

QUARTERLY STATEMENT
OF THE
Build America Mutual Assurance Company

of
New York
in the state of
New York

TO THE
Insurance Department
OF THE STATE OF
New York

FOR THE QUARTER ENDED
September 30, 2013

2013



QUARTERLY STATEMENT

AS OF September 30, 2013

OF THE CONDITION AND AFFAIRS OF THE

Build America Mutual Assurance Company

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	14380	Employer's ID Number	45-4858468
Organized under the Laws of	New York		State of Domicile or Port of Entry	New York		
Country of Domicile	United States of America					
Incorporated/Organized	03/16/2012		Commenced Business	07/20/2012		
Statutory Home Office	1 World Financial Ctr. - 27th Fl., 200 Liberty St. <small>(Street and Number)</small>			New York, NY, US 10281 <small>(City or Town, State, Country and Zip Code)</small>		
Main Administrative Office	1 World Financial Ctr. - 27th Fl., 200 Liberty St. <small>(Street and Number)</small>					
	New York, NY, US 10281 <small>(City or Town, State, Country and Zip Code)</small>			(212)235-2500 <small>(Area Code) (Telephone Number)</small>		
Mail Address	1 World Financial Ctr. - 27th Fl., 200 Liberty St. <small>(Street and Number or P.O. Box)</small>			New York, NY, US 10281 <small>(City or Town, State, Country and Zip Code)</small>		
Primary Location of Books and Records	1 World Financial Ctr. - 27th Fl., 200 Liberty St. <small>(Street and Number)</small>					
	New York, NY, US 10281 <small>(City or Town, State, Country and Zip Code)</small>			(212)235-2500 <small>(Area Code) (Telephone Number)</small>		
Internet Web Site Address	www.buildamerica.com					
Statutory Statement Contact	Brian Michael Wymbs <small>(Name)</small>			(212)235-2513 <small>(Area Code)(Telephone Number)(Extension)</small>		
	bwymbs@buildamerica.com <small>(E-Mail Address)</small>			(212)962-1524 <small>(Fax Number)</small>		

OFFICERS

Name	Title
Robert Phillips Cochran	Managing Director, Secretary and Chairman
Seán Wallace McCarthy	Managing Director and Chief Executive Officer
Elizabeth Ann Keys	Chief Financial Officer and Treasurer

OTHERS

Suzanne Marie Finnegan Bouton, Chief Credit Officer	Laura Levenstein, Chief Risk Officer
Alexander George Makowski Jr., General Counsel and Assistant Secretary	Brian Michael Wymbs, Controller

DIRECTORS OR TRUSTEES

Raymond Joseph Rene Barrette	Robert Phillips Cochran
Seán Wallace McCarthy	Richard Ravitch
Edward Gene Rendell	Robert Albert Vanosky
Allan Lewis Waters	

State of New York
 County of New York ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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.

 _____ <small>(Signature)</small> Robert Phillips Cochran <small>(Printed Name)</small> 1. Managing Director, Secretary and Chairman <small>(Title)</small>	 _____ <small>(Signature)</small> Sean Wallace McCarthy <small>(Printed Name)</small> 2. Managing Director and Chief Executive Officer <small>(Title)</small>	 _____ <small>(Signature)</small> Elizabeth Ann Keys <small>(Printed Name)</small> 3. Chief Financial Officer and Treasurer <small>(Title)</small>
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Subscribed and sworn to before me this 14th day of November, 2013

(Notary Public Signature)

- 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 _____

KIMBERLY ANN JAROSIEWICZ
 NOTARY PUBLIC-STATE OF NEW YORK
 No. 01JA6274856
 Qualified in New York County
 My Commission Expires January 14, 2017

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	467,895,203		467,895,203	467,085,515
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....4,376,861), cash equivalents (\$.....0) and short-term investments (\$.....8,158,467)	12,535,328		12,535,328	21,092,329
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	480,430,531		480,430,531	488,177,844
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,063,763		2,063,763	2,818,446
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,463,424	1,433,006	30,418	31,430
21. Furniture and equipment, including health care delivery assets (\$.....0)	266,659	266,659		
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$.....0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	1,324,674	1,175,660	149,014	146,189
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	485,549,051	2,875,325	482,673,726	491,173,909
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	485,549,051	2,875,325	482,673,726	491,173,909
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 assets	1,175,660	1,175,660		
2502. Other assets	149,014		149,014	146,189
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,324,674	1,175,660	149,014	146,189

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$.....0)		
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	8,944,492	7,420,634
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	174,773	
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$.....0 and interest thereon \$.....0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....6,444,150 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)	1,828,186	24,160
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	564,497	10,410
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$.....0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$.....0 and interest thereon \$.....0		
25. Aggregate write-ins for liabilities	599,395	2,578
26. TOTAL liabilities excluding protected cell liabilities (Lines 1 through 25)	12,111,343	7,457,782
27. Protected cell liabilities		
28. TOTAL liabilities (Lines 26 and 27)	12,111,343	7,457,782
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	11,733,479	257,800
33. Surplus notes	503,000,000	503,000,000
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	(44,171,096)	(19,541,673)
36. Less treasury stock, at cost:		
36.10 shares common (value included in Line 30 \$.....0)		
36.20 shares preferred (value included in Line 31 \$.....0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	470,562,383	483,716,127
38. TOTALS (Page 2, Line 28, Col. 3)	482,673,726	491,173,909
DETAILS OF WRITE-INS		
2501. Mandatory contingency reserve	599,395	2,578
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	599,395	2,578
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. Member surplus contributions	11,733,479	257,800
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)	11,733,479	257,800

