

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF THE  
CERTIFICATE OF AUTHORITY OF  
TRIAD GUARANTY INSURANCE CORPORATION**

**A.I.D. NO. 2008- 070**

**ORDER OF SUSPENSION**

Now on this day the matter of Arkansas Certificate of Authority No. 2396 of TRIAD GUARANTY INSURANCE CORPORATION, NAIC #24350 ("Company"), an Illinois-domiciled insurer, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Amanda Rose, Associate Counsel, Legal Division of the Arkansas Insurance Department ("Department") and by the Finance Division of the Department. From the facts, matters and other things before the Commissioner, she finds as follows:

1. That the Commissioner has jurisdiction over the parties and the subject matter involved herein.

2. That the Company is a mortgage guaranty insurer domiciled in the State of Illinois and authorized to transact casualty insurance, limited to mortgage guaranty, in the State of Arkansas.

3. That after being notified by the Illinois Department of Financial and Professional Regulation, Division of Insurance, that, effective July 15, 2008, the Company entered into a voluntary dissolution, or run-off, of its insurance business pursuant to the terms of an excess-loss reinsurance contract, and this Department further examined the Company's business in Arkansas and found as follows:

- a) On its quarterly financial statement, the Company reported a net loss of three hundred fourteen million, seven hundred sixty-one thousand, thirty-five dollars (\$314,761,035.00) as of June 30, 2008. As a result, this Department has determined that the Company's financial condition is unsound.
- b) The Director of the Illinois Department of Financial and Professional Regulation, Division of Insurance, issued a Stipulation and Consent Order on August 1, 2008, suspending the Company from issuing any new commitments of insurance in any jurisdiction, other than with respect to the modification or refinancing of loans insured by the Company or existing commitments as of July 15, 2008.
- c) The Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal National Mortgage Association ("Fannie Mae") suspended the Company's status as an approved insurer effective July 15, 2008, and have restricted their acceptance of new business from the Company.

4. That on this date the Commissioner has determined that the causes as stated make it appropriate and expedient to suspend the Company's Arkansas Certificate of Authority.

5. That, pursuant to Ark. Code Ann. §§ 23-63-213(b), 23-63-214 and 23-63-215, the Commissioner hereby orders an immediate suspension of the Arkansas Certificate of Authority of Triad Guaranty Insurance Corporation. The suspension shall continue and remain in place until further order of the Commissioner.

6. That the Company shall cease writing any and all new or renewal direct business in the State of Arkansas, and shall issue no new insurance policies or assume any risks located in Arkansas.

7. That during the period of this suspension, the Commissioner hereby waives the requirement that the Company file their annual statements and pay fees, licenses, and taxes as required under the Arkansas Insurance Code as if the Certificates of Authority had continued in full force.

8. Pursuant to the waiver provisions of Department Rule 56, the Company's payment of the Rule 56 fee ("CFRF") is waived; further, under the provisions of Department Rule 5, any anti-fraud assessments are hereby waived for the Company.

IT IS SO ORDERED THIS 24<sup>th</sup> DAY OF SEPTEMBER, 2008.

  
JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS