP12.....		.01/01/2017.....	ADJUSTMENT.....	XXX.....	(2,566,406).....	(2,500,000).....	(9,533).....
.56501R-AE-6.....	MANULIFE FINANCIAL CORP.....		.02/21/2017.....	MORGAN STANLEY & CO. LLC.....	XXX.....	2,380,000.....	2,380,000.....	
.61761Q-AG-8.....	MORGAN STANLEY BAML TR 2013-C8.....		.04/21/2017.....	MORGAN STANLEY.....	XXX.....	3,244,792.....	3,170,000.....	7,432.....
.64828M-AA-5.....	NEW RES MORT LOAN TR 2017-3A A.....		.07/01/2017.....	MLPFS INC FIXED INCOME.....	XXX.....	1,942,427.....	1,865,000.....	1,658.....
.64952W-CN-1.....	NEW YORK LIFE GLOBAL FUNDING.....		.01/09/2017.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,997,360.....	3,000,000.....	
.6AMCDB-SS-3.....	BANK OF HAWAII.....		.07/17/2017.....	VARIOUS.....	XXX.....	50,000.....	50,000.....	
.902766-AX-0.....	UBS COMM MORT TR 2017-C3.....		.08/17/2017.....	UBS SECURITIES, LLC.....	XXX.....	2,368,861.....	2,300,000.....	7,843.....
.949746-SP-7.....	WELLS FARGO & CO.....		.02/06/2017.....	WELLS FARGO SECURITIES LLC.....	XXX.....	3,000,000.....	3,000,000.....	
.959802-AU-3.....	WESTERN UNION CO., THE.....		.03/08/2017.....	BARCLAYS CAPITAL INC FIXED INC.....	XXX.....	2,995,770.....	3,000,000.....	
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						40,462,442	45,920,612	16,590
8399997 - Bonds - Subtotals - Bonds - Part 3						69,367,174	78,217,397	313,352
8399998 - Bonds - Summary item from Part 5 for Bonds						23,197,806	24,379,452	12,991
8399999 - Bonds - Subtotals - Bonds						92,564,980	102,596,849	326,343
9999999 Totals						92,564,980	XXX	326,343

