



ANNUAL STATEMENT  
For the Year Ended December 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE  
MUNICIPAL ASSURANCE CORP.

|                                       |                                 |                |   |  |                                |            |
|---------------------------------------|---------------------------------|----------------|---|--|--------------------------------|------------|
| NAIC Group Code                       | 0194                            | 0194           | NAIC Company Code                           | 13559                                      | Employer's ID Number           | 26-2999764 |
|                                       | (Current Period)                | (Prior Period) |   |  |                                |            |
| Organized under the Laws of           | New York                        |                |   | State of Domicile or Port of Entry         | New York                       |            |
| Country of Domicile                   | United States                   |                |   |  |                                |            |
| Incorporated/Organized                | 08/21/2008                      |                | Commenced Business                          | 10/20/2008                                 |                                |            |
| Statutory Home Office                 | 1633 Broadway                   |                | New York, NY, US 10019                      |  |                                |            |
|                                       | (Street and Number)             |                | (City or Town, State, Country and Zip Code) |  |                                |            |
| Main Administrative Office            | 1633 Broadway                   |                | New York, NY, US 10019                      |  | 212-974-0100                   |            |
|                                       | (Street and Number)             |                | (City or Town, State, Country and Zip Code) |  | (Area Code) (Telephone Number) |            |
| Mail Address                          | 1633 Broadway                   |                | New York, NY, US 10019                      |  |                                |            |
|                                       | (Street and Number or P.O. Box) |                | (City or Town, State, Country and Zip Code) |  |                                |            |
| Primary Location of Books and Records | 1633 Broadway                   |                | New York, NY, US 10019                      |  | 212-974-0100                   |            |
|                                       | (Street and Number)             |                | (City or Town, State, Country and Zip Code) |  | (Area Code) (Telephone Number) |            |
| Internet Web Site Address             | www.assuredguaranty.com         |                |   |  |                                |            |
| Statutory Statement Contact           | John Mahlon Ringler             |                |   | 212-974-0100                               |                                |            |
|                                       | (Name)                          |                |   | (Area Code) (Telephone Number) (Extension) |                                |            |
|                                       | JRingler@agltd.com              |                |   | 212-581-3268                               |                                |            |
|                                       | (E-Mail Address)                |                |   | (Fax Number)                               |                                |            |

OFFICERS

| Name                   | Title                               | Name                   | Title                                |
|------------------------|-------------------------------------|------------------------|--------------------------------------|
| Dominic John Frederico | President & Chief Executive Officer | James Michael Michener | Executive Vice President & Secretary |
| Donald Hal Paston      | Treasurer                           |                        |                                      |

OTHER OFFICERS

|                     |  |                         |                            |
|---------------------|--|-------------------------|----------------------------|
| Howard Wayne Albert | Chief Risk Officer                     | Robert Adam Bailenson   | Chief Financial Officer    |
| Laura Ann Bieling   | Controller                             | Russell Brown Brewer II | Chief Surveillance Officer |
| Gon Ling Chow       | U.S. General Counsel & Asst. Secretary | Stephen Donnarumma      | Chief Credit Officer       |
| John Mahlon Ringler | Vice President Regulatory Reporting    | Benjamin Gad Rosenblum  | Chief Actuary              |
| Bruce Elliot Stern  | Executive Officer                      |                         |                            |

DIRECTORS OR TRUSTEES

|                        |                        |                         |                   |
|------------------------|------------------------|-------------------------|-------------------|
| Howard Wayne Albert    | Robert Adam Bailenson  | Russell Brown Brewer II | Gon Ling Chow     |
| Stephen Donnarumma     | Dominic John Frederico | James Michael Michener  | Donald Hal Paston |
| Benjamin Gad Rosenblum | Bruce Elliot Stern     |                         |                   |

State of New York

County of New York

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.

|                                     |                                      |                   |
|-------------------------------------|--------------------------------------|-------------------|
|                                     |                                      |                   |
| Dominic John Frederico              | James Michael Michener               | Donald Hal Paston |
| President & Chief Executive Officer | Executive Vice President & Secretary | Treasurer         |

Subscribed and sworn to before me this 23rd day of February, 2017

EILEEN M. LANZISERA  
Notary Public, State of New York  
No. 01LA4728044  
Qualified in Nassau County  
Commission Expires Jan. 31, 2019

- 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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

ASSETS

|  | Current Year  |                    |                                      | Prior Year             |
|--|---------------|--------------------|--------------------------------------|------------------------|
|  | 1             | 2                  | 3                                    | 4                      |
|  | Assets        | Nonadmitted Assets | Net Admitted Assets<br>(Cols. 1 - 2) | Net Admitted<br>Assets |
| 1. Bonds (Schedule D).....   | 1,041,139,558 |                    | 1,041,139,558                        | 1,463,400,550          |
| 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<br>\$ ..... encumbrances).....  |               |                    |                                      |                        |
| 4.2 Properties held for the production of income<br>(less \$ ..... encumbrances) .....   |               |                    |                                      |                        |
| 4.3 Properties held for sale (less<br>\$ ..... encumbrances) .....   |               |                    |                                      |                        |
| 5. Cash (\$ .....958,893 , Schedule E-Part 1), cash equivalents<br>(\$ .....18,089,818 , Schedule E-Part 2) and short-term<br>investments (\$ .....134,999 , Schedule DA)..... | 19,183,711    |                    | 19,183,711                           | 4,338,551              |
| 6. Contract loans (including \$ ..... premium notes).....  |               |                    |                                      |                        |
| 7. Derivatives (Schedule DB).....  |               |                    |                                      |                        |
| 8. Other invested assets (Schedule BA) .....   | 25,577,338    |                    | 25,577,338                           | 15,000,000             |
| 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) .....  | 1,085,900,607 |                    | 1,085,900,607                        | 1,482,739,101          |
| 13. Title plants less \$ ..... charged off (for Title insurers<br>only).....   |               |                    |                                      |                        |
| 14. Investment income due and accrued .....  | 12,791,741    |                    | 12,791,741                           | 17,746,234             |
| 15. Premiums and considerations:   |               |                    |                                      |                        |
| 15.1 Uncollected premiums and agents' balances in the course of<br>collection .....  | 86,561        |                    | 86,561                               | 108,788                |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due (including \$ ..... earned<br>but unbilled premiums).....                     |               |                    |                                      |                        |
| 15.3 Accrued retrospective premiums (\$ ..... ) and<br>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.....   | 8,966,008     | 2,925,466          | 6,040,542                            | 8,711,899              |
| 19. Guaranty funds receivable or on deposit .....  |               |                    |                                      |                        |
| 20. Electronic data processing equipment and software.....   |               |                    |                                      |                        |
| 21. Furniture and equipment, including health care delivery assets<br>(\$ ..... ) .....  |               |                    |                                      |                        |
| 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 .....   | 3,207,854     | 3,207,854          |                                      |                        |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25).....   | 1,110,952,771 | 6,133,320          | 1,104,819,451                        | 1,509,306,022          |
| 27. From Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts.....  |               |                    |                                      |                        |
| 28. Total (Lines 26 and 27)  | 1,110,952,771 | 6,133,320          | 1,104,819,451                        | 1,509,306,022          |
| 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. Miscellaneous Receivables.....   | 3,175,355     | 3,175,355          |                                      |                        |
| 2502. Prepaid Assets.....  | 32,499        | 32,499             |                                      |                        |
| 2503. ....   |               |                    |                                      |                        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  |               |                    |                                      |                        |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)   | 3,207,854     | 3,207,854          |                                      |                        |

LIABILITIES, SURPLUS AND OTHER FUNDS

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) .....   |                   |                 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....  | 4,226             |                 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....   |                   |                 |
| 4. Commissions payable, contingent commissions and other similar charges .....   |                   |                 |
| 5. Other expenses (excluding taxes, licenses and fees) .....   | 930,968           | 1,092,845       |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....   | (47,166)          | (253,093)       |
| 7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....   | 14,648,899        | 19,486,995      |
| 7.2 Net deferred tax liability .....   |                   |                 |
| 8. Borrowed money \$ ..... and interest thereon \$ .....   |                   |                 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) ..... | 332,918,398       | 468,965,284     |
| 10. Advance premium .....  |                   |                 |
| 11. Dividends declared and unpaid:   |                   |                 |
| 11.1 Stockholders .....  |                   |                 |
| 11.2 Policyholders .....   |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....   |                   |                 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....   |                   |                 |
| 14. Amounts withheld or retained by company for account of others .....  |                   |                 |
| 15. Remittances and items not allocated .....  |                   |                 |
| 16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 8) .....  |                   |                 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....  |                   |                 |
| 18. Drafts outstanding .....   |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates .....   | 8,905,587         | 8,311,328       |
| 20. Derivatives .....  |                   |                 |
| 21. Payable for securities .....   |                   |                 |
| 22. Payable for securities lending .....   |                   |                 |
| 23. Liability for amounts held under uninsured plans .....   |                   |                 |
| 24. Capital notes \$ ..... and interest thereon \$ .....   |                   |                 |
| 25. Aggregate write-ins for liabilities .....  | 260,512,043       | 282,195,113     |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....  | 617,872,955       | 779,798,472     |
| 27. Protected cell liabilities .....   |                   |                 |
| 28. Total liabilities (Lines 26 and 27) .....  | 617,872,955       | 779,798,472     |
| 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 .....  |                   | 400,000,000     |
| 34. Gross paid in and contributed surplus .....  | 373,670,408       | 373,670,408     |
| 35. Unassigned funds (surplus) .....   | 98,276,088        | (59,162,859)    |
| 36. Less treasury stock, at cost:  |                   |                 |
| 36.1 ..... shares common (value included in Line 30 \$ .....)  |                   |                 |
| 36.2 ..... shares preferred (value included in Line 31 \$ .....)   |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....   | 486,946,496       | 729,507,549     |
| 38. Totals (Page 2, Line 28, Col. 3)   | 1,104,819,451     | 1,509,306,021   |
| DETAILS OF WRITE-INS   |                   |                 |
| 2501. Contingency Reserve .....  | 260,496,770       | 282,192,791     |
| 2502. Miscellaneous Liability .....  | 15,273            | 2,322           |
| 2503. ....   |                   |                 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  |                   |                 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)   | 260,512,043       | 282,195,113     |
| 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<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| UNDERWRITING INCOME   |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4) .....  | 137,219,600       | 118,057,404     |
| DEDUCTIONS:   |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7) .....  | (7,107)           |                 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....  | 13,037            |                 |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....   | 18,661,430        | 16,737,551      |
| 5. Aggregate write-ins for underwriting deductions .....  |                   |                 |
| 6. Total underwriting deductions (Lines 2 through 5) .....  | 18,667,360        | 16,737,551      |
| 7. Net income of protected cells .....  |                   |                 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....   | 118,552,240       | 101,319,853     |
| INVESTMENT INCOME   |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....   | 31,753,639        | 33,350,921      |
| 10. Net realized capital gains (losses) less capital gains tax of \$ .....4,812,530 (Exhibit of Capital Gains (Losses))...                                    | 8,937,557         | (156,952)       |
| 11. Net investment gain (loss) (Lines 9 + 10) .....   | 40,691,196        | 33,193,969      |
| OTHER INCOME  |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....                               |                   |                 |
| 13. Finance and service charges not included in premiums .....  |                   |                 |
| 14. Aggregate write-ins for miscellaneous income .....  | (6)               |                 |
| 15. Total other income (Lines 12 through 14) .....  | (6)               |                 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....     | 159,243,430       | 134,513,822     |
| 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) ..... | 159,243,430       | 134,513,822     |
| 19. Federal and foreign income taxes incurred .....   | 17,645,980        | 32,594,594      |
| 20. Net income (Line 18 minus Line 19) (to Line 22) .....   | 141,597,450       | 101,919,228     |
| CAPITAL AND SURPLUS ACCOUNT   |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....  | 729,507,549       | 611,534,491     |
| 22. Net income (from Line 20) .....   | 141,597,450       | 101,919,228     |
| 23. Net transfers (to) from Protected Cell accounts .....   |                   |                 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....   |                   |                 |
| 25. Change in net unrealized foreign exchange capital gain (loss) .....   |                   |                 |
| 26. Change in net deferred income tax .....   | (4,647,958)       | (3,556,450)     |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....   | (1,206,566)       | 1,735,913       |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....  |                   |                 |
| 29. Change in surplus notes .....   | (400,000,000)     |                 |
| 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 .....   | 21,696,021        | 17,874,367      |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....   | (242,561,053)     | 117,973,058     |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....   | 486,946,496       | 729,507,549     |
| 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.....   | (6)               |                 |
| 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) .....  | (6)               |                 |
| 3701. Change in Contingency Reserve.....  | 21,696,021        | 17,874,367      |
| 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) .....  | 21,696,021        | 17,874,367      |

CASH FLOW

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>Cash from Operations</b>   |                   |                 |
| 1. Premiums collected net of reinsurance .....  | (1,980,415)       | 3,342,137       |
| 2. Net investment income .....  | 55,598,179        | 57,415,284      |
| 3. Miscellaneous income .....   | (6)               |                 |
| 4. Total (Lines 1 through 3) .....  | 53,617,758        | 60,757,421      |
| 5. Benefit and loss related payments .....  | (7,107)           |                 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....                                      | 18,025,133        | 18,373,930      |
| 8. Dividends paid to policyholders .....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....        | 27,296,606        | 18,765,438      |
| 10. Total (Lines 5 through 9) .....   | 45,314,632        | 37,139,368      |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | 8,303,126         | 23,618,053      |
| <b>Cash from Investments</b>  |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:  |                   |                 |
| 12.1 Bonds .....  | 198,849,664       | 62,960,876      |
| 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 .....                           | 234               | 4               |
| 12.7 Miscellaneous proceeds .....   |                   |                 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 198,849,898       | 62,960,880      |
| 13. Cost of investments acquired (long-term only):  |                   |                 |
| 13.1 Bonds .....  | 40,548,870        | 110,992,233     |
| 13.2 Stocks .....   |                   |                 |
| 13.3 Mortgage loans .....   |                   |                 |
| 13.4 Real estate .....  |                   |                 |
| 13.5 Other invested assets .....  | 10,577,338        |                 |
| 13.6 Miscellaneous applications .....   |                   |                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 51,126,208        | 110,992,233     |
| 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) .....                                   | 147,723,690       | (48,031,353)    |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                   |                 |
| 16. Cash provided (applied):  |                   |                 |
| 16.1 Surplus notes, capital notes .....   | (141,181,657)     |                 |
| 16.2 Capital and paid in surplus, less treasury stock .....   |                   |                 |
| 16.3 Borrowed funds .....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                               |                   |                 |
| 16.5 Dividends to stockholders .....  |                   |                 |
| 16.6 Other cash provided (applied) .....  | 1                 |                 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | (141,181,656)     |                 |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                      |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....       | 14,845,160        | (24,413,300)    |
| 19. Cash, cash equivalents and short-term investments:  |                   |                 |
| 19.1 Beginning of year .....  | 4,338,551         | 28,751,851      |
| 19.2 End of year (Line 18 plus Line 19.1) .....   | 19,183,711        | 4,338,551       |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

| Line of Business     |  | 1<br>Net Premiums<br>Written per<br>Column 6, Part 1B | 2<br>Unearned Premiums<br>Dec. 31 Prior Year -<br>per Col. 3, Last Year's<br>Part 1 | 3<br>Unearned Premiums<br>Dec. 31 Current<br>Year - per Col. 5<br>Part 1A | 4<br>Premiums Earned<br>During Year<br>(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 .....   | 1,172,714   | 468,965,284   | 332,918,398   | 137,219,600  |
| 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   | 1,172,714   | 468,965,284   | 332,918,398   | 137,219,600  |
| 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<br>Amount Unearned<br>(Running One Year or<br>Less from Date of<br>Policy)<br>(a) | 2<br>Amount Unearned<br>(Running More Than<br>One Year from Date<br>of Policy)<br>(a) | 3<br><br>Earned<br>but<br>Unbilled Premium | 4<br>Reserve for Rate<br>Credits and<br>Retrospective<br>Adjustments Based<br>on Experience | 5<br><br>Total Reserve<br>for<br>Unearned Premiums<br>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 .....   |   | 332,918,398   |  |   | 332,918,398   |
| 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<br>lines .....       |   |   |  |   |   |
| 34.                  | Aggregate write-ins for other lines of business .....              |   |   |  |   |   |
| 35.                  | TOTALS   |   | 332,918,398   |  |   | 332,918,398   |
| 36.                  | Accrued retrospective premiums based on experience .....           |   |   |  |   |   |
| 37.                  | Earned but unbilled premiums .....                                 |   |   |  |   |   |
| 38.                  | Balance (Sum of Lines 35 through 37)                               |   |   |  |   | 332,918,398   |
| DETAILS OF WRITE-INS |  |   |   |  |   |   |
| 3401.                | .....  |   |   |  |   |   |
| 3402.                | .....  |   |   |  |   |   |
| 3403.                | .....  |   |   |  |   |   |
| 3498.                | Sum. of remaining write-ins for Line 34 from<br>overflow page..... |   |   |  |   |   |
| 3499.                | Totals (Lines 3401 through 3403 plus 3498) (Line<br>34 above)      |   |   |  |   |   |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

| Line of Business   | 1<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written Cols.<br>1 + 2 + 3 - 4 - 5 |
|--|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---|
|  |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>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 .....   | 4,145,048                      | 258,666                 |                             |                       | 3,231,000                 | 1,172,714   |
| 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   | 4,145,048                      | 258,666                 |                             |                       | 3,231,000                 | 1,172,714   |
| 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    [    ]    No    [ X ]

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

| Line of Business     |  | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | 6<br>Net Losses<br>Unpaid<br>Prior Year | 7<br>Losses Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br>Percentage of Losses<br>Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
|----------------------|--|--------------------------|-----------------------------|-------------------------------|--|--|---|---|---|
|                      |  | 1<br>Direct Business     | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net Payments<br>(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 .....   |                          | (7, 107)                    |                               | (7, 107)                               |  |   | (7, 107)  | 0.0   |
| 11.1                 | Medical professional liability-occurrence .....                  |                          |                             |                               |  |  |   |   |   |
| 11.2                 | Medical professional liability-claims-made .....                 |                          |                             |                               |  |  |   |   |   |
| 12.                  | Earthquake .....   |                          |                             |                               |  |  |   |   |   |
| 13.                  | Group accident and health .....                                  |                          |                             |                               |  |  |   |   |   |
| 14.                  | Credit accident and health (group and individual) .....          |                          |                             |                               |  |  |   |   |   |
| 15.                  | Other accident and health .....                                  |                          |                             |                               |  |  |   |   |   |
| 16.                  | Workers' compensation .....                                      |                          |                             |                               |  |  |   |   |   |
| 17.1                 | Other liability-occurrence .....                                 |                          |                             |                               |  |  |   |   |   |
| 17.2                 | Other liability-claims-made .....                                |                          |                             |                               |  |  |   |   |   |
| 17.3                 | Excess workers' compensation .....                               |                          |                             |                               |  |  |   |   |   |
| 18.1                 | Products liability-occurrence .....                              |                          |                             |                               |  |  |   |   |   |
| 18.2                 | Products liability-claims-made .....                             |                          |                             |                               |  |  |   |   |   |
| 19.1,19.2            | Private passenger auto liability .....                           |                          |                             |                               |  |  |   |   |   |
| 19.3,19.4            | Commercial auto liability .....                                  |                          |                             |                               |  |  |   |   |   |
| 21.                  | Auto physical damage .....                                       |                          |                             |                               |  |  |   |   |   |
| 22.                  | Aircraft (all perils) .....                                      |                          |                             |                               |  |  |   |   |   |
| 23.                  | Fidelity .....   |                          |                             |                               |  |  |   |   |   |
| 24.                  | Surety .....   |                          |                             |                               |  |  |   |   |   |
| 26.                  | Burglary and theft .....   |                          |                             |                               |  |  |   |   |   |
| 27.                  | Boiler and machinery .....                                       |                          |                             |                               |  |  |   |   |   |
| 28.                  | Credit .....   |                          |                             |                               |  |  |   |   |   |
| 29.                  | International .....  |                          |                             |                               |  |  |   |   |   |
| 30.                  | Warranty .....   |                          |                             |                               |  |  |   |   |   |
| 31.                  | Reinsurance-nonproportional assumed property .....               | XXX                      |                             |                               |  |  |   |   |   |
| 32.                  | Reinsurance-nonproportional assumed liability .....              | XXX                      |                             |                               |  |  |   |   |   |
| 33.                  | Reinsurance-nonproportional assumed financial lines .....        | XXX                      |                             |                               |  |  |   |   |   |
| 34.                  | Aggregate write-ins for other lines of business .....            |                          |                             |                               |  |  |   |   |   |
| 35.                  | TOTALS .....   |                          | (7, 107)                    |                               | (7, 107)                               |  |   | (7, 107)  | 0.0   |
| DETAILS OF WRITE-INS |  |                          |                             |                               |  |  |   |   |   |
| 3401.                | .....  |                          |                             |                               |  |  |   |   |   |
| 3402.                | .....  |                          |                             |                               |  |  |   |   |   |
| 3403.                | .....  |                          |                             |                               |  |  |   |   |   |
| 3498.                | Sum. of remaining write-ins for Line 34 from overflow page ..... |                          |                             |                               |  |  |   |   |   |
| 3499.                | Totals (Lines 3401 through 3403 + 3498) (Line 34 above) .....    |                          |                             |                               |  |  |   |   |   |

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

| Line of Business   | Reported Losses |                     |                                |  | Incurred But Not Reported |                     |                   | 8                                       | 9                                   |
|--|-----------------|---------------------|--------------------------------|--|---------------------------|---------------------|-------------------|---|-------------------------------------|
|  | 1               | 2                   | 3                              | 4  | 5                         | 6                   | 7                 |   |                                     |
|  | Direct          | Reinsurance Assumed | Deduct Reinsurance Recoverable | Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | Direct                    | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. Fire .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 2. Allied lines .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3. Farmowners multiple peril .....                                     |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 4. Homeowners multiple peril .....                                     |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 5. Commercial multiple peril .....                                     |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 6. Mortgage guaranty .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 8. Ocean marine .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 9. Inland marine .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 10. Financial guaranty .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 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 .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 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<br>Expenses | Other Underwriting<br>Expenses | Investment<br>Expenses | Total          |
| 1. Claim adjustment services:  |                             |                                |                        |                |
| 1.1 Direct .....   |                             |                                |                        |                |
| 1.2 Reinsurance assumed .....  | 13,037                      |                                |                        | 13,037         |
| 1.3 Reinsurance ceded .....  |                             |                                |                        |                |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....                                  | 13,037                      |                                |                        | 13,037         |
| 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 .....   |                             | 524,640                        |                        | 524,640        |
| 5. Boards, bureaus and associations .....  |                             | 7,430                          |                        | 7,430          |
| 6. Surveys and underwriting reports .....  |                             | 1,423,177                      |                        | 1,423,177      |
| 7. Audit of assureds' records .....  |                             |                                |                        |                |
| 8. Salary and related items:   |                             |                                |                        |                |
| 8.1 Salaries .....   |                             | 10,769,375                     |                        | 10,769,375     |
| 8.2 Payroll taxes .....  |                             | 345,190                        |                        | 345,190        |
| 9. Employee relations and welfare .....  |                             | 601,665                        |                        | 601,665        |
| 10. Insurance .....  |                             | 89,683                         |                        | 89,683         |
| 11. Directors' fees .....  |                             |                                |                        |                |
| 12. Travel and travel items .....  |                             | 321,956                        |                        | 321,956        |
| 13. Rent and rent items .....  |                             | 2,123,145                      |                        | 2,123,145      |
| 14. Equipment .....  |                             | 570,890                        |                        | 570,890        |
| 15. Cost or depreciation of EDP equipment and software .....                               |                             | 159,093                        |                        | 159,093        |
| 16. Printing and stationery .....  |                             | 31,021                         |                        | 31,021         |
| 17. Postage, telephone and telegraph, exchange and express .....                           |                             | 34,277                         |                        | 34,277         |
| 18. Legal and auditing .....   |                             | 336,147                        |                        | 336,147        |
| 19. Totals (Lines 3 to 18) .....   |                             | 17,337,689                     |                        | 17,337,689     |
| 20. Taxes, licenses and fees:  |                             |                                |                        |                |
| 20.1 State and local insurance taxes deducting guaranty association<br>credits of \$ ..... |                             | 721,895                        |                        | 721,895        |
| 20.2 Insurance department licenses and fees .....  |                             | 89,277                         |                        | 89,277         |
| 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) .....                      |                             | 811,172                        |                        | 811,172        |
| 21. Real estate expenses .....   |                             |                                |                        |                |
| 22. Real estate taxes .....  |                             |                                |                        |                |
| 23. Reimbursements by uninsured plans .....  |                             |                                |                        |                |
| 24. Aggregate write-ins for miscellaneous expenses .....                                   |                             | 512,569                        | 3,832,580              | 4,345,149      |
| 25. Total expenses incurred .....  | 13,037                      | 18,661,430                     | 3,832,580              | (a) 22,507,047 |
| 26. Less unpaid expenses-current year .....  |                             | 505,109                        | 378,693                | 883,802        |
| 27. Add unpaid expenses-prior year .....   |                             | 459,397                        | 380,355                | 839,752        |
| 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)                                     | 13,037                      | 18,615,718                     | 3,834,242              | 22,462,997     |
| DETAILS OF WRITE-INS   |                             |                                |                        |                |
| 2401. Investment Management Expense and Interest Expense.....                              |                             |                                | 3,832,580              | 3,832,580      |
| 2402. Bank Fees.....   |                             | 4,533                          |                        | 4,533          |
| 2403. Outside Services Fees.....   |                             | 372,662                        |                        | 372,662        |
| 2498. Summary of remaining write-ins for Line 24 from overflow page .....                  |                             | 135,374                        |                        | 135,374        |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)                           |                             | 512,569                        | 3,832,580              | 4,345,149      |

(a) Includes management fees of \$ ..... to affiliates and \$ .....1,332,580 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

|                      |   | 1                        | 2                     |
|----------------------|---|--------------------------|-----------------------|
|                      |   | Collected<br>During Year | Earned<br>During Year |
| 1.                   | U.S. Government bonds .....   | (a).....702,857          | .....702,084          |
| 1.1                  | Bonds exempt from U.S. tax .....  | (a).....35,912,881       | .....31,290,943       |
| 1.2                  | Other bonds (unaffiliated) .....  | (a).....                 | .....                 |
| 1.3                  | Bonds of affiliates .....   | (a).....3,886,810        | .....3,554,936        |
| 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).....38,164           | .....38,256           |
| 7.                   | Derivative instruments .....  | (f).....                 | .....                 |
| 8.                   | Other invested assets .....   | .....                    | .....                 |
| 9.                   | Aggregate write-ins for investment income .....                           | .....                    | .....                 |
| 10.                  | Total gross investment income .....                                       | 40,540,712               | 35,586,219            |
| 11.                  | Investment expenses .....   |                          | (g).....1,332,580     |
| 12.                  | Investment taxes, licenses and fees, excluding federal income taxes ..... |                          | (g).....              |
| 13.                  | Interest expense .....  |                          | (h).....2,500,000     |
| 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) .....                              |                          | .....3,832,580        |
| 17.                  | Net investment income (Line 10 minus Line 16) .....                       |                          | 31,753,639            |
| DETAILS OF WRITE-INS |   |                          |                       |
| 0901.                | .....   | .....                    | .....                 |
| 0902.                | .....   | .....                    | .....                 |
| 0903.                | .....   | .....                    | .....                 |
| 0998.                | Summary of remaining write-ins for Line 9 from overflow page .....        |                          | .....                 |
| 0999.                | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....           |                          | .....                 |
| 1501.                | .....   |                          | .....                 |
| 1502.                | .....   |                          | .....                 |
| 1503.                | .....   |                          | .....                 |
| 1598.                | Summary of remaining write-ins for Line 15 from overflow page .....       |                          | .....                 |
| 1599.                | Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....          |                          | .....                 |

(a) Includes \$ .....1,898,387 accrual of discount less \$ .....22,108,267 amortization of premium and less \$ .....36,430 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 \$ .....12,601 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 \$ .....1,332,580 investment expenses and \$ .....investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$ .....2,500,000 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<br>Gain (Loss)<br>On Sales or<br>Maturity | Other<br>Realized<br>Adjustments | Total Realized Capital<br>Gain (Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized Capital<br>Gain (Loss) | Change in<br>Unrealized Foreign<br>Exchange Capital<br>Gain (Loss) |
| 1.                   | U.S. Government bonds .....  | .....2,601   |                                  | .....2,601   |  |  |
| 1.1                  | Bonds exempt from U.S. tax .....                                   | .....12,098,053                                    |                                  | .....12,098,053  |  |  |
| 1.2                  | Other bonds (unaffiliated) .....                                   | .....1,649,202                                     |                                  | .....1,649,202   |  |  |
| 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 .....            | .....231   |                                  | .....231   |  |  |
| 7.                   | Derivative instruments .....                                       |  |                                  |  |  |  |
| 8.                   | Other invested assets .....  |  |                                  |  |  |  |
| 9.                   | Aggregate write-ins for capital gains (losses) .....               |  |                                  |  |  |  |
| 10.                  | Total capital gains (losses) .....                                 | 13,750,087   |                                  | 13,750,087   |  |  |
| 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<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(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<br>short-term investments (Schedule DA).....     |  |  |  |
| 6. Contract loans .....  |  |  |  |
| 7. Derivatives (Schedule DB).....  |  |  |  |
| 8. Other invested assets (Schedule BA) .....   |  |  |  |
| 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) .....  |  |  |  |
| 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<br>collection.....                                     |  |  |  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>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.....   | 2,925,466                                | 4,902,067                              | 1,976,601  |
| 19. Guaranty funds receivable or on deposit .....  |  |  |  |
| 20. Electronic data processing equipment and software.....   |  |  |  |
| 21. Furniture and equipment, including health care delivery assets .....   |  |  |  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....                                       |  |  |  |
| 23. Receivables from parent, subsidiaries and affiliates .....   |  |  |  |
| 24. Health care and other amounts receivable.....  |  |  |  |
| 25. Aggregate write-ins for other-than-invested assets .....   | 3,207,854                                | 24,687                                 | (3,183,167)  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25)..... | 6,133,320                                | 4,926,754                              | (1,206,566)  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                       |  |  |  |
| 28. Total (Lines 26 and 27)  | 6,133,320                                | 4,926,754                              | (1,206,566)  |
| 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. Prepaid Expense.....   | 32,499                                   | 24,687                                 | (7,812)  |
| 2502. Miscellaneous receivables.....   | 3,175,355                                |  | (3,175,355)  |
| 2503. ....   |  |  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....  |  |  |  |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)   | 3,207,854                                | 24,687                                 | (3,183,167)  |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

1. Summary of Significant Accounting Policies

- A. Accounting Practices
- The financial statements of Municipal Assurance Corp. (the "Company" or "MAC"), are presented on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services ("NYSDFS"). The NYSDFS recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the New York 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 New York. The NYSDFS has the right to permit other specific practices that deviate from prescribed practices.

A reconciliation of the Company's net income and capital and surplus between practices prescribed and permitted by the NYSDFS and NAIC SAP is shown below:

|   | SSAP # | F/S Page | F/S Line # | 2016           | 2015           |
|---|--------|----------|------------|----------------|----------------|
| NET INCOME  |        |          |            |                |                |
| (1) Company state basis (Page 4, Line 20, Columns 1 & 2)          |        |          |            | \$ 141,597,450 | \$ 101,919,228 |
| (2) State Prescribed Practices that increase/(decrease) NAIC SAP: |        |          |            |                |                |
| None  |        |          |            | —              | —              |
| (3) State Permitted Practices that increase/(decrease) NAIC SAP:  |        |          |            |                |                |
| None  |        |          |            | —              | —              |
| (4) NAIC SAP (1-2-3=4)  |        |          |            | \$ 141,597,450 | \$ 101,919,228 |
| SURPLUS   |        |          |            |                |                |
| (5) Company state basis (Page 3, Line 37, Columns 1 & 2)          |        |          |            | \$ 486,946,496 | \$ 729,507,549 |
| (6) State Prescribed Practices that increase/(decrease) NAIC SAP: |        |          |            |                |                |
| None  |        |          |            | —              | —              |
| (7) State Permitted Practices that increase/(decrease) NAIC SAP:  |        |          |            |                |                |
| None  |        |          |            | —              | —              |
| (8) NAIC SAP (5-6-7=8)  |        |          |            | \$ 486,946,496 | \$ 729,507,549 |

- B. Use of Estimates in the Preparation of the Financial Statements
- The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.
- C. Accounting Policies
- All premiums are earned as the related principal and interest expires. Generally, premiums are received either in full at contract inception or in installments over the life of the covered risk. For purposes of earnings recognition, premiums received at contract inception are earned in direct proportion to the payment of debt service. Installment premiums are typically earned on a monthly pro-rata basis over the installment period.

Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

- Short-term investments and cash equivalents are stated at amortized cost.
- Investments in long-term bonds not backed by other loans with a NAIC designation of 1 or 2 are stated at amortized cost. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value. The amortized cost basis is adjusted for accretion and amortization (using the effective interest method) with a corresponding entry recorded in net investment income. For bonds purchased at a price below par value, discounts are accreted over the remaining term of the bond. For bonds purchased at a price above par value, which have call features, premiums are amortized on a yield to worst basis. For premium bonds that do not have call features, such premiums are amortized over the remaining terms of the bonds.
- The Company did not hold common stocks at December 31, 2016.
- The Company did not hold preferred stocks at December 31, 2016.
- The Company did not hold investments in mortgage loans at December 31, 2016.
- Loan-backed bonds are reported at amortized cost using the effective interest method. Changes in the estimated cash flows from the original purchase assumptions are accounted for using the retrospective method.
- The Company has no insurance subsidiaries as of December 31, 2016.
- The Company has no ownership interests in joint ventures, partnerships or limited liability companies as of December 31, 2016.
- The Company did not have derivatives as of December 31, 2016.
- The Company does not utilize anticipated investment income as a factor in its premium deficiency calculation. The Company does not have a premium deficiency as of December 31, 2016.
- The company did not have any loss or loss adjustment expense reserves as of December 31, 2016.
- The Company has not modified its capitalization policy from the prior period.
- The Company did not hold business dealings with pharmaceutical rebate receivables at December 31, 2016.
- The Company is required to establish a mandatory contingency reserve in accordance with NAIC SAP. The reserve amount is established by a charge to surplus for the protection of all policyholders equal to the sum of the following:
  - For all policies written prior to July 1, 1989, an amount equal to 50% of cumulative earned premiums less permitted reductions; plus
  - For all policies written on or after July 1, 1989, an amount equal to the greater of 50% of premiums written for each category of insured obligation or a designated percentage of principal guaranteed for that category. These amounts are provided each quarter as either 1/60<sup>th</sup> or 1/80<sup>th</sup> of the total required for each category, less permitted reductions.

From time to time, the Company's indirect parents Assured Guaranty Municipal Corp. ("AGM") and Assured Guaranty Corp. ("AGC") have obtained approval from their regulators to release contingency reserves based on losses or because the accumulated

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

contingency reserve is deemed excessive in relation to the insurer's outstanding insured obligations. In 2016 and 2015, on the latter basis, AGM obtained NYSDFS approval for a contingency reserve release of approximately \$175 million and \$253 million, respectively, and AGC obtained Maryland Insurance Administration ("MIA") non-objection for a contingency reserve release of approximately \$152 million and \$134 million, respectively. In addition, MAC also released approximately \$53 million and \$56 million of contingency reserves in 2016 and 2015, respectively, which consisted of the assumed contingency reserves maintained by MAC, as reinsurer of AGM, in respect of the same obligations that were the subject of AGM's \$175 million and \$253 million releases.

2. **Accounting Changes and Corrections of Errors**

There were no material changes in accounting policy or corrections of errors during 2016.

3. **Business Combinations and Goodwill**

- A. Statutory Purchase Method. There has been no business combinations accounted for under the statutory purchase method at December 31, 2016.
- B. Statutory Merger. There has been no statutory merger transacted at December 31, 2016.
- C. Impairment Loss. The Company did not recognize an impairment loss on the transaction described above at December 31, 2016.

4. **Discontinued Operations**

The Company does not have any discontinued operations in 2016.

5. **Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans – The Company did not hold investments in mortgage loans at December 31, 2016.
- B. Debt restructuring – The Company has no investments in restructured debt in which the Company is a creditor at December 31, 2016.
- C. Reverse mortgages – The Company did not hold reverse mortgages as investments at December 31, 2016.
- D. Loan-Backed Securities
  - 1. Prepayment assumptions for loan backed and structured securities were obtained from publicly available sources and internal models.
  - 2. The Company had no loan-backed securities with other-than-temporary impairments ("OTTI") due to either the intent to sell the securities or the inability or lack of intent to retain for the time sufficient to recover the amortized cost basis.
  - 3. The Company had no loan-backed securities with current year OTTI that resulted from the present value of projected cash flows expected to be collected being less than the amortized cost of the securities.
  - 4. The following summarizes gross unrealized investment losses on loan-backed securities by the length of time that securities have continuously been in an unrealized loss position.
    - a. The aggregate amount of unrealized losses:

|  | Less than 12 months | 12 Months or More |
|--|---------------------|-------------------|
| Residential mortgage-backed securities | \$ (32,682)         | \$ —              |
| Commercial mortgage-backed securities  | —                   | —                 |
| Total                                  | 1. \$ (32,682)      | 2. \$ —           |

- b. The aggregate related fair value of securities with unrealized losses:

|  | Less than 12 months | 12 Months or More |
|--|---------------------|-------------------|
| Residential mortgage-backed securities | \$ 1,303,080        | \$ —              |
| Commercial mortgage-backed securities  | —                   | —                 |
| Total                                  | 1. \$ 1,303,080     | 2. \$ —           |

- 5. All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position at December 31, 2016, the Company has not made a decision to sell any such securities and does not intend to sell such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. This unrealized loss is primarily attributable to an increase in interest rates since acquisition, market illiquidity and volatility in the U.S. economy and not specific to individual issuer credit.
- E. Repurchase Agreements – The Company did not enter into repurchase agreements at December 31, 2016.
- F. Real Estate – The Company did not hold investments in real estate, recognize any real estate impairments, or engage in any retail land sales at December 31, 2016.
- G. Low Income Housing Tax Credits (LIHTC) – The Company did not hold investments in LIHTC at December 31, 2016.
- H. Restricted Assets
  - (1) Restricted assets (including pledged) summarized by restricted asset category

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

| Restricted Asset Category |   | Gross (Admitted & Nonadmitted) Restricted |   |  |  |                       |                                  |                               | 8                                     | 9  | Percentage                                       |      |
|---------------------------|---|---|---|--|--|-----------------------|----------------------------------|-------------------------------|---------------------------------------|--|--|------|
|                           |   | Current Year                              |   |  |  |                       | 6                                | 7                             |                                       |  | 10   | 11   |
|                           |   | 1   | 2   | 3  | 4  | 5                     |                                  |                               |                                       |  |  |      |
|                           |   | Total General Account (G/ A)              | G/A Supporting Protected Cell Acct Activity (a) | Total Protected Cell Acct. Restricted Assets | Protected Cell Acct. Assets Support G/A Activity (b) | Total (1 plus 3)      |                                  |                               |                                       |  |  |      |
|                           |   |   |   |  |  | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Non-admitted Restricted | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Non-admitted) Restricted to Total Assets (c) | Admitted Restricted to Total Admitted Assets (d) |      |
| (a)                       | Subj to contractual oblig by which liability is not shown                   | \$ —                                      | \$ —  | \$ —   | \$ —   | \$ —                  | \$ —                             | \$ —                          | \$ —                                  | —%   | —%   |      |
| (b)                       | Collateral held under sec. lending arrangements                             |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (c)                       | Subject to repurchase agreements  |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (d)                       | Subject to reverse repurchase agreements                                    |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (e)                       | Subject to dollar repurchase agreement                                      |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (f)                       | Subject to dollar reverse repurchase agreement                              |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (g)                       | Placed under option contracts   |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (h)                       | Letter stock or securities restricted as to sale - excl. FHLB capital stock |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (i)                       | FHLB capital stock  |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (j)                       | On deposit with state   | 4,016,843                                 |   |  |  | 4,016,843             | 3,975,728                        | 41,115                        | 4,016,843                             | 0.4%   | 0.4%   |      |
| (k)                       | On deposit with other regulatory bodies                                     |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (l)                       | Pledged as collateral to FHLB (incl. assets backing funding agreement)      |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (m)                       | Pledged as collateral not captured in other categories                      | 3,266,901                                 |   |  |  | 3,266,901             | —                                | 3,266,901                     | 3,175,355                             | 91,546   | 0.3%   | —%   |
| (n)                       | Other restricted assets   |   |   |  |  | —                     | —                                |                               |                                       | —%   | —%   |      |
| (o)                       | Total restricted assets   | \$ 7,283,744                              | \$ —  | \$ —   | \$ —   | \$ 7,283,744          | \$ 3,975,728                     | \$ 3,308,016                  | \$3,175,355                           | \$ 4,108,389   | 0.7%   | 0.4% |

- (a) Subset of Column 1  
(b) Subset of Column 3  
(c) Column 5 divided by Asset Page, Column 1, Line 28  
(d) Column 9 divided by Asset Page, Column 3, Line 28

(2) Detail of assets pledged as collateral not captured in other categories (reported on line m above)

| Collateral Agreement               | Gross (Admitted & Nonadmitted) Restricted |   |  |   |               |      |              | 8         | Percentage |    |
|------------------------------------|---|---|--|---|---------------|------|--------------|-----------|------------|----|
|                                    | Current Year                              |   |  |   |               |      |              |           | 9          | 10 |
|                                    | 1   | 2   | 3  | 4   | 5             |      |              |           |            |    |
|                                    | Total General Account (G/A)               | G/A Supporting Protected Cell Acct Activity (a) | Total Protected Cell Acct. Restricted Assets | Protected Cell Acct. Assets Support G/ A Activity (b) | Total (1 + 3) |      |              |           |            |    |
| Collateral pledged for reinsurance | \$ 3,266,901                              | \$ —  | \$ —   | \$ —  | \$ 3,266,901  | \$ — | \$ 3,266,901 | \$ 91,546 | 0.3%       | —% |
|                                    |   |   |  |   |               |      |              |           |            |    |
| Total (c)                          | \$ 3,266,901                              | \$ —  | \$ —   | \$ —  | \$ 3,266,901  | \$ — | \$ 3,266,901 | \$ 91,546 | 0.3%       | —% |

- (a) Subset of Column 1  
(b) Subset of Column 3  
(c) Total Line for Columns 1 through 7 should equal 5H(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5H(1)m Columns 9 through 11 respectively

(3) Detail of other restricted assets (reported on line n above)

| Other Restricted Assets | Gross (Admitted & Nonadmitted) Restricted |   |  |   |               |   |   | 8 | Percentage |    |
|-------------------------|---|---|--|---|---------------|---|---|---|------------|----|
|                         | Current Year                              |   |  |   |               | 6 | 7 |   | 9          | 10 |
|                         | 1   | 2   | 3  | 4   | 5             |   |   |   |            |    |
|                         | Total General Account (G/A)               | G/A Supporting Protected Cell Acct Activity (a) | Total Protected Cell Acct. Restricted Assets | Protected Cell Acct. Assets Support G/ A Activity (b) | Total (1 + 3) |   |   |   |            |    |
|                         |   |   |  |   | —             |   | — |   | —%         | —% |
|                         |   |   |  |   | NONE          |   | — |   | —%         | —% |
| Total (c)               | —   | —   | —  | —   |               | — | — | — | —%         | —% |

- (a) Subset of Column 1  
(b) Subset of Column 3  
(c) Total Line for Columns 1 through 7 should equal 5H(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5H(1)n Columns 9 through 11 respectively

(4) The Company does not have collateral received and reflected as assets within its financial statements.

