

CAUSE NO. D-1-GV-07-000761

STATE OF TEXAS,
Plaintiff,

v.

ENTERPRISE LIFE INSURANCE
COMPANY,
Defendant.

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IN THE DISTRICT COURT OF
TRAVIS COUNTY, TEXAS
353 JUDICIAL DISTRICT

Filed in The District Court
of Travis County, Texas

MAY 02 2007
At 4/2 M.
Analia Rodriguez-Mendoza, Clerk

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance ("AVC") is made and entered into this day by and between the State of Texas, acting through its Attorney General Greg Abbott, and Enterprise Life Insurance Company, (hereafter referred to as "Enterprise Life"), as follows:

1.0

RECITALS

1.1 Enterprise Life writes credit life and credit accident and health insurance policies in Texas, pursuant to TEX. INS. CODE § 1153, through a network of motor vehicle dealers that it has appointed as agents, pursuant to TEX. INS. CODE § 4055.104. With few exception all policies sold by Defendant to motor vehicle buyers are "single premium policies" where the entire period of insurance coverage, which can be as much as six years, is paid for up front in one payment and the sum is financed as part of the insured's retail installment loan.

1.2 The Consumer Protection and Public Health Division of the Office of the Attorney General ("CPD") is authorized to investigate and bring actions on behalf of the State of Texas for possible violations of the Deceptive Trade Practices - Consumer Protection Act ("DTPA"), TEX. BUS. & COM. CODE ANN. § 17.41, *et seq.*, the TEX INS. CODE ANN. § 541, *et seq.* (formerly TEX INS. CODE ANN. Art. 21.21, *et seq.*) and the rules and regulations

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promulgated thereunder ("Chapter 541").

1.3 On October 21, 2004, as part of a larger investigation of the credit insurance industry, CPD initiated an investigation of Enterprise Life regarding its practices relating to unearned premium refunds. CPD issued Civil Investigative Demands ("CIDs") to Enterprise Life, pursuant to § 17.61 of the DTPA, and sent related CIDs to motor vehicle creditors, requesting information about retail installment loans that were paid off early. Further, pursuant to §17.60 of the DTPA, CPD took sworn statements from Enterprise Life employees about Enterprise Life's refund policies and procedures.

1.4 Taking the data provided by Enterprise Life and comparing it to the data provided by the major motor vehicle finance companies, the Attorney General's Office identified what appeared to be at least 14,846 Enterprise Life insureds whose retail installment loans had terminated early at some point between the years 2002 through 2005, but had not received refunds of unearned premiums. The average amount of the refunds that may be owed to these presently identified insureds is estimated to be \$249.00.

2.0

ATTORNEY GENERAL'S ALLEGATIONS

2.1 With regard to the typical single premium credit insurance policy, the insurance company fully earns the premium upon completion of the policy term and when certain other events occur (e.g. paid life claim); however, if the policy is canceled by the insured or if the underlying debt is paid off prior to the expiration of the term, a portion of the premium is "unearned", and a refund of that unearned premium is due the insured.

2.2 In relevant part, regarding the refund of unearned premiums, Enterprise Life's

policy for single premium credit insurance states:

REFUND: If the insurance terminates prior to the scheduled expiration date, upon written notice the Company will refund any unearned premium to the creditor to be applied toward the debt...

2.3 Regarding the refund of unearned premiums, the Texas Insurance Code states that each individual or group policy issued in Texas “shall provide that if the underlying debt or the insurance terminates before the scheduled maturity date of the debt, including the termination of a debt by renewing or refinancing the debt, the refund of any amount paid by or charged to the debtor for insurance shall be paid or credited promptly to the person entitled to the refund.”

TEX. INS. CODE §1153.202.

2.4 The Attorney General alleges that the Texas Insurance Code and Texas Administrative Code provisions relating to credit insurance: (a) require Enterprise Life to promptly refund any unearned credit insurance premiums due its insureds upon the early termination of its insureds’ underlying debts; to establish procedures to determine when its insureds have terminated their motor vehicle contracts prior to their scheduled maturity date, and to distribute refund schedules to creditors who hold the retail installment contracts of Enterprise Life insureds; but (b) do not require any affirmative act on the part of insureds, including providing notice to the credit insurance company of the early termination of their underlying retail installment loans as a condition precedent to a premium refund.

2.5 Enterprise Life has not made refunds of unearned credit insurance premiums due to all eligible insureds, pursuant to the requirements of the Texas Insurance Code and the Texas Administrative Code and has retained these premiums in violation §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.6 Enterprise Life makes statements to insureds that imply certain actions must be taken before refunds of unearned credit insurance premiums will be made, when such actions are not required by their insurance policies or applicable law, in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.7 Enterprise Life has failed to establish procedures to make certain that it will be timely informed by creditors holding the motor vehicle retail installment loans of its insureds, that the insureds' motor vehicle retail installment loans have been paid off early, in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.8 Enterprise Life has failed to adequately supervise the performance of their agents in making premium refunds, in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

3.0

ENTERPRISE LIFE'S DENIAL

3.1 Enterprise Life has denied and continues to deny the Attorney General's allegations, but in the interest of avoiding the time, expense and uncertainty of litigation, desires to settle and compromise its disputes and differences regarding the Attorney General's allegations.