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned			
1.1 Direct (written \$.....8,198,802)	35,771		
1.2 Assumed (written \$.....0)			
1.3 Ceded (written \$.....6,386,867)	27,865		
1.4 Net (written \$.....1,811,935)	7,906		
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0)			
2.1 Direct			
2.2 Assumed			
2.3 Ceded			
2.4 Net			
3. Loss adjustment expenses incurred			
4. Other underwriting expenses incurred	25,139,831	11,298,553	19,779,442
5. Aggregate write-ins for underwriting deductions			
6. TOTAL underwriting deductions (Lines 2 through 5)	25,139,831	11,298,553	19,779,442
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	(25,131,925)	(11,298,553)	(19,779,442)
INVESTMENT INCOME			
9. Net investment income earned	3,277,154	662,703	1,840,109
10. Net realized capital gains (losses) less capital gains tax of \$.....0	(683,229)	(212,260)	(219,044)
11. Net investment gain (loss) (Lines 9 + 10)	2,593,925	450,443	1,621,065
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income			
15. TOTAL other income (Lines 12 through 14)			
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(22,538,000)	(10,848,110)	(18,158,376)
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)	(22,538,000)	(10,848,110)	(18,158,376)
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	(22,538,000)	(10,848,110)	(18,158,376)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	483,716,127		
22. Net income (from Line 20)	(22,538,000)	(10,848,110)	(18,158,376)
23. Net transfers (to) or from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(1,494,606)	(1,177,104)	(1,380,719)
28. Change in provision for reinsurance			
29. Change in surplus notes		503,000,000	503,000,000
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			
37. Aggregate write-ins for gains and losses in surplus	10,878,862		255,222
38. Change in surplus as regards policyholders (Lines 22 through 37)	(13,153,744)	490,974,786	483,716,127
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	470,562,383	490,974,786	483,716,127
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.			
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)			
3701. Member surplus contributions	11,475,679		257,800
3702. Change in mandatory contingency reserve	(596,817)		(2,578)
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	10,878,862		255,222

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	2,366,019		34,570
2. Net investment income	9,499,032	(908,175)	1,675,443
3. Miscellaneous income			
4. TOTAL (Lines 1 to 3)	11,865,051	(908,175)	1,710,014
5. Benefit and loss related payments			
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	23,601,249	6,164,631	12,716,788
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)			
10. TOTAL (Lines 5 through 9)	23,601,249	6,164,631	12,716,788
11. Net cash from operations (Line 4 minus Line 10)	(11,736,198)	(7,072,806)	(11,006,774)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	96,568,388	221,180,077	273,380,960
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		15,064	15,063
12.7 Miscellaneous proceeds			
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7)	96,568,388	221,195,141	273,396,023
13. Cost of investments acquired (long-term only):			
13.1 Bonds	103,351,550	687,828,158	742,991,313
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications		(22,309,306)	
13.7 TOTAL investments acquired (Lines 13.1 to 13.6)	103,351,550	665,518,852	742,991,313
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(6,783,162)	(444,323,711)	(469,595,290)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes		503,000,000	503,000,000
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)	9,962,359	(1,314,278)	(1,305,607)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	9,962,359	501,685,722	501,694,393
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(8,557,001)	50,289,205	21,092,329
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	21,092,329		
19.2 End of period (Line 18 plus Line 19.1)	12,535,328	50,289,205	21,092,329

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001				
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Notes to Financial Statement

Build America Mutual Assurance Company (“Build America” or the “Company”) is a New York domiciled mutual financial guaranty insurance company. The Company was capitalized on July 17, 2012 and received its license to write financial guaranty insurance from the New York State Department of Financial Services (the “Department”) and commenced operations on July 20, 2012. As of November 14, 2013, Build America was also licensed in the District of Columbia and every state except Kentucky (where it can write business under certain conditions). The Company’s intention is to be licensed nationwide, and Build America currently has a license application pending in Kentucky. Build America’s financial strength and counterparty credit ratings of ‘AA/Stable Outlook’, from Standard & Poor’s Ratings Services, were reaffirmed on August 13, 2013.

The first mutual bond insurance company, Build America is owned by and operated for the benefit of the cities, states and other municipal agencies—the municipal issuers—that use the Company’s ‘AA/Stable Outlook’ rated financial guaranty to lower their cost of funding in the U.S. municipal market. Build America’s unique corporate structure distinguishes it from traditional financial guaranty insurers in many important ways:

- Build America’s charter, underwriting guidelines and credit policies permit the Company to insure only fixed rate, long-term, essential public purpose municipal bonds in core sectors for municipalities or entities that qualify for tax exemption under Section 115 of the Internal Revenue Code;
- Build America’s mutual model permits capital growth to track insured portfolio growth, eliminating the need to “go public” to raise capital, to drive earnings growth to satisfy equity markets, or to engage in mission creep by taking on risks outside of the core municipal market; and
- In addition to its own strong capital base, Build America has the benefit of collateralized first loss reinsurance protection for losses up to the first 15% of par outstanding on each policy written.

In order to purchase financial guaranty insurance and become a member of Build America, municipal issuers pay a fee to Build America which consists of a risk premium and a Member Surplus Contribution (“MSC”). Members have the right to vote as a member of Build America and to receive dividends, if declared. The risk premium collected by Build America is consideration for the insured risk.

The MSC is effective for the life of the policy, including refunding bonds of the same insured issue. The member is credited with the MSC in the event of a refunding if the refunding bonds are insured by Build America. The member will continue to receive dividends, if declared, and other benefits of mutual membership for the life of the policy. Dividend payments to members require regulatory approval through July 30, 2015. The Company’s policies are issued without contingent mutual liability for assessment.

