



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
ACA Financial Guaranty Corporation

NAIC Group Code	00000	0000	NAIC Company Code	22896	Employer's ID Number	52-1474358
	(Current Period)	(Prior Period)				
Organized under the Laws of	Maryland			State of Domicile or Port of Entry Maryland		
Country of Domicile	United States					
Incorporated/Organized	06/25/1986			Commenced Business 10/31/1986		
Statutory Home Office	7 Saint Paul Street, Suite 1660			Baltimore, MD, USA 21202		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	555 Theodore Fremd Ave., Suite C-205			Rye, NY, USA 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, USA 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, USA 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	Eugene Thomas Carew			212-375-2041		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	ecarew@aca.com			212-375-2100		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Steven Joseph Berkowitz	President and CEO	Carl Benedict McCarthy	Secretary and General Counsel
Sean Thomas Leonard	Treasurer and CFO		

OTHER OFFICERS

Name	Title	Name	Title
Steven Joseph Berkowitz	John Raymond Brecker	Richard Joseph Caplan	Roger Dale Cunningham
Bradley Irving Dietz	Thomas Joseph Gandolfo #	Sharon Faybelle Manewitz	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

Subscribed and sworn to before me
this 27th day of February, 2017

John E Tobin, Notary Public
3/5/20



- a. Is this an original filing? Yes [X] No []
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	302,032,290		302,032,290	320,613,543
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 (\$1,934,191 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$1,653,167 , Schedule DA).....	3,587,358		3,587,358	6,082,166
6. Contract loans (including \$0 premium notes).....				
7. Derivatives (Schedule DB).....				
8. Other invested assets (Schedule BA)	82,304	82,304		
9. Receivables for securities				19,156
10. Securities lending reinvested collateral assets (Schedule DL).....				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	305,701,952	82,304	305,619,648	326,714,864
13. Title plants less \$0 charged off (for Title insurers only).....				
14. Investment income due and accrued	1,602,624		1,602,624	2,008,643
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.....	31,891,711	31,891,711		
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	3,505,241	1,369,983	2,135,258	1,294,123
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	342,701,528	33,343,998	309,357,530	330,017,630
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
28. Total (Lines 26 and 27)	342,701,528	33,343,998	309,357,530	330,017,630
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.....	342,083	342,083		1,292,754
2503. Security Deposit.....	27,900	27,900		
2598. Summary of remaining write-ins for Line 25 from overflow page	2,135,258		2,135,258	1,369
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,505,241	1,369,983	2,135,258	1,294,123

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	111,387,169	110,964,787
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	4,700,891	3,866,000
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	2,733,131	2,806,354
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		100,287
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)	51,577,653	74,262,678
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	82,304	82,783
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	96,769,648	96,769,092
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	267,250,796	288,851,981
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	267,250,796	288,851,981
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)	(336,867,266)	(337,808,351)
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)	42,106,734	41,165,649
38. Totals (Page 2, Line 28, Col. 3)	309,357,530	330,017,630
DETAILS OF WRITE-INS		
2501. Contingency Reserve	95,925,559	95,925,559
2502. Collateral Deposit	842,000	842,000
2503. Other Payables	2,089	1,533
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	96,769,648	96,769,092
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)	22,747,297	18,443,504
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	34,182,192	47,901,938
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	5,086,130	1,322,956
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	8,671,902	9,556,264
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	47,940,224	58,781,158
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(25,192,927)	(40,337,654)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	11,362,535	12,659,628
10. Net realized capital gains (losses) less capital gains tax of \$0 (Exhibit of Capital Gains (Losses)).....	1,961,919	2,203,449
11. Net investment gain (loss) (Lines 9 + 10)	13,324,454	14,863,077
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	12,717,178	
15. Total other income (Lines 12 through 14)	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)	848,705	(25,474,577)
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)	848,705	(25,474,577)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	848,705	(25,474,577)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	41,165,649	66,902,126
22. Net income (from Line 20)	848,705	(25,474,577)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$0	25,658	(94,685)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(351,269)	(232,170)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	417,991	93,351
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		(28,396)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	941,085	(25,736,477)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	42,106,734	41,165,649
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.....	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)	12,717,178	
3701. Prior Period Adjustment.....		(28,396)
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)		(28,396)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	62,272	62,440
2. Net investment income	12,972,594	14,452,140
3. Miscellaneous income	12,717,178	
4. Total (Lines 1 through 3)	25,752,044	14,514,580
5. Benefit and loss related payments	33,759,810	42,488,693
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	13,087,081	12,767,383
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses).....		196,144
10. Total (Lines 5 through 9)	46,846,891	55,452,220
11. Net cash from operations (Line 4 minus Line 10)	(21,094,847)	(40,937,640)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	148,233,565	179,711,116
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	18,678	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	148,252,243	179,711,116
13. Cost of investments acquired (long-term only):		
13.1 Bonds	128,870,430	135,237,954
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		19,634
13.7 Total investments acquired (Lines 13.1 to 13.6)	128,870,430	135,257,588
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)	19,381,813	44,453,528
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).....	(781,774)	(1,473,739)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(781,774)	(1,473,739)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,494,808)	2,042,149
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,082,166	4,040,017
19.2 End of year (Line 18 plus Line 19.1)	3,587,358	6,082,166

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire				
2.	Allied lines				
3.	Farmowners multiple peril				
4.	Homeowners multiple peril				
5.	Commercial multiple peril				
6.	Mortgage guaranty				
8.	Ocean marine				
9.	Inland marine				
10.	Financial guaranty	62,272	74,262,678	51,577,653	22,747,297
11.1	Medical professional liability-occurrence				
11.2	Medical professional liability-claims-made				
12.	Earthquake				
13.	Group accident and health				
14.	Credit accident and health (group and individual)				
15.	Other accident and health				
16.	Workers' compensation				
17.1	Other liability-occurrence				
17.2	Other liability-claims-made				
17.3	Excess workers' compensation.....				
18.1	Products liability-occurrence				
18.2	Products liability-claims-made				
19.1,19.2	Private passenger auto liability				
19.3,19.4	Commercial auto liability				
21.	Auto physical damage				
22.	Aircraft (all perils)				
23.	Fidelity				
24.	Surety				
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance-nonproportional assumed property				
32.	Reinsurance-nonproportional assumed liability				
33.	Reinsurance-nonproportional assumed financial lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	62,272	74,262,678	51,577,653	22,747,297
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		51,577,653			51,577,653
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		51,577,653			51,577,653
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					51,577,653
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page.....					
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty	62,272					62,272
11.1 Medical professional liability-occurrence						
11.2 Medical professional liability-claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability-occurrence						
17.2 Other liability-claims-made						
17.3 Excess workers' compensation						
18.1 Products liability-occurrence						
18.2 Products liability-claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	XXX					
32. Reinsurance-nonproportional assumed liability	XXX					
33. Reinsurance-nonproportional assumed financial lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS	62,272					62,272
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Sum. of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

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

If yes: 1. The amount of such installment premiums \$62,272

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$62,272

ANNUAL STATEMENT FOR THE YEAR 2016 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	33,759,810			33,759,810	111,387,169	110,964,787	34,182,192	150.3
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	33,759,810			33,759,810	111,387,169	110,964,787	34,182,192	150.3
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)								

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)
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	111,387,169			111,387,169				111,387,169
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	111,387,169			111,387,169				111,387,169
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	5,086,130			5,086,130
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	5,086,130			5,086,130
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		215,543		215,543
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		4,746,008		4,746,008
8.2 Payroll taxes		202,806		202,806
9. Employee relations and welfare		423,685		423,685
10. Insurance		458,451		458,451
11. Directors' fees		648,127		648,127
12. Travel and travel items		25,035		25,035
13. Rent and rent items		540,339		540,339
14. Equipment		28,554		28,554
15. Cost or depreciation of EDP equipment and software		52,434		52,434
16. Printing and stationery		7,503		7,503
17. Postage, telephone and telegraph, exchange and express		48,083		48,083
18. Legal and auditing		843,646	464,649	1,308,295
19. Totals (Lines 3 to 18)		8,240,214	464,649	8,704,863
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0		(97,499)		(97,499)
20.2 Insurance department licenses and fees		307,280		307,280
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)		209,781		209,781
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		221,907		221,907
25. Total expenses incurred	5,086,130	8,671,902	464,649	(a) 14,222,681
26. Less unpaid expenses-current year	4,700,891	2,653,896	79,235	7,434,022
27. Add unpaid expenses-prior year	3,866,000	2,824,539	82,100	6,772,639
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)	4,251,239	8,842,545	467,514	13,561,298
DETAILS OF WRITE-INS				
2401. Consulting Expenses.....		221,890		221,890
2402. Miscellaneous Expenses.....		17		17
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		221,907		221,907

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....1,066,356	.....1,046,935
1.1	Bonds exempt from U.S. tax	(a).....1,032,759	.....815,829
1.2	Other bonds (unaffiliated)	(a).....8,233,468	.....8,063,528
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).....63	.....426
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....1,900,000	.....1,900,000
9.	Aggregate write-ins for investment income .....	.....467	.....467
10.	Total gross investment income	12,233,113	11,827,185
11.	Investment expenses		(g).....464,649
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) .....		.....464,649
17.	Net investment income (Line 10 minus Line 16)		11,362,536
DETAILS OF WRITE-INS			
0901.	Miscellaneous Investment Income.....	.....467	.....467
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)	467	467
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 \$550,987 accrual of discount less \$1,757,161 amortization of premium and less \$336,351 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....14,146		.....14,146		
1.1	Bonds exempt from U.S. tax .....	.....1,450,888		.....1,450,888	.....100,484	
1.2	Other bonds (unaffiliated) .....	.....496,885		.....496,885	.....(74,348)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets .....				.....(478)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	1,961,919		1,961,919	25,658	
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income.....			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			
6. Contract loans			
7. Derivatives (Schedule DB).....			
8. Other invested assets (Schedule BA)	82,304	82,782	478
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL).....			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	82,304	82,782	478
13. Title plants (for Title insurers only).....			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset.....	31,891,711	32,242,985	351,274
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software.....			
21. Furniture and equipment, including health care delivery assets.....		6,214	6,214
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	1,369,983	1,430,008	60,025
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	33,343,998	33,761,989	417,991
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
28. Total (Lines 26 and 27)	33,343,998	33,761,989	417,991
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.....	342,083	376,741	34,658
2503. Security Deposit.....	27,900	53,267	25,367
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,369,983	1,430,008	60,025

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, 2016 and 2015, the Company recorded earned premiums of \$17.0 million and \$15.4 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, 2016.

NAIC Designation 1	\$ 241,031,013
NAIC Designation 2	59,950,870
NAIC Designation 3	-
NAIC Designation 4	-
NAIC Designation 5	2,560,382
NAIC Designation 6	143,191
Total	<u>\$ 303,685,456</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, 2016 and 2015, 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, 2016.
- (6) The Company has no investments in mortgage loans.
- (7) Investments in the common stocks or other similar equity interests of its subsidiary, controlled or affiliated insurance or non-insurance entities are accounted for and reported in accordance with the equity method as prescribed by SSAP No. 97, "Investments in Subsidiary, Controlled and Affiliated Entities", and valued in accordance with section 3(ii)(D) of the NAIC Valuations Securities manual. Changes in the carrying value of such investments are reflected as unrealized capital gains or losses in capital and surplus. Dividends received from such investments are reported in investment income. ACA Services derives its earnings from its wholly owned subsidiary, ACA Management. ACA Management receives management fees on asset management contracts which were sold on a forward revenue sharing basis in connection with the termination of the company's prior CDO/CLO asset management business. Management fees have declined substantially and will continue to decrease as the assets underlying managed deals run-off or are called and terminated. For the years ended December 31, 2016 and 2015, investment income includes dividends received from ACA Service, LLC., relating to its share of fees from certain managed CDO's of \$1.9 million and \$1.8 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.

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, 2016 and December 31, 2015.

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. As a result of the sale of a majority of these securities during the third quarter, the aggregate carrying value of such restructured debt decreased to \$0.1 million as of December 31, 2016 from \$1.6 million as of December 31, 2015. 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, 2016, 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, 2016 is \$10.1 million and \$0.2 million, respectively. The fair value and gross unrealized losses related to loan-backed and structured securities, where impairments have not been recognized, that have been in a continuous unrealized loss position for less than 12 months at December 31, 2016 is \$95.2 million and \$2.1 million, respectively. All of the securities discussed above are rated investment grade by at least one nationally recognized statistical ratings organization and have excess credit coverage within each structure and projected cash flows from the underlying collateral that are expected to be sufficient to pay principal and interest.
- (5) None

E. Repurchase Agreements and/or Securities Lending Transactions

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

F. Real Estate

The Company has no real estate investments.

G. Investments in Low-Income Housing Tax Credits

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

H. Restricted Assets

The following table summarizes the Company’s restricted assets:

Restricted Asset Category	Gross (Admitted & Non-Admitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (GA)	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	\$ 4,793,199	\$ -	\$ -	\$ -	\$ 4,793,199	\$ 4,817,907	\$ (24,708)	\$ -	\$ 4,793,199	1.40%	1.55%
n. Other restricted assets	27,900	-	-	-	27,900	53,267	(25,367)	27,900	-	0.01%	0.00%
b. Total restricted assets	\$ 4,821,099	\$ -	\$ -	\$ -	\$ 4,821,099	\$ 4,871,174	\$ (50,075)	\$ 27,900	\$ 4,793,199	1.41%	1.55%

(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

NOTES TO FINANCIAL STATEMENTS

I. Working Capital Finance Investments

The Company has no working capital investments.

J. Offsetting and Netting of Assets and Liabilities

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

K. Structured Notes

The following table summarizes the Company’s structured notes:

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage- Referenced Security (YES/NO)
30711XAC8	1,255,380	1,261,958	1,255,380	YES
Total	\$ 1,255,380	\$ 1,261,958	\$ 1,255,380	

L. 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	4	11	\$ 2,324,330	\$ 9,566,172	\$ 2,455,445	\$ 10,384,162
(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)	4	11	\$ 2,324,330	\$ 9,566,172	\$ 2,455,445	\$ 10,384,162

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

As of December 31, 2016 and December 31, 2015, the Company held an investment in ACA Service L.L.C., (“ACA Service”). The carrying value of such investment as of December 31, 2016 and December 31, 2015 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, 2016 and December 31, 2015.

7. INVESTMENT INCOME

See Note 1.C. (3) above.

8. DERIVATIVE INSTRUMENTS

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

9. INCOME TAXES

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

(1) DT/DTL Components	2016			2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 118,581,938	\$ 2,567,476	\$ 121,149,414	\$ 118,247,501	\$ 0	\$ 118,247,502	\$ 334,437	\$ 2,567,476	\$ 2,901,913
(b) Statutory valuation allowance adjustment	(85,007,992)	(2,567,476)	(87,575,468)	(84,673,557)	(0)	(84,673,557)	(334,435)	(2,567,476)	(2,901,911)
(c) Adjusted gross deferred tax assets	33,573,946	-	33,573,946	33,573,944	-	33,573,945	2	-	2
(d) Adjusted gross deferred tax assets nonadmitted	(31,891,711)	-	(31,891,711)	(32,242,985)	-	(32,242,985)	351,274	-	351,274
(e) Sub-total admitted adjusted gross deferred tax asset	1,682,235	-	1,682,235	1,330,959	-	1,330,960	351,275	-	351,275
(f) Gross deferred tax liabilities	(524,997)	(1,157,238)	(1,682,235)	(1,330,959)	-	(1,330,959)	805,963	(1,157,238)	(351,275)
(g) Net admitted deferred tax asset	\$ 1,157,238	\$ (1,157,238)	\$ -	\$ -	\$ -	\$ -	\$ 1,157,238	\$ (1,157,238)	\$ -
(2) Admission calculation components:									
Description	2016			2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation under ¶11.a.-¶11.c.									
(a) Federal income taxes paid in prior years recoverable through loss 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.	N/A	N/A	-	N/A	N/A	-	N/A	N/A	-
(ii) Adjusted gross deferred tax assets allowed per limitation threshold.	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	1,682,235	-	1,682,235	1,330,959	-	1,330,959	351,275	-	351,275
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. total (a. + b. + c.)	\$ 1,682,235	\$ -	\$ 1,682,235	\$ 1,330,959	\$ -	\$ 1,330,959	\$ 351,275	\$ -	\$ 351,275
(3) Used in ¶11.b. (Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From a, above) After Application of the Threshold Limitation. (The Lesser of b.i. and b.ii.) b.i. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. b.ii. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.)									

(a)	2016	2015
	22.03%	65.05%

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

Description	Ordinary	2016 Capital	Total	Ordinary	2015 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		

NOTES TO FINANCIAL STATEMENTS

- 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	2016	2015
(a) Current federal income tax expense	\$ -	\$ -
(b) Foreign Income tax expense	-	-
(c) Subtotal	-	-
(d) Tax expense on realized capital gains	-	524,452
(e) Utilization of capital loss carry forwards	-	(524,452)
(f) Other, including prior year underaccrual	-	164,748
(g) Federal and foreign income taxes incurred	\$ -	\$ 164,748

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

DTAs Resulting From Book/Tax Differences In	December 31, 2016	December 31, 2015	Change
(a) Ordinary			
(1) Loss Reserve Discounting	\$ 2,739,663	\$ 5,537,510	\$ (2,797,847)
(2) Unearned premiums	1,805,219	2,530,298	(725,079)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrued	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefit accruals	-	1	(1)
(9) Pension accruals	-	-	-
(10) Nonadmitted assets	-	-	-
(11) Net operating loss carryforward	79,683,151	75,825,788	3,857,363
(12) Tax credit carry forward	779,960	779,960	-
(13) Contingency Reserve	33,573,946	33,573,945	1
(14) Other (separately disclose items >5%)	-	-	-
(99) Subtotal - Gross ordinary DTAs	118,581,938	118,247,502	334,437
(b) Statutory valuation adjustment adjustment - ordinary	(85,007,992)	(84,673,557)	(334,436)
(c) Nonadmitted ordinary DTAs	(31,891,711)	(32,242,985)	351,274
(d) Admitted ordinary DTAs	\$ 1,682,235	\$ 1,330,960	\$ 351,274
(e) Capital			
(1) Investments	\$ 2,567,476	\$ -	\$ 2,567,476
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (separately disclose items >5%)	-	-	-
(5) Unrealized capital losses	-	-	-
(99) Gross capital DTAs	2,567,476	-	2,567,476
(f) Statutory valuation adjustment adjustment - capital	(2,567,476)	-	(2,567,476)
(g) Nonadmitted capital DTAs	-	-	-
(h) Admitted capital DTAs	\$ -	\$ -	\$ -
(i) Admitted DTAs	\$ 1,682,235	\$ 1,330,960	\$ 351,274
(3) DTLs Resulting From Book/Tax Differences In	December 31, 2016	December 31, 2015	Change
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	(159,257)	(157,148)	(2,109)
(3) Deferred and uncollected premiums	-	-	-
(4) Policyholder reserves/salvage and subrogation	-	-	-
(5) Other (separately disclose items >5%)	(365,740)	-	(365,740)
(99) Ordinary DTLs	\$ (524,997)	\$ (157,148)	\$ (367,849)
(b) Capital			
(1) Investments	\$ (1,157,238)	\$ (1,173,812)	\$ 16,574
(2) Real estate	-	-	-
(3) Other (separately disclose items >5%)	-	-	-
(4) Unrealized capital gains	-	-	-
(99) Capital DTLs	\$ (1,157,238)	\$ (1,173,812)	\$ 16,574
(c) DTLs	\$ (1,682,235)	\$ (1,330,960)	\$ (351,275)
(4) Net deferred tax assets/liabilities	\$ (0)	\$ 0	\$ (1)

NOTES TO FINANCIAL STATEMENTS

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 statement):

	December 31, 2016	December 31, 2015	Bal. Sheet Change
Total deferred tax assets	\$ 121,149,414	\$ 118,247,502	\$ 2,901,912
Total deferred tax liabilities	(1,682,235)	(1,330,959)	(351,275)
Net deferred tax assets/liabilities	119,467,179	116,916,542	2,550,637
Statutory valuation allowance adjustment (*see explanation below)	(87,575,468)	(84,673,557)	(2,901,911)
Net deferred tax assets/liabilities after SVA	\$ 31,891,711	\$ 32,242,985	(351,274)
Tax effect of unrealized gains/(losses)			-
Statutory valuation allowance adjustment allocated to unrealized (+)			-
Change in net deferred income tax charge			\$ (351,274)

*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		Effective Tax Rate
	Amount	35.00% Tax Effect	
Income Before Taxes (including all realized capital losses)	\$ 848,703	\$ 297,046	35.00%
Tax-Exempt Interest	(1,030,910)	(360,819)	-42.51%
Equity in Affiliates	118,007	41,302	4.87%
Proration	154,637	54,123	6.38%
Meals & Entertainment, Lobbying Expenses, Etc.	-	-	0.00%
Statutory Valuation Allowance Adjustment	8,291,174	2,901,913	341.92%
Change in Non-Admitted Assets	-	-	0.00%
Change in Contingency Reserve	(2)	(1)	0.00%
Prior Year True-up and other	(7,377,974)	(2,582,291)	-304.26%
Total	\$ 1,003,635	\$ 351,273	41.39%
Federal income taxed incurred expense		-	0.00%
Change in net deferred income tax benefit		351,274	41.39%
Total statutory income taxes		\$ 351,274	41.39%

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

The Company has net operating loss carry forwards of: \$ 227,666,145 expiring through the calendar year 2036

The Company had capital loss carry forwards of: \$ -

The Company has an AMT credit carryforward of: \$ 779,960 which does not expire.

The Company's net operating and capital loss carryforwards are limited in its aggregate under Section 382 of the Internal Revenue Code. See Note 21C. This limitation 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
2014	\$ -	\$ -	\$ -	-
2015	-	-	-	-
2016	-	-	-	-
Total	\$ -	\$ -	\$ -	-

Deposits admitted under IRC § 6603
None

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

F. Income tax loss contingencies

N/A

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

In November 2015, the Internal Revenue Service ("IRS") concluded its examination of income tax returns for ACA through 2008 tax year. No material adjustments arose as a result of the audit in relation to the financial position or results of operations of the Company for the tax years that were examined. As of December 31, 2016, no material adjustments are expected for tax years for which the statute of limitations remains open.

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

- A. & B. There were no transactions with parent, affiliates or other related parties in 2016 or 2015 except for certain brokerage services provided by a company owned by a Board member. In 2015, the Company purchased ACA insured bonds from a surplus note holder. See Footnote 25.
- C. Not applicable.
- D. The Company has \$82 thousand and \$83 thousand net payable to subsidiaries at December 31, 2016 and December 31, 2015, respectively.
- 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.

NOTES TO FINANCIAL STATEMENTS

- 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 2016 or 2015.
- 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, 2016 and December 31, 2015, the Company had no capital notes or other debt.
- B. As of December 31, 2016 and December 31, 2015, the Company had no Federal Home Loan Bank (FHLB) Agreements.

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

- A. The Company has no Defined Benefit Plan.
- B. The Company sponsors a qualified defined contribution plan, which covers all full-time employees of the Company as of their start date with the Company. Eligible participants may contribute a percentage of their salary, subject to IRS limitations. The Company's contributions to the plan are based on a fixed percentage of employees' contributions subject to IRS limitations. For the years ended December 31, 2016 and 2015, the Company recognized expense in the amount of \$104.7 thousand and \$181.5 thousand for the defined contribution plan, respectively.
- C. The Company has no Multi-employer Plan.
- D. The Company has no Consolidated/Holding Company Plan.
- E. & F. The Company provides postemployment benefits to its employees. The benefits include severance and continuation of benefits, such as healthcare, for terminated employees. Amounts are reflected in the financial statements, as Employee Relations and Welfare expenses, when it is probable that the employee will be entitled to the benefit and the amount can be reasonably estimated.

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

- (1) The Company has 1,000,000 shares of common stock authorized, issued and outstanding with a par value of \$15.00 per share. See Note 10.G.
- (2) The Company has no preferred stock outstanding.
- (3) As part of the Company’s restructuring discussed in Note 21.C.(2) below, the MIA Order restricts the Company from paying dividends without the prior approval of the Commissioner.
- (4) No dividends were paid in 2016 or 2015.
- (5) The Company had negative earned surplus at December 31, 2016 and December 31, 2015; therefore no dividends can be paid in 2016 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 \$95,119.
- (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

NOTES TO FINANCIAL STATEMENTS

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.

- On January 6, 2011, the Company commenced a lawsuit against Goldman, Sachs & Co. (“Goldman”) in the Supreme Court of the State of New York, County of New York (the “Lawsuit”). The Lawsuit seeks compensatory damages against Goldman in the amount of at least \$30 million and punitive damages in the amount of at least \$90 million in connection with the development of a structured finance product, a synthetic collateralized debt obligation called ABACUS 2007-AC1 (“ABACUS”). The main elements of the procedural history of the case include the following:
 - On April 23, 2012, the Court issued an order denying Goldman’s motion to dismiss ACA’s fraud claims.
 - On January 2, 2013, the Company filed for leave to amend its First Amended Complaint to add Paulson & Co. (“Paulson”) as an additional defendant, incorporating new allegations of fraud against both parties.
 - On May 14, 2013, the Appellate Division of the Supreme Court of the State of New York ordered the dismissal of ACA’s legal action against Goldman.
 - On May 7, 2015, the Court of Appeals issued its decision reversing the dismissal by the Appellate Division.
 - On August 18, 2015 the Appellate Division remanded the case to the Supreme Court.

Non-binding mediation among all the parties took place on September 28, 2016 at the urging of the judge. In October 2016 the parties reached a settlement of the lawsuit on mutually agreeable terms that are confidential.

- As a result of actions taken by the trustee in one particular ACA insured transaction, ACA expects to ultimately recognize salvage and subrogation recoveries in excess of its expected aggregate claim payments on the transaction. As a result, as of December 31, 2016, ACA expects to recognize a gain aggregating approximately \$16.5 million on a net present value basis, with recoveries expected to begin decades in the future. Pursuant to ACA’s accounting policy, any estimated gains must be deferred and recognized only when the actual receipts of such recoveries occur, or in the case of losses related to ACA’s own insurance policies, they exceed the cumulative amounts paid out pursuant to claims. Accordingly, no assurance can be given that any or all expected recoveries will be received or that the amount of actual recoveries will not differ materially from that expected.
- 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.

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

The Company was one of several defendants in a lawsuit in the Superior Court of the State of California (Los Angeles County) brought in December 2008 by Retirement Housing Foundation and several affiliates relating to the plaintiffs’ issuance of auction-rate securities insured by the Company. The plaintiffs allege that the Company’s insurance of securities backed by sub-prime mortgages was not financially responsible and was contrary to the Company’s statement about its investment practices, and that when the Company’s credit rating was downgraded from “A” to “CCC” after the collapse of the sub-prime market in December 2007, the plaintiffs were forced to refinance their securities. On December 18, 2014, the court granted summary judgment in favor of the Company. Plaintiffs filed notice of appeal on March 19, 2015 and filed their opening appellate brief on October 6, 2015. The appeal was fully briefed as of February 2016 and in December 2016 supplemental briefing was provided at the request of the Court on whether summary judgment may be affirmed on a ground not relied upon by the trial court. Oral arguments on the appeal are expected in the first quarter of 2017. The other defendants reached confidential settlements with Retirement Housing Foundation. The Company believes that the issues raised in Plaintiffs’ appeal are without merit and intends to defend itself vigorously.

The Company (specifically, ACA Management, LLC) is one of many defendants in an action pending in New Mexico First Judicial District Court, in Santa Fe, filed in 2008 by Frank Foy on behalf of the State of New Mexico. The complaint alleges that Vanderbilt Capital Advisors (and certain affiliates) engaged in an unlawful “pay to play” scheme with various New Mexico state officials, causing two New Mexico state agencies to purchase certain worthless CDO investments, including some with which the Company was allegedly connected. The complaint seeks compensatory damages in excess of \$90 million, plus interest and civil penalties which the plaintiffs assert raise the claim to several hundred million dollars under certain New Mexico statutes, including the Fraud Against Taxpayers Act (“FATA”). Further, the complaint seeks to 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,

NOTES TO FINANCIAL STATEMENTS

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

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

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, 2016 and 2015 was \$451.7 thousand and \$546.6 thousand, respectively.

(2) At January 1, 2017, the minimum future lease payments under the leases are as follows (dollars in thousands):

Year Ending December 31,	Operating Leases
2017	124
2018	126
2019	128
2020	130
Beyond 5 Years	121
Total	<u>\$ 629</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, 2016 and December 31, 2015:

(\$ in millions)	December 31, 2016		December 31, 2015	
	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	\$ 167	10.6%	\$ 172	7.7%
Tax backed	173	11.0%	210	9.4%
Higher education	327	20.7%	468	20.9%
Long-term care	61	3.9%	116	5.2%
General obligations	470	29.8%	624	27.9%
Utilities	46	2.9%	55	2.5%
Transportation	90	5.7%	185	8.3%
Housing	52	3.3%	64	2.9%
Not for Profit	58	3.7%	194	8.7%
Other	127	8.1%	146	6.5%
Total municipal obligations	<u>1,571</u>	<u>99.6%</u>	<u>2,234</u>	<u>99.7%</u>
Taxable obligations				
Other	<u>6</u>	<u>0.4%</u>	<u>6</u>	<u>0.3%</u>
Total	<u>\$ 1,577</u>	<u>100.0%</u>	<u>\$ 2,240</u>	<u>100.0%</u>

For the year ended December 31, 2016, the Company reported a decrease in insured net par outstanding of \$663 million, of which \$556 million was attributable to Refundings, including early retirement due to cancellation (See Note 1.C.(1)).

NOTES TO FINANCIAL STATEMENTS

(\$ in millions)	PAR EXPOSURE BY STATE	December 31, 2016		December 31, 2015	
		Net Par	% of Net Par	Net Par	% of Net Par
		Outstanding	Outstanding	Outstanding	Outstanding
New York		\$ 409	26.0%	\$ 510	22.8%
California		298	19.0%	403	18.0%
Washington		92	5.9%	92	4.1%
Florida		87	5.5%	109	4.9%
Georgia		75	4.8%	77	3.4%
Other states		610	38.8%	1,044	46.7%
	Total municipal obligations	\$ 1,571	100.0%	\$ 2,234	100.0%

NET PAR OUTSTANDING BY MATURITY

(\$ in millions)	Terms of Maturity	December 31, 2016
		Net Par Outstanding
	0 to 5 years	\$ 358
	5 to 10 years	481
	10 to 15 years	369
	15 to 20 years	322
	20 and above	47
	Total	\$ 1,577

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

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

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

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

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

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

20. FAIR VALUE MEASUREMENT

- A. Inputs used for Assets and Liabilities Measured at Fair Value
 - (1) Assets measured at fair value on a non-recurring basis:

December 31, 2016				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 692,856	\$ -	\$ 692,856
Total	\$ -	\$ 692,856	\$ -	\$ 692,856
December 31, 2015				
Security Type	Level 1	Level 2	Level 3	Grand Total
Bonds	\$ -	\$ 3,287,902	\$ -	\$ 3,287,902
Total	\$ -	\$ 3,287,902	\$ -	\$ 3,287,902

- (2) Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):
Not applicable
- (3) The Company’s policy is to recognize transfers in and out at the end of the reporting period, consistent with the date of the determination of fair value.
- (4) In accordance with SSAP 100, the valuation techniques used in measuring fair values are based on the following:
 - Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets that the Company has the ability to access for identical assets or liabilities.
 - Level 2: Fair value measurements, based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable at commonly quoted intervals.
 - Level 3: Fair value measurements, based on certain inputs which are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.
- (5) Derivative Fair Value
Not applicable

NOTES TO FINANCIAL STATEMENTS

B. Other Fair Value Disclosures

Not applicable

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

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

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 & 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	\$ -	\$ -

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

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 2016 and 2015.

B. Troubled Debt Restructurings: Debtors

The Company had no troubled debt restructurings during 2016 and 2015. 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, 2016 and December 31, 2015 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 \$27 million to \$47 million at December 31, 2016, 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 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, 2016, the Company had insured obligations with outstanding principal totaling \$349.5 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 \$80.6 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

NOTES TO FINANCIAL STATEMENTS

all of the insurer's claims for recoveries. No assurance can be provided that estimated salvage and subrogation recoveries will be fully collected and any uncollected amount may be material to the Company's financial position and results of operations.

- Establishment of case basis reserves for unpaid losses and loss adjustment expenses on the Company's insured guaranties requires the use and exercise of significant judgment by management, including estimates regarding the severity of loss and the amount and timing of claim payments and recoveries on a guaranteed obligation. Case basis reserves reflect management's best estimate of the present value of the Company's ultimate loss and not the worst possible outcome. Actual experience may, and likely will, differ from those estimates and such difference may be material due to the fact that the ultimate dispositions of claims are subject to the outcome of events that have not yet occurred and, in certain cases, will occur over many years in the future. Examples of these events include changes in the level of interest rates, credit deterioration of guaranteed obligations, changes in the value of specific assets supporting guaranteed obligations, willingness of the obligor or sponsor to honor its commitments, changes in the expected timing of claims payments and recoveries, and changes in the amounts of expected claims payments and recoveries. Both qualitative and quantitative factors are used in making such estimates. Each quarter, in connection with the preparation of its financial statements, the Company reevaluates all such estimates. Changes in these estimates may be material and may result in material changes in the Company's policyholders' surplus. Any estimate of future costs is subject to the inherent limitation on management's ability to predict the aggregate course of future events. It should, therefore, be expected that the actual emergence of losses and claims will vary, perhaps materially, from any estimate. The risk of loss under the Company's guaranties extends to the full amount of unpaid principal and interest on all debt obligations it has guaranteed (see Note 16).
- The Company is involved in a number of legal proceedings, both as plaintiff and defendant, as well as regulatory inquiries and investigations. Management cannot predict the outcomes of these proceedings and other contingencies with certainty. In addition, it is not possible to predict whether additional suits will be filed or whether additional inquiries or investigations will be commenced. The outcome of some of these proceedings and other contingencies could require the Company to take or refrain from taking actions which could have a material adverse effect on its business, financial position or cash flows or could require the Company to pay (or fail to receive) substantial amounts of money. Additionally, prosecuting and defending these lawsuits and proceedings has caused the Company to incur significant expenses. The Company expects to continue to incur significant expenses in this regard in the near term.
- 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.).

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

NOTES TO FINANCIAL STATEMENTS

of liability among the two sub-groups. In general, the release discharges the entities from any and all actions, cause of action, suits, debts, liens, contracts, rights and other legal obligations against each other, except those provided for in the Intercompany Agreement.

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

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

Management is actively seeking to (i) remediate deteriorated insured exposures to minimize claim payments, maximize recoveries and mitigate ultimate losses, (ii) increase the Company’s capital, surplus, liquidity and claims paying resources, (iii) realize maximum value from various legal proceedings described in Note 14.C. and from any other rights and remedies the Company may have, and (iv) take other actions to enhance its financial position (hereafter collectively referred to as “Strategic Actions”). In regard to the Strategic Actions, the Company is actively pursuing or exploring a number of options available to it to enhance the Company’s policyholders’ surplus or liquidity position or address other challenges that the Company faces. The Company has taken steps to reduce operating expenses and expects to take further steps in the future as the insured portfolio and remediation activities decrease. ACA’s Board conducted a strategic review of the Company’s finances and operations in 2014, including exploration of a sale or reinsurance assumption and outsourcing management of the Company’s operations. The sale and reinsurance assumption efforts were not successful and there are no present efforts to sell the Company. Although competitive outsourcing proposals were received from other financial guaranty companies and other third parties, the Company ultimately decided that the expense reduction plan developed in late 2014 was the most optimal path forward. No assurances can be given that the Company will be successful in completing any of the aforementioned actions. Furthermore, certain of the Strategic Actions contemplated by the Company may be outside the ordinary course of the Company’s operations or its control and may require consents or approvals of parties outside of the Company, including the MIA.

(4) Description of Financial Guaranty Insurance

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

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable Tax Credits

The Company had no state transferable credits.

F. Subprime Exposure Related Risk

- (1) Except for one insured securitization of manufactured housing mortgages, as of December 31, 2016 and December 31, 2015, the Company had no exposure to subprime mortgages among its in-force guaranties. With the exception of the aforementioned securitization, all other subprime mortgage exposure of the Company was extinguished in the Global Settlement Agreement described in Note 21.C.(2). The remaining par exposure relating to the manufactured housing mortgage securitization was \$5.7 million and \$5.7 million at December 31, 2016 and December 31, 2015, respectively. The Company has a loss reserve against this exposure in the amount of \$2.0 million and \$1.5 million at December 31, 2016 and December 31, 2015, respectively.
- (2) The Company has no investments consisting of direct exposure to subprime-mortgages.
- (3) The Company has the following indirect exposures to sub-prime mortgages included in its investment portfolio at December 31, 2016:

	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	\$ 11,826,577	\$ 12,089,103	\$ 12,249,960	\$ -
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities	18,162,100	18,137,872	18,213,943	-
e. Equity investment in SCAs				
f. Other assets				
g. Total	\$ 29,988,677	\$ 30,226,975	\$ 30,463,904	\$ -

NOTES TO FINANCIAL STATEMENTS

(4) As stated in F. (1) above, the Company has an outstanding loss reserve in the amount of \$2.0 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	-	\$26,462	2,015,325	-
c. Other lines	-	-	-	-
d. Total	\$ -	\$ 26,462	\$ 2,015,325	\$ -

G. Insurance-linked Securities

Not applicable.

22. EVENTS SUBSEQUENT

The Company reviewed all transactions and other matters that have occurred from January 1, 2017 through February 9, 2017 (the date the financial statements were available to be issued) to assess whether such transactions and matters qualify as “subsequent events” and require adjustment to or disclosure in the financial statements as of and for the year ended December 31, 2016. Based on the aforementioned review, no matters came to management’s attention that would require adjustment to or disclosure in the financial statements.

23. REINSURANCE

A. Unsecured Reinsurance Recoverables

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

B. Reinsurance Recoverable in Dispute

The Company has no reinsurance recoverable in dispute.

C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All other	\$ 3,359,914	\$ -	\$ -	\$ -	\$ 3,359,914	\$ -
Total	\$ 3,359,914	\$ -	\$ -	\$ -	\$ 3,359,914	\$ -

Direct Unearned Premium Reserve: \$48,217,739

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 2016.

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.

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, 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 (“prior accident year claims”), \$5.1 million of discount accretion, and \$26.9 million losses incurred relating to the current accident year. The Company reflects loss remediation bond buybacks as loss payments and reflects a corresponding modeled reduction to estimated future losses. Loss remediation bond purchases may relate to policies where case basis reserves have already been established in the statutory financial statements or for policies related to Off-Balance Sheet Losses. See footnote 21C(1). During the 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

NOTES TO FINANCIAL STATEMENTS

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. 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, 2016 ranged from \$27 million to \$47 million. This range of Off-Balance Sheet Losses related to eleven insured transactions classified as Category 4 credits (see Note 36), with a remaining aggregate in-force par outstanding of approximately \$17.1 million, excluding the aforementioned Off-Balance Sheet Losses.

For the year ended December 31, 2015, the Company recorded a net provision for losses incurred of \$47.9 million, which consisted of \$0.5 million of net adverse loss development on accident years prior to 2015, \$4.5 million of discount accretion, and \$42.9 million losses incurred relating to 2015. During the 2015 year, the Company purchased bonds for loss remediation purposes in the amount of \$33.3 million. The majority of the bond purchases made during the year were sold to the Company by a Surplus Note Holder. As of December 31, 2015, the Company's liability for unpaid losses was \$111.0 million, which related to twenty-six insured transactions, with a remaining aggregate in-force par outstanding of \$144.6 million, excluding the aforementioned case reserves. The aggregate in-force par outstanding of \$144.6 million represents the remaining maximum amount of par exposure subject to loss in regard to these twenty-six insured transactions.

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. In 2016, BedRok earned approximately \$35,000 in connection with three significant purchases of ACA-insured bonds in the amount of \$7.1 million. In 2015, BedRok earned approximately \$146,000 in connection with two significant purchases of ACA-insured bonds in the amount of \$29.3 million from a Surplus Note Holder. In 2015, the transaction and its terms were approved prior to execution by ACA's board of directors absent the related party member.

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, 2016 and December 31, 2015.
- B. The Company has no risk sharing receivables as of December 31, 2016 and December 31, 2015.

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, 2016 and December 31, 2015 was 2.9% and 3.07%, 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, 2016 was \$(9.9) million. Loss adjustment expenses are not discounted.

33. ASBESTOS/ENVIRONMENTAL RESERVES

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

34. SUBSCRIBER SAVINGS ACCOUNTS

The Company has no subscriber savings accounts.

35. MULTIPLE PERIL CROP INSURANCE

The Company has never written this line of business.

NOTES TO FINANCIAL STATEMENTS

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, 2016 and 2015 was \$17.0 million and \$15.4 million, respectively.

b. Schedule of the future expected earned premium revenue on contracts written on an upfront basis as of December 31, 2016:

1.	1st Quarter 2017	\$ 832,294
	2nd Quarter 2017	666,868
	3rd Quarter 2017	1,017,727
	4th Quarter 2017	925,012
	Year 2018	3,047,455
	Year 2019	3,163,142
	Year 2020	3,510,388
	Year 2021	3,758,232
	Subtotal	16,921,119
2.	2022 through 2026	14,522,504
	2027 through 2031	10,451,875
	2032 through 2036	8,966,517
	2037 through 2039	715,638
	Total	\$ 51,577,653

- (3) Claim liability:

- a. The Company used a rate of 2.9% to discount the claim liability.
b. Significant components of the change in the claim liability for the period:

Reserves for losses at December 31, 2015	\$ 110,964,788
Accretion of the discount	5,136,687
New reserves for defaults of insured contracts	17,585,307 ⁽¹⁾
Development on prior accident years reserves	(22,299,613) ⁽²⁾
Change in deficiency reserves	-
Change in incurred but not reported claims	-
Total change in reserves	422,381
Reserves for losses at December 31, 2016	\$ 111,387,169

⁽¹⁾ Represents 2016 accident year loss development of \$26,907,991, less claim payments of \$9,322,684.
⁽²⁾ Represents unfavorable loss development of \$2,137,513, and claim payments of \$24,437,126.

- (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.

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

All transactions in the insured portfolio are assigned one of four internal credit quality classifications that reflect the current and expected performance of the obligor. Credit quality classifications of insured transactions are reviewed and updated on a regular basis as analysts obtain more current financial and market information from the obligor, the

NOTES TO FINANCIAL STATEMENTS

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	85	18	8	34	145
Remaining weighted-average contract period (in years)	10	8	8	11	10
Insured contractual payments outstanding:					
Principal	\$ 1,007,863,446	\$ 139,220,874	\$ 80,565,000	\$ 349,489,337	\$ 1,577,138,657
Interest	580,064,296	125,662,058	34,179,942	246,139,987	986,046,282
Total	<u>\$ 1,587,927,742</u>	<u>\$ 264,882,932</u>	<u>\$ 114,744,942</u>	<u>\$ 595,629,323</u>	<u>\$ 2,563,184,939</u>
Gross claim and LAE liability	\$ -	\$ 24,000	\$ 288,000	\$ 159,564,592	\$ 159,876,592
Less:					
Gross potential recoveries	-	-	-	53,720,451	53,720,451
Discount, net	-	-	-	(9,931,919)	(9,931,919)
Net claim and LAE liability	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ 288,000</u>	<u>\$ 115,776,060</u>	<u>\$ 116,088,060</u>
Unearned premium revenue	\$ 19,402,978	\$ 8,242,640	\$ 3,036,181	\$ 20,895,854	\$ 51,577,653
Claim and LAE liability reported in the balance sheet	\$ -	\$ 24,000	\$ 288,000	\$ 115,776,060	\$ 116,088,060
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, 2016, the par value outstanding of category 4 bonds purchased and not cancelled is \$34.4 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 ☒
- 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 ☒
- 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 ☒
- 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 ☒
- 3.6

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

Yes ☐ No ☐ N/A ☒
- 4.1

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

4.11 sales of new business? Yes ☐ No ☒

4.12 renewals? Yes ☐ No ☒
- 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 ☒

4.22 renewals? Yes ☐ No ☒
- 5.1

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

Yes ☐ No ☒
- 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 ☒
- 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 ☒
- 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

\$

\$

\$

\$

\$

\$

\$

\$4,793,198

\$

\$

\$

\$

\$

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.....	303,685,456	306,143,538	2,458,082
30.2 Preferred Stocks.....			
30.3 Totals	303,685,456	306,143,538	2,458,082

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$178,341
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
STANDARD & POOR'S.....	\$.....145,887

- 34.1 Amount of payments for legal expenses, if any? \$613,307
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Funk & Bolton, PA.....	\$.....163,516

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

2.

Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$		\$
2.2	Premium Denominator	\$	22,747,297	\$
2.3	Premium Ratio (2.1/2.2)			
2.4	Reserve Numerator	\$		\$
2.5	Reserve Denominator	\$	167,665,713	\$
2.6	Reserve Ratio (2.4/2.5)			

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [] No [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

\$

3.22

Non-participating policies

\$

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?

Yes [] No []

4.2

Does the reporting entity issue non-assessable policies?

Yes [] No []

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

Yes [] No []

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [] No [] N/A []

5.22

As a direct expense of the exchange

Yes [] No [] N/A []

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [] No []

5.5

If yes, give full information

16

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

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

6.2

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

6.3

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

6.4

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

Yes [] No [X]

6.5

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

7.1

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

Yes [] No [X]

7.2

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

7.3

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

Yes [] No []

8.1

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

Yes [] No [X]

8.2

If yes, give full information

9.1

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

Yes [] No [X]

9.2

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

Yes [] No [X]

9.3

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

9.4

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

Yes [] No [X]

9.5

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

9.6

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

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

10.

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

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

Yes [] No [X]

11.2

If yes, give full information

12.1

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

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

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

\$

12.3

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

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

12.4

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

12.41

From

%

12.42

To

%

12.5

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

Yes [] No [X]

12.6

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

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

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

\$189,999,999

13.2

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

Yes [] No [X]

13.3

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

14.1

Is the 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 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	62,272	62,440	61,969	146,478	61,957
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	62,272	62,440	61,969	146,478	61,957
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	62,272	62,440	61,969	146,478	61,957
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	62,272	62,440	61,969	146,478	61,957
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(25,192,927)	(40,337,654)	(33,387,020)	(30,070,051)	(28,755,025)
14. Net investment gain (loss) (Line 11)	13,324,454	14,863,077	15,809,315	20,747,946	17,612,295
15. Total other income (Line 15)	12,717,178		3,305,000	140,500	5,189,607
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	848,705	(25,474,577)	(14,272,705)	(9,181,605)	(5,953,123)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	309,357,530	330,017,630	370,865,469	391,426,697	424,590,463
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)	267,250,796	288,851,981	303,963,343	302,379,649	315,396,543
22. Losses (Page 3, Line 1)	111,387,169	110,964,787	105,551,542	83,332,374	78,234,876
23. Loss adjustment expenses (Page 3, Line 3)	4,700,891	3,866,000	4,565,000	5,979,000	8,345,000
24. Unearned premiums (Page 3, Line 9)	51,577,653	74,262,678	92,643,742	119,602,855	146,732,137
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)	42,106,734	41,165,649	66,902,126	89,047,048	109,193,920
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(21,094,847)	(40,937,640)	(18,623,742)	(33,205,407)	(23,420,712)
Risk-Based Capital Analysis					
28. Total adjusted capital					
29. Authorized control level risk-based capital					
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	98.8	98.1	98.9	97.9	94.3
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)	1.2	1.9	1.1	2.1	5.7
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)		0.0			0.0
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2016	2015	2014	2013	2012
(Continued)					
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	25,658	(94,685)	30,905	(37,566)	189,856
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	941,085	(25,736,477)	(22,144,922)	(20,146,872)	(8,120,843)
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)	33,759,810	42,488,693	19,671,260	30,402,600	16,414,559
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	33,759,810	42,488,693	19,671,260	30,402,600	16,414,559
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)	33,759,810	42,488,693	19,671,260	30,402,600	16,414,559
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	33,759,810	42,488,693	19,671,260	30,402,600	16,414,559
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)	150.3	259.7	155.0	130.2	109.0
68. Loss expenses incurred (Line 3)	22.4	7.2	7.5	10.8	3.4
69. Other underwriting expenses incurred (Line 4)	38.1	51.8	61.0	69.3	91.2
70. Net underwriting gain (loss) (Line 8)	(110.8)	(218.7)	(123.6)	(110.2)	(103.6)
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)	(6,496.1)	15,304.7	21,274.6	12,803.9	32,477.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	172.6	266.9	162.5	141.0	112.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	0.1	0.2	0.1	0.2	0.1
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)	(2,883)	(2,951)	11,582	4,234	(5,345)
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)	(7.0)	(4.4)	13.0	3.9	(4.6)
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)	(1,660)	12,171	13,011	(10,152)	(9,664)
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)	(2.5)	13.7	11.9	(8.7)	(9.0)

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 2016 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 2016				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	62,272	22,025,314		48,217,738	33,759,809	34,182,191	111,387,169	4,251,240	5,086,131	4,700,891		130,027
11.	Medical professional liability												
12.	Earthquake												
13.	Group accident and health (b)												
14.	Credit A & H (group and individual)												
15.1	Collectively renewable A & H (b)												
15.2	Non-cancelable A & H (b)												
15.3	Guaranteed renewable A & H (b)												
15.4	Non-renewable for stated reasons only (b)												
15.5	Other accident only												
15.6	Medicare Title XVIII exempt from state taxes or fees												
15.7	All other A & H (b)												
15.8	Federal Employees Health Benefits Plan premium (b)												
16.	Workers' compensation												
17.1	Other liability-Occurrence												
17.2	Other Liability-Claims-Made												
17.3	Excess workers' compensation												
18.	Products liability												
19.1	Private passenger auto no-fault (personal injury protection)												
19.2	Other private passenger auto liability												
19.3	Commercial auto no-fault (personal injury protection)												
19.4	Other commercial auto liability												
21.1	Private passenger auto physical damage												
21.2	Commercial auto physical damage												
22.	Aircraft (all perils)												
23.	Fidelity												
24.	Surety												
26.	Burglary and theft												
27.	Boiler and machinery												
28.	Credit												
30.	Warranty												
34.	Aggregate write-ins for other lines of business												
35.	TOTAL (a)	62,272	22,025,314		48,217,738	33,759,809	34,182,191	111,387,169	4,251,240	5,086,131	4,700,891		130,027
DETAILS OF WRITE-INS													
3401.	.....											
3402.	.....											
3403.	.....											
3498.	Summary of remaining write-ins for Line 34 from overflow page												
3499.	Totals (Lines 3401 through 3403 Plus 3498) (Line 34 above)												

(a) Finance and service charges not included in Lines 1 to 35 \$

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

20

20

20

20

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)	305,619,648		305,619,648
2. Premiums and considerations (Line 15)			
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 16.1)			
4 Funds held by or deposited with reinsured companies (Line 16.2)			
5. Other assets	3,737,882		3,737,882
6. Net amount recoverable from reinsurers		119,644	119,644
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	309,357,530	119,644	309,477,174
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	116,088,060		116,088,060
10. Taxes, expenses, and other obligations (Lines 4 through 8)	2,733,131		2,733,131
11. Unearned premiums (Line 9)	51,577,653		51,577,653
12. Advance premiums (Line 10)			
13. Dividends declared and unpaid (Line 11.1 and 11.2)			
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12)			
15. Funds held by company under reinsurance treaties (Line 13)			
16. Amounts withheld or retained by company for account of others (Line 14)			
17. Provision for reinsurance (Line 16)			
18. Other liabilities	96,851,952	119,644	96,971,596
19. Total liabilities excluding protected cell business (Line 26)	267,250,796	119,644	267,370,440
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	42,106,734	X X X	42,106,734
22. Totals (Line 38)	309,357,530	119,644	309,477,174

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

If yes, give full explanation:

.....

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5 - Health Claims

NONE

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
				4	5	6	7	8	9			
Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
1. Prior	XXX	XXX	XXX									XXX
2. 2007	94,135	1,842	92,293	24,048		15					24,062	XXX
3. 2008	26,172	74	26,098	254,325		20,548				2,513	274,873	XXX
4. 2009	15,533	87	15,446	8,458		2,101				73	10,559	XXX
5. 2010	15,250	46	15,205	18,582		4,248				1,000	22,830	XXX
6. 2011	16,397	63	16,333	22,910		9,163				210	32,073	XXX
7. 2012	27,901	146	27,755	18,953		1,985				222	20,938	XXX
8. 2013	27,347	72	27,276	20,731		738					21,469	XXX
9. 2014	27,117	94	27,022	27,963		1,101					29,063	XXX
10. 2015	18,443		18,443	22,901		26					22,927	XXX
11. 2016	22,748		22,748	9,323		3,357					12,680	XXX
12. Totals	XXX	XXX	XXX	428,193		43,281				4,017	471,474	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.	2,074											2,074	XXX
2.													XXX
3.	8,900				55							8,955	XXX
4.	13,573				198							13,771	XXX
5.	(4,202)				139						9,314	(4,063)	XXX
6.	19,218				398						22,113	19,616	XXX
7.	20,132				223						3,091	20,355	XXX
8.	7,330				80						2,445	7,410	XXX
9.	(5,237)				438						6,911	(4,799)	XXX
10.	22,974				10							22,984	XXX
11.	16,692				1,859		1,301				9,847	19,852	XXX
12.	101,455				3,400		1,301				53,720	106,156	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	.59		XXX	2,015	
2.	24,062		24,062	25.6		26.1					
3.	283,828		283,828	1,084.5		1,087.6	1,609			7,291	.55
4.	24,330		24,330	156.6		157.5	2,791			10,782	198
5.	18,767		18,767	123.1		123.4	(6,663)			2,461	139
6.	51,689		51,689	315.2		316.5	(1,049)			20,266	398
7.	41,293		41,293	148.0		148.8	1,994			18,139	223
8.	28,879		28,879	105.6		105.9	.317			7,013	.80
9.	24,265		24,265	89.5		89.8	(11,049)			5,812	438
10.	45,911		45,911	248.9		248.9	2,951			20,023	10
11.	32,532		32,532	143.0		143.0	(893)			17,585	3,160
12.	XXX	XXX	XXX	XXX	XXX	XXX	(9,932)		XXX	111,387	4,701

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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior	100	5,637	7,044	4,964	4,112	3,181	3,308	3,566	3,792	4,354	563	788
2. 2007	32,450	24,062	24,062	24,062	24,062	24,062	24,062	24,062	24,062	24,062		
3. 2008	XXX	284,664	291,505	290,580	291,230	290,400	285,173	285,174	284,246	283,828	(418)	(1,346)
4. 2009	XXX	XXX	13,363	19,528	22,988	23,215	21,426	20,474	20,764	24,330	3,566	3,856
5. 2010	XXX	XXX	XXX	28,722	16,775	17,336	17,834	18,141	18,751	18,767	16	626
6. 2011	XXX	XXX	XXX	XXX	43,464	39,093	40,676	50,902	47,638	51,689	4,051	786
7. 2012	XXX	XXX	XXX	XXX	XXX	29,662	38,703	37,640	41,534	41,293	(241)	3,653
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	27,212	30,017	29,780	28,879	(900)	(1,138)
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,150	29,610	24,265	(5,345)	(8,885)
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,086	45,911	(4,174)	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,532	XXX	XXX
12. Totals											(2,883)	(1,660)

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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior	000	(1,358)	879	2,280	2,280	2,280	2,280	2,280	2,280	2,280	XXX	XXX
2. 2007	23,964	24,062	24,062	24,062	24,062	24,062	24,062	24,062	24,062	24,062	XXX	XXX
3. 2008	XXX	258,403	260,203	261,717	263,284	264,673	271,092	271,962	273,438	274,873	XXX	XXX
4. 2009	XXX	XXX	870	1,846	2,824	3,829	4,817	6,053	7,154	10,559	XXX	XXX
5. 2010	XXX	XXX	XXX	1,462	15,636	17,877	20,656	21,640	22,509	22,830	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	3,804	8,929	14,473	24,780	27,633	32,073	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX	10,749	13,465	15,529	17,909	20,938	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	17,274	19,669	20,644	21,469	XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,258	25,198	29,063	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,916	22,927	XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,680	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,301

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	16,426		894					17,320	XXX
2. 2015	18,443		18,443	22,901		26					22,927	XXX
3. 2016	22,748		22,748	9,323		3,357					12,680	XXX
4. Totals	XXX	XXX	XXX	48,650		4,277					52,927	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						Direct and Assumed	Ceded
1.	61,789				1,531						43,874	63,320	24
2.	22,974				10							22,984	2
3.	16,692				1,859		1,301				9,847	19,852	3
4.	101,455				3,400		1,301				53,720	106,156	29

	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	(11,990)		XXX	73,779	1,531
2.	45,911		45,911	248.9		248.9	2,951			20,023	10
3.	32,532		32,532	143.0		143.0	(893)			17,585	3,160
4.	XXX	XXX	XXX	XXX	XXX	XXX	(9,932)		XXX	111,387	4,701

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior												
2. 2007												
3. 2008	XXX											
4. 2009	XXX	XXX										
5. 2010	XXX	XXX	XXX									
6. 2011	XXX	XXX	XXX	XXX								
7. 2012	XXX	XXX	XXX	XXX	XXX							
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2016	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. 2007												
3. 2008	XXX											
4. 2009	XXX	XXX										
5. 2010	XXX	XXX	XXX									
6. 2011	XXX	XXX	XXX	XXX								
7. 2012	XXX	XXX	XXX	XXX	XXX							
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2016	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	111,894	108,943	110,234	1,291	(1,660)
2. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,086	45,911	(4,174)	XXX
3. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,532	XXX	XXX
4. Totals											(2,883)	(1,660)

SCHEDULE P - PART 2T – WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
2. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior	.000											
2. 2007												
3. 2008	XXX											
4. 2009	XXX	XXX										
5. 2010	XXX	XXX	XXX									
6. 2011	XXX	XXX	XXX	XXX								
7. 2012	XXX	XXX	XXX	XXX	XXX							
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	.000											
2. 2007												
3. 2008	XXX											
4. 2009	XXX	XXX										
5. 2010	XXX	XXX	XXX									
6. 2011	XXX	XXX	XXX	XXX								
7. 2012	XXX	XXX	XXX	XXX	XXX							
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	29,594	46,914	XXX	XXX
2. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,916	22,927	XXX	XXX
3. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,680	XXX	XXX

SCHEDULE P - PART 3T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000				
2. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
3. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Med Pro Liab Occ

NONE

Schedule P - Part 4F - Med Pro Liab Clm

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I

NONE

Schedule P - Part 4J
NONE

Schedule P - Part 4K
NONE

Schedule P - Part 4L
NONE

Schedule P - Part 4M
NONE

Schedule P - Part 4N
NONE

Schedule P - Part 4O
NONE

Schedule P - Part 4P
NONE

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

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,301

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2016	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
Schedule P - Part 1	Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total
1. Homeowners/Farmowners						
2. Private Passenger Auto Liability/Medical						
3. Commercial Auto/Truck Liability/Medical						
4. Workers' Compensation						
5. Commercial Multiple Peril						
6. Medical Professional Liability-Occurrence						
7. Medical Professional Liability -Claims-Made						
8. Special Liability						
9. Other Liability-Occurrence						
10. Other Liability-Claims-Made						
11. Special Property						
12. Auto Physical Damage						
13. Fidelity/Surety						
14. Other						
15. International						
16. Reinsurance-Nonproportional Assumed Property	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	116,088			62		
22. Warranty						
23. Totals	116,088			62		

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

Years in Which Policies Were Issued	SECTION 4 NET EARNED PREMIUMS REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

Years in Which Policies Were Issued	SECTION 5 NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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	116,088			62		
22. Warranty						
23. Totals	116,088			62		

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior										
2. 2007										
3. 2008	XXX									
4. 2009	XXX	XXX								
5. 2010	XXX	XXX	XXX							
6. 2011	XXX	XXX	XXX	XXX						
7. 2012	XXX	XXX	XXX	XXX	XXX					
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2016	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	2007		
1.603	2008		
1.604	2009		
1.605	2010		
1.606	2011		
1.607	2012		
1.608	2013		
1.609	2014		
1.610	2015		
1.611	2016		
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		4,044						
2. Alaska	AK L		925,620						
3. Arizona	AZ L		226,154						
4. Arkansas	AR L		48,969		3,101,863	1,874,156	15,022,894		
5. California	CA L		4,657,413		7,872,630	1,581,464	33,148,806		
6. Colorado	CO L		1,642,841						
7. Connecticut	CT L		43,615						
8. Delaware	DE L		386,760						
9. Dist. Columbia	DC L		3,075,110						
10. Florida	FL L		436,934		3,183,769	(1,122,139)	(7,688,813)		
11. Georgia	GA L		228,064		2,087,814	(1,050,453)	6,161,229		
12. Hawaii	HI L								
13. Idaho	ID L								
14. Illinois	IL L		536,571		2,822,593	856,515	10,825,498		
15. Indiana	IN L		3,585						
16. Iowa	IA L								
17. Kansas	KS L								
18. Kentucky	KY L								
19. Louisiana	LA L	12,857	243,986		2,696,669	3,062,122	5,943,668		
20. Maine	ME L								
21. Maryland	MD L								
22. Massachusetts	MA L		1,059,238		173,551	105,025	456,342		
23. Michigan	MI L		111,559						
24. Minnesota	MN L		156,630		471,347	680,549	5,313,951		
25. Mississippi	MS L		314,679		1,434,554	164,276	7,290,990		
26. Missouri	MO L	5,415	32,354		223,527	37,364	820,804		
27. Montana	MT L								
28. Nebraska	NE L								
29. Nevada	NV L								
30. New Hampshire	NH L	44,000	1,432,128						
31. New Jersey	NJ L		451,543						
32. New Mexico	NM L								
33. New York	NY L		1,556,958		3,494,579	23,722,513	22,043,824		
34. No. Carolina	NC L								
35. No. Dakota	ND L								
36. Ohio	OH L		50,009						
37. Oklahoma	OK L		763,987						
38. Oregon	OR L		172,158						
39. Pennsylvania	PA L		2,258,792		3,364,625	3,364,625			
40. Rhode Island	RI L		17,692						
41. So. Carolina	SC L		8,835		99,387	(132,231)	730,671		
42. So. Dakota	SD L								
43. Tennessee	TN L								
44. Texas	TX L		317,927		465,254	788,990	4,838,520		
45. Utah	UT L								
46. Vermont	VT L								
47. Virginia	VA L		13,281		2,267,647	249,415	6,478,785		
48. Washington	WA L		59,868						
49. West Virginia	WV L								
50. Wisconsin	WI L		36,913						
51. Wyoming	WY L								
52. American Samoa	AS N								
53. Guam	GU L		711,915						
54. Puerto Rico	PR L		39,182						
55. U.S. Virgin Islands	VI L								
56. Northern Mariana Islands	MP N								
57. Canada	CAN N								
58. Aggregate other alien	OT XXX								
59. Totals	(a) 54	62,272	22,025,314		33,759,809	34,182,191	111,387,169		
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX								

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

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

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

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

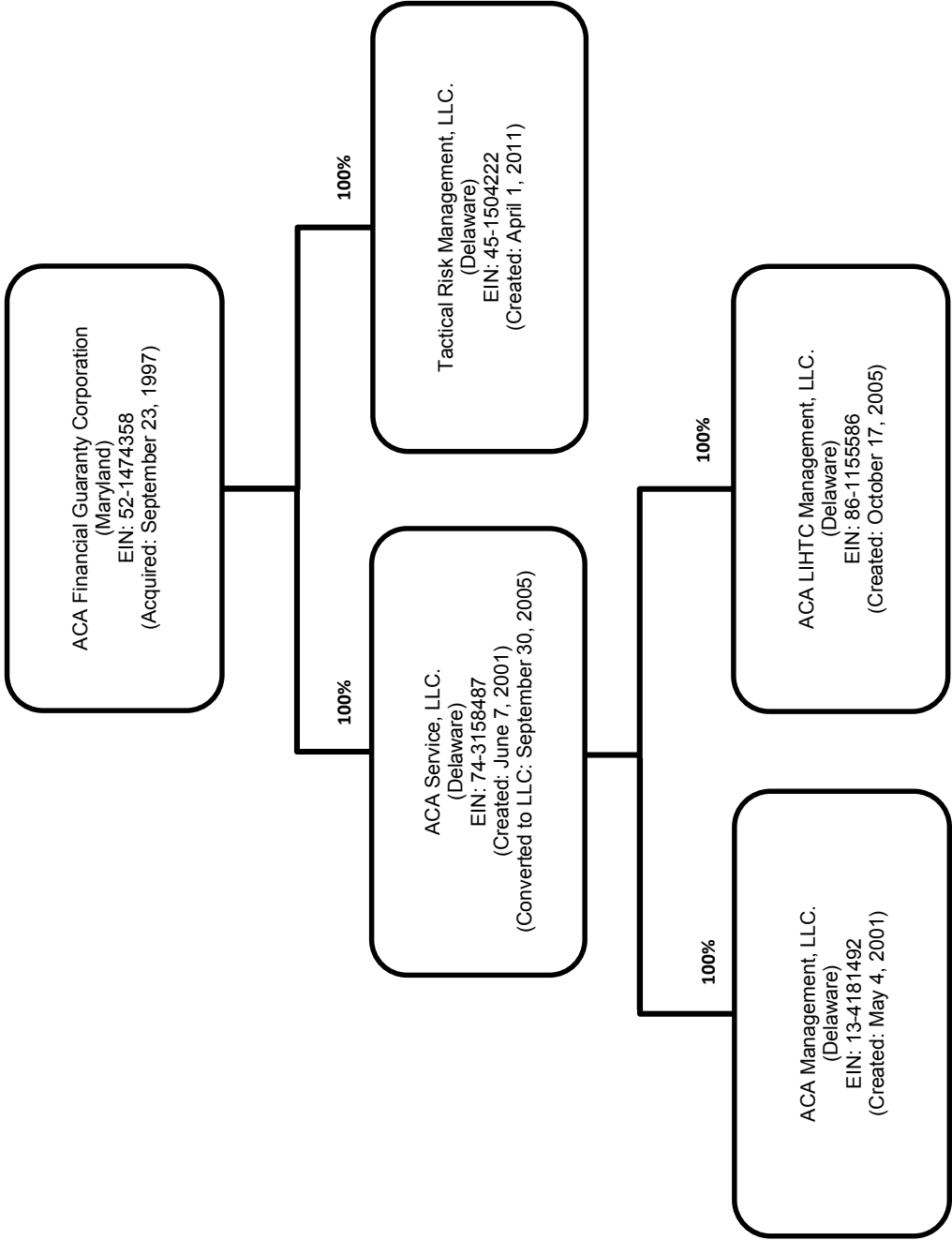
SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

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

NONE

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



SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

NONE

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE Y

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

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2016 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 2016 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.

27.

28.

29.

30.

31.

32.

33.





















34.

