

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
233 RICHMOND STREET
PROVIDENCE, RHODE ISLAND 02903

IN THE MATTER OF:)

AIG NATIONAL INSURANCE COMPANY)

)
)
)
) DBR No. 08-094

Respondent.)
_____)

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation ("Department") and the AIG National Insurance Company ("Respondent") as follows:

1. Pursuant to R.I. Gen. Laws § 27-13.1-4, the Department initiated a Market Conduct Examination ("Examination") in order to evaluate Respondent's compliance with applicable R. I. Gen. Laws and Rhode Island Insurance Regulations.
2. The Examination was completed and a report was issued on March 28, 2008.
On April 28, 2008 pursuant to R.I. Gen. Laws § 27-13.1-5(b), Respondent submitted written comments to the report.

WHEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

1. The Examination concluded that Respondent failed to comply with Rhode Island Gen. Laws §31-47-4 and Rhode Island Insurance Regulation 16 in all 16 company initiated nonrenewal notices issued during the period of examination from 1-1-06

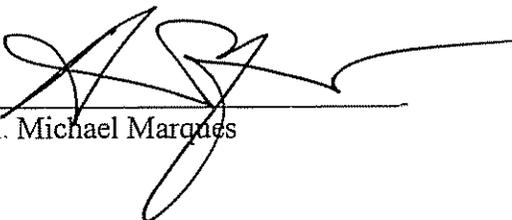
through 6-30-07. The nonrenewal notices failed to contain the mandatory Financial Security statement and notice to the insured of their possible eligibility for insurance through the Rhode Island Automobile Insurance Plan. The Department and Respondent agree that Respondent will pay an administrative penalty of five thousand dollars (\$5,000) as a result of these violations.

2. The Examination concluded that Respondent failed to comply with Rhode Island Gen. Laws §31-47-4 and Rhode Island Insurance Regulation 16 in all company initiated cancellation notices issued during the period of examination from 1-1-06 through 6-30-07. The cancellation notices failed to contain the mandatory Financial Security statement and notice to the insured of their possible eligibility for insurance through the Rhode Island Automobile Insurance Plan. The Department and Respondent agree that Respondent will pay an administrative penalty of five thousand dollars (\$5,000) as a result of these violations.

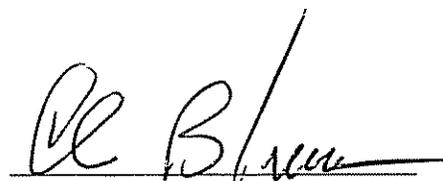
For all of the violations detailed herein, Respondent is ordered to pay an administrative penalty of ten thousand dollars (\$10,000).

Department and Respondent hereby consent and agree to the foregoing on this 30 day of April 2008.

Department of Business Regulation
By its Director,


A. Michael Marques

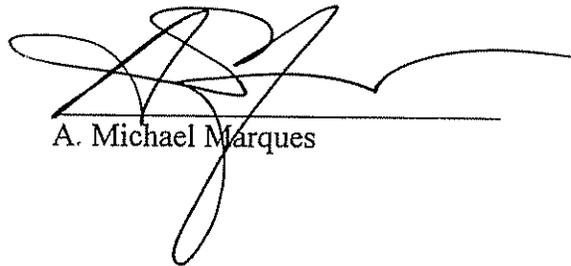
Respondent,



This agreement relates only to the examination of AIG National Insurance Company (NAIC Company Code 36587) and the issues discussed in the Report of Market Conduct Exam dated as of June 30, 2007 described herein and does not in any way relate to any other AIG Group company or issue. The Department is currently conducting an examination of other AIG Group Companies and this Consent Agreement does not in any way effect that examination or waive any rights of the Department as against any AIG Group Company.

May 6, 2008

Department of Business Regulation
By its Director,



A. Michael Marques