On July 17, 2012, the Company issued, for cash, the Series 2012-A Surplus Notes and Series 2012-B Surplus Notes (collectively, the “Surplus Notes”) to HG Holdings, Ltd. (“HG Holdings”), a Bermuda holding company, and its wholly owned subsidiary HG Re, Ltd. (“HG Re”) in the amount of \$203,000,000 and \$300,000,000, respectively.

The Company’s reinsurance protection is provided by HG Re via a first-loss reinsurance treaty (the “Reinsurance Agreement”), whereby HG Re assumes all directly insured losses in an amount up to 15% of the par outstanding for each insurance policy. HG Re’s obligations under the Reinsurance Agreement are secured by, and limited to the value of, high quality assets held in trusts, which are pledged for the benefit of Build America.

Both HG Holdings and HG Re are wholly owned subsidiaries of HG Global, Ltd. (“HG Global”), a Bermuda corporation. HG Global’s controlling parent is White Mountain Insurance Group, Ltd., a Bermuda-domiciled financial services holding company (“White Mountains”), which owns 89% of HG Global’s common equity and 97% of its preferred equity. Two of the Company’s directors, Mr. Cochran and Mr. McCarthy, along with 11 of the Company’s officers and employees, own individually or through family trusts the remaining common and preferred equity interests in HG Global.

1. Summary of Significant Accounting Practices

A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the State of New York.

The Department 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 for determining its solvency under New York State Insurance Law (“NYSIL”). The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) has been adopted as a component of prescribed practices by the Department.

The Department has the right to permit other specific practices that deviate from prescribed practices. The Company has received permission from the Department to defer the recognition of the deferred tax liabilities attributable to MSC received until such time as the MSC are included in the Company’s taxable income, to the extent that the total gross deferred tax liabilities exceed the total gross admitted deferred tax assets. The Department’s permission to utilize this permitted practice expires on January 1, 2014. This permitted practice has no effect on either net income for the period ended September 30, 2013 or the year ended December 31, 2012 or statutory surplus at September 30, 2013 or December 31, 2012.

Notes to Financial Statement

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

	<u>State of Domicile</u>	<u>September 30, 2013</u>	<u>December 31, 2012</u>
<u>NET INCOME (LOSS)</u>			
(1) Build America's state basis (Page 4, Line 20, Columns 1 and 2)	New York	\$ (22,538,000)	\$ (18,158,376)
(2) Effect of prescribed practices	New York	-	-
(3) Effect of permitted practice - deferred tax liability on MSC	New York	-	-
(4) NAIC SAP		<u>\$ (22,538,000)</u>	<u>\$ (18,158,376)</u>
<u>SURPLUS</u>			
(5) Build America's state basis (Page 3, Line 37, Columns 1 and 2)	New York	\$ 470,562,383	\$ 483,716,127
(6) Effect of prescribed practices	New York	-	-
(7) Effect of permitted practice - deferred tax liability on MSC	New York	-	-
(8) NAIC SAP		<u>\$ 470,562,383</u>	<u>\$ 483,716,127</u>

B. Use of Estimates in the Preparation of the Financial Statements

No significant changes from the 2012 Notes to the Financial Statements.

C. Accounting Policies

No significant changes from the 2012 Notes to the Financial Statements.

2. Accounting Changes and Corrections of Errors

No significant changes from the 2012 Notes to the Financial Statements.

3. Business Combinations and Goodwill

No significant changes from the 2012 Notes to the Financial Statements.

4. Discontinued Operations

No significant changes from the 2012 Notes to the Financial Statements.

5. Investments

A-C. No significant changes from the 2012 Notes to the Financial Statements.

D. Loan-Backed Securities

(1) The Company consistently uses the retrospective method to revalue loan-backed securities using current prepayment assumptions. Prepayment assumptions for single class and multi-class loan-backed securities are obtained from publicly available resources. There were no significant changes in the methodology utilized by the Company to revalue loan-backed securities.

(2) The Company has not recognized other-than-temporary impairment losses ("OTTI losses") on loan-backed securities for the period ended September 30, 2013. Gross unrealized losses on loan-backed securities and the related fair values as of September 30, 2013 were as follows:

<u>Time in Continuous Unrealized Position</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Number of Securities</u>
Less than twelve months	\$ 1,323,093	\$ 63,433,201	11
Twelve or more months	324,743	12,881,280	3
Total	<u>\$ 1,647,836</u>	<u>\$ 76,314,481</u>	<u>14</u>

(3) The Company did not recognize OTTI losses during the year.

(4) The Company did not recognize OTTI losses during the year.

(5) The Company did not recognize OTTI losses during the year.

E-G. No significant changes from the 2012 Notes to the Financial Statements.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes from the 2012 Notes to the Financial Statements.

7. Investment Income

No significant changes from the 2012 Notes to the Financial Statements.

8. Derivative Instruments

No significant changes from the 2012 Notes to the Financial Statements.

Notes to Financial Statement**9. Income Taxes**

During the period ended September 30, 2013, the Company generated a tax-basis ordinary operating loss of \$48,063,263. As of September 30, 2013, the Company has an unused net operating loss carryforward of \$77,088,062, of which \$28,944,799 will expire in 2032 and \$48,063,263 will expire in 2033. There were no other significant changes from the 2012 Notes to the Financial Statements.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

No significant changes from the 2012 Notes to the Financial Statements.

11. Debt

No significant changes from the 2012 Notes to the Financial Statements.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. The Company does not sponsor a defined benefit pension plan.

B-F. No significant changes from the 2012 Notes to the Financial Statements.

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

Other than (5) and (11) below, no significant changes from the 2012 Notes to the Financial Statements.

(5) The Company is a mutual insurance company and does not pay ordinary dividends. Dividend payments to members require regulatory approval through July 30, 2015.