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 4

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

CUSIP Identification	Description	Foreign Sign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	
										Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other-Than- Temporary Impairment Recognized	Total Change in B/A. C.V. (11+12-13)	Total Foreign Exchange Change in B/A. C.V.							
361790-6P-1	GNMA POOL 11 MA2678		12/01/2017	PAYDOWN		1,493,009	1,493,009	1,576,524	1,585,883		(92,874)		(92,874)		1,493,009				24,560	03/20/2045	
36179R-BX-6	GNMA POOL 11 MA2754		12/01/2017	PAYDOWN		2,082,993	2,082,993	2,199,836	2,208,219		(125,226)		(125,226)		2,082,993				33,965	04/20/2045	
36200A-BE-8	GNMA POOL 595037		12/01/2017	PAYDOWN		.97	.97	.100	.99		(2)		(2)		.97				.3	10/15/2032	
36200A-CW-7	GNMA POOL 595085		12/01/2017	PAYDOWN		9,276	9,276	9,552	9,530		(254)		(254)		9,276				119	10/15/2032	
36200E-TY-7	GNMA POOL 599167		12/01/2017	PAYDOWN		1,708	1,708	1,759	1,743		(35)		(35)		1,708				49	12/15/2033	
36200W-AT-0	GNMA POOL 604018		12/01/2017	PAYDOWN		123,695	123,695	127,280	126,281		(2,586)		(2,586)		123,695				2,915	02/15/2033	
36200W-EN-9	GNMA POOL 604141		12/01/2017	PAYDOWN		3,585	3,585	3,692	3,687		(102)		(102)		3,585				104	03/15/2033	
362000-2R-4	GNMA POOL 569684		12/01/2017	PAYDOWN		2,940	2,940	3,027	3,007		(67)		(67)		2,940				72	02/15/2032	
36200R-LX-8	GNMA POOL 570142		12/01/2017	PAYDOWN		1,756	1,756	1,809	1,800		(43)		(43)		1,756				41	12/15/2031	
36200R-XT-4	GNMA POOL 570490		12/01/2017	PAYDOWN		.54	.54	.56	.55		(1)		(1)		.54				2	12/15/2031	
36200S-US-7	GNMA POOL 571293		12/01/2017	PAYDOWN		.74	.74	.76	.77		(3)		(3)		.74				2	11/15/2031	
36201A-PF-9	GNMA POOL 577422		12/01/2017	PAYDOWN		1,040	1,040	1,071	1,061		(21)		(21)		1,040				36	01/15/2032	
36201D-AX-0	GNMA POOL 579722		12/01/2017	PAYDOWN		6,852	6,852	7,056	6,988		(135)		(135)		6,852				254	08/15/2032	
36201E-AG-5	GNMA POOL 580607		12/01/2017	PAYDOWN		2,038	2,038	2,098	2,081		(44)		(44)		2,038				73	02/15/2033	
36201F-AF-4	GNMA POOL 581506		12/01/2017	PAYDOWN		439	439	452	453		(15)		(15)		439				13	04/15/2033	
36201Y-FD-3	GNMA POOL 606864		12/01/2017	PAYDOWN		152	152	157	156		(4)		(4)		152				4	10/15/2033	
36207E-ND-2	GNMA POOL 429788		12/01/2017	PAYDOWN		4,938	4,938	5,085	5,092		(154)		(154)		4,938				54	12/15/2033	
36210J-HW-1	GNMA POOL 493545		12/01/2017	PAYDOWN		1,079	1,079	1,111	1,097		(18)		(18)		1,079				37	03/15/2031	
36213F-U4-3	GNMA POOL 553303		12/01/2017	PAYDOWN		.52	.52	.53	.52		(1)		(1)		.52				1	06/15/2033	
36213R-2A-4	GNMA POOL 562469		12/01/2017	PAYDOWN		77,978	77,978	78,377	78,132		(154)		(154)		77,978				2,787	02/15/2034	
36213R-ZF-7	GNMA POOL 562442		12/01/2017	PAYDOWN		5,485	5,485	5,634	5,564		(80)		(80)		5,485				142	01/15/2034	
36213T-GW-7	GNMA POOL 563713		12/01/2017	PAYDOWN		5,235	5,235	5,390	5,344		(109)		(109)		5,235				155	01/15/2033	
36213U-EZ-9	GNMA POOL 564552		12/01/2017	PAYDOWN		.82	.82	.84	.84		(2)		(2)		.82				2	12/15/2031	
36213V-GN-2	GNMA POOL 565505		12/01/2017	PAYDOWN		183	183	188	188		(5)		(5)		183				10	09/15/2032	
36290X-PM-6	GNMA POOL 620628		12/01/2017	PAYDOWN		757	757	779	784		(27)		(27)		757				22	09/15/2033	
36290X-PT-1	GNMA POOL 620634		12/01/2017	PAYDOWN		1,366	1,366	1,406	1,386		(20)		(20)		1,366				39	09/15/2033	
36290Y-TN-8	GNMA POOL 621657		12/01/2017	PAYDOWN		.58	.58	.60	.59		(1)		(1)		.58				2	12/15/2033	
36291C-PV-1	GNMA POOL 624236		12/01/2017	PAYDOWN		1,782	1,782	1,835	1,826		(43)		(43)		1,782				108	12/15/2033	
36291E-AD-3	GNMA POOL 625604		12/01/2017	PAYDOWN		2,159	2,159	2,223	2,211		(51)		(51)		2,159				82	12/15/2033	
36291E-AV-3	GNMA POOL 625620		12/01/2017	PAYDOWN		194	194	199	199		(5)		(5)		194				1	12/15/2033	
36296X-H8-0	GNMA POOL 704155		12/01/2017	PAYDOWN		623,725	623,725	643,022	643,515		(19,790)		(19,790)		623,725				13,320	01/15/2038	
38376W-6C-4	GNMA GNR 2010-33 LN		12/01/2017	PAYDOWN		128,870	128,870	137,569	132,799		(3,929)		(3,929)		128,870				2,780	02/20/2038	
912828-G6-1	US TREASURY N/B		06/01/2017	SECURITIES, NEW YORK		2,352,387	2,350,000	2,351,102	2,351,100		(5)		(5)		2,351,095			1,292		3,583	11/30/2019
912828-KD-1	US TREASURY N/B		12/13/2017	US BANK		809,125	800,000	818,406	818,406		(5,117)		(5,117)		813,289		(4,164)		(4,164)	18,234	02/15/2019
912828-Q0-6	US TREASURY N/B		06/01/2017	VARIOUS		2,028,662	2,000,000	2,069,971	2,043,597		(5,953)		(5,953)		2,037,644		(8,982)		(8,982)	13,359	05/31/2018
912828-VE-7	US TREASURY N/B		11/15/2017	MORGAN STANLEY & CO, LLC		19,958	20,000	19,930	19,980		12		12		19,992		(35)		(35)	192	05/31/2018
0599999 - Bonds - U.S. Governments						9,793,781	9,753,650	10,076,967	9,244,126		(256,863)		(256,863)		9,805,670		(11,889)		(11,889)	117,122	XXX
13033W-B4-4	CA INFRA EON CABS SERIES A		09/28/2017	ADJUSTMENT				676,000													12/01/2023
20786L-CS-8	CONNECTOR 2000 CABS A		12/01/2017	ADJUSTMENT				25,000	11,314		(11,314)		(11,314)								01/01/2023
20786L-DU-2	CONNECTOR 2000 CABS A1		08/11/2017	US BANK		205,636	6,633,432	70,018	105,866		8,225		8,225		114,091		91,546		91,546		07/22/2051
20786L-DV-0	CONNECTOR 2000 CABS B1		12/01/2017	VARIOUS		516	1,753	35	73					73		442		442			01/01/2032
20786L-DW-8	CONNECTOR 2000 CABS B1		08/21/2017	US BANK		60,436	4,510,180	14,760	24,831		2,537		2,537		27,369		33,068		33,068		07/22/2051
254839-VV-2	DC REV - JAMES F OYSTER PCS		09/29/2017	CALL @ 100.0		90,000	90,000	89,775	89,707	94	5			98	89,805		195		195	5,289	11/01/2034
30711X-AC-8	CONNECTICUT AVE 2014-C01 M1		12/26/2017	PAYDOWN		563,639	563,639	563,639	563,639						563,639					6,762	01/25/2024
3128MJ-2H-2	FHLMC GOLD POOL FG 608775		12/01/2017	PAYDOWN		166,944	166,944	176,413			(9,469)		(9,469)		166,944					984	08/01/2047
3128MJ-X4-7	FHLMC GOLD POOL FG 608698		12/01/2017	PAYDOWN		465,739	465,739	487,334	488,040		(22,301)		(22,301)		465,739					8,062	03/01/2046
3128MJ-XF-2	FHLMC GOLD POOL FG 608677		06/01/2017	VARIOUS		3,608,129	3,439,427	3,630,745	3,642,660		(7,787)		(7,787)		3,634,874		(26,744)		(26,744)	25,668	11/01/2045
3128MJ-Y7-9	FHLMC GOLD POOL FG 608733		12/01/2017	PAYDOWN		546,338	546,338	575,447	575,107		(28,769)		(28,769)		546,338					10,841	11/01/2046
3128MJ-YH-7	FHLMC GOLD POOL FH 608711		12/01/2017	PAYDOWN		399,572	399,572	422,370	422,184		(22,613)		(22,613)		399,572					6,922	06/01/2046
3128MJ-YY-0	FHLMC GOLD POOL FH 608726		12/01/2017	PAYDOWN		610,624	610,624	636,862	636,493		(25,869)		(25,869)		610,624						