4.0

PARTIES' AGREEMENT

4.1 In consideration of the mutual promises and covenants herein contained, the State of Texas and Enterprise Life agree as follows:

WAIVER OF RELEASE IN ANY SUBSEQUENT CLASS ACTION

4.2 Enterprise Life shall waive enforcement of any release contained in any class action settlement agreement related to Enterprise Life's unearned credit insurance premium refund practices approved by any state or federal court after the effective date of the AVC, solely as to Enterprise Life insureds who purchased credit insurance in the State of Texas. Said waiver shall be solely and exclusively for the limited, express purpose of carrying out the provisions of this AVC. Enterprise Life does not waive enforcement of the release set forth in any class action settlement regarding unearned credit insurance premiums to any other extent or for any other purpose.

PREMIUM REFUNDS TO KNOWN INDIVIDUALS

4.3 Contemporaneous with the execution of this AVC, the Attorney General shall provide Enterprise Life with a report (hereafter referred to as "the First Report"), in electronic format, listing certain Enterprise Life insureds who purchased credit insurance in the State of Texas and whose retail installment loans terminated early between January 1, 2002 and December 31, 2006 but did not receive refunds of unearned credit insurance premiums. This First Report was developed by the Attorney General's Legal Technical Support Division utilizing data provided by Enterprise Life and data provided by motor vehicle creditors in response to CIDs.

Enterprise Life shall present to the Attorney General signed Protective Orders governing its use of information contained in the First report and Second Report (as defined below)

(collectively "the reports") provided by creditors AmeriCredit Corporation, Ford Motor Credit Company, DaimlerChrysler Financial Services America, LLC, Mitsubishi Motors Credit of America, Inc., and Capital One Auto Finance, Inc., prior to the execution of this AVC. These signed protective orders shall be filed with the Court along with the AVC. Apart from its specific obligations under said protective orders, Enterprise Life shall maintain the information contained in the reports in confidence under proper safeguards and will use it solely for the purpose of complying with this AVC. Distribution of the information contained in the reports within Enterprise Life will be limited to those individuals involved in carrying out Enterprise Life's duties under this AVC. Enterprise Life shall inform these individuals that the information may not be disclosed other than to Enterprise Life employees or agents participating in the carrying out of the terms of the AVC and with respect to information pertaining to a specific customer, to that customer.

4.4 Data in the First Report will be grouped by creditor and year of payoff and shall include the following information: name and address of the insured, name of the auto dealer who sold the policy, the effective or contract date of the loan, the scheduled maturity date of the loan, information regarding the payoff (including whether the loan terminated as the result of early payment or repossession), the Enterprise Life policy number, and the estimated refund amount, which represents the original premium refund owed by Enterprise Life plus seven percent (7%) simple interest on that amount, calculated on an annual basis, beginning sixty (60) days from the date the insured's retail installment loan was paid off and ending with the effective date of this AVC. Data concerning Enterprise Life insureds whose retail installment loans terminated between January 1, 2002 and December 31, 2006 but who did not receive refunds, or whose creditors did not receive such refunds, despite being assigned the right to such refunds, will be

grouped separately.

4.5 Enterprise Life shall have ninety (90) days from the effective date of this AVC to review the First Report and research its records to determine if the insureds listed in the report have already received premium refunds from Enterprise Life or its agents, or if the insureds were not due refunds pursuant to 28 TAC §§3.5901-3.5906, and §3.5104. Not later than ninety one (91) days following the effective date of the AVC, Enterprise Life shall submit to the Attorney General proposed revisions to the report, if any, including a list of insureds that Enterprise Life contends have already received premium refunds or did not qualify for refunds and evidence supporting those contentions. Evidence shall consist of the documents described below, each of which may be produced in electronic format, provided the Attorney General agrees to that format:

- (a) receipts evidencing cash payment of a refund;
- (b) documents, including spread sheet compilations, that evidence the premium refund check number, date of the check, bank name, and insured to whom the premium refund check was mailed;
- (c) documents evidencing that an insured's premium refund was credited to the insured's indebtedness, provided that such credit was applied to the indebtedness to which the insurance charges were attributable;
- (d) documents evidencing that a credit life benefit was paid on the insured's policy;
- (e) documents evidencing that credit accident and health benefits were used to pay off the indebtedness of an insured in a single payment;
- (f) documents evidencing that an insured's loan terminated because the insured's automobile was repossessed, and that a premium refund check or credit was sent to the insured or the insured's creditor; or

- (g) Enterprise Life electronic records evidencing cancellation and a life or accident and health premium refund to the insured or the insured's creditor.