(11) Surplus Notes

On July 17, 2012, the Company issued, for cash, the Series 2012-A Surplus Notes and Series 2012-B Surplus Notes to HG Holdings and HG Re in the amount of \$203,000,000 and \$300,000,000, respectively.

Date Issued	Series	Interest Rate	Par Value (Face Amount of the Note)	Carrying Value of Note	Principal and/ or Interest Paid Current Year	Total Principal and/ or Interest Paid	Total Unapproved Principal and/ or Interest	Date of Maturity
July 17, 2012	2012-A	8.0%	\$ 203,000,000	\$ 203,000,000	\$ -	\$ -	\$ 19,593,913	April 1, 2042
July 17, 2012	2012-B	8.0%	\$ 300,000,000	\$ 300,000,000	\$ -	\$ -	\$ 28,956,522	April 1, 2042

The agreement governing the Surplus Notes (the "Surplus Note Agreement") provides for quarterly interest payments that were to commence on December 1, 2012, upon; i.) the Company's request for authority to make payment and ii.) the Department's approval of that request. These conditions to the payment of interest due on the Surplus Notes allow for the deferral of interest without the occurrence of a default under the Surplus Note Agreement. The Company has not requested Department approval for surplus note interest payments to date and does not anticipate requesting Department approval for the December 1, 2013 interest payment. No interest shall be accrued on deferred interest payments. The Surplus Notes are expressly subordinate and junior to the Company's policy obligations and all other liabilities other than distribution of assets to members. Because the Company is a mutual company, there is no liquidation preference for the insurer's common and preferred shareholders, as no such shares exist.

As funds become available to make interest and principal payments and subject to approval by the Department, payments will be made in the following order, satisfying each category of payment in full before beginning payments on the subsequent category: i.) the interest due and payable on the Series 2012-A Surplus Notes and the Series 2012-B Surplus Notes in pari passu, ii.) the outstanding principal of the Series 2012-A Surplus Notes, and iii.) the outstanding principal of the Series 2012-B Surplus Notes.

The Company may not make any payment of principal on the Series 2012-B Surplus Notes, or on any other debt subordinated to the Surplus Notes, until all interest due and all outstanding principal on the Series 2012-A Surplus Notes has been paid. In addition, the Company may not make any payment of principal on any debt subordinated to the Surplus Notes until all interest due and all outstanding principal on all of the Surplus Notes has been paid.

While the scheduled maturity date of the Surplus Notes is April 1, 2042, the Company has the option to pre-pay, in whole or in part, the principal amount of the Surplus Notes at par value prior to such date subject to Department approval and the conditions noted in the previous paragraph.

14. Contingencies

No significant changes from the 2012 Notes to the Financial Statements.

15. Leases

No significant changes from the 2012 Notes to the Financial Statements.

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

Build America provides financial guaranty insurance for domestic public finance obligations. Total principal and interest exposure, net of reinsurance, was \$4,549,337,072 and \$30,831,884 at September 30, 2013 and December 31, 2012, respectively.

Notes to Financial Statement

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

- A. The Company has not sold or transferred any receivables during 2013.
- B. The Company has not transferred or serviced any financial assets during 2013.
- C. The Company did not engage in wash sales transactions during 2013.

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

No significant changes from the 2012 Notes to the Financial Statements.

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

No significant changes from the 2012 Notes to the Financial Statements.

20. Fair Value Measurements

- A. The fair values of the Company's financial instruments are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available. The Company classifies financial assets in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. This classification requires judgment in assessing the market and pricing methodologies for a particular security. The fair value hierarchy is comprised of the following three levels:

Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial assets or liabilities;

Level 2: Valuations of financial assets and liabilities are based on prices obtained from independent index providers, pricing vendors or broker-dealers using observable inputs; and

Level 3: Valuations are based on unobservable inputs for assets and liabilities where there is little or no market activity. Management's assumptions and/or internal valuation pricing models are used to determine the fair value of financial assets or liabilities.

- (1) As of September 30, 2013, the Company did not record any of its assets or liabilities at fair value.
- (2) As of September 30, 2013, the Company did not record any of its assets or liabilities at fair value.
- (3) As of September 30, 2013, the Company did not record any of its assets or liabilities at fair value.
- (4) The following inputs, methods and assumptions were used to determine the fair value of each class of financial instrument for which it is practicable to estimate that value:

Bonds

The estimated fair values generally represent prices received from third party pricing services or alternative pricing sources. The pricing services prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities and matrix pricing. The observable inputs used in the valuation of these securities may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, prepayment speeds, delinquencies, loss severity and default rates. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount the Company could realize in the market. In these cases, the fair value measurements are primarily classified as Level 2.

Cash and Short-Term Investments

The fair value of cash and short-term investments approximates its amortized cost. The fair value measurements were classified as Level 1.

Investment Income Due and Accrued

The fair value of investment income due and accrued approximates carrying value, and the fair value measurements were classified as Level 1.

Net Financial Guarantee Insurance Contracts

The fair value of net financial guarantee insurance contracts represents the Company's estimate of the cost to Build America to completely transfer its insurance obligations to another financial guarantor under current market conditions. Theoretically, this amount should be the same amount that another financial guarantor would hypothetically charge in the market place to provide the same protection as of the balance sheet date. The cost to transfer these insurance obligations is based on pricing assumptions observed in the financial guaranty market and includes adjustments to the carrying value of unearned premium reserves, member surplus contributions and ceding commissions. The significant inputs are not observable. The Company accordingly classified this fair value measurement as Level 3.

Notes to Financial StatementSurplus Notes

The Surplus Notes issued by the Company are not publicly traded and market quotes are not readily available. Accordingly, management utilized an internal pricing model that utilizes observable inputs to estimate the fair value of the Surplus Notes and unapproved accrued interest. The observable inputs used in the valuation of the Surplus Notes include yield curves for similar instruments. The internal pricing model does not consider the risk of non-performance by the Company in estimating the fair value of the Surplus Notes. The fair value measurement of the Surplus Notes is classified as Level 2.