- I. Working Capital Finance Investments ("WCFI")– The Company did not hold investments for WCFI at December 31, 2016.  
J. Offsetting and Netting of Assets and Liabilities - The Company has no derivative, repurchase and reverse repurchase, and securities borrowing and lending assets and liabilities that are offset and reported net in accordance to SSAP No. 64 at December 31, 2016.  
K. Structured Notes - The following table separately identifies structured notes on a cusip basis, with information by cusip for actual cost, fair value, book/adjusted carrying value, and whether the structured note is a mortgage referenced security:

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| CUSIP Identification | Actual Cost   | Fair Value    | Book/Adjusted Carrying Value | Mortgage Referenced Security (YES/NO) |
|----------------------|---------------|---------------|------------------------------|---------------------------------------|
| 179093-FF-1          | \$ 10,821,000 | \$ 10,179,600 | \$ 10,099,262                | NO                                    |
| 592247-H9-4          | 12,406,240    | 15,137,220    | 14,380,471                   | NO                                    |
| 592247-M2-3          | 1,805,300     | 2,182,040     | 1,975,463                    | NO                                    |
| 592247-N9-7          | 4,380,250     | 5,380,250     | 5,113,765                    | NO                                    |
| 592248-EH-7          | 200,380       | 185,423       | 184,043                      | NO                                    |
| 592248-EJ-3          | 513,718       | 479,113       | 474,994                      | NO                                    |
| 592248-EK-0          | 186,607       | 236,927       | 202,753                      | NO                                    |
| 592248-EN-4          | 912,840       | 841,943       | 838,418                      | NO                                    |
| 592248-EP-9          | 1,143,437     | 1,063,111     | 1,057,244                    | NO                                    |
| 592248-EQ-7          | 2,089,093     | 2,519,543     | 2,269,842                    | NO                                    |
| 837227-D5-3          | 1,073,570     | 1,045,460     | 1,020,588                    | NO                                    |
| 837227-D6-1          | 1,070,870     | 1,045,200     | 1,019,853                    | NO                                    |
| Total                | \$ 36,603,305 | \$ 40,295,830 | \$ 38,636,696                | XXX                                   |

L. 5\* Securities - The Company did not hold investments in 5\* investments at December 31, 2016.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company does not own any investments in Joint Ventures, Limited Partnerships, or Limited Liability Companies at December 31, 2016.

7. Investment Income

- A. Accrued Investment Income  
Accrued investment income was \$12,791,741 and \$17,746,235 as of December 31, 2016 and 2015, respectively. There are no amounts due and accrued over 90 days included in these balances.
- B. The Company does not admit investment income due and accrued if amounts are over 90 days past due.

8. Derivative Instruments

During the year ended December 31, 2016, the Company did not enter into any investment related derivative contracts, and there were no derivative contracts outstanding as of December 31, 2016.

9. Income Taxes

- A. The components of the net Deferred Tax Asset ("DTA")/(Deferred Tax Liability ("DTL")) at December 31 are as follows:  
(1)

| Description   | 12/31/2016      |                |                           | 12/31/2015      |                |                           | Change                       |                             |                           |
|---|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|------------------------------|-----------------------------|---------------------------|
|   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>(Col 4+5)<br>Total | (7)<br>(Col 1-4)<br>Ordinary | (8)<br>(Col 2-5)<br>Capital | (9)<br>(Col 7+8)<br>Total |
| (a) Gross deferred tax assets   | \$ 18,394,189   | \$ 4,010       | \$ 18,398,199             | \$ 21,734,156   | \$ 14,857      | \$ 21,749,013             | \$ (3,339,967)               | \$ (10,847)                 | \$ (3,350,814)            |
| (b) Statutory valuation allowance                                       | —               | —              | —                         | —               | —              | —                         | —                            | —                           | —                         |
| (c) Adjusted gross deferred tax assets (1a - 1b)                        | 18,394,189      | 4,010          | 18,398,199                | 21,734,156      | 14,857         | 21,749,013                | (3,339,967)                  | (10,847)                    | (3,350,814)               |
| (d) Deferred tax asset nonadmitted                                      | 2,921,457       | 4,010          | 2,925,467                 | 4,887,210       | 14,857         | 4,902,067                 | (1,965,753)                  | (10,847)                    | (1,976,600)               |
| (e) Subtotal net admitted deferred tax asset (1c - 1d)                  | 15,472,732      | —              | 15,472,732                | 16,846,946      | —              | 16,846,946                | (1,374,214)                  | —                           | (1,374,214)               |
| (f) Deferred tax liabilities  | 2,044,645       | 7,387,545      | 9,432,190                 | 1,528,118       | 6,606,929      | 8,135,047                 | 516,527                      | 780,616                     | 1,297,143                 |
| (g) Net admitted deferred tax asset/ (net deferred tax liab.) (1e - 1f) | \$ 13,428,087   | \$ (7,387,545) | \$ 6,040,542              | \$ 15,318,828   | \$ (6,606,929) | \$ 8,711,899              | \$ (1,890,741)               | \$ (780,616)                | \$ (2,671,357)            |

(2) Admission Calculation Components SSAP No. 101

| Description   | 12/31/2016      |                |                           | 12/31/2015      |                |                           | Change                       |                             |                           |
|---|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|------------------------------|-----------------------------|---------------------------|
|   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>(Col 4+5)<br>Total | (7)<br>(Col 1-4)<br>Ordinary | (8)<br>(Col 2-5)<br>Capital | (9)<br>(Col 7+8)<br>Total |
| (a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks  | \$ 3,756,233    | \$ —           | \$ 3,756,233              | \$ 4,669,593    | \$ —           | \$ 4,669,593              | \$ (913,360)                 | \$ —                        | \$ (913,360)              |
| (b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amt of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (Lesser of 2 (b)1 and 2(b)2 Below) | \$ 2,284,309    | \$ —           | \$ 2,284,309              | \$ 4,042,306    | \$ —           | \$ 4,042,306              | \$ (1,757,997)               | \$ —                        | \$ (1,757,997)            |
| 1 Adjusted Gross Deferred Tax Assets Expected to be Realized following the Balance Sheet Date   | \$ —            | \$ —           | \$ 2,284,309              | \$ —            | \$ —           | \$ 4,042,306              | \$ —                         | \$ —                        | \$ (1,757,997)            |
| 2 Adjusted Gross Deferred Tax Assets Allowed per Limitation   | xxx             | xxx            | \$ 71,697,073             | xxx             | xxx            | \$107,846,887             | xxx                          | xxx                         | \$(36,149,814)            |
| (c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from 2(a) and 2(b) above) offset by Gross Deferred Tax Liabilities  | \$ 9,428,181    | \$ 4,010       | \$ 9,432,191              | \$ 8,120,190    | \$ 14,857      | \$ 8,135,047              | \$ 1,307,991                 | \$ (10,847)                 | \$ 1,297,144              |
| (d) Deferred Tax Assets Admitted as the result of Application of SSAP #101 Total (2(a) + 2(b) + 2(c))   | \$ 15,468,723   | \$ 4,010       | \$ 15,472,733             | \$ 16,832,089   | \$ 14,857      | \$ 16,846,946             | \$ (1,363,366)               | \$ (10,847)                 | \$ (1,374,213)            |

(3)

|  | 2016           | 2015           |
|--|----------------|----------------|
| (a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount                               | 358%           | 326%           |
| (b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above | \$ 477,980,488 | \$ 718,979,249 |

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- (4) Impact of Tax Planning Strategies. Not Applicable
- (a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage.

|   |   | 12/31/2016      |                | 12/31/2015      |                | Change                       |                             |
|---|---|-----------------|----------------|-----------------|----------------|------------------------------|-----------------------------|
|   |   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>Ordinary | (4)<br>Capital | (5)<br>(Col 1-3)<br>Ordinary | (6)<br>(Col 2-4)<br>Capital |
| 1 | Adjusted Gross DTAs Amount From Note 9A1(c)   | \$ 18,394,189   | \$ 4,010       | \$ 21,734,156   | \$ 14,857      | \$ (3,339,967)               | \$ (10,847)                 |
| 2 | Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies                  | —%              | —%             | —%              | —%             | —%                           | —%                          |
| 3 | Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)  | \$ 15,472,732   | \$ —           | \$ 16,846,946   | \$ —           | \$ (1,374,214)               | \$ —                        |
| 4 | Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of the Impact of Tax Planning Strategies | —%              | —%             | —%              | —%             | —%                           | —%                          |

(b) Does the Company's tax planning strategies include the use of reinsurance? No

- B. Deferred Tax Liabilities that are not recognized. Not Applicable
- C. Current income taxes incurred consist of the following major components:

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|  | (1)           | (2)           | (3)                   |
|--|---------------|---------------|-----------------------|
|  | 12/31/2016    | 12/31/2015    | (Col 1 - 2)<br>Change |
| <b>1. Current Income Taxes</b>                             |               |               |                       |
| (a) Federal  | \$ 47,183,776 | \$ 34,262,636 | \$ 12,921,140         |
| (b) Foreign  | —             | —             | —                     |
| (c) Subtotal   | \$ 47,183,776 | \$ 34,262,636 | \$ 12,921,140         |
| (d) Federal Income Tax on Capital Gains                    | (4,812,530)   | 72,614        | (4,885,144)           |
| (f) Other  | (19,912,736)  | (1,813,269)   | (18,099,467)          |
| (g) Federal and foreign income taxes                       | \$ 22,458,510 | \$ 32,521,981 | \$ (10,063,471)       |
| <b>2. Deferred Tax Assets</b>                              |               |               |                       |
| (a) Ordinary   |               |               |                       |
| (1) Unpaid Losses & LAE                                    | \$ —          | \$ —          | \$ —                  |
| (2) Unearned premium reserve                               | 11,653,001    | 16,417,111    | (4,764,110)           |
| (3) Policyholders reserve                                  | —             | —             | —                     |
| (4) Investments  | —             | —             | —                     |
| (5) Deferred acquisition costs                             | —             | —             | —                     |
| (6) Policyholder dividends accrual                         | —             | —             | —                     |
| (7) Fixed assets   | —             | —             | —                     |
| (8) Compensation and benefits accrual                      | —             | —             | —                     |
| (9) Pension accrual Receivables - nonadmitted              | —             | —             | —                     |
| (10) Nonadmitted assets                                    | 1,122,749     | 8,640         | 1,114,109             |
| (11) Net operating loss carry-forward                      | —             | —             | —                     |
| (12) Intangible assets                                     | 3,889,021     | 4,262,368     | (373,347)             |
| (13) Other (incl. items <5% of total ordinary tax assets)  | 1,729,418     | 1,046,037     | 683,381               |
| (99) Subtotal  | \$ 18,394,189 | \$ 21,734,156 | \$ (3,339,967)        |
| (b) Statutory valuation allowance adjustment               | \$ —          | \$ —          | \$ —                  |
| (c) Nonadmitted  | \$ 2,921,457  | \$ 4,887,210  | \$ (1,965,753)        |
| (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c) | \$ 15,472,732 | \$ 16,846,946 | \$ (1,374,214)        |
| (e) Capital  |               |               |                       |
| (1) Investments  | \$ —          | \$ —          | \$ —                  |
| (2) Unrealized losses                                      | —             | —             | —                     |
| (3) Real estate  | —             | —             | —                     |
| (4) Other (incl. items <5% of total capital tax assets)    | 4,010         | 14,857        | (10,847)              |
| (99) Subtotal  | \$ 4,010      | \$ 14,857     | \$ (10,847)           |
| (f) Statutory valuation allowance adjustment               | \$ —          | \$ —          | \$ —                  |
| (g) Nonadmitted  | \$ 4,010      | \$ 14,857     | \$ (10,847)           |
| (h) Admitted capital DTAs (2e99 - 2f - 2g)                 | \$ —          | \$ —          | \$ —                  |
| (i) Admitted deferred tax assets (2d + 2h)                 | \$ 15,472,732 | \$ 16,846,946 | \$ (1,374,214)        |
| <b>3. Deferred Tax Liabilities</b>                         |               |               |                       |
| (a) Ordinary   |               |               |                       |
| (1) Bond Market Discount                                   | \$ 2,044,645  | \$ 1,528,118  | \$ 516,527            |
| (2) Fixed Assets   | —             | —             | —                     |
| (3) Deferred and uncollected premium                       | —             | —             | —                     |
| (4) Policyholders reserves                                 | —             | —             | —                     |
| (5) Other (incl. items <5% of total capital tax liab.      | —             | —             | —                     |
| (99) Subtotal  | \$ 2,044,645  | \$ 1,528,118  | \$ 516,527            |
| (b) Capital  |               |               |                       |
| (1) Investments  | \$ —          | \$ —          | \$ —                  |
| (2) Tax Investment Basis Difference                        | 7,387,545     | 6,606,929     | 780,616               |
| (3) Other (incl. items <5% of total capital tax liab.      | —             | —             | —                     |
| (99) Subtotal  | \$ 7,387,545  | \$ 6,606,929  | \$ 780,616            |
| (c) Deferred tax liabilities (3a99 + 3b99)                 | \$ 9,432,190  | \$ 8,135,047  | \$ 1,297,143          |
| <b>4. Net deferred tax assets/liabilities (2i - 3c)</b>    | \$ 6,040,542  | \$ 8,711,899  | \$ (2,671,357)        |

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

|   | (1)           | (2)           | (3)                   |
|---|---------------|---------------|-----------------------|
|   | 12/31/2016    | 12/31/2015    | (Col 1 - 2)<br>Change |
| Total deferred tax assets                                     | \$ 18,398,198 | \$ 21,749,014 | \$ (3,350,816)        |
| Total deferred tax liabilities                                | (9,432,190)   | (8,135,047)   | (1,297,143)           |
| Net deferred tax assets/liabilities                           | 8,966,008     | 13,613,967    | (4,647,959)           |
| Statutory valuation allowance                                 | —             | —             | —                     |
| Net deferred tax assets/liabilities after valuation allowance | \$ 8,966,008  | \$ 13,613,967 | (4,647,959)           |
| Tax effect of unrealized gains/(losses)                       |               |               | —                     |
| Statutory valuation allowance on unrealized                   |               |               | —                     |
| Change in net deferred income tax [(expense)/benefit]         |               |               | \$ (4,647,959)        |

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- 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. The significant items causing this difference are as follows:

| Description  | Amount         | Tax Effect    | Effective Tax Rate |
|--|----------------|---------------|--------------------|
| Income before taxes                                | \$ 164,055,960 | \$ 57,419,586 | 35.00 %            |
| Tax-exempt interest                                | (31,621,236)   | (11,067,433)  | (6.75)%            |
| Tax and loss bond deduction                        | (52,886,691)   | (18,510,342)  | (11.28)%           |
| Change in deferred taxes on non-admitted assets    | (3,183,167)    | (1,114,109)   | (0.68)%            |
| Other  | 1,082,187      | 378,766       | 0.23 %             |
| Total  | \$ 77,447,053  | \$ 27,106,468 | 16.52 %            |
| Federal income taxes incurred expense/(benefit)    |                | \$ 22,458,510 | 13.69 %            |
| Change in net deferred income tax charge (benefit) |                | 4,647,958     | 2.83 %             |
| Total statutory income taxes                       |                | \$ 27,106,468 | 16.52 %            |

- E. Operating Loss and Tax Credit Carryforwards
- At December 31, 2016, the Company had no net operating loss carryforwards.  
At December 31, 2016, the Company had no capital loss carryforwards.  
At December 31, 2016, the Company had no AMT carryforwards, which do not expire.
  - There is \$40.2 million and \$32.5 million of income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses.
  - The Company did not have any protective tax deposits admitted under IRC §6603.
- F. Consolidated Federal Income Tax Return
- The Company's federal income tax return was consolidated with the following entities in 2016:  
Assured Guaranty US Holdings Inc.  
Assured Guaranty Corp.  
Assured Guaranty Municipal Corp.  
AG Financial Products Inc.  
AG Analytics Inc.  
Assured Guaranty Municipal Holdings Inc.  
Assured Guaranty (Europe) Ltd.  
FSA Portfolio Management Inc.  
Transaction Services Corporation  
Municipal Assurance Holdings Inc.  
Van American Insurance Agency Inc.
  - Each company, as a member of its respective consolidated tax return group, pays its proportionate share of the consolidated federal tax burden for its group as if each company filed on a separate return basis with current period credit for net losses to the extent used in consolidation.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of Relationships  
The Company is a direct, wholly owned subsidiary of Municipal Assurance Holdings Inc. (the "Parent" or "MAC Holdings"), a Delaware insurance holding company, which is owned 60.7% by AGM and 39.3% by AGC. The Parent is an indirect, wholly owned subsidiary of Assured Guaranty Ltd. ("Assured Guaranty"), a Bermuda incorporated holding company. The organization chart is included in Schedule Y.
- B. Transactions with Affiliates  
The Company engaged in the following non-insurance transactions (generally representing greater than 0.5% of admitted assets) with affiliates:
- On June 30, 2016, MAC obtained approval from the NYSDFS to repay its \$300 million surplus note to the Parent and its \$100 million surplus note (plus accrued interest) to AGM. Accordingly, on June 30, 2016, MAC transferred cash and marketable securities to (i) the Parent in an aggregate amount equal to \$300 million, and (ii) AGM in an aggregate amount equal to \$102.5 million. The Parent, upon receipt of such \$300 million from MAC, distributed cash and marketable securities in an aggregate amount of \$300 million to its shareholders, AGM and AGC, in proportion to their respective 60.7% and 39.3% ownership interests such that AGM received \$182.1 million and AGC received \$117.9 million.
- C. Change in the Terms of Transactions with Affiliates  
There have been no changes in the methods of establishing terms in respect to any related parties from the prior period.
- D. Amounts Due to or from Related Parties  
At December 31, 2016, the Company reported \$8,905,587 as amounts due to affiliates.
- E. Guarantees or Contingencies for Related Parties  
The Company has no guarantees or contingencies for related parties as of December 31, 2016.
- F. Management, Service Contracts or Cost Sharing Arrangements  
Until December 31, 2016, the Company and various of its affiliates were parties to the Amended and Restated Service Agreement, effective as April 1, 2015 (the "Group Service Agreement"). Under the Group Service Agreement, the Company's Maryland affiliate, AGC, was the payroll company for, and employer of, the U.S. employees of the Assured Guaranty group. AGC's employees made available to its Bermuda, US and UK affiliates, as applicable, equipment, insurance, reinsurance and such other services, including actuarial, marketing, underwriting, claims handling, surveillance, legal, corporate secretarial, information technology, human resources, accounting, tax, financial reporting and investment planning services. In addition, under the Group Service Agreement the Company enjoyed the use of certain equipment and office space leased by its New York affiliate, AGM. Expenses under the Group Service Agreement were allocated directly where appropriate and, where not appropriate, based upon an allocation of employee time and corresponding office overhead. The agreement provided for quarterly settlements and an express right of offset with regard to amounts owing between parties under the Group Service Agreement and other agreements between such parties.

In the first quarter of 2017, the Company's indirect parent, Assured Guaranty US Holdings Inc. ("AG US Holdings"), formed and capitalized AG US Group Services Inc. ("AG Services"), a Delaware corporation, to act as the payroll company and employer for all U.S. personnel and the central, dedicated service provider within the Assured Guaranty group in place of AGC. This structure is consistent with the way in which numerous other insurance holding companies provide inter-company staff and services. Accordingly, effective January 1, 2017, (i) AGC transferred the employees and the employee benefit, retirement and health plans relating to such employees to AG Services; and (ii) the Group Service Agreement was amended and restated to replace AGC with AG Services as the payroll company and service provider under the agreement. Such amended and restated agreement is substantially identical to the

## ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

Group Service Agreement except for a few changes primarily related to operational matters, including pre-funding by affiliates who are the largest consumers of group services and inter-company allocation of expenses

Total payments made by the Company to AGC in 2016 and 2015 were \$15,580,717 and \$13,736,324, respectively.

MAC and its affiliates, AGM and AGC, entered into a ceding companies allocation agreement dated January 31, 2014 (the "Allocation Agreement") which provides for the fair and reasonable allocation of benefits and liabilities under reinsurance and related agreements entered into jointly by AGM, AGC and MAC or provides for set off of amounts between agreements entered into by such companies. The Allocation Agreement is intended to apply to those instances when AGM, AGC and MAC have entered into a joint reinsurance agreement that reinsures a combined portfolio of such companies and where the benefits and burdens under the reinsurance agreement are expected in the normal course to be allocated randomly and potentially unfairly by the operation of the terms of the agreement based solely on the timing of losses or recoveries received by AGM, AGC or MAC. The Allocation Agreement provides for a methodology to allocate premiums and expenses and losses and recovery in a fair and reasonable manner. As of the date of this filing, the only reinsurance arrangement covered by the 2014 Allocation Agreement is a \$360 million aggregate excess of loss reinsurance facility that AGM, AGC and MAC entered into with a number of reinsurers, effective as of January 1, 2016. This facility replaced a similar \$450 million aggregate excess of loss reinsurance facility that AGC, AGM and MAC had entered into effective January 1, 2014 and which terminated on December 31, 2015. AGC, AGM and MAC did not elect coverage under the new facility for the seven year period commencing January 1, 2016, but they retain an option, which must be exercised prior to January 1, 2018 and which requires the payment of additional premium, to elect coverage for the seven year period commencing January 1, 2017. If AGC, AGM and MAC do not exercise such option, the facility terminates on January 1, 2018. The facility covers certain U.S. public finance credits insured or reinsured by AGC, AGM and MAC as of September 30, 2015, excluding credits that were rated non-investment grade as of December 31, 2015 by Moody's Investors Service, Inc. or S&P Global Ratings Services or internally by AGC, AGM or MAC and is subject to certain per credit limits.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company's stock are owned by MAC Holdings. Of MAC Holdings' 7,000 shares of outstanding stock, 4,249 shares are owned by AGM and 2,751 shares are owned by AGC, each of which is an indirect, wholly owned subsidiary of Assured Guaranty.

H. Amount Deducted for Investment in Upstream Company

The Company does not own any shares in an upstream intermediate entity or the ultimate parent.

I. Detail of Investments in Affiliates greater than 10% of Admitted Assets

The Company does not have an investment in a subsidiary.

J. Impaired Investments in Subsidiaries, Controlled and Affiliated ("SCA")

There were no write-downs of SCA entities due to impairments during the year ended December 31, 2016.

K. Foreign insurance subsidiary valued using CARVM

The Company is not a life insurance company and is not subject to the Commissioner's Annuity Reserve Valuation Method ("CARVM") and the related Actuarial guidelines.

L. Downstream holding company valued using look-through method

The Company does not hold any investment in a downstream non-insurance holding company.

M. All SCA Investments

The Company does not have any investments in SCAs.

N. Investment in Insurance SCAs

The Company does not have any investments in insurance SCAs.

11. **Debt**

The Company has no debt outstanding nor has it guaranteed any debt of an affiliate as of December 31, 2016.

12. **Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans**

A. through D. Defined Benefit Plan.

The Company does not sponsor a defined benefit pension plan.

E. Defined Contribution Plan

The Company participates in a retirement plan maintained by its affiliate AGC, which is qualified under Section 401(a) of the Internal Revenue Code. The retirement plan is available to all full-time employees. Eligible participants may contribute a percentage of their compensation subject to Internal Revenue Service ("IRS") limits. Contributions are matched by the Company and its affiliates up to 6% of the participant's compensation, subject to IRS limits. The Company and its affiliates contribute an additional 6% (core contribution), regardless of whether the participant contributes to the plan, subject to IRS limits. Amounts in excess of those permitted by the IRS limits are contributed to a non-qualified supplemental executive retirement plan ("SERP"). Employees are fully vested after 1 year of service, as defined in both plans and plan eligibility is immediate upon hire, as defined in both plans.

The Company's allocation of its portion of the expense for the retirement plans was \$0.6 million for each of the years ended December 31, 2016 and 2015.

On January 1, 2017, AGC transferred the qualified retirement plan and the SERP to AG Services in connection with the transfer of AGC's employees and the employee benefit, retirement and health plans relating to such employees. See Note 10, Information Concerning Parent, Subsidiaries and Affiliates - Management, Service Contracts or Cost Sharing Arrangements.

F. Multi-employer Plans

The Company does not participate in a multi-employer pension plan.

G. Consolidated/Holding Company Plans

The Company has two non-qualified supplemental executive retirement plans covering all eligible employees at the holding company that no longer accepts contributions.

H. Post-employment Benefits and Compensated Absences

The Company has no post-employment plans.

I. Impact of Medicare Modernization Act on Post-retirement Benefits

The Company has no post-retirement plans.

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## 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. At December 31, 2016 the Company had 100,000 shares of common stock authorized, issued and outstanding at par value of \$150 per share.
2. The Company has no preferred stock.
3. Under New York Insurance Law, the Company may only pay dividends out of "earned surplus," which is the portion of the company's surplus that represents the net earnings, gains or profits (after deduction of all losses) that have not been distributed to shareholders as dividends, transferred to stated capital or capital surplus, or applied to other purposes permitted by law, but does not include unrealized appreciation of assets. The Company may pay dividends without the prior approval of the New York Superintendent of Financial Services ("New York Superintendent") that, together with all dividends declared or distributed by it during the preceding 12 months, do not exceed the lesser of 10% of its policyholders' surplus (as of the last annual or quarterly statement filed with the New York Superintendent) or 100% of its adjusted net investment income during that period.
4. In 2016, the Company did not declare nor pay any dividends.
5. Within the limitations of (3) above, the maximum amount available during 2017 for MAC to distribute as dividends without regulatory approval is estimated to be approximately \$49 million. Since its capitalization in 2013, MAC has not distributed any dividends. MAC currently intends to allocate the distribution of such amount quarterly in 2017.
6. The Company has no restrictions on unassigned surplus.
7. The Company is not a mutual company; as such, there were no mutual surplus advances during 2016.
8. The Company holds no stock for special purposes.
9. There were no special surplus funds as of December 31, 2016.
10. Unassigned surplus does not contain any cumulative unrealized gains or losses.
11. On July 16, 2013, the Company borrowed \$300 million from MAC Holdings in exchange for \$300 million of surplus notes, all of which were outstanding at December 31, 2015. These notes were non interest bearing. Principal of the surplus notes was payable at any time at the option of the Company, subject to prior approval of the NYSDFS and compliance with the conditions to such payments as contained in the New York insurance law. The Company repaid these notes in their entirety to MAC Holdings on June 30, 2016. See Note 10.B.1 above.

On July 16, 2013, the Company borrowed \$100 million from AGM in exchange for \$100 million of surplus notes, all of which were outstanding at December 31, 2015. These notes were interest bearing at a rate of 5% per annum. Principal of the surplus notes was payable at July 16, 2033 or sooner at the option of the Company, subject to prior approval of the NYSDFS and compliance with the conditions to such payments as contained in the New York Insurance Law. The Company repaid these notes in their entirety to AGM on June 30, 2016. See Note 10.B.1 above for additional information.

12-13. The Company has not undergone a reorganization or quasi-reorganization.

## 14. Liabilities, Contingencies and Assessments

- A. The Company has no commitments or contingent commitments to any subsidiary.
- B. The Company does not issue life insurance policies and therefore is not subject to guaranty fund assessments.
- C. The Company has not recognized any gain contingencies subsequent to the balance sheet date.
- D. The Company did not incur claims related to extra contractual obligation losses or bad faith losses.
- E. The Company does not issue product warranties.
- F. The Company does not have any arrangements for joint and several liability.
- G. All Other Contingencies  
Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company

## 15. Leases

The Company has no material lease obligations at December 31, 2016.

## 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company provides insurance for public finance obligations. Total net principal and interest exposure at December 31, 2016 was \$61.8 billion.

## 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company has not sold or transferred any receivables during 2016.
- B. The Company has not transferred or serviced any financial assets during 2016.
- C. The Company did not engage in any wash sale transactions during 2016.

## 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. The Company does not serve as an Administrative Services Only ("ASO") provider.
- B. The Company does not serve as an Administrative Services Contract ("ASC") provider.
- C. The Company is not a party to any Medicare or similarly structured cost based reimbursement contracts.

## 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company did not write direct premiums through managing general agents or third party administrators.

## 20. Fair Value

- A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

1. Items Measured and Reported at Fair Value by Levels 1, 2 and 3  
The Company has not recorded any securities at fair value as of December 31, 2016. In general, and if applicable, the Company categorizes its assets and liabilities that are reported on the balance sheet at fair value into the three-level hierarchy. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

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- Level 1 – Quoted prices for identical instruments in active markets. The Company generally defines an active market as a market in which trading occurs at significant volumes. Active markets generally are more liquid and have a lower bid-ask spread than an inactive market.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs.
- Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation. The Company has no assets and liabilities in this category.

An asset or liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Bonds are generally recorded at amortized cost. The Company has no assets or liabilities measured at fair value in this category.

Cash and Short-Term Investments

The carrying amounts reported in the statement of admitted assets, liabilities and surplus for these instruments are at amortized cost.

Bonds

Bonds with an NAIC designation of 1 and 2 are carried at amortized cost while bonds with an NAIC designation of 3 through 6 are carried at the lower of cost or fair value. The Company had no bonds carried at fair value at December 31, 2016.

The fair value of bonds in the investment portfolio is generally based on prices received from third party pricing services or alternative pricing sources with reasonable levels of price transparency. The pricing services prepare estimates of fair value measurements using their pricing models, which include available relevant market information, benchmark curves, benchmarking of like securities, and sector groupings. Additional valuation factors that can be taken into account are nominal spreads and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements and sector news. The market inputs used in the pricing evaluation include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data and industry and economic events. Benchmark yields have in many cases taken priority over reported trades for securities that trade less frequently or those that are distressed trades, and therefore may not be indicative of the market. The extent of the use of each input is dependent on the asset class and the market conditions. Given the asset class, the priority of the use of inputs may change or some market inputs may not be relevant. Additionally, the valuation of fixed-maturity investments is more subjective when markets are less liquid due to the lack of market based inputs, which may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur.

- 2. Rollforward of Level 3 Items  
Not applicable
- 3. Policy on transfers into and out of Level 3  
If applicable, transfers in and out of Level 3 are recognized at the end of the quarter when the Company evaluates whether securities with unobservable inputs need to be carried at fair value. There were no transfers between levels at December 31, 2016.
- 4. Inputs and Techniques Used for Level 3 Fair Values  
Not applicable
- 5. Derivative Fair Values  
The Company does not own derivatives at December 31, 2016.

B. Other Fair Value Disclosures

The fair value of the Company's financial guaranty contracts accounted for as insurance was approximately \$338 million at December 31, 2016 and was based on management's estimate of what a similarly rated financial guaranty insurance company would demand to acquire the Company's in-force book of financial guaranty insurance business. This amount was based on the pricing assumptions management has observed for portfolio transfers and acquisitions that have occurred in the financial guaranty market and included adjustments to the carrying value of unearned premium reserve for stressed losses, ceding commissions and return on capital. The significant inputs were not readily observable. The Company accordingly classified this fair value measurement as Level 3.

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

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

| Type of Financial Instrument                | Fair Value       | Admitted Value   | Level 1       | Level 2          | Level 3 | Not Practicable (Carrying Value) |
|---|------------------|------------------|---------------|------------------|---------|----------------------------------|
| (in thousands)                              |                  |                  |               |                  |         |                                  |
| Bonds                                       | \$ 1,067,640,292 | \$ 1,041,139,569 | \$ —          | \$ 1,067,640,292 | \$ —    | \$ —                             |
| Cash equivalents and short-term investments | 19,183,741       | 19,183,711       | 15,883,807    | 3,299,934        | —       | —                                |
| Other invested assets                       | 25,577,338       | 25,577,338       | 25,577,338    | —                | —       | —                                |
| Total assets                                | \$ 1,112,401,371 | \$ 1,085,900,618 | \$ 41,461,145 | \$ 1,070,940,226 | \$ —    | \$ —                             |

- D. Financial Instruments for Which it is Not Practical to Estimate Fair Values  
Not applicable

21. Other Items

- A. The Company had no extraordinary items during 2016.
- B. The Company had no debt restructuring during 2016.
- C. The Company had no unusual items to disclose during 2016.
- D. The Company had no business interruption insurance recoveries during 2016.
- E. The Company had no state transferable tax credits during 2016.
- F. The Company had no subprime mortgage-related exposure at December 31, 2016.
- G. The Company had no insurance-linked securities contracts at December 31, 2016.

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22. **Events Subsequent**

Subsequent events have been considered through February 24, 2017 for these statutory financial statements which are to be issued on February 28, 2017. There were no material events occurring subsequent to December 31, 2016 that have not been disclosed elsewhere in these financial statements.

23. **Reinsurance**

- A. The Company has no unsecured reinsurance recoverable at December 31, 2016.
- B. The Company has no reinsurance recoverable in dispute at December 31, 2016.
- C. Reinsurance Assumed and Ceded

The following table summarizes assumed unearned premiums and the related commission equity at December 31, 2016:

|                                    | Assumed Reinsurance |                   | Ceded Reinsurance |                   | NET             |                   |
|------------------------------------|---------------------|-------------------|-------------------|-------------------|-----------------|-------------------|
|                                    | Premium Reserve     | Commission Equity | Premium Reserve   | Commission Equity | Premium Reserve | Commission Equity |
| a. AFFILIATES                      | \$ 322,990,459      |                   |                   |                   | \$ 322,990,459  | \$ 0              |
| b. ALL OTHER                       |                     |                   |                   |                   | 0               | 0                 |
| c. TOTAL                           | 322,990,459         | —                 | 0                 | 0                 | 322,990,459     | 0                 |
| d. Direct Unearned Premium Reserve |                     |                   | \$ 9,927,939      |                   |                 |                   |

- D. The Company has no uncollectible reinsurance at December 31, 2016.
- E. The Company has no commutations and reassumptions of ceded business at December 31, 2016.
- F. The Company has no retroactive reinsurance in effect at December 31, 2016.
- G. The Company does not utilize the deposit method to account for any of its reinsurance transactions at December 31, 2016.
- H. The Company has no run-off agreements at December 31, 2016.
- I. The Company has no certified reinsurance downgraded or status subject to revocation at December 31, 2016.
- J. The Company has no reinsurance agreements qualifying for reinsurer aggregation at December 31, 2016.

24. **Retrospectively Rated Contracts and Contracts Subject to Redetermination**

The Company does not issue retrospectively rated contracts or contracts subject to redetermination; none of the Company's reinsurance contracts are retrospectively rated or subject to redetermination.

25. **Changes in Incurred Losses and Loss Adjustment Expenses**

Incurred losses and loss expenses attributable to insured events of prior years were \$237 for 2016.

26. **Intercompany Pooling Arrangements**

The Company is not a participant to any intercompany pooling agreements.

27. **Structured Settlements**

The Company had not purchased any annuities in 2016.

28. **Health Care Receivables**

The Company does not have any healthcare receivables at December 31, 2016.

29. **Participating Policies**

The Company had no participating accident or health contracts during 2016.

30. **Premium Deficiency Reserves**

The Company had no premium deficiency reserves during 2016.

31. **High Deductibles**

The Company had not recorded any reserve credits during 2016.

32. **Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**

The Company does not have unpaid losses or unpaid loss adjustment expenses.

33. **Asbestos and Environmental Reserves**

The Company has not written any policies which have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

34. **Subscriber Savings Accounts**

The Company is not a reciprocal exchange and, therefore, does not have subscriber savings accounts.

35. **Multiple Peril Crop Insurance**

The Company does not write multiple peril crop insurance.

36. **Financial Guaranty Insurance**

- A. (1) Installment Contracts
  - a. The gross unearned premium reserve on an undiscounted basis for the entire book of business that would have been reported had all installment premiums been received at inception would have been \$335,180,221 as of December 31, 2016.
  - b. Schedule of gross premiums (undiscounted) expected to be collected under all installment contracts:

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| Period              | (in thousands)  |
|---------------------|-----------------|
| 1st Quarter 2017    | \$ 35           |
| 2nd Quarter 2017    | 60              |
| 3rd Quarter 2017    | 35              |
| 4th Quarter 2017    | 84              |
| 2018                | 212             |
| 2019                | 206             |
| 2020                | 200             |
| 2021                | 195             |
| 2022 – 2026         | 700             |
| 2027 – 2031         | 299             |
| 2032 – 2036         | 152             |
| 2037 and thereafter | 84              |
| TOTAL               | <u>\$ 2,262</u> |

c. Roll forward of the expected gross future premiums (undiscounted), (in thousands):

|   |                 |
|---|-----------------|
| Expected future premiums – beginning of year                        | \$ 3,890        |
| Less - premium payments received for existing installment contracts | 172             |
| Add - expected premium payments for new installment contracts       | —               |
| Add - adjustments to the expected future premium payments           | (1,456)         |
| Expected future premiums – end of year                              | <u>\$ 2,262</u> |

(2) Non-installment Contracts

- a. The net unearned premium reserve on non-installment contracts that was recognized as earned premium on an accelerated basis was \$110,697,513 for the year ended December 31, 2016. Such accelerations are recognized 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.
- b. Schedule of expected gross future earned premium revenue on non-installment contracts as of December 31, 2016:

| Period              | (in thousands)    |
|---------------------|-------------------|
| 1st Quarter 2017    | \$ 5,612          |
| 2nd Quarter 2017    | 6,193             |
| 3rd Quarter 2017    | 6,736             |
| 4th Quarter 2017    | 6,635             |
| 2018                | 22,845            |
| 2019                | 20,921            |
| 2020                | 18,874            |
| 2021                | 19,379            |
| 2022 – 2026         | 83,481            |
| 2027 – 2031         | 62,114            |
| 2032 – 2036         | 42,116            |
| 2037 and thereafter | 37,947            |
| TOTAL               | <u>\$ 332,853</u> |

(3) Claim Liability

- a. The Company did not have any claim liabilities at December 31, 2016.

(4) Risk Management Activities

- a. The following is a description of each grouping or category used to track and monitor below-investment-grade (“BIG”) insured financial obligations:

BIG Category 1: BIG transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected.

BIG Category 2: BIG transactions for which future losses are expected but for which no claims (other than liquidity claims which is a claim that the Company expects to be reimbursed within one year) have yet been paid.

BIG Category 3: BIG transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

- b. The Portfolio Risk Management Committee, which includes members of senior management and senior credit and surveillance officers, sets specific risk policies and limits and is responsible for enterprise risk management, establishing the Company's risk appetite, credit underwriting of new business, surveillance and work-out.

As part of the surveillance process, the Company monitors trends and changes in transaction credit quality, detects any deterioration in credit quality, and recommends such remedial actions as may be necessary or appropriate. All transactions in the insured portfolio are assigned internal credit ratings, which are updated based on changes in transaction credit quality. The Company also develops strategies to enforce its contractual rights and remedies and to mitigate its losses, engage in negotiation discussions with transaction participants and, when necessary, manage the Company's litigation proceedings.

**Surveillance Categories**

The Company segregates its insured portfolio into investment grade and BIG surveillance categories to facilitate the appropriate allocation of resources to monitoring and loss mitigation efforts and to aid in establishing the appropriate cycle for periodic review for each exposure. BIG exposures include all exposures with internal credit ratings below BBB-. The Company's internal credit ratings are based on internal assessments of the likelihood of default and loss severity in the event of default. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company's internal credit ratings focus on future performance rather than lifetime performance.

The Company monitors its investment grade credits to determine whether any new credits need to be internally downgraded to BIG. The Company refreshes its internal credit ratings on individual credits in quarterly, semi-annual or annual cycles based on the Company's view of the credit's quality, loss potential, volatility and sector. Ratings on credits in sectors identified as under the most stress or with the most potential volatility are reviewed every quarter.

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Credits identified as BIG are subjected to further review to determine the probability of a loss. Surveillance personnel then assign each BIG transaction to the appropriate BIG surveillance category based upon whether a future loss is expected and whether a claim has been paid. The Company expects “future losses” on a transaction when the Company believes there is at least a 50% chance that, on a present value basis, it will pay more claims over the future of that transaction than it will have reimbursed. For surveillance purposes, the Company calculates present value using a constant discount rate of 5%. (A rate based on the approximate taxable equivalent yield of the Company's investment portfolio is used for calculating the loss reserves for financial statement purposes.)

More extensive monitoring and intervention is employed for all BIG surveillance categories, with internal credit ratings reviewed quarterly.

c. The Company did not have any activity relating to loss adjustment expenses on its direct portfolio in 2016.

B. Schedule of BIG insured financial obligations as of December 31, 2016:

|  | Surveillance Categories |       |       |            |
|--|-------------------------|-------|-------|------------|
|  | BIG 1                   | BIG 2 | BIG 3 | Total      |
|  | (Dollars in Thousands)  |       |       |            |
| 1. Number of risks                                     | 18                      |       |       | 18         |
| 2. Remaining weighted-average contract period (in yrs) | 11.8                    |       |       | 11.8       |
| Insured contractual payments outstanding:              |                         |       |       |            |
| 3a. Principal  | \$ 279,267              | \$ —  | \$ —  | \$ 279,267 |
| 3b. Interest   | 185,444                 | —     | —     | 185,444    |
| 3c. Total  | \$ 464,711              | \$ —  | \$ —  | \$ 464,711 |
| 4. Gross claim liability                               | \$ —                    | \$ —  | \$ —  | \$ —       |
| Less:  |                         |       |       |            |
| 5a1. Gross potential recoveries - subrogation          | —                       | —     | —     | —          |
| 5a2. Ceded claim liability                             | —                       | —     | —     | —          |
| 5a. Total gross potential recoveries                   | \$ —                    | \$ —  | \$ —  | \$ —       |
| 5b. Discount, net                                      | —                       | —     | —     | —          |
| 6. Net claim liability                                 | \$ —                    | \$ —  | \$ —  | \$ —       |
| 7. Unearned premium revenue                            | \$ 3,224                | \$ —  | \$ —  | \$ 3,224   |
| 8. Reinsurance recoverables                            | \$ —                    | \$ —  | \$ —  | \$ —       |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

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

Yes ☒ No ☐
- 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?

