

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 promulgated thereunder ("Section 541").

1.3 On or about October 21, 2004, CPD initiated an investigation of American National regarding its practices relating to unearned premium refunds. CPD issued Civil Investigative Demands ("CIDs") to American National, 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 American National employees about American National's refund policies and procedures.

1.4 Taking the data provided by American National and comparing it to the data provided by the major motor vehicle finance companies, the Attorney General's Office identified at least 16,978 American National 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 \$268.75.

1.5 This law suit was commenced by the State of Texas on July 13, 2006, with Plaintiff's Original Petition complaining of American National, and alleging violations of the Texas Deceptive Trade Practices -- Consumer Protection Act, TEX. BUS. & COM. CODE § 17.41, *et seq.* (the "DTPA"), (formerly TEX. INS. CODE art. §21.21), and current TEX. INS. CODE §541.001 *et seq.*

1.6 Pursuant to its prosecution of this law suit enforcement action, CPD provided

American National with a list of 12,838 American National insureds identified by the Attorney General's Office as being owed refunds of unearned credit insurance premiums. The list did not contain insureds identified through data provided by motor vehicle finance companies who asserted that their data contained trade secrets.

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; 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 pro-rata measure 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, American National's policy for single premium credit insurance states:

"This insurance stops on the scheduled termination date; or when your loan is paid off, renewed, refinanced, or otherwise stops, whichever happens first[W]e will make the refund or credit after we receive written notice of the termination."

American National Policy CRL-8119-TX (1153)

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 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 American National Insurance to promptly refund any unearned credit insurance premiums due their insureds upon the early termination of their insureds' underlying debts; to establish procedures to determine when their 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 American National Insureds; (b) but 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 American National 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 of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.6 American National 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 American National 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 American National 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

AMERICAN NATIONAL'S ALLEGATIONS AND DENIAL

3.1 American National 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 American National agree as follows:

WAIVER OF CLASS ACTION RELEASE

4.2 American National shall waive enforcement of any release contained in any class action settlement agreement related to American National's unearned credit insurance premium refund practices approved by any state or federal court, solely as to American National insureds who purchased credit insurance in the State of Texas and are entitled to relief pursuant to this AVC. Said waiver shall be solely and exclusively for the limited, express purpose of carrying out the provisions of this AVC. American National 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 American National with a report (hereafter referred to as "the first report"), in electronic format, listing certain American National insureds who purchased credit insurance in the State of Texas and whose retail installment loans terminated early between January 1, 2002 and December 31, 2005, but who 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 American National and data provided by major motor vehicle creditors in response to CIDs. American National shall maintain the information contained in this report in confidence under proper safeguards and will use it solely for the purpose of complying with this AVC. Distribution of the information in the report within American National will be limited to those individuals involved in carrying out American National's duties under this AVC. American National shall inform these individuals that the information may not be disclosed other than to American National 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 policy, the scheduled maturity date of the policy, the pay off date of the policy (as provided by the listed creditor), the American National policy number, and the estimated refund amount, which represents the original premium refund owed by American National plus 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. All estimated premium refund amounts calculated by the Attorney General will be calculated taking the average of the Rule of 78 and the Pro-Rata

methods.

4.5 American National shall have ninety days (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 American National 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 the ninety first (91st) day following the effective date of the AVC, American National shall submit to the Attorney General, proposed revisions to the report, if any, including a list of insureds that American National contends have already received premium refunds in an amount required by the terms of each insured's policy and relevant law, or did not qualify for refunds, and proof supporting these contentions. Proof shall consist of the documents described below, each of which may be produced in electronic 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 motor vehicle was repossessed, and that a premium refund check or credit was sent

to the insured or the insured's creditor;

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

All proof submitted that an insured or the insured's creditor has already received a refund in the proper amount 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.

4.6 If American National and the Attorney General agree that a given insured is not entitled to a premium refund, that insured shall be removed from the Attorney General's report. If American National and the Attorney General cannot agree on whether a given insured is entitled to a premium refund, both parties may submit proof, as defined by this section, in support of its position to a Claims Ombudsman, to be jointly chosen by the Attorney General and American National and paid by American National, who shall exercise independent judgment in good faith to determine whether a preponderance of the evidence indicates that a given insured is not entitled to a refund. Claims may be submitted to the Claims Ombudsman for ninety (90) days from the effective date of the AVC. The Claims Ombudsman's decision as to a given policyholder shall be binding upon the Attorney General and American National. The Claims Ombudsman's decisions shall not be binding upon individual insureds and any right or cause of action that they may assert in any other proceeding. The Claims Ombudsman must complete all decisions within one hundred (100) days of the effective date of the AVC. Any insureds referred to the claims ombudsman for whom the claims ombudsman fails to submit decisions within one hundred (100) days of the effective date of the AVC will be included in the Attorney General's "first revised report," referenced below, and payment will be made to the insureds according to the procedures