(5) The Company did not hold any derivative assets or liabilities at September 30, 2013.

B. The fair values of the Company's financial instruments are reflected in the table below.

C. The admitted assets, fair values and related level classification within the fair value hierarchy of the Company's financial instruments as of September 30, 2013 was as follows:

Fair Value Measurements at September 30, 2013

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial Assets						
Bonds	\$ 460,747,178	\$ 467,895,203	\$ -	\$ 460,747,178	\$ -	\$ -
Cash and short-term investments	12,535,328	12,535,328	12,535,328	-	-	-
Investment income due and accrued	2,063,763	2,063,763	2,063,763	-	-	-
Total Financial Assets	\$ 475,346,269	\$ 482,494,294	\$ 14,599,091	\$ 460,747,178	\$ -	\$ -
Financial Liabilities						
Net financial guaranty insurance contracts	9,453,224	\$ -	\$ -	\$ -	\$ 9,453,224	\$ -
Total Financial Liabilities	\$ 9,453,224	\$ -	\$ -	\$ -	\$ 9,453,224	\$ -
Other Financial Instruments						
Surplus Notes ¹	\$ 536,309,535	\$ -	\$ -	\$ 536,309,535	\$ -	\$ -
Total Other Financial Instruments	\$ 536,309,535	\$ -	\$ -	\$ 536,309,535	\$ -	\$ -

¹ The par outstanding on the surplus notes was \$503,000,000 at September 30, 2013

The admitted assets, fair values and related level classification within the fair value hierarchy of the Company's financial instruments as of December 31, 2012 was as follows:

Fair Value Measurements at December 31, 2012

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial Assets						
Bonds	\$ 467,329,599	\$ 467,085,515	\$ -	\$ 467,329,599	\$ -	\$ -
Cash and short-term investments	21,092,329	21,092,329	21,092,329	-	-	-
Investment income due and accrued	2,818,446	2,818,446	2,818,446	-	-	-
Total Financial Assets	\$ 491,240,374	\$ 490,996,290	\$ 23,910,775	\$ 467,329,599	\$ -	\$ -
Financial Liabilities						
Net financial guaranty insurance contracts	\$ 225,568	\$ -	\$ -	\$ -	\$ 225,568	\$ -
Total Financial Liabilities	\$ 225,568	\$ -	\$ -	\$ -	\$ 225,568	\$ -
Other Financial Instruments						
Surplus Notes ¹	\$ 536,208,935	\$ -	\$ -	\$ 536,208,935	\$ -	\$ -
Total Other Financial Instruments	\$ 536,208,935	\$ -	\$ -	\$ 536,208,935	\$ -	\$ -

¹ The par outstanding on the surplus notes was \$503,000,000 at December 31, 2012.

D. Not applicable.

21. Other Items

No significant changes from the 2012 Notes to the Financial Statements.

22. Events Subsequent

Pursuant to Statement of Statutory Accounting Principles ("SSAP") No. 9, Subsequent Events, the date through which Type I or Type II subsequent events have been evaluated was November 14, 2013 for the quarter ended September 30, 2013, the date in which the statutory financial statements were available for issue. Based on the Company's evaluation, no material items were noted.

23. Reinsurance

No significant changes from the 2012 Notes to the Financial Statements.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No significant changes from the 2012 Notes to the Financial Statements.

25. Changes in Incurred Losses and Loss Adjustment Expenses

No significant changes from the 2012 Notes to the Financial Statements.

26. Intercompany Pooling Arrangements

No significant changes from the 2012 Notes to the Financial Statements.

27. Structured Settlements

No significant changes from the 2012 Notes to the Financial Statements.

Notes to Financial Statement**28. Health Care Receivables**

No significant changes from the 2012 Notes to the Financial Statements.

29. Participating Accident and Health Policies

No significant changes from the 2012 Notes to the Financial Statements.

30. Premium Deficiency Reserves

No significant changes from the 2012 Notes to the Financial Statements.

31. High Deductibles

No significant changes from the 2012 Notes to the Financial Statements.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant changes from the 2012 Notes to the Financial Statements.

33. Asbestos / Environmental Reserves

No significant changes from the 2012 Notes to the Financial Statements.

34. Subscriber Savings Accounts

No significant changes from the 2012 Notes to the Financial Statements.

35. Multiple Peril Crop Insurance

No significant changes from the 2012 Notes to the Financial Statements.

36. Financial Guaranty Insurance

A. The following disclosures for financial guaranty insurance contracts in force as of September 30, 2013:

- (1) No significant changes from the 2012 Notes to the Financial Statements.
- (2) The following disclosures are for non-installment financial guaranty insurance contracts in force as of September 30, 2013:
 - a. No significant changes from the 2012 Notes to the Financial Statements.
 - b. For the period ended September 30, 2013, the Company wrote gross and net premiums of \$8,198,802 and \$1,811,935, respectively. The table below summarizes the future expected earned premium revenue, net of reinsurance, on non-installment financial guaranty contracts as of September 30, 2013:

	Future Expected Earned Premiums, Net of Reinsurance
1. (a) 4th Quarter 2013	\$ 15,738
(b) Year 2014	77,919
(c) Year 2015	81,807
(d) Year 2016	86,228
(e) Year 2017	88,332
2. (a) Years 2018 through 2022	430,945
(b) Years 2023 through 2027	376,268
(c) Years 2028 through 2032	309,842
(d) Years 2033 through 2037	174,002
(e) Years 2038 through 2042	153,608
(f) Years 2043 through 2047	25,751
(g) Years 2048 through 2052	7,746
Total	<u>\$ 1,828,186</u>

(3) No significant changes from the 2012 Notes to the Financial Statements.