New York.....
- 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.

.....12/31/2016
- 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.

.....06/30/2012
- 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).

.....06/27/2013
- 3.4

By what department or departments? New York State Department of Financial Services.....
- 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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

.....100.0
- 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<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| Bermuda.....     | Corporation.....    |
| .....            | .....               |
| .....            | .....               |
| .....            | .....               |
| .....            | .....               |

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<br>(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?  
PriceWaterhouse Coopers LLP, 300 Madison Avenue, New York, NY 10019.....

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?  
Benjamin Rosenblum, Chief Actuary of Municipal Assurance Corp., 1633 Broadway, New York, NY 10019.....

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

12.11 Name of real estate holding company .....

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]

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

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

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

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

e. Accountability for adherence to the code.

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s)  
The Code of Conduct was updated to make ordinary course updates.....

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

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

4,016,843

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>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? If no, attach a description with this statement. Yes [ ] No [ ] N/A [ X ]

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<br>Name of Custodian(s)   | 2<br>Custodian’s Address            |
|-----------------------------|-------------------------------------|
| The Bank of New York Mellon | One Wall Street, New York, NY 10286 |

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<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Name of Firm or Individual                  | 2<br>Affiliation |
|--|------------------|
| Blackrock Financial Management Inc.....          | U.....           |
| General Re-New England Asset Management Inc..... | U.....           |
| Wellington Management Company LLP.....           | U.....           |
| Goldman Sachs Asset Management, L.P.....         | U.....           |

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<br>Central Registration<br>Depository Number | 2<br>Name of Firm or<br>Individual                  | 3<br>Legal Entity<br>Identifier (LEI) | 4<br>Registered With                       | 5<br>Investment Management<br>Agreement (IMA) Filed |
|--|---|---------------------------------------|--|---|
| 107-105.....                                   | Blackrock Financial<br>Management Inc.....          | 549300LVXYIVJKE13M84.....             | Securities and Exchange<br>Commission..... | NO.....   |
| 105-900.....                                   | General Re-New England Asset<br>Management Inc..... | KUR85E5PS4GQFZTFC130.....             | Securities and Exchange<br>Commission..... | NO.....   |
| 106-595.....                                   | Wellington Management Company<br>LLP.....           | 549300YHP12TEZNL CX41.....            | Securities and Exchange<br>Commission..... | NO.....   |
| 107-738.....                                   | Goldman Sachs Asset<br>Management, L.P.....         | CF5M58QA35CFPUX70H17.....             | Securities and Exchange<br>Commission..... | NO.....   |

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<br>CUSIP #  | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| .....         | .....                    | .....                             |
| .....         | .....                    | .....                             |
| .....         | .....                    | .....                             |
| 29.2999 TOTAL |                          |                                   |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying Value<br>Attributable to the Holding | 4<br>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<br>Statement (Admitted)<br>Value | 2<br>Fair Value | 3<br>Excess of Statement<br>over Fair Value (-),<br>or Fair Value<br>over Statement (+) |
|----------------------------|------------------------------------|-----------------|---|
| 30.1 Bonds.....            | 1,059,364,375                      | 1,085,865,128   | 26,500,753  |
| 30.2 Preferred Stocks..... |                                    |                 |   |
| 30.3 Totals                | 1,059,364,375                      | 1,085,865,128   | 26,500,753  |

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? \$ .....1,330,613
- 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<br>Name                     | 2<br>Amount Paid |
|-------------------------------|------------------|
| Standard & Poors.....         | \$.....808,113   |
| Kroll Bond Rating Agency..... | \$.....522,500   |

- 34.1 Amount of payments for legal expenses, if any? \$ .....27,424
- 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<br>Name                          | 2<br>Amount Paid |
|------------------------------------|------------------|
| Skadden, Arps, Slate, Meagher..... | \$.....14,404    |
| Debevoise & Plimpton LLP.....      | \$.....9,318     |

- 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<br>Name | 2<br>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

Current Year

2

Prior Year

2.1

Premium Numerator

\$ .....

\$ .....

2.2

Premium Denominator

\$ .....

\$ .....

2.3

Premium Ratio (2.1/2.2)

.....

.....

2.4

Reserve Numerator

\$ .....

\$ .....

2.5

Reserve Denominator

\$ .....

\$ .....

2.6

Reserve Ratio (2.4/2.5)

.....

.....

3.1

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

Yes [ ] No [ X ]

3.2

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

3.21

Participating policies.....

\$ .....

3.22

Non-participating policies.....

\$ .....

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?.....

Yes [ ] No [ ]

4.2

Does the reporting entity issue non-assessable policies?.....

Yes [ ] No [ ]

4.3

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

%

4.4

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

\$ .....

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?.....

Yes [ ] No [ ]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation.....

Yes [ ] No [ ] N/A [ ]

5.22

As a direct expense of the exchange.....

Yes [ ] No [ ] N/A [ ]

5.3

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

.....

5.4

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

Yes [ ] No [ ]

5.5

If yes, give full information

.....

GENERAL INTERROGATORIES  
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: .....  
Not applicable. The Company 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 evaluates its probable maximum loss as part of the underwriting and surveillance processes and uses various financial and exposure models as part of the process of evaluating its exposures.....

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?.....  
Not applicable. The Company is a monoline financial guaranty insurer/reinsurer. It does not write property insurance or reinsurance.....

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  
As a financial guaranty insurer, the Company is required by state insurance law to establish contingency reserves. These reserves are established in addition to specific case reserves.....

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 [ X ] No [ ]

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 [X] No [ ] N/A [ ]

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):

\$151,174,235

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. .... \$.....

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

FIVE-YEAR HISTORICAL DATA

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

|   | 1<br>2016     | 2<br>2015     | 3<br>2014     | 4<br>2013     | 5<br>2012  |
|---|---------------|---------------|---------------|---------------|------------|
| <b>Gross Premiums Written</b> (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) .....   | 4,403,714     | 3,315,250     | 3,096,820     | 709,934,733   |            |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |               |               |               |               |            |
| 6. Total (Line 35) .....  | 4,403,714     | 3,315,250     | 3,096,820     | 709,934,733   |            |
| <b>Net Premiums Written</b> (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) .....  | 1,172,714     | (4,782,826)   | (5,001,256)   | 709,934,733   |            |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....   |               |               |               |               |            |
| 12. Total (Line 35) .....   | 1,172,714     | (4,782,826)   | (5,001,256)   | 709,934,733   |            |
| <b>Statement of Income</b> (Page 4)   |               |               |               |               |            |
| 13. Net underwriting gain (loss) (Line 8) .....   | 118,552,240   | 101,319,853   | 54,850,443    | 26,793,481    | (160,262)  |
| 14. Net investment gain (loss) (Line 11) .....  | 40,691,196    | 33,193,969    | 30,767,513    | 17,910,365    | 779,485    |
| 15. Total other income (Line 15) .....  | (6)           |               | 11,851        | 893           | 5,256      |
| 16. Dividends to policyholders (Line 17) .....  |               |               |               |               |            |
| 17. Federal and foreign income taxes incurred (Line 19) .....   | 17,645,980    | 32,594,594    | 10,868,276    | 18,959,678    | (1,843)    |
| 18. Net income (Line 20) .....  | 141,597,450   | 101,919,228   | 74,761,531    | 25,745,061    | 626,322    |
| <b>Balance Sheet Lines</b> (Pages 2 and 3)  |               |               |               |               |            |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....   | 1,104,819,451 | 1,509,306,022 | 1,519,753,850 | 1,516,209,012 | 77,011,057 |
| 20. Premiums and considerations (Page 2, Col. 3)  |               |               |               |               |            |
| 20.1 In course of collection (Line 15.1) .....  | 86,561        | 108,788       | 337,750       | 200,790       |            |
| 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) .....   | 617,872,955   | 779,798,472   | 908,219,359   | 1,001,817,106 | 127,216    |
| 22. Losses (Page 3, Line 1) .....   |               |               |               |               |            |
| 23. Loss adjustment expenses (Page 3, Line 3) .....   |               |               |               |               |            |
| 24. Unearned premiums (Page 3, Line 9) .....  | 332,918,398   | 468,965,284   | 591,805,514   | 670,694,225   |            |
| 25. Capital paid up (Page 3, Lines 30 & 31) .....   | 15,000,000    | 15,000,000    | 15,000,000    | 15,000,000    | 2,500,000  |
| 26. Surplus as regards policyholders (Page 3, Line 37) .....  | 486,946,496   | 729,507,549   | 611,534,491   | 514,391,906   | 76,883,841 |
| <b>Cash Flow</b> (Page 5)   |               |               |               |               |            |
| 27. Net cash from operations (Line 11) .....  | 8,303,126     | 19,343,517    | 8,983,138     | 721,852,117   | 371,527    |
| <b>Risk-Based Capital Analysis</b>  |               |               |               |               |            |
| 28. Total adjusted capital .....  |               |               |               |               |            |
| 29. Authorized control level risk-based capital .....   |               |               |               |               |            |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>  |               |               |               |               |            |
| (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0   |               |               |               |               |            |
| 30. Bonds (Line 1) .....  | 95.9          | 98.7          | 97.1          | 97.4          | 98.1       |
| 31. Stocks (Lines 2.1 & 2.2) .....  |               |               |               |               |            |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....   |               |               |               |               |            |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) .....  |               |               |               |               |            |
| 34. Cash, cash equivalents and short-term investments (Line 5) .....  | 1.8           | 0.3           | 1.9           | 1.6           | 1.9        |
| 35. Contract loans (Line 6) .....   |               |               |               |               |            |
| 36. Derivatives (Line 7) .....  |               |               |               |               |            |
| 37. Other invested assets (Line 8) .....  | 2.4           | 1.0           | 1.0           | 1.0           |            |
| 38. Receivables for securities (Line 9) .....   |               |               |               |               |            |
| 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      |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |               |               |               |               |            |
| 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 .....  | 25,577,338    |               |               |               |            |
| 48. Total of above Lines 42 to 47 .....   | 25,577,338    |               |               |               |            |
| 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) | 5.3           |               |               |               |            |

FIVE-YEAR HISTORICAL DATA

|  | 1<br>2016     | 2<br>2015   | 3<br>2014  | 4<br>2013   | 5<br>2012 |
|--|---------------|-------------|------------|-------------|-----------|
| (Continued)  |               |             |            |             |           |
| Capital and Surplus Accounts (Page 4)  |               |             |            |             |           |
| 51. Net unrealized capital gains (losses) (Line 24) .....  |               |             |            |             |           |
| 52. Dividends to stockholders (Line 35) .....  |               |             |            |             |           |
| 53. Change in surplus as regards policyholders for the year (Line 38) .....  | (242,561,053) | 117,973,058 | 97,142,585 | 437,508,065 | 1,746,389 |
| 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) .....   | (7,107)       |             |            |             |           |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |               |             |            |             |           |
| 59. Total (Line 35) .....  | (7,107)       |             |            |             |           |
| 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) .....   | (7,107)       |             |            |             |           |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |               |             |            |             |           |
| 65. Total (Line 35) .....  | (7,107)       |             |            |             |           |
| Operating Percentages (Page 4)<br>(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) .....   | 0.0           |             |            |             |           |
| 68. Loss expenses incurred (Line 3) .....  | 0.0           |             |            |             |           |
| 69. Other underwriting expenses incurred (Line 4) .....  | 13.6          | 14.2        | 25.8       | 31.7        |           |
| 70. Net underwriting gain (loss) (Line 8) .....  | 86.4          | 85.8        | 74.2       | 68.3        |           |
| Other Percentages  |               |             |            |             |           |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) .....   | 1,591.3       | (350.0)     | (380.4)    | 1.8         |           |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....   | 0.0           |             |            |             |           |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....   | 0.2           | (0.7)       | (0.8)      | 138.0       |           |
| 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) .....  |               |             |            |             |           |
| 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) .....                 |               |             |            |             |           |
| 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) .....                         |               |             |            |             |           |
| 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) ..... |               |             |            |             |           |

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 MUNICIPAL ASSURANCE CORP.

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

| NAIC Group Code 0194 |   | BUSINESS IN THE STATE OF Consolidated   |                             |   |  | DURING THE YEAR 2016                           |                             |                           |   | NAIC Company Code 13559                                   |  |  |                                |
|----------------------|---|---|-----------------------------|---|--|--|-----------------------------|---------------------------|---|---|--|--|--------------------------------|
| Line of Business     |   | Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken |                             | 3<br>Dividends Paid or Credited to Policyholders on Direct Business | 4<br>Direct<br>Unearned Premium Reserves | 5<br>Direct Losses<br>Paid (deducting salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Direct Defense and Cost Containment Expense Paid | 9<br>Direct Defense and Cost Containment Expense Incurred | 10<br>Direct Defense and Cost Containment Expense Unpaid | 11<br>Commissions and Brokerage Expenses | 12<br>Taxes, Licenses and Fees |
|                      |   | 1<br>Direct Premiums Written  | 2<br>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 .....  | 4,145,048   | 314,459                     |   | 9,927,939                                |  |                             |                           |   |   |  |  | 817,719                        |
| 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) .....   | 4,145,048   | 314,459                     |   | 9,927,939                                |  |                             |                           |   |   |  |  | 817,719                        |
| 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 .....

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# ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

## SCHEDULE F - PART 2

### Premium Portfolio Reinsurance Effected or (Canceled) during Current Year

| 1<br>ID<br>Number                              | 2<br>NAIC<br>Company<br>Code | 3<br>Name of Company | 4<br>Date of Contract | 5<br>Original Premium | 6<br>Reinsurance<br>Premium |
|--|------------------------------|----------------------|-----------------------|-----------------------|-----------------------------|
| 0199999 Total Reinsurance Ceded by Portfolio   |                              |                      |                       |                       |                             |
| 0299999 Total Reinsurance Assumed by Portfolio |                              |                      |                       |                       |                             |
| NONE   |                              |                      |                       |                       |                             |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE F - PART 3

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

| 1   | 2                 | 3                 | 4                        | 5            | 6                          | Reinsurance Recoverable On |          |                          |                         |                    |                   |                   |                         |                           | Reinsurance Payable    |                                 | 18  | 19   |
|---|-------------------|-------------------|--------------------------|--------------|----------------------------|----------------------------|----------|--------------------------|-------------------------|--------------------|-------------------|-------------------|-------------------------|---------------------------|------------------------|---------------------------------|---|--|
|   |                   |                   |                          |              |                            | 7                          | 8        | 9                        | 10                      | 11                 | 12                | 13                | 14                      | 15                        | 16                     | 17                              |   |  |
| ID Number   | NAIC Company Code | Name of Reinsurer | Domiciliary Jurisdiction | Special Code | Reinsurance Premiums Ceded | Paid Losses                | Paid LAE | Known Case Loss Reserves | Known Case LAE Reserves | IBNR Loss Reserves | IBNR LAE Reserves | Unearned Premiums | Contingent Commis-sions | Cols. 7 through 14 Totals | Ceded Balances Payable | Other Amounts Due to Reinsurers | Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17] | Funds Held By Company Under Reinsurance Treaties |
| Authorized - Affiliates - U.S. Intercompany Pooling                                 |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Affiliates - U.S. Non-Pool - Captive                                   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Affiliates - U.S. Non-Pool - Other                                     |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Affiliates - Other (Non-U.S.) - Captive                                |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Affiliates - Other (Non-U.S.) - Other                                  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Other U.S. Unaffiliated Insurers                                       |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Pools - Mandatory Pools  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Pools - Voluntary Pools  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Authorized - Other Non-U.S. Insurers  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Affiliates - U.S. Intercompany Pooling                               |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Affiliates - U.S. Non-Pool - Captive                                 |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Affiliates - U.S. Non--Pool - Other                                  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Affiliates - Other (Non-U.S.) - Captive                              |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Affiliates - Other (Non-U.S.) - Other                                |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Other U.S. Unaffiliated Insurers                                     |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Pools - Mandatory Pools  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Pools - Voluntary Pools  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Unauthorized - Other non-U.S. Insurers  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
|   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| AA-3194126.....00000.....Arch Reins Ltd.....BMU.....1,795.....                      |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| 76-0479419.....00000.....HCC Reinsurance Company Limited.....BMU.....1,346.....     |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| AA-1580100.....00000.....TOKIO MARINE & NICHIDO FIRE INS CO LTD.....JPN.....90..... |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| 2599999 - Total Unauthorized - Other Non-U.S. Insurers.....3,231.....               |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| 2699999 - Total Unauthorized - Total Unauthorized.....3,231.....                    |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
|   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Affiliates - U.S. Intercompany Pooling                                  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Affiliates - U.S. Non-Pool - Captive                                    |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Affiliates - U.S. Non-Pool - Other                                      |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Affiliates - Other (Non-U.S) - Captive                                  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Affiliates - Other (Non-U.S.) - Other                                   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Other U.S. Unaffiliated Insurers  |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Pools - Mandatory Pools   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Pools - Voluntary Pools   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| Certified - Other Non-U.S. Insurers   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
|   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| 4099999 - Total Authorized, Unauthorized and Certified.....3,231.....               |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |
| 9999999 Totals.....3,231.....   |                   |                   |                          |              |                            |                            |          |                          |                         |                    |                   |                   |                         |                           |                        |                                 |   |  |

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

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

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

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

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<br>As Reported<br>(Net of Ceded) | 2<br>Restatement<br>Adjustments | 3<br>Restated<br>(Gross of Ceded) |
| ASSETS (Page 2, Col. 3)   |                                    |                                 |                                   |
| 1. Cash and invested assets (Line 12) .....   | 1,085,900,607                      |                                 | 1,085,900,607                     |
| 2. Premiums and considerations (Line 15) .....  | 86,561                             |                                 | 86,561                            |
| 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 .....   | 18,832,283                         |                                 | 18,832,283                        |
| 6. Net amount recoverable from reinsurers .....   |                                    |                                 |                                   |
| 7. Protected cell assets (Line 27) .....  |                                    |                                 |                                   |
| 8. Totals (Line 28) .....   | 1,104,819,451                      |                                 | 1,104,819,451                     |
| LIABILITIES (Page 3)  |                                    |                                 |                                   |
| 9. Losses and loss adjustment expenses (Lines 1 through 3) .....                          | 4,226                              |                                 | 4,226                             |
| 10. Taxes, expenses, and other obligations (Lines 4 through 8) .....                      | 15,532,701                         |                                 | 15,532,701                        |
| 11. Unearned premiums (Line 9) .....  | 332,918,398                        |                                 | 332,918,398                       |
| 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 .....   | 269,417,630                        |                                 | 269,417,630                       |
| 19. Total liabilities excluding protected cell business (Line 26) .....                   | 617,872,955                        |                                 | 617,872,955                       |
| 20. Protected cell liabilities (Line 27) .....  |                                    |                                 |                                   |
| 21. Surplus as regards policyholders (Line 37) .....                                      | 486,946,496                        | X X X                           | 486,946,496                       |
| 22. Totals (Line 38) .....  | 1,104,819,451                      |                                 | 1,104,819,451                     |

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<br>Premiums Were Earned<br>and Losses<br>Were Incurred | Premiums Earned                |                |                               | Loss and Loss Expense Payments |                |  |                |                                 |                |   |   | 12   |
|---|--------------------------------|----------------|-------------------------------|--------------------------------|----------------|--|----------------|---------------------------------|----------------|---|---|--|
|   | 1<br><br>Direct and<br>Assumed | 2<br><br>Ceded | 3<br><br>Net<br>(Cols. 1 - 2) | Loss Payments                  |                | Defense and Cost<br>Containment Payments |                | Adjusting and Other<br>Payments |                | 10<br><br>Salvage<br>and<br>Subrogation<br>Received | 11<br><br>Total Net<br>Paid (Cols.<br>4 - 5 + 6 -<br>7 + 8 - 9) | Number of<br>Claims<br>Reported<br>Direct and<br>Assumed |
|   |                                |                |                               | 4<br><br>Direct and<br>Assumed | 5<br><br>Ceded | 6<br><br>Direct and<br>Assumed           | 7<br><br>Ceded | 8<br><br>Direct and<br>Assumed  | 9<br><br>Ceded |   |   |  |
|   |                                |                |                               |                                |                |  |                |                                 |                |   |   |  |
| 1. Prior  | XXX                            | XXX            | XXX                           |                                |                |  |                |                                 |                |   |   | XXX  |
| 2. 2007   |                                |                |                               |                                |                |  |                |                                 |                |   |   | XXX  |
| 3. 2008   |                                |                |                               |                                |                |  |                |                                 |                |   |   | XXX  |
| 4. 2009   |                                |                |                               |                                |                |  |                |                                 |                |   |   | XXX  |
| 5. 2010   |                                |                |                               |                                |                |  |                |                                 |                |   |   | XXX  |
| 6. 2011   |                                |                |                               |                                |                |  |                |                                 |                |   |   | XXX  |
| 7. 2012   |                                |                |                               |                                |                |  |                |                                 |                |   |   | XXX  |
| 8. 2013   | 39,241                         |                | 39,241                        |                                |                |  |                |                                 |                |   |   | XXX  |
| 9. 2014   | 81,986                         | 8,099          | 73,887                        |                                |                |  |                |                                 |                |   |   | XXX  |
| 10. 2015  | 126,155                        | 8,098          | 118,057                       |                                |                |  |                |                                 |                |   |   | XXX  |
| 11. 2016  | 140,451                        | 3,231          | 137,220                       | (7)                            |                | 13                                       |                |                                 |                | 510   | 6   | XXX  |
| 12. Totals  | XXX                            | XXX            | XXX                           | (7)                            |                | 13                                       |                |                                 |                | 510   | 6   | XXX  |

|          | Losses Unpaid                |                 |                              |                 | Defense and Cost Containment Unpaid |                 |                              |                 | Adjusting and Other Unpaid |    | 23<br><br>Salvage and Subrogation Anticipated | 24<br><br>Total Net Losses and Expenses Unpaid | 25<br><br>Number of Claims Outstanding Direct and Assumed |
|----------|------------------------------|-----------------|------------------------------|-----------------|-------------------------------------|-----------------|------------------------------|-----------------|----------------------------|----|---|--|---|
|          | Case Basis                   |                 | Bulk + IBNR                  |                 | Case Basis                          |                 | Bulk + IBNR                  |                 | 21                         | 22 |   |  |   |
|          | 13<br><br>Direct and Assumed | 14<br><br>Ceded | 15<br><br>Direct and Assumed | 16<br><br>Ceded | 17<br><br>Direct and Assumed        | 18<br><br>Ceded | 19<br><br>Direct and Assumed | 20<br><br>Ceded |                            |    |   |  |   |
| 1. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 2. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 3. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 4. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 5. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 6. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 7. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 8. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 9. ....  |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 10. .... |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 11. .... |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |
| 12. .... |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  | XXX   |

|          | Total Losses and Loss Expenses Incurred |       |     | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |       |     | Nontabular Discount |              | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount |                      |
|----------|---|-------|-----|---|-------|-----|---------------------|--------------|--|---|----------------------|
|          | 26                                      | 27    | 28  | 29  | 30    | 31  | 32                  | 33           |  | 35  | 36                   |
|          | Direct and Assumed                      | Ceded | Net | Direct and Assumed  | Ceded | Net | Loss                | Loss Expense |  | Losses Unpaid                             | Loss Expenses Unpaid |
|          |   |       |     |   |       |     |                     |              |  |   |                      |
| 1. ....  | XXX                                     | XXX   | XXX | XXX   | XXX   | XXX |                     |              | XXX  |   |                      |
| 2. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 3. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 4. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 5. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 6. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 7. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 8. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 9. ....  |   |       |     |   |       |     |                     |              |  |   |                      |
| 10. .... |   |       |     |   |       |     |                     |              |  |   |                      |
| 11. .... | 6                                       |       | 6   | 0.0   |       | 0.0 |                     |              |  |   |                      |
| 12. .... | XXX                                     | XXX   | XXX | XXX   | XXX   | XXX |                     |              | XXX  |   |                      |

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<br>Losses Were<br>Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END<br>(\$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                                  |   |      |      |      |      |      |      |      |      |      |             |          |
| 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  | 6    | XXX         | XXX      |
| 12. Totals                                |   |      |      |      |      |      |      |      |      |      |             |          |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which<br>Losses Were<br>Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000<br>OMITTED) |      |      |      |      |      |      |      |      |      | 11  | 12  |
|---|--|------|------|------|------|------|------|------|------|------|---|---|
|   | 1  | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | Number of<br>Claims<br>Closed With<br>Loss<br>Payment | Number of<br>Claims<br>Closed<br>Without<br>Loss<br>Payment |
|   | 2007   | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |   |   |
| 1. Prior                                  | 000  |      |      |      |      |      |      |      |      |      | XXX   | XXX   |
| 2. 2007                                   |  |      |      |      |      |      |      |      |      |      | XXX   | XXX   |
| 3. 2008                                   | XXX  |      |      |      |      |      |      |      |      |      | XXX   | XXX   |
| 4. 2009                                   | XXX  | XXX  |      |      |      |      |      |      |      |      | XXX   | XXX   |
| 5. 2010                                   | XXX  | XXX  | XXX  |      |      |      |      |      |      |      | XXX   | XXX   |
| 6. 2011                                   | XXX  | XXX  | XXX  | XXX  |      |      |      |      |      |      | XXX   | XXX   |
| 7. 2012                                   | XXX  | XXX  | XXX  | XXX  | XXX  |      |      |      |      |      | XXX   | XXX   |
| 8. 2013                                   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  |      |      |      |      | XXX   | XXX   |
| 9. 2014                                   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  |      |      |      | XXX   | XXX   |
| 10. 2015                                  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  |      |      | XXX   | XXX   |
| 11. 2016                                  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | 6    | XXX   | XXX   |

SCHEDULE P - PART 4 - SUMMARY

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

NONE

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               |                                |       |                                       |       |                              |       |                                  | XXX  |  |
| 2. 2015  | 126,155            | 8,098 | 118,057           |                                |       |                                       |       |                              |       |                                  | XXX  |  |
| 3. 2016  | 140,451            | 3,231 | 137,220           | (7)                            |       | 13                                    |       |                              | 510   | 6                                | XXX  |  |
| 4. Totals  | XXX                | XXX   | XXX               | (7)                            |       | 13                                    |       |                              | 510   | 6                                | XXX  |  |

|    | Losses Unpaid                |                 |                              |                 | Defense and Cost Containment Unpaid |                 |                              |                 | Adjusting and Other Unpaid |    | 23<br><br>Salvage and Subrogation Anticipated | 24<br><br>Total Net Losses and Expenses Unpaid | 25<br><br>Number of Claims Outstanding Direct and Assumed |
|----|------------------------------|-----------------|------------------------------|-----------------|-------------------------------------|-----------------|------------------------------|-----------------|----------------------------|----|---|--|---|
|    | Case Basis                   |                 | Bulk + IBNR                  |                 | Case Basis                          |                 | Bulk + IBNR                  |                 | 21                         | 22 |   |  |   |
|    | 13<br><br>Direct and Assumed | 14<br><br>Ceded | 15<br><br>Direct and Assumed | 16<br><br>Ceded | 17<br><br>Direct and Assumed        | 18<br><br>Ceded | 19<br><br>Direct and Assumed | 20<br><br>Ceded |                            |    |   |  |   |
| 1. |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  |   |
| 2. |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  |   |
| 3. |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  |   |
| 4. |                              |                 |                              |                 |                                     |                 |                              |                 |                            |    |   |  |   |

|    | Total Losses and Loss Expenses Incurred |             |           | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |             |           | Nontabular Discount |                    | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount |                            |  |
|----|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|--|
|    | 26<br>Direct and Assumed                | 27<br>Ceded | 28<br>Net | 29<br>Direct and Assumed                                    | 30<br>Ceded | 31<br>Net | 32<br>Loss          | 33<br>Loss Expense |  | 35<br>Losses Unpaid                       | 36<br>Loss Expenses Unpaid |  |
| 1. | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       |                     |                    | XXX  |   |                            |  |
| 2. |   |             |           |   |             |           |                     |                    |  |   |                            |  |
| 3. | 6                                       |             | 6         | 0.0   |             | 0.0       |                     |                    |  |   |                            |  |
| 4. | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       |                     |                    | XXX  |   |                            |  |

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<br>Losses Were<br>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                                  |  |      |      |      |      |      |      |      |      |      |             |          |
| 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 |     |     |   |     |     |
| 2. 2015   | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |     |   |     | XXX |
| 3. 2016   | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 6 | XXX | XXX |
| 4. Totals |     |     |     |     |     |     |     |     |     |   |     |     |

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<br>Losses Were<br>Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END<br>(\$000 OMITTED) |      |      |      |      |      |      |      |      |      | 11  | 12  |
|---|--|------|------|------|------|------|------|------|------|------|---|---|
|   | 1  | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | Number of<br>Claims<br>Closed With<br>Loss<br>Payment | Number of<br>Claims<br>Closed<br>Without<br>Loss<br>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 |     |   | XXX | XXX |
| 2. 2015  | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX  |     |   | XXX | XXX |
| 3. 2016  | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX  | XXX | 6 | 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 - Prod Liab Occur  
**NONE**

Schedule P - Part 4R - Prod Liab Claims  
**NONE**

Schedule P - Part 4S  
**NONE**

Schedule P - Part 4T - Warranty  
**NONE**

Schedule P - Part 5A- SN1  
**NONE**

Schedule P - Part 5A- SN2  
**NONE**

Schedule P - Part 5A- SN3  
**NONE**

Schedule P - Part 5B- SN1  
**NONE**

Schedule P - Part 5B- SN2  
**NONE**

Schedule P - Part 5B- SN3  
**NONE**

Schedule P - Part 5C- SN1  
**NONE**

Schedule P - Part 5C- SN2  
**NONE**

Schedule P - Part 5C- SN3  
**NONE**

Schedule P - Part 5D- SN1  
**NONE**

Schedule P - Part 5D- SN2  
**NONE**

Schedule P - Part 5D- SN3

NONE

Schedule P - Part 5E- SN1

NONE

Schedule P - Part 5E- SN2

NONE

Schedule P - Part 5E- SN3

NONE

Schedule P - Part 5F- SN1A

NONE

Schedule P - Part 5F- SN2A

NONE

Schedule P - Part 5F- SN3A

NONE

Schedule P - Part 5F- SN1B

NONE

Schedule P - Part 5F- SN2B

NONE

Schedule P - Part 5F- SN3B

NONE

Schedule P - Part 5H- SN1A

NONE

Schedule P - Part 5H- SN2A

NONE

Schedule P - Part 5H- SN3A

NONE

Schedule P - Part 5H- SN1B

NONE

Schedule P - Part 5H- SN2B

NONE

Schedule P - Part 5H- SN3B

NONE

Schedule P - Part 5R- SN1A

NONE

Schedule P - Part 5R- SN2A

NONE

Schedule P - Part 5R- SN3A

NONE

Schedule P - Part 5R- SN1B

NONE

Schedule P - Part 5R- SN2B

NONE

Schedule P - Part 5R- SN3B

NONE

Schedule P - Part 5T- SN1

NONE

Schedule P - Part 5T- SN2

NONE

Schedule P - Part 5T- SN3

NONE

Schedule P - Part 6C - SN1

NONE

Schedule P - Part 6C - SN2

NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

Schedule P - Part 6E - SN1

NONE

Schedule P - Part 6E - SN2

NONE

Schedule P - Part 6H - SN1A

NONE

Schedule P - Part 6H - SN2A

NONE

Schedule P - Part 6H - SN1B

NONE

Schedule P - Part 6H - SN2B

NONE

Schedule P - Part 6M - SN1

NONE

Schedule P - Part 6M - SN2

NONE

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

Schedule P - Part 6R - SN1A

NONE

Schedule P - Part 6R - SN2A

NONE

Schedule P - Part 6R - SN1B

NONE

Schedule P - Part 6R - SN2B

NONE

Schedule P - Part 7A - Section 1

NONE

Schedule P - Part 7A - Section 2

NONE

Schedule P - Part 7A - Section 3

NONE

Schedule P - Part 7A - Section 4

NONE

Schedule P - Part 7A - Section 5

NONE

Schedule P - Part 7B - Section 1

NONE

Schedule P - Part 7B - Section 2

NONE

Schedule P - Part 7B - Section 3

NONE

Schedule P - Part 7B - Section 4

NONE

Schedule P - Part 7B - Section 5

NONE

Schedule P - Part 7B - Section 6

NONE

Schedule P - Part 7B - Section 7

NONE

SCHEDULE P INTERROGATORIES

1.

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

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

Yes [   ] No [ X ]
- 1.2

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

\$ .....
- 1.3

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

Yes [   ] No [   ]
- 1.4

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

Yes [   ] No [   ]
- 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 [   ]
- 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<br>Schedule P, Part 1F, Medical Professional Liability<br>Column 24: Total Net Losses and Expenses Unpaid |                             |
|--|-------------|---|-----------------------------|
|  |             | 1<br>Section 1: Occurrence  | 2<br>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 [   ] No [ X ]

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          | 182,263  | 2,319                  |  |  |                        |                      |  |   |
| 2. Alaska   | AK L          |  |                        |  |  |                        |                      |  |   |
| 3. Arizona  | AZ L          |  | 7,892                  |  |  |                        |                      |  |   |
| 4. Arkansas   | AR L          | 23,699   | 1,786                  |  |  |                        |                      |  |   |
| 5. California   | CA L          | 217,391  | 2,703                  |  |  |                        |                      |  |   |
| 6. Colorado   | CO L          |  | 17,970                 |  |  |                        |                      |  |   |
| 7. Connecticut  | CT L          |  |                        |  |  |                        |                      |  |   |
| 8. Delaware   | DE L          |  |                        |  |  |                        |                      |  |   |
| 9. Dist. Columbia   | DC L          |  |                        |  |  |                        |                      |  |   |
| 10. Florida   | FL L          | 82,584   |                        |  |  |                        |                      |  |   |
| 11. Georgia   | GA L          |  |                        |  |  |                        |                      |  |   |
| 12. Hawaii  | HI L          |  |                        |  |  |                        |                      |  |   |
| 13. Idaho   | ID L          |  |                        |  |  |                        |                      |  |   |
| 14. Illinois  | IL L          | 170,339  | 10,539                 |  |  |                        |                      |  |   |
| 15. Indiana   | IN L          | 9,965  | 70                     |  |  |                        |                      |  |   |
| 16. Iowa  | IA L          | 54,300   | 543                    |  |  |                        |                      |  |   |
| 17. Kansas  | KS L          | 72,816   | 3,209                  |  |  |                        |                      |  |   |
| 18. Kentucky  | KY L          |  | 3,347                  |  |  |                        |                      |  |   |
| 19. Louisiana   | LA L          | 207,542  | 2,167                  |  |  |                        |                      |  |   |
| 20. Maine   | ME L          |  |                        |  |  |                        |                      |  |   |
| 21. Maryland  | MD L          |  |                        |  |  |                        |                      |  |   |
| 22. Massachusetts   | MA L          |  |                        |  |  |                        |                      |  |   |
| 23. Michigan  | MI L          | 91,442   | 1,779                  |  |  |                        |                      |  |   |
| 24. Minnesota   | MN L          |  |                        |  |  |                        |                      |  |   |
| 25. Mississippi   | MS L          |  |                        |  |  |                        |                      |  |   |
| 26. Missouri  | MO L          |  |                        |  |  |                        |                      |  |   |
| 27. Montana   | MT L          |  |                        |  |  |                        |                      |  |   |
| 28. Nebraska  | NE L          |  |                        |  |  |                        |                      |  |   |
| 29. Nevada  | NV L          |  |                        |  |  |                        |                      |  |   |
| 30. New Hampshire   | NH L          |  |                        |  |  |                        |                      |  |   |
| 31. New Jersey  | NJ L          | 211,321  | 22,426                 |  |  |                        |                      |  |   |
| 32. New Mexico  | NM L          |  | 509                    |  |  |                        |                      |  |   |
| 33. New York  | NY L          | 943,170  | 73,100                 |  |  |                        |                      |  |   |
| 34. No. Carolina  | NC L          |  |                        |  |  |                        |                      |  |   |
| 35. No. Dakota  | ND L          |  | 1,277                  |  |  |                        |                      |  |   |
| 36. Ohio  | OH L          | 47,240   | 589                    |  |  |                        |                      |  |   |
| 37. Oklahoma  | OK L          |  |                        |  |  |                        |                      |  |   |
| 38. Oregon  | OR L          | 6,271  | 2,956                  |  |  |                        |                      |  |   |
| 39. Pennsylvania  | PA L          | 738,496  | 65,559                 |  |  |                        |                      |  |   |
| 40. Rhode Island  | RI L          |  | 1,984                  |  |  |                        |                      |  |   |
| 41. So. Carolina  | SC L          |  |                        |  |  |                        |                      |  |   |
| 42. So. Dakota  | SD L          |  |                        |  |  |                        |                      |  |   |
| 43. Tennessee   | TN L          | 8,950  | 3,007                  |  |  |                        |                      |  |   |
| 44. Texas   | TX L          | 987,388  | 84,223                 |  |  |                        |                      |  |   |
| 45. Utah  | UT L          | 13,292   | 1,301                  |  |  |                        |                      |  |   |
| 46. Vermont   | VT L          |  |                        |  |  |                        |                      |  |   |
| 47. Virginia  | VA L          |  |                        |  |  |                        |                      |  |   |
| 48. Washington  | WA L          |  |                        |  |  |                        |                      |  |   |
| 49. West Virginia   | WV L          |  |                        |  |  |                        |                      |  |   |
| 50. Wisconsin   | WI L          | 76,579   | 3,204                  |  |  |                        |                      |  |   |
| 51. Wyoming   | WY L          |  |                        |  |  |                        |                      |  |   |
| 52. American Samoa  | AS N          |  |                        |  |  |                        |                      |  |   |
| 53. Guam  | GU N          |  |                        |  |  |                        |                      |  |   |
| 54. Puerto Rico   | PR L          |  |                        |  |  |                        |                      |  |   |
| 55. U.S. Virgin Islands   | VI N          |  |                        |  |  |                        |                      |  |   |
| 56. Northern Mariana Islands                                      | MP N          |  |                        |  |  |                        |                      |  |   |
| 57. Canada  | CAN N         |  |                        |  |  |                        |                      |  |   |
| 58. Aggregate other alien   | OT XXX        |  |                        |  |  |                        |                      |  |   |
| 59. Totals  | (a) 52        | 4,145,048  | 314,459                |  |  |                        |                      |  |   |
| 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.

All premiums were allocated by location of risk and/or policyholders.