All evidence submitted that an insured or the insured's creditor has already received a refund or was not qualified to receive a refund, should reference the specific policy number and type of insurance (credit life, credit accident and health) to which it applies and be accompanied by a brief narrative explanation. Should Enterprise Life require additional information on an insured listed in the First Report to determine that insured's eligibility for a refund, Enterprise Life may seek that information in good faith on a case-by-case basis, as needed.

4.6 The Attorney General shall review the information submitted by Enterprise Life for each insured Enterprise Life contends does not qualify under this AVC to receive a refund and shall make a good faith determination on whether the insured is or is not entitled to the refund. All decisions on whether an insured is entitled to a refund will be completed within one hundred fifteen (115) days of the effective date of the AVC. The Attorney General shall exercise independent judgment and good faith to determine whether the submitted evidence indicates that a given insured is entitled to a refund. The Attorney General's and Enterprise Life's determinations shall not be binding upon individual insureds and any right or cause of action that they may assert in any other proceeding.

4.7 Within one hundred fifteen (115) days from the effective date of the AVC, the Attorney General shall present a revised first report ("the Revised First Report") in electronic format to Enterprise Life with the names of those insureds who shall receive premium refunds, omitting the names of insureds who the Attorney General believes are not entitled to premium refunds based on its review of material submitted by Enterprise Life.

4.8 Within sixty (60) days of the receipt of the Revised First Report, Enterprise Life

shall issue a refund check or draft to each individual listed on the Revised First Report. The amount of this refund will be calculated using the rule of anticipation, in accordance with Section 3.5901, Title 28 of the Texas Administrative Code, plus seven percent (7%) interest calculated on an annual basis beginning sixty (60) days from the date the policy was effectively canceled and ending on the effective date of the AVC.

4.9 Each check or draft sent to insureds listed in the Revised First Report shall be mailed by first class mail with address correction requested to the address listed for the insured in the Revised First Report. All payments returned to Enterprise Life with a corrected address shall be forwarded to such corrected address. Any checks or drafts returned to Enterprise Life that are undeliverable shall be subject to TEX. PROP. CODE ANN. §§72.001-74.710. Enterprise Life shall pay all of its own costs in connection with issuing refunds under this AVC; provided, however, Enterprise Life shall not be prohibited from seeking reimbursement from its reinsurers, agents or dealers.

4.10 Each refund check or draft issued to insureds listed in the Revised First Report shall be accompanied by a letter in the form attached hereto as **Exhibit A**. The letter and check and/or draft shall be mailed in a standard Enterprise Life business envelope, displaying the name and logo for Enterprise Life, which shall also state prominently on the outside, "IMPORTANT INFORMATION REGARDING YOUR PREMIUM REFUND."

4.11 After completing the processing of additional creditor data, the Attorney General shall provide Enterprise Life a second electronic report (hereafter "the Second Report") listing certain Enterprise Life insureds not listed in the First Report or Revised First report who purchased credit insurance in the State of Texas and whose retail installment loans terminated early between January 1, 2002 and December 31, 2006 but who did not receive refunds of

unearned credit insurance premiums. The Second Report shall be set out in the same format as the First Report and Revised First Report. The Attorney General shall provide the Second Report to Enterprise Life, no sooner than forty-five (45) days after the effective date of the AVC.

4.12 The payment of premium refunds to insureds listed in the second report and the process for disputing whether these insureds are due refunds will be governed by the same procedures as those outlined in sections 4.3 and 4.5 through 4.10, *supra*, except that the referenced dates upon which Enterprise Life is required to take actions required by this AVC shall be modified as follows. For all referenced dates in sections 4.5 and 4.7, the phrase “from the effective date of this AVC,” shall be replaced by the phrase “from Enterprise Life’s receipt of the Second Report.” For section 4.6, the phrase “of the effective date of the AVC,” shall be replaced by the phrase “of Enterprise Life’s receipt of the Second Report.” For section 4.7, the phrase “Attorney General shall present a Revised First Report,” shall be replaced by the phrase, “The Attorney General shall present a Revised Second Report.” For section 4.8, the phrase “receipt of the Revised First Report,” shall be replaced by the phrase “receipt of the Revised Second Report.” For sections 4.8 and 4.10, the phrase “listed in the Revised First Report” shall be replaced by the phrase “listed in the Revised Second Report.”

**NOTICE AND CLAIM PROCEDURE FOR INSUREDS
ENTITLED TO PREMIUM REFUND BUT NOT YET IDENTIFIED**

4.13 Enterprise Life shall maintain a claims website (the “Claims Website”) beginning ninety (90) days from the execution of the AVC and continuing until the three hundredth (300th) day following the execution of the AVC. The Claims Website will inform potential claimants of their right to file a claim for premium refunds pursuant to this AVC and to request a claims package (the “Claims Package”) which shall consist of **Exhibits B, C, and D**, attached hereto. A

link to the Claims website entitled, "Enterprise Life Agreement With Texas Attorney General" shall be maintained and conspicuously displayed at Enterprise Life's main corporate website, www.efgcompanies.com beginning ninety (90) days from the execution of the AVC and continuing for a period of three hundred (300) days following the execution of the AVC.