(4) No significant changes from the 2012 Notes to the Financial Statements.

B. The Company did not have any claim liabilities for financial guaranty insurance contracts in force as of September 30, 2013.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[] No[] N/A[X]

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:

- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes:

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[] No[] N/A[X]
If yes, attach an explanation.

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 07/18/2012
- 6.2 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. 07/18/2012
- 6.3 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). 07/18/2012
- 6.4 By what department or departments?
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[] No[] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]

- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 7.2 If yes, give full information

- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 9.1 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.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[X] No[]
- 11.2 If yes, give full and complete information relating thereto:
Cash and securities with a carrying value of \$5,366,000 were on deposit with various state and other regulatory authorities as required by law. In addition, assets with a carrying value of \$96,377 were held in trust to secure letters of credit and assets with a carrying value of \$50,000 were held by lessors to benefit the lease obligations of the Company.
- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0
- 13. Amount of real estate and mortgages held in short-term investments: \$ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes[] No[X]

15.2 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]

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$ 0

16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$ 0

16.3 Total payable for securities lending reported on the liability page

\$ 0

17. 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[]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
The Bank of New York Mellon	500 Grant Street, Pittsburgh, PA 15258

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes[] No[X]

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
107105	BlackRock Financial Management	55 East 52nd Street, New York, NY 10055

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]

18.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?
If yes, attach an explanation. Yes[] No[] N/A[X]
2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?
If yes, attach an explanation. Yes[] No[X]
- 3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes[] No[X]
3.2 If yes, give full and complete information thereto
- 4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves"), discounted at a rate of interest greater than zero? Yes[] No[X]
4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
04.2999 Total										

5. Operating Percentages:
 5.1 A&H loss percent 0.000%
 5.2 A&H cost containment percent 0.000%
 5.3 A&H expense percent excluding cost containment expenses 0.000%
- 6.1 Do you act as a custodian for health savings accounts? Yes[] No[X]
 6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
 6.3 Do you act as an administrator for health savings accounts? Yes[] No[X]
 6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

SCHEDULE F - CEDED REINSURANCE
Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
NONE				

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**Current Year to Date - Allocated by States and Territories**

	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
States, Etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama (AL)	L	49,953					
2. Alaska (AK)	L						
3. Arizona (AZ)	L	83,090					
4. Arkansas (AR)	L						
5. California (CA)	L	2,732,660					
6. Colorado (CO)	L	69,045					
7. Connecticut (CT)	L	32,314					
8. Delaware (DE)	L						
9. District of Columbia (DC)	L						
10. Florida (FL)	L						
11. Georgia (GA)	L						
12. Hawaii (HI)	L						
13. Idaho (ID)	L						
14. Illinois (IL)	L	76,570					
15. Indiana (IN)	L	76,250					
16. Iowa (IA)	L						
17. Kansas (KS)	L	35,504					
18. Kentucky (KY)	N						
19. Louisiana (LA)	L	51,320					
20. Maine (ME)	L						
21. Maryland (MD)	L						
22. Massachusetts (MA)	L	12,110					
23. Michigan (MI)	L	114,619					
24. Minnesota (MN)	L						
25. Mississippi (MS)	L						
26. Missouri (MO)	L						
27. Montana (MT)	L						
28. Nebraska (NE)	L						
29. Nevada (NV)	L	16,255					
30. New Hampshire (NH)	L						
31. New Jersey (NJ)	L	60,804					
32. New Mexico (NM)	L	146,563					
33. New York (NY)	L	1,133,121					
34. North Carolina (NC)	L						
35. North Dakota (ND)	L						
36. Ohio (OH)	L						
37. Oklahoma (OK)	L	19,980					
38. Oregon (OR)	L						
39. Pennsylvania (PA)	L	1,168,113					
40. Rhode Island (RI)	L						
41. South Carolina (SC)	L						
42. South Dakota (SD)	L						
43. Tennessee (TN)	L	7,300					
44. Texas (TX)	L	2,294,251					
45. Utah (UT)	L						
46. Vermont (VT)	L						
47. Virginia (VA)	L						
48. Washington (WA)	L						
49. West Virginia (WV)	L						
50. Wisconsin (WI)	L	18,980					
51. Wyoming (WY)	L						
52. American Samoa (AS)	N						
53. Guam (GU)	N						
54. Puerto Rico (PR)	N						
55. U.S. Virgin Islands (VI)	N						
56. Northern Mariana Islands (MP)	N						
57. Canada (CAN)	N						
58. Aggregate other alien (OT)	X X X						
59. Totals	(a). 50	8,198,802					
DETAILS OF WRITE-INS							
5801.	X X X						
5802.	X X X						
5803.	X X X						
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X						
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X						

(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.

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

11 Schedule Y Part 1 NONE

12 Schedule Y Part 1A - Detail of Insurance Holding Company System NONE

STATEMENT AS OF **September 30, 2013** OF THE **Build America Mutual Assurance Company**
PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
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	35,771			
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				
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	X X X	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X	X X X
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X	X X X
34. Aggregate write-ins for other lines of business				
35. TOTALS	35,771			
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)				

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
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	2,895,269	8,198,802	
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			
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	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X
34. Aggregate write-ins for other lines of business			
35. TOTALS	2,895,269	8,198,802	
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)			

PART 3 (000 omitted)
LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2010 + Prior													
2. 2011													
3. Subtotals 2011 + Prior													
4. 2012													
5. Subtotals 2012 + Prior													
6. 2013	X X X	X X X	X X X	X X X			X X X				X X X	X X X	X X X
7. Totals													
8. Prior Year-End's Surplus As Regards Policyholders	483,716,127										Col. 11, Line 7 As % of Col. 1 Line 7 1.....	Col. 12, Line 7 As % of Col. 2 Line 7 2.....	Col. 13, Line 7 As % of Col. 3 Line 7 3.....
													Col. 13, Line 7 Line 8 4.....