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

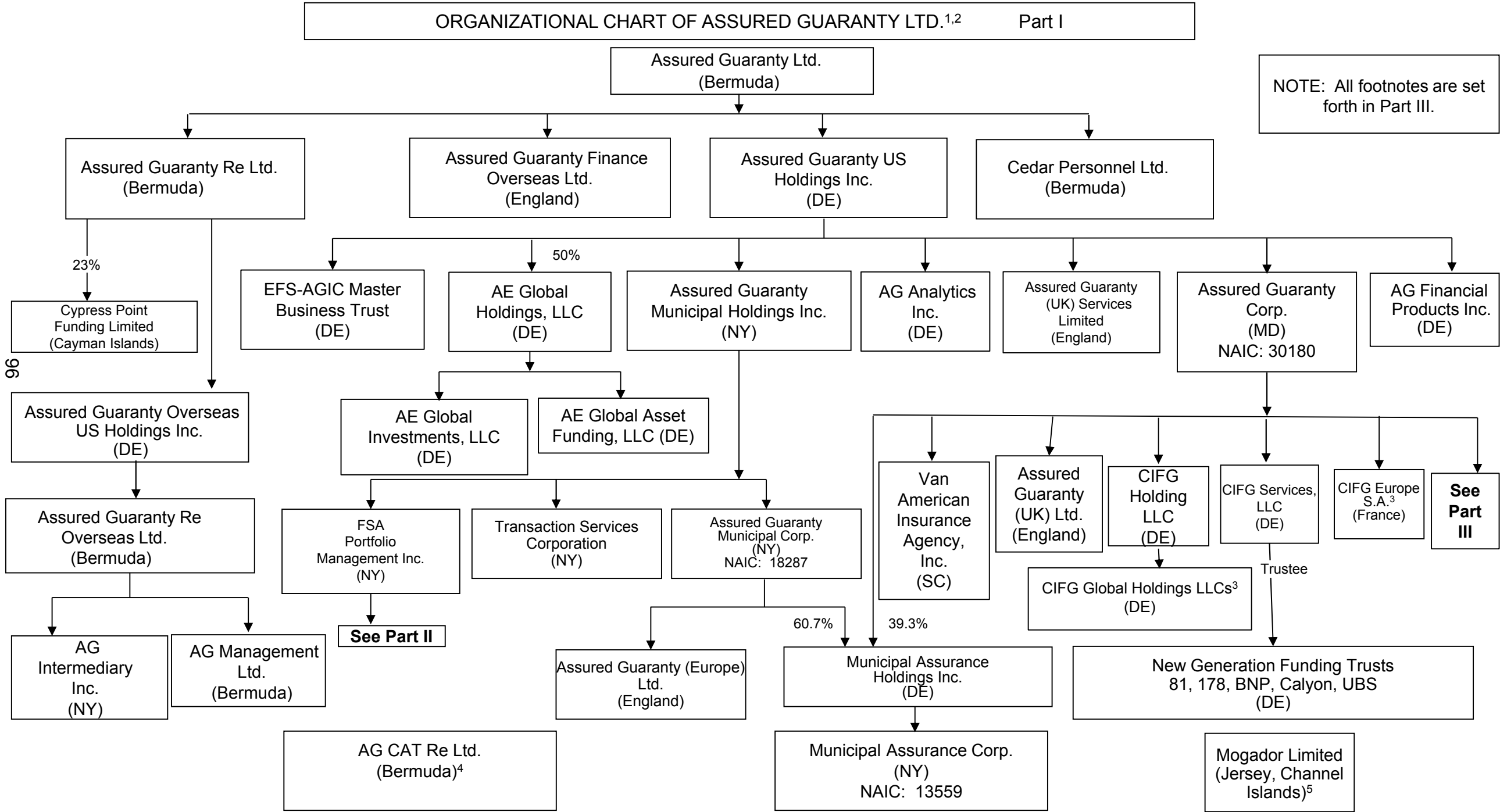
SCHEDULE T – PART 2  
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

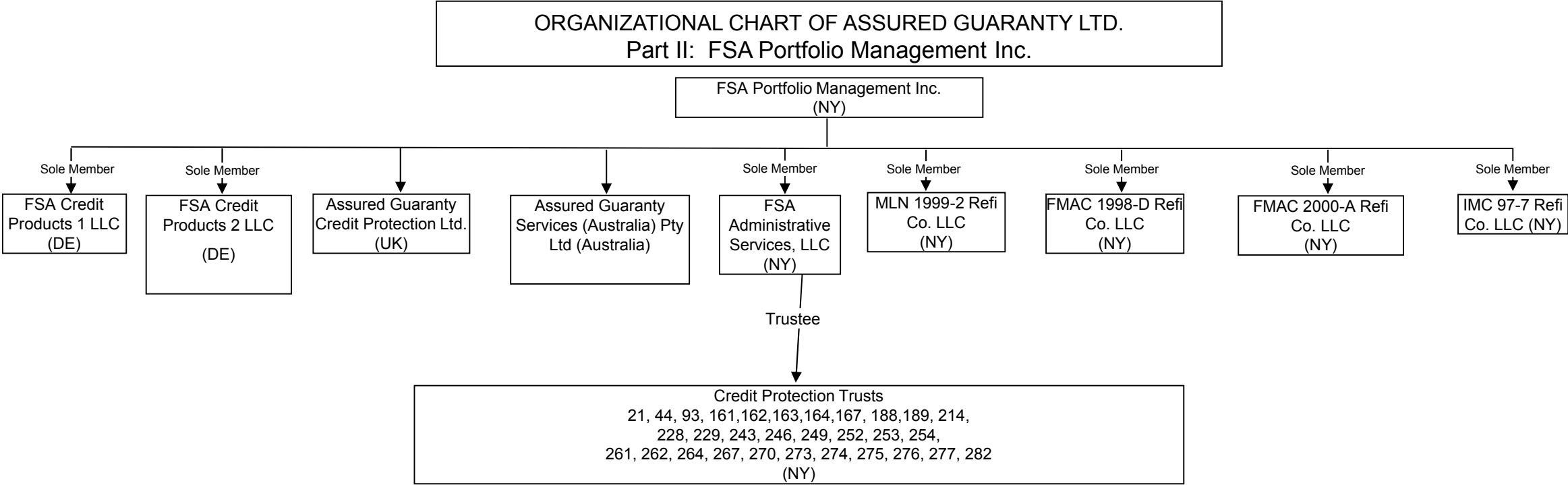
|                                    |           | Direct Business Only           |                                  |   |  |                        |        |
|------------------------------------|-----------|--------------------------------|----------------------------------|---|--|------------------------|--------|
|                                    |           | 1                              | 2                                | 3   | 4  | 5                      | 6      |
| States, Etc.                       |           | Life<br>(Group and Individual) | Annuities (Group and Individual) | Disability Income<br>(Group and Individual) | Long-Term Care<br>(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

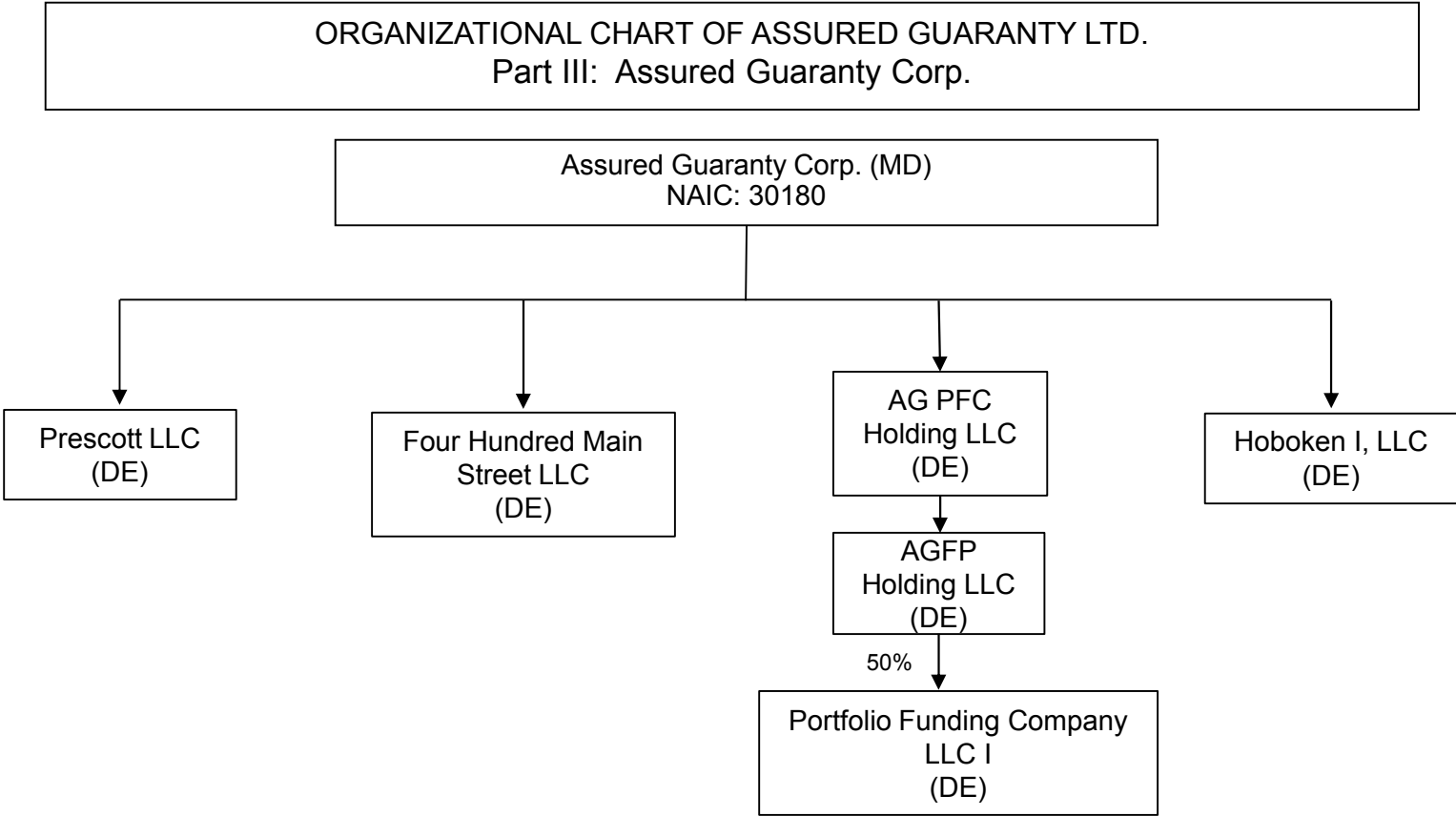
STATEMENT as of DECEMBER 31, 2016 of the MUNICIPAL ASSURANCE CORP.  
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP



STATEMENT as of DECEMBER 31, 2016 of the MUNICIPAL ASSURANCE CORP.  
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP



STATEMENT as of DECEMBER 31, 2016 of the MUNICIPAL ASSURANCE CORP.  
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP



Footnotes:

1. Unless otherwise indicated by percentage ownership or other relationship, the ownership interest is 100%. Percentages shown represent voting control, except that percentages in parentheses represent economic interest where voting control and economic interest are different..
2. All companies listed are corporations, except for (i) limited liability companies (designated as LLCs) , (ii) EFS-AGIC Master Business Trust and the New Generation Funding Trusts (which are Delaware trusts;) and (iii) the Credit Protection Trusts (which are New York trusts).
3. In order to comply with a French law mandating that corporations have at least seven (7) shareholders, AGC has loaned one share of CIFG Europe S.A. to each of the following six Delaware limited liability companies, each of which is wholly owned by CIFG Holding LLC, a direct, wholly owned subsidiary of AGC: CIFG Global Holdings I, LLC, CIFG Global Holdings II, LLC, CIFG Global Holdings III, LLC, CIFG Global Holdings IV, LLC, CIFG Global Holdings V, LLC, and CIFG Global Holdings VI, LLC.
4. AG CAT Re Ltd. is wholly owned by Codan Trust Company Limited, an entity that is not owned or controlled by Assured Guaranty Ltd. The insurance manager of AG CAT Re Ltd. is AG Management Ltd.
5. Mogador Limited is wholly owned by Sanne Nominees Limited and Sanne Nominees 2 Limited, which companies are organized under the laws of Jersey, Channel Islands and are not owned or controlled by Assured Guaranty Ltd. Mogador Limited is the depositor of the New Generation Funding Trusts and the seller of protection on derivatives guaranteed by CIFG Europe S.A.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE Y  
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1          | 2                         | 3                 | 4               | 5            | 6          | 7  | 8   | 9                    | 10                               | 11   | 12   | 13   | 14   | 15                               | 16  |
|------------|---------------------------|-------------------|-----------------|--------------|------------|--|---|----------------------|----------------------------------|--|--|--|--|----------------------------------|-----|
| Group Code | Group Name                | NAIC Company Code | ID Number       | Federal RSSD | CIK        | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries or Affiliates                         | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity/Person) | Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | *   |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 98-0429991..... |              | 0001573813 | NYSE   | Assured Guaranty Ltd.....   | BMU.....             | UIP.....                         |  |  |  | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 20-1082002..... |              | 0001289244 |  | Assured Guaranty US Holdings Inc.....                               | DE.....              | UIP.....                         | Assured Guaranty Ltd.....                      | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 13-3261323..... |              | 1111913357 |  | Assured Guaranty Municipal Holdings Inc.....                        | NY.....              | UIP.....                         | Assured Guaranty US Holdings Inc.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 18287.....        | 13-3250292..... |              |            |  | Assured Guaranty Municipal Corp.....                                | NY.....              | UIP.....                         | Assured Guaranty Municipal Holdings Inc.....   | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 13-3693815..... |              |            |  | FSA Portfolio Management Inc. Transaction Services Corporation..... | NY.....              | NIA.....                         | Assured Guaranty Municipal Holdings Inc.....   | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 13-3866939..... |              |            |  | Municipal Assurance Holdings Inc.....                               | NY.....              | NIA.....                         | Assured Guaranty Municipal Holdings Inc.....   | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 46-3047895..... |              |            |  |   | DE.....              | UDP.....                         | Assured Guaranty Municipal Corp.....           | Ownership.....   | 60.7                                       | Assured Guaranty Ltd.....                  |                                  | (1) |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 13-3896538..... |              |            |  | Assured Guaranty (Europe) Ltd.....                                  | GBR.....             | IA.....                          | Assured Guaranty Municipal Corp.....           | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | Cypress Point Funding Ltd.....                                      | CYM.....             | NIA.....                         | Assured Guaranty Re Ltd.....                   | Ownership.....   | 23.0                                       | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 98-0203985..... |              |            |  | Assured Guaranty Re Ltd.....  | BMU.....             | IA.....                          | Assured Guaranty Ltd.....                      | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | Assured Guaranty Finance Overseas Ltd.....                          | GBR.....             | NIA.....                         | Assured Guaranty Ltd.....                      | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | Cedar Personnel Ltd.....  | BMU.....             | NIA.....                         | Assured Guaranty Ltd.....                      | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 52-2221232..... |              |            |  | Assured Guaranty Overseas US Holdings Inc.....                      | DE.....              | NIA.....                         | Assured Guaranty Re Ltd.....                   | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 98-0319240..... |              |            |  | Assured Guaranty Re Overseas Ltd.....                               | BMU.....             | IA.....                          | Assured Guaranty Overseas US Holdings Inc..... | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | AG Management Ltd.....  | BMU.....             | NIA.....                         | Assured Guaranty Re Overseas Ltd.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 13-3339307..... |              |            |  | AG Intermediary Inc.....  | NY.....              | NIA.....                         | Assured Guaranty Re Overseas Ltd.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 13559.....        | 26-2999764..... |              |            |  | Municipal Assurance Corp.....                                       | NY.....              | RE.....                          | Municipal Assurance Holdings Inc.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 27-1251323..... |              |            |  | AG Analytics Inc.....   | DE.....              | NIA.....                         | Assured Guaranty US Holdings Inc.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | Assured Guaranty (UK) Services Limited.....                         | GBR.....             | NIA.....                         | Assured Guaranty US Holdings Inc.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 30180.....        | 52-1533088..... |              |            |  | Assured Guaranty Corp.....  | MD.....              | UIP.....                         | Assured Guaranty US Holdings Inc.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 13-4031196..... |              |            |  | AG Financial Products Inc.....                                      | DE.....              | NIA.....                         | Assured Guaranty US Holdings Inc.....          | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | Prescott LLC.....   | DE.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        | 52-1533088..... |              |            |  | AG PFC Holding LLC.....   | DE.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd..... | 00000.....        |                 |              |            |  | Assured Guaranty (UK) Ltd.....                                      | GBR.....             | IA.....                          | Assured Guaranty Corp.....                     | Ownership.....   | 100.0                                      | Assured Guaranty Ltd.....                  |                                  |     |

SCHEDULE Y  
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1          | 2                            | 3                 | 4               | 5            | 6   | 7  | 8  | 9                    | 10                               | 11   | 12   | 13   | 14   | 15                               | 16  |
|------------|------------------------------|-------------------|-----------------|--------------|-----|--|--|----------------------|----------------------------------|--|--|--|--|----------------------------------|-----|
| Group Code | Group Name                   | NAIC Company Code | ID Number       | Federal RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries or Affiliates        | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity/Person) | Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | *   |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 27-3047677..... |              |     |  | AGFP Holding LLC.....                              | DE.....              | NIA.....                         | AG PFC Holding LLC.....                        | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | Portfolio Funding Company LLC 1.....               | DE.....              | NIA.....                         | AGFP Holding LLC.....                          | Ownership.....   | 50.0.....                                  | Assured Guaranty Ltd.....                  |                                  |     |
| 00000..... | Codan Trust Company Ltd..... | 00000.....        |                 |              |     |  | AG CAT Re Ltd.....                                 | BMU.....             | OTH.....                         | Codan Trust Company Limited.....               | Other.....   |  | Codan Trust Company Limited.....           |                                  | (2) |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | FSA Credit Products 1 LLC.....                     | DE.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | FSA Credit Products 2 LLC.....                     | DE.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | Assured Guaranty Credit Protection Ltd.....        | GBR.....             | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | Assured Guaranty Services (Australia) Pty Ltd..... | AUS.....             | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | FSA Administrative Services, LLC.....              | NY.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | MLN 1992-2 Refi Co. LLC.....                       | NY.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | FMAC 1998-D Refi Co. LLC.....                      | NY.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | FMAC 2000-A Refi Co. LLC.....                      | NY.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | IMC 97-7 Refi Co. LLC.....                         | NY.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | Credit Protection Trusts.....                      | NY.....              | NIA.....                         | FSA Portfolio Management Inc.....              | Other.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 13-3333448..... |              |     |  | EFS-AGIC Master Business Trust.....                | DE.....              | NIA.....                         | Assured Guaranty US Holdings, Inc.....         | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 36-4446928..... |              |     |  | AE Global Holdings, LLC.....                       | DE.....              | NIA.....                         | Assured Guaranty US Holdings Inc.....          | Ownership.....   | 50.0.....                                  | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | AE Global Investments, LLC.....                    | DE.....              | NIA.....                         | AE Global Holdings, LLC.....                   | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | AE Global Asset Funding, LLC.....                  | DE.....              | NIA.....                         | AE Global Holdings, LLC.....                   | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | Four Hundred Main Street, LLC.....                 | DE.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 20-3759337..... |              |     |  | Van American Insurance Agency, Inc.....            | SC.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        |                 |              |     |  | Hoboken I, LLC.....                                | DE.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 13-4173364..... |              |     |  | CIFG Services, LLC.....                            | DE.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 98-0647426..... |              |     |  | CIFG Europe S. A.....                              | FRA.....             | IA.....                          | Assured Guaranty Corp.....                     | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  | (3) |
| 00194..... | Assured Guaranty Ltd.....    | 00000.....        | 98-0609455..... |              |     |  | CIFG Holding LLC.....                              | DE.....              | NIA.....                         | Assured Guaranty Corp.....                     | Ownership.....   | 100.0.....                                 | Assured Guaranty Ltd.....                  |                                  |     |

## 97.2

[illegible]

| Asterisk | Explanation  |
|----------|--|
| (1)      | The remaining 39.3% of Municipal Assurance Holdings Inc. is directly owned by Assured Guaranty Corp.   |
| (2)      | AG CAT Re Ltd. is wholly owned by Codan Trust Company Limited, an entity that is not owned or controlled by Assured Guaranty Ltd. The insurance manager of AG CAT Re Ltd. is AG Management Ltd.  |
| (3)      | In order to comply with a French law mandating that corporations have at least seven (7) shareholders, AGC has loaned one share of CIFG Europe S.A. to each of the following six Delaware limited liability companies, each of which is wholly owned by CIFG Holding LLC, a direct, wholly owned subsidiary of AGC: CIFG Global Holdings I, LLC, CIFG Global Holdings II, LLC, CIFG Global Holdings III, LLC, CIFG Global Holdings IV, LLC, CIFG Global Holdings V, LLC, and CIFG Global Holdings VI, LLC. |
| (4)      | Mogador Limited is wholly owned by Sanne Nominees Limited and Sanne Nominees 2 Limited, which companies are organized under the laws of Jersey, Channel Islands and are not owned or controlled by Assured Guaranty Ltd. Mogador Limited is the depositor of the New Generation Funding Trusts and the seller of protection on derivatives guaranteed by CIFG Europe S.A.  |

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## 68

## 68

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ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

| MARCH FILING  |   | RESPONSES        |
|---------------|---|------------------|
| 1.            | Will an actuarial opinion be filed by March 1?  | .....YES.....    |
| 2.            | Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?  | .....YES.....    |
| 3.            | Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?  | .....WAIVED..... |
| 4.            | Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?   | .....WAIVED..... |
| APRIL FILING  |   |                  |
| 5.            | Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?   | .....YES.....    |
| 6.            | Will Management's Discussion and Analysis be filed by April 1?  | .....YES.....    |
| 7.            | Will the Supplemental Investment Risks Interrogatories be filed by April 1?   | .....YES.....    |
| MAY FILING    |   |                  |
| 8.            | Will this company be included in a combined annual statement that is filed with the NAIC by May 1?  | .....YES.....    |
| 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?   | .....SEE EXPLANATION..... |
| 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?   | .....SEE EXPLANATION..... |
| 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?   | .....NO.....              |
| 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 MUNICIPAL ASSURANCE CORP.

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:

12. The Company has less than 100 stockholders.

14.

15.

16. The Company is not a US branch of a non US entity.

17.

18. The Company did not respond "Yes" to General Interrogatory 9.

19.

21.

22. The Company does not file the Reinsurance Attestation Supplement. It is exempt from filing such supplement because the Company does not utilize reinsurance. Accordingly, the Company does not have any exceptions to the Reinsurance Attestation Supplement in 2016.

23.

24.

25.

26.

27.

28.

29.

30.

31.

32.




















33.

34.

35. The Company did not write gross premiums of \$500 million or more in 2016.

Bar Code:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

|     |  |
|-----|--|
| 3.  | <br>1 3 5 5 9 2 0 1 6 3 9 0 0 0 0 0 0   |
| 4.  | <br>1 3 5 5 9 2 0 1 6 3 9 0 0 0 0 0 0   |
| 14. | <br>1 3 5 5 9 2 0 1 6 3 6 0 5 9 0 0 0   |
| 15. | <br>1 3 5 5 9 2 0 1 6 4 5 5 0 0 0 0 0   |
| 17. | <br>1 3 5 5 9 2 0 1 6 3 8 5 0 0 0 0 0   |
| 19. | <br>1 3 5 5 9 2 0 1 6 3 6 5 0 0 0 0 0   |
| 21. | <br>1 3 5 5 9 2 0 1 6 3 9 9 0 0 0 0 0   |
| 23. | <br>1 3 5 5 9 2 0 1 6 5 0 0 0 0 0 0 0  |
| 24. | <br>1 3 5 5 9 2 0 1 6 5 0 5 0 0 0 0 0 |
| 25. | <br>1 3 5 5 9 2 0 1 6 2 2 4 0 0 0 0 0 |
| 26. | <br>1 3 5 5 9 2 0 1 6 2 2 5 0 0 0 0 0 |
| 27. | <br>1 3 5 5 9 2 0 1 6 2 2 6 0 0 0 0 0 |
| 28. | <br>1 3 5 5 9 2 0 1 6 5 5 5 0 0 0 0 0 |
| 29. | <br>1 3 5 5 9 2 0 1 6 2 3 0 5 9 0 0 0 |
| 30. | <br>1 3 5 5 9 2 0 1 6 3 0 6 0 0 0 0 0 |
| 31. | <br>1 3 5 5 9 2 0 1 6 2 1 0 0 0 0 0 0 |
| 32. | <br>1 3 5 5 9 2 0 1 6 2 1 6 5 9 0 0 0 |
| 33. | <br>1 3 5 5 9 2 0 1 6 2 1 7 0 0 0 0 0 |
| 34. | <br>1 3 5 5 9 2 0 1 6 5 5 0 0 0 0 0 0 |

OVERFLOW PAGE FOR WRITE-INS

P011 Additional Aggregate Lines for Page 11 Line 24.  
\*EXEXP - Underwriting and Investment - Part 3 - Expenses

|   | 1                           | 2                              | 3                   | 4       |
|---|-----------------------------|--------------------------------|---------------------|---------|
|   | Loss Adjustment<br>Expenses | Other Underwriting<br>Expenses | Investment Expenses | Total   |
| 2404. Other Miscellaneous Corp. Expenses.....                 |                             | 135,374                        |                     | 135,374 |
| 2405. ....  |                             |                                |                     |         |
| 2497. Summary of remaining write-ins for Line 24 from page 11 |                             | 135,374                        |                     | 135,374 |

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 .....  | 14,972,562                | 1.379      | 14,972,562  |   | 14,972,562              | 1.379      |
| 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 .....  | 110,057,532               | 10.135     | 110,057,532   |   | 110,057,532             | 10.135     |
| 1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....                                 | 231,293,027               | 21.300     | 231,293,027   |   | 231,293,027             | 21.300     |
| 1.43 Revenue and assessment obligations .....   | 596,651,115               | 54.945     | 596,651,115   |   | 596,651,115             | 54.945     |
| 1.44 Industrial development and similar obligations .....   |                           |            |   |   |                         |            |
| 1.5 Mortgage-backed securities (includes residential and commercial MBS):   |                           |            |   |   |                         |            |
| 1.51 Pass-through securities:   |                           |            |   |   |                         |            |
| 1.511 Issued or guaranteed by GNMA .....  | 8,946,436                 | 0.824      | 8,946,436   |   | 8,946,436               | 0.824      |
| 1.512 Issued or guaranteed by FNMA and FHLMC .....  | 1,335,763                 | 0.123      | 1,335,763   |   | 1,335,763               | 0.123      |
| 1.513 All other .....   |                           |            |   |   |                         |            |
| 1.52 CMOs and REMICs:   |                           |            |   |   |                         |            |
| 1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....   | 707,620                   | 0.065      | 707,620   |   | 707,620                 | 0.065      |
| 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 .....   | 19,249,197                | 1.773      | 19,249,197  |   | 19,249,197              | 1.773      |
| 2. Other debt and other fixed income securities (excluding short term):   |                           |            |   |   |                         |            |
| 2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) .....   | 44,586,701                | 4.106      | 44,586,701  |   | 44,586,701              | 4.106      |
| 2.2 Unaffiliated non-U.S. securities (including Canada) .....   | 13,339,618                | 1.228      | 13,339,618  |   | 13,339,618              | 1.228      |
| 2.3 Affiliated securities .....   |                           |            |   |   |                         |            |
| 3. Equity interests:  |                           |            |   |   |                         |            |
| 3.1 Investments in mutual funds .....   |                           |            |   |   |                         |            |
| 3.2 Preferred stocks:   |                           |            |   |   |                         |            |
| 3.21 Affiliated .....   |                           |            |   |   |                         |            |
| 3.22 Unaffiliated .....   |                           |            |   |   |                         |            |
| 3.3 Publicly traded equity securities (excluding preferred stocks):   |                           |            |   |   |                         |            |
| 3.31 Affiliated .....   |                           |            |   |   |                         |            |
| 3.32 Unaffiliated .....   |                           |            |   |   |                         |            |
| 3.4 Other equity securities:  |                           |            |   |   |                         |            |
| 3.41 Affiliated .....   |                           |            |   |   |                         |            |
| 3.42 Unaffiliated .....   |                           |            |   |   |                         |            |
| 3.5 Other equity interests including tangible personal property under lease:  |                           |            |   |   |                         |            |
| 3.51 Affiliated .....   |                           |            |   |   |                         |            |
| 3.52 Unaffiliated .....   |                           |            |   |   |                         |            |
| 4. Mortgage loans:  |                           |            |   |   |                         |            |
| 4.1 Construction and land development .....   |                           |            |   |   |                         |            |
| 4.2 Agricultural .....  |                           |            |   |   |                         |            |
| 4.3 Single family residential properties .....  |                           |            |   |   |                         |            |
| 4.4 Multifamily residential properties .....  |                           |            |   |   |                         |            |
| 4.5 Commercial loans .....  |                           |            |   |   |                         |            |
| 4.6 Mezzanine real estate loans .....   |                           |            |   |   |                         |            |
| 5. Real estate investments:   |                           |            |   |   |                         |            |
| 5.1 Property occupied by company .....  |                           |            |   |   |                         |            |
| 5.2 Property held for production of income (including \$ .....of property acquired in satisfaction of debt) .....                                       |                           |            |   |   |                         |            |
| 5.3 Property held for sale (including \$ .....property acquired in satisfaction of debt) .....  |                           |            |   |   |                         |            |
| 6. Contract loans .....   |                           |            |   |   |                         |            |
| 7. Derivatives .....  |                           |            |   |   |                         |            |
| 8. Receivables for securities .....   |                           |            |   |   |                         |            |
| 9. Securities Lending (Line 10, Asset Page reinvested collateral) .....   |                           |            |   | XXX   | XXX                     | XXX        |
| 10. Cash, cash equivalents and short-term investments .....   | 19,183,710                | 1.767      | 19,183,710  |   | 19,183,710              | 1.767      |
| 11. Other invested assets .....   | 25,577,338                | 2.355      | 25,577,338  |   | 25,577,338              | 2.355      |
| 12. Total invested assets   | 1,085,900,619             | 100.000    | 1,085,900,619                                       |   | 1,085,900,619           | 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.....                            | 15,000,000 |
| 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) .....                   | 10,577,338 |
| 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 .....   |            |
| 5.2  | Totals, Part 3, Column 9 .....  |            |
| 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)..... | 25,577,338 |
| 12.  | Deduct total nonadmitted amounts.....   |            |
| 13.  | Statement value at end of current period (Line 11 minus Line 12).....                   | 25,577,338 |

SCHEDULE D – VERIFICATION BETWEEN YEARS

Bonds and Stocks

|     |  |               |
|-----|--|---------------|
| 1.  | Book/adjusted carrying value, December 31 of prior year.....                         | 1,463,400,550 |
| 2.  | Cost of bonds and stocks acquired, Part 3, Column 7.....                             | 40,548,869    |
| 3.  | Accrual of discount.....   | 1,898,387     |
| 4.  | Unrealized valuation increase (decrease):  |               |
| 4.1 | Part 1, Column 12.....   |               |
| 4.2 | Part 2, Section 1, Column 15.....  |               |
| 4.3 | Part 2, Section 2, Column 13.....  |               |
| 4.4 | Part 4, Column 11.....   |               |
| 5.  | Total gain (loss) on disposals, Part 4, Column 19.....                               | 13,749,855    |
| 6.  | Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....      | 456,349,840   |
| 7.  | Deduct amortization of premium.....  | 22,108,267    |
| 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)..... | 1,041,139,554 |
| 11. | Deduct total nonadmitted amounts.....  |               |
| 12. | Statement value at end of current period (Line 10 minus Line 11).....                | 1,041,139,554 |

SCHEDULE D - SUMMARY BY COUNTRY

| Long-Term Bonds and Stocks OWNED December 31 of Current Year  |                            |                                      |                 |                  |                         |
|---|----------------------------|--------------------------------------|-----------------|------------------|-------------------------|
| Description   |                            | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Fair Value | 3<br>Actual Cost | 4<br>Par Value of Bonds |
| BONDS<br><br>Governments<br>(Including all obligations guaranteed<br>by governments)  | 1. United States .....     | 24,626,617                           | 25,301,948      | 25,172,224       | 22,303,669              |
|   | 2. Canada .....            |                                      |                 |                  |                         |
|   | 3. Other Countries         |                                      |                 |                  |                         |
|   | 4. Totals                  | 24,626,617                           | 25,301,948      | 25,172,224       | 22,303,669              |
| U.S. States, Territories and Possessions<br>(Direct and guaranteed)   | 5. Totals                  | 110,057,530                          | 113,708,472     | 117,259,271      | 102,010,000             |
| U.S. Political Subdivisions of States, Territories<br>and Possessions (Direct and guaranteed)   | 6. Totals                  | 231,293,027                          | 234,175,405     | 247,102,663      | 221,965,000             |
| U.S. Special revenue and special assessment<br>obligations and all non-guaranteed<br>obligations of agencies and authorities of<br>governments and their political subdivisions | 7. Totals                  | 597,986,868                          | 615,657,537     | 621,652,620      | 569,350,062             |
| Industrial and Miscellaneous, SVO Identified<br>Funds and Hybrid Securities (unaffiliated)  | 8. United States .....     | 63,835,898                           | 65,356,252      | 66,068,131       | 61,740,000              |
|   | 9. Canada .....            | 3,658,331                            | 3,678,052       | 4,041,261        | 3,500,000               |
|   | 10. Other Countries        | 9,681,287                            | 9,762,613       | 10,685,354       | 9,300,000               |
|   | 11. Totals                 | 77,175,516                           | 78,796,917      | 80,794,746       | 74,540,000              |
| Parent, Subsidiaries and Affiliates   | 12. Totals                 |                                      |                 |                  |                         |
|   | 13. Total Bonds            | 1,041,139,558                        | 1,067,640,279   | 1,091,981,524    | 990,168,731             |
| PREFERRED STOCKS<br><br>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<br><br>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 | 1,041,139,558                        | 1,067,640,279   | 1,091,981,524    |                         |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>1 Year or Less | 2<br>Over 1 Year Through<br>5 Years | 3<br>Over 5 Years<br>Through 10 Years | 4<br>Over 10 Years<br>Through 20 Years | 5<br>Over 20 Years | 6<br>No Maturity<br>Date | 7<br>Total<br>Current Year | 8<br>Col. 7 as a<br>% of Line 10.7 | 9<br>Total from Col. 6<br>Prior Year | 10<br>% From Col. 7<br>Prior Year | 11<br>Total Publicly<br>Traded | 12<br>Total Privately<br>Placed (a) |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|--------------------------|----------------------------|------------------------------------|--------------------------------------|-----------------------------------|--------------------------------|-------------------------------------|
| 1. U.S. Governments   |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 1.1 NAIC 1  | 4,694,463           | 7,191,845                           | 2,817,519                             | 10,547,383                             | 2,675,312          | XXX                      | 27,926,522                 | 2.6                                | 26,728,171                           | 1.8                               | 27,926,522                     |                                     |
| 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  | 4,694,463           | 7,191,845                           | 2,817,519                             | 10,547,383                             | 2,675,312          | XXX                      | 27,926,522                 | 2.6                                | 26,728,171                           | 1.8                               | 27,926,522                     |                                     |
| 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  | 21,051,918          | 41,069,729                          | 36,158,848                            | 11,777,036                             |                    | XXX                      | 110,057,531                | 10.4                               | 212,341,616                          | 14.5                              | 110,057,531                    |                                     |
| 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  | 21,051,918          | 41,069,729                          | 36,158,848                            | 11,777,036                             |                    | XXX                      | 110,057,531                | 10.4                               | 212,341,616                          | 14.5                              | 110,057,531                    |                                     |
| 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 4.1 NAIC 1  | 68,544,104          | 106,394,995                         | 43,371,675                            | 12,982,253                             |                    | XXX                      | 231,293,027                | 21.8                               | 280,972,222                          | 19.2                              | 231,293,027                    |                                     |
| 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  | 68,544,104          | 106,394,995                         | 43,371,675                            | 12,982,253                             |                    | XXX                      | 231,293,027                | 21.8                               | 280,972,222                          | 19.2                              | 231,293,027                    |                                     |
| 5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed    |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 5.1 NAIC 1  | 64,849,654          | 384,639,332                         | 124,249,777                           | 16,074,476                             | 8,173,627          | XXX                      | 597,986,866                | 56.4                               | 790,055,340                          | 53.9                              | 597,986,866                    |                                     |
| 5.2 NAIC 2  |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   |                                |                                     |
| 5.3 NAIC 3  |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   |                                |                                     |
| 5.4 NAIC 4  |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   |                                |                                     |
| 5.5 NAIC 5  |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   |                                |                                     |
| 5.6 NAIC 6  |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   |                                |                                     |
| 5.7 Totals  | 64,849,654          | 384,639,332                         | 124,249,777                           | 16,074,476                             | 8,173,627          | XXX                      | 597,986,866                | 56.4                               | 790,055,340                          | 53.9                              | 597,986,866                    |                                     |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>1 Year or Less | 2<br>Over 1 Year Through<br>5 Years | 3<br>Over 5 Years<br>Through 10 Years | 4<br>Over 10 Years<br>Through 20 Years | 5<br>Over 20 Years | 6<br>No Maturity<br>Date | 7<br>Total<br>Current Year | 8<br>Col. 7 as a<br>% of Line 10.7 | 9<br>Total from Col. 6<br>Prior Year | 10<br>% From Col.7<br>Prior Year | 11<br>Total Publicly<br>Traded | 12<br>Total Privately<br>Placed (a) |
|--|---------------------|-------------------------------------|---------------------------------------|--|--------------------|--------------------------|----------------------------|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|-------------------------------------|
| 6. Industrial and Miscellaneous (unaffiliated) |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                  |                                |                                     |
| 6.1 NAIC 1                                     | 22,524,910          | 58,252,599                          | 6,172,675                             |  |                    | XXX                      | 86,950,184                 | 8.2                                | 150,560,179                          | 10.3                             | 63,022,937                     | 23,927,247                          |
| 6.2 NAIC 2                                     |                     | 5,100,256                           | 49,989                                |  |                    | XXX                      | 5,150,245                  | 0.5                                | 5,132,161                            | 0.4                              | 5,100,256                      | 49,989                              |
| 6.3 NAIC 3                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 6.4 NAIC 4                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 6.5 NAIC 5                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 6.6 NAIC 6                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 6.7 Totals                                     | 22,524,910          | 63,352,855                          | 6,222,664                             |  |                    | XXX                      | 92,100,429                 | 8.7                                | 155,692,340                          | 10.6                             | 68,123,193                     | 23,977,236                          |
| 7. Hybrid Securities                           |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                  |                                |                                     |
| 7.1 NAIC 1                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 7.2 NAIC 2                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 7.3 NAIC 3                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 7.4 NAIC 4                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 7.5 NAIC 5                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 7.6 NAIC 6                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 7.7 Totals                                     |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                  |                                |                                     |
| 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 MUNICIPAL ASSURANCE CORP.

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<br>1 Year or Less | 2<br>Over 1 Year Through<br>5 Years | 3<br>Over 5 Years<br>Through 10 Years | 4<br>Over 10 Years<br>Through 20 Years | 5<br>Over 20 Years | 6<br>No Maturity<br>Date | 7<br>Total<br>Current Year | 8<br>Col. 7 as a<br>% of Line 10.7 | 9<br>Total from Col. 6<br>Prior Year | 10<br>% From Col. 7<br>Prior Year | 11<br>Total Publicly<br>Traded | 12<br>Total Privately<br>Placed (a) |
|--|---------------------|-------------------------------------|---------------------------------------|--|--------------------|--------------------------|----------------------------|------------------------------------|--------------------------------------|-----------------------------------|--------------------------------|-------------------------------------|
| 10. Total Bonds Current Year                           |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 10.1 NAIC 1  | (d) 181,665,049     | 597,548,500                         | 212,770,494                           | 51,381,148                             | 10,848,939         |                          | 1,054,214,130              | 99.5                               | XXX                                  | XXX                               | 1,030,286,883                  | 23,927,247                          |
| 10.2 NAIC 2  | (d)                 | 5,100,256                           | 49,989                                |  |                    |                          | 5,150,245                  | 0.5                                | XXX                                  | XXX                               | 5,100,256                      | 49,989                              |
| 10.3 NAIC 3  | (d)                 |                                     |                                       |  |                    |                          |                            |                                    | XXX                                  | XXX                               |                                |                                     |
| 10.4 NAIC 4  | (d)                 |                                     |                                       |  |                    |                          |                            |                                    | XXX                                  | XXX                               |                                |                                     |
| 10.5 NAIC 5  | (d)                 |                                     |                                       |  |                    | (c)                      |                            |                                    | XXX                                  | XXX                               |                                |                                     |
| 10.6 NAIC 6  | (d)                 |                                     |                                       |  |                    | (c)                      |                            |                                    | XXX                                  | XXX                               |                                |                                     |
| 10.7 Totals  | 181,665,049         | 602,648,756                         | 212,820,483                           | 51,381,148                             | 10,848,939         | (b)                      | 1,059,364,375              | 100.0                              | XXX                                  | XXX                               | 1,035,387,139                  | 23,977,236                          |
| 10.8 Line 10.7 as a % of Col. 7                        | 17.1                | 56.9                                | 20.1                                  | 4.9                                    | 1.0                |                          | 100.0                      | XXX                                | XXX                                  | XXX                               | 97.7                           | 2.3                                 |
| 11. Total Bonds Prior Year                             |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 11.1 NAIC 1  | 132,197,241         | 883,898,087                         | 333,665,486                           | 97,621,660                             | 13,275,054         | XXX                      | XXX                        | XXX                                | 1,460,657,528                        | 99.6                              | 1,433,435,838                  | 27,221,690                          |
| 11.2 NAIC 2  |                     | 5,132,161                           |                                       |  |                    | XXX                      | XXX                        | XXX                                | 5,132,161                            | 0.4                               | 5,132,161                      |                                     |
| 11.3 NAIC 3  |                     |                                     |                                       |  |                    | XXX                      | XXX                        | XXX                                |                                      |                                   |                                |                                     |
| 11.4 NAIC 4  |                     |                                     |                                       |  |                    | XXX                      | XXX                        | XXX                                |                                      |                                   |                                |                                     |
| 11.5 NAIC 5  |                     |                                     |                                       |  |                    | XXX                      | XXX                        | XXX                                | (c)                                  |                                   |                                |                                     |
| 11.6 NAIC 6  |                     |                                     |                                       |  |                    | XXX                      | XXX                        | XXX                                | (c)                                  |                                   |                                |                                     |
| 11.7 Totals  | 132,197,241         | 889,030,248                         | 333,665,486                           | 97,621,660                             | 13,275,054         | XXX                      | XXX                        | XXX                                | (b)                                  | 1,465,789,689                     | 100.0                          | 1,438,567,999                       |
| 11.8 Line 11.7 as a % of Col. 9                        | 9.0                 | 60.7                                | 22.8                                  | 6.7                                    | 0.9                | XXX                      | XXX                        | XXX                                |                                      | XXX                               | 98.1                           | 1.9                                 |
| 12. Total Publicly Traded Bonds                        |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 12.1 NAIC 1  | 181,665,049         | 573,621,253                         | 212,770,494                           | 51,381,148                             | 10,848,939         |                          | 1,030,286,883              | 97.3                               | 1,433,435,838                        | 97.8                              | 1,030,286,883                  | XXX                                 |
| 12.2 NAIC 2  |                     | 5,100,256                           |                                       |  |                    |                          | 5,100,256                  | 0.5                                | 5,132,161                            | 0.4                               | 5,100,256                      | XXX                                 |
| 12.3 NAIC 3  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                | XXX                                 |
| 12.4 NAIC 4  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                | XXX                                 |
| 12.5 NAIC 5  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                | XXX                                 |
| 12.6 NAIC 6  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                | XXX                                 |
| 12.7 Totals  | 181,665,049         | 578,721,509                         | 212,770,494                           | 51,381,148                             | 10,848,939         |                          | 1,035,387,139              | 97.7                               | 1,438,567,999                        | 98.1                              | 1,035,387,139                  | XXX                                 |
| 12.8 Line 12.7 as a % of Col. 7                        | 17.5                | 55.9                                | 20.5                                  | 5.0                                    | 1.0                |                          | 100.0                      | XXX                                | XXX                                  | XXX                               | 100.0                          | XXX                                 |
| 12.9 Line 12.7 as a % of Line 10.7, Col. 7, Section 10 | 17.1                | 54.6                                | 20.1                                  | 4.9                                    | 1.0                |                          | 97.7                       | XXX                                | XXX                                  | XXX                               | 97.7                           | XXX                                 |
| 13. Total Privately Placed Bonds                       |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 13.1 NAIC 1  |                     | 23,927,247                          |                                       |  |                    |                          | 23,927,247                 | 2.3                                | 27,221,690                           | 1.9                               | XXX                            | 23,927,247                          |
| 13.2 NAIC 2  |                     |                                     | 49,989                                |  |                    |                          | 49,989                     | 0.0                                |                                      |                                   | XXX                            | 49,989                              |
| 13.3 NAIC 3  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   | XXX                            |                                     |
| 13.4 NAIC 4  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   | XXX                            |                                     |
| 13.5 NAIC 5  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   | XXX                            |                                     |
| 13.6 NAIC 6  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   | XXX                            |                                     |
| 13.7 Totals  |                     | 23,927,247                          | 49,989                                |  |                    |                          | 23,977,236                 | 2.3                                | 27,221,690                           | 1.9                               | XXX                            | 23,977,236                          |
| 13.8 Line 13.7 as a % Col. 7                           |                     | 99.8                                | 0.2                                   |  |                    |                          | 100.0                      | XXX                                | XXX                                  | XXX                               | XXX                            | 100.0                               |
| 13.9 Line 13.7 as a % of Line 10.7, Col. 7, Section 10 |                     | 2.3                                 | 0.0                                   |  |                    |                          | 2.3                        | XXX                                | XXX                                  | XXX                               | XXX                            | 2.3                                 |

(a) Includes \$ 23,977,236 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ current year, \$ prior year of bonds with Z designations and \$ current year, \$ prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned By the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ current year, \$ prior year of bonds with 5\* designations and \$ current year, \$ 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\$ 18,224,817 ; NAIC 2 \$ ; NAIC 3 \$ ; NAIC 4 \$ ; NAIC 5 \$ ; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE D - PART 1A - SECTION 2

| Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues |                |                                |                                  |                                   |               |                     |                       |                               |                                 |                             |                          |                               |
|--|----------------|--------------------------------|----------------------------------|-----------------------------------|---------------|---------------------|-----------------------|-------------------------------|---------------------------------|-----------------------------|--------------------------|-------------------------------|
| Distribution by Type   | 1              | 2                              | 3                                | 4                                 | 5             | 6                   | 7                     | 8                             | 9                               | 10                          | 11                       | 12                            |
|  | 1 Year or Less | Over 1 Year<br>Through 5 Years | Over 5 Years<br>Through 10 Years | Over 10 Years<br>Through 20 Years | Over 20 Years | No Maturity<br>Date | Total<br>Current Year | Col. 7 as a<br>% of Line 10.6 | Total from Col. 6<br>Prior Year | % From Col. 7<br>Prior Year | Total Publicly<br>Traded | Total Privately<br>Placed (a) |
| 1. U.S. Governments  |                |                                |                                  |                                   |               |                     |                       |                               |                                 |                             |                          |                               |
| 1.1 Issuer Obligations .....   | 3,554,086      | 3,627,662                      |                                  | 8,782,156                         | 2,308,563     | XXX                 | 18,272,467            | 1.7                           | 15,259,540                      | 1.0                         | 18,272,467               |                               |
| 1.2 Residential Mortgage-Backed Securities .....   | 1,140,377      | 3,564,183                      | 2,817,519                        | 1,765,227                         | 366,749       | XXX                 | 9,654,055             | 0.9                           | 11,468,631                      | 0.8                         | 9,654,055                |                               |
| 1.3 Commercial Mortgage-Backed Securities .....  |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 1.4 Other Loan-Backed and Structured Securities .....  |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 1.5 Totals   | 4,694,463      | 7,191,845                      | 2,817,519                        | 10,547,383                        | 2,675,312     | XXX                 | 27,926,522            | 2.6                           | 26,728,171                      | 1.8                         | 27,926,522               |                               |
| 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 .....   | 21,051,918     | 41,069,729                     | 36,158,848                       | 11,777,036                        |               | XXX                 | 110,057,531           | 10.4                          | 212,341,616                     | 14.5                        | 110,057,531              |                               |
| 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   | 21,051,918     | 41,069,729                     | 36,158,848                       | 11,777,036                        |               | XXX                 | 110,057,531           | 10.4                          | 212,341,616                     | 14.5                        | 110,057,531              |                               |
| 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed  |                |                                |                                  |                                   |               |                     |                       |                               |                                 |                             |                          |                               |
| 4.1 Issuer Obligations .....   | 68,544,104     | 104,927,805                    | 43,371,675                       | 12,982,253                        |               | XXX                 | 229,825,837           | 21.7                          | 280,972,222                     | 19.2                        | 229,825,837              |                               |
| 4.2 Residential Mortgage-Backed Securities .....   |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 4.3 Commercial Mortgage-Backed Securities .....  |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 4.4 Other Loan-Backed and Structured Securities .....  |                | 1,467,190                      |                                  |                                   |               | XXX                 | 1,467,190             | 0.1                           |                                 |                             | 1,467,190                |                               |
| 4.5 Totals   | 68,544,104     | 106,394,995                    | 43,371,675                       | 12,982,253                        |               | XXX                 | 231,293,027           | 21.8                          | 280,972,222                     | 19.2                        | 231,293,027              |                               |
| 5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed   |                |                                |                                  |                                   |               |                     |                       |                               |                                 |                             |                          |                               |
| 5.1 Issuer Obligations .....   | 57,783,987     | 381,094,955                    | 123,920,088                      | 15,892,447                        | 8,151,446     | XXX                 | 586,842,923           | 55.4                          | 762,174,752                     | 52.0                        | 586,842,923              |                               |
| 5.2 Residential Mortgage-Backed Securities .....   | 220,879        | 580,985                        | 329,689                          | 182,029                           | 22,181        | XXX                 | 1,335,763             | 0.1                           | 9,204,559                       | 0.6                         | 1,335,763                |                               |
| 5.3 Commercial Mortgage-Backed Securities .....  |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 5.4 Other Loan-Backed and Structured Securities .....  | 6,844,788      | 2,963,392                      |                                  |                                   |               | XXX                 | 9,808,180             | 0.9                           | 18,676,029                      | 1.3                         | 9,808,180                |                               |
| 5.5 Totals   | 64,849,654     | 384,639,332                    | 124,249,777                      | 16,074,476                        | 8,173,627     | XXX                 | 597,986,866           | 56.4                          | 790,055,340                     | 53.9                        | 597,986,866              |                               |
| 6. Industrial and Miscellaneous  |                |                                |                                  |                                   |               |                     |                       |                               |                                 |                             |                          |                               |
| 6.1 Issuer Obligations .....   | 22,524,910     | 47,181,543                     | 3,144,779                        |                                   |               | XXX                 | 72,851,232            | 6.9                           | 107,133,552                     | 7.3                         | 65,045,308               | 7,805,924                     |
| 6.2 Residential Mortgage-Backed Securities .....   |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 6.3 Commercial Mortgage-Backed Securities .....  |                | 16,171,312                     | 3,077,885                        |                                   |               | XXX                 | 19,249,197            | 1.8                           | 25,466,525                      | 1.7                         | 3,077,885                | 16,171,312                    |
| 6.4 Other Loan-Backed and Structured Securities .....  |                |                                |                                  |                                   |               | XXX                 |                       |                               | 23,092,260                      | 1.6                         |                          |                               |
| 6.5 Totals   | 22,524,910     | 63,352,855                     | 6,222,664                        |                                   |               | XXX                 | 92,100,429            | 8.7                           | 155,692,337                     | 10.6                        | 68,123,193               | 23,977,236                    |
| 7. Hybrid Securities   |                |                                |                                  |                                   |               |                     |                       |                               |                                 |                             |                          |                               |
| 7.1 Issuer Obligations .....   |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 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   |                |                                |                                  |                                   |               | XXX                 |                       |                               |                                 |                             |                          |                               |
| 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 MUNICIPAL ASSURANCE CORP.