set out in section 4.8 *infra*. In the event American National and the Attorney General are unable to agree on a Claims Ombudsman, the 126th Judicial Court of Travis County, Texas, shall select the Claims Ombudsman. Should American National require additional information on an insured listed in the Report to determine that insured's eligibility for a refund, American National may seek that information in good faith, on a case by case basis, as needed.

4.7 Within One Hundred and 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 American National with the names of those insureds who shall receive premium refunds, omitting the names of insureds who the Attorney General and American National agree are not entitled to premium refunds and omitting the names of insureds who the Claims Ombudsman determines are not entitled to premium refunds.

4.8 Within thirty (30) days of the receipt of the revised first report, American National shall issue a refund check or draft to each individual listed on the revised first report. The amount of this refund will be in an amount required by the terms of each insured's policy and relevant law, plus 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 American National with a corrected address shall be forwarded to such corrected address. Any checks or drafts returned to American National that are undeliverable shall be subject to TEX. PROP. CODE ANN. §§72.001-74.710. American National shall pay all costs in connection with issuing refunds under this AVC.

4.10 Each refund check or draft issued to insureds listed in the revised 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 American National business envelope, displaying the name and logo for American National, which shall also state prominently on the outside, "IMPORTANT INFORMATION REGARDING YOUR PREMIUM REFUND."

4.11 No sooner than fourteen (14) days after the effective date of the AVC, the Attorney General shall provide American National with a report (hereafter referred to as "the second report"), in electronic format, listing certain American National 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 who did not receive refunds of unearned credit insurance premiums.

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 4.5 through 4.10 supra., with the following exceptions. For all referenced dates in sections 4.5 through 4.7, the phrase "from the effective date of this AVC," shall be replaced by the phrase "from American National's receipt of the second report." For sections 4.7 through 4.10, the phrase "revised first report," shall be replaced by the phrase "revised second report."

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

4.13 American National shall maintain a claims website (the "claims website") beginning thirty (30) 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

allow them to request the claims package attached hereto as **Exhibit B, C, and D**. A link to the claims website titled "American National Agreement With Texas Attorney General" shall be maintained at American National's main corporate website, www.anico.com beginning thirty days from the execution of the AVC and continuing for three hundred day (300) days following the execution of the AVC.

4.14 The claims website shall be in the form and have the content included in Exhibit E, including a link to an electronic form for ordering a paper copy claim form, and a "Frequently Asked Questions" section. Customers will be able to order the claims package attached hereto as **Exhibit B, C, and D** by entering their name and address in a form on the website. Customers will be provided a summary of their address information before submitting their claim. American National may also ask that the customer, at the customers option, to provide their phone number. American National shall mail the claims package referenced described supra. no later than three days from the date a request is submitted online. The Attorney General's office will be sent 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 at an Attorney General email address to be provided.

4.15 American National shall also mail the claims package to any individual requesting a claims package by telephone or by mail no later than three days after such request. American National shall begin mailing the claims package beginning on the effective date of the AVC and continue such mailing for three hundred (300) days from the effective date of the AVC.

Claimants need provide only their name and address either verbally or in writing to receive a claims package. American National shall maintain a log of all requests for claim forms whether made online, by telephone, or by mail, an updated version of which will be provided to the

Attorney General monthly beginning sixty (60) days from the effective date of the AVC and continuing three hundred (300) days from the effective date of the AVC.

4.16 All claims packages sent pursuant to this AVC shall be sent in a standard American National business envelope, displaying the name and logo for American National, which on the outside shall state prominently, "IMPORTANT INFORMATION REGARDING PREMIUM REFUND CLAIMS" and will be accompanied by a pre-paid return address envelope addressed to American National. Each claims package shall be mailed by first class mail with address correction requested. All claims packages returned because of incorrect addresses will be mailed once to the corrected address. Not later than three hundred and thirty (330) days from the effective date of the AVC, American National 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, a list of individuals to whom claims packages were sent to corrected addresses, and a list of individuals to whom a claims packages were sent but were undeliverable.