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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.

1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

RESPONSES

No
No
No
No

Explanations:

Bar Codes:

Trusteed Surplus Statement



14380201349000003 2013 Document Code: 490

Supplement A to Schedule T



14380201345500003 2013 Document Code: 455

Medicare Part D Coverage Supplement



14380201336500003 2013 Document Code: 365

Director and Officer Supplement



14380201350500003 2013 Document Code: 505

STATEMENT AS OF **September 30, 2013** OF THE **Build America Mutual Assurance Company**
SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
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

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
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		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
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 at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	467,085,515	
2. Cost of bonds and stocks acquired	103,351,550	742,991,313
3. Accrual of discount	44,413	17,470
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(683,229)	(234,107)
6. Deduct consideration for bonds and stocks disposed of	96,568,388	273,380,960
7. Deduct amortization of premium	5,334,658	2,308,201
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)	467,895,203	467,085,515
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	467,895,203	467,085,515

SCHEDULE D - PART 1B

**Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	474,667,858	60,617,169	57,526,060	(1,705,297)	471,431,703	474,667,858	476,053,670	472,165,669
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	474,667,858	60,617,169	57,526,060	(1,705,297)	471,431,703	474,667,858	476,053,670	472,165,669
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	474,667,858	60,617,169	57,526,060	(1,705,297)	471,431,703	474,667,858	476,053,670	472,165,669

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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SCHEDULE DA - PART 1**Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	8,158,467	X X X	8,158,467		

SCHEDULE DA - Verification**Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,080,154	
2. Cost of short-term investments acquired	70,628,567	714,836,029
3. Accrual of discount		17,990
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		15,064
6. Deduct consideration received on disposals	67,550,254	709,788,929
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)	8,158,467	5,080,154
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	8,158,467	5,080,154

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SI08 Schedule E - Verification (Cash Equivalents) NONE