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 4

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

CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other-Than-Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11+12-13)	15 Total Foreign Exchange Change in B/A. C.V.						
57583R-H0-1	MASS ST BOSTON ARCHITECTURAL		03/01/2017	VARIOUS		1,305,000	1,305,000	1,188,925	1,197,643		24		24	1,197,668		107,332	107,332	33,169	01/01/2037	
57585K-JG-4	MASS ST E CONCORD MED SER A		03/01/2017	CALL @ 100.0		100,000	100,000	100,000	100,000					100,000				3,225	03/01/2020	
60535R-AH-1	MS HOME MS VALLEY ST HSG 8A		01/05/2017	ADJUSTMENT			35,000												12/01/2028	
665588-ND-7	N PALM BEACH CTY FL SERIES A		08/01/2017	CALL @ 100.0		100,000	100,000	96,625	95,857	1,205	.82		1,287	97,143		2,857	2,857	4,625	08/01/2031	
717903-D6-2	PHILA PA TEMPLE UNIV SERIES A		12/01/2017	CALL @ 100.0		105,000	105,000	84,000	85,612				19,388	105,000				7,335	07/01/2034	
864768-NC-6	SUFFOLK CTY DOWLING SERIES A		12/06/2017	ADJUSTMENT			100,000												06/01/2026	
864768-ND-4	SUFFOLK CTY DOWLING SERIES A		12/06/2017	ADJUSTMENT			662,839												06/01/2036	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						18,469,762	30,573,159	18,399,827	18,401,268	1,298	(325,836)		(324,537)	18,285,710		184,052	184,052	299,043	XXX	
6AMCDA-KK-0	BANK OF HAWAII CD		06/30/2017	MATURITY @ 100.0		50,000	50,000	50,000	50,000					50,000				.75	06/30/2017	
000809-AD-5	ACA ABS 2004-1A C1 144A		11/01/2017	PAYDOWN		326,593	326,593				326,593		326,593	326,593				133,536	07/10/2039	
00083W-AG-6	ACA ABS 2007-3A A5L		06/26/2017	ADJUSTMENT			7,011,800												05/07/2047	
004375-BL-4	ACCREDITED MORT LOAN 2004-3		02/27/2017	PAYDOWN		3,632	3,632	3,621	3,635		(3)		(3)	3,632				.12	10/25/2034	
004375-BL-4	ACCREDITED MORT LOAN 2004-3		12/26/2017	PAYDOWN		115,358	115,358	115,015	115,449		(91)		(91)	115,358				1,379	10/25/2034	
009088-AB-1	AIR CANADA 2015-2A PTT		12/15/2017	PAYDOWN		25,316	25,317	25,317	25,316					25,317		(1)	(1)	268	06/15/2029	
009090-AB-7	AIR CANADA 2015-1B PTT		09/15/2017	PAYDOWN		76,868	76,868	76,868	76,868					76,868				777	09/15/2024	
00912X-AF-1	AIR LEASE CORPORATION		04/01/2017	MATURITY @ 100.0		2,000,000	2,000,000	2,214,000	2,017,570		(17,570)		(17,570)	2,000,000				56,250	04/01/2017	
023765-AA-8	AMERICAN AIRLINES 16-2 PTT		12/15/2017	PAYDOWN		83,200	83,200	83,200	83,200					83,200				683	12/15/2029	
02376U-AA-3	AMERICAN AIRLINES 16-1 AA PTT		07/15/2017	PAYDOWN		28,723	28,723	28,723	28,723					28,723				264	07/15/2029	
023770-AB-6	AMERICAN AIRLINES 15-1 B PTT		12/01/2017	PAYDOWN		130,247	130,247	131,184	131,034		(787)		(787)	130,247				1,174	11/01/2024	
02377B-AC-0	AMERICAN AIRLINES 15-2 B PTT		09/22/2017	PAYDOWN		154,996	154,996	154,996	154,996					154,996				1,748	03/22/2025	
0258M0-D0-9	AMERICAN EXPRESS CREDIT CORP		03/14/2017	VARIOUS		3,001,905	3,000,000	3,000,000	3,000,000					3,000,000		1,905	1,905	12,846	08/15/2019	
03063X-AF-2	AMERICREDIT AUTO REC 2012-4		03/01/2017	PAYDOWN		200,067	200,067	199,974	200,064		3		3	200,067				389	08/08/2018	
037833-AK-6	APPLE INC		06/01/2017	BARCLAYS CAPITAL INC FIXED INC		1,992,540	2,000,000	1,997,340	1,998,241		.82		.82	1,998,323		(5,783)	(5,783)	23,067	05/03/2023	
040104-GC-9	ARGENT SECURITIES INC 2004-W4		02/27/2017	PAYDOWN		17,587	17,587	16,213	16,376		1,211		1,211	17,587				39	03/25/2034	