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<br>1 Year or Less | 2<br>Over 1 Year<br>Through 5 Years | 3<br>Over 5 Years<br>Through 10 Years | 4<br>Over 10 Years<br>Through 20 Years | 5<br>Over 20 Years | 6<br>No Maturity<br>Date | 7<br>Total<br>Current Year | 8<br>Col. 7 as a<br>% of Line 10.6 | 9<br>Total from Col. 6<br>Prior Year | 10<br>% From Col. 7<br>Prior Year | 11<br>Total Publicly<br>Traded | 12<br>Total Privately<br>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 .....  | 173,459,005         | 577,901,694                         | 206,595,390                           | 49,433,892                             | 10,460,009         | XXX                      | 1,017,849,990              | 96.1                               | XXX                                  | XXX                               | 1,010,044,066                  | 7,805,924                           |
| 10.2 Residential Mortgage-Backed Securities .....  | 1,361,256           | 4,145,168                           | 3,147,208                             | 1,947,256                              | 388,930            | XXX                      | 10,989,818                 | 1.0                                | XXX                                  | XXX                               | 10,989,818                     |                                     |
| 10.3 Commercial Mortgage-Backed Securities .....   |                     | 16,171,312                          | 3,077,885                             |  |                    | XXX                      | 19,249,197                 | 1.8                                | XXX                                  | XXX                               | 3,077,885                      | 16,171,312                          |
| 10.4 Other Loan-Backed and Structured Securities .....   | 6,844,788           | 4,430,582                           |                                       |  |                    | XXX                      | 11,275,370                 | 1.1                                | XXX                                  | XXX                               | 11,275,370                     |                                     |
| 10.5 SVO Identified Funds .....  | XXX                 | XXX                                 | XXX                                   | XXX                                    | XXX                |                          |                            |                                    | XXX                                  | XXX                               |                                |                                     |
| 10.6 Totals .....  | 181,665,049         | 602,648,756                         | 212,820,483                           | 51,381,148                             | 10,848,939         |                          | 1,059,364,375              | 100.0                              | XXX                                  | XXX                               | 1,035,387,139                  | 23,977,236                          |
| 10.7 Lines 10.6 as a % Col. 7  | 17.1                | 56.9                                | 20.1                                  | 4.9                                    | 1.0                |                          | 100.0                      | XXX                                | XXX                                  | XXX                               | 97.7                           | 2.3                                 |
| 11. Total Bonds Prior Year   |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 11.1 Issuer Obligations .....  | 104,369,138         | 861,297,547                         | 307,311,021                           | 92,916,330                             | 11,987,649         | XXX                      | XXX                        | XXX                                | 1,377,881,685                        | 94.0                              | 1,366,986,796                  | 10,894,889                          |
| 11.2 Residential Mortgage-Backed Securities .....  | 2,174,436           | 6,893,922                           | 5,612,095                             | 4,705,330                              | 1,287,407          | XXX                      | XXX                        | XXX                                | 20,673,190                           | 1.4                               | 20,673,190                     |                                     |
| 11.3 Commercial Mortgage-Backed Securities .....   | 6,053,849           | 5,781,600                           | 13,631,076                            |  |                    | XXX                      | XXX                        | XXX                                | 25,466,525                           | 1.7                               | 9,139,724                      | 16,326,801                          |
| 11.4 Other Loan-Backed and Structured Securities .....   | 19,599,819          | 15,057,180                          | 7,111,290                             |  |                    | XXX                      | XXX                        | XXX                                | 41,768,289                           | 2.8                               | 41,768,289                     |                                     |
| 11.5 SVO Identified Funds .....  | XXX                 | XXX                                 | XXX                                   | XXX                                    | XXX                | XXX                      | XXX                        | XXX                                | XXX                                  | XXX                               | XXX                            | XXX                                 |
| 11.6 Totals .....  | 132,197,242         | 889,030,249                         | 333,665,482                           | 97,621,660                             | 13,275,056         | XXX                      | XXX                        | XXX                                | 1,465,789,689                        | 100.0                             | 1,438,567,999                  | 27,221,690                          |
| 11.7 Line 11.6 as a % of Col. 9  | 9.0                 | 60.7                                | 22.8                                  | 6.7                                    | 0.9                | XXX                      | XXX                        | XXX                                | 100.0                                | XXX                               | 98.1                           | 1.9                                 |
| 12. Total Publicly Traded Bonds  |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 12.1 Issuer Obligations .....  | 173,459,005         | 570,145,758                         | 206,545,400                           | 49,433,893                             | 10,460,008         | XXX                      | 1,010,044,064              | 95.3                               | 1,366,986,797                        | 93.3                              | 1,010,044,064                  | XXX                                 |
| 12.2 Residential Mortgage-Backed Securities .....  | 1,361,256           | 4,145,168                           | 3,147,208                             | 1,947,256                              | 388,931            | XXX                      | 10,989,819                 | 1.0                                | 20,673,190                           | 1.4                               | 10,989,819                     | XXX                                 |
| 12.3 Commercial Mortgage-Backed Securities .....   |                     |                                     | 3,077,885                             |  |                    | XXX                      | 3,077,885                  | 0.3                                | 9,139,724                            | 0.6                               | 3,077,885                      | XXX                                 |
| 12.4 Other Loan-Backed and Structured Securities .....   | 6,844,788           | 4,430,583                           |                                       |  |                    | XXX                      | 11,275,371                 | 1.1                                | 41,768,288                           | 2.8                               | 11,275,371                     | XXX                                 |
| 12.5 SVO Identified Funds .....  | XXX                 | XXX                                 | XXX                                   | XXX                                    | XXX                |                          |                            |                                    | XXX                                  | XXX                               |                                | XXX                                 |
| 12.6 Totals .....  | 181,665,049         | 578,721,509                         | 212,770,493                           | 51,381,149                             | 10,848,939         |                          | 1,035,387,139              | 97.7                               | 1,438,567,999                        | 98.1                              | 1,035,387,139                  | XXX                                 |
| 12.7 Line 11.6 as a % of Col. 7 .....  | 17.5                | 55.9                                | 20.5                                  | 5.0                                    | 1.0                |                          | 100.0                      | XXX                                | XXX                                  | XXX                               | 100.0                          | XXX                                 |
| 12.8 Line 11.6 as a % of Line 10.6, Col. 7, Section 10   | 17.1                | 54.6                                | 20.1                                  | 4.9                                    | 1.0                |                          | 97.7                       | XXX                                | XXX                                  | XXX                               | 97.7                           | XXX                                 |
| 13. Total Privately Placed Bonds   |                     |                                     |                                       |  |                    |                          |                            |                                    |                                      |                                   |                                |                                     |
| 13.1 Issuer Obligations .....  |                     | 7,755,935                           | 49,989                                |  |                    | XXX                      | 7,805,924                  | 0.7                                | 10,894,889                           | 0.7                               | XXX                            | 7,805,924                           |
| 13.2 Residential Mortgage-Backed Securities .....  |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   | XXX                            |                                     |
| 13.3 Commercial Mortgage-Backed Securities .....   |                     | 16,171,312                          |                                       |  |                    | XXX                      | 16,171,312                 | 1.5                                | 16,326,801                           | 1.1                               | XXX                            | 16,171,312                          |
| 13.4 Other Loan-Backed and Structured Securities .....   |                     |                                     |                                       |  |                    | XXX                      |                            |                                    |                                      |                                   | XXX                            |                                     |
| 13.5 SVO Identified Funds .....  | XXX                 | XXX                                 | XXX                                   | XXX                                    | XXX                |                          |                            |                                    | XXX                                  | XXX                               | XXX                            |                                     |
| 13.6 Totals .....  |                     | 23,927,247                          | 49,989                                |  |                    |                          | 23,977,236                 | 2.3                                | 27,221,690                           | 1.9                               | XXX                            | 23,977,236                          |
| 13.7 Line 13.6 as a % of Col. 7 .....  |                     | 99.8                                | 0.2                                   |  |                    |                          | 100.0                      | XXX                                | XXX                                  | XXX                               | XXX                            | 100.0                               |
| 13.8 Line 13.6 as a % of Line 10.6, Col. 7, Section 10   |                     | 2.3                                 | 0.0                                   |  |                    |                          | 2.3                        | XXX                                | XXX                                  | XXX                               | XXX                            | 2.3                                 |

SCHEDULE DA - VERIFICATION BETWEEN YEARS

| Short-Term Investments  |           |           |                |                                       |  |
|---|-----------|-----------|----------------|---------------------------------------|--|
|   | 1         | 2         | 3              | 4                                     | 5  |
|   | Total     | Bonds     | Mortgage Loans | Other Short-term Investment Assets(a) | Investments in Parent, Subsidiaries and Affiliates |
| 1. Book/adjusted carrying value, December 31 of prior year .....                          | 135,000   | 135,000   |                |                                       |  |
| 2. Cost of short-term investments acquired .....  | 3,358,297 | 3,358,297 |                |                                       |  |
| 3. Accrual of discount .....  | 8,602     | 8,602     |                |                                       |  |
| 4. Unrealized valuation increase (decrease) .....   |           |           |                |                                       |  |
| 5. Total gain (loss) on disposals .....   |           |           |                |                                       |  |
| 6. Deduct consideration received on disposals .....                                       | 3,366,900 | 3,366,900 |                |                                       |  |
| 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) ..... | 134,999   | 134,999   |                |                                       |  |
| 11. Deduct total nonadmitted amounts .....  |           |           |                |                                       |  |
| 12. Statement value at end of current period (Line 10 minus Line 11)                      | 134,999   | 134,999   |                |                                       |  |

(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 YEARS

| (Cash Equivalents)   |            |            |              |
|--|------------|------------|--------------|
|  | 1          | 2          | 3            |
|  | Total      | Bonds      | Other<br>(a) |
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | 2,254,139  | 2,254,139  |              |
| 2. Cost of cash equivalents acquired.....  | 53,847,717 | 53,847,717 |              |
| 3. Accrual of discount.....  | 3,999      | 3,999      |              |
| 4. Unrealized valuation increase (decrease).....   |            |            |              |
| 5. Total gain (loss) on disposals.....   | 231        | 231        |              |
| 6. Deduct consideration received on disposals.....                                       | 38,016,268 | 38,016,268 |              |
| 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)..... | 18,089,818 | 18,089,818 |              |
| 11. Deduct total nonadmitted amounts.....  |            |            |              |
| 12. Statement value at end of current period (Line 10 minus Line 11)                     | 18,089,818 | 18,089,818 |              |

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

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE BA - PART 1

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

| 1  | 2   | 3    | Location      |              | 6                                 | 7                | 8                        | 9                 | 10          | 11         | 12   | Change in Book/Adjusted Carrying Value   |  |   |   |  | 18                | 19                                   | 20                      |
|--|---|------|---------------|--------------|-----------------------------------|------------------|--------------------------|-------------------|-------------|------------|--|--|--|---|---|--|-------------------|--------------------------------------|-------------------------|
|  |   |      | 4             | 5            |                                   |                  |                          |                   |             |            |  | 13                                       | 14   | 15  | 16                                      | 17   |                   |                                      |                         |
| CUSIP Identification   | Name or Description   | Code | City          | State        | Name of Vendor or General Partner | NAIC Designation | Date Originally Acquired | Type and Strategy | Actual Cost | Fair Value | Book / Adjusted Carrying Value Less Encumbrances | Unrealized Valuation Increase (Decrease) | Current Year's (Depreciation) or (Amortization)/ Accretion | Current Year's Other-Than-Temporary Impairment Recognized | Capitalized Deferred Interest and Other | Total Foreign Exchange Change in B./A.C.V. | Investment Income | Commitment for Additional Investment | Percentage of Ownership |
| Oil and Gas Production - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Oil and Gas Production - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Transportation Equipment - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Transportation Equipment - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Mineral Rights - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Mineral Rights - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Bonds - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Bonds - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Mortgage Loans - Unaffiliated                                 |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Mortgage Loans - Affiliated                                   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Other Fixed Income Instruments - Unaffiliated                 |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Other Fixed Income Instruments - Affiliated                   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Fixed Income Instruments - Unaffiliated |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Fixed Income Instruments - Affiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Common Stocks - Unaffiliated            |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Common Stocks - Affiliated              |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Real Estate - Unaffiliated              |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Real Estate - Affiliated                |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Mortgage Loans - Unaffiliated           |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Mortgage Loans - Affiliated             |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Other - Unaffiliated                    |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Other - Affiliated                      |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Surplus Debentures, etc. - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Surplus Debentures, etc. - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Collateral Loans - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Collateral Loans - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Non-collateral Loans - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Non-collateral Loans - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Capital Notes - Unaffiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Capital Notes - Affiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Guaranteed Federal Low Income Housing Tax Credit - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Non-Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Non-Guaranteed Federal Low Income Housing Tax Credit - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Guaranteed State Low Income Housing Tax Credit - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Guaranteed State Low Income Housing Tax Credit - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Non-Guaranteed State Low Income Housing Tax Credit - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Non-Guaranteed State Low Income Housing Tax Credit - Affiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| All Other Low Income Housing Tax Credit - Unaffiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| All Other Low Income Housing Tax Credit - Affiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Working Capital Finance Investment - Unaffiliated  |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Any Other Class of Assets - Unaffiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| Any Other Class of Assets - Affiliated   |   |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      |                         |
| ...000000-00-0...  | U.S. MTG GUARANTY INSURANCE COMPANY TAX AND LOSS BONDS..... |      | NEW YORK..... | .....NY..... | DIRECT.....                       |                  | ...12/13/2013...         |                   | 25,577,338  | 25,577,338 | 25,577,338                                       |  |  |   |   |  |                   |                                      | ...100.000              |
| 4399999  | - Any Other Class of Assets - Affiliated                    |      |               |              |                                   |                  |                          |                   | 25,577,338  | 25,577,338 | 25,577,338                                       |  |  |   |   |  |                   |                                      | XXX                     |
| 4499999  | - Subtotals - Unaffiliated                                  |      |               |              |                                   |                  |                          |                   |             |            |  |  |  |   |   |  |                   |                                      | XXX                     |
| 4599999  | - Subtotals - Affiliated                                    |      |               |              |                                   |                  |                          |                   | 25,577,338  | 25,577,338 | 25,577,338                                       |  |  |   |   |  |                   |                                      | XXX                     |
| 4699999  | Totals  |      |               |              |                                   |                  |                          |                   | 25,577,338  | 25,577,338 | 25,577,338                                       |  |  |   |   |  |                   |                                      | XXX                     |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE BA - PART 2

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

| 1<br><br>CUSIP<br>Identification | 2<br><br>Name or Description   | Location      |                | 5<br><br>Name<br>of<br>Vendor or<br>General Partner | 6<br><br>Date<br>Originally<br>Acquired | 7<br><br>Type<br>and<br>Strategy | 8<br><br>Actual<br>Cost at Time of Acquisition | 9<br><br>Additional Investment Made<br>After Acquisition | 10<br><br>Amount of<br>Encumbrances | 11<br><br>Percentage<br>of<br>Ownership |
|----------------------------------|--|---------------|----------------|---|---|----------------------------------|--|--|-------------------------------------|---|
|                                  |  | 3<br><br>City | 4<br><br>State |   |   |                                  |  |  |                                     |   |
|                                  | Oil and Gas Production - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Oil and Gas Production - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Transportation Equipment - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Transportation Equipment - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Mineral Rights - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Mineral Rights - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Bonds - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Bonds - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Mortgage Loans - Unaffiliated                                 |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Mortgage Loans - Affiliated                                   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Other Fixed Income Instruments - Unaffiliated                 |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Other Fixed Income Instruments - Affiliated                   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Fixed Income Instruments - Unaffiliated |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Fixed Income Instruments - Affiliated   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Common Stocks - Unaffiliated            |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Common Stocks - Affiliated              |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Real Estate - Unaffiliated              |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Real Estate - Affiliated                |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Mortgage Loans - Unaffiliated           |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Mortgage Loans - Affiliated             |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Other - Unaffiliated                    |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Other - Affiliated                      |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Surplus Debentures, etc. - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Surplus Debentures, etc. - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Collateral Loans - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Collateral Loans - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Non-collateral Loans - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Non-collateral Loans - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Capital Notes - Unaffiliated   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Capital Notes - Affiliated   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Guaranteed Federal Low Income Housing Tax Credit - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Non-Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Non-Guaranteed Federal Low Income Housing Tax Credit - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Guaranteed State Low Income Housing Tax Credit - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Guaranteed State Low Income Housing Tax Credit - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Non-Guaranteed State Low Income Housing Tax Credit - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Non-Guaranteed State Low Income Housing Tax Credit - Affiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | All Other Low Income Housing Tax Credit - Unaffiliated   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | All Other Low Income Housing Tax Credit - Affiliated   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Working Capital Finance Investment - Unaffiliated  |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Any Other Class of Assets - Unaffiliated   |               |                |   |   |                                  |  |  |                                     |   |
|                                  | Any Other Class of Assets - Affiliated   |               |                |   |   |                                  |  |  |                                     |   |
| ...201007-10-1...                | U.S. MTG GUARANTY INSURANCE CO TAX AND LOSS BONDS  | NEW YORK      | NY             | DIRECT  | 09/13/2016                              |                                  |  | 10,577,338   |                                     | 100.000                                 |
| 4399999                          | - Any Other Class of Assets - Affiliated   |               |                |   |   |                                  |  | 10,577,338   |                                     | XXX                                     |
| 4499999                          | - Subtotals - Unaffiliated   |               |                |   |   |                                  |  |  |                                     | XXX                                     |
| 4599999                          | - Subtotals - Affiliated   |               |                |   |   |                                  |  | 10,577,338   |                                     | XXX                                     |
| 4699999                          | Totals   |               |                |   |   |                                  |  | 10,577,338   |                                     | XXX                                     |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE BA - PART 3

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

| 1  | 2                   | Location |       | 5                                       | 6                        | 7             | 8  | Change in Book/Adjusted Carrying Value   |  |   |   |  |  | 15   | 16            | 17                                       | 18                               | 19                            | 20                |
|--|---------------------|----------|-------|---|--------------------------|---------------|--|--|--|---|---|--|--|--|---------------|--|----------------------------------|-------------------------------|-------------------|
|  |                     | 3        | 4     |   |                          |               |  | 9  | 10   | 11  | 12                                      | 13                                     | 14   |  |               |  |                                  |                               |                   |
| CUSIP Identification   | Name or Description | City     | State | Name of Purchaser or Nature of Disposal | Date Originally Acquired | Disposal Date | Book/ Adjusted Carrying Value Less Encumbrances Prior Year | Unrealized Valuation Increase (Decrease) | Current Year's (Depreciation) or (Amortization)/ Accretion | Current Year's Other-Than-Temporary Impairment Recognized | Capitalized Deferred Interest and Other | Total Change in B./A.C.V. (9+10-11+12) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value Less Encumbrances on Disposal | Consideration | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Investment Income |
| Oil and Gas Production - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Oil and Gas Production - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Transportation Equipment - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Transportation Equipment - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Mineral Rights - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Mineral Rights - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Bonds - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Bonds - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Mortgage Loans - Unaffiliated                                 |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Mortgage Loans - Affiliated                                   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Other Fixed Income Instruments - Unaffiliated                 |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of: Other Fixed Income Instruments - Affiliated                   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Fixed Income Instruments - Unaffiliated |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Fixed Income Instruments - Affiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Common Stocks - Unaffiliated            |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Common Stocks - Affiliated              |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Real Estate - Unaffiliated              |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Real Estate - Affiliated                |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Mortgage Loans - Unaffiliated           |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Mortgage Loans - Affiliated             |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Other - Unaffiliated                    |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of: Other - Affiliated                      |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Surplus Debentures, etc. - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Surplus Debentures, etc. - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Collateral Loans - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Collateral Loans - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Non-collateral Loans - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Non-collateral Loans - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Capital Notes - Unaffiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Capital Notes - Affiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Guaranteed Federal Low Income Housing Tax Credit - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Non-Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Non-Guaranteed Federal Low Income Housing Tax Credit - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Guaranteed State Low Income Housing Tax Credit - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Guaranteed State Low Income Housing Tax Credit - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Non-Guaranteed State Low Income Housing Tax Credit - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Non-Guaranteed State Low Income Housing Tax Credit - Affiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| All Other Low Income Housing Tax Credit - Unaffiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| All Other Low Income Housing Tax Credit - Affiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Working Capital Finance Investment - Unaffiliated  |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Any Other Class of Assets - Unaffiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| Any Other Class of Assets - Affiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| 4499999 – Subtotals - Unaffiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| 4599999 – Subtotals - Affiliated   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |
| 4699999 Totals   |                     |          |       |   |                          |               |  |  |  |   |   |  |  |  |               |  |                                  |                               |                   |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>F<br>o<br>r<br>e<br>i<br>g<br>n | 5                   |                |   | 8             | 9            |  |  | 12   | 13                                    | 14<br>Current<br>Year's<br>Other<br>Than                  | 15         | 16                      | 17           | 18                                     | 19                               | 20         | 21  | 22    |  |
| CUSIP<br>Identification   | Description                        | Code  | Bond<br>CHAR                         | NAIC<br>Designation | Actual<br>Cost | Rate Used<br>to Obtain<br>Fair<br>Value | Fair<br>Value | Par<br>Value | Book/<br>Adjusted<br>Carrying<br>Value | Unrealized<br>Valuation<br>Increase/<br>(Decrease) | Current Year's<br>(Amortization)/<br>Accretion | Temporary<br>Impairment<br>Recognized | Total<br>Foreign<br>Exchange<br>Change<br>In<br>B./A.C.V. | Rate<br>of | Effective<br>Rate<br>of | When<br>Paid | Admitted<br>Amount<br>Due &<br>Accrued | Amount<br>Rec.<br>During<br>Year | Acquired   | Stated<br>Contractual<br>Maturity<br>Date |       |  |
| Bonds - U.S. Governments - Issuer Obligations   |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 912810-PW-2   | TREASURY BOND                      |       |                                      | 1                   | 2,341,876      |   | 124,2660      | 2,485,312    | 2,308,562                              |  | (9,911)  |                                       |   | 4.375      | 3.378                   | FA           | 33,050                                 | 87,500                           | 07/01/2013 | 02/15/2038                                |       |  |
| 912828-TM-2   | TREASURY NOTE                      | SD    |                                      | 1                   | 250,887        |   | 99,9220       | 254,801      | 255,000                                |  | 1,218  |                                       |   | 0.625      | 1.113                   | FA           | 546                                    | 1,594                            | 04/09/2014 | 08/31/2017                                |       |  |
| 912810-FB-9   | U S TREASURY BOND                  |       |                                      | 1                   | 9,303,435      |   | 134,2030      | 9,098,970    | 6,780,000                              |  | (154,415)                                      |                                       |   | 6.125      | 2.954                   | MN           | 53,917                                 | 415,275                          | 07/01/2013 | 11/15/2027                                |       |  |
| 912828-A7-5   | US Treasury N/B                    | SD    |                                      | 1                   | 548,049        |   | 100,5820      | 553,201      | 550,000                                |  | 394  |                                       |   | 1.500      | 1.581                   | JD           | 4,148                                  | 8,250                            | 01/30/2014 | 12/31/2018                                |       |  |
| 912828-F3-9   | US Treasury N/B                    | SD    |                                      | 1                   | 126,187        |   | 100,9840      | 126,231      | 125,000                                |  | (236)  |                                       |   | 1.750      | 1.557                   | MS           | 559                                    | 2,188                            | 10/08/2014 | 09/30/2019                                |       |  |
| 912828-K5-8   | US Treasury N/B                    | SD    |                                      | 1                   | 2,944,593      |   | 99,3560       | 2,950,858    | 2,970,000                              |  | 5,000  |                                       |   | 1.375      | 1.560                   | AO           | 10,523                                 | 37,218                           | 05/07/2015 | 04/30/2020                                |       |  |
| 0199999 - Bonds - U.S. Governments - Issuer Obligations   |                                    |       |                                      |                     | 15,515,027     |   | XXX           | 15,469,373   | 12,680,000                             | 14,972,562   | (157,950)                                      |                                       |   | XXX        | XXX                     | XXX          | 102,743                                | 552,025                          | XXX        | XXX                                       |       |  |
| Bonds - U.S. Governments - Residential Mortgage-Backed Securities   |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 36178E-DE-6   | GNMA 30YR                          |       |                                      | 1                   | 1,810,050      |   | 101,4900      | 1,875,470    | 1,847,934                              |  | (887)  |                                       |   | 3.000      | 3.318                   | MON          | 4,620                                  | 55,615                           | 07/01/2013 | 05/15/2043                                |       |  |
| 362900-NZ-4   | GNMA 30YR                          |       |                                      | 1                   | 1,897,727      |   | 104,3260      | 1,951,022    | 1,870,113                              |  | (326)  |                                       |   | 3.500      | 3.328                   | MON          | 5,455                                  | 65,679                           | 07/01/2013 | 12/15/2042                                |       |  |
| 36179N-MM-7   | GNMA2 15YR                         |       |                                      | 1                   | 3,090,904      |   | 101,2400      | 3,112,709    | 3,074,570                              |  | (158)  |                                       |   | 2.500      | 2.421                   | MON          | 6,405                                  | 77,211                           | 10/08/2013 | 09/20/2028                                |       |  |
| 36179N-TD-0   | GNMA2 30YR                         |       |                                      | 1                   | 707,268        |   | 104,3870      | 732,116      | 701,351                                |  | 288  |                                       |   | 3.500      | 3.373                   | MON          | 2,046                                  | 24,668                           | 12/06/2013 | 11/20/2043                                |       |  |
| 361790-PF-2   | GNMA2 30YR                         |       |                                      | 1                   | 2,151,248      |   | 101,4820      | 2,161,258    | 2,129,701                              |  | 939  |                                       |   | 3.000      | 2.874                   | MON          | 5,324                                  | 64,135                           | 09/29/2014 | 09/20/2044                                |       |  |
| 0299999 - Bonds - U.S. Governments - Residential Mortgage-Backed Securities                                       |                                    |       |                                      |                     | 9,657,197      |   | XXX           | 9,832,575    | 9,623,669                              | 9,654,055  | (144)  |                                       |   | XXX        | XXX                     | XXX          | 23,850                                 | 287,308                          | XXX        | XXX                                       |       |  |
| Bonds - U.S. Governments - Commercial Mortgage-Backed Securities  |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| Bonds - U.S. Governments - Other Loan-Backed and Structured Securities  |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 0599999 - Bonds - U.S. Governments - Subtotals - U.S. Governments   |                                    |       |                                      |                     | 25,172,224     |   | XXX           | 25,301,948   | 22,303,669                             | 24,626,617   | (158,094)                                      |                                       |   | XXX        | XXX                     | XXX          | 126,593                                | 839,333                          | XXX        | XXX                                       |       |  |
| Bonds - All Other Governments - Issuer Obligations  |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| Bonds - All Other Governments - Residential Mortgage-Backed Securities  |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| Bonds - All Other Governments - Commercial Mortgage-Backed Securities   |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| Bonds - All Other Governments - Other Loan-Backed and Structured Securities                                       |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations                     |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 207726-K2-3   | CONNECTICUT ST                     |       | 2                                    | 1FE                 | 11,391,100     |   | 104,5800      | 10,458,000   | 10,387,297                             |  | (293,770)                                      |                                       |   | 5.000      | 1.954                   | AO           | 105,556                                | 500,000                          | 07/01/2013 | 04/15/2020                                |       |  |
| 25476F-NR-5   | DISTRICT COLUMBIA                  |       | 2                                    | 1FE                 | 2,375,680      |   | 114,2600      | 2,285,200    | 2,000,000                              |  | (35,725)                                       |                                       |   | 5.000      | 2.784                   | JD           | 8,333                                  | 100,000                          | 10/14/2014 | 06/01/2033                                |       |  |
| 419791-6Z-6   | HAWAII ST PREREFUNDED              |       | 2                                    | 1FE                 | 12,212,973     |   | 100,9920      | 11,058,624   | 10,950,000                             |  | (343,559)                                      |                                       |   | 5.000      | 1.814                   | AO           | 136,875                                | 547,500                          | 07/01/2013 | 04/01/2022                                |       |  |
| 419791-YB-8   | HI GO NC S10D                      |       |                                      | 1FE                 | 11,336,085     |   | 104,1560      | 10,233,327   | 9,825,000                              |  | (333,150)                                      |                                       |   | 5.000      | 1.520                   | FA           | 204,688                                | 491,250                          | 07/01/2013 | 02/01/2018                                |       |  |
| 546415-B7-4   | LOUISIANA ST                       |       | 2                                    | 1FE                 | 1,164,249      |   | 111,4950      | 1,114,950    | 1,000,000                              |  | (22,560)                                       |                                       |   | 5.000      | 2.500                   | MS           | 16,667                                 | 50,000                           | 07/01/2013 | 09/01/2025                                |       |  |
| 57582N-J2-2   | MASSACHUSETTS ST                   |       |                                      | 1FE                 | 12,302,400     |   | 123,2520      | 12,325,200   | 10,000,000                             |  | (184,644)                                      |                                       |   | 5.500      | 3.115                   | JD           | 45,833                                 | 550,000                          | 07/01/2013 | 12/01/2024                                |       |  |
| 57582P-BC-3   | MASSACHUSETTS ST                   |       |                                      | 1FE                 | 5,882,750      |   | 120,8230      | 6,041,150    | 5,000,000                              |  | (64,199)                                       |                                       |   | 5.000      | 3.277                   | MN           | 41,667                                 | 250,000                          | 07/01/2013 | 11/01/2025                                |       |  |
| 575827-6Q-8   | G.O.                               |       |                                      | 1FE                 | 5,867,050      |   | 103,7330      | 5,186,650    | 5,000,000                              |  | (202,324)                                      |                                       |   | 5.500      | 1.370                   | MN           | 45,833                                 | 275,000                          | 07/01/2013 | 11/01/2017                                |       |  |
| 57582N-UZ-6   | MASSACHUSETTS ST                   |       |                                      | 1FE                 | 12,105,300     |   | 128,6520      | 12,865,200   | 10,000,000                             |  | (98,257)                                       |                                       |   | 5.500      | 3.848                   | FA           | 229,167                                | 550,000                          | 07/01/2013 | 08/01/2030                                |       |  |
| 57582R-HE-9   | MASSACHUSETTS ST FOR ISSUES        |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 644682-Y2-6   | DTD PR                             |       |                                      | 1FE                 | 3,798,000      |   | 121,3790      | 3,641,370    | 3,000,000                              |  | (57,615)                                       |                                       |   | 5.000      | 2.130                   | JJ           | 75,000                                 | 43,333                           | 03/04/2016 | 07/01/2026                                |       |  |
| 649791-CG-3   | NEW HAMPSHIRE ST                   |       | 2                                    | 1FE                 | 1,234,750      |   | 119,6420      | 1,196,420    | 1,000,000                              |  | (21,046)                                       |                                       |   | 5.000      | 2.412                   | MS           | 16,667                                 | 50,000                           | 12/11/2014 | 03/01/2027                                |       |  |
| 70914P-ME-9   | NEW YORK ST                        |       |                                      | 1FE                 | 1,648,125      |   | 106,6160      | 1,599,240    | 1,500,000                              |  | (27,297)                                       |                                       |   | 4.250      | 2.275                   | MS           | 21,250                                 | 63,750                           | 11/13/2014 | 03/01/2020                                |       |  |
| 70914P-ME-9   | PENNSYLVANIA ST                    |       |                                      | 1FE                 | 10,201,200     |   | 108,6310      | 10,863,100   | 10,000,000                             |  | (13,608)                                       |                                       |   | 4.650      | 4.489                   | FA           | 175,667                                | 465,000                          | 07/01/2013 | 02/15/2026                                |       |  |
| 880541-PB-7   | TENNESSEE ST                       |       | 2                                    | 1FE                 | 1,359,063      |   | 103,7820      | 1,297,275    | 1,250,000                              |  | (22,828)                                       |                                       |   | 4.000      | 2.104                   | MN           | 8,333                                  | 50,000                           | 07/01/2013 | 05/01/2021                                |       |  |
| 882723-JD-2   | TEXAS ST PREREFUNDED-TRANSPTRN COM |       | 2                                    | 1FE                 | 215,534        |   | 100,9670      | 191,837      | 190,000                                |  | (6,909)  |                                       |   | 5.000      | 1.320                   | AO           | 2,375                                  | 9,500                            | 07/01/2013 | 04/01/2018                                |       |  |
| 882723-JX-8   | TEXAS ST UNREFUNDED-TRANSPTRN      |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 93974C-FP-0   | COMM                               |       | 2                                    | 1FE                 | 5,229,538      |   | 100,9790      | 4,655,132    | 4,610,000                              |  | (167,631)                                      |                                       |   | 5.000      | 1.320                   | AO           | 57,625                                 | 230,500                          | 07/01/2013 | 04/01/2018                                |       |  |
| 93974C-GP-9   | WASHINGTON ST                      |       | 2                                    | 1FE                 | 4,849,229      |   | 107,4330      | 4,764,654    | 4,435,000                              |  | (74,577)                                       |                                       |   | 5.000      | 3.187                   | FA           | 92,396                                 | 221,750                          | 07/01/2013 | 02/01/2034                                |       |  |
| 93974C-GP-9   | WASHINGTON ST                      |       | 2                                    | 1FE                 | 1,098,220      |   | 107,4330      | 1,074,330    | 1,000,000                              |  | (17,681)                                       |                                       |   | 5.000      | 3.096                   | FA           | 20,833                                 | 50,000                           | 07/01/2013 | 02/01/2031                                |       |  |
| 93974D-JS-8   | WASHINGTON ST FOR ISSUES DTD       |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| 93974D-JS-8   | P                                  |       | 2                                    | 1FE                 | 1,451,725      |   | 114,6490      | 1,433,113    | 1,250,000                              |  | (19,121)                                       |                                       |   | 5.000      | 3.036                   | JJ           | 31,250                                 | 62,500                           | 08/13/2015 | 07/01/2032                                |       |  |
| 97705L-C9-6   | WI GO C21 S11                      |       | 2                                    | 1FE                 | 11,536,300     |   | 114,2370      | 11,423,700   | 10,000,000                             |  | (190,331)                                      |                                       |   | 5.250      | 3.055                   | MN           | 87,500                                 | 525,000                          | 07/01/2013 | 05/01/2026                                |       |  |
| 1199999 - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations           |                                    |       |                                      |                     | 117,259,271    |   | XXX           | 113,708,472  | 102,010,000                            | 110,057,530  | (2,196,832)                                    |                                       |   | XXX        | XXX                     | XXX          | 1,423,515                              | 5,085,083                        | XXX        | XXX                                       |       |  |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities  |                                    |       |                                      |                     |                |   |               |              |  |  |  |                                       |   |            |                         |              |  |                                  |            |   |       |  |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>o<br>r<br>e<br>i<br>g<br>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 |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities  |   |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 1799999   | - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Subtotals - U.S. States, Territories and Possessions (Direct and Guaranteed) |       |                                 |           |                  | 117,259,271 | XXX                            | 113,708,472 | 102,010,000 | 110,057,530                   |   | (2,196,832)                              |   |  | XXX      | XXX               | XXX       | 1,423,515                     | 5,085,083               | XXX        | XXX                              |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations |   |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 012122-8C-4   | ALBANY CNTY NY  |       |                                 |           | 1FE              | 2,276,553   |                                | 104.5690    | 2,090,000   | 2,190,125                     |   | (57,785)                                 |   |  | 4.000    | 1.159             | MS        | 24,616                        | 83,600                  | 11/13/2014 | 09/15/2018                       |
| 022447-G6-7   | ALVIN TX INDEPENDENT SCHOOL DIST  |       |                                 | 2         | 1FE              | 2,209,585   | 118.6420                       | 2,076,235   | 1,750,000   | 2,191,627                     |   | (17,958)                                 |   |  | 5.000    | 1.975             | FA        | 33,056                        |                         | 08/04/2016 | 02/15/2029                       |
| 041826-YS-1   | ARLINGTON TEX INDPT SCH DIST  |       |                                 | 2         | 1FE              | 3,796,800   | 110.4700                       | 3,866,450   | 3,500,000   | 3,648,586                     |   | (44,227)                                 |   |  | 5.000    | 3.583             | FA        | 66,111                        | 175,000                 | 07/01/2013 | 02/15/2036                       |
| 052430-CP-8   | AUSTIN TEX INDPT SCH DIST   |       |                                 | 2         | 1FE              | 9,351,225   | 102.3220                       | 8,825,273   | 8,625,000   | 8,733,946                     |   | (182,545)                                |   |  | 5.000    | 2.823             | FA        | 179,688                       | 431,250                 | 07/01/2013 | 08/01/2029                       |
| 052430-CQ-6   | AUSTIN TEX INDPT SCH DIST   |       |                                 | 2         | 1FE              | 1,081,790   | 102.3220                       | 1,023,220   | 1,000,000   | 1,012,283                     |   | (20,570)                                 |   |  | 5.000    | 2.884             | FA        | 20,833                        | 50,000                  | 07/01/2013 | 08/01/2030                       |
| 099032-EF-7   | BOONE MCHENRY & DEKALB CNTYS ILL C  | @     |                                 |           | 1FE              | 1,992,390   | 81.5240                        | 2,445,720   | 3,000,000   | 2,286,091                     |   | 88,075                                   |   |  |          | 4.007             | N/A       |                               |                         | 07/01/2013 | 12/01/2023                       |
| 101547-UD-7   | BOULDER VALLEY COLO SCH DIST N GO   |       |                                 |           | 1FE              | 10,811,000  | 108.1140                       | 10,811,400  | 10,000,000  | 10,724,442                    |   | (26,094)                                 |   |  | 5.000    | 4.459             | JD        | 41,667                        | 500,000                 | 07/01/2013 | 12/01/2034                       |
| 167486-XK-0   | CHICAGO IL UNREFUNDED   |       |                                 | 2         | 1FE              | 107,426     | 100.0000                       | 105,000     | 105,000     | 105,000                       |   | (1,050)                                  |   |  | 5.380    | 4.395             | JJ        | 2,825                         | 5,649                   | 07/01/2013 | 01/01/2017                       |
| 167560-MQ-1   | CHICAGO ILL MET WTR RECLAMATION DI  |       |                                 |           | 1FE              | 21,911,228  | 114.3530                       | 21,218,199  | 18,555,000  | 20,765,227                    |   | (338,892)                                |   |  | 5.000    | 2.821             | JD        | 77,313                        | 927,750                 | 07/01/2013 | 12/01/2022                       |
| 179093-FF-1   | CLACKAMAS CNTY ORE SCH DIST NO 12   |       |                                 | 2         | 1FE              | 10,821,000  | 101.7960                       | 10,179,600  | 10,000,000  | 10,099,262                    |   | (213,410)                                |   |  | 5.000    | 2.813             | JD        | 22,222                        | 500,000                 | 07/01/2013 | 06/15/2028                       |
| 199820-X6-3   | COMAL TX INDEP SCH DIST   |       |                                 | 2         | 1FE              | 5,289,789   | 104.3120                       | 5,121,719   | 4,910,000   | 5,005,194                     |   | (84,780)                                 |   |  | 5.250    | 3.442             | FA        | 107,406                       | 257,775                 | 07/01/2013 | 02/01/2038                       |
| 199820-Z5-3   | COMAL TX INDEP SCH DIST   |       |                                 | 2         | 1FE              | 96,962      | 103.9840                       | 93,586      | 90,000      | 91,745                        |   | (1,554)                                  |   |  | 5.250    | 3.442             | FA        | 1,969                         | 4,725                   | 07/01/2013 | 02/01/2038                       |
| 216129-CZ-7   | COOK CNTY ILL CMNTY COLLEGE DIST N  |       |                                 | 2         | 1FE              | 1,159,190   | 103.5590                       | 1,035,590   | 1,000,000   | 1,033,788                     |   | (36,403)                                 |   |  | 5.000    | 1.285             | JD        | 4,167                         | 50,000                  | 07/01/2013 | 12/01/2018                       |
| 216129-DA-1   | COOK CNTY ILL CMNTY COLLEGE DIST N  |       |                                 | 2         | 1FE              | 1,154,070   | 103.5130                       | 1,035,130   | 1,000,000   | 1,032,764                     |   | (35,262)                                 |   |  | 5.000    | 1.396             | JD        | 4,167                         | 50,000                  | 07/01/2013 | 12/01/2019                       |
| 346843-CD-5   | FORT BEND TEX INDPT SCH DIST F SCH  |       |                                 | 2         | 1FE              | 4,783,303   | 105.7470                       | 4,531,259   | 4,285,000   | 4,449,942                     |   | (98,297)                                 |   |  | 5.000    | 2.580             | FA        | 80,939                        | 214,250                 | 07/01/2013 | 08/15/2031                       |
| 353172-X6-1   | FRANKLIN CNTY OHIO  |       |                                 | 2         | 1FE              | 2,658,373   | 103.5590                       | 2,537,196   | 2,450,000   | 2,495,498                     |   | (48,241)                                 |   |  | 5.000    | 2.955             | JD        | 10,208                        | 122,500                 | 07/01/2013 | 12/01/2031                       |
| 403755-C2-5   | GWINNETT CNTY GA SCH DIST   |       |                                 | 2         | 1FE              | 7,040,193   | 118.3310                       | 7,218,191   | 6,100,000   | 6,793,532                     |   | (73,452)                                 |   |  | 5.000    | 3.409             | FA        | 127,083                       | 305,000                 | 07/01/2013 | 02/01/2029                       |
| 44236P-FG-8   | HOUSTON TEX CMNTY COLLEGE   |       |                                 |           | 1FE              | 1,300,328   | 109.9360                       | 1,264,264   | 1,150,000   | 1,271,531                     |   | (8,621)                                  |   |  | 5.000    | 3.861             | FA        | 21,722                        | 57,500                  | 07/01/2013 | 02/15/2028                       |
| 44236P-FH-6   | HOUSTON TEX CMNTY COLLEGE   |       |                                 |           | 1FE              | 1,004,409   | 109.8080                       | 988,272     | 900,000     | 986,280                       |   | (5,438)                                  |   |  | 5.000    | 4.035             | FA        | 17,000                        | 45,000                  | 07/01/2013 | 02/15/2029                       |
| 486063-CF-5   | KATY TEX INDPT SCH DIST   |       |                                 | 2         | 1FE              | 7,717,076   | 100.4190                       | 6,974,100   | 6,945,000   | 6,971,973                     |   | (217,171)                                |   |  | 5.000    | 1.824             | FA        | 131,183                       | 347,250                 | 07/01/2013 | 02/15/2021                       |
| 528828-6X-9   | LEWISVILLE TX INDEP SCH DIST  |       |                                 | 2         | 1FE              | 3,655,727   | 108.9600                       | 3,633,816   | 3,335,000   | 3,603,650                     |   | (31,179)                                 |   |  | 4.000    | 2.838             | FA        | 50,396                        | 133,400                 | 04/24/2015 | 08/15/2026                       |
| 54438C-UU-4   | LOS ANGELES CA CMNTY CLG DIST   |       |                                 |           | 1FE              | 1,226,070   | 121.9610                       | 1,219,610   | 1,000,000   | 1,196,326                     |   | (18,146)                                 |   |  | 5.000    | 2.650             | FA        | 20,833                        | 50,000                  | 05/06/2015 | 06/01/2026                       |
| 54438C-HL-9   | LOS ANGELES CALIF CMNTY COLLEG GO   |       |                                 | 2         | 1FE              | 10,817,900  | 102.3170                       | 10,231,700  | 10,000,000  | 10,173,695                    |   | (292,956)                                |   |  | 5.000    | 2.002             | FA        | 208,333                       | 500,000                 | 07/01/2013 | 08/01/2032                       |
| 544646-LJ-9   | LOS ANGELES CALIF UNI SCH DIST GO   |       |                                 | 2         | 1FE              | 5,403,150   | 101.9850                       | 5,099,250   | 5,000,000   | 5,052,927                     |   | (103,631)                                |   |  | 5.000    | 2.873             | JJ        | 125,000                       | 250,000                 | 07/01/2013 | 07/01/2028                       |
| 544646-TQ-5   | LOS ANGELES CALIF UNI SCH DIST GO   |       |                                 | 2         | 1FE              | 5,177,850   | 107.7290                       | 5,386,450   | 5,000,000   | 5,079,680                     |   | (29,563)                                 |   |  | 5.000    | 4.367             | JJ        | 125,000                       | 250,000                 | 07/01/2013 | 01/01/2034                       |
| 592112-CZ-7   | METROPOLITAN GOVT NASHVILLE & DAVI  |       |                                 | 2         | 1FE              | 28,143,609  | 103.8550                       | 25,226,380  | 24,290,000  | 25,166,694                    |   | (864,942)                                |   |  | 5.000    | 1.359             | JJ        | 607,250                       | 1,214,500               | 07/01/2013 | 01/01/2021                       |
| 592112-DA-1   | METROPOLITAN GOVT NASHVILLE & DAVI  |       |                                 | 2         | 1FE              | 29,551,368  | 103.8550                       | 26,488,218  | 25,505,000  | 26,425,546                    |   | (908,207)                                |   |  | 5.000    | 1.359             | JJ        | 637,625                       | 1,275,250               | 07/01/2013 | 01/01/2022                       |
| 597854-CL-0   | MIDLTHIAN TX WATER DIST   | @     |                                 |           | 1FE              | 2,073,879   | 92.0800                        | 2,361,852   | 2,565,000   | 2,300,766                     |   | 67,246                                   |   |  |          | 3.011             | N/A       |                               |                         | 07/01/2013 | 09/01/2020                       |
| 64966J-AS-5   | New York NY BAM BDS F-1   |       |                                 | 2         | 1FE              | 3,586,650   | 114.3050                       | 3,429,150   | 3,000,000   | 3,414,604                     |   | (98,587)                                 |   |  | 6.646    | 2.910             | JD        | 16,615                        | 199,380                 | 03/26/2015 | 12/01/2031                       |
| 64966L-5B-3   | NEW YORK N Y FOR PREVIOUS ISSUES S  |       |                                 |           | 1FE              | 3,781,710   | 119.0110                       | 3,570,330   | 3,000,000   | 3,717,029                     |   | (64,681)                                 |   |  | 5.000    | 1.971             | FA        | 62,500                        | 58,750                  | 02/25/2016 | 08/01/2025                       |
| 64966L-JJ-1   | NEW YORK NY PREREFUNDED GO  |       |                                 | 2         | 1FE              | 7,576,251   | 100.0000                       | 6,845,000   | 6,845,000   | 6,845,000                     |   | (213,720)                                |   |  | 5.000    | 1.843             | JJ        | 171,125                       | 342,250                 | 07/01/2013 | 01/01/2021                       |
| 64966L-JL-6   | NEW YORK NY UNREFUNDED  |       |                                 | 2         | 1FE              | 3,492,049   | 100.2680                       | 3,163,455   | 3,155,000   | 3,155,000                     |   | (98,508)                                 |   |  | 5.000    | 1.843             | JJ        | 78,875                        | 157,750                 | 07/01/2013 | 01/01/2021                       |
| 659154-6W-3   | NORTH EAST INDPT SCH DIST TEX   |       |                                 | 2         | 1FE              | 5,459,300   | 102.3220                       | 5,116,100   | 5,000,000   | 5,068,679                     |   | (115,252)                                |   |  | 5.000    | 2.631             | FA        | 104,167                       | 250,000                 | 07/01/2013 | 08/01/2032                       |
| 660266-HW-0   | NORTH KANSAS CITY MO SCH DIST   |       |                                 | 2         | 1FE              | 1,123,620   | 110.1390                       | 1,101,390   | 1,000,000   | 1,121,912                     |   | (1,708)                                  |   |  | 4.000    | 2.519             | MS        | 4,889                         |                         | 11/09/2016 | 03/01/2029                       |
| 64966L-A6-8   | NY GO C25 S15C  |       |                                 | 2         | 1FE              | 472,197     | 113.3980                       | 464,932     | 410,000     | 462,256                       |   | (5,582)                                  |   |  | 5.000    | 3.224             | FA        | 8,542                         | 20,500                  | 03/16/2015 | 08/01/2033                       |
| 734260-R2-0   | PORT HOUSTON AUTH TEX HARRIS CNTY   |       |                                 | 2         | 1FE              | 12,066,742  | 109.1710                       | 11,730,424  | 10,745,000  | 11,213,979                    |   | (254,772)                                |   |  | 6.250    | 3.688             | A0        | 167,891                       | 671,563                 | 07/01/2013 | 10/01/2029                       |
| 741701-WH-5   | PRINCE GEORGES CNTY MD  |       |                                 | 2         | 1FE              | 6,227,700   | 102.0950                       | 5,661,168   | 5,545,000   | 5,639,035                     |   | (172,025)                                |   |  | 5.000    | 1.833             | JJ        | 127,843                       | 277,250                 | 07/01/2013 | 07/15/2022                       |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>o<br>r<br>e<br>i<br>g<br>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 |
| 796237-YJ-8.  | SAN ANTONIO TX.....                     |       |                                 | 2         | 1FE              | 1,417,539   | 111.9630                       | 1,343,556   | 1,200,000   | 1,321,965                     |   | (28,117)                                 |   |  | 5.000    | 2.388             | FA        | 25,000                        | 60,000                  | 07/01/2013 | 02/01/2024                       |
| 799017-CB-2.  | SAN MATEO CAL HIGH SCH DIST             | @     |                                 |           | 1FE              | 2,908,885   | 93.2870                        | 3,265,045   | 3,500,000   | 3,183,898                     |   | 81,126                                   |   |  |          | 2.615             | N/A       |                               |                         | 07/01/2013 | 09/01/2020                       |
| 812626-6L-8.  | G.O.....                                |       |                                 | 2         | 1FE              | 1,238,391   | 102.8150                       | 1,130,965   | 1,100,000   | 1,125,256                     |   | (33,094)                                 |   |  | 5.000    | 1.914             | A0        | 13,750                        | 55,000                  | 07/01/2013 | 10/01/2020                       |
| 812626-7B-9.  | SEATTLE WASH.....                       |       |                                 |           | 1FE              | 5,448,920   | 102.9280                       | 4,981,715   | 4,840,000   | 5,109,357                     |   | (66,230)                                 |   |  | 5.000    | 3.436             | A0        | 60,500                        | 242,000                 | 07/01/2013 | 10/01/2020                       |
|   | SEATTLE WASH.....                       |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
|   | SNOWHISH CNTY WA SCH DIST               |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 833153-TY-5.  | #15.....                                |       |                                 | 2         | 1FE              | 1,273,954   | 114.2600                       | 1,256,860   | 1,100,000   | 1,234,024                     |   | (15,811)                                 |   |  | 5.000    | 3.170             | JD        | 4,583                         | 55,000                  | 05/29/2014 | 12/01/2032                       |
| 528828-VV-5.  | TX Lewisville GO C19 S09.....           |       |                                 | 2         | 1FE              | 6,828,540   | 107.4620                       | 6,447,720   | 6,000,000   | 6,325,723                     |   | (147,905)                                |   |  | 5.000    | 2.377             | FA        | 113,333                       | 300,000                 | 07/01/2013 | 08/15/2026                       |
| 1899999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations   |   |       |                                 |           |                  | 245,514,691 | XXX                            | 232,690,982 | 220,590,000 | 229,825,837                   |   | (4,840,465)                              |   |  | XXX      | XXX               | XXX       | 3,708,225                     | 10,489,842              | XXX        | XXX                              |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities   |   |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities  |   |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities  |   |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 43232V-RN-3.  | HILLSBOROUGH CNTY FLA SCH BRD.....      |       |                                 |           | 1FE              | 1,587,972   | 107.9580                       | 1,484,423   | 1,375,000   | 1,467,190                     |   | (35,470)                                 |   |  | 5.000    | 2.240             | JJ        | 34,375                        | 68,750                  | 07/01/2013 | 07/01/2019                       |
| 2199999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities  |   |       |                                 |           |                  | 1,587,972   | XXX                            | 1,484,423   | 1,375,000   | 1,467,190                     |   | (35,470)                                 |   |  | XXX      | XXX               | XXX       | 34,375                        | 68,750                  | XXX        | XXX                              |
| 2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Subtotals - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) |   |       |                                 |           |                  | 247,102,663 | XXX                            | 234,175,405 | 221,965,000 | 231,293,027                   |   | (4,875,935)                              |   |  | XXX      | XXX               | XXX       | 3,742,600                     | 10,558,592              | XXX        | XXX                              |
| Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations                   |   |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 02765U-GW-8.  | AMERICAN MUN PWR OHIO INC PREREF.....   |       |                                 | 2         | 1FE              | 8,423,031   | 104.5240                       | 7,834,074   | 7,495,000   | 7,729,912                     |   | (203,984)                                |   |  | 5.250    | 2.418             | FA        | 148,651                       | 393,488                 | 07/01/2013 | 02/15/2021                       |
| 02765U-HU-1.  | AMERICAN MUN PWR OHIO INC UNREF.....    |       |                                 | 2         | 1FE              | 567,529     | 104.0360                       | 525,382     | 505,000     | 520,828                       |   | (13,744)                                 |   |  | 5.250    | 2.418             | FA        | 10,016                        | 26,513                  | 07/01/2013 | 02/15/2021                       |
| 047870-ND-8.  | ATLANTA GA WTR & WSTWTR REVENUE.....    |       |                                 | 2         | 1FE              | 1,739,010   | 113.6820                       | 1,705,230   | 1,500,000   | 1,714,798                     |   | (22,328)                                 |   |  | 5.000    | 3.065             | MN        | 12,500                        | 75,000                  | 11/30/2015 | 11/01/2035                       |
| 050589-JD-3.  | AUBURN UNIV ALA GEN FEE REV.....        |       |                                 | 2         | 1FE              | 2,126,060   | 113.5840                       | 2,271,680   | 2,000,000   | 2,075,241                     |   | (15,257)                                 |   |  | 5.000    | 4.102             | JD        | 8,333                         | 100,000                 | 07/01/2013 | 06/01/2036                       |
| 050589-HT-0.  | Auburn University.....                  |       |                                 |           | 1FE              | 2,426,351   | 113.1310                       | 2,341,812   | 2,070,000   | 2,296,927                     |   | (38,274)                                 |   |  | 5.000    | 2.824             | JD        | 8,625                         | 103,500                 | 07/01/2013 | 06/01/2022                       |
| 050589-HV-5.  | Auburn University.....                  |       |                                 |           | 1FE              | 2,284,320   | 112.5440                       | 2,250,880   | 2,000,000   | 2,204,376                     |   | (23,820)                                 |   |  | 5.000    | 3.457             | JD        | 8,333                         | 100,000                 | 07/01/2013 | 06/01/2024                       |
| 05159P-AZ-5.  | AURORA COLO WTR IMPT REV.....           |       |                                 | 2         | 1FE              | 7,375,523   | 102.2930                       | 6,904,778   | 6,750,000   | 6,843,502                     |   | (156,933)                                |   |  | 5.000    | 2.611             | FA        | 140,625                       | 337,500                 | 07/01/2013 | 08/01/2025                       |
| 130178-SC-1.  | CA EDL FAC UNIV SO CA.....              |       |                                 | 2         | 1FE              | 9,544,410   | 106.8570                       | 9,617,130   | 9,000,000   | 9,238,352                     |   | (91,913)                                 |   |  | 5.250    | 4.131             | A0        | 118,125                       | 472,500                 | 07/01/2013 | 10/01/2039                       |
| 13033L-EN-3.  | CA Health CHW.....                      |       |                                 | 2         | 1FE              | 11,174,500  | 108.9370                       | 10,893,700  | 10,000,000  | 10,518,740                    |   | (195,418)                                |   |  | 5.625    | 3.471             | JJ        | 281,250                       | 562,500                 | 07/01/2013 | 07/01/2025                       |
| 91412G-YR-0.  | CA Univ CA C25 S151.....                |       |                                 | 2         | 1FE              | 1,631,182   | 115.4890                       | 1,616,846   | 1,400,000   | 1,595,394                     |   | (20,153)                                 |   |  | 5.000    | 3.119             | MN        | 8,944                         | 70,000                  | 03/13/2015 | 05/15/2032                       |
| 130178-VU-7.  | CALIFORNIA EDL FACS AUTH REV.....       |       |                                 |           | 1FE              | 7,936,370   | 130.1220                       | 8,457,930   | 6,500,000   | 7,821,677                     |   | (34,371)                                 |   |  | 5.250    | 3.949             | A0        | 85,313                        | 341,250                 | 07/01/2013 | 04/01/2040                       |
| 130178-X7-6.  | CALIFORNIA EDL FACS AUTH REV.....       |       |                                 |           | 1FE              | 336,155     | 127.3270                       | 318,318     | 250,000     | 329,769                       |   | (1,898)                                  |   |  | 5.000    | 3.227             | JD        | 1,042                         | 12,500                  | 07/01/2013 | 06/01/2043                       |
|   | CALIFORNIA HEALTH FACS FING AUTH R..... |       |                                 | 2         | 1FE              | 10,107,300  | 105.0080                       | 10,500,800  | 10,000,000  | 10,036,836                    |   | (21,330)                                 |   |  | 5.000    | 4.818             | FA        | 188,889                       | 500,000                 | 07/01/2013 | 08/15/2038                       |
| 13066Y-TN-9.  | CALIFORNIA ST DEPT OF WTR RESOURCE..... |       |                                 | 2         | 1FE              | 9,098,988   | 110.8530                       | 8,674,247   | 7,825,000   | 8,496,415                     |   | (224,521)                                |   |  | 5.000    | 2.324             | MN        | 65,208                        | 391,250                 | 07/01/2013 | 05/01/2021                       |
| 13066Y-TS-8.  | CALIFORNIA ST DEPT OF WTR RESOURCE..... |       |                                 |           | 1FE              | 5,436,137   | 110.6130                       | 5,171,158   | 4,675,000   | 5,115,628                     |   | (94,643)                                 |   |  | 5.000    | 2.700             | MN        | 38,958                        | 233,750                 | 07/01/2013 | 05/01/2021                       |
| 13066Y-NL-9.  | CALIFORNIA ST DEPT WTR RES PWR SUP..... |       |                                 |           | 1FE              | 25,539,140  | 105.0630                       | 23,113,834  | 22,000,000  | 23,002,789                    |   | (738,565)                                |   |  | 5.000    | 1.540             | MN        | 183,333                       | 1,100,000               | 07/01/2013 | 05/01/2018                       |
| 153476-BK-1.  | CENTRAL FL EXPWY AUTH SR LIEN REV.....  |       |                                 | 2         | 1FE              | 1,122,560   | 104.9140                       | 1,049,140   | 1,000,000   | 1,119,536                     |   | (3,024)                                  |   |  | 4.000    | 2.590             | JJ        | 6,556                         |                         | 09/23/2016 | 07/01/2030                       |
| 155048-CQ-2.  | CENTRAL PUGET SOUND REGIONAL.....       |       |                                 | 2         | 1FE              | 1,169,210   | 113.4190                       | 1,134,190   | 1,000,000   | 1,105,002                     |   | (18,981)                                 |   |  | 5.000    | 2.791             | FA        | 20,833                        | 50,000                  | 07/01/2013 | 02/01/2028                       |
| 20775C-ML-5.  | CONNECTICUT ST HSG FIN AUTH.....        |       |                                 |           | 1FE              | 1,250,000   | 94.6440                        | 1,183,050   | 1,250,000   | 1,250,000                     |   |  |   |  | 2.250    | 2.263             | MN        | 3,594                         |                         | 11/02/2016 | 11/15/2023                       |
| 20775C-MP-6.  | CONNECTICUT ST HSG FIN AUTH.....        |       |                                 |           | 1FE              | 1,000,000   | 94.4930                        | 944,930     | 1,000,000   | 1,000,000                     |   |  |   |  | 2.500    | 2.516             | MN        | 3,194                         |                         | 11/02/2016 | 05/15/2025                       |
| 20775C-MM-3.  | CONNECTICUT ST HSG FIN AUTH HS.....     |       |                                 |           | 1FE              | 1,000,000   | 94.7300                        | 947,300     | 1,000,000   | 1,000,000                     |   |  |   |  | 2.400    | 2.414             | MN        | 3,067                         |                         | 11/02/2016 | 05/15/2024                       |
| 73358T-Z7-9.  | CONS-ONE HUNDRED FIFTY-SECOND.....      |       |                                 | 2         | 1FE              | 6,474,704   | 104.4820                       | 6,237,575   | 5,970,000   | 6,116,880                     |   | (106,200)                                |   |  | 5.000    | 3.127             | MN        | 49,750                        | 298,500                 | 07/01/2013 | 11/01/2024                       |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE D - PART 1