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 2 NONE

E02 Schedule B Part 3 NONE

E03 Schedule BA Part 2 NONE

E03 Schedule BA Part 3 NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Special Revenue, Special Assessment									
31307CLJ5	FHLMC POOL J23929		09/06/2013	Wells Fargo	X X X	11,432,007	11,680,212	12,978	1
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					X X X	11,432,007	11,680,212	12,978	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
084670BB3	Berkshire Hathaway Inc		08/14/2013	Pershing	X X X	1,140,821	1,100,000	269	1FE
268648AP7	EMC Corp		08/14/2013	Wells Fargo	X X X	2,482,500	2,500,000	9,505	1FE
406216BC4	Halliburton Company		08/14/2013	JP Morgan	X X X	1,994,000	2,000,000	1,556	1FE
437076BB7	HOME DEPOT INC		09/03/2013	Bank of America	X X X	2,296,757	2,300,000		1FE
68389XAR6	ORACLE CORP		07/09/2013	Bank of America	X X X	2,300,000	2,300,000		1FE
74256LAG4	PRINCIPLE LFE GLB FND II 144A		09/23/2013	Deutsche Bank	X X X	4,489,965	4,500,000		1FE
90521APJ1	UNION BANK NA		09/23/2013	Morgan Stanley	X X X	4,527,990	4,500,000		1FE
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					X X X	19,232,033	19,200,000	11,330	X X X
8399997 Subtotal - Bonds - Part 3					X X X	30,664,040	30,880,212	24,308	X X X
8399999 Subtotal - Bonds					X X X	30,664,040	30,880,212	24,308	X X X
9899999 Subtotal - Preferred and Common Stocks					X X X		X X X		X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	30,664,040	X X X	24,308	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n Date	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Designation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.								
Bonds - U.S. Governments																						
36176XKU2	GNMA POOL 779107		09/01/2013	Paydown	X X X	373,091	373,091	409,292	408,940	(35,850)			(35,850)		373,091				10,108	04/15/2042	1	
36179MC24	GNMA POOL MA0089		09/01/2013	Paydown	X X X	368,773	368,773	405,852	405,474	(36,701)			(36,701)		368,773				9,716	05/20/2042	1	
36179ME30	GNMA POOL MA0154		09/01/2013	Paydown	X X X	218,109	218,109	236,427	236,228	(18,118)			(18,118)		218,109				4,936	06/20/2042	1	
36179MG61	GNMA POOL MA0221		09/01/2013	Paydown	X X X	758,294	758,294	819,431	819,431	(61,137)			(61,137)		758,294				12,290	07/20/2042	1	
36179MMX5	GNMA POOL MA0374		09/01/2013	Paydown	X X X	235,022	235,022	249,050	248,826	(13,803)			(13,803)		235,022				3,964	09/20/2027	1	
0599999 Subtotal - Bonds - U.S. Governments					X X X	1,953,289	1,953,289	2,120,052	1,299,468	(165,609)			(165,609)		1,953,289				41,014	X X X	X X X	
Bonds - U.S. Special Revenue, Special Assessment																						
3128M9DF6	FREDDIE MAC GOLD POOL G07002		09/01/2013	Paydown	X X X	584,322	584,322	629,881	628,612	(44,290)			(44,290)		584,322				17,093	12/01/2041	1	
3128MJQK9	FREDDIE MAC GOLD POOL G08457		09/01/2013	Paydown	X X X	573,014	573,014	614,558	613,827	(40,813)			(40,813)		573,014				16,633	08/01/2041	1	
3138EJRR0	FNMA POOL AL2071		09/01/2013	Paydown	X X X	690,793	690,793	760,088	758,326	(67,533)			(67,533)		690,793				25,248	03/01/2040	1	
3138LVWX7	FNMA POOL A05161		09/01/2013	Paydown	X X X	193,464	193,464	207,884	207,853	(14,188)			(14,188)		193,464				4,082	06/01/2027	1	
31402CUB7	FNMA POOL 725205		09/01/2013	Paydown	X X X	330,568	330,568	363,728	362,829	(32,261)			(32,261)		330,568				10,927	03/01/2034	1	
31403DGY9	FNMA POOL 745515		09/01/2013	Paydown	X X X	673,785	673,785	736,531	734,735	(60,950)			(60,950)		673,785				22,139	05/01/2036	1	
31410KJY1	FNMA POOL 889579		09/01/2013	Paydown	X X X	397,955	397,955	438,621	437,425	(39,470)			(39,470)		397,955				15,833	05/01/2038	1	
31410KXL3	FNMA POOL 889983		09/01/2013	Paydown	X X X	430,771	430,771	477,078	475,643	(44,872)			(44,872)		430,771				17,131	10/01/2038	1	
31417C7D1	FNMA POOL AB6291		09/01/2013	Paydown	X X X	423,970	423,970	447,090	447,090	(23,120)			(23,120)		423,970				5,129	09/01/2027	1	
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					X X X	4,298,642	4,298,642	4,675,459	4,219,050	(367,497)			(367,497)		4,298,642				134,215	X X X	X X X	
Bonds - Industrial and Miscellaneous (Unaffiliated)																						
38141GEG5	GOLDMAN SACHS GROUP INC		08/28/2013	Mizuho Securities	X X X	6,183,394	6,250,000	6,168,088		13,924			13,924		6,182,012		1,382	1,382	32,498	03/22/2016	1FE	
38143JUSC6	GOLDMAN SACHS GROUP INC		08/28/2013	US Bancorp	X X X	2,616,525	2,500,000	2,581,400	2,573,659	(15,497)			(15,497)		2,558,161		58,364	58,364	97,170	02/07/2016	1FE	
674599CB9	OCCIDENTAL PETROLEUM COR		07/12/2013	FTN Financial	X X X	2,503,275	2,500,000	2,577,450	2,571,962	(9,295)			(9,295)		2,562,666		(59,391)	(59,391)	40,347	02/15/2017	1FE	
771196AS1	ROCHE HLDGS INC 144A		08/29/2013	Redemption 120.2350	X X X	214,018	178,000	226,247	223,337	(4,601)			(4,601)		218,736		(4,717)	(4,717)	10,621	03/01/2019	1FE	
92343VAG9	VERIZON COMMUNICATIONS		09/06/2013	Wells Fargo	X X X	2,199,080	2,000,000	2,383,460	2,355,412	(56,723)			(56,723)		2,298,689		(99,609)	(99,609)	103,889	04/01/2017	1FE	
92343VBC7	VERIZON COMMUNICATIONS		09/06/2013	Bank of America	X X X	2,074,336	2,200,000	2,430,120	2,420,798	(15,796)			(15,796)		2,405,002		(330,666)	(330,666)	66,306	11/01/2021	1FE	
92343VBD5	VERIZON COMMUNICATIONS		09/06/2013	Wells Fargo	X X X	2,497,550	2,500,000	2,612,450	2,603,902	(18,529)			(18,529)		2,585,374		(87,824)	(87,824)	43,056	11/01/2016	1FE	
92343VBH6	VERIZON COMMUNICATIONS		09/06/2013	Morgan Stanley	X X X	1,922,876	1,950,000	1,949,649	1,949,667	81			81		1,949,747		(26,872)	(26,872)	11,527	11/02/2015	1FE	
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					X X X	20,211,054	20,078,000	20,928,864	14,698,737	(106,436)			(106,436)		20,760,387		(549,333)	(549,333)	405,414	X X X	X X X	
Bonds - Parent, Subsidiaries and Affiliates																						
5599999 Subtotal - Bonds - Parent, Subsidiaries and Affiliates					X X X																X X X	X X X
8399997 Subtotal - Bonds - Part 4					X X X	26,462,985	26,329,931	27,724,375	20,217,255	(639,542)			(639,542)		27,012,318		(549,333)	(549,333)	580,643	X X X	X X X	X X X
8399999 Subtotal - Bonds					X X X	26,462,985	26,329,931	27,724,375	20,217,255	(639,542)			(639,542)		27,012,318		(549,333)	(549,333)	580,643	X X X	X X X	X X X
Common Stocks - Mutual Funds																						
9299999 Subtotal - Common Stocks - Mutual Funds					X X X																X X X	X X X
9799997 Subtotal - Common Stocks - Part 4					X X X																X X X	X X X
9799999 Subtotal - Common Stocks					X X X																X X X	X X X
9899999 Subtotal - Preferred and Common Stocks					X X X																X X X	X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	26,462,985		27,724,375	20,217,255	(639,542)			(639,542)		27,012,318		(549,333)	(549,333)	580,643	X X X	X X X	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D Section 1 NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity NONE

E10 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E11 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
open depositories								
First Republic Bank San Francisco, California 09/30/2013					6,411,034	5,377,446	4,376,861	X X X
0199998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories	X X X	X X X						X X X
0199999 Totals - Open Depositories	X X X	X X X			6,411,034	5,377,446	4,376,861	X X X
0299998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash On Deposit	X X X	X X X			6,411,034	5,377,446	4,376,861	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X				X X X
0599999 Total Cash	X X X	X X X			6,411,034	5,377,446	4,376,861	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

INDEX TO PROPERTY & CASUALTY QUARTERLY STATEMENT

Accident and Health Insurance; Q3; Q13
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