040104-GC-9	ARGENT SECURITIES INC 2004-W4		06/01/2017	VARIOUS		912,709	965,091	889,693	898,661		3,869		3,869	902,530		10,179	10,179	5,156	03/25/2034	
05950E-AH-1	BANC OF AMERICA CMT 2006-2 AJ		03/01/2017	PAYDOWN		126,347	126,347	131,193	126,971		(624)		(624)	126,347				597	05/10/2045	
060516-EU-9	BANK OF AMERICA CORP		06/01/2017	MLPFS INC FIXED INCOME		477,290	475,000	471,143	472,507		12		12	472,519		4,770	4,770	7,925	01/11/2023	
07384W-7C-0	BEAR STERNS ARM TR 2005-2 A1		12/01/2017	PAYDOWN		165,395	165,395	165,911	166,602		(1,207)		(1,207)	165,395				2,308	03/25/2035	
073879-MC-9	BEAR STEARNS ABS 2004-SD4 A1		12/26/2017	PAYDOWN		313,627	313,627	301,866	304,560		9,069		9,069	313,627				3,631	08/25/2044	
073880-AG-4	BEAR STEARNS CMS 2006 PWR17		09/13/2017	PAYDOWN		3,400,000	3,400,000	3,825,000	3,483,085		(83,085)		(83,085)	3,400,000				127,258	06/11/2050	
12479R-AD-9	CARS DB4 LP NET MORT SERIES 2017-1		12/15/2017	PAYDOWN		7,333	7,333	7,331			2		2	7,333				82	04/15/2047	
126281-BD-5	CSAIL CMT 2015-C1 AS		06/01/2017	GOLDMAN SACHS & CO CREDIT SUISSE SECURITIES (USA)		2,049,988	1,975,000	2,026,535	2,022,263		(582)		(582)	2,021,681		28,307	28,307	14,143	04/15/2050	
12636M-AL-2	CSAIL CMT 2016-C1 AS		06/01/2017	(USA)		415,578	400,000	407,906	407,535		(22)		(22)	407,513				2,957	01/15/2049	
126671-R4-0	COUNTRYWIDE ABC 2003-5 MF		02/01/2017	PAYDOWN		1,651	1,651	1,084	1,084		567		567	1,651		8,066	8,066	7	01/25/2034	
126671-R4-0	COUNTRYWIDE ABC 2003-5 MF		12/01/2017	PAYDOWN		20,311	20,311	13,337	13,337		6,974		6,974	20,311				511	01/25/2034	
126671-UU-8	COUNTRYWIDE ABC 2003-BC1		02/07/2017	VARIOUS		859,459	909,481	708,476	793,008		1,405		1,405	794,413		65,046	65,046	1,656	03/25/2033	
126671-UU-8	COUNTRYWIDE ABC 2003-BC1		06/01/2017	PAYDOWN		17,043	17,043	13,276	14,860		2,183		2,183	17,043				21	03/25/2033	
139738-AD-0	CAPITAL AUTO REC TR 2015-2 A3		12/20/2017	PAYDOWN		1,447,159	1,447,159	1,447,130	1,447,147		12		12	1,447,159				19,737	09/20/2019	
13975E-AF-0	CAPITAL AUTO REC TR 2013-1 C		03/01/2017	PAYDOWN		669,473	669,473	671,251	669,563		(90)		(90)	669,473				1,446	10/22/2018	
139756-AF-5	CAPITAL AUTO REC TR 2014-1		12/20/2017	PAYDOWN		2,128,677	2,128,677	2,161,937	2,143,032		(14,356)		(14,356)	2,128,677				51,526	04/22/2019	
13975K-AC-3	CAPITAL AUTO REC TR 2015-1 A3		11/01/2017	VARIOUS		1,500,772	1,500,000	1,499,613	1,499,885		.61		.61	1,499,946		826	826	10,986	06/20/2019	
14041N-EP-2	CAPITAL ONE MULTI AST 2014-A2		03/15/2017	PAYDOWN		1,000,000	1,000,000	999,952	999,997		3		3	1,000,000				3,150	01/15/2020	
17291E-BA-8	CITIGROUP CMT 2016-P6 C		06/01/2017	CITIGROUP GLOBAL MARKETS INC		907,481	905,500	873,953	874,065		267		267	874,332		33,149	33,149	7,335	12/10/2049	
172967-DY-4	CITIGROUP INC		03/01/2017	MATURITY @ 100.0		2,000,000	2,000,000	1,992,380	1,999,881		119		119	2,000,000				55,000	02/15/2017	
172967-EM-9	CITIGROUP INC		11/21/2017	MATURITY @ 100.0		3,000,000	3,000,000	2,987,160	2,998,522		1,478		1,478	3,000,000				183,750	11/21/2017	
172967-LC-3	CITIGROUP INC		06/01/2017	CITIGROUP GLOBAL MARKETS INC		498,905	500,000	499,145	499,156		5		5	499,161		(256)	(256)	1,410	12/08/2021	
173076-CU-0	CITIGROUP MLT 2003-HE3 A		02/27/2017	PAYDOWN		14,112	14,112	12,834	13,553		560		560	14,112				37	12/25/2033	
173076-CU-0	CITIGROUP MLT 2003-HE3 A		12/26/2017	PAYDOWN		188,281	188,281	171,234	180,818		7,468		7,468	188,281				1,746	12/25/2033	
17324D-AY-0	CITIGROUP CMT 2015-P1 C		06/01/2017	CITIGROUP GLOBAL MARKETS INC		1,011,836	1,000,000	1,002,539	1,002,307		29		29	1,002						