4.14 The Claims website shall include the content of the attached **Exhibit E**, a link to a form for ordering a "Claims Package," and a section for "Frequently Asked Questions." Visitors to the website may request the "claims package" referenced in paragraph 4.13, *supra*, by entering their name and address in the website form. Enterprise Life shall mail the "Claims Package" referenced in paragraph 4.13, *supra*, no later than three business days from the date a request is submitted online. Enterprise Life shall send to the Attorney General's Office an email confirmation of each online request for a claim form, listing the name and address of the claimant, a unique request number, and the date the Claims Package was requested, to an Attorney General email address to be provided.

4.15 Enterprise Life shall also mail a Claims Package to any individual requesting it by telephone, or by mail, no later than three days after such request. Enterprise Life shall begin mailing the Claims Package beginning on the effective date of the AVC and continuing for a period of three hundred (300) days from the effective date of the AVC. Individuals making a claim need provide only their name and address, either orally, or in writing, to receive a Claims Package. Enterprise Life shall maintain a log of all requests for Claims Packages whether made online, by telephone or by mail. Enterprise Life shall provide an updated copy of the log to the Attorney General monthly, beginning sixty (60) days from the effective date of the AVC and continuing for a period of three hundred (300) days from the effective date of the AVC. The

report shall be provided via electronic mail to the e-mail address referenced in paragraph 4.14, *supra*.

4.16 All Claims Packages sent pursuant to this AVC shall be mailed in a standard Enterprise Life business envelope which shall display the name and logo for Enterprise Life and which shall also state prominently on the outside of the envelope, "IMPORTANT INFORMATION REGARDING PREMIUM REFUND CLAIMS." Each Claims Package shall be mailed by first class mail with address correction requested and shall be accompanied by a postage pre-paid return envelope addressed to Enterprise Life. All Claims Packages returned because of an incorrect address shall be mailed to the corrected address. Not later than three hundred thirty (330) days from the effective date of the AVC, Enterprise Life shall present the Attorney General in electronic and paper format a list of individuals (including their addresses) to whom Claims Packages were sent and the date of the mailing for each, a list of individuals to whom Claims Packages were sent to corrected addresses, and a list of individuals to whom Claims Packages were sent but were returned as undeliverable.

4.17 Enterprise Life shall accept claims submitted on the form attached as **Exhibit C** (the "Claim Form") for a period of up to ninety-five (95) days from the date that Enterprise Life mailed the Claims Package. The Claim Form provides two options for individuals making a claim. For each Claim Form received by Enterprise Life prior to the ninety-fifth (95th) day on which it was mailed where the insured has selected Option One, Enterprise Life shall have up to sixty (60) days from receipt of the claim to make a good faith determination if a refund should be made to the claimant in accordance with the requirements of 28 TAC §§3.5901-3.5906, and §3.5104. If Enterprise Life has failed to make a determination within this time period, then the presumption shall be that the insured is entitled to a refund and payment shall be made to the

insureds according to the procedures set out in section 4.19 *infra*. For each Option One claim form submitted, the following documents shall be accepted as *prima facie* proof of a loan payoff by Enterprise Life: (1) a copy of a pay off notice from a motor vehicle creditor, (2) copy of a motor vehicle title showing a lien release date that is earlier in time than the scheduled maturity date of the motor vehicle retail installment loan, (3) a copy of a cover letter showing the transmittal to the insured of a clear motor vehicle title, and (4) any other document from a motor vehicle creditor that provides information on the date that a customer's motor vehicle retail installment loan was paid off. Failure by any of Enterprise Life's insureds to submit a claim form within ninety-five (95) days shall in no way limit individual insureds from asserting any private right or cause of action that they may assert in any other proceeding.

4.18 If Enterprise Life determines that the documents providing proof of payoff are insufficient and fail to provide the customers name, address, and payoff date, Enterprise Life shall treat the claim as being made under Option Two of **Exhibit C**, and proceed according to the procedures for Option Two claims set out in section 4.19 of the AVC.

4.19 For each of the claim forms received by Enterprise Life where the insured selected Option Two, as described in **Exhibit C**, Enterprise Life or its agents/automobile dealers shall make a good faith effort through a search of its records, and those of its agents, to determine if the claimants' retail installment loans terminated prior to their scheduled termination date and whether they are owed a premium refund, completing that research no later than sixty (60) days after receiving the claim. This research shall at a minimum involve contacting the insured's original motor vehicle dealer and the holder of the insureds motor vehicle retail installment loan by telephone, or in writing, to determine when the insured's retail installment loan was terminated, using **Exhibit D**, if required.