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

| 1                    | 2                                    | Codes         |         |             | 6           | 7 | Fair Value                     |            | 10         | 11                            | Change in Book / Adjusted Carrying Value  |  |   |  | Interest |                   |           |                               |                         | Dates      |                                  |
|----------------------|--------------------------------------|---------------|---------|-------------|-------------|---|--------------------------------|------------|------------|-------------------------------|---|--|---|--|----------|-------------------|-----------|-------------------------------|-------------------------|------------|----------------------------------|
|                      |                                      | 3             | 4       | 5           |             |   | 8                              | 9          |            |                               | 12  | 13                                       | 14  | 15   | 16       | 17                | 18        | 19                            | 20                      | 21         | 22                               |
|                      |                                      | F o r e i g n | B o n d | NAIC        |             |   | Rate Used to Obtain Fair Value | Fair Value |            |                               | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Foreign Exchange Change In B./A.C.V. | Rate of  | Effective Rate of | When Paid | Admitted Amount Due & Accrued | Amount Rec. During Year | Acquired   | Stated Contractual Maturity Date |
| CUSIP Identification | Description                          | Code          | CHAR    | Designation | Actual Cost |   |                                |            | Par Value  | Book/ Adjusted Carrying Value |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 23542J-CG-8.         | DALLAS TEX WTRWKS & SWR SYS REF.     |               | 2       | 1FE         | 551,815     |   | 113.8360                       | 580,564    | 510,000    | 535,661                       |   | (4,836)                                  |   |  | 5.000    | 3.868             | A0        | 6,375                         | 25,500                  | 07/01/2013 | 10/01/2036                       |
| 23542J-DC-6.         | DALLAS TEX WTRWKS & SWR SYS UNREF.   |               | 2       | 1FE         | 4,587,638   |   | 111.2920                       | 4,718,781  | 4,240,000  | 4,453,340                     |   | (40,208)                                 |   |  | 5.000    | 3.868             | A0        | 53,000                        | 212,000                 | 07/01/2013 | 10/01/2036                       |
| 240523-UJ-7.         | DE KALB CNTY GA WTR & SEW REV.       |               |         | 1FE         | 7,205,614   |   | 122.5700                       | 7,458,385  | 6,085,000  | 6,957,742                     |   | (73,919)                                 |   |  | 5.250    | 3.532             | A0        | 79,866                        | 319,463                 | 07/01/2013 | 10/01/2026                       |
| 240523-UK-4.         | DE KALB CNTY GA WTR & SEW REV. WTR   |               | 2       | 1FE         | 5,518,100   |   | 118.1340                       | 5,906,700  | 5,000,000  | 5,407,786                     |   | (33,181)                                 |   |  | 5.250    | 4.266             | A0        | 65,625                        | 262,500                 | 07/01/2013 | 10/01/2032                       |
| 249182-CG-9.         | DENVER CITY & CNTY CO ARPT REV.      |               | 2       | 1FE         | 1,173,800   |   | 112.7550                       | 1,127,550  | 1,000,000  | 1,168,019                     |   | (5,781)                                  |   |  | 5.250    | 1.654             | MN        | 6,708                         | 26,250                  | 10/28/2016 | 11/15/2022                       |
| 254845-EM-8.         | DISTRICT COLUMBIA WTR & SWR AUTH P.  |               | 2       | 1FE         | 2,715,492   |   | 106.2500                       | 2,762,500  | 2,600,000  | 2,641,249                     |   | (22,286)                                 |   |  | 5.000    | 4.093             | A0        | 32,500                        | 130,000                 | 07/01/2013 | 10/01/2029                       |
| 307479-CF-0.         | Fargo ND HlthSanford.                |               |         | 1FE         | 8,183,129   |   | 109.6230                       | 7,640,723  | 6,970,000  | 7,534,390                     |   | (190,643)                                |   |  | 5.250    | 2.296             | MN        | 60,988                        | 365,925                 | 07/01/2013 | 11/01/2019                       |
| 307479-CG-8.         | Fargo ND HlthSanford.                |               |         | 1FE         | 2,380,220   |   | 112.8540                       | 2,257,080  | 2,000,000  | 2,207,847                     |   | (50,870)                                 |   |  | 5.500    | 2.650             | MN        | 18,333                        | 110,000                 | 07/01/2013 | 11/01/2020                       |
| 3133XL-4N-0.         | FHLB.                                |               |         | 1           | 2,015,766   |   | 101.8930                       | 1,783,124  | 1,750,000  | 1,779,604                     |   | (68,549)                                 |   |  | 5.250    | 1.278             | JD        | 6,635                         | 91,875                  | 07/01/2013 | 06/05/2017                       |
| 341080-CS-6.         | FL PORT AMT.                         |               | 2       | 1FE         | 11,932,793  |   | 111.2930                       | 11,852,705 | 10,650,000 | 11,405,968                    |   | (156,656)                                |   |  | 5.000    | 3.288             | JD        | 44,375                        | 532,500                 | 07/01/2013 | 06/01/2022                       |
| 341080-CU-1.         | FL PORT AMT.                         |               | 2       | 1FE         | 8,939,920   |   | 110.5410                       | 8,843,280  | 8,000,000  | 8,554,265                     |   | (114,733)                                |   |  | 5.000    | 3.329             | JD        | 33,333                        | 400,000                 | 07/01/2013 | 06/01/2023                       |
| 341080-DV-8.         | FL PORT AMT.                         |               |         | 1FE         | 2,757,471   |   | 108.2600                       | 2,614,479  | 2,415,000  | 2,572,367                     |   | (54,561)                                 |   |  | 5.000    | 2.549             | A0        | 30,188                        | 120,750                 | 07/01/2013 | 10/01/2019                       |
| 341080-DW-6.         | FL PORT AMT.                         |               |         | 1FE         | 2,887,593   |   | 109.9940                       | 2,788,348  | 2,535,000  | 2,726,449                     |   | (47,688)                                 |   |  | 5.000    | 2.883             | A0        | 31,688                        | 126,750                 | 07/01/2013 | 10/01/2020                       |
| 31359M-7X-5.         | FNMA.                                |               |         | 1           | 5,135,706   |   | 101.5260                       | 4,568,670  | 4,500,000  | 4,560,798                     |   | (166,809)                                |   |  | 5.000    | 1.246             | MN        | 31,250                        | 225,000                 | 07/01/2013 | 05/11/2017                       |
| 345105-AT-7.         | FOOTHILL / EASTERN TRANSN CORR REV.  | @             |         | 1FE         | 5,186,673   |   | 97.2060                        | 5,589,345  | 5,750,000  | 5,531,534                     |   | 103,124                                  |   |  |          | 1.984             | MAT       |                               |                         | 07/01/2013 | 01/01/2019                       |
| 377446-AY-5.         | GLEN COVE NEW YORK IDA ETM.          | @             |         | 1FE         | 1,926,161   |   | 95.7230                        | 2,086,761  | 2,180,000  | 2,063,584                     |   | 40,235                                   |   |  |          | 1.989             | N/A       |                               |                         | 07/01/2013 | 10/15/2019                       |
| 392274-ZY-5.         | Gr Orlando Av Auth.                  |               | 2       | 1FE         | 1,084,930   |   | 111.6250                       | 1,116,250  | 1,000,000  | 1,052,087                     |   | (9,828)                                  |   |  | 5.000    | 3.828             | A0        | 12,500                        | 50,000                  | 07/01/2013 | 10/01/2025                       |
| 414005-EL-8.         | HARRIS CNTY TEX.                     |               | 2       | 1FE         | 3,262,643   |   | 108.9820                       | 3,302,155  | 3,030,000  | 3,135,897                     |   | (37,839)                                 |   |  | 5.000    | 3.624             | FA        | 57,233                        | 151,500                 | 07/01/2013 | 08/15/2033                       |
| 442436-ST-4.         | HOUSTON TEX WTR & SWR SYS REV. REF.  | @             |         | 1FE         | 2,015,857   |   | 71.3970                        | 2,563,152  | 3,590,000  | 2,238,714                     |   | 68,547                                   |   |  |          | 5.129             | MAT       |                               |                         | 07/01/2013 | 12/01/2028                       |
| 442436-6D-8.         | HOUSTON TEX WTR & SWR SYS REV. REF.  | @             |         | 1FE         | 771,651     |   | 66.5480                        | 938,327    | 1,410,000  | 860,048                       |   | 27,258                                   |   |  |          | 5.438             | MAT       |                               |                         | 07/01/2013 | 12/01/2028                       |
| 45129W-KU-3.         | IDAHO HSG & FIN ASSN.                |               | 2       | 1FE         | 2,411,235   |   | 110.5490                       | 2,487,353  | 2,250,000  | 2,347,217                     |   | (19,194)                                 |   |  | 5.000    | 3.990             | JJ        | 51,875                        | 112,500                 | 07/01/2013 | 07/15/2029                       |
| 455141-NA-5.         | INDIANA TRANSN FIN AUTH HWY RE REF.  |               |         | 1FE         | 6,097,212   |   | 103.9990                       | 5,449,548  | 5,240,000  | 5,423,093                     |   | (196,565)                                |   |  | 5.500    | 1.652             | JD        | 24,017                        | 288,200                 | 07/01/2013 | 12/01/2017                       |
| 455393-BX-5.         | INDIANAPOLIS IND THERMAL.            |               | 2       | 1FE         | 6,574,980   |   | 106.4290                       | 6,385,740  | 6,000,000  | 6,201,845                     |   | (110,624)                                |   |  | 5.000    | 3.036             | A0        | 75,000                        | 300,000                 | 07/01/2013 | 10/01/2025                       |
| 469495-CC-7.         | JACKSONVILLE FLA TRANS REV.          |               | 2       | 1FE         | 1,125,881   |   | 113.2850                       | 1,132,850  | 1,000,000  | 1,082,809                     |   | (12,830)                                 |   |  | 5.000    | 3.431             | A0        | 12,500                        | 50,000                  | 07/01/2013 | 10/01/2029                       |
| 495289-SX-9.         | KING CNTY WASH SWR REV.              |               | 2       | 1FE         | 1,707,615   |   | 103.9060                       | 1,688,473  | 1,625,000  | 1,644,574                     |   | (18,858)                                 |   |  | 5.000    | 3.797             | JJ        | 40,625                        | 81,250                  | 07/01/2013 | 01/01/2038                       |
| 495289-6C-9.         | KING CNTY WASH SWR REV. REFUNDED.    |               | 2       | 1FE         | 4,245,301   |   | 111.0970                       | 4,460,545  | 4,015,000  | 4,138,218                     |   | (32,144)                                 |   |  | 5.000    | 4.092             | JJ        | 100,375                       | 200,750                 | 07/01/2013 | 01/01/2040                       |
| 495289-6G-0.         | KING CNTY WASH SWR REV. UNREFUNDED.  |               | 2       | 1FE         | 1,712,923   |   | 109.0020                       | 1,765,832  | 1,620,000  | 1,669,717                     |   | (12,969)                                 |   |  | 5.000    | 4.092             | JJ        | 40,500                        | 81,000                  | 07/01/2013 | 01/01/2040                       |
| 544435-U9-9.         | LOS ANGELES CALIF DEPT ARPTS.        |               | 2       | 1FE         | 5,267,400   |   | 110.5970                       | 5,529,850  | 5,000,000  | 5,141,090                     |   | (38,046)                                 |   |  | 5.250    | 4.389             | MN        | 33,542                        | 262,500                 | 07/01/2013 | 05/15/2033                       |
| 544525-OC-5.         | LOS ANGELES CALIF DEPT WTR.          |               | 2       | 1FE         | 1,106,677   |   | 110.5850                       | 1,105,850  | 1,000,000  | 1,069,207                     |   | (11,187)                                 |   |  | 5.000    | 3.634             | JJ        | 25,000                        | 50,000                  | 07/01/2013 | 07/01/2043                       |
| 54466H-DM-5.         | LOS ANGELES CNTY MET TRANSPRT AUTH.  |               |         | 1FE         | 2,449,020   |   | 122.4330                       | 2,448,660  | 2,000,000  | 2,444,020                     |   | (5,000)                                  |   |  | 5.000    | 2.371             | JD        | 8,611                         |                         | 11/18/2016 | 06/01/2026                       |
| 54810C-6A-3.         | LOWER COLO RIV AUTH TEX REV.         |               | 2       | 1FE         | 3,026,469   |   | 107.8740                       | 3,128,346  | 2,900,000  | 2,966,644                     |   | (18,003)                                 |   |  | 5.000    | 4.307             | MN        | 18,528                        | 145,000                 | 07/01/2013 | 05/15/2035                       |
| 575579-HJ-9.         | MASSACHUSETTS BAY TRAN AUTH.         |               |         | 1FE         | 2,219,400   |   | 123.0960                       | 2,461,920  | 2,000,000  | 2,188,360                     |   | (9,326)                                  |   |  | 5.000    | 4.173             | JJ        | 50,000                        | 100,000                 | 07/01/2013 | 07/01/2031                       |
| 575579-LK-1.         | MASSACHUSETTS BAY TRANS AUTH.        |               |         | 1FE         | 1,143,730   |   | 125.6970                       | 1,256,970  | 1,000,000  | 1,121,602                     |   | (6,644)                                  |   |  | 5.250    | 4.112             | JJ        | 26,250                        | 52,500                  | 07/01/2013 | 07/01/2030                       |
| 57583R-4M-4.         | MASSACHUSETTS ST DEV FIN AGY.        |               | 2       | 1FE         | 1,179,013   |   | 109.5650                       | 1,205,215  | 1,100,000  | 1,142,119                     |   | (11,044)                                 |   |  | 5.000    | 3.857             | JJ        | 27,500                        | 55,000                  | 07/01/2013 | 07/01/2040                       |
| 592248-EH-7.         | MET PIER & EXPOSITION AUTH.          |               | 2       | 1FE         | 200,380     |   | 103.0130                       | 185,423    | 180,000    | 184,043                       |   | (4,825)                                  |   |  | 5.500    | 2.722             | JD        | 440                           | 9,900                   | 07/01/2013 | 06/15/2020                       |
| 592248-EJ-3.         | ILDEDIC. MET PIER & EXPOSITION AUTH. |               | 2       | 1FE         | 513,718     |   | 103.0350                       | 479,113    | 465,000    | 474,994                       |   | (11,474)                                 |   |  | 5.550    | 2.986             | JD        | 1,147                         | 25,808                  | 07/01/2013 | 06/15/2021                       |
| 592248-EK-0.         | ILDEDIC. MET PIER & EXPOSITION AUTH. | @             | 2       | 1FE         | 186,607     |   | 115.5740                       | 236,927    | 205,000    | 202,753                       |   | 4,844                                    |   |  |          | 2.448             | JD        |                               |                         | 07/01/2013 | 06/15/2022                       |
| 592248-EN-4.         | UNREFUN. MET PIER & EXPOSITION AUTH. |               | 2       | 1FE         | 912,840     |   | 102.6760                       | 841,943    | 820,000    | 838,418                       |   | (21,982)                                 |   |  | 5.500    | 2.722             | JD        | 2,004                         | 45,100                  | 07/01/2013 | 06/15/2020                       |
| 592248-EP-9.         | UNREFUN. MET PIER & EXPOSITION AUTH. |               | 2       | 1FE         | 1,143,437   |   | 102.7160                       | 1,063,111  | 1,035,000  | 1,057,244                     |   | (25,539)                                 |   |  | 5.550    | 2.986             | JD        | 2,553                         | 57,443                  | 07/01/2013 | 06/15/2021                       |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>o<br>r<br>e<br>i<br>g<br>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 |
| 592248-EQ-7          | MET PIER & EXPOSITION AUTH UNREFUN         | @     |                                 | 2         | 1FE              | 2,089,093   |                                | 109,7840   |           | 2,295,000                     |   | 54,232                                   |   |  |          | 2,448             | JD        |                               |                         | 07/01/2013 | 06/15/2022                       |
| 592646-V8-3          | METRO WASH DC AIRPORT                      |       |                                 |           | 1FE              | 3,744,250   |                                | 109,6730   |           | 3,400,000                     |   | (30,811)                                 |   |  | 5,000    | 3,834             | A0        | 42,500                        | 170,000                 | 07/01/2013 | 10/01/2023                       |
| 592646-W2-5          | METRO WASH DC AIRPORT                      |       |                                 | 2         | 1FE              | 1,080,580   |                                | 109,5230   |           | 1,000,000                     |   | 1,061,535                                |   |  | 5,000    | 4,197             | A0        | 12,500                        | 50,000                  | 07/01/2013 | 10/01/2025                       |
| 592646-V6-7          | Metro Wash DC Airprt                       |       |                                 |           | 1FE              | 3,683,843   |                                | 109,8240   |           | 3,250,000                     |   | (50,625)                                 |   |  | 5,000    | 3,175             | A0        | 40,625                        | 162,500                 | 07/01/2013 | 10/01/2021                       |
| 592247-H9-4          | METROPOLITAN PIER & EXPO AUTH              | @     |                                 | 2         | 1FE              | 12,406,240  |                                | 108,1230   |           | 14,000,000                    |   | 625,393                                  |   |  |          | 4,697             | JD        |                               |                         | 07/01/2013 | 06/15/2026                       |
| 592247-W2-3          | METROPOLITAN PIER & EXPO AUTH              | @     |                                 | 2         | 1FE              | 1,805,300   |                                | 109,1020   |           | 2,000,000                     |   | 51,805                                   |   |  |          | 2,745             | JD        |                               |                         | 07/01/2013 | 06/15/2024                       |
| 592646-T7-8          | METROPOLITAN WASH DC ARPTS AUTH            |       |                                 |           | 1FE              | 1,081,900   |                                | 110,0510   |           | 1,000,000                     |   | (3,650)                                  |   |  | 5,000    | 4,368             | A0        | 12,500                        | 50,000                  | 07/01/2013 | 10/01/2030                       |
| 592247-N9-7          | METROPOLITON PIER & EXPO AUTH              | @     |                                 | 2         | 1FE              | 4,380,250   |                                | 107,6050   |           | 5,000,000                     |   | 5,113,765                                |   |  |          | 4,951             | JD        |                               |                         | 07/01/2013 | 06/15/2027                       |
| 59465H-MW-3          | MI Hosp Ascension                          |       |                                 |           | 1FE              | 4,643,840   |                                | 109,0290   |           | 4,000,000                     |   | (100,521)                                |   |  | 5,000    | 2,286             | MN        | 25,556                        | 200,000                 | 07/01/2013 | 11/15/2019                       |
| 59334P-EL-7          | MIAMI-DADE CNTY FLA TRAN                   |       |                                 | 2         | 1FE              | 1,102,477   |                                | 109,5750   |           | 1,000,000                     |   | (10,737)                                 |   |  | 5,000    | 3,687             | JJ        | 25,000                        | 50,000                  | 07/01/2013 | 07/01/2042                       |
| 59333P-X2-9          | MIAMI-DADE CNTY-A REFUNDED                 |       |                                 | 2         | 1FE              | 3,222,381   |                                | 106,5890   |           | 3,195,000                     |   | (3,204,942)                              |   |  | 5,250    | 5,126             | A0        | 41,934                        | 167,738                 | 07/01/2013 | 10/01/2038                       |
| 59333P-X4-5          | MIAMI-DADE CNTY-A UNREFUNDED               |       |                                 | 2         | 1FE              | 4,538,245   |                                | 105,4180   |           | 4,305,000                     |   | (4,318,396)                              |   |  | 5,250    | 5,126             | A0        | 56,503                        | 226,013                 | 07/01/2013 | 10/01/2038                       |
| 60636A-AT-0          | MISSOURI ST HEALTH & EDL FACS              |       |                                 | 2         | 1FE              | 5,344,570   |                                | 113,4320   |           | 5,388,020                     |   | (56,449)                                 |   |  | 5,000    | 3,583             | MN        | 30,347                        | 237,500                 | 07/01/2013 | 11/15/2030                       |
| 663903-FA-5          | N E OH REGL SWR DIST                       |       |                                 | 2         | 1FE              | 1,202,610   |                                | 116,4200   |           | 1,000,000                     |   | (18,589)                                 |   |  | 5,000    | 2,682             | MN        | 6,389                         | 50,000                  | 12/10/2014 | 11/15/2028                       |
| 66285W-PS-9          | N TX TOLLWAY AUTH REVENUE                  |       |                                 | 2         | 1FE              | 4,950,855   |                                | 104,4180   |           | 4,550,000                     |   | (91,334)                                 |   |  | 5,625    | 3,523             | JJ        | 127,969                       | 255,938                 | 07/01/2013 | 01/01/2033                       |
| 66285W-QB-5          | N TX TOLLWAY AUTH REVENUE                  |       |                                 | 2         | 1FE              | 2,906,582   |                                | 104,5400   |           | 2,665,000                     |   | (55,067)                                 |   |  | 5,750    | 3,584             | JJ        | 76,619                        | 153,238                 | 07/01/2013 | 01/01/2040                       |
| 66285W-SW-7          | N TX TOLLWAY AUTH REVENUE REFUNDED         |       |                                 | 2         | 1FE              | 4,466,651   |                                | 104,4180   |           | 4,105,000                     |   | (82,402)                                 |   |  | 5,625    | 3,523             | JJ        | 115,453                       | 230,906                 | 07/01/2013 | 01/01/2033                       |
| 66285W-QM-1          | N TX TOLLWAY AUTH REVENUE UNREF            |       |                                 | 2         | 1FE              | 365,368     |                                | 104,0150   |           | 335,000                       |   | (6,922)                                  |   |  | 5,750    | 3,584             | JJ        | 9,631                         | 19,263                  | 07/01/2013 | 01/01/2040                       |
| 66285W-TE-6          | N TX TOLLWAY AUTH REVENUE UNREFUND         |       |                                 | 2         | 1FE              | 1,463,495   |                                | 103,9130   |           | 1,345,000                     |   | (26,999)                                 |   |  | 5,625    | 3,523             | JJ        | 37,828                        | 75,656                  | 07/01/2013 | 01/01/2033                       |
| 646136-EJ-6          | NEW JERSEY TRANSN TR FD                    |       |                                 |           | 1FE              | 3,464,670   |                                | 106,9490   |           | 3,000,000                     |   | (40,942)                                 |   |  | 5,250    | 3,501             | JD        | 7,000                         | 157,500                 | 07/01/2013 | 12/15/2023                       |
| 64711N-BM-6          | NEW MEXICO FIN AUTH REV                    |       |                                 | 2         | 1FE              | 5,372,950   |                                | 104,6480   |           | 5,000,000                     |   | (77,137)                                 |   |  | 5,000    | 3,370             | JD        | 20,833                        | 250,000                 | 07/01/2013 | 06/01/2033                       |
| 64972F-Z2-8          | New York City Municip                      |       |                                 | 2         | 1FE              | 13,740,960  |                                | 112,8780   |           | 12,000,000                    |   | (13,024,603)                             |   |  | 5,000    | 2,963             | JD        | 26,667                        | 600,000                 | 07/01/2013 | 06/15/2024                       |
| 64972F-ZL-3          | NEW YORK N Y CITY MUN WTR FIN WTR          |       |                                 | 2         | 1FE              | 10,374,500  |                                | 107,3440   |           | 10,000,000                    |   | (62,775)                                 |   |  | 5,000    | 4,327             | JD        | 22,222                        | 500,000                 | 07/01/2013 | 06/15/2039                       |
| 64971W-XH-8          | NEW YORK NY CITY TRANSITIONAL TRANSITIONAL |       |                                 | 2         | 1FE              | 587,170     |                                | 116,5780   |           | 500,000                       |   | (7,628)                                  |   |  | 5,000    | 2,998             | MN        | 4,167                         | 24,722                  | 10/23/2015 | 11/01/2031                       |
| 64971W-QX-1          | NEW YORK NY CITY TRANSITIONAL PRER         |       |                                 | 2         | 1FE              | 11,620,614  |                                | 103,2320   |           | 10,550,000                    |   | (252,103)                                |   |  | 5,000    | 2,530             | MN        | 87,917                        | 527,500                 | 07/01/2013 | 11/01/2027                       |
| 64972F-ZS-9          | NEW YORK NY CITY WTR                       |       |                                 | 2         | 1FE              | 1,160,843   |                                | 114,2360   |           | 1,000,000                     |   | (17,152)                                 |   |  | 5,000    | 2,965             | JD        | 2,222                         | 50,000                  | 07/01/2013 | 06/15/2028                       |
| 64990E-CN-5          | NEW YORK ST DORM AUTH                      |       |                                 | 2         | 1FE              | 1,132,356   |                                | 113,6690   |           | 1,000,000                     |   | (13,161)                                 |   |  | 5,000    | 3,383             | JD        | 2,222                         | 50,000                  | 07/01/2013 | 12/15/2032                       |
| 64983S-FU-4          | NEW YORK ST DORM AUTH REVS                 |       |                                 |           | 1FE              | 4,716,835   |                                | 125,1680   |           | 3,960,000                     |   | (32,463)                                 |   |  | 5,500    | 4,040             | JJ        | 108,900                       | 217,800                 | 07/01/2013 | 07/01/2031                       |
| 649905-VF-0          | NEW YORK ST DORM AUTH REVS NON REV         |       |                                 | 2         | 1FE              | 6,372,840   |                                | 107,9070   |           | 6,000,000                     |   | (62,010)                                 |   |  | 5,000    | 3,868             | JJ        | 150,000                       | 300,000                 | 07/01/2013 | 07/01/2039                       |
| 64983M-UZ-9          | NEW YORK ST DORM AUTH REVS ST SUPP         |       |                                 |           | 1FE              | 1,138,750   |                                | 104,3280   |           | 1,000,000                     |   | (30,390)                                 |   |  | 5,000    | 1,863             | FA        | 18,889                        | 50,000                  | 07/01/2013 | 02/15/2018                       |
| 64983M-VA-3          | NEW YORK ST DORM AUTH REVS ST SUPP         |       |                                 |           | 1FE              | 1,262,492   |                                | 105,9770   |           | 1,100,000                     |   | (29,001)                                 |   |  | 5,000    | 2,205             | FA        | 20,778                        | 55,000                  | 07/01/2013 | 02/15/2019                       |
| 649902-SZ-2          | NEW YORK ST DORM AUTH ST PERS              |       |                                 | 2         | 1FE              | 10,474,100  |                                | 109,9770   |           | 10,000,000                    |   | (59,080)                                 |   |  | 5,000    | 4,317             | MS        | 147,222                       | 500,000                 | 07/01/2013 | 03/15/2041                       |
| 649902-LN-1          | NEW YORK ST DORM AUTH ST PERS INCO         |       |                                 | 2         | 1FE              | 5,564,400   |                                | 100,8170   |           | 5,000,000                     |   | (155,487)                                |   |  | 5,000    | 1,844             | MS        | 73,611                        | 250,000                 | 07/01/2013 | 03/15/2021                       |
| 64986A-6Y-2          | NEW YORK ST ENVIRONMENTAL FACS             |       |                                 | 2         | 1FE              | 1,168,760   |                                | 115,5460   |           | 1,000,000                     |   | (15,011)                                 |   |  | 5,000    | 3,045             | JD        | 2,222                         | 50,000                  | 07/07/2015 | 06/15/2033                       |
| 650009-ZB-2          | NEW YORK ST TWY AUTH                       |       |                                 | 2         | 1FE              | 267,616     |                                | 107,9040   |           | 250,000                       |   | (1,963)                                  |   |  | 5,000    | 4,054             | JJ        | 6,250                         | 12,500                  | 07/01/2013 | 01/01/2042                       |
| 650035-U3-0          | NEW YORK ST URBAN DEV CORP REV             |       |                                 | 2         | 1FE              | 2,757,948   |                                | 118,1660   |           | 2,205,000                     |   | (14,677)                                 |   |  | 5,000    | 2,084             | MS        | 32,463                        |                         | 09/21/2016 | 03/15/2029                       |
| 64465P-MP-0          | NH Hampshire C20 S10B                      |       |                                 |           | 1FE              | 3,629,703   |                                | 111,5840   |           | 3,135,000                     |   | (40,683)                                 |   |  | 5,000    | 3,321             | FA        | 59,217                        | 156,750                 | 07/01/2013 | 08/15/2024                       |
| 64465P-MQ-8          | NH Hampshire C20 S10B                      |       |                                 |           | 1FE              | 3,663,537   |                                | 111,5840   |           | 3,170,000                     |   | (36,440)                                 |   |  | 5,000    | 3,450             | FA        | 59,878                        | 158,500                 | 07/01/2013 | 08/15/2025                       |
| 646135-RC-9          | NJ TRANS TR FD                             |       |                                 |           | 1FE              | 2,406,640   |                                | 108,1700   |           | 2,000,000                     |   | (62,482)                                 |   |  | 5,750    | 2,357             | JD        | 5,111                         | 115,000                 | 07/01/2013 | 06/15/2020                       |
| 65821D-VA-6          | NORTH CAROLINA MED CARE COMMISSION         |       |                                 | 2         | 1FE              | 1,579,813   |                                | 118,5330   |           | 1,250,000                     |   | (12,372)                                 |   |  | 5,000    | 2,035             | JD        | 5,208                         | 19,097                  | 08/05/2016 | 06/01/2029                       |
| 66285W-GU-4          | NTTA TX DOT                                |       |                                 |           | 1FE              | 1,392,984   |                                | 111,2700   |           | 1,200,000                     |   | (26,498)                                 |   |  | 5,000    | 2,548             | MS        | 20,000                        | 60,000                  | 07/01/2013 | 09/01/2020                       |
| 64990E-C4-7          | NY Auth Rev C25 S15B                       |       |                                 | 2         | 1FE              | 1,148,990   |                                | 115,0000   |           | 1,000,000                     |   | (13,646)                                 |   |  | 5,000    | 3,218             | FA        | 18,889                        | 50,000                  | 06/24/2015 | 02/15/2031                       |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>o<br>r<br>e<br>i<br>g<br>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 |
| 59259Y-3V-9.         | NY Met Trn Auth C25 S15A.....      |       |                                 | 2.        | 1FE              | 9,312,264   | 112.0190                       | 8,737,482  | 7,800,000  | 9,058,197                     |   | (131,471)                                |   |  | 5.000    | 2.843             | MN        | 49,833                        | 390,000                 | 01/16/2015 | 11/15/2033.                      |
| 64971W-RE-2.         | NY NYC TFA C20 S11C.....           |       |                                 | 2.        | 1FE              | 5,848,850   | 114.1620                       | 5,708,100  | 5,000,000  | 5,466,159                     |   | (113,320)                                |   |  | 5.500    | 2.934             | MN        | 45,833                        | 275,000                 | 07/01/2013 | 11/01/2027.                      |
| 650009-G5-6.         | NY Twy Gen Toll C25 S14.....       |       |                                 | 2.        | 1FE              | 2,602,035   | 113.6570                       | 2,557,283  | 2,250,000  | 2,545,408                     |   | (32,026)                                 |   |  | 5.000    | 3.156             | JJ        | 56,250                        | 112,500                 | 03/17/2015 | 01/01/2032.                      |
| 199561-GL-9.         | OH Columbus Swr C24 S14.....       |       |                                 | 2.        | 1FE              | 2,011,766   | 116.5820                       | 1,958,578  | 1,680,000  | 1,947,991                     |   | (29,918)                                 |   |  | 5.000    | 2.763             | JD        | 7,000                         | 84,000                  | 10/31/2014 | 06/01/2031.                      |
| 67760H-CG-4.         | OHIO ST TPK COMMN TPK REV.....     |       |                                 |           | 1FE              | 7,239,660   | 117.8660                       | 7,071,960  | 6,000,000  | 6,876,307                     |   | (107,956)                                |   |  | 5.500    | 3.217             | FA        | 124,667                       | 330,000                 | 07/01/2013 | 02/15/2024.                      |
|                      | OMAHA PUB PWR DIST NEB ELEC.....   |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 682001-FA-5.         | REV.....                           |       |                                 | 2.        | 1FE              | 1,264,650   | 118.3960                       | 1,183,960  | 1,000,000  | 1,254,173                     |   | (10,477)                                 |   |  | 5.000    | 1.945             | FA        | 17,639                        |                         | 08/03/2016 | 02/01/2029.                      |
| 68607V-L3-7.         | OR Dept Rev C25 S15A.....          |       |                                 |           | 1FE              | 2,739,690   | 117.5300                       | 2,644,425  | 2,250,000  | 2,690,319                     |   | (26,350)                                 |   |  | 5.000    | 3.204             | AO        | 28,125                        | 112,500                 | 02/06/2015 | 04/01/2030.                      |
| 686507-FJ-8.         | ORLANDO FLA UTILS COMMN.....       |       |                                 |           | 1FE              | 620,791     | 117.5820                       | 587,910    | 500,000    | 582,738                       |   | (11,190)                                 |   |  | 5.000    | 2.350             | AO        | 6,250                         | 25,000                  | 07/01/2013 | 10/01/2023.                      |
| 392274-ZT-6.         | Orlando FL Arpt AMT.....           |       |                                 | 2.        | 1FE              | 1,101,300   | 111.6720                       | 1,116,720  | 1,000,000  | 1,061,911                     |   | (11,756)                                 |   |  | 5.000    | 3.604             | AO        | 12,500                        | 50,000                  | 07/01/2013 | 10/01/2024.                      |
| 709224-EW-5.         | PA Tpk Cmsn C24 S14.....           |       |                                 | 2.        | 1FE              | 2,278,580   | 112.1850                       | 2,243,700  | 2,000,000  | 2,233,333                     |   | (25,385)                                 |   |  | 5.000    | 3.340             | JD        | 8,333                         | 100,000                 | 03/11/2015 | 12/01/2032.                      |
| 709223-ZQ-7.         | PENNSYLVANIA ST TPK COMMN TPK..... |       |                                 | 2.        | 1FE              | 5,205,500   | 107.9550                       | 5,397,750  | 5,000,000  | 5,100,333                     |   | (31,648)                                 |   |  | 5.000    | 4.307             | JD        | 20,833                        | 250,000                 | 07/01/2013 | 12/01/2038.                      |
|                      | PENNSYLVANIA ST TURNPIKE.....      |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 709224-EY-1.         | COMMI501-.....                     |       |                                 | 2.        | 1FE              | 4,076,817   | 111.3000                       | 4,040,190  | 3,630,000  | 3,994,122                     |   | (39,212)                                 |   |  | 5.000    | 3.568             | JD        | 15,125                        | 181,500                 | 11/06/2014 | 12/01/2034.                      |
|                      | PIEDMONT MUN PWR AGY S C ELEC..... |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 720175-MP-0.         | ELE.....                           |       |                                 |           | 1FE              | 5,165,462   | 118.7070                       | 5,068,789  | 4,270,000  | 4,934,583                     |   | (69,738)                                 |   |  | 5.375    | 3.106             | JJ        | 114,756                       | 229,513                 | 07/01/2013 | 01/01/2025.                      |
| 73358W-YA-6.         | PORT AUTH N Y & N J.....           |       |                                 |           | 1FE              | 2,406,100   | 116.5040                       | 2,330,080  | 2,000,000  | 2,361,972                     |   | (36,077)                                 |   |  | 5.000    | 2.694             | AO        | 21,111                        | 98,611                  | 10/09/2015 | 10/15/2025.                      |
| 73474T-AP-5.         | Port of Morrow OR.....             |       |                                 |           | 1FE              | 1,115,000   | 89.5980                        | 999,018    | 1,115,000  | 1,115,000                     |   |  |   |  | 2.987    | 3.009             | MS        | 11,102                        | 3,701                   | 07/14/2016 | 09/01/2036.                      |
|                      | REGIONAL TRANSN AUTH ILL.....      |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 759911-PK-0.         | G.O.....                           |       |                                 |           | 1FE              | 5,356,683   | 107.1830                       | 4,780,362  | 4,460,000  | 4,738,453                     |   | (181,062)                                |   |  | 6.250    | 2.014             | JJ        | 139,375                       | 278,750                 | 07/01/2013 | 07/01/2018.                      |
| 76128P-AW-1.         | RETAMA TEX DEV CORP SPL FACS.....  |       |                                 |           | 1FE              | 6,220,473   | 115.7230                       | 5,126,529  | 4,430,000  | 5,095,617                     |   | (329,890)                                |   |  | 10.000   | 2.128             | JD        | 19,689                        | 443,000                 | 07/01/2013 | 12/15/2018.                      |
|                      | RHODE ISLAND HEALTH & EDL.....     |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 762197-KZ-3.         | BLDG.....                          |       |                                 | 2.        | 1FE              | 1,654,536   | 110.7450                       | 1,661,175  | 1,500,000  | 1,601,207                     |   | (15,934)                                 |   |  | 5.000    | 3.695             | FA        | 28,333                        | 75,000                  | 07/01/2013 | 08/15/2035.                      |
|                      | SALT RIVER PROJ ARIZ AGRIC.....    |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 79575D-B6-6.         | IMP REV.....                       |       |                                 | 2.        | 1FE              | 10,414,950  | 106.1430                       | 10,348,943 | 9,750,000  | 10,007,111                    |   | (121,798)                                |   |  | 5.000    | 3.654             | JJ        | 243,750                       | 487,500                 | 07/01/2013 | 01/01/2034.                      |
| 79575D-XF-2.         | SALT RIVER PROJ AZ.....            |       |                                 | 2.        | 1FE              | 15,096,300  | 103.9060                       | 15,107,932 | 14,540,000 | 14,672,462                    |   | (127,242)                                |   |  | 5.000    | 4.102             | JJ        | 363,500                       | 727,000                 | 07/01/2013 | 01/01/2038.                      |
|                      | SAN ANTONIO TEX ELEC & GAS.....    |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 796253-4E-9.         | REV.....                           |       |                                 | 2.        | 1FE              | 2,048,692   | 116.7310                       | 2,007,773  | 1,720,000  | 2,015,198                     |   | (28,110)                                 |   |  | 5.000    | 2.863             | FA        | 35,833                        | 83,133                  | 10/21/2015 | 02/01/2031.                      |
|                      | SAN FRAN CALIF CITY & CNTY.....    |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 79765A-G7-5.         | 5.25%.....                         |       |                                 |           | 1FE              | 6,175,532   | 111.6580                       | 5,834,131  | 5,225,000  | 5,707,703                     |   | (137,596)                                |   |  | 5.250    | 2.367             | MN        | 45,719                        | 274,313                 | 07/01/2013 | 05/01/2020.                      |
|                      | SAN JOAQUIN HILLS CALIF.....       |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 798111-AH-3.         | TRANSN SR.....                     | @     |                                 |           | 1FE              | 7,396,646   | 97.3020                        | 7,978,764  | 8,200,000  | 7,888,448                     |   | 147,064                                  |   |  |          | 1.984             | MAT       |                               |                         | 07/01/2013 | 01/01/2019.                      |
|                      | SAN JOAQUIN HILLS CALIF.....       |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 798111-AW-0.         | TRANSN SR.....                     | @     |                                 |           | 1FE              | 4,360,050   | 95.2920                        | 4,764,600  | 5,000,000  | 4,682,776                     |   | 96,982                                   |   |  |          | 2.271             | MAT       |                               |                         | 07/01/2013 | 01/01/2020.                      |
| 812643-GS-7.         | SEATTLE WASH MUN LT&PWR.....       |       |                                 | 2.        | 1FE              | 1,191,576   | 113.8120                       | 1,138,120  | 1,000,000  | 1,121,557                     |   | (20,651)                                 |   |  | 5.000    | 2.598             | JD        | 4,167                         | 50,000                  | 07/01/2013 | 06/01/2024.                      |
|                      | SOUTH CENT CONN REGL WTR AUTH..... |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 837227-D5-3.         | WTR.....                           |       |                                 | 2.        | 1FE              | 1,073,570   | 104.5460                       | 1,045,460  | 1,000,000  | 1,020,588                     |   | (15,810)                                 |   |  | 5.250    | 3.585             | FA        | 21,875                        | 52,500                  | 07/01/2013 | 08/01/2031.                      |
|                      | SOUTH CENT CONN REGL WTR AUTH..... |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 837227-D6-1.         | WTR.....                           |       |                                 | 2.        | 1FE              | 1,070,870   | 104.5200                       | 1,045,200  | 1,000,000  | 1,019,853                     |   | (15,234)                                 |   |  | 5.250    | 3.646             | FA        | 21,875                        | 52,500                  | 07/01/2013 | 08/01/2032.                      |
|                      | TAMPA FLA WTR & SWR REV.....       |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 875290-VQ-8.         | WTR.....                           |       |                                 | 2.        | 1FE              | 8,523,962   | 102.9660                       | 8,124,017  | 7,890,000  | 8,007,851                     |   | (152,940)                                |   |  | 5.000    | 2.996             | AO        | 98,625                        | 394,500                 | 07/01/2013 | 10/01/2037.                      |
| 592098-J7-3.         | TN Nashville Co W&S C20 S10.....   |       |                                 | 2.        | 1FE              | 5,735,004   | 110.3460                       | 5,600,060  | 5,075,000  | 5,421,794                     |   | (92,767)                                 |   |  | 5.000    | 2.953             | JJ        | 126,875                       | 253,750                 | 07/01/2013 | 10/01/2024.                      |
| 592098-J4-0.         | TN Nashville W&S C20 S10.....      |       |                                 | 2.        | 1FE              | 2,597,047   | 110.2740                       | 2,596,953  | 2,355,000  | 2,483,033                     |   | (33,935)                                 |   |  | 5.000    | 3.369             | JJ        | 58,875                        | 117,750                 | 07/01/2013 | 07/01/2026.                      |
|                      | TRIBOROUGH BRDG & TUNL AUTH N..... |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 89602N-RB-2.         | SUB.....                           |       |                                 | 2.        | 1FE              | 8,058,314   | 105.7720                       | 8,001,652  | 7,565,000  | 7,747,963                     |   | (92,719)                                 |   |  | 5.000    | 3.686             | MN        | 48,332                        | 378,250                 | 07/01/2013 | 11/15/2031.                      |
|                      | TRIBOROUGH BRDG & TUNL AUTH N..... |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 89602N-MT-8.         | Y RE.....                          |       |                                 | 2.        | 1FE              | 15,115,235  | 104.5720                       | 15,162,940 | 14,500,000 | 14,685,637                    |   | (128,926)                                |   |  | 5.000    | 4.073             | MN        | 92,639                        | 725,000                 | 07/01/2013 | 11/15/2037.                      |
| 914301-J6-4.         | UNIVERSITY HOUSTON TEX UNIV.....   |       |                                 | 2.        | 1FE              | 1,672,969   | 106.9640                       | 1,620,505  | 1,515,000  | 1,577,739                     |   | (28,219)                                 |   |  | 5.000    | 2.995             | FA        | 28,617                        | 75,750                  | 07/01/2013 | 02/15/2026.                      |
| 914126-ZJ-7.         | UNIVERSITY OF CALIFORNIA.....      |       |                                 | 2.        | 1FE              | 916,852     | 108.8600                       | 914,424    | 840,000    | 872,955                       |   | (13,092)                                 |   |  | 5.250    | 3.543             | MN        | 5,635                         | 44,100                  | 07/01/2013 | 05/15/2039.                      |
|                      | UNIVERSITY OF CALIFORNIA.....      |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 914126-K2-0.         | REFUNDED.....                      |       |                                 | 2.        | 1FE              | 3,116,204   | 108.8600                       | 3,107,953  | 2,855,000  | 2,967,009                     |   | (44,498)                                 |   |  | 5.250    | 3.543             | MN        | 19,152                        | 149,888                 | 07/01/2013 | 05/15/2039.                      |
|                      | UNIVERSITY OF CALIFORNIA-.....     |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 914126-K3-8.         | UNREFUND.....                      |       |                                 | 2.        | 1FE              | 6,041,397   | 108.8600                       | 6,025,401  | 5,535,000  | 5,752,152                     |   | (86,269)                                 |   |  | 5.250    | 3.543             | MN        | 37,131                        | 290,588                 | 07/01/2013 | 05/15/2039.                      |
|                      | UNIVERSITY TEX PERM UNIV FD.....   |       |                                 |           |                  |             |                                |            |            |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 915115-X8-7.         | BOND.....                          |       |                                 |           | 1FE              | 6,094,650   | 123.7690                       | 6,188,450  | 5,000,000  | 5,842,603                     |   | (74,876)                                 |   |  | 5.250    | 3.206             | JJ        | 131,250                       | 262,500                 | 07/01/2013 | 07/01/2026.                      |
| 917565-HP-1.         | UTAH TRAN AUTH SALES TAX REV.....  |       |                                 | 2.        | 1FE              | 5,356,850   | 105.8110                       | 5,290,550  | 5,000,000  | 5,111,570                     |   | (73,287)                                 |   |  | 5.250    | 3.696             | JD        | 11,667                        | 262,500                 | 07/01/2013 | 06/15/2038.                      |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>o<br>r<br>e<br>i<br>g<br>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 |
| 917565-HN-6.  | UTAH TRAN AUTH SALES TAX REV SAL UTILITY DEBT SECURITIZATION |       |                                 | 2         | 1FE              | 5,291,450   |                                | 105,4540    | 5,000,000   | 5,091,182                     |   | (59,866)                                 |   |  | 5.000    | 3.736             | JD        | 11,111                        | 250,000                 | 07/01/2013 | 06/15/2036                       |
| 91802R-AK-5.  | AU   |       |                                 | 2         | 1FE              | 1,189,600   |                                | 115,7080    | 1,000,000   | 1,147,464                     |   | (19,056)                                 |   |  | 5.000    | 2.681             | JD        | 2,222                         | 50,000                  | 10/02/2014 | 12/15/2031                       |
| 924166-DG-3.  | VERMONT EDL & HEALTH BLDGS                                   |       |                                 | 2         | 1FE              | 1,377,661   |                                | 108,1610    | 1,389,869   | 1,329,139                     |   | (14,507)                                 |   |  | 5.000    | 3.746             | MN        | 10,708                        | 64,250                  | 07/01/2013 | 11/01/2038                       |
| 924166-DH-1.  | VERMONT EDL & HEALTH BLDGS                                   |       |                                 | 2         | 1FE              | 2,657,300   |                                | 109,8220    | 2,500,000   | 2,587,916                     |   | (20,815)                                 |   |  | 5.000    | 4.042             | MN        | 20,833                        | 125,000                 | 07/01/2013 | 11/01/2040                       |
| 29270C-VZ-5.  | WA Egy NW NC S10A  |       |                                 |           | 1FE              | 8,016,750   |                                | 101,9760    | 7,000,000   | 7,129,915                     |   | (257,387)                                |   |  | 5.000    | 1.269             | JJ        | 175,000                       | 350,000                 | 07/01/2013 | 07/01/2017                       |
| 956704-TA-8.  | WEST VIRGINIA UNIV REV                                       | @     |                                 |           | 1FE              | 895,920     |                                | 98,0930     | 1,000,000   | 971,480                       |   | 22,216                                   |   |  |          | 2.340             | N/A       |                               |                         | 07/01/2013 | 04/01/2018                       |
| 956704-SZ-4.  | WEST VIRGINIA UNIV REVS                                      | @     |                                 |           | 1FE              | 1,108,476   |                                | 99,7050     | 1,200,000   | 1,193,654                     |   | 24,983                                   |   |  |          | 2.138             | N/A       |                               |                         | 07/01/2013 | 04/01/2017                       |
| 956704-TB-6.  | WEST VIRGINIA UNIV REVS                                      | @     |                                 |           | 1FE              | 1,897,676   |                                | 95,9180     | 2,200,000   | 2,076,325                     |   | 52,693                                   |   |  |          | 2.604             | N/A       |                               |                         | 07/01/2013 | 04/01/2019                       |
| 977092-UC-7.  | WISCONSIN ST CLEAN WTR REV                                   |       |                                 | 2         | 1FE              | 2,806,977   |                                | 111,2240    | 2,490,000   | 2,654,617                     |   | (45,137)                                 |   |  | 5.000    | 2.974             | JD        | 10,375                        | 124,500                 | 07/01/2013 | 06/01/2030                       |
| 977100-BZ-8.  | WISCONSIN ST GEN FD ANNUAL APP GEN                           |       |                                 | 2         | 1FE              | 5,718,450   |                                | 109,0850    | 5,000,000   | 5,302,715                     |   | (123,299)                                |   |  | 5.750    | 3.066             | MN        | 47,917                        | 287,500                 | 07/01/2013 | 05/01/2033                       |
| 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   |  |       |                                 |           |                  | 609,638,027 | XXX                            | 604,423,152 | 558,500,000 | 586,842,925                   |   | (6,976,133)                              |   |  | XXX      | XXX               | XXX       | 6,469,882                     | 25,460,183              | XXX        | XXX                              |
| Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Residential Mortgage-Backed Securities   |  |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 3132L6-VY-4.  | FEDERAL HOME LN MTG CORP #V81531                             |       |                                 |           | 1                | 953,283     |                                | 102,7770    | 908,835     | 950,029                       |   | (3,254)                                  |   |  | 3.500    | 2.556             | MON       | 2,651                         | 21,228                  | 03/22/2016 | 02/01/2045                       |
| 3128MJ-JY-0.  | FHLMG #G08726  |       |                                 |           | 1                | 386,076     |                                | 99,4010     | 371,227     | 385,734                       |   | (343)                                    |   |  | 3.000    | 2.226             | MON       | 928                           | 1,860                   | 09/30/2016 | 10/11/2046                       |
| 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   |  |       |                                 |           |                  | 1,339,359   | XXX                            | 1,303,080   | 1,280,062   | 1,335,763                     |   | (3,597)                                  |   |  | XXX      | XXX               | XXX       | 3,579                         | 23,088                  | XXX        | XXX                              |
| Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Commercial Mortgage-Backed Securities  |  |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Other Loan-Backed and Structured Securities  |  |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 276771-HX-3.  | EASTERN MUN WTR DIST CALIF WTR & S                           |       |                                 | 2         | 1FE              | 3,099,114   |                                | 105,5910    | 2,900,000   | 2,963,392                     |   | (40,470)                                 |   |  | 5.000    | 3.522             | JJ        | 72,500                        | 145,000                 | 07/01/2013 | 07/01/2035                       |
| 341507-TM-3.  | FLORIDA ST BRD ED LOTTERY REV                                |       |                                 | 2         | 1FE              | 7,576,120   |                                | 102,9860    | 6,869,166   | 6,844,788                     |   | (213,428)                                |   |  | 5.000    | 1.721             | JJ        | 166,750                       | 333,500                 | 07/01/2013 | 07/01/2018                       |
| 2899999 - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Other Loan-Backed and Structured Securities  |  |       |                                 |           |                  | 10,675,234  | XXX                            | 9,931,305   | 9,570,000   | 9,808,180                     |   | (253,898)                                |   |  | XXX      | XXX               | XXX       | 239,250                       | 478,500                 | 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 |  |       |                                 |           |                  | 621,652,620 | XXX                            | 615,657,537 | 569,350,062 | 597,986,868                   |   | (7,233,628)                              |   |  | XXX      | XXX               | XXX       | 6,712,711                     | 25,961,771              | XXX        | XXX                              |
| Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations  |  |       |                                 |           |                  |             |                                |             |             |                               |   |  |   |  |          |                   |           |                               |                         |            |                                  |
| 225460-AC-1.  | CREDIT SUISSE NEW YORK                                       |       | C.                              |           | 1FE              | 1,406,233   |                                | 107,9030    | 1,250,000   | 1,320,394                     |   | (25,459)                                 |   |  | 5.300    | 3.068             | FA        | 25,396                        | 66,250                  | 07/01/2013 | 08/13/2019                       |
| 90261X-EM-0.  | UBS AG BRH MTN SR DEP NT BE                                  |       | C.                              |           | 1FE              | 5,061,109   |                                | 104,0940    | 4,580,132   | 4,549,254                     |   | (150,479)                                |   |  | 5.875    | 2.330             | JD        | 7,899                         | 258,500                 | 07/01/2013 | 12/20/2017                       |
| 90261X-FA-5.  | UBS AG BRH MTN SR DEP NT BE                                  |       | C.                              |           | 1FE              | 4,218,009   |                                | 105,0330    | 3,833,690   | 3,811,640                     |   | (119,468)                                |   |  | 5.750    | 2.331             | AO        | 38,477                        | 209,875                 | 07/01/2013 | 04/25/2018                       |
| 141781-AY-0.  | CARGILL INC  |       |                                 |           | 1FE              | 7,924,147   |                                | 106,7330    | 8,021,000   | 7,755,935                     |   | (50,168)                                 |   |  | 4.307    | 3.540             | MN        | 42,257                        | 323,671                 | 07/01/2013 | 05/14/2021                       |
| 14309U-AA-0.  | CARLYLE HOLDINGS FINANCE LLC                                 |       |                                 |           | 2FE              | 49,984      |                                | 100,9080    | 50,454      | 49,989                        |   | 2  |   |  | 3.875    | 3.917             | FA        | 807                           | 1,938                   | 07/01/2013 | 02/01/2023                       |
| 369626-4R-2.  | GENERAL ELEC CAP CORP NT                                     |       |                                 |           | 1FE              | 1,016,275   |                                | 107,4850    | 1,031,857   | 990,684                       |   | (7,627)                                  |   |  | 4.375    | 3.479             | MS        | 12,250                        | 42,000                  | 07/01/2013 | 09/16/2020                       |
| 377372-AD-9.  | GLAXOSMITHKLINE CAPITAL INC                                  |       |                                 |           | 1FE              | 4,059,090   |                                | 105,4010    | 3,689,035   | 3,663,518                     |   | (116,096)                                |   |  | 5.650    | 2.189             | MN        | 25,268                        | 197,750                 | 07/01/2013 | 05/15/2018                       |
| 38141G-FM-1.  | GOLDMAN SACHS GROUP INC                                      |       |                                 |           | 1FE              | 1,971,970   |                                | 105,1920    | 1,840,851   | 1,811,781                     |   | (47,626)                                 |   |  | 6.150    | 3.274             | AO        | 26,906                        | 107,625                 | 07/01/2013 | 04/01/2018                       |
| 48121C-VZ-6.  | JP MORGAN CHASE BANK NA                                      |       |                                 |           | 1FE              | 3,380,439   |                                | 102,2630    | 3,067,878   | 3,050,743                     |   | (97,315)                                 |   |  | 6.000    | 2.664             | JJ        | 88,000                        | 180,000                 | 07/01/2013 | 07/05/2017                       |
| 58013M-EJ-9.  | McDonald's Corp Nt   |       |                                 |           | 2FE              | 5,208,174   |                                | 103,9830    | 4,980,000   | 5,100,256                     |   | (31,904)                                 |   |  | 3.500    | 2.798             | JJ        | 80,372                        | 174,300                 | 07/01/2013 | 07/15/2020                       |
| 61746B-CY-0.  | Morgan Stanley   |       |                                 |           | 1FE              | 604,018     |                                | 119,5060    | 573,630     | 480,000                       |   | (2,724)                                  |   |  | 6.250    | 3.202             | FA        | 11,833                        |                         | 09/30/2016 | 08/09/2026                       |
| 68389X-AK-1.  | Oracle Corp Nt 144A  |       |                                 |           | 1FE              | 3,206,302   |                                | 106,1300    | 3,189,204   | 3,005,000                     |   | (28,140)                                 |   |  | 3.875    | 2.839             | JJ        | 53,694                        | 116,444                 | 07/01/2013 | 07/15/2020                       |
| 828807-CY-1.  | Simon Property Gr LP   |       |                                 | 2         | 1FE              | 2,493,425   |                                | 98,1350     | 2,500,000   | 2,493,495                     |   | 70                                       |   |  | 3.250    | 3.308             | MN        | 8,576                         |                         | 11/15/2016 | 11/30/2026                       |
| 931142-CU-5.  | WAL-MART STORES INC  |       |                                 |           | 1FE              | 16,371,674  |                                | 105,7090    | 15,500,000  | 15,957,841                    |   | (122,285)                                |   |  | 3.625    | 2.758             | JJ        | 270,012                       | 561,875                 | 07/01/2013 | 07/08/2020                       |

## E10.7

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

[illegible]

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE D - PART 3

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

| 1  | 2                                  | 3       | 4             | 5                                     | 6                         | 7           | 8          | 9                                       |
|--|------------------------------------|---------|---------------|---------------------------------------|---------------------------|-------------|------------|---|
| CUSIP Identification   | Description                        | Foreign | Date Acquired | Name of Vendor                        | Number of Shares of Stock | Actual Cost | Par Value  | Paid for Accrued Interest and Dividends |
| Bonds - U.S. Governments   |                                    |         |               |                                       |                           |             |            |   |
| Bonds - All Other Governments  |                                    |         |               |                                       |                           |             |            |   |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)   |                                    |         |               |                                       |                           |             |            |   |
| 57582R-HE-9  | MASSACHUSETTS ST FOR ISSUES DTD PR |         | 03/04/2016    | MERRILL LYNCH                         | XXX                       | 3,798,000   | 3,000,000  |   |
| 1799999 - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)   |                                    |         |               |                                       |                           | 3,798,000   | 3,000,000  |   |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)   |                                    |         |               |                                       |                           |             |            |   |
| 022447-G6-7  | ALVIN TX INDEPENDENT SCHOOL DIST   |         | 08/04/2016    | US BANCORP PIPER JAFFRAY              | XXX                       | 2,209,585   | 1,750,000  | 2,431                                   |
| 64966L-5B-3  | NEW YORK N Y FOR PREVIOUS ISSUES S |         | 02/25/2016    | JEFFERIES                             | XXX                       | 3,781,710   | 3,000,000  |   |
| 660266-HW-0  | NORTH KANSAS CITY MO SCH DIST      |         | 11/09/2016    | FINANCIAL SECURITIES CORPORATION      | XXX                       | 1,123,620   | 1,000,000  |   |
| 2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)   |                                    |         |               |                                       |                           | 7,114,915   | 5,750,000  | 2,431                                   |
| Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions           |                                    |         |               |                                       |                           |             |            |   |
| 153476-BK-1  | CENTRAL FL EXPWY AUTH SR LIEN REV  |         | 09/23/2016    | MERRILL LYNCH, PIERCE, FENNER & SMITH | XXX                       | 1,122,560   | 1,000,000  |   |
| 20775C-ML-5  | CONNECTICUT ST HSG FIN AUTH        |         | 11/02/2016    | RBC CAPITAL MARKETS                   | XXX                       | 1,250,000   | 1,250,000  |   |
| 20775C-MP-6  | CONNECTICUT ST HSG FIN AUTH        |         | 11/02/2016    | RBC CAPITAL MARKETS                   | XXX                       | 1,000,000   | 1,000,000  |   |
| 20775C-MM-3  | CONNECTICUT ST HSG FIN AUTH HS     |         | 11/02/2016    | RBC CAPITAL MARKETS                   | XXX                       | 1,000,000   | 1,000,000  |   |
| 249182-C6-9  | DENVER CITY & CNTY CO ARPT REV     |         | 10/28/2016    | MORGAN STANLEY CO                     | XXX                       | 1,173,800   | 1,000,000  | 24,354                                  |
| 3132L6-VY-4  | FEDERAL HOME LN MTG CORP #V81531   |         | 03/22/2016    | CITIGROUP GLOBAL MARKETS              | XXX                       | 1,003,176   | 956,402    | 1,116                                   |
| 3128MJ-YY-0  | FHLMG #G08726                      |         | 09/30/2016    | BANK OF AMERICA SECURITIES LLC        | XXX                       | 389,073     | 374,109    | 125                                     |
| 54466H-DW-5  | LOS ANGELES CNTY MET TRANSPRT AUTH |         | 11/18/2016    | MERRILL LYNCH, PIERCE, FENNER & SMITH | XXX                       | 2,449,020   | 2,000,000  |   |
| 650035-U3-0  | NEW YORK ST URBAN DEV CORP REV     |         | 09/21/2016    | CITIGROUP GLOBAL MARKETS              | XXX                       | 2,757,948   | 2,205,000  | 3,369                                   |
| 65821D-VA-6  | NORTH CAROLINA MED CARE COMMISSION |         | 08/05/2016    | JP MORGAN SECURITIES                  | XXX                       | 1,579,813   | 1,250,000  |   |
| 682001-FA-5  | OMAHA PUB PWR DIST NEB ELEC REV    |         | 08/03/2016    | CITIGROUP GLOBAL MARKETS              | XXX                       | 1,264,650   | 1,000,000  |   |
| 73474T-AP-5  | Port of Morrow OR                  |         | 07/14/2016    | BANK OF AMERICA SECURITIES LLC        | XXX                       | 1,115,000   | 1,115,000  |   |
| 3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions |                                    |         |               |                                       |                           | 16,105,040  | 14,150,511 | 28,964                                  |
| Bonds - Industrial and Miscellaneous (Unaffiliated)  |                                    |         |               |                                       |                           |             |            |   |
| 61746B-CY-0  | Morgan Stanley                     |         | 09/30/2016    | FIRST TENNESSEE                       | XXX                       | 604,018     | 480,000    | 4,667                                   |
| 828807-CY-1  | Simon Property Gr LP               |         | 11/15/2016    | CITIGROUP GLOBAL MARKETS              | XXX                       | 2,493,425   | 2,500,000  |   |
| 3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)  |                                    |         |               |                                       |                           | 3,097,443   | 2,980,000  | 4,667                                   |
| Bonds - Hybrid Securities  |                                    |         |               |                                       |                           |             |            |   |
| Bonds - Parent, Subsidiaries, and Affiliates   |                                    |         |               |                                       |                           |             |            |   |
| Bonds - SV0 Identified Funds   |                                    |         |               |                                       |                           |             |            |   |
| 8399997 - Bonds - Subtotals - Bonds - Part 3   |                                    |         |               |                                       |                           | 30,115,398  | 25,880,511 | 36,062                                  |
| 8399998 - Bonds - Summary item from Part 5 for Bonds   |                                    |         |               |                                       |                           | 10,433,471  | 8,405,000  | 368                                     |
| 8399999 - Bonds - Subtotals - Bonds  |                                    |         |               |                                       |                           | 40,548,869  | 34,285,511 | 36,430                                  |
| Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)   |                                    |         |               |                                       |                           |             |            |   |
| Preferred Stocks - Parent, Subsidiaries, and Affiliates  |                                    |         |               |                                       |                           |             |            |   |
| Common Stocks - Industrial and Miscellaneous (Unaffiliated)  |                                    |         |               |                                       |                           |             |            |   |
| Common Stocks - Parent, Subsidiaries, and Affiliates   |                                    |         |               |                                       |                           |             |            |   |
| Common Stocks - Mutual Funds   |                                    |         |               |                                       |                           |             |            |   |
| Common Stocks - Money Market Mutual Funds  |                                    |         |               |                                       |                           |             |            |   |
| 9999999 Totals   |                                    |         |               |                                       |                           | 40,548,869  | XXX        | 36,430                                  |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE D - PART 4