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B/A. C.V. (11+12-13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date
26884A-BD-4...	ERP OPERATING LP.....		06/01/2017..	WELLS FARGO SECURITIES LLC.....		949,972	950,000	944,775	945,519		15		15		945,534		4,437	4,437	3,741	06/01/2025..
32027N-PG-0...	FIRST FRANKLIN 2004-FFH4 M5.....		12/26/2017..	PAYDOWN.....		364,606	364,606	363,239	364,734		(127)		(127)		364,606				6,886	01/25/2035..
34531P-AG-6...	FORD CRED AUTO OWN TR 2016-A C.....		11/22/2017..	BNP SECURITIES.....		999,219	1,000,000	1,007,266	1,006,302		(1,319)		(1,319)		1,004,983		(5,764)	(5,764)	20,805	07/15/2022..
36159J-CY-5...	GE CAPITAL CREDIT CARD 2012-3.....		03/15/2017..	PAYDOWN.....		175,000	175,000	174,221	174,947		53		53		175,000				523	03/16/2020..
36233Z-AG-3...	GS MORTGAGE SEC CORP 2006 668.....		03/01/2017..	PAYDOWN.....		221,589	221,589	240,511	224,149		(2,560)		(2,560)		221,589				1,831	11/10/2039..
362341-RX-9...	GSR MORT LOAN TR 2005-AR6 2A1.....		12/01/2017..	PAYDOWN.....		133,601	133,601	134,011	134,955		(1,354)		(1,354)		133,601				1,965	09/25/2035..
36252T-AY-1...	GOLDMAN SACHS MST 2016-GS2 C.....		06/01/2017..	GOLDMAN, SACHS & CO.....		2,013,987	1,945,000	1,997,897	1,996,173		(116)		(116)		1,996,057		17,929	17,929	13,706	05/12/2049..
38141G-VV-3...	GOLDMAN SACHS GROUP INC.....		06/01/2017..	VARIOUS.....		1,213,064	1,200,000	1,210,728	1,210,254		(1,378)		(1,378)		1,208,876		4,188		12,153	04/25/2019..
45254N-JG-3...	IMPAC CMB TRUST 2004-5 1A1.....		02/27/2017..	PAYDOWN.....		22,659	22,659	20,506	21,290		1,369		1,369		22,659				58	10/25/2034..
45254N-JG-3...	IMPAC CMB TRUST 2004-5 1A1.....		12/26/2017..	PAYDOWN.....		239,042	239,042	216,333	224,600		14,445		14,445		239,042				2,082	10/25/2034..
46632H-AJ-0...	JPMORGAN CMT 2007-LD12 AM.....		01/01/2017..	ADJUSTMENT.....				2,563,766	2,563,766		2,640		2,640						(12,582)	02/15/2051..
47787W-AD-1...	JOHN DEERE OWNER TRUST 2015-B.....		06/01/2017..	BARCLAYS CAPITAL INC FIXED INC.....		2,003,281	2,000,000	1,999,487	1,999,708		2		2		1,999,710		3,572	3,572	1,978	06/15/2022..
50179M-AH-4...	LB UBS CMS TR 2006 C6 AJ.....		07/11/2017..	PAYDOWN.....		45,502	45,502	48,264	40,829	6,665	(1,992)		4,673		45,502				410	09/15/2039..
599929-Y3-6...	MERRILL LYNCH MLCC 2003-E A1.....		12/25/2017..	PAYDOWN.....		19,470	19,470	18,557	18,611		859		859		19,470				147	10/25/2028..
59217G-BD-1...	METLIFE GLOBAL FUNDING I.....		06/07/2017..	VARIOUS.....		2,502,885	2,500,000	2,498,200	2,498,836		231		231		2,499,067		3,818	3,818	22,804	12/03/2018..
60920L-AB-0...	MONDELEZ INTL HLDINGS NLD BV.....		06/01/2017..	MLPFS INC FIXED INCOME.....		3,011,361	3,000,000	3,001,650	3,001,597		(84)		(84)		3,001,514		9,847	9,847	15,188	10/28/2019..
61750C-AH-0...	MORGAN STANLEY CAP 2006 HQ9 AJ.....		03/01/2017..	PAYDOWN.....		13,840	13,840	14,874	13,840						13,840				134	07/12/2044..
61762T-AK-2...	MORGAN STAN BAML TR 2013-C11 C.....		11/01/2017..	BREAN CAPITAL, LLC.....		967,633	1,000,000	998,789	998,893		120		120		999,013		(31,380)	(31,380)	35,047	08/17/2046..
64352V-JY-8...	NEW CENTURY HOME 2005-1 A2C.....		12/26/2017..	PAYDOWN.....		327,804	327,804	328,214	327,986		(182)		(182)		327,804				3,477	03/25/2035..
64828W-AA-5...	NEW RES MORT LOAN TR 2017-3.....		12/01/2017..	PAYDOWN.....		240,483	240,483	250,467	240,483		(9,984)		(9,984)		240,483				1,610	04/25/2057..
65557C-AR-4...	NORDEA BANK AB.....		06/01/2017..	VARIOUS.....		2,996,266	3,000,000	2,992,860	2,994,621		120		120		2,994,742		1,524	1,524	28,306	09/17/2020..
68268N-AJ-2...	ONEOK PARTNERS LP.....		11/22/2017..	MARKETAXESS CORPORATION.....		1,362,204	1,350,000	1,344,276	1,346,503		506		506		1,347,009		15,195	15,195	52,650	10/01/2022..
