

TRIAD GUARANTY INC.

CODE OF CONDUCT

This Code of Conduct (the “Code”) is designed to promote honest and ethical conduct, full, fair, accurate, timely and understandable disclosure of financial information in the periodic reports of Triad Guaranty Inc. (the “Company”), and compliance with applicable laws, rules and regulations.

Applicability

This Code applies to all Company employees. With respect to their services on behalf of the Company, each member of the Company’s Board of Directors must also comply with the relevant provisions of this Code.

Honest and Ethical Conduct

In performing his or her duties, each employee shall act in accordance with high standards of honest and ethical conduct, including the handling and resolution of actual or apparent conflicts of interest between personal and professional relationships. Employees should attempt to avoid conflicts of interest and employees who believe a conflict of interest may exist should promptly notify the General Counsel. The General Counsel will consider the facts and circumstances of the situation to decide whether a corrective or mitigating action is appropriate.

In addition, each employee shall promote high standards of honest and ethical conduct among fellow employees who have responsibilities in the areas of accounting, audit, tax and financial reporting and other employees throughout the Company.

All directors, officers and employees shall disclose their personal or business interests in any transaction in which the Company may engage, and shall recuse themselves from any discussion or decision affecting their personal or business interests.

Full, Fair and Accurate SEC Disclosure

To the extent applicable in the performance his or her duties, each employee shall endeavor to promote, and shall take appropriate action within his or her areas of responsibility to cause the Company to provide, full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the Securities and Exchange Commission and in other public communications.

To the extent applicable in the performance of his or her duties, each employee shall, within his or her areas of responsibility, engage in, and seek to promote, full, fair, and accurate disclosure of financial and other information to, and open and honest discussions with, the Company’s outside auditors.

Compliance with Laws

In performing his or her duties, each employee shall endeavor to comply, and take appropriate action within his or her areas of responsibility to cause the Company to comply, with applicable governmental laws, rules and regulations and, to the extent applicable in the performance of his or her duties, to endeavor to comply and cause the Company to comply with applicable rules and regulations of any securities exchange, automated quotation system or other regulated market where the Company's securities are listed or traded.

Each employee shall promptly provide the Company's General Counsel or the Company's Audit Committee with information concerning conduct such employee reasonably believes to constitute a material violation by the Company or its directors, officers or employees, of the securities laws, rules or regulations or other laws, rules or regulations applicable to the Company.

Reporting Violations of this Code

Employees shall promptly report any violation of this Code to the Company's General Counsel or to the Company's Audit Committee by setting forth their concerns in writing and forwarding them in a sealed envelope to either or both of the General Counsel or the Chair of the Audit Committee at the following addresses, with the envelope labeled with a legend such as: "To be opened by [addressee] only.":

General Counsel: Triad Guaranty Inc.
 101 South Stratford Road
 Winston-Salem, North Carolina 27104
 Attention: General Counsel

Audit Committee
Chair: David W. Whitehurst
 Audit Committee Chair
 Triad Guaranty Inc.
 3504 Countrywood Lane
 Birmingham, AL 35243

Any employee wishing to submit a report anonymously may wish to use regular mail to avoid revealing the sender's identity. The General Counsel, upon receipt of any such report, shall promptly notify the Audit Committee. If an employee would like to discuss any matter with the Audit Committee or the General Counsel, the employee should indicate this on the submission and include a telephone number at which he or she can be contacted if the Audit Committee or the General Counsel deems it appropriate.

Compliance and Accountability

The Audit Committee and the General Counsel will assess compliance with this Code, report violations of this Code to the Board of Directors and, based upon the relevant facts and circumstances, recommend to the Board appropriate action. A violation of this Code may result in disciplinary action, including termination of employment.

The General Counsel may designate employees who, based on their level of responsibility or the nature of their work, will be required to certify periodically that they have read, understood and complied with this Code.

Waiver and Amendment of this Code

The Company's Board of Directors shall have the authority to approve a waiver from any provision of this Code. A waiver means the approval of a material departure from a provision of this Code. The Company will publicly disclose information concerning any waiver or any implicit waiver of this Code for a director or executive officer in a Form 8-K within four business days of such waiver or implicit waiver.

The Company's Corporate Governance and Nominating Committee shall periodically review this Code and recommend any amendments or revisions, as it deems appropriate, to the Board of Directors for approval.

General Responsibilities

Each employee shall, in performing his or her duties, act in good faith, responsibly and with due care, competence and diligence.

Each employee shall respect the confidentiality of information acquired in the course of his or her work except when authorized or otherwise legally obligated to disclose such information and shall not use confidential information acquired in the course of his or her work for personal advantage.

In performing his or her duties on behalf of the Company, each employee shall endeavor to assure responsible use of and control over all assets and resources employed or entrusted to him or her.

Revised: January 21, 2010