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

| 1  | 2  | 3                               | 4             | 5  | 6                         | 7             | 8          | 9           | 10                                      | Change in Book/Adjusted Carrying Value    |  |   |                                      |  | 16   | 17                                       | 18                               | 19                            | 20   | 21                               |
|--|--|---------------------------------|---------------|--|---------------------------|---------------|------------|-------------|---|---|--|---|--------------------------------------|--|--|--|----------------------------------|-------------------------------|--|----------------------------------|
|  |  |                                 |               |  |                           |               |            |             |   | 11  | 12                                     | 13  | 14                                   | 15   |  |  |                                  |                               |  |                                  |
| CUSIP Identification   | Description                              | F<br>o<br>r<br>e<br>i<br>g<br>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 |
| Bonds - U.S. Governments   |  |                                 |               |  |                           |               |            |             |   |   |  |   |                                      |  |  |  |                                  |                               |  |                                  |
| 36178E-DE-6..  | GNMA 30YR.....                           |                                 | 12/15/2016..  | PRINCIPAL RECEIPT.....                                   |                           | 175,109       | 175,109    | 171,519     | 171,822                                 |   | 3,287                                  |   | 3,287                                |  | 175,109  |  |                                  |                               | 2,886  | 05/15/2043..                     |
| 36290Q-NZ-4..  | GNMA 30YR.....                           |                                 | 12/15/2016..  | PRINCIPAL RECEIPT.....                                   |                           | 175,869       | 175,869    | 178,466     | 178,064                                 |   | (2,195)                                |   | (2,195)                              |  | 175,869  |  |                                  |                               | 3,359  | 12/15/2042..                     |
| 36179N-MM-7..  | GNMA2 15YR.....                          |                                 | 12/20/2016..  | PRINCIPAL RECEIPT.....                                   |                           | 811,178       | 811,178    | 815,488     | 814,920                                 |   | (3,742)                                |   | (3,742)                              |  | 811,178  |  |                                  |                               | 11,084   | 09/20/2028..                     |
| 36179N-TD-0..  | GNMA2 30YR.....                          |                                 | 12/20/2016..  | PRINCIPAL RECEIPT.....                                   |                           | 204,637       | 204,637    | 206,363     | 206,382                                 |   | (1,745)                                |   | (1,745)                              |  | 204,637  |  |                                  |                               | 3,879  | 11/20/2043..                     |
| 36179Q-PF-2..  | GNMA2 30YR.....                          |                                 | 12/20/2016..  | PRINCIPAL RECEIPT.....                                   |                           | 438,770       | 438,770    | 443,209     | 443,244                                 |   | (4,474)                                |   | (4,474)                              |  | 438,770  |  |                                  |                               | 8,052  | 09/20/2044..                     |
| 912628-K5-8..  | US Treasury N/B.....                     |                                 | 06/20/2016..  | BARCLAYS CAPITAL.....                                    |                           | 131,732       | 130,000    | 128,888     | 129,028                                 |   | 102                                    |   | 102                                  |  | 129,130  |  | 2,601                            | 2,601                         | 1,146  | 04/30/2020..                     |
| 0599999 - Bonds - U.S. Governments   |  |                                 |               |  |                           | 1,937,295     | 1,935,563  | 1,943,933   | 1,943,460                               |   | (8,767)                                |   | (8,767)                              |  | 1,934,693                                      |  |                                  |                               | 30,386   | XXX                              |
| Bonds - All Other Governments  |  |                                 |               |  |                           |               |            |             |   |   |  |   |                                      |  |  |  |                                  |                               |  |                                  |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)   |  |                                 |               |  |                           |               |            |             |   |   |  |   |                                      |  |  |  |                                  |                               |  |                                  |
| MUNICIPAL ASSURANCE  |  |                                 |               |  |                           |               |            |             |   |   |  |   |                                      |  |  |  |                                  |                               |  |                                  |
| 13063A-2R-4..  | CALIFORNIA ST.....                       |                                 | 06/30/2016..  | HOLDINGS.....  |                           | 18,153,407    | 16,495,000 | 19,027,807  | 17,818,777                              |   | (248,749)                              |   | (248,749)                            |  | 17,570,028                                     |  | 583,379                          | 583,379                       | 829,103  | 08/01/2024..                     |
| 167486-XJ-3..  | CHICAGO IL PREREFUNDED.....              |                                 | 02/20/2016..  | CALLED @ 101.0000000.....                                |                           | 903,950       | 895,000    | 915,675     | 903,950                                 |   | (1,186)                                |   | (1,186)                              |  | 902,764  |  | 1,186                            | 1,186                         | 30,629   | 01/01/2017..                     |
| 373384-GX-8..  | GEORGIA ST.....                          |                                 | 06/21/2016..  | HILLTOP SECURITIES INC. ASSURED GUAR MUNICIPAL CORP..... |                           | 1,193,577     | 1,100,000  | 1,292,062   | 1,197,675                               |   | (18,191)                               |   | (18,191)                             |  | 1,179,484                                      |  | 14,093                           | 14,093                        | 53,931   | 07/01/2021..                     |
| 419791-7D-4..  | HAWAII ST UNREFUNDED.....                |                                 | 06/30/2016..  | CALLED @ 100.0000000.....                                |                           | 1,554,304     | 1,505,000  | 1,678,587   | 1,564,185                               |   | (23,373)                               |   | (23,373)                             |  | 1,540,812                                      |  | 13,492                           | 13,492                        | 56,228   | 04/01/2022..                     |
| 546415-VW-7..  | LOUISIANA ST.....                        |                                 | 07/15/2016..  | CALLED @ 100.0000000.....                                |                           | 1,000,000     | 1,000,000  | 1,123,370   | 1,022,120                               |   | (22,120)                               |   | (22,120)                             |  | 1,000,000                                      |  |                                  |                               | 50,000   | 07/15/2019..                     |
| 546415-WE-6..  | LOUISIANA ST.....                        |                                 | 07/15/2016..  | CALLED @ 100.0000000.....                                |                           | 2,495,000     | 2,495,000  | 2,802,808   | 2,550,189                               |   | (55,189)                               |   | (55,189)                             |  | 2,495,000                                      |  |                                  |                               | 124,750  | 07/15/2021..                     |
| 574193-KM-9..  | MARYLAND ST.....                         |                                 | 06/21/2016..  | JANNEY MONTGOMERY SCOTT LLC.....                         |                           | 1,253,560     | 1,000,000  | 1,216,240   | 1,208,958                               |   | (12,102)                               |   | (12,102)                             |  | 1,196,856                                      |  | 56,704                           | 56,704                        | 44,861   | 08/01/2023..                     |
| 641457-4W-3..  | NEVADA ST.....                           |                                 | 07/01/2016..  | CALLED @ 100.0000000.....                                |                           | 1,200,000     | 1,200,000  | 1,339,078   | 1,223,488                               |   | (23,488)                               |   | (23,488)                             |  | 1,200,000                                      |  |                                  |                               | 60,000   | 07/01/2024..                     |
| 641461-JF-6..  | NV St GO C18 S08.....                    |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 6,477,775     | 5,980,000  | 6,588,226   | 6,289,281                               |   | (61,952)                               |   | (61,952)                             |  | 6,227,329                                      |  | 250,446                          | 250,446                       | 173,586  | 06/01/2026..                     |
| 709141-6J-9..  | PENNSYLVANIA ST.....                     |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 10,291,400    | 10,000,000 | 11,411,000  | 10,455,014                              |   | (193,183)                              |   | (193,183)                            |  | 10,261,832                                     |  | 29,568                           | 29,568                        | 415,278  | 03/01/2020..                     |
| 709141-6M-2..  | PENNSYLVANIA ST.....                     |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 11,294,812    | 10,975,000 | 12,151,959  | 11,358,755                              |   | (162,411)                              |   | (162,411)                            |  | 11,196,345                                     |  | 98,467                           | 98,467                        | 455,767  | 03/01/2023..                     |
| 70914P-FS-6..  | PENNSYLVANIA ST.....                     |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 14,900,509    | 13,790,000 | 15,844,021  | 14,812,501                              |   | (210,709)                              |   | (210,709)                            |  | 14,601,792                                     |  | 298,717                          | 298,717                       | 430,938  | 05/15/2019..                     |
| 882723-JE-0..  | TEXAS ST PREREFUNDED-TRANSPTRN COMM..... |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 160,019       | 155,000    | 175,404     | 161,921                                 |   | (2,738)                                |   | (2,738)                              |  | 159,183  |  | 836                              | 836                           | 5,791  | 04/01/2019..                     |
| 882723-KU-2..  | TEXAS ST PREREFUNDED-TRANSPTRN COMM..... |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 1,343,175     | 1,250,000  | 1,426,200   | 1,335,433                               |   | (18,566)                               |   | (18,566)                             |  | 1,316,867                                      |  | 26,308                           | 26,308                        | 46,701   | 04/01/2021..                     |
| 882723-JY-6..  | TEXAS ST UNREFUNDED-TRANSPTRN COMM.....  |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 4,189,383     | 4,055,000  | 4,588,800   | 4,236,055                               |   | (71,621)                               |   | (71,621)                             |  | 4,164,435                                      |  | 24,948                           | 24,948                        | 151,499  | 04/01/2019..                     |
| 882723-LN-7..  | TEXAS ST UNREFUNDED-TRANSPTRN COMM.....  |                                 | 06/30/2016..  | VARIOUS.....   |                           | 13,700,385    | 12,750,000 | 14,547,240  | 13,621,412                              |   | (189,369)                              |   | (189,369)                            |  | 13,432,043                                     |  | 268,342                          | 268,342                       | 476,354  | 04/01/2021..                     |
| 93974B-N8-1..  | WASHINGTON ST.....                       |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 8,870,770     | 8,500,000  | 9,540,315   | 8,898,950                               |   | (131,046)                              |   | (131,046)                            |  | 8,767,904                                      |  | 102,866                          | 102,866                       | 423,819  | 07/01/2021..                     |
| 93974C-FP-0..  | WASHINGTON ST.....                       |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 4,713,888     | 4,250,000  | 4,646,950   | 4,477,795                               |   | (35,253)                               |   | (35,253)                             |  | 4,442,542                                      |  | 271,346                          | 271,346                       | 194,201  | 02/01/2034..                     |
| 93974D-BG-2..  | WASHINGTON ST FOR ISSUES DTD P.....      |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 1,787,745     | 1,500,000  | 1,679,505   | 1,652,744                               |   | (8,842)                                |   | (8,842)                              |  | 1,643,902                                      |  | 143,843                          | 143,843                       | 68,542   | 08/01/2035..                     |
| 1799999 - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)   |  |                                 |               |  |                           | 105,483,659   | 98,895,000 | 111,995,247 | 104,789,203                             |   | (1,490,088)                            |   | (1,490,088)                          |  | 103,299,118                                    |  | 2,184,541                        | 2,184,541                     | 4,091,978  | XXX                              |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)   |  |                                 |               |  |                           |               |            |             |   |   |  |   |                                      |  |  |  |                                  |                               |  |                                  |
| 03588H-AZ-9..  | ANNE ARUDEL CITY MD.....                 |                                 | 04/01/2016..  | MATURITY.....  |                           | 405,000       | 405,000    | 440,334     | 408,247                                 |   | (3,247)                                |   | (3,247)                              |  | 405,000  |  |                                  |                               | 8,100  | 04/01/2016..                     |
| 052430-CN-3..  | AUSTIN TEX INDPOT SCH DIST.....          |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 8,649,011     | 8,255,000  | 8,986,641   | 8,548,275                               |   | (90,734)                               |   | (90,734)                             |  | 8,457,541                                      |  | 191,471                          | 191,471                       | 377,208  | 08/01/2028..                     |
| 052430-CR-4..  | AUSTIN TEX INDPOT SCH DIST.....          |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 4,651,921     | 4,440,000  | 4,799,596   | 4,584,473                               |   | (44,651)                               |   | (44,651)                             |  | 4,539,823                                      |  |                                  |                               | 202,883  | 08/01/2031..                     |
| 167485-G8-8..  | CHICAGO ILLINOIS G.O.....                |                                 | 01/01/2016..  | CALLED @ 101.0000000.....                                |                           | 1,489,750     | 1,475,000  | 1,661,647   | 1,489,750                               |   |  |   |                                      |  | 1,489,750                                      |  | 112,099                          | 112,099                       | 41,226   | 01/01/2023..                     |
| 235219-KK-7..  | DALLAS TX.....                           |                                 | 11/22/2016..  | R. SEELAUS & CO.....                                     |                           | 2,574,810     | 2,250,000  | 2,707,313   | 2,659,768                               |   | (41,027)                               |   | (41,027)                             |  | 2,618,741                                      |  | (43,931)                         | (43,931)                      | 144,688  | 02/15/2027..                     |
| 354771-LR-6..  | FRANKLIN TENN SPL SCH.....               |                                 | 06/01/2016..  | MATURITY.....  |                           | 2,345,000     | 2,345,000  | 2,218,745   | 2,326,521                               |   | 18,479                                 |   | 18,479                               |  | 2,345,000                                      |  |                                  |                               |  | 06/01/2016..                     |
| 64966L-OP-9..  | NEW YORK NY PREREFUNDED.....             |                                 | 08/01/2016..  | CALLED @ 100.0000000.....                                |                           | 50,000        | 50,000     | 54,502      | 50,873                                  |   | (873)                                  |   | (873)                                |  | 50,000   |  |                                  |                               | 2,500  | 08/01/2023..                     |
| 64966L-QR-5..  | NEW YORK NY UNREFUNDED.....              |                                 | 08/01/2016..  | CALLED @ 100.0000000.....                                |                           | 4,950,000     | 4,950,000  | 5,395,698   | 5,036,448                               |   | (86,448)                               |   | (86,448)                             |  | 4,950,000                                      |  |                                  |                               | 247,500  | 08/01/2023..                     |
| 734260-R3-8..  | PORT HOUSTON AUTH TEX HARRIS CNTY.....   |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 6,760,320     | 6,000,000  | 6,639,240   | 6,350,892                               |   | (60,712)                               |   | (60,712)                             |  | 6,290,179                                      |  | 470,141                          | 470,141                       | 274,604  | 10/01/2033..                     |
| 73723R-TN-3..  | PORTSMOUTH VA.....                       |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 4,174,485     | 3,500,000  | 3,749,760   | 3,702,666                               |   | (12,423)                               |   | (12,423)                             |  | 3,690,244                                      |  | 484,241                          | 484,241                       | 159,931  | 02/01/2034..                     |
| 812626-XC-8..  | SEATTLE WASH.....                        |                                 | 06/30/2016..  | MUNICIPAL ASSURANCE HOLDINGS.....                        |                           | 12,598,466    | 11,410,000 | 12,968,834  | 12,273,405                              |   | (143,126)                              |   | (143,126)                            |  | 12,130,279                                     |  | 468,187                          | 468,187                       | 331,207  | 12/01/2021..                     |
| 833153-RG-6..  | SHONOHISH CNTY WASH SCH DIST NO 01.....  |                                 | 06/01/2016..  | CALLED @ 100.0000000.....                                |                           | 5,000,000     | 5,000,000  | 5,592,300   | 5,085,570                               |   | (85,570)                               |   | (85,570)                             |  | 5,000,000                                      |  |                                  |                               | 125,000  | 12/01/2019..                     |
| 2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)   |  |                                 |               |  |                           | 53,648,763    | 50,080,000 | 55,214,610  | 52,516,888                              |   | (550,332)                              |   | (550,332)                            |  | 51,966,557                                     |  | 1,682,208                        | 1,682,208                     | 1,914,847  | XXX                              |
| Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions |  |                                 |               |  |                           |               |            |             |   |   |  |   |                                      |  |  |  |                                  |                               |  |                                  |
| 040688-GU-1..  | ARIZONA WTR INFRASTRUCTURE FIN AUT.....  |                                 | 10/01/2016..  | CALLED @ 100.0000000.....                                |                           | 5,000,000     | 5,000,000  | 5,667,750   | 5,155,731                               |   | (155,731)                              |   | (155,731)                            |  | 5,000,000                                      |  |                                  |                               | 250,000  | 10/01/2017..                     |
| 04780M-PD-5..  | Atlanta GA Air AMT.....                  |                                 | 06/30/2016..  | ASSURED GUAR MUNICIPAL CORP.....                         |                           | 5,749,900     | 5,000,000  | 5,432,250   | 5,301,053                               |   | (27,545)                               |   | (27,545)                             |  | 5,273,509                                      |  | 476,391                          | 476,391                       | 249,306  | 01/01/2024..                     |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

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<br>Identi-<br>fication | Description                        | F<br>o<br>r<br>e<br>i<br>g<br>n | Disposal<br>Date | Name of Purchaser        | Number of<br>Shares of<br>Stock | Consideration | Par Value  | Actual Cost | Prior Year<br>Book/Adjusted<br>Carrying<br>Value | Unrealized<br>Valuation<br>Increase/<br>(Decrease) | Current Year<br>(Amortization)/<br>Accretion | Current Year's<br>Other-Than-<br>Temporary<br>Impairment<br>Recognized | Total Change in<br>B/A. C.V.<br>(11+12-13) | Total Foreign<br>Exchange<br>Change in<br>B/A. C.V. | Book/<br>Adjusted<br>Carrying Value<br>at<br>Disposal Date | Foreign<br>Exchange Gain<br>(Loss) on<br>Disposal | Realized Gain<br>(Loss) on<br>Disposal | Total Gain<br>(Loss) on<br>Disposal | Bond<br>Interest/Stock<br>Dividends<br>Received<br>During Year | Stated<br>Contractual<br>Maturity<br>Date |
| 052476-YW-2                  | AUSTIN TX WTR & WSTETR SYS REV     |                                 | 06/21/2016       | MESTROW FINANCIAL INC.   |                                 | 508,590       | 500,000    | 568,731     | 517,970  |  | (9,711)                                      |  | (9,711)                                    |   | 508,259  |   | 331                                    | 331                                 | 15,208   | 11/15/2016                                |
| 040654-WS-0                  | AZ Trn Bd Hwy C24 S15              |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,868,310     | 1,500,000  | 1,775,265   | 1,766,294  | (5,962)  |  |  | (5,962)                                    |   | 1,760,332  |   | 107,978                                | 107,978                             | 74,792   | 07/01/2032                                |
| 072024-DJ-8                  | BAY AREA TOLL                      |                                 | 04/01/2016       | CALLED @ 100.00000000    |                                 | 15,000,000    | 15,000,000 | 16,719,600  | 15,157,990                                       | (157,990)  |  |  | (157,990)                                  |   | 15,000,000   |   |  |                                     | 375,000  | 04/01/2031                                |
| 15504R-GC-7                  | CENTRL PUGET SOUND WA REGL TRA     |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,985,725     | 1,750,000  | 1,821,050   | 1,818,692  | (2,936)  |  |  | (2,936)                                    |   | 1,815,756  |   | 169,969                                | 169,969                             | 46,472   | 11/01/2033                                |
| 167723-FJ-9                  | CHICAGO ILL TRAN AUTH CAP GRNT RCP |                                 | 12/01/2016       | VARIOUS                  |                                 | 2,538,232     | 2,535,000  | 2,875,121   | 2,627,401  | (88,489)   |  |  | (88,489)                                   |   | 2,538,912  |   | (680)                                  | (680)                               | 122,972  | 06/01/2020                                |
| 161045-GA-1                  | CHROLOTTE N C WTR & SWR SYS REV    |                                 | 07/01/2016       | CALLED @ 100.00000000    |                                 | 1,210,000     | 1,210,000  | 1,339,942   | 1,232,019  | (22,019)   |  |  | (22,019)                                   |   | 1,210,000  |   |  |                                     | 60,500   | 07/01/2020                                |
| 249181-7M-4                  | DENVER COLO CITY & CNTY ARPT REV   |                                 | 11/15/2016       | MATURITY                 |                                 | 6,630,000     | 6,630,000  | 7,523,127   | 6,865,107  | (235,107)  |  |  | (235,107)                                  |   | 6,630,000  |   |  |                                     | 364,650  | 11/15/2016                                |
| 3132L6-VY-4                  | FEDERAL HOME LN MTG CORP #V81531   |                                 | 12/15/2016       | PRINCIPAL RECEIPT        |                                 | 47,567        |            | 49,894      |  | (2,326)  |  |  | (2,326)                                    |   | 47,567   |   |  |                                     | 670  | 02/01/2045                                |
| 3138WE-KW-8                  | FEDERAL NATIONAL MTG ASSOC #A54808 |                                 | 04/25/2016       | VARIOUS                  |                                 | 2,521,355     | 2,400,082  | 2,520,461   | 2,517,726  | (5,813)  |  |  | (5,813)                                    |   | 2,511,913  |   | 9,442                                  | 9,442                               | 30,585   | 04/01/2045                                |
| 3132HR-D9-8                  | FHLMC GOLD 30YR                    |                                 | 06/20/2016       | VARIOUS                  |                                 | 399,511       | 388,119    | 401,242     | 401,097  | (2,073)  |  |  | (2,073)                                    |   | 399,025  |   | 487                                    | 487                                 | 6,334  | 01/01/2043                                |
| 3132J6-5C-4                  | FHLMC GOLD 30YR                    |                                 | 06/20/2016       | VARIOUS                  |                                 | 1,420,216     | 1,380,415  | 1,424,415   | 1,425,094  | (4,742)  |  |  | (4,742)                                    |   | 1,420,352  |   | (136)                                  | (136)                               | 22,398   | 02/01/2043                                |
| 3132J7-JB-9                  | FHLMC GOLD 30YR                    |                                 | 06/20/2016       | VARIOUS                  |                                 | 611,079       | 582,920    | 612,648     | 615,263  | (5,459)  |  |  | (5,459)                                    |   | 609,803  |   | 1,275                                  | 1,275                               | 11,073   | 03/01/2043                                |
| 3128MJ-YY-0                  | FHLMG #608726                      |                                 | 12/15/2016       | PRINCIPAL RECEIPT        |                                 | 2,882         | 2,882      | 2,997       |  | (115)  |  |  | (115)                                      |   | 2,882  |   |  |                                     | 8  | 10/11/2046                                |
| 31359M-YX-5                  | FNMA                               |                                 | 01/28/2016       | CITIGROUP GLOBAL MARKETS |                                 | 2,107,114     | 2,000,000  | 2,282,536   | 2,101,159  | (5,523)  |  |  | (5,523)                                    |   | 2,095,635  |   | 11,478                                 | 11,478                              | 21,667   | 05/11/2017                                |
| 3138AN-Q7-1                  | FNMA 30 YR MBS/POOL                |                                 | 06/25/2016       | VARIOUS                  |                                 | 2,307,403     | 2,237,550  | 2,316,092   | 2,305,792  | (9,381)  |  |  | (9,381)                                    |   | 2,296,412  |   | 10,991                                 | 10,991                              | 36,341   | 08/01/2042                                |
| 3138EB-5M-0                  | FNMA 30 YR MBS/POOL                |                                 | 06/25/2016       | VARIOUS                  |                                 | 147,326       | 140,015    | 146,842     | 148,014  | (1,189)  |  |  | (1,189)                                    |   | 146,826  |   |  |                                     | 501  | 06/01/2042                                |
| 3138ML-V2-7                  | FNMA 30YR                          |                                 | 06/25/2016       | VARIOUS                  |                                 | 259,975       | 252,217    | 260,204     | 260,339  | (1,229)  |  |  | (1,229)                                    |   | 259,111  |   | 864                                    | 864                                 | 4,099  | 11/01/2042                                |
| 3138MO-UJ-0                  | FNMA 30YR                          |                                 | 06/25/2016       | VARIOUS                  |                                 | 586,990       | 570,677    | 588,558     | 588,125  | (2,804)  |  |  | (2,804)                                    |   | 585,322  |   | 1,668                                  | 1,668                               | 9,171  | 12/01/2042                                |
| 3138NY-W5-0                  | FNMA 30YR                          |                                 | 06/25/2016       | VARIOUS                  |                                 | 771,619       | 734,698    | 779,028     | 780,394  | (7,270)  |  |  | (7,270)                                    |   | 773,124  |   | (1,505)                                | (1,505)                             | 13,901   | 01/01/2043                                |
| 3138EB-5L-2                  | FNMA 30YR MBS/POOL                 |                                 | 06/25/2016       | VARIOUS                  |                                 | 162,508       | 155,054    | 162,440     | 162,712  | (1,418)  |  |  | (1,418)                                    |   | 161,294  |   | 1,214                                  | 1,214                               | 2,897  | 06/01/2042                                |
| 348815-KP-5                  | FORT SMITH ARK WTR & SWR REV       |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 5,410,300     | 5,000,000  | 5,309,450   | 5,169,523  | (29,389)   |  |  | (29,389)                                   |   | 5,140,134  |   | 270,166                                | 270,166                             | 186,806  | 10/01/2032                                |
| 46246K-2K-7                  | IA Fin Rev C25 S15                 |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 2,510,620     | 2,000,000  | 2,419,840   | 2,406,979  | (7,242)  |  |  | (7,242)                                    |   | 2,399,738  |   | 110,882                                | 110,882                             | 91,389   | 08/01/2035                                |
| 452256-AY-6                  | ILLNOIS ST UNEMPLOYMENT            |                                 | 06/21/2016       | BARCLAYS CAPITAL         |                                 | 1,021,050     | 1,000,000  | 1,126,463   | 1,035,520  | (17,501)   |  |  | (17,501)                                   |   | 1,018,019  |   | 3,031                                  | 3,031                               | 26,250   | 06/15/2018                                |
| 495289-WL-0                  | KING CNTY WASH SWR REV             |                                 | 06/30/2016       | MUNICIPAL ASSURANCE      |                                 | 6,240,355     | 5,500,000  | 5,815,480   | 5,712,824  | (21,672)   |  |  | (21,672)                                   |   | 5,691,152  |   | 549,203                                | 549,203                             | 274,236  | 01/01/2040                                |
| 499746-ZF-5                  | KNOXVILLE TN ELEC REVENUE          |                                 | 06/30/2016       | HOLDINGS                 |                                 | 1,075,450     | 1,000,000  | 1,000,000   | 1,000,000  |  |  |  |  |   | 1,000,000  |   | 75,450                                 | 75,450                              | 44,444   | 07/01/2045                                |
| 485429-Y3-2                  | KS DFA PENSION                     |                                 | 06/20/2016       | FUND-FUNDS II            |                                 | 363,318       | 350,000    | 350,000     | 350,000  |  |  |  |  |   | 350,000  |   | 13,318                                 | 13,318                              | 6,288  | 04/15/2020                                |
| 545904-MN-1                  | LOUDOUN CNTY VA SANTN AUTH WTR     |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,121,400     | 1,000,000  | 1,035,550   | 1,034,246  | (1,622)  |  |  | (1,622)                                    |   | 1,032,624  |   | 88,776                                 | 88,776                              | 34,556   | 01/01/2037                                |
| 914437-RZ-3                  | MA Univ MA Bdg C25 S15             |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 3,522,050     | 2,785,000  | 3,290,227   | 3,275,016  | (9,815)  |  |  | (9,815)                                    |   | 3,265,201  |   | 256,849                                | 256,849                             | 92,447   | 11/01/2033                                |
| 575579-EZ-6                  | MASSACHUSETTS BAY TRANSN AUTH SEN  |                                 | 07/01/2016       | MATURITY                 |                                 | 6,175,000     | 6,175,000  | 6,972,748   | 6,309,417  | (134,417)  |  |  | (134,417)                                  |   | 6,175,000  |   |  |                                     | 324,188  | 07/01/2016                                |
| 592646-6X-6                  | MET WASHINGTON DC ARPTS AUTH A     |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,104,760     | 1,000,000  | 1,023,890   | 1,023,693  | (1,153)  |  |  | (1,153)                                    |   | 1,022,540  |   | 82,220                                 | 82,220                              | 29,889   | 10/01/2033                                |
| 59447P-NG-2                  | MICHIGAN FIN AUTH REV              |                                 | 06/21/2016       | RAYMOND JAMES & ASSOC    |                                 | 1,084,360     | 1,000,000  | 1,147,343   | 1,075,410  | (13,969)   |  |  | (13,969)                                   |   | 1,061,441  |   | 22,919                                 | 22,919                              | 49,028   | 07/01/2021                                |
| 594615-DP-8                  | MICHIGAN ST BLDG AUTH REVENUE REF  |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 3,345,989     | 2,990,000  | 3,312,561   | 3,167,969  | (30,387)   |  |  | (30,387)                                   |   | 3,137,582  |   | 208,407                                | 208,407                             | 127,075  | 10/15/2038                                |
| 594615-DT-0                  | MICHIGAN ST BLDG AUTH REVENUE UNRE |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 2,217,955     | 2,010,000  | 2,226,839   | 2,129,638  | (20,427)   |  |  | (20,427)                                   |   | 2,109,211  |   | 108,744                                | 108,744                             | 85,425   | 10/15/2038                                |
| 644614-2Y-4                  | NEW HAMPSHIRE ST HLTH & EDU FA     |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,455,240     | 1,200,000  | 1,357,740   | 1,356,606  | (7,018)  |  |  | (7,018)                                    |   | 1,349,588  |   | 105,652                                | 105,652                             | 59,833   | 07/01/2045                                |
| 646139-5U-5                  | NEW JERSEY ST TPK AUTH TPK REV     |                                 | 06/30/2016       | MUNICIPAL ASSURANCE      |                                 | 6,109,000     | 5,000,000  | 5,641,600   | 5,630,237  | (30,099)   |  |  | (30,099)                                   |   | 5,600,138  |   | 508,862                                | 508,862                             | 163,889  | 01/01/2033                                |
| 64972H-UC-4                  | NEW YORK NY CITY TRANSNATIONAL     |                                 | 06/21/2016       | HOLDINGS                 |                                 | 224,248       | 200,000    | 237,126     | 222,229  | (2,887)  |  |  | (2,887)                                    |   | 219,342  |   | 4,906                                  | 4,906                               | 9,417  | 07/15/2019                                |
| 64982P-M6-6                  | NEW YORK ST DORM AUTH LEASE REV    |                                 | 06/30/2016       | CABRERA CAPITAL MARKETS  |                                 | 5,818,153     | 5,305,000  | 5,885,685   | 5,613,118  | (56,615)   |  |  | (56,615)                                   |   | 5,556,502  |   | 261,650                                | 261,650                             | 243,698  | 08/15/2028                                |
| 64986A-NL-1                  | NEW YORK ST ENVIRONMENTAL FACS     |                                 | 06/21/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,006,020     | 1,000,000  | 1,088,582   | 1,013,943  | 8,863  |  |  | 8,863                                      |   | 1,022,806  |   | (16,786)                               | (16,786)                            | 24,938   | 06/15/2029                                |
| 64986A-RC-7                  | NEW YORK ST ENVIRONMENTAL FACS COR |                                 | 10/15/2016       | KEYBANK CAPITAL MARKETS  |                                 | 2,650,000     | 2,650,000  | 2,963,204   | 2,726,393  | (76,393)   |  |  | (76,393)                                   |   | 2,650,000  |   |  |                                     | 132,500  | 10/15/2020                                |
| 64986A-RA-1                  | NEW YORK STATE ENVIRONMENTAL FACS  |                                 | 10/15/2016       | INC                      |                                 | 3,250,000     | 3,250,000  | 3,667,690   | 3,351,493  | (101,493)  |  |  | (101,493)                                  |   | 3,250,000  |   |  |                                     | 162,500  | 10/15/2018                                |
| 667737-BU-3                  | NORTHWEST PKWY                     |                                 | 06/15/2016       | CALLED @ 100.00000000    |                                 | 12,000,000    | 12,000,000 | 13,681,440  | 12,262,391                                       | (262,391)  |  |  | (262,391)                                  |   | 12,000,000   |   |  |                                     | 348,000  | 06/15/2025                                |
| 68607D-HM-0                  | OREGON ST DEPT TRANSN HWY USER HGH |                                 | 11/15/2016       | CALLED @ 100.00000000    |                                 | 8,000,000     | 8,000,000  | 8,671,360   | 8,178,933  | (178,933)  |  |  | (178,933)                                  |   | 8,000,000  |   |  |                                     | 400,000  | 11/15/2028                                |
| 70917S-SJ-3                  | PENNSYLVANIA ST HGR EDUCNLN FA     |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 1,664,205     | 1,500,000  | 1,481,250   | 1,481,460  | 163  |  |  | 163  |   | 1,481,623  |   | 182,582                                | 182,582                             | 52,500   | 08/15/2045                                |
| 71884A-OT-9                  | PHOENIX ARIZ CIVIC IMPT CORP EXCL  |                                 | 06/30/2016       | ASSURED GUAR MUNICIPAL   |                                 | 7,408,812     | 7,095,000  | 7,790,807   | 7,363,781  | (88,024)   |  |  | (88,024)                                   |   | 7,275,758  |   | 133,054                                | 133,054                             | 353,765  | 07/01/2022                                |
| 72017S-MP-0                  | PIEDMONT MUN PWR AGY S C ELEC ELE  |                                 | 01/04/2016       | CORP                     |                                 | 30,000        | 30,000     | 36,291      | 35,159   | (13)   |  |  | (13)                                       |   | 35,156   |   | (5,156)                                | (5,156)                             | 806  | 01/01/2025                                |
| 735352-KW-5                  | PORT ST LUCIE FLA UTIL REV         |                                 | 09/29/2016       | Sink PMT @ 100.00000000  |                                 | 1,864,318     | 3,870,000  | 1,444,478   | 1,642,603  | 64,141   |  |  | 64,141                                     |   | 1,706,744  |   | 157,574                                | 157,574                             |  | 09/01/2032                                |
| 759911-WJ-5                  | REGIONAL TRANSN AUTH ILL           |                                 | 06/30/2016       | CALLED @ 48.17360000     |                                 | 4,130,580     | 3,000,000  | 3,459,450   | 3,413,523  | (9,757)  |  |  | (9,757)                                    |   | 3,403,767  |   | 726,813                                | 726,813                             | 100,146  | 06/01/2033                                |
| 79575D-B7-4                  | SALT RIVER PROJ ARIZ AGRIC IMP     |                                 | 06/30/2016       | MUNICIPAL ASSURANCE      |                                 | 6,025,195     | 5,500,000  | 5,830,110   | 5,688,457  | (29,788)   |  |  | (29,788)                                   |   | 5,658,669  |   | 366,526                                | 366,526                             | 274,236  | 01/01/2039                                |

## E14.2

## E14.2

## E14.2

## E14.2

**ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.**

## SCHEDULE D - PART 4

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

[illegible]

### E14.3

# ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

## SCHEDULE D - PART 5

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

[illegible]

## ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

## 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<br>Number of Shares   | 6<br>% of Outstanding |
| NONE                                   |                            |   |   |   |                       |
| 03999999 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



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE E - PART 2 - CASH EQUIVALENTS

| Show Investments Owned December 31 of Current Year   |      |                  |                     |                  |                                 |                                     |                                |
|--|------|------------------|---------------------|------------------|---------------------------------|-------------------------------------|--------------------------------|
| 1  | 2    | 3                | 4                   | 5                | 6                               | 7                                   | 8                              |
| Description  | Code | Date<br>Acquired | Rate of<br>Interest | Maturity<br>Date | Book/Adjusted<br>Carrying Value | Amount of Interest<br>Due & Accrued | Amount Received<br>During Year |
| Bonds - U.S. Governments - Issuer Obligations  |      |                  |                     |                  |                                 |                                     |                                |
| TREASURY BILL.....   |      | 12/28/2016.....  |                     | 01/05/2017.....  | 3,299,904                       |                                     | 96                             |
| 0199999 - Bonds - U.S. Governments - Issuer Obligations  |      |                  |                     |                  | 3,299,904                       |                                     | 96                             |
| Bonds - U.S. Governments - Residential Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Governments - Commercial Mortgage-Backed Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Governments - Other Loan-Backed and Structured Securities   |      |                  |                     |                  |                                 |                                     |                                |
| 0599999 - Bonds - U.S. Governments - Subtotals - U.S. Governments  |      |                  |                     |                  | 3,299,904                       |                                     | 96                             |
| Bonds - All Other Governments - Issuer Obligations   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - All Other Governments - Residential Mortgage-Backed Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - All Other Governments - Commercial Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - All Other Governments - Other Loan-Backed and Structured Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - .S. States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Residential Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Commercial Mortgage-Backed Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Other Loan-Backed and Structured Securities   |      |                  |                     |                  |                                 |                                     |                                |
| 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                          |      |                  |                     |                  |                                 |                                     |                                |
| 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      |      |                  |                     |                  |                                 |                                     |                                |
| U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Commercial Mortgage-Backed Securities               |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Other Loan-Backed and Structured Securities |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Industrial and Miscellaneous - Issuer Obligations  |      |                  |                     |                  |                                 |                                     |                                |
| Cash Reserve Fund.....   |      | 12/31/2016.....  | 0.010               | 12/31/9999.....  | 14,789,914                      |                                     | 24,008                         |
| 3299999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations   |      |                  |                     |                  | 14,789,914                      |                                     | 24,008                         |
| Bonds - Industrial and Miscellaneous (Unaffiliated) - Residential Mortgage-Backed Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Industrial and Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities  |      |                  |                     |                  |                                 |                                     |                                |
| 3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Subtotals - Industrial and Miscellaneous (Unaffiliated)  |      |                  |                     |                  | 14,789,914                      |                                     | 24,008                         |
| Bonds - Hybrid Securities - Issuer Obligations   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Hybrid Securities - Residential Mortgage-Backed Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Hybrid Securities - Commercial Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Hybrid Securities - Other Loan-Backed and Structured Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Parent, Subsidiaries and Affiliates Bonds - Issuer Obligations   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Parent, Subsidiaries and Affiliates Bonds - Residential Mortgage-Backed Securities   |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Parent, Subsidiaries and Affiliates Bonds - Commercial Mortgage-Backed Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - Parent, Subsidiaries and Affiliates Bonds - Other Loan-Backed and Structured Securities  |      |                  |                     |                  |                                 |                                     |                                |
| Bonds - SV0 Identified Funds - Bond Mutual Funds - as Identified by the SV0  |      |                  |                     |                  |                                 |                                     |                                |
| 7799999 - Bonds - Total Bonds - Subtotals - Issuer Obligations   |      |                  |                     |                  | 18,089,818                      |                                     | 24,104                         |
| 8399999 - Bonds - Total Bonds - Subtotals - Bonds  |      |                  |                     |                  | 18,089,818                      |                                     | 24,104                         |
| Sweep Accounts   |      |                  |                     |                  |                                 |                                     |                                |
| Other Cash Equivalents   |      |                  |                     |                  |                                 |                                     |                                |
| 8699999 Total Cash Equivalents   |      |                  |                     |                  | 18,089,818                      |                                     | 24,104                         |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE MUNICIPAL ASSURANCE CORP.

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

| States, etc.   | 1<br>Type of<br>Deposits | 2<br>Purpose of<br>Deposits | Deposits For<br>the Benefit of All Policyholders |                    | All Other Special Deposits           |                    |
|--|--------------------------|-----------------------------|--|--------------------|--------------------------------------|--------------------|
|  |                          |                             | 3<br>Book/Adjusted<br>Carrying Value             | 4<br>Fair<br>Value | 5<br>Book/Adjusted<br>Carrying Value | 6<br>Fair<br>Value |
| 1. Alabama.....AL  |                          |                             |  |                    |                                      |                    |
| 2. Alaska.....AK   |                          |                             |  |                    |                                      |                    |
| 3. Arizona.....AZ  |                          |                             |  |                    |                                      |                    |
| 4. Arkansas.....AR   | .C                       | Financial Guaranty.....     |  |                    | 104,392                              | 104,323            |
| 5. California.....CA   |                          |                             |  |                    |                                      |                    |
| 6. Colorado.....CO   |                          |                             |  |                    |                                      |                    |
| 7. Connecticut.....CT  |                          |                             |  |                    |                                      |                    |
| 8. Delaware.....DE   |                          |                             |  |                    |                                      |                    |
| 9. District of Columbia.....DC                                       |                          |                             |  |                    |                                      |                    |
| 10. Florida.....FL   | .C                       | Financial Guaranty.....     |  |                    | 100,000                              | 100,000            |
| 11. Georgia.....GA   | .O                       | Financial Guaranty.....     |  |                    | 69,797                               | 69,774             |
| 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   | .B                       | Financial Guaranty.....     |  |                    | 104,392                              | 104,323            |
| 23. Michigan.....MI  |                          |                             |  |                    |                                      |                    |
| 24. Minnesota.....MN   |                          |                             |  |                    |                                      |                    |
| 25. Mississippi.....MS   |                          |                             |  |                    |                                      |                    |
| 26. Missouri.....MO  |                          |                             |  |                    |                                      |                    |
| 27. Montana.....MT   |                          |                             |  |                    |                                      |                    |
| 28. Nebraska.....NE  |                          |                             |  |                    |                                      |                    |
| 29. Nevada.....NV  | .B                       | Financial Guaranty.....     |  |                    | 198,842                              | 198,711            |
| 30. New Hampshire.....NH   | .B                       | Financial Guaranty.....     |  |                    | 497,105                              | 496,778            |
| 31. New Jersey.....NJ  |                          |                             |  |                    |                                      |                    |
| 32. New Mexico.....NM  | .B                       | Financial Guaranty.....     |  |                    | 125,666                              | 126,231            |
| 33. New York.....NY  | .B                       | Financial Guaranty.....     | 1,491,314  | 1,490,333          |                                      |                    |
| 34. North Carolina.....NC  | .B                       | Financial Guaranty.....     |  |                    | 249,944                              | 251,455            |
| 35. North Dakota.....ND  |                          |                             |  |                    |                                      |                    |
| 36. Ohio.....OH  |                          |                             |  |                    |                                      |                    |
| 37. Oklahoma.....OK  |                          |                             |  |                    |                                      |                    |
| 38. Oregon.....OR  | .B                       | Financial Guaranty.....     |  |                    | 299,250                              | 301,746            |
| 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                       | Financial Guaranty.....     |  |                    | 521,960                              | 521,616            |
| 48. Washington.....WA  |                          |                             |  |                    |                                      |                    |
| 49. West Virginia.....WV   |                          |                             |  |                    |                                      |                    |
| 50. Wisconsin.....WI   |                          |                             |  |                    |                                      |                    |
| 51. Wyoming.....WY   | .B                       | Financial Guaranty.....     |  |                    | 254,182                              | 254,801            |
| 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                                     | .XXX                     | .XXX                        |  |                    | 3,266,901                            | 3,266,901          |
| 59. Total  | XXX                      | XXX                         | 1,491,314  | 1,490,333          | 5,792,431                            | 5,796,659          |
| DETAILS OF WRITE-INS   |                          |                             |  |                    |                                      |                    |
| 5801. Collateral Pledge for Reinsurance (XOL Facility).....          |                          |                             |  |                    | 3,266,901                            | 3,266,901          |
| 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                         |  |                    | 3,266,901                            | 3,266,901          |

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