68400X-BH-2...	OPT ONE MORT LOAN 003-3 A1.....		02/27/2017..	PAYDOWN.....		2,545	2,545	2,401	2,424		120		120		2,545				6	06/25/2033..
68400X-BH-2...	OPT ONE MORT LOAN 003-3 A1.....		06/01/2017..	VARIOUS.....		669,847	685,674	647,105	653,315		3,972		3,972		657,287		12,559	12,559	3,783	06/25/2033..
71085P-BM-4...	PEOPLES CHOICE HOME 2005-1 M3.....		02/27/2017..	PAYDOWN.....		47,481	47,481	46,769	47,427		54		54		47,481				134	02/26/2035..
71085P-BM-4...	PEOPLES CHOICE HOME 2005-1 M3.....		09/01/2017..	PAYDOWN.....		298,463	298,463	293,986	298,124		339		339		298,463				1,627	02/26/2035..
713448-DM-7...	PEPSICO INC.....		06/01/2017..	MARKETAXESS CORPORATION.....		2,012,674	2,000,000	2,008,240	2,008,055		(338)		(338)		2,007,717		4,957	4,957	12,926	10/06/2021..
759950-BG-2...	RENAISSANCE HOME EQ 2003-3 M1.....		02/27/2017..	PAYDOWN.....		7,424	7,424	5,197	5,932		1,492		1,492		7,424				24	12/25/2033..
759950-BG-2...	RENAISSANCE HOME EQ 2003-3 M1.....		12/26/2017..	VARIOUS.....		461,976	475,079	332,556	379,623		5,681		5,681		385,304		76,672	76,672	3,612	12/25/2033..
80283X-AE-7...	SANTANDER DRIVE AUTO 2014-3 B.....		03/01/2017..	PAYDOWN.....		120,779	120,779	120,756	120,779						120,779				158	05/15/2019..
80285C-AH-4...	SANTANDER DR AUTO REC 2016-2 C.....		06/01/2017..	BMO CAPITAL MARKETS CORP.....		502,344	500,000	499,889	499,908		30		30		499,938		2,406	2,406	5,911	11/15/2021..
81744Y-AA-4...	SEQUOIA MORTGAGE 2013-4 A1.....		12/01/2017..	PAYDOWN.....		291,267	291,267	285,624	286,433		4,834		4,834		291,267				3,183	04/27/2043..
85747T-AL-7...	STATE STREET CORP.....		06/01/2017..	U.S. BANK.....		1,160,937	1,150,000	1,148,137	1,148,748		6		6		1,148,754		12,183	12,183	5,744	05/15/2023..
87165L-AA-9...	SYNCHRONY CC MASTER 2014-1 A.....		11/15/2017..	VARIOUS.....		4,501,246	4,500,000	4,498,752	4,499,628		304		304		4,499,932		1,314		54,928	11/16/2020..
87165L-AP-6...	SYNCHRONY CC MASTER 2015-3 A.....		11/01/2017..	BARCLAYS CAPITAL INC FIXED INC.....		1,500,996	1,500,000	1,499,798	1,499,882		41		41		1,499,923		1,073	1,073	16,893	09/15/2021..
89352H-AS-8...	TRANSCANADA PIPELINES LTD.....		12/04/2017..	VARIOUS.....		3,039,280	3,000,000	2,991,510	2,994,066		2,030		2,030		2,996,096		43,184	43,184	109,983	01/15/2019..
92343V-CA-0...	VERIZON COMMUNICATIONS INC.....		06/01/2017..	DEUTSCHE BANK SECURITIES, INC.....		3,029,335	3,000,000	3,025,230	3,024,153		(996)		(996)		3,023,157		6,178	6,178	7,640	06/17/2019..
92890N-AU-3...	WELLS FARGO RBS CMS 2012 C10.....		06/01/2017..	CREDIT SUISSE SECURITIES (USA).....		2,964,570	2,900,000	2,972,277	2,943,558		(319)		(319)		2,943,239		21,331	21,331	10,653	12/15/2045..
98160Q-AD-4...	WORLD OMNI AUTO 2014-B A3.....		06/20/2017..	VARIOUS.....		696,851	697,561	697,465	697,531		15		15		697,546		(695)	(695)	3,385	01/15/2020..
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						83,975,658	90,768,466	83,756,822	85,644,328	6,665	260,152		266,817		83,602,525		373,133	373,133	1,326,991	XXX
8399997 - Bonds - Subtotals - Bonds - Part 4						112,239,202	131,095,274	112,233,616	113,289,722	7,963	(322,546)		(314,583)		111,693,906		545,296	545,296	1,743,156	XXX
8399998 - Bonds - Summary Item from Part 5 for Bonds						23,241,898	24,379,452	23,197,806			(19,582)		(19,582)		23,178,225		63,673	63,673	364,845	XXX
8399999 - Bonds - Subtotals - Bonds						135,481,100	155,474,727	135,431,422	113,289,722	7,963	(342,128)		(334,165)		134,872,130		608,970	608,970	2,108,001	XXX
9999999 Totals						135,481,100	XXX	135,431,422	113,289,722	7,963	(342,128)		(334,165)		134,872,130		608,970	608,970	2,108,001	XXX