4.17 American National shall accept the Claim Form included in **Exhibit C** for a period of ninety five (95) days from the date of mailing. For each claim form received by American National prior to the ninety- fifth day (95th) on which it was mailed where the insured selected Option One, American National shall have sixty (60) days from receipt of the claim, to research the claim to determine if the claimant is entitled to receive a refund pursuant to 28 TAC §§3.5901-3.5906, and §3.5104. Failure of American National's insureds to submit a claim form within ninety five (95) days shall in no way limit individual insureds from asserting any right or cause of action that they may assert in any other proceeding. For each Option One claim form submitted, the following documents shall be accepted as prima facie proof of a loan payoff by

American National: (1) a copy of a payoff notice from a motor vehicle creditor, (2) copy of a motor vehicle title showing a lien release date that is earlier 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 document or letter from a motor vehicle creditor that provides information on the date that a customer's motor vehicle retail installment loan was paid off. For each claim submitted with any of the above described documents, American National shall research its records, and those of its agents, and determine whether the claimant is owed a refund of unearned premiums pursuant to 28 TAC §§ 3.5901-3.5906. If American National determines that any claimant is not entitled to a refund under the AVC, American National shall submit a report to the Attorney General stating the reason why the claimant is not entitled to a refund. If the Attorney General agrees with the report of American National as to a given claimant, said claimant shall not receive a refund. If American National and the Attorney General cannot agree on whether a given claimant is entitled to a refund under the AVC, each party may submit evidence in support of its position to the Claims Ombudsman described supra, who shall exercise independent judgment in good faith to determine whether a preponderance of the evidence indicates that a given insured is entitled to a refund. The Claims Ombudsman's decision as to a given claimant shall be binding upon the Attorney General and American National. The Claims Ombudsman's decisions shall not be binding upon individual insureds and any right or cause of action that they may assert in any other proceeding.

4.18 For each of the claim forms received by American National where the insured selected Option Two, as described in **Exhibit C**, American National 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

refunds, completing that research no later than ninety (90) days after receiving the claim. This research shall at minimum involve:

- (A) contacting the creditor shown on American National's paper copy of the insured's policy and requesting the payoff date of the claimant's retail installment loan from the creditor, using **Exhibit D**, if necessary;
- (B) if information on the creditor is not available in American National's records, American National shall contact its agent who sold the credit insurance policy to determine the identity and address of the creditor, and then contact the creditor and request the payoff date of the claimant's retail installment loan, using **Exhibit D**, if necessary;
- (C) if the creditor refuses to produce the payoff information on the claimant, American National shall run a credit report on the claimant from one of the three major credit reporting agencies to determine the last loan activity date for the claimant's retail installment loan. The last activity date shall be treated as the payoff or termination date of the retail installment loan for the purposes of determining eligibility for a refund pursuant to 28 TAC §§ 3.5901-3.5906, and §3.5104.

4.19 After completing research and adjudication of claims received pursuant to the claims package, American National shall issue refund checks to each and every insured determined to be entitled to a refund pursuant to 28 TAC §§3.5901-3.35906 and §3.5104. The amount of the refund shall include simple interest in the amount of seven percent (7%) calculated annually, beginning sixty (60) days from the date the insured's retail installment loan was paid off and ending with the effective date of the AVC. These refunds shall be processed no later than sixty days after completion and adjudication of the claims giving rise to the refunds. Such

refunds will be accompanied by a letter in the form attached as **Exhibit F** and mailed in the type of envelope, and subject to all of the procedures set out in sections 4.9, 4.10 and 4.11. Any checks or drafts returned to American National that are undeliverable shall be subject to TEX. PROP. CODE ANN. §72.001-74.710. American National shall pay all costs in connection with the issuing of refunds under this AVC.

4.20 If a claimant selecting either Option One or Two did not qualify for a premium refund pursuant to the claim and refund procedures set out supra, American National shall send the claimant the letter attached as **Exhibit G**, identifying the reason for the denial no later than sixty (60) days from the determination. Such letter will also be mailed in the type of envelope described in section 4.11.

4.21 Fourteen (14) months after the effective date of this AVC, or if the claim and refund procedures under this AVC are not completed within that time, thirty (30) days after the completion of those claim and refund procedures, American National shall file a verified report with the Attorney General 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 to be owed premium refunds, including their addresses;
- (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-§74.710.

4.22 On September 5, 2007, American National shall pay \$300,000 to the Office of the Attorney General as its attorneys' fees, expenses, and costs of investigation. Failure to pay within the designated time period shall be a material breach of this agreement.

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 American National Insurance Company and its agents from any and all liability related to or arising out of this premium refund." No other release language shall be required of Texas consumers receiving refunds under this AVC.

CHANGES TO PREMIUM REFUND PROCEDURES

4.24 From the effective date of this AVC forward, American National 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.

4.25 Beginning one hundred twenty days (120) from the effective date of this AVC, American National shall send to each of its Texas insureds who purchased credit insurance covering motor vehicle retail installment loans from motor vehicle dealers, 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, thirty (30) days prior to the scheduled maturity date of their motor vehicle retail installment loan(s).

4.26 To the extent that the terms or context of this AVC, or the exhibits attached hereto, require that American National provide a 1-800 number or an address to receive inquiries, requests or information, American National shall take all necessary steps to establish and maintain the number or address in order to effectuate this AVC, including providing sufficient staff and resources to efficiently receive and process information and respond to inquiries and requests.

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 or abrogated 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 The parties hereto release and discharge each other and American National's past and present agents, employees, affiliates, officers, representatives, successors, subsidiaries, and divisions, from any and all claims for damages or other relief arising out of American National's failure to refund unearned premiums due to its insureds which may have accrued on or before November 1, 2006, whether or not asserted by the parties, in their pleadings in this case or otherwise.

5.6 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. American National 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 American National.

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

5.8 Any and all taxable costs of court are taxed against American National.

6.0

MISCELLANEOUS PROVISIONS

6.1 To seek a modification or termination of this AVC for any reason, American National 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, American National 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.

6.3 ANICO's execution of this Agreement shall not be construed to release, and ANICO expressly does not intend to release any claim or cause of action ANICO may make against any insurer, reinsurer, producer and/or agent for any cost or expense incurred in connection with this Settlement, including, without limitation, commissions, attorneys' fees and costs.

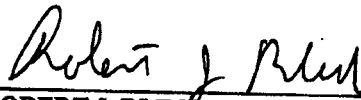
EXECUTED this 19th day of MAY, 2007.

GREG ABBOTT
Attorney General of Texas

KENT C. SULLIVAN
First Assistant Attorney General

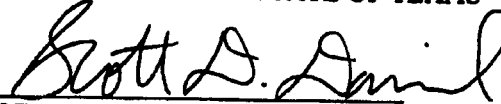
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ATTORNEY FOR DEFENDANT AMERICAN
NATIONAL INSURANCE COMPANY

American National Insurance Company

By: 
President, Chief Operating Officer

Title: President, COO

THE STATE OF TEXAS §
 §
COUNTY OF §

On this 16th day of May 2007, before me, the undersigned authority, personally appeared G.R. Ferdinandtsen, who is personally known to me and acknowledged himself/herself to be an agent for American National 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 American National Insurance Company by himself/herself as an agent for such.

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

/s/ Scott D. Daniel

Notary Public, State of Texas

My Commission Expires: 5-12-2009

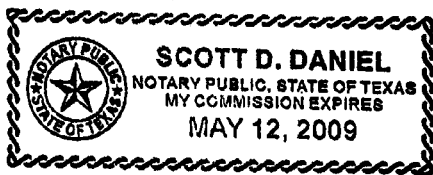


EXHIBIT A

[CUSTOMER NAME]
[American National Policy #]
[Effective Date of the Policy]

NOTICE OF SETTLEMENT

American National Insurance Company, ("American National") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding American National's practices in refunding unearned credit insurance premiums. American National has agreed to refund to eligible policyholders the unearned premiums due to them because of the early termination of their motor vehicle loans. American National 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 motor vehicle loan ended and ending on date of the agreement between the Attorney General and American National.

The Attorney General's Office has learned through its investigation that your motor vehicle loan ended early and that you were entitled to a refund of unearned credit insurance premium from American National. 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 American National at [insert phone number].

Enclosure: Check#

EXHIBIT B

CUSTOMER NAME]
[American National Policy #]
[Effective Date of the Policy]

**NOTICE OF SETTLEMENT AND CLAIM PROCEDURES
FOR AMERICAN NATIONAL INSURANCE POLICY HOLDERS**

American National Insurance Company, ("American National") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding American National's handling of unearned credit insurance premiums. American National has agreed to refund to eligible policyholders the unearned premiums due to them because their motor vehicle loans **were paid off early between January 1, 2002 and December 31, 2006.** American National 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 policyholder if your motor vehicle loan insured by American National was paid off early in the years between January 1, 2002 and December 31, 2006 and you purchased your credit insurance policy in Texas.**

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 American National. 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 payoff 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 American National Insurance for the purpose of determining your eligibility for a refund.

YOU MUST FILL OUT AND MAIL THE ATTACHED CLAIM FORM WITHIN NINETY FIVE (95) DAYS OF THE POSTMARKED DATE ON CLAIM ENVELOPE.

If you have any questions concerning the settlement between the Attorney General and American National and the claim procedure describe above, please call 1-800 _____.

EXHIBIT C
CLAIM FORM FOR AMERICAN NATIONAL 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 American National Credit insurance policy was paid off early between January 1, 2002 and December 31, 2006, and am requesting that American National 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 insurance 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 American National 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 American National do research to determine if my loan was paid off early, and will sign the attached Insured's Authorization authorizing the holder of my motor vehicle retail installment contract to provide information as to the payoff date of the loan to American National or its authorized agent, and authorizing American National to request a copy of my credit report, if necessary. You must 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 payoff of to the back of this form. If you need more space, please attach a separate sheet of paper.]

EXHIBIT D

INSUREDS AUTHORIZATION

I hereby authorize any company or entity which held and serviced my retail installment motor vehicle loan, to disclose non-public information to American National 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 American National is made pursuant to its Assured Voluntary Compliance Agreement with the Texas Attorney General's Office which settled the lawsuit captioned *State of Texas v. American National Insurance Company*, Cause No. D-GV-06-001363, in the 126th Judicial District Court, Travis County, a lawsuit regarding American National's credit insurance premium refund practices.

I further authorize American National 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 American National 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 AMERICAN NATIONAL INSURANCE POLICY HOLDERS**

American National Insurance Company, ("American National") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding American National's handling of unearned credit insurance premiums. American National has agreed to refund to eligible policyholders the unearned premiums due to them because their motor vehicle loans **were paid off early between January 1, 2002 and December 31, 2006.** American National 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 policyholder under the terms of this agreement if your motor vehicle loan insured by American National was paid off early in the years between January 1, 2002 and December 31, 2006 and you purchased your credit insurance policy in Texas.**

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. American National will mail a claim form within three (3) days. You must fill out and sign the claim form within ninety five (95) days of the postmarked date on the claims envelope.

If you prefer to request the claim form by mail, please send a letter to [Insert American National Address] stating, "Please send me a claim form for State of Texas v. American National 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 American National and the claim procedure described above, you may view the Frequently Asked Questions about Claim Procedure Link , or contact _____, at 1-800
_____.

EXHIBIT F

[CUSTOMER NAME]
[American National Policy #]
[Effective Date of the Policy]

NOTICE OF PREMIUM REFUND

You recently filed a claim for a premium refund in connection with the agreement between American National Insurance Company and the Texas Attorney General, Greg Abbott, regarding American National's premium refund practices. Enclosed please find a check from American National Insurance for a refund of unearned credit insurance premiums on the policy listed above. The amount in the check reflects the original amount of the premium refund owed, plus 7% simple interest calculated beginning sixty days after your loan was terminated through the effective date of the agreement between American National and the Texas Attorney General.

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

EXHIBIT G

Date

[Customer Name and Address]

Re: Claim for Premium Refund

Dear Claimant:

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

- ___ 1. American National 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 motor vehicle contract was not terminated early.

- ___ 4. Creditor records indicate that your refund was applied to the pay-off amount of your loan.

- ___ 5. Other: _____

If you have any questions about the claim, please call 1-800-_____.

EXHIBIT H

[Current Date]

Dear Mr/Ms [Insert Name]:

Re: Policy # [Insert Policy Number] Dated [Insert Date]
Automobile Dealer Name
Expiring [Insert Date]

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

In the event you paid off or refinanced your 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 payoff notice or any document showing that your loan was paid off early.

If you do not know if your loan was paid off early, you may sign on the back of this letter the Authorization to Disclose Non-Public Information, giving us permission to contact your lender to determine if the loan was paid off early. American National will then contact your lender to determine if the loan was paid off early.

Sincerely,

American National Insurance Company
Credit Insurance Division

[To be included on reverse side of Exhibit H]

INSURED'S AUTHORIZATION TO DISCLOSE
NON-PUBLIC INFORMATION

I hereby authorize any company or entity which held and serviced my retail installment loan, to disclose non-public information to American National Insurance or its authorized agents regarding the date the loan or retail installment loan was terminated, 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

The Following Information is Optional:

Name, Address and Phone Number of Lender (If Known)