4.20 After completing its review of Option One and Option Two claims, Enterprise Life shall issue refund checks for the full amount of unearned credit insurance premiums to each and every insured it has determined to have paid off his or her motor vehicle retail installment loan prior to its maturity date and to be owed a refund of unearned credit insurance premium in accordance with the requirements of 28 TAC §§ 3.5901-3.5906 and 3.6101(b). These refunds shall be processed no later than sixty five (65) days after receipt of a claim for refund, and ninety days after receiving an Option One claim treated as Option Two claim pursuant to section 4.18 of this AVC. The amount of these unearned premium refunds shall include simple interest in the amount of seven percent (7%) calculated annually, beginning sixty (60) days from the date the insureds retail installment loan was paid off and ending with the effective date of the AVC. Such refunds will be accompanied by a letter in the form attached as **Exhibit E** and mailed in the type of envelope described in 4.11 *infra*. Any checks or drafts returned to Enterprise Life that are undeliverable shall be subject to TEX. PROP. CODE ANN. §72.001-74.710. Enterprise Life shall pay all of its costs incurred in connection with the issuing of refunds under this AVC, provided however, Enterprise Life shall not be prohibited from seeking reimbursement from its reinsurers, agents, or dealers.

4.21 If a claimant selecting either Option One or Option Two does not qualify for a premium refund under the terms of this AVC or has already received a premium refund, Enterprise Life shall send the claimant the letter attached as **Exhibit G**, identifying the reason for the denial no later than sixty-five (65) days from the receipt of their claim, or ninety (90) days if the claim is an Option One claim being treated as an Option Two claim under section 4.18 of the AVC. Such letter will also be mailed in the type of envelope described in 4.10 *infra*. Enterprise Life's determination that a claimant is not owed a refund under the terms of this AVC is not

binding as to any individual right or cause of action that may be asserted any other proceeding or cause of action.

4.22 Twelve (12) months after the effective date of this AVC Enterprise Life shall file with the Attorney General a verified report under oath which shall state:

- (a) the total dollar amount of premium refunds, including interest, mailed to insureds pursuant to this AVC;
- (b) the total number of claims for refund submitted, the number of claims where refunds were owed, and the number of claims where no refunds were owed;
- (c) the total number of insureds to whom checks or drafts were mailed;
- (d) the total number and dollar amount of negotiated checks or drafts;
- (e) the total number and dollar amount of returned checks or drafts;
- (f) a list of insureds to whom premium checks were sent, including the addresses of the individual insureds and the amount of interest paid to each individual insured as part of their refund;
- (g) a list of claimants who were determined not be owed premium refunds, including: their names and addresses, and a short explanation of why they were not entitled to a refund;
- (h) the total number and dollar amount of premium refund checks turned over to the abandoned property fund pursuant to TEX. PROP. CODE ANN. §72.001.

RELEASE

4.23 Each check or draft issued pursuant to the terms of this AVC may also include on

the back of the check or draft a release as follows: "I release Enterprise Life Insurance Company and its agents from any and all liability related to or arising out of any failure to previously pay this premium refund."

4.24 No later than sixty (60 days) after the court approves this AVC, Enterprise Life shall pay \$160,000 to the Office of the Attorney General as its attorneys' fees, expenses, and costs of investigation, in full and final settlement of all financial obligations to the State of Texas under this AVC. Failure to pay within the designated time period shall be a material breach of this agreement.

CHANGES TO PREMIUM REFUND PROCEDURES

4.25 From the effective date of this AVC forward, Enterprise Life shall conform its current procedures to comply with TEX. INS. CODE Chapter 1153 (and any subsequent re-codification or re-numbering of this Chapter) and all rules and regulations promulgated under Chapter 1153 by the Texas Department of Insurance, including any amendments or modifications to those regulations made after the effective date of this AVC, and any rules not yet promulgated by the Texas Department of Insurance as of the effective date of this AVC.

4.26 Commencing not later than one hundred twenty (120) days after the effective date of this AVC, Enterprise Life shall initiate a procedure to send to each of its then current Texas insureds, with the exception of those insureds who already received refunds of unearned credit insurance premiums or whose policies are no longer active, a letter in the form attached hereto as **Exhibit H**, on or before thirty (30) days prior to the scheduled maturity date of their automobile retail installment loan(s).

5.0

COURT APPROVAL

5.1 The parties agree that they will submit this AVC to a court of competent jurisdiction in Travis County and request that the court approve and enter this AVC pursuant to the terms set forth in this AVC and TEX. BUS. & COM. CODE § 17.58.

5.2 The "effective date" of the AVC shall be the day it is approved by the District Court. If the court does not approve this AVC, this AVC shall become null and void.

5.3 If any federal or Texas law, rule or regulation creates a new statutory or regulatory provision that materially conflicts with the terms of this AVC, then this AVC shall be automatically modified to reflect and incorporate that law, rule, or regulation prospectively from the date the new provision becomes effective. For the purposes of this AVC, a material conflict exists if conduct prohibited by the AVC is required by such Texas or federal law, or if conduct required by the AVC is prohibited by such Texas or federal law.

5.4 The parties hereto agree that this is a compromise of a disputed claim, and that this AVC is entered into without admitting any liability, which liability is expressly denied, and without agreement by any party to any of the allegations or defenses made by another party. Nothing contained herein shall be deemed an admission of liability or wrongdoing of any kind.

5.5 Nothing in the AVC shall be construed as a waiver of any private rights, causes of action or remedies of any person against Enterprise Life with respect to their practices alleged herein.

5.6 The parties hereto release and discharge each other and Enterprise Life's past and present agents, employees, affiliates, officers, representatives, successors, parents, subsidiaries and divisions, from any and all claims for damages or other relief arising out of Enterprise Life's failure to refund unearned premiums due to its insureds which may have accrued on or before December 31, 2006, whether or not asserted by the parties, in their pleadings in this case or

otherwise.

5.7 The parties represent and warrant, each to the other, that each has the authority to enter into and make this AVC, and to bind themselves to this AVC. Enterprise Life and the Attorney General agree that nothing in this AVC shall create any private rights, causes of action or remedies of any other individual or entity against Enterprise Life.

5.8 This AVC shall be governed by TEX. BUS. & COM. CODE §17.58.

5.9 Any and all taxable costs of court are taxed against Enterprise Life.

6.0

MISCELLANEOUS PROVISIONS

6.1 To seek a modification or termination of this AVC for any reason, Enterprise Life shall send a written request to the Attorney General. The Attorney General shall make a good faith evaluation of the then existing circumstances, and after collecting information the Attorney General deems necessary, make a prompt decision as to whether to agree to the modification or termination of this AVC. In the event the Attorney General timely denies the modification or termination, Enterprise Life reserves all rights to pursue any legal or equitable remedies available to it. No waiver, termination, modification, or amendment of the terms of this AVC shall be binding unless made by order of the Court; provided, however, the parties may agree to an extension of any time periods in this AVC without an order of this court.

6.2 This AVC may be executed in any number of counterparts and each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same AVC.

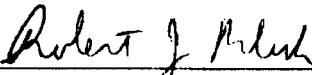
EXECUTED this 2nd day of MAY, 2007.

GREG ABBOTT
Attorney General of Texas

KENT C. SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy First Assistant Attorney General

PAUL CARMONA
Chief, Consumer Protection Division



ROBERT J. BLECH
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Assistant Attorney General
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(512) 475-4360 / FAX (512) 463-1267

ATTORNEYS FOR THE STATE OF TEXAS

By: _____
Mr. Michael Perkins
Sneed, Vine, & Perry, P.C.
901 Congress Avenue
Austin, Texas 78701
State Bar No. 15788500

ATTORNEY FOR DEFENDANT ENTERPRISE
LIFE INSURANCE COMPANY

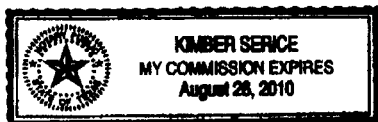
Enterprise Life Insurance Company

By: _____
William J. Bigley
PRESIDENT

THE STATE OF TEXAS §
 §
COUNTY OF §

On this 24 day of April 2007, before me, the undersigned authority, personally appeared William J. Bigley, who is personally known to me and acknowledged himself/herself to be an agent for Enterprise Life Insurance Company, and he/she, as such an agent, being authorized to do so, executed the foregoing instrument for the purpose and consideration therein contained by signing for the Enterprise Life Insurance Company by himself/herself as an agent for such.

In witness whereof, I hereunto set my hand and official seal.



Kimber Service
Notary Public, State of Texas

My Commission Expires: 8/26/2010

EXHIBIT A

**[CUSTOMER NAME]
[Enterprise Life Certificate #]
[Effective Date of Certificate]**

NOTICE OF SETTLEMENT

Enterprise Life Insurance Company, ("Enterprise Life") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding Enterprise Life's practices in refunding unearned credit insurance premiums. Enterprise Life has agreed to refund to eligible insureds the unearned premiums due to them because their automobile loans ended early. Enterprise Life has additionally agreed to pay interest on the refund in the amount of seven percent (7%) simple interest per annum, starting sixty (60) days from the date the auto loan ended and ending on date of the agreement between the Attorney General and Enterprise Life.

The Attorney General's Office has learned through its investigation that your automobile loan ended early and that you were entitled to a refund of unearned credit insurance premium from Enterprise Life. Enclosed please find a check or draft for the unearned credit insurance premium refund due you. This check or draft reflects the amount of unearned credit insurance premium refund that was originally due plus interest at 7% per annum.