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 5

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

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identification	Description	F o r e i g n	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stocks)	Actual Cost	Consideration	Book/ Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change In B./A. C.V. (12 + 13 - 14)	Total Foreign Exchange Change in B./A. C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
912828-C2-4	US TREASURY N/B		03/30/2017	JEFFERIES	09/11/2017	VARIOUS	2,350,000	2,360,373	2,360,855	2,359,525		(848)		(848)			1,331	1,331	8,559	2,969
912828-D2-3	US TREASURY N/B		06/02/2017	BARCLAYS CAPITAL INC	11/15/2017	NOMURA SECURITIES INTL	500,000	503,418	500,000	502,625		(793)		(793)			(2,625)	(2,625)	4,422	795
0599999 - Bonds - U.S. Governments							2,850,000	2,863,791	2,860,855	2,862,149		(1,642)		(1,642)			(1,294)	(1,294)	12,981	3,764
13033W-B3-6	CA INFRA ECON CABS SERIES A		03/21/2017	VARIOUS	03/28/2017	VARIOUS	345,000													
13033W-B4-4	CA INFRA ECON CABS SERIES A		09/12/2017	VARIOUS	09/28/2017	VARIOUS	150,000													
13033W-B6-9	CA INFRA ECON CABS SERIES A		09/22/2017	VARIOUS	09/28/2017	VARIOUS	490,000													
13033W-B8-5	CA INFRA ECON CABS SERIES A		03/21/2017	VARIOUS	03/28/2017	VARIOUS	65,000													
864768-NC-6	SUFFOLK CTY DOWLING SERIES A		03/27/2017	VARIOUS	12/06/2017	VARIOUS	194,452													
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions							1,244,452													
6AMCD9-1K-4	BANK OF HAWAII CD		06/30/2017	VARIOUS	07/17/2017	VARIOUS	50,000	50,000	50,000	50,000										
0258MO-EG-0	AMERICAN EXP CREDIT CORP		02/28/2017	MLPFS INC FIXED INCOME	08/09/2017	GOLDMAN SACHS AND CO	1,000,000	997,770	1,013,860	997,957		187		187			15,903	15,903	12,075	
05579H-AE-2	BNZ INTL FUND LTD (LONDON)		11/01/2017	MORGAN STANLEY	11/20/2017	VARIOUS	2,850,000	2,844,984	2,879,716	2,845,546		562		562			34,170	34,170	49,368	
11134L-AE-9	BROADCOM CORP		01/11/2017	CREDIT SUISSE SECURITIES (USA)	11/22/2017	MORGAN STANLEY & CO. LLC	1,950,000	1,947,972	1,938,690	1,948,188		216		216			(9,498)	(9,498)	60,477	
345397-YE-7	FORD MOTOR CREDIT CO		01/04/2017	CREDIT AGRICOLE SECURITIES USA INC	08/09/2017	VARIOUS	1,500,000	1,500,000	1,511,235	1,500,000							11,235	11,235	17,084	
37045X-BS-4	GENL MOTORS FIN CO., INC.		01/11/2017	DEUTSCHE BANK SECURITIES, INC	06/01/2017	BARCLAYS CAPITAL INC	1,500,000	1,498,020	1,508,805	1,498,106		86		86			10,700	10,700	12,363	
46632H-AJ-0	JPMC COMM MORT SEC TR 2007-LDP12		01/01/2017	ADJUSTMENT	09/01/2017	VARIOUS	2,500,000	2,566,406	2,521,021	2,546,519		(19,887)		(19,887)			(25,498)	(25,498)	95,945	9,227
64952W-CP-6	NEW YORK LIFE GLOBAL FUND		04/06/2017	MLPFS INC FIXED INCOME	11/22/2017	WELLS FARGO SECURITIES LLC	1,500,000	1,499,010	1,493,475	1,499,213		203		203			(5,738)	(5,738)	18,828	
654740-AV-1	NISSAN MOTOR ACCEPT CORP		01/10/2017	MLPFS INC FIXED INCOME	08/09/2017	VARIOUS	3,000,000	2,998,200	3,008,355	2,998,260		60		60			10,095	10,095	14,622	
74256L-AY-5	PRINCIPAL LIFE GLOBAL FUND II		01/03/2017	DEUTSCHE BANK SECURITIES, INC	11/22/2017	WELLS FARGO SECURITIES LLC	1,500,000	1,497,915	1,498,785	1,498,513		598		598			272	272	28,398	
832248-AX-6	SMITHFIELD FOODS, INC.		01/25/2017	MORGAN STANLEY	08/09/2017	GOLDMAN SACHS AND CO	2,935,000	2,933,738	2,957,101	2,933,775		37		37			23,325	23,325	42,704	
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)							20,285,000	20,334,015	20,381,042	20,316,075		(17,940)		(17,940)			64,967	64,967	351,864	9,227
8399998 - Bonds - Subtotals - Bonds							24,379,452	23,197,806	23,241,898	23,178,225		(19,582)		(19,582)			63,673	63,673	364,845	12,991
9999999 Totals								23,197,806	23,241,898	23,178,225		(19,582)		(19,582)			63,673	63,673	364,845	12,991

Schedule D - Part 6 - Section 1

NONE

Schedule D - Part 6 - Section 2

NONE

Schedule DA - Part 1

NONE

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

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2017 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.....			62,114	62,114
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.....	2,405,585	2,392,872		
22. Massachusetts.....MA	B	RSD for Financial Guaranty.....			101,132	98,391
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.....			200,465	199,406
33. New York.....NY						
34. North Carolina.....NC	B	RSD for Financial Guaranty.....			200,465	199,406
35. North Dakota.....ND						
36. Ohio.....OH						
37. Oklahoma.....OK						
38. Oregon.....OR	B	RSD for Financial Guaranty.....			290,945	288,745
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.....			275,640	274,183
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.....			761,759	762,330
55. US Virgin Islands.....VI	B	RSD for Financial Guaranty.....			501,164	498,515
56. Northern Mariana Islands.....MP						
57. Canada.....CAN						
58. Aggregate Other Alien.....OT	XXX	XXX				
59. Total	XXX	XXX	2,405,585	2,392,872	2,443,684	2,433,090
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				

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Assets	2
Cash Flow	5
Exhibit of Capital Gains (Losses)	12
Exhibit of Net Investment Income	12
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums and Losses (State Page)	19
Five-Year Historical Data	17
General Interrogatories	15
Jurat Page	1
Liabilities, Surplus and Other Funds	3
Notes To Financial Statements	14
Overflow Page For Write-Ins	100
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Verification	SI14
Schedule DL – Part 1	E24
Schedule DL – Part 2	E25
Schedule E – Part 1 – Cash	E26
Schedule E – Part 2 – Cash Equivalents	E27
Schedule E – Part 3 – Special Deposits	E28
Schedule E – Part 2 - Verification Between Years	SI15
Schedule F – Part 1	20
Schedule F – Part 2	21
Schedule F – Part 3	22
Schedule F – Part 4	23
Schedule F – Part 5	24
Schedule F – Part 6 – Section 1	25
Schedule F – Part 6 – Section 2	26
Schedule F – Part 7	27
Schedule F – Part 8	28
Schedule F – Part 9	29
Schedule H – Accident and Health Exhibit – Part 1	30
Schedule H – Part 2, Part 3, and Part 4	31
Schedule H – Part 5 – Health Claims	32
Schedule P – Part 1 – Summary	33
Schedule P – Part 1A – Homeowners/Farmowners	35
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	36
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	37
Schedule P – Part 1D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	38