35. Thr Cpmpany falls below the premium threshold, therefore is exempt from this requirement.

Bar Code:

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

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

4.	 2 2 8 9 6 2 0 1 6 3 9 0 0 0 0 0 0
8.	 2 2 8 9 6 2 0 1 6 2 0 1 0 0 0 0 0
12.	 2 2 8 9 6 2 0 1 6 4 2 0 0 0 0 0 0
14.	 2 2 8 9 6 2 0 1 6 3 6 0 5 9 0 0 0
15.	 2 2 8 9 6 2 0 1 6 4 5 5 0 0 0 0 0
16.	 2 2 8 9 6 2 0 1 6 4 9 0 0 0 0 0 0
17.	 2 2 8 9 6 2 0 1 6 3 8 5 0 0 0 0 0
19.	 2 2 8 9 6 2 0 1 6 3 6 5 0 0 0 0 0
23.	 2 2 8 9 6 2 0 1 6 5 0 0 0 0 0 0 0
24.	 2 2 8 9 6 2 0 1 6 5 0 5 0 0 0 0 0
25.	 2 2 8 9 6 2 0 1 6 2 2 4 0 0 0 0 0
26.	 2 2 8 9 6 2 0 1 6 2 2 5 0 0 0 0 0
27.	 2 2 8 9 6 2 0 1 6 2 2 6 0 0 0 0 0
28.	 2 2 8 9 6 2 0 1 6 5 5 5 0 0 0 0 0
29.	 2 2 8 9 6 2 0 1 6 2 3 0 5 9 0 0 0
30.	 2 2 8 9 6 2 0 1 6 3 0 6 0 0 0 0 0
31.	 2 2 8 9 6 2 0 1 6 2 1 0 0 0 0 0 0
32.	 2 2 8 9 6 2 0 1 6 2 1 6 5 9 0 0 0
33.	 2 2 8 9 6 2 0 1 6 2 1 7 0 0 0 0 0
34.	 2 2 8 9 6 2 0 1 6 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.....	2,135,258		2,135,258	1,369
2505.				
2506.				
2597. Summary of remaining write-ins for Line 25 from page 2	2,135,258		2,135,258	1,369

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	26,059,425	8.524	26,059,425		26,059,425	8.527
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	5,533,138	1.810	5,533,138		5,533,138	1.810
1.44 Industrial development and similar obligations	95,857	0.031	95,857		95,857	0.031
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	22,630,846	7.403	22,630,846		22,630,846	7.405
1.512 Issued or guaranteed by FNMA and FHLMC	55,852,909	18.270	55,852,909		55,852,909	18.275
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	9,866,977	3.228	9,866,977		9,866,977	3.229
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	45,735,882	14.961	45,735,882		45,735,882	14.965
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	107,031,897	35.012	107,031,897		107,031,897	35.021
2.2 Unaffiliated non-U.S. securities (including Canada)	29,225,358	9.560	29,225,358		29,225,358	9.563
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	3,587,358	1.173	3,587,358		3,587,358	1.174
11. Other invested assets	82,304	0.027				
12. Total invested assets	305,701,951	100.000	305,619,647		305,619,647	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.....	82,782
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8)	
2.2 Additional investment made after acquisition (Part 2, Column 9)	
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 16.....	
3.2 Totals, Part 3, Column 12.....	
4. Accrual of discount.....	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13	(478)
5.2 Totals, Part 3, Column 9	(478)
6. Total gain (loss) on disposals, Part 3, Column 19.....	
7. Deduct amounts received on disposals, Part 3, Column 16.....	
8. Deduct amortization of premium and depreciation.....	
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17.....	
9.2 Totals, Part 3, Column 14.....	
10. Deduct current year's other-than-temporary impairment recognized:	
10.1 Totals, Part 1, Column 15	
10.2 Totals, Part 3, Column 11.....	
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	82,304
12. Deduct total nonadmitted amounts.....	82,304
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.....	320,613,543
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	128,870,430
3. Accrual of discount.....	550,987
4. Unrealized valuation increase (decrease):	
4.1 Part 1, Column 12.....	(74,085)
4.2 Part 2, Section 1, Column 15.....	
4.3 Part 2, Section 2, Column 13.....	
4.4 Part 4, Column 11.....	100,221
5. Total gain (loss) on disposals, Part 4, Column 19.....	26,136
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	1,961,919
7. Deduct amortization of premium.....	148,233,565
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).....	302,032,289
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	302,032,289

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	48,917,190	49,071,287	48,950,600	47,322,386
	2. Canada				
	3. Other Countries				
	4. Totals	48,917,190	49,071,287	48,950,600	47,322,386
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				
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	71,121,962	71,434,282	70,625,329	118,018,359
Industrial and Miscellaneous, SVO Identified Funds and Hybrid Securities (unaffiliated)	8. United States	152,767,780	153,969,547	153,594,813	173,311,782
	9. Canada	7,083,258	7,279,556	7,080,026	7,093,966
	10. Other Countries	22,142,100	22,735,698	22,208,984	22,140,000
	11. Totals	181,993,138	183,984,801	182,883,823	202,545,748
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	302,032,289	304,490,371	302,459,753	367,886,493
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	302,032,289	304,490,371	302,459,753	

ANNUAL STATEMENT FOR THE YEAR 2016 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. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Governments												
1.1 NAIC 1	5,045,297	35,454,809	5,862,811	3,632,202	575,238	XXX	50,570,357	16.7	50,477,492	15.6	50,570,357	
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	5,045,297	35,454,809	5,862,811	3,632,202	575,238	XXX	50,570,357	16.7	50,477,492	15.6	50,570,357	
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			44,612	0.0		
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			44,612	0.0		
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1 NAIC 1	7,802,146	25,994,341	16,962,805	12,640,339	2,878,123	XXX	66,277,755	21.8	46,299,916	14.3	66,277,755	
5.2 NAIC 2	85,612			2,055,022		XXX	2,140,634	0.7	3,604,658	1.1	2,140,634	
5.3 NAIC 3						XXX			2,609,774	0.8		
5.4 NAIC 4						XXX						
5.5 NAIC 5	2,275,164			285,218		XXX	2,560,382	0.8	9,714,936	3.0	2,460,382	100,000
5.6 NAIC 6			11,314	1,180	130,697	XXX	143,191	0.0	1,701,365	0.5	143,191	
5.7 Totals	10,162,922	25,994,341	16,974,119	14,981,759	3,008,821	XXX	71,121,962	23.4	63,930,648	19.7	71,021,962	100,000

ANNUAL STATEMENT FOR THE YEAR 2016 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. 6 Prior Year	10 % From Col.7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)												
6.1 NAIC 1	29,562,515	46,292,241	44,183,706	4,107,178	37,261	XXX	124,182,901	40.9	131,551,069	40.5	103,955,077	20,227,824
6.2 NAIC 2	7,515,443	28,273,664	16,023,836	2,492,027	505,267	XXX	54,810,236	18.0	74,347,469	22.9	46,462,742	8,347,494
6.3 NAIC 3						XXX						
6.4 NAIC 4						XXX						
6.5 NAIC 5						XXX						
6.6 NAIC 6						XXX						
6.7 Totals	37,077,958	74,565,906	60,207,542	6,599,205	542,528	XXX	178,993,138	58.9	205,898,539	63.4	150,417,819	28,575,318
7. Hybrid Securities												
7.1 NAIC 1						XXX			4,176,575	1.3		
7.2 NAIC 2		3,000,000				XXX	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	1.0	4,176,575	1.3		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				XXX	XXX		
9.2 NAIC 2	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.3 NAIC 3	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.4 NAIC 4	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.5 NAIC 5	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.6 NAIC 6	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.7 Totals	XXX	XXX	XXX	XXX	XXX				XXX	XXX		

ANNUAL STATEMENT FOR THE YEAR 2016 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. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1 NAIC 1	(d) 42,409,958	107,741,391	67,009,322	20,379,719	3,490,622		241,031,013	79.4	XXX	XXX	220,803,189	20,227,824
10.2 NAIC 2	(d) 7,601,055	31,273,664	16,023,836	4,547,048	505,267		59,950,870	19.7	XXX	XXX	48,603,376	11,347,494
10.3 NAIC 3	(d)								XXX	XXX		
10.4 NAIC 4	(d)								XXX	XXX		
10.5 NAIC 5	(d) 2,275,164			285,218		(c)	2,560,382	0.8	XXX	XXX	2,460,382	100,000
10.6 NAIC 6	(d)		11,314	1,180	130,697		143,191	0.0	XXX	XXX	143,191	
10.7 Totals	52,286,176	139,015,056	83,044,472	25,213,166	4,126,586	(b)	303,685,456	100.0	XXX	XXX	272,010,138	31,675,318
10.8 Line 10.7 as a % of Col. 7	17.2	45.8	27.3	8.3	1.4		100.0	XXX	XXX	XXX	89.6	10.4
11. Total Bonds Prior Year												
11.1 NAIC 1	81,352,867	117,726,611	29,932,022	538,164	3,000,000	XXX	XXX	XXX	232,549,664	71.7	213,250,583	19,299,081
11.2 NAIC 2	14,556,809	27,236,851	30,957,528	5,200,939		XXX	XXX	XXX	77,952,127	24.0	70,554,855	7,397,273
11.3 NAIC 3		139,565		946,761	1,523,449	XXX	XXX	XXX	2,609,774	0.8	2,609,774	
11.4 NAIC 4						XXX	XXX	XXX				
11.5 NAIC 5	6,834,635	2,267,602		612,698		XXX	XXX	(c)	9,714,936	3.0	9,564,936	150,000
11.6 NAIC 6	170,165	291,127	148,293	585,475	506,305	XXX	XXX	(c)	1,701,365	0.5	1,701,365	
11.7 Totals	102,914,476	147,661,756	61,037,843	7,884,037	5,029,753	XXX	XXX	(b)	324,527,866	100.0	297,681,512	26,846,354
11.8 Line 11.7 as a % of Col. 9	31.7	45.5	18.8	2.4	1.5	XXX	XXX	XXX	100.0	XXX	91.7	8.3
12. Total Publicly Traded Bonds												
12.1 NAIC 1	35,061,140	100,243,713	61,887,174	20,120,540	3,490,622		220,803,189	72.7	213,250,583	65.7	220,803,189	XXX
12.2 NAIC 2	7,601,055	25,072,023	10,877,983	4,547,048	505,267		48,603,376	16.0	70,554,855	21.7	48,603,376	XXX
12.3 NAIC 3									2,609,774	0.8		XXX
12.4 NAIC 4												XXX
12.5 NAIC 5	2,175,164			285,218			2,460,382	0.8	9,564,936	2.9	2,460,382	XXX
12.6 NAIC 6			11,314	1,180	130,697		143,191	0.0	1,701,365	0.5	143,191	XXX
12.7 Totals	44,837,358	125,315,736	72,776,471	24,953,986	4,126,586		272,010,138	89.6	297,681,512	91.7	272,010,138	XXX
12.8 Line 12.7 as a % of Col. 7	16.5	46.1	26.8	9.2	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	14.8	41.3	24.0	8.2	1.4		89.6	XXX	XXX	XXX	89.6	XXX
13. Total Privately Placed Bonds												
13.1 NAIC 1	7,348,818	7,497,678	5,122,148	259,179			20,227,824	6.7	19,299,081	5.9	XXX	20,227,824
13.2 NAIC 2		6,201,642	5,145,853				11,347,494	3.7	7,397,273	2.3	XXX	11,347,494
13.3 NAIC 3											XXX	
13.4 NAIC 4											XXX	
13.5 NAIC 5	100,000						100,000	0.0	150,000	0.0	XXX	100,000
13.6 NAIC 6											XXX	
13.7 Totals	7,448,818	13,699,320	10,268,001	259,179			31,675,318	10.4	26,846,354	8.3	XXX	31,675,318
13.8 Line 13.7 as a % Col. 7	23.5	43.2	32.4	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	2.5	4.5	3.4	0.1			10.4	XXX	XXX	XXX	XXX	10.4

(a) Includes \$ 31,575,318 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ 236,052 current year, \$ 148,764 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 \$ 2,324,330 current year, \$ 9,566,172 prior year of bonds with 5* designations and \$ 143,191 current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1\$ 1,653,167 ; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2016 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. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Governments												
1.1 Issuer Obligations	1,653,167	25,927,630	131,796			XXX	27,712,592	9.1	9,713,579	3.0	27,712,592	
1.2 Residential Mortgage-Backed Securities	3,392,130	9,527,179	5,731,016	3,632,202	575,238	XXX	22,857,764	7.5	40,763,913	12.6	22,857,764	
1.3 Commercial Mortgage-Backed Securities						XXX						
1.4 Other Loan-Backed and Structured Securities						XXX						
1.5 Totals	5,045,297	35,454,809	5,862,811	3,632,202	575,238	XXX	50,570,357	16.7	50,477,492	15.6	50,570,357	
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			44,612	0.0		
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			44,612	0.0		
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
5.1 Issuer Obligations	2,360,776	784,788	11,314	2,341,419	130,697	XXX	5,628,995	1.9	17,973,979	5.5	5,528,995	100,000
5.2 Residential Mortgage-Backed Securities	7,802,146	25,209,553	16,962,805	12,640,339	2,878,123	XXX	65,492,967	21.6	45,407,667	14.0	65,492,967	
5.3 Commercial Mortgage-Backed Securities						XXX						
5.4 Other Loan-Backed and Structured Securities						XXX			549,002	0.2		
5.5 Totals	10,162,922	25,994,341	16,974,119	14,981,759	3,008,821	XXX	71,121,962	23.4	63,930,648	19.7	71,021,962	100,000
6. Industrial and Miscellaneous												
6.1 Issuer Obligations	9,959,729	51,316,123	34,367,386	4,974,675	505,267	XXX	101,123,179	33.3	127,117,847	39.2	80,272,436	20,850,743
6.2 Residential Mortgage-Backed Securities	4,003,125	6,885,240	3,279,370	1,624,530	37,261	XXX	15,829,527	5.2	11,006,821	3.4	15,829,527	
6.3 Commercial Mortgage-Backed Securities	4,585,181	2,945,615	22,375,559			XXX	29,906,355	9.8	25,894,511	8.0	29,906,355	
6.4 Other Loan-Backed and Structured Securities	18,529,923	13,418,927	185,227			XXX	32,134,077	10.6	41,879,360	12.9	24,409,502	7,724,575
6.5 Totals	37,077,958	74,565,906	60,207,542	6,599,205	542,528	XXX	178,993,138	58.9	205,898,539	63.4	150,417,819	28,575,318
7. Hybrid Securities												
7.1 Issuer Obligations		3,000,000				XXX	3,000,000	1.0	4,176,575	1.3		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	1.0	4,176,575	1.3		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 2016 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. 6 Prior Year	10 % From Col. 7 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				XXX	XXX		
9.2 Bond Mutual Funds Identified by the SVO.....	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.3 Totals	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
10. Total Bonds Current Year												
10.1 Issuer Obligations	13,973,671	81,028,540	34,510,496	7,316,094	635,964	XXX	137,464,766	45.3	XXX	XXX	113,514,023	23,950,743
10.2 Residential Mortgage-Backed Securities	15,197,401	41,621,973	25,973,191	17,897,071	3,490,622	XXX	104,180,258	34.3	XXX	XXX	104,180,258	
10.3 Commercial Mortgage-Backed Securities	4,585,181	2,945,615	22,375,559			XXX	29,906,355	9.8	XXX	XXX	29,906,355	
10.4 Other Loan-Backed and Structured Securities	18,529,923	13,418,927	185,227			XXX	32,134,077	10.6	XXX	XXX	24,409,502	7,724,575
10.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
10.6 Totals	52,286,176	139,015,056	83,044,472	25,213,166	4,126,586		303,685,456	100.0	XXX	XXX	272,010,138	31,675,318
10.7 Lines 10.6 as a % Col. 7	17.2	45.8	27.3	8.3	1.4		100.0	XXX	XXX	XXX	89.6	10.4
11. Total Bonds Prior Year												
11.1 Issuer Obligations	37,209,204	58,906,783	50,869,862	7,010,990	5,029,753	XXX	XXX	XXX	159,026,593	49.0	138,280,063	20,746,530
11.2 Residential Mortgage-Backed Securities	21,392,757	67,905,014	7,670,251	210,379		XXX	XXX	XXX	97,178,401	29.9	97,178,401	
11.3 Commercial Mortgage-Backed Securities	17,601,944	6,479,198	1,813,368			XXX	XXX	XXX	25,894,511	8.0	25,894,511	
11.4 Other Loan-Backed and Structured Securities	26,710,571	14,370,761	684,361	662,668		XXX	XXX	XXX	42,428,362	13.1	36,328,537	6,099,824
11.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11.6 Totals	102,914,476	147,661,756	61,037,843	7,884,037	5,029,753	XXX	XXX	XXX	324,527,866	100.0	297,681,512	26,846,354
11.7 Line 11.6 as a % of Col. 9	31.7	45.5	18.8	2.4	1.5	XXX	XXX	XXX	100.0	XXX	91.7	8.3
12. Total Publicly Traded Bonds												
12.1 Issuer Obligations	12,848,365	68,730,284	24,242,495	7,056,915	635,964	XXX	113,514,023	37.4	138,280,063	42.6	113,514,023	XXX
12.2 Residential Mortgage-Backed Securities	15,197,401	41,621,973	25,973,191	17,897,071	3,490,622	XXX	104,180,258	34.3	97,178,401	29.9	104,180,258	XXX
12.3 Commercial Mortgage-Backed Securities	4,585,181	2,945,615	22,375,559			XXX	29,906,355	9.8	25,894,511	8.0	29,906,355	XXX
12.4 Other Loan-Backed and Structured Securities	12,206,411	12,017,864	185,227			XXX	24,409,502	8.0	36,328,537	11.2	24,409,502	XXX
12.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX				XXX	XXX		XXX
12.6 Totals	44,837,358	125,315,736	72,776,471	24,953,986	4,126,586		272,010,138	89.6	297,681,512	91.7	272,010,138	XXX
12.7 Line 11.6 as a % of Col. 7	16.5	46.1	26.8	9.2	1.5		100.0	XXX	XXX	XXX	100.0	XXX
12.8 Line 11.6 as a % of Line 10.6, Col. 7, Section 10	14.8	41.3	24.0	8.2	1.4		89.6	XXX	XXX	XXX	89.6	XXX
13. Total Privately Placed Bonds												
13.1 Issuer Obligations	1,125,306	12,298,257	10,268,001	259,179		XXX	23,950,743	7.9	20,746,530	6.4	XXX	23,950,743
13.2 Residential Mortgage-Backed Securities						XXX					XXX	
13.3 Commercial Mortgage-Backed Securities						XXX					XXX	
13.4 Other Loan-Backed and Structured Securities	6,323,512	1,401,063				XXX	7,724,575	2.5	6,099,824	1.9	XXX	7,724,575
13.5 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX				XXX	XXX	XXX	
13.6 Totals	7,448,818	13,699,320	10,268,001	259,179			31,675,318	10.4	26,846,354	8.3	XXX	31,675,318
13.7 Line 13.6 as a % of Col. 7	23.5	43.2	32.4	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	2.5	4.5	3.4	0.1			10.4	XXX	XXX	XXX	XXX	10.4

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	3,914,323	3,914,323			
2. Cost of short-term investments acquired	156,075,643	156,075,643			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	158,336,800	158,336,800			
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)	1,653,167	1,653,167			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	1,653,167	1,653,167			

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

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification Between Yrs

NONE

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE BA - PART 1

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

[illegible]

EO7

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book / Adjusted Carrying Value				Interest						Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP	Description	Code	F o r e i g n	Bond CHAR	NAIC 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-G6-1..	US TREASURY N/B				1	2,351,102	100.2070	2,354,865	2,350,000	2,351,100		(2)			1.500	1.483	MN	3,099		12/29/2016	11/30/2019	
912828-QQ-6..	US TREASURY N/B				1	19,900,947	101.8630	19,735,956	19,375,000	19,811,700		(89,247)			2.375	0.767	MN	40,453	252,344	11/04/2016	05/31/2018	
912828-RR-3..	US TREASURY N/B	SD			1	3,753,675	100.2770	3,745,346	3,735,000	3,744,850		(1,912)			2.000	1.943	MN	9,699	77,400	02/10/2012	11/15/2021	
912828-SV-3..	US TREASURY N/B	SD			1	133,179	98.5310	128,090	130,000	131,796		(318)			1.750	1.481	MN	295	2,275	07/18/2012	05/15/2022	
912828-VE-7..	US TREASURY N/B	SD			1	19,930	99.9610	19,992	20,000	19,980		14			1.000	1.072	MN	18	200	06/07/2013	05/31/2018	
0199999 - Bonds - U.S. Governments - Issuer Obligations						26,158,833	XXX	25,984,249	25,610,000	26,059,425		(91,466)			XXX	XXX	XXX	53,564	332,219	XXX	XXX	
36179Q-GP-1..	GNMA POOL II MA2678			4	1	7,245,429	104.0600	7,140,189	6,861,608	7,288,440		53,013			3.500	2.379	MON	20,013	246,522	04/09/2015	03/20/2045	
36179R-BX-6..	GNMA POOL II MA2754			4	1	9,968,818	104.0580	9,822,379	9,439,331	10,006,806		64,521			3.500	2.417	MON	27,531	338,730	04/09/2015	04/20/2045	
36200A-BE-8..	GNMA POOL 595037			4	1	2,530	115.5950	2,840	2,457	2,508		(2)			6.000	5.341	MON	12	148	11/04/2003	10/15/2032	
36200A-CW-7..	GNMA POOL 595085			4	1	34,300	113.3630	37,762	33,311	34,221		61			6.000	5.090	MON	167	2,055	11/04/2003	10/15/2032	
36200E-TY-7..	GNMA POOL 599167			4	1	49,696	113.3650	54,714	48,263	49,251		236			6.000	5.355	MON	241	3,178	11/04/2003	12/15/2033	
36200M-AT-0..	GNMA POOL 604018			4	1	626,659	115.3920	702,746	609,008	621,739		180			5.500	4.811	MON	2,791	34,033	04/22/2003	02/15/2033	
36200M-EN-9..	GNMA POOL 604141			4	1	18,411	116.0000	20,741	17,880	18,389		2			6.000	5.087	MON	89	1,084	11/04/2003	03/15/2033	
36200Q-2R-4..	GNMA POOL 569684			4	1	25,323	113.3630	27,879	24,593	25,157		26			6.000	5.233	MON	123	1,513	11/04/2003	02/15/2032	
36200R-LX-8..	GNMA POOL 570142			4	1	12,302	115.8980	13,847	11,947	12,241		6			6.000	5.179	MON	60	729	11/04/2003	12/15/2031	
36200R-XT-4..	GNMA POOL 570490			4	1	1,188	114.7530	1,324	1,154	1,180		2			6.000	5.251	MON	6	71	11/04/2003	12/15/2031	
36200S-US-7..	GNMA POOL 571293			4	1	743	113.3850	818	721	752					6.000	4.570	MON	4	43	11/04/2003	11/15/2031	
36201A-PF-9..	GNMA POOL 577422			4	1	4,013	115.0670	4,484	3,897	3,977		(4)			6.000	5.311	MON	19	235	11/04/2003	01/15/2032	
36201D-AX-0..	GNMA POOL 579722			4	1	41,957	115.9720	47,256	40,747	41,552					6.000	5.356	MON	204	2,472	11/04/2003	08/15/2032	
36201E-AG-5..	GNMA POOL 580607			4	1	9,055	115.3550	10,144	8,794	8,983		2			6.000	5.297	MON	44	535	11/04/2003	02/15/2033	
36201F-AF-4..	GNMA POOL 581506			4	1	1,271	115.0970	1,421	1,234	1,275		2			6.000	4.933	MON	6	76	11/04/2003	04/15/2033	
36201Y-FD-3..	GNMA POOL 606864			4	1	4,081	115.0730	4,561	3,963	4,064		4			6.000	5.196	MON	20	242	11/04/2003	10/15/2033	
36207E-ND-2..	GNMA POOL 429788			4	1	13,823	115.7750	15,543	13,425	13,843		14			6.000	4.985	MON	67	820	11/04/2003	12/15/2033	
36210J-HW-1..	GNMA POOL 493545			4	1	2,099	113.9690	2,323	2,038	2,072		(2)			6.000	5.429	MON	10	123	11/04/2003	03/15/2031	
36213F-U4-3..	GNMA POOL 553303			4	1	907	113.3630	999	881	895		(1)			6.000	5.466	MON	4	53	11/04/2003	06/15/2033	
36213R-2A-4..	GNMA POOL 562469			4	1	282,709	109.4490	307,847	281,270	281,827		(9)			5.000	4.935	MON	1,172	14,104	02/13/2004	02/15/2034	
36213R-ZF-7..	GNMA POOL 562442			4	1	151,481	111.5490	164,503	147,471	149,617		(58)			5.500	5.047	MON	676	8,134	01/16/2004	01/15/2034	
36213T-GW-7..	GNMA POOL 563713			4	1	30,733	114.8660	34,284	29,847	30,466		5			6.000	5.319	MON	149	1,817	11/04/2003	01/15/2033	
36213U-EZ-9..	GNMA POOL 564552			4	1	2,048	113.3890	2,255	1,989	2,038		(2)			6.000	5.205	MON	10	120	11/04/2003	12/15/2031	
36213V-GN-2..	GNMA POOL 565505			4	1	1,204	115.9440	1,355	1,169	1,200		1			6.000	5.118	MON	6	71	11/04/2003	09/15/2032	
36290X-PM-6..	GNMA POOL 620628			4	1	12,725	113.3630	14,009	12,358	12,798		21			6.000	4.838	MON	62	751	11/04/2003	09/15/2033	
36290X-PT-1..	GNMA POOL 620634			4	1	40,087	113.3630	44,133	38,931	39,501		(35)			6.000	5.535	MON	195	2,342	11/04/2003	09/15/2033	
36290Y-TN-8..	GNMA POOL 621657			4	1	1,793	113.3630	1,974	1,742	1,761		(1)			6.000	5.646	MON	9	105	11/04/2003	12/15/2033	
36291C-PV-1..	GNMA POOL 624236			4	1	3,689	113.3960	4,063	3,583	3,670		15			6.000	5.233	MON	18	228	11/04/2003	12/15/2033	
36291E-AD-3..	GNMA POOL 625604			4	1	6,050	115.0790	6,761	5,875	6,016		5			6.000	5.214	MON	29	360	11/04/2003	12/15/2033	
36291E-AV-3..	GNMA POOL 625620			4	1	1,088	115.8180	1,223	1,056	1,083		3			6.000	5.189	MON	5	66	11/04/2003	12/15/2033	
36296X-H8-0..	GNMA POOL 704155			4	1	3,960,487	113.6110	4,364,522	3,841,637	3,963,525		8,338			5.500	4.604	MON	17,608	215,254	12/18/2008	01/15/2039	
38376W-6C-4..	GNMA GNR 2010-33 LN			4	1	235,069	103.6030	228,139	220,205	226,918		(4,176)			4.500	1.320	MON	826	10,444	10/30/2013	02/20/2038	
0299999 - Bonds - U.S. Governments - Residential Mortgage-Backed Securities						22,791,767	XXX	23,087,038	21,712,386	22,857,764		122,167			XXX	XXX	XXX	72,176	886,457	XXX	XXX	
0599999 - Bonds - U.S. Governments - Subtotals - U.S. Governments						48,950,600	XXX	49,071,287	47,322,386	48,917,190		30,701			XXX	XXX	XXX	125,740	1,218,675	XXX	XXX	
04777L-AB-2..	ATL GA STD HSG REV ADA/CAU			2	6				95,000								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..	BUENA VISTA PUB REC FACS SER A			2	6				1,675,000						5.500		JJ			12/14/2016	07/15/2035	
13033W-B4-4..	CA INFRA ECON CABS SERIES A	@		3	6*				676,200								N/A			12/20/2016	12/01/2023	
20786L-CS-8..	CONNECTOR 2000 CABS A			2	6*	8,500	95.5000	23,875	25,000	11,314		1,025			5.250	22.190	JJ	656		07/15/2011	01/01/2023	
20786L-CW-9..	CONNECTOR 2000 CABS B	@		3	6Z				750,000								N/A			05/12/2015	01/01/2021	
20786L-CY-5..	CONNECTOR 2000 CABS B	@		3	6Z				100,000								N/A			05/12/2015	01/01/2026	
20786L-DU-2..	CONNECTOR 2000 CABS A1	@		3	6*	70,018	3.3600	222,883	6,633,432	105,866	2,151	11,944					N/A			06/12/2012	07/22/2051	
20786L-DV-0..	CONNECTOR 2000 CABS B1	@		3	6*	563	8.9800	28,171	1,180	1,180	112	224										

ANNUAL STATEMENT FOR THE YEAR 2016 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-CH-4.	INDEP CTY AR HYDRO SUB SER A.			2.	6.				570,000						5.150		MN			04/21/2016	05/01/2033.
52480R-CF-5.	LEHIGH GEN KIDSPACE SERIES A.			2.	6*				175,955								FA			08/01/2014	02/01/2044.
52480R-CG-3.	LEHIGH GEN KIDSPACE SERIES B.	@.		3.	6*				43,655								N/A.			08/01/2014	02/01/2044.
52480R-CH-1.	LEHIGH TAX KIDSPACE SERIES C.				6*				131,405								FA			08/01/2014	11/01/2043.
541589-BN-6.	LOMBARD FACS 1ST TIER SER A-2			2.	6FE				7,160,000						5.500		JJ			07/15/2015	01/01/2025.
541589-BT-3.	LOMBARD FACS 1ST TIER SER A-2			2.	6FE				1,625,000						5.500		JJ			07/15/2015	01/01/2030.
541589-BZ-9.	LOMBARD FACS 1ST TIER SER A-2			2.	6FE				10,640,000						5.500		JJ			07/15/2015	01/01/2036.
544566-AP-7.	LA CA INDL DEV SANTEE COURT.			2.	6*				335,000						5.000		JD			12/06/2016	12/01/2027.
546279-RG-7.	LA GOV BATON RGE ST HSG-SER A.			2.	6*				40,000								MS			12/14/2011	09/01/2018.
546279-RJ-1.	LA GOV BATON RGE ST HSG-SER A.			2.	6*				560,000						5.250		MS	9,800		03/04/2016	09/01/2027.
546279-RK-8.	LA GOV BATON RGE ST HSG-SER A.			2.	6*				2,545,000								MS			04/27/2016	09/01/2035.
57583R-HP-3.	MASS ST BOSTON ARCHITECHURAL.			2.	5*	972,130	100.0460	1,000,460	1,000,000	977,520		1,668			5.000	5.292	JJ	25,000	50,000	07/31/2013	01/01/2027.
57583R-HQ-1.	MASS ST BOSTON ARCHITECHURAL.			2.	5*	1,188,925	100.0460	1,305,600	1,305,000	1,197,643		2,821			5.000	5.694	JJ	32,625	65,250	11/07/2013	01/01/2037.
57583U-QU-5.	MA ST DEV FIN NBERK CMNTY-A.			2.	6*				25,000						6.250		FA	590		03/23/2016	08/15/2019.
57583U-QV-3.	MA ST DEV FIN NBERK CMNTY-A.			2.	6*				135,000						6.250		FA	3,188		10/27/2016	08/15/2025.
57585K-JG-4.	MASS ST E CONCORD MED SER A.			2.	5Z	100,000	100.1900	100,190	100,000	100,000					6.450	6.448	MS	2,150	6,450	07/10/2014	03/01/2020.
60535R-AH-1.	MS HOME MS VALLEY ST HSG BA			2.	6*				35,000						5.300		JD			12/13/2016	12/01/2028.
64971C-F4-1.	NY CITY INDL DEV MAGEN DAVID.			2.	6*				1,745,000						5.700		JD			01/26/2012	06/15/2027.
665588-ND-7.	N PALM BEACH CTY FL SERIES A.			2.	5*	96,625	96.0750	96,075	100,000	95,857	(1,205)	134			4.625	4.909	FA	1,927	4,625	07/30/2013	08/01/2031.
682462-JX-5.	ONEIDA CTY NY MOHAWK VALLEY.			2.	5Z	47,500	92.6910	46,346	50,000	46,346	(1,401)	112			4.625	5.086	MS	681	2,313	09/17/2014	09/15/2030.
717903-D6-2.	PHILA PA TEMPLE UNIV SERIES A.			2.	2FE	84,000	100.4940	105,519	105,000	85,612		563			5.000	6.824	JJ	2,625	5,250	12/06/2013	07/01/2034.
72177W-BX-4.	PIMA CTY AZ INDL BELL CANYON.			2.	5*	53,100	88.8490	53,309	60,000	53,309	263	380			5.000	6.345	MN	500	3,000	10/20/2015	05/01/2028.
745181-M7-9.	PUERTO RICO HWY & TRANS REV.	SD.			1FE	864,165	105.3580	790,185	750,000	784,788		(22,393)			6.000	2.820	JJ	22,500	45,000	04/23/2013	07/01/2018.
745272-DG-6.	PR ENVIR POLYTECH UNIV SER A.			2.	2FE	2,048,113	88.7540	1,934,837	2,180,000	2,055,022		4,760			5.000	5.546	FA	45,417	109,000	12/22/2015	08/01/2032.
802576-AJ-7.	SANTA ROSA FL BAY BRIDGE AUTH.	@.			6Z				1,535,000								N/A.			12/10/1997	07/01/2012.
802576-AL-2.	SANTA ROSA FL BAY BRIDGE AUTH.	@.			6Z				1,635,000								N/A.			12/24/2015	07/01/2014.
802576-AN-8.	SANTA ROSA FL BAY BRIDGE AUTH.	@.			6Z				3,315,000								N/A.			07/01/2016	07/01/2016.
864768-NC-6.	SUFFOLK CTY DOWLING SERIES A.			2.	6*				100,000						4.750		JD			06/06/2016	06/01/2026.
864768-ND-4.	SUFFOLK CTY DOWLING SERIES A.			2.	6*				750,000						5.000		JD			12/27/2016	06/01/2036.
882385-AC-1.	TX ST HSG TEMPLE JR COLLEGE A.			2.	6*				50,000						5.875		MS	979		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*				140,000						6.000		MS	2,800		04/29/2011	09/01/2033.
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						5,638,173	XXX	5,830,148	55,083,998	5,628,995	263	4,708			XXX	XXX	XXX	154,418	296,693	XXX	XXX
30711X-AC-8.	CONNECTICUT AVE 2014-C01 M1.			4.5.	1.	1,255,380	100.5240	1,261,958	1,255,380	1,255,380					2.356	2.388	MON	411	27,472	01/14/2014	01/25/2024.
3128MJ-X4-7.	FHLMC GOLD POOL FG G08698.			4.	1.	3,957,911	102.4760	3,876,181	3,782,526	3,963,647		5,736			3.500	2.764	MON	11,032	100,720	03/30/2016	03/01/2046.
3128MJ-XF-2.	FHLMC G08677.			4.	1.	3,630,745	105.0810	3,614,184	3,439,427	3,642,660		11,470			4.000	2.952	MON	11,465	140,066	12/30/2015	11/01/2045.
3128MJ-Y7-9.	FHLMC GOLD POOL FG G08733.			4.	1.	5,235,465	102.5550	5,097,623	4,970,624	5,232,370		(3,095)			3.500	2.734	MON	14,498	29,081	10/28/2016	11/01/2046.
3128MJ-YH-7.	FHLMC GOLD POOL FH G08711.			4.	1.	3,422,289	102.4890	3,318,147	3,237,564	3,420,786		(1,502)			3.500	2.657	MON	9,443	51,553	07/13/2016	06/01/2046.
3128MJ-YY-0.	FHLMC GOLD POOL FH G08726.			4.	1.	8,879,287	99.4010	8,462,478	8,513,474	8,874,140		(5,147)			3.000	2.455	MON	21,284	64,067	09/27/2016	10/01/2046.
3132WD-YQ-1.	FHLMC GOLD POOL FG Q40718.			4.	1.	9,323,427	102.5160	9,117,787	8,894,013	9,320,911		(2,516)			3.500	2.771	MON	25,941	183,305	05/24/2016	05/01/2046.
	FNMA WHOLE LOAN NW 2001-W1																				
31359S-2G-4.	AF6			4.	1.	76,861	116.3120	86,102	74,027	73,473		(360)			6.902	5.355	MON	426	5,170	02/20/2004	07/25/2031.
31387C-M3-2.	FNMA POOL 580078.			4.	1.	4,691	107.2990	4,896	4,563	4,647		(1)			7.000	6.312	MON	27	330	03/06/2002	09/01/2031.
3138WD-T4-3.	FNMA POOL AS4170.			4.	1.	6,180,032	105.1530	6,081,124	5,783,120	6,222,774		57,414			4.000	2.521	MON	19,277	237,807	12/31/2014	12/01/2044.
3138Y6-MM-3.	FNMA POOL AX4863.			4.	1.	8,598,894	105.1600	8,447,324	8,032,830	8,611,294		52,228			4.000	2.594	MON	26,776	328,596	12/16/2014	12/01/2044.
31393W-K4-0.	FHLMC 2643 OH			4.	1.	2,677,815	109.0090	3,236,656	2,969,164	2,856,294		(6,456)			5.000	6.107	MON	12,372	151,432	06/07/2007	07/15/2033.
31394D-JJ-0.	FNMA 2005-29 QE			4.	1.	2,984,400	109.0640	3,618,447	3,317,728	3,181,161		(10,004)			5.000	6.136	MON	13,824	169,445	06/07/2007	04/25/2035.
31394Y-KX-1.	FHLMC 2791 UG			4.	1.	517,152	103.3950	539,429	521,717	519,963		88			5.000	5.226	MON	2,174	27,400	11/08/2004	05/15/2019.
31395J-W5-1.	FHLMC 2888 HG			4.	1.	1,691,986	108.4290	1,935,619	1,785,148	1,753,787		(1,595)			5.000	5.522	MON	7,438	91,607	11/02/2004	11/15/2034.
31402D-F7-0.	FNMA POOL 725690.			4.	1.	1,890,076	114.5150	2,094,548	1,829,060	1,889,175		1,272			6.000	4.966	MON	9,145	111,845	01/20/2005	08/01/2034.
31405R-AR-7.	FNMA POOL 796616.			4.	1.	1,639,366	112.0800	1,809,551	1,614,517	1,644,234		1,164			5.500	5.003	MON	7,400	90,244	11/09/2004	07/01/2034.
31407U-EK-9.	FNMA POOL 840838.			4.	1.	188,872	111.9590	214,203	191,323	187,773		(49)			5.500	5.967	MON	877	10,607	10/27/2005	11/01/2035.

ANNUAL STATEMENT FOR THE YEAR 2016 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 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change In B./A.C.V.	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		
31418B-VG-8.	FNMA POOL 2414.		4.	1.	2,832,509		2,787,876	2,718,156	2,838,498		8,514			3.500	2.805	MON	7,928	96,848	09/29/2015	10/01/2045.		
2699999 -	Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Residential Mortgage-Backed Securities				64,987,156	XXX	65,604,134	62,934,361	65,492,967		107,160			XXX	XXX	XXX	201,736	1,917,595	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				70,625,329	XXX	71,434,282	118,018,359	71,121,962	263	111,868			XXX	XXX	XXX	356,154	2,214,287	XXX	XXX		
6AMCD9-1K-4.	BANK OF HAWAII.	SD		1FE	50,000	100.0000	50,000	50,000	50,000					0.150	0.150	N/A	115		06/30/2015	06/30/2017.		
00206R-DB-5.	AT&T INC.		1.	2FE	4,092,480	102.5140	4,100,560	4,000,000	4,081,426		(11,054)			3.800	3.370	MS	44,756	76,000	03/21/2016	03/15/2022.		
009088-AB-1.	AIR CANADA 2015-2A PTT		1.	1FE	512,341	102.5000	525,150	512,341	512,341					4.125	4.125	JD	939	21,454	12/01/2015	06/15/2029.		
009090-AB-7.	AIR CANADA 2015-1B PTT		1.	2FE	931,625	96.5000	899,018	931,625	931,625					3.875	3.874	MS	10,630	37,402	03/11/2015	09/15/2024.		
00912X-AF-1.	AIR LEASE CORPORATION.		2		2,214,000	100.8750	2,017,500	2,000,000	2,017,570		(70,448)			5.625	2.064	AO	28,125	112,500	02/25/2014	04/01/2017.		
00912X-AS-3.	AIR LEASE CORPORATION.		1,2	2FE	693,413	101.3860	709,702	700,000	694,303		890			3.375	3.576	JD	1,969	15,094	04/04/2016	06/01/2021.		
020002-AV-3.	ALLSTATE CORPORATION.		1,2,5	2FE	531,875	97.5000	487,500	500,000	505,267		(14,385)			6.125	3.134	MN	3,913	30,625	02/19/2015	05/15/2067.		
023765-AA-8.	AMERICAN AIRLINES 16-2 PTT		1.	1FE	1,600,000	97.2500	1,556,000	1,600,000	1,600,000					3.200	3.200	JD	2,276	29,724	05/02/2016	12/15/2029.		
02376U-AA-3.	AMERICAN AIRLINES 16-1 AA PTT.		1.	1FE	623,469	100.0000	623,469	623,469	623,469					3.575	3.575	JJ	10,278	10,924	01/12/2016	01/15/2028.		
023770-AB-6.	AMERICAN AIRLINES 15-1 B PTT.		1.	2FE	1,200,479	97.5000	1,162,106	1,191,904	1,199,103		(699)			3.700	3.546	MN	7,350	46,640	03/03/2015	11/01/2024.		
02377B-AC-0.	AMERICAN AIRLINES 15-2 B PTT.		1.	2FE	1,410,770	99.0000	1,396,662	1,410,770	1,410,770					4.400	4.293	MS	17,070	63,692	09/10/2015	03/22/2025.		
0258M0-DQ-9.	AMERICAN EXPRESS CREDIT CORP.		9.	1FE	3,000,000	100.1840	3,005,520	3,000,000	3,000,000					1.396	1.413	FMAN	5,466	33,325	08/12/2014	08/15/2019.		
031162-AZ-3.	AMGEN INC.		1.	2FE	997,770	107.4810	1,074,810	1,000,000	999,437		247			5.700	5.729	FA	23,750	57,000	01/13/2009	02/01/2019.		
037833-AK-6.	APPLE INC.		1.	1FE	1,997,340	97.3720	1,947,440	2,000,000	1,998,241		254			2.400	2.415	MN	7,733	48,000	04/30/2013	05/03/2023.		
03939C-AA-1.	ARCH CAPITAL FINANCE LLC.	C	1,2	1FE	2,900,000	101.4390	2,941,731	2,900,000	2,900,000					4.011	4.011	JD	7,431		11/29/2016	12/15/2026.		
052528-AK-2.	LTD.	C		1FE	3,498,320	101.2710	3,544,485	3,500,000	3,498,404		84			4.400	4.406	MN	17,967	77,000	05/12/2016	05/19/2026.		
060516-EH-8.	BANK OF AMERICA CORP.			2FE	3,982,600	108.9040	4,356,160	4,000,000	3,991,333		1,735			5.000	5.056	MN	26,667	200,000	05/10/2011	05/13/2021.		
060516-EU-9.	BANK OF AMERICA CORP.			2FE	471,143	100.3340	476,587	475,000	472,507		367			3.300	3.397	JJ	7,402	15,675	02/13/2013	01/11/2023.		
11102A-AA-9.	BRITISH TELECOMMUNICATIONS.	C	1	2FE	1,091,730	104.2200	1,042,200	1,000,000	1,017,305		(15,980)			5.950	4.228	JJ	27,436	59,500	12/05/2011	01/15/2018.		
172967-DY-4.	CITIGROUP INC.			2FE	1,992,380	100.4670	2,009,340	2,000,000	1,999,881		955			5.500	5.550	FA	41,556	110,000	02/05/2007	02/15/2017.		
172967-EM-9.	CITIGROUP INC.			2FE	2,987,160	103.8610	3,115,830	3,000,000	2,998,522		1,577			6.125	6.183	MN	20,417	183,750	11/14/2007	11/21/2017.		
172967-LC-3.	CITIGROUP INC.		1,2	2FE	499,145	99.7300	498,650	500,000	499,156		11			2.900	2.937	JD	926		12/01/2016	12/08/2021.		
198280-AD-1.	COLUMBIA PIPELINE GROUP.		1,2	2FE	648,830	101.8690	662,149	650,000	649,194		228			3.300	3.339	JD	1,788	21,450	05/19/2015	06/01/2020.		
2027A0-HR-3.	COMMONWEALTH BANK AUSTRALIA	C		1FE	1,496,895	102.3900	1,535,850	1,500,000	1,497,163		253			4.500	4.526	JD	4,125	67,500	12/02/2015	12/09/2025.		
2027A0-HX-0.	COMMONWEALTH BANK AUST.	C	9.	1FE	501,925	100.1480	500,740	500,000	501,893		(32)			1.776	1.718	MJSD	641	2,105	11/18/2016	09/06/2021.		
21686C-AD-2.	RABOBANK NEDERLAND.	C		1FE	999,130	100.0910	1,000,910	1,000,000	999,991		186			3.375	3.394	JJ	15,188	33,750	01/11/2012	01/19/2017.		
233851-AK-0.	DAIMLER FINANCE N AMERICA LLC.	C	1.	1FE	998,250	100.0320	1,000,320	1,000,000	999,990		371			2.950	2.988	JJ	13,931	29,500	01/04/2012	01/11/2017.		
25156P-AT-0.	DEUTSCHE TELEKOM INTL FIN BV.	C	1.	2FE	200,046	99.8770	199,754	200,000	200,044		(2)			1.443	1.455	MJSD	104	661	11/18/2016	09/19/2019.		
25272K-AG-8.	DIAMOND 1 FIN/DIAMOND 2.		1,2	2FE	1,554,331	106.0740	1,649,451	1,555,000	1,554,421		90			5.450	5.457	JD	3,767	45,669	05/17/2016	06/15/2023.		
26884A-BD-4.	ERP OPERATING LP.		1,2	1FE	944,775	99.2830	943,189	950,000	945,519		452			3.375	3.440	JD	2,672	32,063	05/11/2015	06/01/2025.		
26884U-AB-5.	EPR PROPERTIES.		1,2	2FE	996,380	98.7850	987,850	1,000,000	996,933		301			4.500	4.545	AO	11,250	45,000	03/09/2015	04/01/2025.		
29273R-AH-2.	ENERGY TRANSFER PARTNERS LP.		1.	2FE	2,298,240	106.2360	2,124,720	2,000,000	2,080,441		(51,088)			6.700	3.913	JJ	67,000	134,000	06/05/2012	07/01/2018.		
30219G-AE-8.	EXPRESS SCRIPTS HOLDING CO.		1.	2FE	1,288,911	107.4070	1,396,291	1,300,000	1,293,934		1,080			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	100.9110	504,555	500,000	499,066		233			3.500	3.551	JD	778	19,688	10/26/2015	12/15/2020.		
38141E-A2-5.	GOLDMAN SACHS GROUP INC.			1FE	1,814,443	110.8580	2,050,873	1,850,000	1,840,087		4,147			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	104.1740	1,458,436	1,400,000	1,420,426		(18,662)			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	102.1410	1,021,410	1,000,000	1,002,808		(408)			3.625	3.573	JJ	16,010	36,250	02/13/2013	01/22/2023.		
38141G-VV-3.	GOLDMAN SACHS GROUP INC.		9.	1FE	1,210,728	100.7220	1,208,664	1,200,000	1,210,254		(474)			1.922	1.569	JAJO	4,356		11/18/2016	04/25/2019.		
40414L-AP-4.	HCP INC.		1,2	2FE	1,194,924	102.9410	1,235,292	1,200,000	1,195,621		643			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	108.0710	2,161,420	2,000,000	1,997,882		435			5.100	5.128	AO	24,367	102,000	03/29/2011	04/05/2021.		
459200-GM-7.	IBM CORP.		1.	1FE	996,280	110.4040	1,104,040	1,000,000	999,116		447			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	101.4360	2,535,900	2,500,000	2,500,640		(233)			3.050	3.040	JD	6,354	76,250	12/04/2014	12/01/2019.		
59217G-BQ-1.	METLIFE GLOBAL FUNDING I			1FE	2,498,200	100.3730	2,509,325	2,500,000	2,498,836		589			1.950	1.975	JD	3,792	48,750	11/23/2015	12/03/2018.		
60920L-AB-0.	MONDELEZ INTL HLDINGS																					
	NETHERLANDS BV		9.	2FE	3,001,650	100.2210	3,006,630	3,000,000	3,001,597		(53)			1.500	1.501	JAJO	8,127		11/22/2016	10/28/2019.		

ANNUAL STATEMENT FOR THE YEAR 2016 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
61761J-ZN-2.	MORGAN STANLEY.....				2FE	2,491,000		2,474,775	2,500,000	2,492,027		615			3.950	3.988	AO	18,653	98,750	04/20/2015	04/23/2027
65557C-AR-4.	NORDEA BANK AB.....	C			1FE	2,992,860		3,002,310	3,000,000	2,994,621		1,369			2.500	2.551	MS	21,667	75,000	09/09/2015	09/17/2020
68268N-AJ-2.	ONEOK PARTNERS LP.....			1,2	2FE	1,344,276		1,355,630	1,350,000	1,346,503		543			3.375	3.425	AO	11,391	45,563	09/10/2012	10/01/2022
68268N-AN-3.	ONEOK PARTNERS LP.....			1,2	2FE	1,142,515		1,181,405	1,140,000	1,141,658		(488)			3.800	3.751	MS	12,755	43,320	03/18/2015	03/15/2020
70466W-AA-7.	PEACHTREE CORNERS FUND TRUST.....			1	2FE	2,000,000		1,951,420	2,000,000	2,000,000					3.976	3.976	FA	30,041	79,520	03/10/2015	02/15/2025
713448-DM-7.	PEPSICO INC.....			9	1FE	2,008,240		2,007,820	2,000,000	2,008,055		(185)			1.394	1.326	JAJO	6,739		11/17/2016	10/06/2021
780082-AD-5.	ROYAL BANK OF CANADA.....				1FE	1,995,720		2,130,660	2,000,000	1,996,032		312			4.650	4.677	JJ	39,783	46,500	01/22/2016	01/27/2026
857477-AL-7.	STATE STREET CORP.....				1FE	1,148,137		1,147,746	1,150,000	1,148,748		175			3.100	3.119	MN	4,555	35,650	05/08/2013	05/15/2023
86765B-AR-0.	ENERGY TRANSFER EQUITY LP.....			1,2	2FE	1,998,100		2,106,200	2,000,000	1,998,389		278			4.400	4.421	AO	22,000	76,756	11/12/2015	04/01/2021
872330-AB-4.	TC PIPELINES LP.....			1,2	2FE	1,493,640		1,512,120	1,500,000	1,494,592		538			4.375	4.428	MS	19,688	65,625	03/10/2015	03/13/2025
891906-AD-1.	TOTAL SYSTEM SERVICES INC.....			1,2	2FE	1,371,920		1,419,206	1,375,000	1,372,384		464			3.800	3.849	AO	13,063	28,157	03/14/2016	04/01/2021
89352H-AS-8.	TRANSCANADA PIPELINES LTD.....			1	2FE	2,991,510		3,062,580	3,000,000	2,994,066		2,556			3.125	3.226	JJ	43,229	43,750	01/22/2016	01/15/2019
89400P-AE-3.	TRANSURBAN FINANCE COMPANY.....	C		1,2	2FE	659,168		676,897	665,000	659,807		541			4.125	4.229	FA	11,353		10/27/2015	02/02/2026
90931M-AA-4.	UNITED AIRLINES 2016-1 A PTT.....			1	1FE	1,200,000		1,176,996	1,200,000	1,200,000					3.450	3.450	JJ	22,770		06/06/2016	01/07/2030
90932D-AA-3.	UNITED AIRLINES 2016-2 A PTT.....			1	1FE	2,000,000		1,900,000	2,000,000	2,000,000					3.100	3.100	AO	16,189		09/13/2016	04/07/2030
92276W-AY-1.	VENTAS REALTY LP/CAPITAL CORP.....			1,2	2FE	1,492,335		1,555,020	1,500,000	1,497,230		1,114			4.000	4.084	AO	10,167	60,000	04/12/2012	04/30/2019
92343V-CA-0.	VERIZON COMMUNICATIONS INC.....			9	2FE	3,025,230		3,027,270	3,000,000	3,024,153		(1,077)			1.763	1.453	MJSD	2,204	12,335	11/17/2016	06/17/2019
948741-AL-7.	WEINGARTEN REALTY INVESTORS.....			1,2	2FE	992,330		997,570	1,000,000	993,398		650			3.850	3.943	JD	3,208	38,500	05/07/2015	06/01/2025
961214-DF-7.	WESTPAC BANKING CORP.....	C		2	1FE	1,875,000		1,880,981	1,875,000	1,875,000					4.322	4.322	MN	8,554		11/15/2016	11/23/2031
3299999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations						101,669,761	XXX	102,904,792	100,955,108	101,123,179		(160,538)			XXX	XXX	XXX	934,549	3,100,987	XXX	XXX
004375-BL-4.	ACCREDITED MORT LOAN 2004-3.....			4,5	1FM	727,108		99,5660	729,273	729,850		1,875			1.956	1.947	MON	198	12,404	01/14/2015	10/25/2034
040104-GC-9.	ARGENT SECURITIES INC 2004-W4.....			4,5	1FM	905,906		922,027	982,678	915,037		5,077			1.276	2.791	MON	174	9,939	02/05/2015	03/25/2034
07384W-7C-0.	BEAR STERNS ARM TR 2005-2 A1.....			4,5	1FM	619,831		100,4820	617,901	622,412		2,319			3.100	3.094	MON	1,596	18,249	03/09/2015	03/25/2035
073879-MC-9.	BEAR STEARNS ABS 2004-SD4 A1.....			4,5	1FM	1,655,821		1,643,400	1,720,334	1,670,597		3,417			1.656	2.278	MON	396	24,016	08/09/2012	08/25/2044
126671-R4-0.	COUNTRYWIDE ABC 2003-5 MF.....			4	1FM	92,088		99,7330	140,237	92,088					5.369	10.073	MON	627	7,693	01/26/2005	01/25/2034
126671-UU-8.	COUNTRYWIDE ABC 2003-BC1.....			4,5	1FM	721,752		95,0060	880,253	926,524		807,868			1.556	6.501	MON	200	11,995	05/26/2011	03/25/2033
17307G-CU-0.	CITIGROUP MLT 2003-HE3 A.....			4,5	1FM	520,304		98,2670	562,187	572,102		8,126			1.516	4.805	MON	120	6,818	01/19/2011	12/25/2033
32027N-PG-0.	FIRST FRANKLIN 2004-FFH4 M5.....			4,5	1FM	1,992,500		1,982,400	2,000,000	2,000,698		5,065			2.331	2.323	MON	638	41,607	02/09/2015	01/25/2035
362341-RX-9.	GSR MORT LOAN TR 2005-AR6 2A1.....			4	1FM	529,525		103,3050	545,350	527,902		3,446			3.010	3.411	MON	1,324	15,796	04/17/2015	09/25/2035
36242D-NI-6.	GS AMP 2004-OPT A4.....			4,5	1FM	594,028		98,2710	602,588	613,190		8,276			1.656	2.622	MON	141	8,564	03/12/2014	11/25/2034
45254N-JG-3.	IMPAC CMB TRUST 2004-5 1A1.....			4,5	1FM	907,907		95,4320	957,386	1,003,213		4,443			1.476	2.850	MON	206	12,174	09/27/2010	10/25/2034
589929-Y3-6.	MERRILL LYNCH MLCC 2003-E A1.....			4,5	1FM	85,114		95,6950	89,300	85,362		99			1.376	2.401	MON	20	990	03/02/2015	10/25/2028
61744C-FP-6.	MTGE.....			4,5	1FM	1,506,736		93,3640	1,529,076	1,637,757		12,410			1.611	2.793	MON	366	15,174	05/13/2016	07/25/2034
64352V-JY-8.	NEW CENTURY HOME 2005-1 A2C.....			4,5	1FM	797,551		99,4960	792,541	796,556		(484)			1.456	1.377	MON	161	9,505	07/18/2014	03/25/2035
68400X-BH-2.	OPT ONE MORT LOAN 003-3 A1.....			4,5	1FM	649,506		93,1750	641,247	688,218		5,456			1.336	2.413	MON	128	7,374	04/22/2015	06/25/2033
71085P-BM-4.	PEOPLES CHOICE HOME 2005-1 M3.....			4,5	1FM	340,755		100,1160	346,346	345,945		991			1.626	2.180	MON	78	4,720	08/22/2013	02/26/2035
759950-BG-2.	RENAISSANCE HOME EQ 2003-3 M1.....			4,5	1FM	337,752		90,8670	438,436	482,503		9,043			1.851	7.553	MON	124	6,799	05/02/2011	12/25/2033
81744Y-AA-4.	SEQUOIA MORTGAGE 2013-4 A1.....			4	1FM	2,565,599		95,7900	2,506,144	2,616,289		2,409			2.325	2.651	MON	5,069	61,812	05/14/2013	04/27/2043
3399999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities						15,549,784	XXX	15,921,686	16,489,921	15,829,527		86,097			XXX	XXX	XXX	11,568	275,628	XXX	XXX
05950E-AH-1.	BANC OF AMERICA CMT 2006 2 AJ.....			4	1FM	131,193		99,9160	126,241	126,347		(3,069)			5.671	2.247	MON	597	9,126	06/04/2015	05/10/2045
073880-AG-4.	BEAR STEARNS CMS 2006 PWR17.....			4	1FM	3,825,000		102,1580	3,473,372	3,483,085		(125,141)			5.888	1.973	MON	16,881	200,528	04/02/2014	06/11/2050
12531V-AU-2.	CFIRE CMT 2016-C4 AM.....			4	1FM	2,059,866		99,8130	1,996,260	2,056,505		(3,361)			3.691	3.345	MON	6,152	43,062	05/04/2016	05/10/2058
12593A-BD-6.	COMM CMT 2015-CR23 B.....			4	1FM	3,023,672		96,4610	2,893,830	3,000,000		(1,544)			4.183	4.098	MON	10,458	73,203	05/25/2016	05/12/2048
126281-BD-5.	CSAIL CMT 2015-C1 AS.....			4	1FM	2,026,535		102,2340	2,019,122	1,975,000		(4,272)			3.791	3.454	MON	6,239	56,154	03/15/2016	04/15/2050
12636W-AL-2.	CSAIL CMT 2016-C1 AS.....			4	1FM	407,906		100,4340	401,736	407,535		(371)			4.753	4.622	MON	1,584	11,302	05/17/2016	01/15/2049
17291E-BA-8.	CITIGROUP CMT 2016-P6 C.....			4	1FE	873,953		95,9520	868,845	905,500		112			4.722	4.727	MON	3,236		12/06/2016	12/10/2049
17324D-AY-0.	CITIGROUP CMT 2015-P1 C.....			4	1FM	1,002,539		98,8540	988,540	1,000,000		(232)			4.341	4.404	MON	3,617	25,802	05/03/2016	09/17/2048
20047E-AH-5.	COMM CMT 2006-C8 AM.....			4	1FM	235,541		99,9150	230,612	230,808		(4,733)			5.347	2.641	MON	1,028	16,007	01/20/2016	12/10/2046
362332-AG-3.	GS MORTGAGE SEC CORP 2006 G68.....			4	1FM	240,511		99,9540	221,487	221,589		(5,236)			5.591	1.793	MON	1,032	14,600	07/15/2014	11/10/2039
36252T-AY-1.	GOLDMAN SACHS MORT SEC TR 2016-GS2 C.....			4	1FM	1,997,897		101,6490	1,977,073	1,945,000		(1,724)			4.530	4.366	MON	7,342	52,378	05/17/2016	05/12/2049
46632H-AJ-0.	JPMORGAN CMT 2007-LD12 AM.....			4	1FE	2,566,406		102,3050	2,557,625	2,500,000		(2,640)			6.044	4.831	MON	12,592	12,582	11/18/2016	02/15/2051
50179M-AH-4.	LB UBS CMS TR 2006 C6 AJ.....			4	1FM	538,399		89,7300	455,457	507,587		(74,348)			5.452	0.411	MON	1,537	28,077	08/06/2014	09/15/2039
61750C-AH-0.	MORGAN STANLEY CAP 2006 HQ9 AJ.....			4	1FM	14,874		99,9350	13,840	13,840		(642)			5.793		MON	67	1,290	07/28/2014	07/12/2044

ANNUAL STATEMENT FOR THE YEAR 2016 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 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change In B./A.C.V.	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			Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Stated Contractual Maturity Date
61761A-AZ-1	MORGAN STAN BAML 2012 C5 A4			4	1FM	4,650,814	102.8850	4,691,556	4,560,000	4,610,553		(17,156)			3.176	2.948	MON	12,069	144,826	07/13/2012	08/17/2045
61762D-AY-7	MORGAN STANLEY BAML TR 2013-C9 AS			4	1FM	2,884,699	101.1230	2,806,163	2,775,000	2,874,297		(10,402)			3.456	2.828	MON	7,992	63,936	04/15/2016	05/17/2046
61762T-AK-2	MORGAN STANLEY BAML TR 2013-C11 C			4	1FM	998,789	99.3150	993,150	1,000,000	998,893		104			4.370	4.462	MON	3,642	26,034	05/18/2016	08/17/2046
92890N-AU-3	WELLS FARGO RBS CMS 2012 C10			4	1FM	2,972,277	101.1440	2,933,176	2,900,000	2,943,558		(7,198)			2.875	2.591	MON	6,948	83,375	11/30/2012	12/15/2045
3499999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities						30,450,871	XXX	29,648,076	29,460,670	29,906,355	(74,348)	(184,838)			XXX	XXX	XXX	102,814	862,281	XXX	XXX
000809-AD-5	ACA ABS 2004-1A C1 144A		C	4	6FE				326,593						4.122		JAJO		3,162	11/13/2012	07/10/2039
00083M-AG-6	ACA ABS LTD 2007-3A 144A		C	4	6FE				7,011,800						2.631		FMAN			02/07/2014	05/07/2047
00083M-AH-4	ACA ABS LTD 2007-3A 144A		C	4	6FE				6,818,146						3.381		FMAN			09/19/2014	05/07/2047
00083M-AJ-0	ACA ABS LTD 2007-3A 144A		C	4	6FE				6,404,135						3.881		FMAN			09/12/2014	05/07/2047
03063X-AF-2	AMERICREDIT AUTO REC 2012-4			4	1FE	199,974	100.0050	200,077	200,067	200,064		18			1.930	1.976	MON	247	4,751	09/19/2013	08/08/2018
139738-AD-0	CAPITAL AUTO REC TR 2015-2 A3			4	1FE	2,999,939	100.2620	3,007,860	3,000,000	2,999,975		658			1.730	1.737	MON	1,586	51,900	05/13/2015	09/20/2019
13975E-AF-0	CAPITAL AUTO REC TR 2013-1 C			4	1FE	671,251	100.0400	669,740	669,473	669,563		(440)			1.740	1.619	MON	356	12,976	06/12/2014	10/22/2018
13975G-AF-5	CAPITAL AUTO REC TR 2014-1			4	1FE	2,539,063	101.0870	2,527,175	2,500,000	2,516,860	(22,771)				2.840	2.137	MON	2,169	71,000	09/15/2015	04/22/2019
13975K-AC-3	CAPITAL AUTO REC TR 2015-1 A3			4	1FE	1,499,613	100.2040	1,503,060	1,500,000	1,499,885		205			1.610	1.625	MON	738	24,150	01/22/2015	06/20/2019
14041N-EP-2	CAPITAL ONE MULTI AST 2014-A2			4	1FE	999,952	100.0560	1,000,560	1,000,000	999,997		17			1.260	1.265	MON	560	12,600	04/03/2014	01/15/2020
21079U-AA-3	CONTINENTAL AIRLINES 2009-2			1	1FE	762,290	111.7500	750,536	671,621	704,837	(22,678)				7.250	4.303	MON	6,898	50,435	05/23/2012	05/10/2021
24703B-AD-7	DELL EQUIP FINANCE 2015-1			4	1FE	1,099,870	100.1190	1,101,309	1,100,000	1,099,968		60			1.810	1.822	MON	498	19,910	04/15/2015	03/23/2020
254683-BJ-3	DISCOVER CARD EX NOTE 2014-A3			4	1FE	999,744	100.0340	1,000,340	1,000,000	999,974		88			1.220	1.232	MON	542	12,200	04/28/2014	10/15/2019
26207W-AE-5	DRIVE AUTO RECEIVE TR 2015-DA			4	1FE	3,724,819	100.3380	3,737,465	3,724,875	3,724,859		34			2.590	2.605	MON	4,288	97,068	09/23/2015	12/16/2019
26207Y-AE-1	DRIVE AUTO REC TR 2016-AA B			4	1FE	2,199,858	100.8820	2,219,404	2,200,000	2,199,926		69			3.170	3.195	MON	3,100	61,604	01/21/2016	05/15/2020
33843N-AE-1	FLAGSHIP CREDIT AUTO TR 2016-2 B			4	1FE	699,780	101.8230	712,761	700,000	699,822		42			3.840	3.850	MON	1,195	16,427	04/25/2016	09/15/2022
34531P-AG-6	FORD CREDIT AUTO OWN TR 2016-A C			4	1FE	1,007,266	100.0400	1,000,400	1,000,000	1,006,302	(964)				2.190	2.033	MON	973	14,600	05/09/2016	07/15/2022
36159J-CY-5	GE CAPITAL CREDIT CARD 2012-3			4,5	1FE	174,221	100.0270	175,047	175,000	174,947		264			1.154	1.321	MON	95	1,475	03/28/2014	03/16/2020
44614D-AF-4	HUNTINGTON AUTO TR 2016-1 C			4	1FE	1,319,728	99.4790	1,313,123	1,320,000	1,319,732		4			2.560	2.578	MON	1,502	1,408	11/28/2016	08/15/2022
47787W-AD-1	JOHN DEERE OWNER TRUST 2015-B			4	1FE	1,999,487	100.0550	2,001,100	2,000,000	1,999,708		176			1.780	1.795	MON	1,582	35,600	09/01/2015	06/15/2022
80283X-AE-7	SANTANDER DRIVE AUTO 2014-3 B			4	1FE	120,756	100.0050	120,785	120,779	120,779		46			1.450	1.462	MON	78	2,130	06/11/2014	05/15/2019
80285C-AH-4	SANTANDER DRIVE AUTO REC 2016-2 C			4	1FE	499,889	100.2750	501,375	500,000	499,908		19			2.660	2.681	MON	591	7,906	05/03/2016	11/15/2021
80285E-AE-7	SANTANDER DRIVE AUTO REC 2016-1 B			4	1FE	1,999,894	100.6920	2,013,840	2,000,000	1,999,928		34			2.470	2.485	MON	2,196	40,892	02/10/2016	12/15/2020
87165L-AA-9	SYNCHRONY CC MASTER 2014-1 A			4	1FE	4,498,752	100.1880	4,508,460	4,500,000	4,499,628		419			1.610	1.625	MON	3,220	72,450	11/14/2014	11/16/2020
87165L-AP-6	SYNCHRONY CC MASTER 2015-3 A			4	1FE	1,499,798	100.0530	1,500,795	1,500,000	1,499,882		67			1.740	1.751	MON	1,160	26,100	09/25/2015	09/15/2021
98160Q-AD-4	WORLD OMNI AUTO 2014-B A3			4	1FE	697,465	99.9100	696,933	697,561	697,531		31			1.140	1.148	MON	353	8,198	10/22/2014	01/15/2020
3599999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities						32,213,407	XXX	32,262,147	52,640,049	32,134,077		(44,604)			XXX	XXX	XXX	33,927	648,943	XXX	XXX
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Subtotals - Industrial and Miscellaneous (Unaffiliated)						179,883,823	XXX	180,736,701	199,545,748	178,993,138	(74,348)	(303,883)			XXX	XXX	XXX	1,082,858	4,887,839	XXX	XXX
055451-AW-8	BHP BILLITON LTD		C	2	2FE	3,000,000	108.2700	3,248,100	3,000,000	3,000,000					6.250	6.249	AO	37,500	187,500	10/14/2015	10/19/2075
4299999 - Bonds - Hybrid Securities - Issuer Obligations						3,000,000	XXX	3,248,100	3,000,000	3,000,000					XXX	XXX	XXX	37,500	187,500	XXX	XXX
4899999 - Bonds - Hybrid Securities - Subtotals - Hybrid Securities						3,000,000	XXX	3,248,100	3,000,000	3,000,000					XXX	XXX	XXX	37,500	187,500	XXX	XXX
7799999 - Bonds - Total Bonds - Subtotals - Issuer Obligations						136,466,767	XXX	137,967,290	184,649,106	135,811,599	263	(247,296)			XXX	XXX	XXX	1,180,031	3,917,398	XXX	XXX
7899999 - Bonds - Total Bonds - Subtotals - Residential Mortgage-Backed Securities						103,328,707	XXX	104,612,858	101,136,667	104,180,258		315,424			XXX	XXX	XXX	285,481	3,079,679	XXX	XXX
7999999 - Bonds - Total Bonds - Subtotals - Commercial Mortgage-Backed Securities						30,450,871	XXX	29,648,076	29,460,670	29,906,355	(74,348)	(184,838)			XXX	XXX	XXX	102,814	862,281	XXX	XXX
8099999 - Bonds - Total Bonds - Subtotals - Other Loan-Backed and Structured Securities						32,213,407	XXX	32,262,147	52,640,049	32,134,077		(44,604)			XXX	XXX	XXX	33,927	648,943	XXX	XXX
8399999 Subtotals - Total Bonds						302,459,753	XXX	304,490,371	367,886,493	302,032,289	(74,085)	(161,313)			XXX	XXX	XXX	1,602,252	8,508,301	XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 2 - SECTION 1

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

SCHEDULE D - PART 2 - SECTION 2

[illegible]

E12

ANNUAL STATEMENT FOR THE YEAR 2016 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
.912828-G6-1	US TREASURY N/B		12/29/2016	RBC CAPITAL MARKETS, LLC	XXX	2,351,102	2,350,000	2,905
.912828-QQ-6	US TREASURY N/B		11/04/2016	VARIOUS	XXX	22,101,152	21,500,000	167,937
0599999 - Bonds - U.S. Governments						24,452,254	23,850,000	170,842
.04777L-AC-0	ATL GA STD HSG REV ADA/CAU		02/23/2016	VARIOUS	XXX		585,000	
.11943D-AC-2	BUENA VISTA PUB REC FACS SER A		12/14/2016	VARIOUS	XXX		1,375,000	
.13033W-B4-4	CA INFRA ECON CABS SERIES A		12/20/2016	VARIOUS	XXX		676,200	
.3128MJ-X4-7	FHLMC GOLD POOL FG G08698		03/30/2016	RBC CAPITAL MARKETS	XXX	4,499,379	4,300,000	12,542
.3128MJ-Y7-9	FHLMC GOLD POOL FG G08733		10/28/2016	US BANK	XXX	5,266,406	5,000,000	14,583
.3128MJ-YH-7	FHLMC GOLD POOL FH G08711		07/13/2016	VARIOUS	XXX	3,588,560	3,394,863	7,244
.3128MJ-YY-0	FHLMC GOLD POOL FH G08726		09/27/2016	VARIOUS	XXX	8,969,531	8,600,000	20,783
.3132WD-YQ-1	FHLMC GOLD POOL FG Q40718		05/24/2016	WELLS FARGO SECURITIES LLC	XXX	9,958,672	9,500,000	24,014
.453419-CH-4	INDEP CTY AR HYDRO REV JR LIEN PWR SER A		04/26/2016	VARIOUS	XXX		570,000	
.544566-AP-7	LA CA INDL DEV SANTEE COURT		12/09/2016	VARIOUS	XXX		50,000	
.546279-RJ-1	LA GOV BATON RGE ST HSG-SER A		03/04/2016	VARIOUS	XXX		460,000	
.546279-RK-8	LA GOV BATON RGE ST HSG-SER A		06/01/2016	VARIOUS	XXX		1,355,000	
.57583U-QU-5	MA ST DEV FIN AGY NBERKSHIRE CMNTY-A		03/23/2016	VARIOUS	XXX		25,000	
.57583U-QV-3	MA ST DEV FIN AGY NBERKSHIRE CMNTY-A		10/27/2016	VARIOUS	XXX		135,000	
.60535R-AH-1	MS HOME MS VALLEY ST HSG 8A		12/13/2016	VARIOUS	XXX		35,000	
.802576-AN-8	SANTA ROSA FL BAY BRIDGE AUTH		07/01/2016	VARIOUS	XXX		3,315,000	
.864768-NC-6	SUFFOLK CTY DOWLING SERIES A		06/06/2016	VARIOUS	XXX		100,000	
.864768-ND-4	SUFFOLK CTY DOWLING SERIES A		12/27/2016	VARIOUS	XXX		695,000	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						32,282,548	40,171,063	79,167
.00206R-DB-5	AT&T INC		03/21/2016	VARIOUS	XXX	4,092,480	4,000,000	2,533
.00912X-AS-3	AIR LEASE CORPORATION		04/04/2016	RBC CAPITAL MARKETS	XXX	693,413	700,000	
.023765-AA-8	AMERICAN AIRLINES 16-2 PTT		05/02/2016	DEUTSCHE BANK SECURITIES, INC	XXX	1,600,000	1,600,000	
.02376U-AA-3	AMERICAN AIRLINES 16-1 AA PTT		01/12/2016	GOLDMAN, SACHS & CO	XXX	625,000	625,000	
.03939C-AA-1	ARCH CAPITAL FINANCE LLC	C	11/29/2016	CREDIT SUISSE SECURITIES (USA)	XXX	2,900,000	2,900,000	
.052528-AK-2	AUST & NEW ZEAL BANKING GRP LTD	C	11/01/2016	CITIGROUP GLOBAL MARKETS INC	XXX	3,498,320	3,500,000	
.12531Y-AU-2	CFCRE CMT 2016-C4 AM		05/04/2016	CANTOR FITZGERALD & CO	XXX	2,059,866	2,000,000	3,486
.12593A-BD-6	COMM CMT 2015-CR23 B		05/25/2016	CANTOR FITZGERALD & CO	XXX	3,023,672	3,000,000	10,458
.126281-BD-5	CSAIL CMT 2015-C1 AS		03/15/2016	BANC OF AMERICA SECURITIES LLC	XXX	2,026,535	1,975,000	3,536
.12636M-AL-2	CSAIL CMT 2016-C1 AS		05/17/2016	CREDIT SUISSE SECURITIES (USA)	XXX	407,906	400,000	1,364
.17291E-BA-8	CITIGROUP CMT 2016-P6 C		12/06/2016	CITIGROUP GLOBAL MARKETS INC	XXX	873,953	905,500	1,510
.172967-LC-3	CITIGROUP INC		12/01/2016	CITIGROUP GLOBAL MARKETS INC	XXX	499,145	500,000	
.17324D-AY-0	CITIGROUP CMT 2015-P1 C		05/03/2016	GOLDMAN, SACHS & CO	XXX	1,002,539	1,000,000	623
.20047E-AH-5	COMM CMT 2006-C8 AM		01/20/2016	BANC OF AMERICA SECURITIES LLC	XXX	3,061,523	3,000,000	10,694
.2027A0-HX-0	COMMONWEALTH BANK AUST	C	11/18/2016	GOLDMAN, SACHS & CO	XXX	501,925	500,000	1,804
.25156P-AT-0	DEUTSCHE TELEKOM INTL FIN BV	C	11/18/2016	GOLDMAN, SACHS & CO	XXX	200,046	200,000	472
.25272K-AG-8	DIAMOND 1 FIN/DIAMOND 2		05/17/2016	BARCLAYS CAPITAL INC FIXED INC	XXX	1,554,331	1,555,000	
.26207Y-AE-1	DRIVE AUTO REC TR 2016-AA B		01/21/2016	DEUTSCHE BANK SECURITIES, INC	XXX	2,199,858	2,200,000	
.33843N-AE-1	FLAGSHIP CREDIT AUTO TR 2016-2 B		04/25/2016	WELLS FARGO SECURITIES LLC	XXX	699,780	700,000	
.34531P-AG-6	FORD CREDIT AUTO OWN TR 2016-A C		05/09/2016	DEUTSCHE BANK SECURITIES, INC	XXX	1,007,266	1,000,000	1,643
.36252T-AY-1	GOLDMAN SACHS MORT SEC TR 2016-GS2 C		05/17/2016	GOLDMAN, SACHS & CO	XXX	1,997,897	1,945,000	7,587
.38141G-VV-3	GOLDMAN SACHS GROUP INC		11/18/2016	GOLDMAN, SACHS & CO	XXX	1,210,728	1,200,000	1,858
.44614D-AF-4	HUNTINGTON AUTO TR 2016-1 C		11/28/2016	CREDIT SUISSE SECURITIES (USA)	XXX	1,319,728	1,320,000	
.46632H-AJ-0	JPMORGAN CMT 2007-LD12 AM		12/01/2016	MORGAN STANLEY	XXX	2,566,406	2,500,000	9,533
.60920L-AB-0	MONDELEZ INTL HLDINGS NETHERLANDS BV		11/22/2016	CITIGROUP GLOBAL MARKETS INC	XXX	3,001,650	3,000,000	3,876
.61744C-FP-6	MORGAN STANLEY 2004-NC7 M1 MTGE		05/13/2016	MORGAN STANLEY	XXX	1,506,736	1,637,757	1,354
.61762D-AY-7	MORGAN STANLEY BAML TR 2013-C9 AS		04/15/2016	BANC OF AMERICA SECURITIES LLC	XXX	2,884,699	2,775,000	5,062
.61762T-AK-2	MORGAN STANLEY BAML TR 2013-C11 C		05/18/2016	BANC OF AMERICA SECURITIES LLC	XXX	998,789	1,000,000	2,697
.713448-DM-7	PEPSICO INC		11/17/2016	GOLDMAN, SACHS & CO	XXX	2,008,240	2,000,000	3,641
.780082-AD-5	ROYAL BANK OF CANADA		11/01/2016	RBC CAPITAL MARKETS	XXX	1,995,720	2,000,000	
.80285C-AH-4	SANTANDER DRIVE AUTO REC 2016-2 C		05/03/2016	CITIGROUP GLOBAL MARKETS INC	XXX	499,889	500,000	
.80285E-AE-7	SANTANDER DRIVE AUTO REC 2016-1 B		02/10/2016	CITIGROUP GLOBAL MARKETS INC	XXX	1,999,894	2,000,000	
.891906-AD-1	TOTAL SYSTEM SERVICES INC		03/14/2016	BANC OF AMERICA SECURITIES LLC	XXX	1,371,920	1,375,000	
.89352H-AS-8	TRANSCANADA PIPELINES LTD		01/22/2016	DEUTSCHE BANK SECURITIES, INC	XXX	2,991,510	3,000,000	
.90931M-AA-4	UNITED AIRLINES 2016-1 A PTT		06/06/2016	MORGAN STANLEY	XXX	1,200,000	1,200,000	
.90932D-AA-3	UNITED AIRLINES 2016-2 A PTT		09/13/2016	CREDIT SUISSE SECURITIES (USA)	XXX	2,000,000	2,000,000	
.92343V-CA-0	VERIZON COMMUNICATIONS INC		11/17/2016	GOLDMAN, SACHS & CO	XXX	3,025,230	3,000,000	8,946
.961214-DF-7	WESTPAC BANKING CORP	C	12/01/2016	VARIOUS	XXX	1,875,000	1,875,000	
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						66,981,596	66,588,257	82,675
8399997 - Bonds - Subtotals - Bonds - Part 3						123,716,398	130,609,320	332,684

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks **ACQUIRED** During Current Year[illegible]

E13.1

ANNUAL STATEMENT FOR THE YEAR 2016 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.						
36179M-K8-2	GNMA POOL II MA0319		11/21/2016	VARIOUS		1,014,487	959,961	1,030,908	1,032,767		(16,637)		(16,637)		1,016,129		(1,642)	(1,642)	33,663	08/20/2042
361790-6P-1	GNMA POOL II MA2678		12/01/2016	VARIOUS		2,527,001	2,527,001	2,668,355	2,664,672		(137,671)		(137,671)		2,527,001				46,182	03/20/2045
36179R-BX-6	GNMA POOL II MA2754		12/01/2016	VARIOUS		3,292,181	3,292,181	3,476,852	3,467,598		(175,416)		(175,416)		3,292,181				61,655	04/20/2045
36179R-NX-3	GNMA POOL II MA3106		11/21/2016	VARIOUS		9,285,319	8,871,482	9,441,197	9,418,158		(160,264)		(160,264)		9,257,893		27,425	27,425	300,593	09/20/2045
36200A-BE-8	GNMA POOL 595037		12/01/2016	VARIOUS		.88	.88	.91	.90		(2)		(2)		.88				2	10/15/2032
36200A-CW-7	GNMA POOL 595085		12/01/2016	VARIOUS		12,372	12,372	12,739	12,687		(316)		(316)		12,372				474	10/15/2032
36200E-TY-7	GNMA POOL 599167		12/01/2016	VARIOUS		58,128	58,128	59,854	59,033		(905)		(905)		58,128				336	12/15/2033
36200M-AT-0	GNMA POOL 604018		12/01/2016	VARIOUS		126,701	126,701	130,373	129,312		(2,611)		(2,611)		126,701				3,776	02/15/2033
36200M-EN-9	GNMA POOL 604141		12/01/2016	VARIOUS		2,352	2,352	2,421	2,418		(67)		(67)		2,352				57	03/15/2033
362000-2R-4	GNMA POOL 569684		12/01/2016	VARIOUS		8,408	8,408	8,657	8,592		(184)		(184)		8,408				340	02/15/2032
36200R-LX-8	GNMA POOL 570142		12/01/2016	VARIOUS		2,628	2,628	2,706	2,691		(63)		(63)		2,628				65	12/15/2031
36200R-XT-4	GNMA POOL 570490		12/01/2016	VARIOUS		393	393	405	401		(8)		(8)		393				1	12/15/2031
36200S-US-7	GNMA POOL 571293		12/01/2016	VARIOUS		.44	.44	.46	.46		(2)		(2)		.44				1	11/15/2031
36201A-PF-9	GNMA POOL 577422		12/01/2016	VARIOUS		193	193	199	197		(4)		(4)		193				5	01/15/2032
36201D-AX-0	GNMA POOL 579722		12/01/2016	VARIOUS		5,657	5,657	5,825	5,768		(112)		(112)		5,657				58	08/15/2032
36201E-AG-5	GNMA POOL 580607		12/01/2016	VARIOUS		1,647	1,647	1,696	1,682		(35)		(35)		1,647				50	02/15/2033
36201F-AF-4	GNMA POOL 581506		12/01/2016	VARIOUS		333	333	343	343		(11)		(11)		333				4	04/15/2033
36201Y-FD-3	GNMA POOL 606864		12/01/2016	VARIOUS		825	825	850	845		(20)		(20)		825				11	10/15/2033
36207E-ND-2	GNMA POOL 429788		12/01/2016	VARIOUS		2,982	2,982	3,070	3,072		(90)		(90)		2,982				44	12/15/2033
36210J-HW-1	GNMA POOL 493545		12/01/2016	VARIOUS		112	112	115	114		(2)		(2)		112				3	03/15/2031
36213F-U4-3	GNMA POOL 553303		12/01/2016	VARIOUS		.50	.50	.51	.50		(1)		(1)		.50				1	06/15/2033
36213R-2A-4	GNMA POOL 562469		12/01/2016	VARIOUS		9,868	9,868	9,919	9,888		(20)		(20)		9,868				228	02/15/2034
36213R-ZF-7	GNMA POOL 562442		12/01/2016	VARIOUS		5,166	5,166	5,306	5,243		(77)		(77)		5,166				132	01/15/2034
36213T-GW-7	GNMA POOL 563713		12/01/2016	VARIOUS		5,555	5,555	5,720	5,670		(114)		(114)		5,555				188	01/15/2033
36213U-EZ-9	GNMA POOL 564552		12/01/2016	VARIOUS		.79	.79	.82	.81		(2)		(2)		.79				2	12/15/2031
36213V-GN-2	GNMA POOL 565505		12/01/2016	VARIOUS		191	191	196	196		(5)		(5)		191				2	09/15/2032
36290X-PM-6	GNMA POOL 620628		12/01/2016	VARIOUS		2,087	2,087	2,149	2,158		(71)		(71)		2,087				19	09/15/2033
36290X-PT-1	GNMA POOL 620634		12/01/2016	VARIOUS		1,284	1,284	1,322	1,304		(20)		(20)		1,284				36	09/15/2033
36290Y-TN-8	GNMA POOL 621657		12/01/2016	VARIOUS		.55	.55	.56	.55		(1)		(1)		.55				2	12/15/2033
36291C-PV-1	GNMA POOL 624236		12/01/2016	VARIOUS		3,008	3,008	3,098	3,069		(61)		(61)		3,008				41	12/15/2033
36291E-AD-3	GNMA POOL 625604		12/01/2016	VARIOUS		1,517	1,517	1,562	1,552		(35)		(35)		1,517				39	12/15/2033
36291E-AV-3	GNMA POOL 625620		12/01/2016	VARIOUS		.602	.602	.620	.616		(14)		(14)		.602				12	12/15/2033
36296X-H8-0	GNMA POOL 704155		12/01/2016	VARIOUS		956,667	956,667	986,264	984,944		(28,277)		(28,277)		956,667				23,340	01/15/2039
36376W-6C-4	GNR 2010-33 LN		12/01/2016	VARIOUS		193,438	193,438	206,495	203,003		(9,566)		(9,566)		193,438				4,232	02/20/2038
912828-Q0-6	US TREASURY N/B		10/05/2016	VARIOUS		2,180,639	2,125,000	2,200,205	(20,226)				(20,226)		2,179,979		660	660	41,210	05/31/2018
912828-SV-3	US TREASURY N/B		10/01/2016	BANK OF NOVA SCOTIA, NEW YORK		1,906,012	1,870,000	1,915,727	1,900,414		(1,354)		(1,354)		1,899,060		6,952	6,952	13,935	05/15/2022
0599999 - Bonds - U.S. Governments						21,608,068	21,048,053	22,185,474	19,928,730		(554,263)		(554,263)		21,574,672		33,395	33,395	530,740	XXX
661765-A0-0 - NORTH RANGE METRO DISTR 1						50,000	50,000	44,125	44,612		5,388		5,388		50,000				2,250	12/15/2031
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)						50,000	50,000	44,125	44,612		5,388		5,388		50,000				2,250	XXX
13078S-AG-3	CA HLTH MTN SHADOWS SERIES B		11/28/2016	REDEMPTION		5,400,000	5,400,000	4,792,500	4,835,257		19,954		19,954		4,855,211		544,789	544,789	371,468	07/01/2031
20786L-DD-0	CONNECTOR 2000 CABS A		01/01/2016	MATURITY		71,904	71,904	53,925	71,358		.546		.546		71,904					01/01/2016
20786L-DE-8	CONNECTOR 2000 CABS A		08/22/2016	PERSHING LLC		94,567	97,281	64,606	77,815		8,564		8,564		93,316		1,251	1,251		01/01/2017
20786L-DF-5	CONNECTOR 2000 CABS A		11/01/2016	PERSHING LLC		97,543	107,509	60,858	73,095		10,138		7,218		90,451		7,092	7,092		01/01/2018
20786L-DG-3	CONNECTOR 2000 CABS A		11/01/2016	PERSHING LLC		98,981	117,040	59,459	70,212		10,400		6,782		87,394		11,587	11,587		01/01/2019
20786L-DH-1	CONNECTOR 2000 CABS A		08/22/2016	PERSHING LLC		100,023	127,304	59,648	70,004		9,504		6,311		85,819		14,204	14,204		01/01/2020
20786L-DJ-7	CONNECTOR 2000 CABS A		08/22/2016	PERSHING LLC		109,296	150,999	64,041	70,954		13,942		6,595		91,492		17,804	17,804		01/01/2021
20786L-DK-4	CONNECTOR 2000 CABS A		08/22/2016	PERSHING LLC		106,220	159,679	60,051	67,049		12,683		6,228		85,961		20,260	20,260		01/01/2022
20786L-DS-7	CONNECTOR 2000 CABS A1		08/18/2016	PERSHING LLC		936,418	2,972,754	423,512	548,643		38,640		38,640		587,283		349,134	349,134		01/01/2032
20786L-DT-5	CONNECTOR 2000 CABS A1		08/10/2016	SOUTHWEST SECURITIES		698,885	4,992,039	309,738	393,605		24,623		24,623		418,227		280,658	280,658		01/01/2042
20786L-DV-0	CONNECTOR 2000 CABS B1		12/01/2016	VARIOUS		127,608	1,261,263	23,664	35,990		4,218		5,088							

ANNUAL STATEMENT FOR THE YEAR 2016 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.							
31394D-JJ-0..	FNMA 2005-29 OE		12/01/2016	VARIOUS		962,030	962,030	865,376	925,331		36,699		36,699		962,030				21,963	04/25/2035..	
31394Y-KX-1..	FHLMC 2791 UG		12/01/2016	VARIOUS		418,326	418,326	414,666	416,850		1,477		1,477		418,326				9,338	05/15/2019..	
31395J-W5-1..	FHLMC 2888 HG		12/01/2016	VARIOUS		648,198	648,198	614,371	637,390		10,808		10,808		648,198				14,298	11/15/2034..	
31402D-F7-0..	FNMA POOL 725690		12/01/2016	VARIOUS		467,334	467,334	482,924	482,368	(15,035)			(15,035)		467,334				12,282	08/01/2034..	
31405R-AR-7..	FNMA POOL 796616		12/01/2016	VARIOUS		337,972	337,972	343,173	343,949	(5,977)			(5,977)		337,972				8,855	10/01/2034..	
31407U-EK-9..	FNMA POOL 840838		12/01/2016	VARIOUS		18,929	18,929	18,687	18,583		346		346		18,929				603	11/01/2035..	
31418B-VG-8..	FNMA POOL 2414		12/01/2016	VARIOUS		646,761	646,761	673,970	673,369	(26,609)			(26,609)		646,761				13,124	10/01/2045..	
40064U-AP-7..	GUAM EDU SCH FACS - SERIES B		10/03/2016	REDEMPTION		465,000	465,000	463,838	463,935	1,065			1,065		465,000				20,925	10/01/2026..	
546279-XE-5..	LA GOV NICHOLLS ST UNIV SER A		04/01/2016	REDEMPTION		100,000	100,000	98,663	98,808	22			22		98,830		1,170		2,425	04/01/2026..	
57583R-FT-7..	MASS ST ACADEMY PACIFIC RIM		09/14/2016	REDEMPTION		275,000	275,000	257,125	258,573	480			480		259,053		15,947		15,947	06/01/2031..	
57583R-GK-5..	MASS ST CURRY COLLEGE		04/20/2016	REDEMPTION		1,500,000	1,500,000	1,467,500	1,469,347	264			264		1,469,610		30,390		30,390	03/01/2036..	
57585K-JG-4..	MASS ST E CONCORD MED SER A		03/01/2016	REDEMPTION		50,000	50,000	50,000	50,000						50,000				1,613	03/01/2020..	
685624-AR-9..	ORCHARD TX HGR ED NYOS SER A		07/19/2016	REDEMPTION		100,000	100,000	96,000	96,097	160			160		96,256		3,744		3,744	02/15/2026..	
717868-CB-7..	PHILA PA REDEV BEECH SERIES A		05/25/2016	REDEMPTION		1,500,000	1,500,000	1,424,235	1,428,659	794			794		1,429,453		70,547		70,547	07/01/2035..	
723161-FK-6..	PINELLAS CTY FL ECKERD COLL		10/03/2016	REDEMPTION		25,000	25,000	23,875	24,717	283			283		25,000				1,188	10/01/2031..	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						26,490,640	34,106,967	24,766,924	23,739,197	100,221	(263,835)		(166,679)		25,039,751		1,450,889		1,521,435	826,582	XXX
00206R-AW-2..	AT&T INC		05/16/2016	MATURITY		2,000,000	2,000,000	1,996,360	1,999,716	284			284		2,000,000				29,500	05/15/2016..	
004375-BL-4..	ACCREDITED MORT LOAN 2004-3		12/27/2016	VARIOUS		62,743	62,743	62,557	62,631		112		112		62,743				794	10/25/2034..	
009088-AB-1..	AIR CANADA 2015-2A PTT		12/15/2016	PAYDOWN		12,669	12,659	12,659	12,659						12,659		1		1	263	06/15/2029..
009090-AB-7..	AIR CANADA 2015-1B PTT		10/01/2016	DIRECT		68,375	68,375	68,375	68,375						68,375				768	09/15/2024..	
				NATIXIS SECURITIES																	
00912X-AP-9..	AIR LEASE CORPORATION		04/04/2016	AMERICAS LLC		788,400	800,000	800,400	800,252	(32)			(32)		800,219		(11,819)		(11,819)	12,372	01/15/2018..
02376U-AA-3..	AMERICAN AIRLINES 16-1 AA PTT		10/01/2016	DIRECT		1,531	1,531	1,531							1,531					01/15/2028..	
023770-AB-6..	AMERICAN AIRLINES 15-1 B PTT		12/01/2016	VARIOUS		141,213	141,213	142,228	142,148	(936)			(936)		141,213				1,379	11/01/2024..	
02377B-AC-0..	AMERICAN AIRLINES 15-2 B PTT		10/01/2016	DIRECT		89,230	89,230	89,230	89,230						89,230				1,941	03/22/2025..	
0256M0-DH-9..	AMERICAN EXPRESS CREDIT CORP		01/20/2016	MLPFS INC FIXED INCOME		1,000,035	1,000,000	1,000,000	1,000,000						1,000,000		35		35	2,038	07/29/2016..
026870-BC-1..	AMERICAN INTERNATIONAL GROUP		10/18/2016	MATURITY		400,000	400,000	399,636	399,963	37			37		400,000				22,400	10/18/2016..	
03063X-AF-2..	AMERICREDIT AUTO REC 2012-4		12/08/2016	VARIOUS		1,799,933	1,799,933	1,799,089	1,799,742	191			191		1,799,933				21,556	08/08/2018..	
				MITSUBISHI UFJ SECURITIES (USA) INC																	
038222-AH-8..	APPLIED MATERIALS INC		04/01/2016	(USA) INC		2,521,275	2,500,000	2,498,250	2,498,340	28			28		2,498,367		22,908		22,908	22,422	10/01/2020..
040104-GC-9..	ARGENT SECURITIES INC 2004-W4		12/27/2016	PAYDOWN		284	284	262	263		21		21		284				3	03/25/2034..	
055650-DA-3..	BP CAPITAL MARKETS PLC	C	05/12/2016	MILLENNIUM ADVISORS, LLC		1,560,720	1,500,000	1,500,000	1,500,000						1,500,000		60,720		60,720	35,060	03/17/2025..
				DEUTSCHE BANK SECURITIES, INC																	
05578D-AA-0..	BPCE SA	C	01/26/2016	INC		501,150	500,000	505,370	500,664	(139)			(139)		500,525		625		625	1,984	04/25/2016..
05950E-AH-1..	BANC OF AMERICA CMT 2006 2 AJ		12/01/2016	VARIOUS		918,653	918,653	953,892	945,507	(26,854)			(26,854)		918,653				25,070	05/10/2045..	
06050T-JN-3..	BANK OF AMERICA NA		06/15/2016	MATURITY		2,500,000	2,500,000	2,019,050	2,449,618	50,382			50,382		2,500,000				10,843	06/15/2016..	
06052Y-AE-9..	BANK OF AMERICA AUTO 2012-1 B		10/01/2016	DIRECT		820,000	820,000	826,887	820,350	(350)			(350)		820,000				1,641	02/15/2017..	
07384W-7C-0..	BEAR STERNS ARM TR 2005-2 A1		12/01/2016	VARIOUS		167,020	167,020	167,542	167,612	(592)			(592)		167,020				2,331	03/25/2035..	
073879-MC-9..	BEAR STEARNS ABS 2004-SD4 A1		10/01/2016	DIRECT		237,265	237,265	228,368	229,934	7,332			7,332		237,265				1,235	08/25/2044..	
07387J-AG-1..	BEAR STEARNS CMS 2006 PWR12		04/11/2016	DIRECT		500,000	500,000	508,125	505,947	(5,947)			(5,947)		500,000				9,812	09/11/2038..	
07388L-AG-5..	BEAR STEARNS CMS 2006 PWR13		10/01/2016	DIRECT		3,000,000	3,000,000	3,281,250	3,071,797	(71,797)			(71,797)		3,000,000				103,851	09/11/2041..	
				CREDIT SUISSE SECURITIES (USA)																	
11102A-AA-9..	BRITISH TELECOMMUNICATIONS	C	03/17/2016	(USA)		1,074,580	1,000,000	1,091,730	1,033,285	(3,505)			(3,505)		1,029,779		44,801		44,801	40,824	01/15/2018..
1248MB-AJ-4..	C-BASS 2007-CB2 A2C		02/25/2016	DIRECT		20,278	20,278	11,622	11,622	8,656			8,656		20,278				125	02/25/2037..	
1248MB-AJ-4..	C-BASS 2007-CB2 A2C		10/01/2016	VARIOUS		1,168,982	1,619,269	928,084	928,084	9,304			9,304		937,388		231,594		231,594	29,704	02/25/2037..
126671-R4-0..	COUNTRYWIDE ABC 2003-5 MF		02/25/2016	DIRECT		5,389	5,389	5,339	5,339	1,850			1,850		5,389				32	01/25/2034..	
126671-R4-0..	COUNTRYWIDE ABC 2003-5 MF		12/01/2016	VARIOUS		23,264	23,264	15,276	15,276	7,987			7,987		23,264				705	01/25/2034..	
126671-JU-8..	COUNTRYWIDE ABC 2003-BC1		02/25/2016	DIRECT		13,065	13,065	10,178	11,193	1,873			1,873		13,065				26	03/25/2033..	
126671-JU-8..	COUNTRYWIDE ABC 2003-BC1		12/27/2016	VARIOUS		104,970	104,969	81,770	89,925	15,048			15,048		104,969				634	03/25/2033..	
13975E-AF-0..	CAPITAL AUTO REC TR 2013-1 C		12/20/2016	VARIOUS		1,460,527	1,460,527	1,464,407	1,461,684	(1,157)			(1,157)		1,460,527				20,990	10/22/2018..	
17296T-HX-2..	CITIGROUP INC		02/25/2016	WELLS FARGO		495,595	500,000	500,000	500,000						500,000		(4,405)		(4,405)	1,242	08/14/2017..
17307G-CU-0..	CITIGROUP MLT 2003-HE3 A		12/27/2016	VARIOUS		256,761	256,761	233,514	242,934	13,836			13,836		256,761				1,498	12/25/2033..	
20047E-AH-5..	COMM CMT 2006-C8 AM		12/01/2016	VARIOUS		2,769,192	2,769,192	2,825,982	(56,790)				(56,790)		2						

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B/A. C.V. (11+12-13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date
34530J-AF-3..	FORD CREDIT AUTO LEASE 2014-A		10/01/2016..	DIRECT..		900,000	900,000	900,070	900,029		(29)		(29)		900,000				6,381	08/15/2017..
345397-WA-7..	FORD MOTOR CREDIT CO LLC		06/15/2016..	MATURITY..		3,000,000	3,000,000	3,000,000	3,000,000						3,000,000				59,760	06/15/2016..
35671D-BD-6..	FREEMORT-MCMORAN INC.		03/03/2016..	DEUTSCHE BANK SECURITIES, INC.		1,293,750	1,500,000	1,464,060	1,473,919		2,101		2,101		1,476,020		(182,270)	(182,270)	17,120	03/15/2018..
35671D-BK-0..	FREEMORT-MCMORAN INC.		10/14/2016..	MERRILL LYNCH PROFESSIONAL CLEARING, JC		744,833	750,000	749,505	749,688		132		132		749,819		(4,987)	(4,987)	16,052	11/14/2017..
36233Z-AG-3..	GS MORTGAGE SEC CORP 2006 668		12/01/2016..	VARIOUS.		778,411	778,411	844,880	805,798		(27,387)		(27,387)		778,411				32,626	11/10/2039..
362341-RX-9..	GSR MORT LOAN TR 2005-AR6 2A1		12/01/2016..	VARIOUS.		145,856	145,856	146,304	146,382		(527)		(527)		145,856				1,991	09/25/2035..
38141G-EG-5..	GOLDMAN SACHS GROUP INC.		03/22/2016..	MATURITY.		2,000,000	2,000,000	1,857,800	1,994,144		5,856		5,856		2,000,000				5,235	03/22/2016..
40414L-AC-3..	HCP INC.		02/01/2016..	MATURITY.		2,000,000	2,000,000	1,992,020	1,999,855		145		145		2,000,000				37,500	02/01/2016..
40429C-FR-8..	HSBC FINANCE CORP.	C.	06/01/2016..	MATURITY.		1,000,000	1,000,000	898,700	992,388		7,612		7,612		1,000,000				4,856	06/01/2016..
413875-AQ-8..	HARRIS CORP.		02/25/2016..	JEFFERIES.		349,486	350,000	350,000	350,000								(515)	(515)	3,124	04/27/2020..
45254N-JG-3..	IMPAC CMB TRUST 2004-5 1A1.		12/27/2016..	VARIOUS.		238,292	238,292	215,654	222,839		15,456		15,456		238,292				1,695	10/25/2034..
46625Y-P6-4..	JPM COMM MORT TR 2006 LDP6 A4.		01/15/2016..	DIRECT.		472,097	472,097	487,146	474,253		(2,155)		(2,155)		472,097				2,154	04/15/2043..
49446R-AK-5..	KIMCO REALTY CORP.		05/25/2016..	BAIRD (ROBERT W.) & CO. INC.		1,904,512	1,900,000	1,886,073	1,889,288		516		516		1,889,805		14,707	14,707	28,993	06/01/2023..
50179M-AH-4..	LB UBS CMS TR 2006 C6 AJ.		12/11/2016..	VARIOUS.		92,413	92,413	98,023	95,973		(3,560)		(3,560)		92,413				3,973	09/15/2039..
589929-Y3-6..	MERRILL LYNCH MLCC 2003-E A1.		12/25/2016..	VARIOUS.		28,004	28,004	26,691	1,266		1,266		1,266		28,004				162	10/25/2028..
60687U-AG-2..	ML CFC CMS TR 2006 2 AM.		10/01/2016..	DIRECT.		2,500,000	2,500,000	2,553,516	2,535,214		(35,214)		(35,214)		2,500,000				67,460	06/12/2046..
61744C-EA-0..	MORGAN STAN CAP 2004-SD2 M1.		08/11/2016..	PIERPONT SECURITIES LLC.		663,034	738,757	681,734	691,546		4,198		4,198		695,744		(32,710)	(32,710)	6,529	04/25/2034..
61746B-DC-7..	MORGAN STANLEY.		01/22/2016..	MORGAN STANLEY.		998,004	1,000,000	967,370	992,977		628		628		993,604		4,400	4,400	2,193	10/18/2016..
61747Y-DT-9..	MORGAN STANLEY.		05/13/2016..	VARIOUS.		3,609,404	3,500,000	3,822,595	3,640,634		(36,225)		(36,225)		3,604,408		4,996	4,996	98,483	03/22/2017..
61750C-AH-0..	MORGAN STANLEY CAP 2006 H09 AJ.		12/01/2016..	VARIOUS.		986,160	986,160	1,059,814	1,031,911		(45,751)		(45,751)		986,160				32,782	07/12/2044..
61750W-AX-1..	MORGAN STANLEY CAP 2006 I012 A.		10/01/2016..	DIRECT.		872,233	872,233	876,968	870,884		1,350		1,350		872,233				26,127	12/15/2043..
68400X-BH-2..	OPT ONE MORT LOAN 003-3 A1.		12/27/2016..	VARIOUS.		72,991	72,991	68,885	68,968		4,023		4,023		72,991				364	06/25/2033..
71085P-BM-4..	PEOPLES CHOICE HOME 2005-1 M3.		02/25/2016..	DIRECT.		108,465	108,465	106,838	108,030		436		436		108,465				181	02/26/2035..
71085P-BM-4..	PEOPLES CHOICE HOME 2005-1 M3.		12/27/2016..	VARIOUS.		400,306	400,306	394,301	398,701		1,607		1,607		400,306				3,519	02/26/2035..
759950-BG-2..	RENAISSANCE HOME EQ 2003-3 M1.		12/27/2016..	VARIOUS.		110,269	110,269	77,189	86,046		24,228		24,228		110,269				791	12/25/2033..
80283X-AE-7..	SANTANDER DRIVE AUTO 2014-3 B.		12/15/2016..	VARIOUS.		879,221	879,221	879,049	878,881		340		340		879,221				9,009	05/15/2019..
81744Y-AA-4..	SEQUOIA MORTGAGE 2013-4 A1.		12/01/2016..	VARIOUS.		553,275	553,275	542,556	543,584		9,692		9,692		553,275				7,068	04/27/2043..
83611M-GS-1..	SOUNDVIEW HOME 2005-OPT3 A4.		02/25/2016..	DIRECT.		84,381	84,381	80,279	84,285		97		97		84,381				54	11/25/2035..
83611M-GS-1..	SOUNDVIEW HOME 2005-OPT3 A4.		10/01/2016..	DIRECT.		46,583	46,583	44,319	46,530		53		53		46,583				89	11/25/2035..
90521A-PG-7..	MJFG UNION BANK NA.	C.	09/26/2016..	MATURITY.		1,000,000	1,000,000	1,000,000	1,000,000						1,000,000				10,422	09/26/2016..
92343V-BL-7..	VERIZON COMMUNICATIONS.		01/22/2016..	WELLS FARGO SECURITIES LLC.		402,544	400,000	400,000	400,000						400,000		2,544	2,544	976	09/15/2016..
92857W-BC-3..	VODAFONE GROUP PLC.	C.	05/12/2016..	MORGAN STANLEY.		1,998,480	2,000,000	1,990,740	1,993,119		327		327		1,993,446		5,034	5,034	43,922	02/19/2023..
92936W-AC-1..	WPP FINANCE 2010.	C.	03/17/2016..	PIERPONT SECURITIES.		504,185	500,000	497,860	498,443		46		46		498,489		5,696	5,696	9,818	09/07/2022..
92976B-DX-7..	WACHOVIA BANK CMT 2006 C23 AJ.		11/01/2016..	DIRECT.		2,513,560	2,513,560	2,622,350	2,519,336		(5,776)		(5,776)		2,513,560				11,552	01/15/2045..
92978P-AE-9..	WACHOVIA BANK CMT 2006 C29 A4.		10/18/2016..	DIRECT.		950,953	950,953	955,658	950,154		799		799		950,953				30,892	11/15/2048..
942683-AF-0..	ACTAVIS INC.	C.	03/14/2016..	JEFFERIES LLC. [GOVT/EQUITY]		1,387,980	1,375,000	1,363,519	1,366,841		224		224		1,367,065		20,915	20,915	20,606	10/01/2022..
94974B-FJ-4..	WELLS FARGO & COMPANY.		11/14/2016..	US BANK.		3,712,338	3,675,000	3,675,352	3,675,271		(30)		(30)		3,675,241		37,097	37,097	159,893	02/13/2023..
94980V-AF-5..	WELLS FARGO BANK NA.		06/01/2016..	MATURITY.		2,000,000	2,000,000	1,766,980	1,980,218		19,782		19,782		2,000,000				7,063	05/16/2016..
98160Q-AD-4..	WORLD OMNI AUTO 2014-B A3.		12/15/2016..	VARIOUS.		302,439	302,439	302,398	302,413		26		26		302,439				2,465	01/15/2020..
98417E-AB-6..	XSTRATA FINANCE CANADA	C.	11/15/2016..	MATURITY.		3,000,000	3,000,000	3,290,600	3,089,041		(89,041)		(89,041)		3,000,000				174,000	11/15/2016..
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						87,649,029	87,938,313	87,422,507	84,679,309		(199,499)		(199,499)		87,307,300		341,729	341,729	1,724,973	XXX
025816-AU-3..	AMERICAN EXPRESS COMPANY.		09/01/2016..	REDEMPTION.		1,500,000	1,500,000	1,518,750	1,513,899		(13,899)		(13,899)		1,500,000				102,000	09/01/2066..
369626-3M-4..	GENERAL ELECTRIC CAPITAL CORP.		02/02/2016..	TENDER/PURCHASE OFFER.		4,315,000	4,000,000	4,335,000	4,176,575		(8,308)		(8,308)		4,168,267		146,733	146,733	55,250	11/15/2067..
404280-AU-3..	HSBC HOLDINGS PLC.	C.	11/14/2016..	NO BROKER.		1,509,405	1,500,000	1,487,700	1,488,068		895		895		1,488,962				20,443	08/18/2025..
4899999 - Bonds - Hybrid Securities						7,324,405	7,000,000	7,341,450	7,178,542		(21,313)		(21,313)		7,157,229		167,176	167,176	236,760	XXX
8399997 - Bonds - Subtotals - Bonds - Part 4						143,122,141	150,143,333	141,760,479	135,570,389	100,221	(1,033,521)		(933,300)		141,128,953		1,993,188	1,993,188	3,321,305	XXX
8399998 - Bonds - Summary item from Part 5 for Bonds						5,111,424	18,004,148	5,154,032			(11,339)		(11,339)		5,142,693		(31,269)	(31,269)	45,501	XXX
8399999 -						148,233,565	168,147,481	146,914,511	135,570,389	100,221	(1,044,860)		(944,639)		146,271,646		1,961,919	1,961,919	3,366,806	XXX
9999999 Totals						148,233,565	XXX	146,914,511	135,570,389	100,221	(1,044,860)		(944,639)		146,271,646		1,961,919	1,961,919	3,366,806	XXX

E15

E15

E15

E15

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE D - PART 6 - SECTION 1

[illegible]

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

SCHEDULE D - PART 6 - SECTION 2

1	2	3	4	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
CUSIP Identification	Name of Lower-Tier Company	Name of Company Listed in Section 1 Which Controls Lower-Tier Company	Total Amount of Intangible Assets Included in Amount Shown in Column 8, Section 1	5 Number of Shares	6 % of Outstanding
NONE					
0399999 Totals - Preferred and Common				XXX	XXX

E17

E17

E17

E17

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 2 - CASH EQUIVALENTS

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE ACA Financial Guaranty Corporation

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States, etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama.....AL						
2. Alaska.....AK						
3. Arizona.....AZ						
4. Arkansas.....AR						
5. California.....CA						
6. Colorado.....CO						
7. Connecticut.....CT						
8. Delaware.....DE						
9. District of Columbia.....DC						
10. Florida.....FL						
11. Georgia.....GA	ST	RSD for Financial Guaranty.....			.61,785	.61,785
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.....	2,406,329	2,406,648		
22. Massachusetts.....MA	B	RSD for Financial Guaranty.....			101,381	.98,531
23. Michigan.....MI						
24. Minnesota.....MN						
25. Mississippi.....MS						
26. Missouri.....MO						
27. Montana.....MT						
28. Nebraska.....NE						
29. Nevada.....NV						
30. New Hampshire.....NH						
31. New Jersey.....NJ						
32. New Mexico.....NM	B	RSD for Financial Guaranty.....			120,244	120,269
33. New York.....NY						
34. North Carolina.....NC	B	RSD for Financial Guaranty.....			200,527	200,554
35. North Dakota.....ND						
36. Ohio.....OH						
37. Oklahoma.....OK						
38. Oregon.....OR	B	RSD for Financial Guaranty.....			291,100	290,280
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.....			275,725	275,762
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.....			.784,788	.790,185
55. US Virgin Islands.....VI	B	RSD for Financial Guaranty.....			501,319	501,385
56. Northern Mariana Islands.....MP						
57. Canada.....CAN						
58. Aggregate Other Alien.....OT	XXX	XXX				
59. Total	XXX	XXX	2,406,329	2,406,648	2,386,869	2,388,751
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 – 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