If you have any questions about the enclosed check, please call Enterprise Life at [insert phone number].

Enclosure: Check#

EXHIBIT B

[CUSTOMER NAME]
[Enterprise Life Certificate #]
[Effective Date of the Certificate]

**NOTICE OF SETTLEMENT AND CLAIM PROCEDURES
FOR ENTERPRISE LIFE INSURANCE INSUREDS**

Enterprise Life Insurance Company, ("Enterprise Life") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding Enterprise Life's handling of unearned credit insurance premiums. Enterprise Life has agreed to refund to eligible insureds the unearned premiums due to them because their automobile loans **were paid off early between January 1, 2002 and December 31, 2006.** Enterprise Life has additionally agreed to pay interest on the refunds in the amount of seven percent (7%) per annum, starting sixty (60) days from the date the auto loan was paid off and ending on the date of the agreement. **You may be an eligible insured if your automobile loan insured by Enterprise Life was paid off early in the years between January 1, 2002 and December 31, 2006.**

If you believe that you are eligible for a refund of your credit insurance premium, please fill out and mail the attached claim form to Enterprise Life. If possible, attach to your claim form documents showing proof that your loan was paid off early. **Claimants attaching such proof may receive their refunds more quickly.** The following documents are acceptable: (1) a copy of a pay off notice from a motor vehicle creditor, (2) a clear motor vehicle title showing a date that is earlier than the scheduled maturity date of your motor vehicle loan, (3) a copy of a cover letter showing the transmittal to the policyholder of a clear motor vehicle title, and (4) any document or letter from a motor vehicle creditor that provides information on the date that a customer's motor vehicle loan was paid off. This form also includes an authorization that will allow your creditor to share proof of your motor loan contract with Enterprise Life Insurance for the purpose of determining your eligibility for a refund.

**YOU MUST FILL OUT AND MAIL THE ATTACHED CLAIM FORM WITHIN
NINETY (90) DAYS OF THE DATE YOU RECEIVE IT**

If you have any questions concerning the settlement between the Attorney General and Enterprise Life and the claim procedure describe above, please contact _____, at 1-800 _____.

EXHIBIT C
CLAIM FORM FOR ENTERPRISE LIFE CREDIT
INSURANCE PREMIUM REFUND

Read the following options, and check the one that applies to your circumstances.

OPTION ONE

_____ I believe that my auto loan that was insured by an Enterprise Life Credit insurance policy was paid off early between January 1, 2002 and December 31, 2006, and am requesting that Enterprise Life process my premium refund check. I am attaching one of the following as proof of the loan payoff: a copy of a document sent by my creditor informing me of the payoff and listing the payoff date; a copy of my auto title with a date that shows the loan was paid off early; or any other type of document that demonstrates my loan was paid off early.

OPTION TWO

_____ I believe, that my auto loan insured by an Enterprise Life Credit insurance policy was paid off early between January 1, 2002 and December 31, 2006, but do not have any documents in my possession that show this payoff. I am requesting that Enterprise Life do research to determine if my loan was paid off early, and will sign the attached Insured's Authorization authorizing the holder of my automobile retail installment loan to provide information as to the payoff date of the loan to Enterprise Life or its authorized agent, and authorizing Enterprise Life to request a copy of my credit report, if necessary. **You must the sign Insured's Authorization to qualify for a refund under Option Two.**

PLEASE PRINT LEGIBLY

Insured's Name:	Policy Number (if available):
Insured's Current Address:	Date Auto Loan Commenced (if available):
Insured's Address at Time Policy Was Purchased (if different from address above):	Date Auto Loan Terminated (if available):
Insured's Telephone Number:	Place Where Policy was Purchased (e.g. Name and Location of Car Dealership, if available):
Insured's Date of Birth:	
Insured's Signature:	Signed this DATE:

[For Option One claims, please attach copies of documents showing early loan pay off. If you need more space, please attach a separate sheet of paper.]

EXHIBIT D

INSURED'S AUTHORIZATION

I hereby authorize any company or entity which held and serviced my retail installment automobile loan, to disclose non-public information to Enterprise Life Insurance Company or its authorized agents regarding the date the loan or retail installment loan was paid off, for the sole purpose of determining my eligibility for a premium refund. This authorization is intended to serve as a consent to disclose non-public information pursuant to the Graham-Leach-Bliley Act, 15 U.S.C. §6802 (e)(2).

This request for information by Enterprise Life is made pursuant to its Assurance of Voluntary Compliance Agreement with the Texas Attorney General's Office which settled the Attorney General's investigation into Enterprise Life's credit insurance premium refund practices.

I further authorize Enterprise Life Insurance Company to obtain my credit report, solely for the purpose of verifying my eligibility for a refund.

In making these authorizations, I understand that I waive all federal, state, and local privacy laws, statutes, and regulations as to any and all authorized actions taken by Enterprise Life in confirming my eligibility for a refund.