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 1E – Commercial Multiple Peril	39
Schedule P – Part 1F – Section 1 – Medical Professional Liability – Occurrence	40
Schedule P – Part 1F – Section 2 – Medical Professional Liability – Claims-Made	41
Schedule P – Part 1G – Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	42
Schedule P – Part 1H – Section 1 – Other Liability–Occurrence	43
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	44
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45
Schedule P – Part 1J – Auto Physical Damage	46
Schedule P – Part 1K – Fidelity/Surety	47
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	48
Schedule P – Part 1M – International	49
Schedule P – Part 1N – Reinsurance – Nonproportional Assumed Property	50
Schedule P – Part 1O – Reinsurance – Nonproportional Assumed Liability	51
Schedule P – Part 1P – Reinsurance – Nonproportional Assumed Financial Lines	52
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	53
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	54
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	55
Schedule P – Part 1T – Warranty	56
Schedule P – Part 2, Part 3 and Part 4 – Summary	34
Schedule P – Part 2A – Homeowners/Farmowners	57
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	57
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	57
Schedule P – Part 2D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	57
Schedule P – Part 2E – Commercial Multiple Peril	57
Schedule P – Part 2F – Section 1 – Medical Professional Liability – Occurrence	58
Schedule P – Part 2F – Section 2 – Medical Professional Liability – Claims – Made	58
Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	58
Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	58
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	58
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	59
Schedule P – Part 2J – Auto Physical Damage	59
Schedule P – Part 2K – Fidelity, Surety	59
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	59
Schedule P – Part 2M – International	59
Schedule P – Part 2N – Reinsurance – Nonproportional Assumed Property	60
Schedule P – Part 2O – Reinsurance – Nonproportional Assumed Liability	60
Schedule P – Part 2P – Reinsurance – Nonproportional Assumed Financial Lines	60
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	61
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	61
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	61
Schedule P – Part 2T – Warranty	61
Schedule P – Part 3A – Homeowners/Farmowners	62

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 3B – Private Passenger Auto Liability/Medical	62
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	62
Schedule P – Part 3D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	62
Schedule P – Part 3E – Commercial Multiple Peril	62
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	63
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	63
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	63
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	63
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	63
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	64
Schedule P – Part 3J – Auto Physical Damage	64
Schedule P – Part 3K – Fidelity/Surety	64
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	64
Schedule P – Part 3M – International	64
Schedule P – Part 3N – Reinsurance – Nonproportional Assumed Property	65
Schedule P – Part 3O – Reinsurance – Nonproportional Assumed Liability	65
Schedule P – Part 3P – Reinsurance – Nonproportional Assumed Financial Lines	65
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	66
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	66
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	66
Schedule P – Part 3T – Warranty	66
Schedule P – Part 4A – Homeowners/Farmowners	67
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	67
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	67
Schedule P – Part 4D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	67
Schedule P – Part 4E – Commercial Multiple Peril	67
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	68
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	68
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	68
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	68
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	68
Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	69
Schedule P – Part 4J – Auto Physical Damage	69
Schedule P – Part 4K – Fidelity/Surety	69
Schedule P – Part 4L – Other (Including Credit, Accident and Health)	69
Schedule P – Part 4M – International	69
Schedule P – Part 4N – Reinsurance – Nonproportional Assumed Property	70
Schedule P – Part 4O – Reinsurance – Nonproportional Assumed Liability	70
Schedule P – Part 4P – Reinsurance – Nonproportional Assumed Financial Lines	70
Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	71
Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	71

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	71
Schedule P – Part 4T – Warranty	71
Schedule P – Part 5A – Homeowners/Farmowners	72
Schedule P – Part 5B – Private Passenger Auto Liability/Medical	73
Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	74
Schedule P – Part 5D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	75
Schedule P – Part 5E – Commercial Multiple Peril	76
Schedule P – Part 5F – Medical Professional Liability – Claims-Made	78
Schedule P – Part 5F – Medical Professional Liability – Occurrence	77
Schedule P – Part 5H – Other Liability – Claims-Made	80
Schedule P – Part 5H – Other Liability – Occurrence	79
Schedule P – Part 5R – Products Liability – Claims-Made	82
Schedule P – Part 5R – Products Liability – Occurrence	81
Schedule P – Part 5T – Warranty	83
Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	84
Schedule P – Part 6D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	84
Schedule P – Part 6E – Commercial Multiple Peril	85
Schedule P – Part 6H – Other Liability – Claims-Made	86
Schedule P – Part 6H – Other Liability – Occurrence	85
Schedule P – Part 6M – International	86
Schedule P – Part 6N – Reinsurance – Nonproportional Assumed Property	87
Schedule P – Part 6O – Reinsurance – Nonproportional Assumed Liability	87
Schedule P – Part 6R – Products Liability – Claims-Made	88
Schedule P – Part 6R – Products Liability – Occurrence	88
Schedule P – Part 7A – Primary Loss Sensitive Contracts	89
Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	91
Schedule P Interrogatories	93
Schedule T – Exhibit of Premiums Written	94
Schedule T – Part 2 – Interstate Compact	95
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule Y – Part 1A – Detail of Insurance Holding Company System	97
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	98
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	99
Underwriting and Investment Exhibit Part 1	6
Underwriting and Investment Exhibit Part 1A	7
Underwriting and Investment Exhibit Part 1B	8
Underwriting and Investment Exhibit Part 2	9
Underwriting and Investment Exhibit Part 2A	10
Underwriting and Investment Exhibit Part 3	11