Signed this _____, day of _____, 2007.

Name

Phone Number

Current Address

EXHIBIT E

**NOTICE OF SETTLEMENT AND CLAIM PROCEDURES
FOR ENTERPRISE LIFE INSURANCE INSUREDS**

Enterprise Life Insurance Company, ("Enterprise Life") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding Enterprise Life's handling of unearned credit insurance premiums. Enterprise Life has agreed to refund to eligible insureds the unearned premiums due to them because their automobile loans **were paid off early between January 1, 2002 and December 31, 2006.** Enterprise Life has additionally agreed to pay interest on the refunds in the amount of seven percent (7%) per annum, starting sixty (60) days from the date the auto loan was paid off and ending on the date of the agreement. **You may be an eligible insured under the terms of this agreement if your automobile loan insured by Enterprise Life was paid off early in the years between January 1, 2002 and December 31, 2006.**

If you believe that you are eligible for a refund of your credit insurance premium you may order a claim form by clicking on the "claim form link" and entering your name and address, and, at your option, your phone number. Enterprise Life will mail a claim form within three (3) days. You must fill out and sign the claim form within ninety five days of the postmarked date on the claim form envelope.

If you prefer to request the claim form by mail, please send a letter to [Insert Enterprise Life Address] stating, "Please send me a claim form for State of Texas v. Enterprise Life Insurance, providing your name and address. You may also request a claim form by calling 1-800-_____ and providing your name and address over the phone.

If you have any questions concerning the settlement between the Attorney General and Enterprise Life and the claim procedure describe above, you may view the Frequently Asked Questions about Claim Procedure Link , or contact _____, at 1-800 _____.

EXHIBIT F

**[CUSTOMER NAME]
[Enterprise Life Certificate #]
[Effective Date of the Certificate]**

NOTICE OF PREMIUM REFUND

You recently filed a claim for a premium refund in connection with the agreement between Enterprise Life Insurance Company and the Texas Attorney General, Greg Abbott, regarding Enterprise Life's premium refund practices. Enclosed please find a check from Enterprise Life Insurance for a refund of unearned credit insurance premiums on the certificate listed above. The amount in the check reflects the original amount of the premium refund owed, plus 7% simple interest calculated on an annual basis.

If you have any questions about this settlement check, please contact Enterprise Life Insurance at 1-800 _____.

EXHIBIT G

Date

[Customer Name and Address]

Re: Claim for Premium Refund

Dear Claimant:

You filed a claim for a claim for a premium refund pursuant to the agreement between Enterprise Life and the Texas Attorney General, Greg Abbott, regarding Enterprise Life's premium refund practices. After researching your claim, Enterprise Life regrets to inform you that you are not owed a premium refund due to one of the reasons listed below:

- _____ 1. Enterprise Life records show that you, or your creditor were already issued a premium refund check(s).

- _____ 2. You were not entitled to a premium refund because the refund amount was less than three (3) dollars.

- _____ 3. Your automobile contract was not terminated early.

- _____ 4. Other: _____

Enterprise Life's determination that you are not owed a refund under Enterprise Life's agreement with the Attorney General is not binding as to any right or cause of action that you may assert in any other proceeding or cause of action regarding your claim for a premium refund. If you have any questions about the claim, please call 1-800-_____

EXHIBIT H

[Current Date]

Dear Mr/Ms [Insert Name]:

Re: Policy # [Insert Certificate Number] Dated [Insert Date]
Expiring [Insert Date]

Thank you for being our valued insured! We trust that we have served your needs to the fullest.

In the event you paid off or refinanced your automobile loan prior to its original maturity date of [insert maturity date] you may be due a refund of unearned premium. You may, at your option, contact our office at 1-800- _____ if your loan was paid off early and you have not received a refund of unearned premium. Proof of an early loan payoff may be provided by the pay off notice or any document showing that your motor vehicle loan was paid off early.

If you do not know if your loan was paid off early, you may sign the attached Authorization to Disclose Non-Public Information, giving us permission to contact your motor vehicle contract holder to determine if the loan was paid off early. Enterprise Life will then contact your lien holder to determine if the loan was paid off early.

Sincerely,

Enterprise Life Insurance Company
Credit Insurance Division

Enclosure: Authorization to Disclose Non-Public Information

INSURED'S AUTHORIZATION TO DISCLOSE
NON-PUBLIC INFORMATION

I hereby authorize any company or entity which held and serviced my retail installment automobile loan, to disclose non-public information to Enterprise Life Insurance or its authorized agents regarding the date the loan or retail installment loan was paid off, for the sole purpose of determining my eligibility for a premium refund. This authorization is intended to serve as a consent to disclose non-public information pursuant to the Graham-Leach-Bliley Act, 15 U.S.C. §6802 (e)(2).

Signed this _____, day of _____, 2007.

Name

Phone Number

Current Address: