STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of National General Assurance Company

ORDER

After full consideration and review of the report of the financial examination of National General Assurance Company for the period ended December 31, 2009, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations; treatment of policyholders, growth of the company, loss experience, reinsurance, accounts and records, statutory deposits, financial statements, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of National General Assurance Company as of December 31, 2009, be and is hereby ADOPTED as filed and for National General Assurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 15th day of June, 2011.

John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF

FINANCIAL EXAMINATION

National General Assurance Company

As of:
DECEMBER 31, 2009

FILED
JUN 25 2011
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

Table of Contents

SCOPE OF EXAMINATION **1**
- Period Covered 1
- Procedures 1

SUMMARY OF SIGNIFICANT FINDINGS **2**

SUBSEQUENT EVENTS **2**

COMPANY HISTORY **3**
- General 3
- Capital Stock 3
- Dividends 3
- Mergers and Acquisitions 3

CORPORATE RECORDS **4**

MANAGEMENT AND CONTROL **4**
- Committees 5
- Conflict of Interest 5
- Surplus Debentures 5
- Holding Company 5
- Organizational Structure 6
- Intercompany Transactions 6

FIDELITY BOND AND OTHER INSURANCE **10**

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS **10**

TERRITORY AND PLAN OF OPERATION; TREATMENT OF POLICYHOLDERS **11**
- Territory and Plan of Operation 11
- Treatment of Policyholders 11

GROWTH OF COMPANY **11**

LOSS EXPERIENCE **11**

REINSURANCE **11**
- Assumed Reinsurance 12
- Ceded Reinsurance 12

ACCOUNTS AND RECORDS **12**
- General 12
- Independent Auditor 12
- Independent Actuaries 12
- Information Systems 12

STATUTORY DEPOSITS **13**
- Deposits with the State of Missouri 13
- Deposits with Other States 13

FINANCIAL STATEMENTS **13**

BALANCE SHEET **14**

INCOME STATEMENT 15
CAPITAL AND SURPLUS 15
COMMENTS ON FINANCIAL STATEMENTS 15
SUMMARY OF RECOMMENDATIONS 15
ACKNOWLEDGEMENT 16
VERIFICATION 16
SUPERVISION 16

April 13, 2011
St. Louis, MO

Honorable Alfred W. Gross, Commissioner
Bureau of Insurance
Virginia State Corporate Commission
Chairman, Financial Condition (E) Committee, NAIC

Honorable Mary Jo Hudson, Director
Department of Insurance
State of Ohio
Secretary, Midwestern Zone, NAIC

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Lady and Gentlemen:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

National General Assurance Company

hereinafter referred to as "NGAC" or the "Company." The Company's main office is located at 500 West Fifth Street; Winston-Salem, North Carolina 27101-2728; telephone number (336) 435-2000. Examination fieldwork began on August 16, 2010 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

This examination covers the period from January 1, 2007 through December 31, 2009, and was conducted by examiners from the state of Missouri in conjunction with examiners from the state of North Carolina. This examination also considered material transactions or events occurring subsequent to December 31, 2009.

Procedures

This examination was conducted as a coordinated examination with the state of North Carolina acting as the lead state. We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook. The handbook requires that we plan

and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating systems controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with statutory accounting principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Key activities were: Investment and Cash Management; Underwriting/Premium Process; Claims, Reserving and Reinsurance; Related Party Transactions; and Taxes.

The examiners relied upon information and workpapers provided by the Company's independent auditor, Deloitte & Touche, LLP for its audit covering the period from January 1, 2009 through December 31, 2009. Such reliance included fraud risk analysis, internal control narratives and tests of internal controls.

SUMMARY OF SIGNIFICANT FINDINGS

The direct premiums written by the Company has declined in recent years, however, net income has been steadily increasing. No significant findings were identified in this examination as the Company continues to operate in a sound manner. Substantially all the underwriting risk has been removed by the ceding of all business to the parent.

SUBSEQUENT EVENTS

National General Assurance Company along with nine other related personal lines insurance companies were acquired by American Capital Acquisition Corporation, ("ACAC") on March 1, 2010. ACAC is a Delaware corporation, formed on October 2, 2009, solely for purposes of the acquisition. A grantor retained annuity trust was established with Michael Karfunkel, an investor, controlling 78.75% of ACAC. AmTrust Financial Services, Inc. ("AmTrust") controls the remaining 21.25%. As the majority shareholder, Michael Karfunkel is now the ultimate controlling entity.

Effective March 1, 2010, the companies entered into a new reinsurance pooling agreement whereby 100% of all direct written and assumed business is ceded to the pool. After reinsuring 50% of the pool, the remaining 50% is ceded back to the pool participants in a prescribed allocation.

Also, effective March 1, 2010, the companies entered into a new asset management agreement with AmTrust and a new services agreement among the various companies acquired.

COMPANY HISTORY

General

National General Assurance Company was incorporated on June 2, 1983, and commenced business as a stock property and casualty insurer in Missouri under Chapter 379 RSMo (Insurance other than life) on January 1, 1989. At its inception 100% of the capital stock of NGAC was owned by NAVCO Corporation ("NAVCO"), which was owned by Crum & Forster, Inc. and ultimately by the Xerox Corporation. On March 24, 1984, General Motors Corporation ("GM") became the ultimate controlling entity of NGAC by virtue of the purchase of the stock of NAVCO from Crum & Forster, Inc. by Motors Insurance Corporation ("MIC"). Motors Insurance Corporation was owned by GMAC Insurance Holdings, Inc., which was owned by General Motors Acceptance Corporation. In December of 2002, NAVCO merged into NGIC, resulting in MIC being the intermediate parent of NGAC.

This organizational structure remained unchanged until 2006, when a 51% ownership stake in General Motors Acceptance Corporation ("GMAC") was sold to FIM Holdings, LLC ("FIM"), a consortium of institutional investors led by Cerberus FIM Investors, Citigroup, Inc., Aozora Bank Ltd and a subsidiary of PNC Financial Services Group, Inc. GMAC's structure was reorganized and the company became known as GMAC LLC.

GMAC LLC received approval to become a bank holding company during 2009. As part of this approval, the ownership structure of GMAC LLC was changed to comply with Bank Holding Company Act provisions. Also, effective June 30, 2009, GMAC LLC was converted back to a corporation and is now known as GMAC, Inc. The organization chart in the Management and Control section of this report shows the ownership structure of the Company as of December 31, 2009.

Capital Stock

The Company has 30,000 shares of $100.00 par value common stock authorized with 25,000 shares issued and outstanding. All shares are owned by Motors Insurance Corporation.

Dividends

The Company paid $2,000,000 in stockholder dividends in 2008. These were the only dividends paid during the examination period:

Mergers and Acquisitions

Acquisition of the Company was discussed in the Subsequent Events section above.

CORPORATE RECORDS

Minutes of the meetings of the Board of Directors and annual meetings of the stockholder were reviewed for the years 2007 through 2009. Those minutes adequately documented evidence of the overall guidance provided by the Board of Directors.

MANAGEMENT AND CONTROL

As of December 31, 2009, the following ten members comprised the Board of Directors:

Name	Position
Wade L. Bontrager	Director and Vice-President of numerous GMAC Insurance Personal Lines Companies
Timothy J. Hogan	Director of numerous GMAC Insurance Personal Lines Companies
Cynthia Y. Valko	Director of numerous GMAC Insurance Personal Lines Companies
Preston S. Eckman	Director of numerous GMAC Insurance Personal Lines Companies
Douglas M. McCraken	Director of numerous GMAC Insurance Personal Lines Companies
Michael H. Weiner	Director and Chief Financial Officer of numerous GMAC Insurance Personal Lines Companies
George H. Hall, Jr.	Director, Vice-President, and Chief Claims Officer of numerous GMAC Insurance Personal Lines Companies
David S. Murphy	Director, Vice-President, and Chief Operating Officer of numerous GMAC Insurance Personal Lines Companies
Mary R. Hennessy	Director and President of numerous GMAC Insurance Personal Lines Companies
Robert D. Solomonic	Director of numerous GMAC Insurance Personal Lines Companies

Officers serving at December 31, 2009 were:

Name	Position
Mary R. Hennessy	President
David S. Murphy	Vice-President and Chief Operating Officer
Jeffrey W. Bishop	Secretary
Donald J. Bolar	Treasurer
Wade L. Bontrager	Vice-President
George H. Hall, Jr.	Vice-President and Chief Claims Officer
Michael H. Weiner	Chief Financial Officer
Preston S. Eckman	Vice-President

Committees

Committee assignments as of December 31, 2009 were as follows:

Investment Committee: Mary R. Hennessy and Michael H. Weiner

Individual insurance companies do not have their own audit committees. An audit committee was appointed by GMACI Holdings, LLC to serve in that function. As of December 31, 2009, three independent members served on that committee. They were: James Butler, Thomas West, and James Robb.

Conflict of Interest

Members of the senior management of this company and related entities provided signed conflict of interest disclosures. No instances of conflict of interest situations were reported.

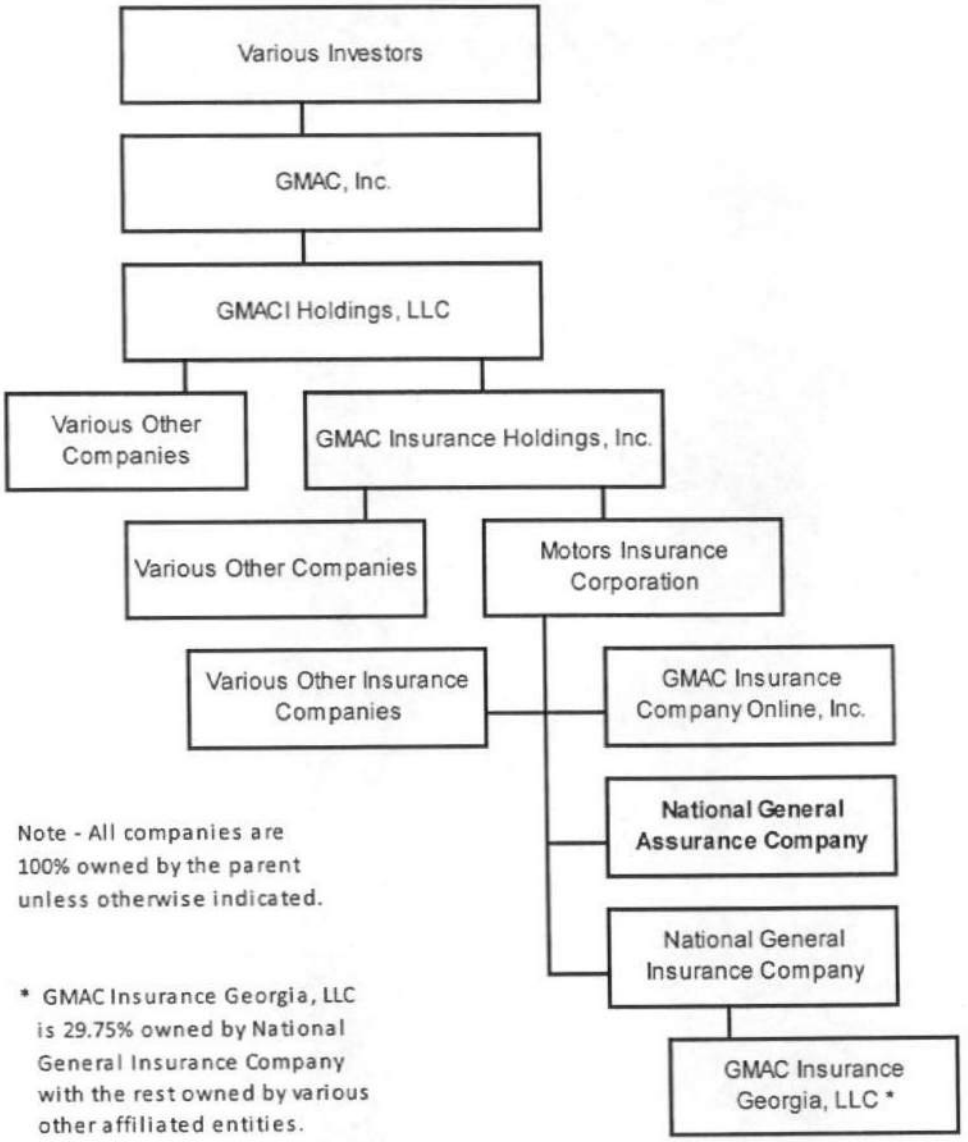
Surplus Debentures

The Company had no surplus debentures.

Holding Company

The Company is a member of an insurance holding company system as defined by Chapter 382 RSMo (Insurance Holding Companies). Relationships are discussed in the Company History section above.

Organizational Structure



Intercompany Transactions

The Company was a party to the following affiliated agreements at December 31, 2009:

Treaty Reinsurance Agreement

Parties: Motors Insurance Company, National General Assurance Company

Effective: Original effective January 1, 1996. Amendment effective January 1, 1999.

Terms: NGAC cedes 100% of its net retained premiums (after outside reinsurance) to MIC, and in turn MIC agrees to share on the same percentage basis all losses, LAE and other underwriting-related expenses. This agreement was initially executed in 1991.

Service and Facilities Agreement

Parties: GMAC, Inc. ("GMAC"), GMAC Insurance Holdings, Inc. ("GMACI") and subsidiaries (including the personal lines insurance companies.)

Effective: Agreement dated November 30, 2006, effective upon the closing of the sale by General Motors Corporation of 51% interest in GMAC to FIM Holdings, LLC.

Terms: Each party agrees to furnish services and facilities upon request of any of the others. Services include personnel, administrative, marketing, actuarial, financial, tax, investment, information technology, real estate management, claims and underwriting functions, human resources, payroll and employee benefits, corporate communications, audit, risk management and legal.

Rate(s): Actual cost to supplying party, without a profit factor built into cost. Costs are allocated in accordance with customary accounting principles consistently applied and any applicable law. Indirect and shared expenses are allocated in accordance with a method of cost allocation in conformity with SSAP No. 70. The Company paid $46,797,523 in 2009 for these services compared to $60,782,944 during 2008.

Termination: May be terminated by any party upon written notice to the others specifying when, not less than 120 days thereafter, such termination shall be effective as to the terminating party. The Agreement shall remain in effect as to all other parties.

Tax Allocation Agreement

Parties: GMAC, Inc.; GMAC Insurance Holdings, LLC; GMAC Insurance Holdings, Inc. and subsidiaries. Among the subsidiaries are Motors Insurance Corporation and its subsidiaries including the Company.

Effective: Effective July 1, 2009 through December 31, 2009 and annually thereafter.

Terms: Settlement of taxes owed or tax credits due from each of the participants on a consolidated basis. Each party pays taxes or receives credits equivalent to that which would be owed or due had the companies each filed on an individual basis.

Rate(s): No charges. Companies' costs or benefits are based on each company's contribution to the consolidated tax determination.

Termination: Agreement may be terminated at any time by mutual consent of the parties or by at least 90 days written notice by either party to the other.

Intellectual Property Sublicense Agreement

Parties: GMAC, Inc.; GMAC Insurance Holdings, Inc. ("Licensee") and subsidiaries.

Effective: Effective November 20, 2006.

Terms: GMAC, Inc. and Licensee entered into an agreement to allow Licensee to utilize the intellectual property owned by GMAC Inc. (brand names, trademarks, logos) in the course of its business. That agreement granted a sublicense to GMAC Insurance Holdings, Inc. This agreement governs the sublicensed use of this intellectual property with regards to the sale of insurance products and the potential payments of royalties for same.

Rate(s): Licensee pays a percentage of dealer cost received by Licensee or its subsidiaries on sales of GM Protection Plan. In payment for use of the GM Motor Club trademark, Licensee pays a percentage of the revenues of the GM Motor Club. Royalties for use of trademarks of GM subsidiaries are set forth in the relevant opt-in letter made part of the agreement. Licensee agrees that it will pay guaranteed minimum royalties in the amount of $15 million per year on a pre-tax basis. Payments under the agreement are due no later than 30 days from the end of each calendar month.

Termination: The agreement is concurrent with and remains in effect so long as the underlying agreement between the parties is in effect. The agreement commenced on the effective date and unless terminated, expires on the tenth anniversary date.

Marketing Service Implementing Agreement

Parties: General Motors Corporation and General Motors of Canada Limited (collectively "GM") and GMAC Insurance Holdings, Inc. ("Holdings") and subsidiaries.

Effective: Effective November 30, 2006.

Terms: The agreement governs the rights and duties of the parties with respect to various marketing activities of the parties, including but not limited to: GM-sponsored events, consumer websites, call center activities, advertising media, direct mailings, employee-incentive programs, communications with dealers in the GM auto-sales network, and customer lists. Generally, the charges for these services are governed by an Insurance Services Agreement (ISA) that is incorporated into the overall agreement, unless otherwise specifically addressed in the agreement.

Rate(s): As per the ISA, services are generally provided on an at-cost or mutually-agreed basis consistent with the current and historical practices between the companies, with the exception of the provision of customer lists from GM to GMACI. The services related to the provision of customer marketing lists are specifically addressed in schedule 1 to the agreement, providing for an hourly wage for the GM personnel necessary to produce the list, plus a 10% markup on such hourly wage.

Termination: The initial term of the agreement is 10 years, with 1-year extensions allowable from the date of expiration. The agreement may be terminated by either party at the expiration of a period with three years advance written notice to the other party.

Investment Management Services Agreement

Parties: General Motors Investment Management Corporation ("GMIMC") and GMACI Holdings, LLC ("GMACI") and subsidiaries.

Effective: Effective October 1, 2007.

Terms: GMIMC provides management and/or advisory services related to investment assets owned by GMACI. Subject to investment guidelines provided to GMIMC, GMACI delegates the following powers and GMIMC assumes the following duties, included but not limited to: serving as investment manager, investing of assets, negotiate fees, recommend investment guidelines and performance benchmarks, make asset allocation recommendations to GMACI, oversee GMACI's securities lending program.

Rate(s): GMACI pays GM IMC management and advisory fees, paid in arrears on a quarterly basis, as follows:

Assets Managed	Management Fee
$0 - 1 billion	0.10%
$1 - $3 billion	0.075%
$3 - $5 billion	0.06%
Over $5 billion	0.05%

The advisory fee is .02% of assets under management. Minimum quarterly advisory fee of $875,000 is allocated to GMACI participants based on relative percentage of assets under management. GMACI will reimburse GMIMC for any out-of-pocket third party costs.

Termination: Effective until terminated by either party. Either party may terminate with or without cause with 90 days' notice. Agreement may be terminated at any time for material breach, assignment for the benefit of creditors, voluntary bankruptcy, adjudged bankrupt or insolvent, or other causes as enumerated in Section 8 (a).

FIDELITY BOND AND OTHER INSURANCE

The Company is currently a named insured on a crime policy purchased by its parent which provides $5 million in coverage with a $100 thousand deductable. This coverage exceeds the minimum amount of fidelity insurance recommended by the NAIC.

The Company is also a named insured on policies that provide the following liability coverages: general, automobile, excess, directors and officers, errors and omissions, fiduciary, and worker compensation. The Company's coverage appears adequate.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no employees. Services are provided by affiliates under various intercompany agreements. Affiliates' employees are provided benefits typical of the industry including group health and dental coverage, group life insurance, short- and long-term disability, a flexible spending account, a 401(k) plan, a non-contributory defined benefit pension plan, paid time off, an employee assistance plan, and tuition reimbursement. Employee benefit costs, including retirement costs, are included in intercompany charges from affiliates.

TERRITORY AND PLAN OF OPERATION; TREATMENT OF POLICYHOLDERS

Territory and Plan of Operation

The Company is licensed in Missouri under Chapter 379 RSMo, (Insurance other than life) to write property, liability and miscellaneous insurance. The company is also licensed in all other states except Hawaii, Maine, Massachusetts, New Hampshire, New Jersey, Vermont and the District of Columbia. All business written by the Company is private passenger automobile.

The majority of the Company's business is produced through direct response programs marketed to affinity groups and associations.

Treatment of Policyholders

The Missouri Department of Insurance, Financial Institutions and Professional Registration has a market conduct staff which performs a review of these issues. No market conduct examination was completed during the examination period. The most recent examination was conducted as of December 31, 2001.

GROWTH OF COMPANY

The Company has experienced a steady drop in premiums written in recent years. However, all premiums were reinsured and the Company was able to generate increasing net income over the past four years. The Company remains adequately capitalized to support future growth.

LOSS EXPERIENCE

Because of the 100% reinsurance arrangement, very little underwriting gain or loss is experienced by the Company. No weaknesses were identified in the Company's reserving process.

REINSURANCE

Premiums written by the Company during the examination period were as follows:

	2007	2008	2009
Direct Written	$172,593,334	$159,676,347	$141,410,153
Ceded to Non-affiliates	74,099	0	0
Ceded to Affiliates	172,519,235	159,676,347	141,410,153
Net Written Premiums	$0	$0	$0

Assumed Reinsurance

None

Ceded Reinsurance

The Company cedes 100% of the business written in a treaty with Motors Insurance Corporation (Motors.) In return, Motors pays for all losses, loss adjustments expenses and all other underwriting expenses of the company.

The reinsurance agreement was reviewed and found to have the required clauses and safeguards.

ACCOUNTS AND RECORDS

General

The Company's financial statements are prepared based on statutory accounting principles. Accounting entries were recorded on the SAP general ledger system as of December 31, 2009.

Independent Auditor

The Company's financial statements were audited by the accounting firm Deloitte & Touche LLP. The workpapers and reports of the most recent independent audit were reviewed for this examination. These workpapers and reports were used in the course of this examination as deemed appropriate.

Independent Actuaries

Loss reserves, loss adjustment expense reserves and related actuarial accounts reported in the financial statements were opined on and certified by Brian Scott, ACAS, MAAA, Senior Actuarial Manager with GMAC Insurance. His review concluded the Company's net reserves made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of their contracts and agreements.

Rick Kohan, FCAS, MAAA, Actuary for the state of North Carolina reviewed the adequacy of the Company's loss and loss adjustment expense reserves. His review of the Company's reserves concluded the gross and net reserves carried were adequate.

Information Systems

In conjunction with this examination, Alan Gutierrez Arana, CISA, Manager for RSM McGladrey, Inc. and Andrew Balas, AES, Information Systems Financial Examiner with the Missouri Department of Insurance, Financial Institutions and Professional Registration conducted a review of the Company's information systems. Their evaluations did not identify any significant weaknesses.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2009, are reflected below. These deposits had sufficient par and market values to meet the deposit requirement for the state of Missouri per Section 379.098 RSMo (Security Deposits).

Type of Security	Par Value	Market Value	Statement Value
US Treasury Notes	$ 2,000,000	$ 2,200,640	$ 2,003,280

Deposits with Other States

The Company has funds on deposit with other states in which it is licensed. Those funds on deposit as of December 31, 2009, were as follows:

State	Type of Security	Par Value	Market Value	Statement Value
Arkansas	US Treasury Note	$100,000	$110,032	$100,164
Georgia	US Treasury Bond	35,000	38,511	35,057
Louisiana	US Treasury Note	20,000	22,006	20,033
Nevada	US Treasury Note	200,000	220,064	200,328
New Mexico	US Treasury Note	100,000	110,032	100,164
North Carolina	US Treasury Note	300,000	330,096	300,492
Ohio	US Treasury Note	50,000	55,016	50,082
South Carolina	US Treasury Note	125,000	137,540	125,205
Virginia	US Treasury Note	225,000	239,586	224,828
		$1,155,000	$1,262,883	$1,156,353

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2009, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements," which follow the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

BALANCE SHEET
As of December 31, 2009

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$13,794,223	$0	$13,794,223
Cash and short-term investments	5,740,980	0	5,740,980
Investment income due and accrued	290,900	47,500	243,400
Uncollected premiums and agents' balances	1,028,004	51,437	976,567
Deferred premiums	11,783,926	0	11,783,926
Amounts recoverable from reinsurers	51,804	0	51,804
Current federal income tax recoverable	236,983	0	236,983
Net deferred tax asset	2,410,069	2,075,669	334,400
Receivables from parent, subsidiaries and affiliates	0	0	0
Total assets	$35,336,889	$2,174,606	$33,162,283

Losses	0
Ceded reinsurance premiums payable	11,743,451
Payable to parent, subsidiaries and affiliates	1,179,284
Total liabilities	12,922,735
Common capital stock	2,500,000
Gross paid in and contributed surplus	13,500,000
Unassigned funds (surplus)	4,239,548
Surplus as regards policyholders	20,239,548
Totals	$33,162,283

INCOME STATEMENT
For Year Ending December 31, 2009

Premiums earned		$0
Losses incurred	0	
Loss adjustment expenses incurred	0	
Other underwriting expenses incurred1	1,582	
Aggregate write-ins for underwriting deductions	0	
Total underwriting deductions		11,582
Net underwriting gain (loss)		(11,582)
Net investment income earned	671,705	
Net realized capital gains (losses)	68,347	
Net investment gain (loss)		740,052
Total other income		0
Net income before all other federal income taxes		728,470
Federal income taxes incurred		(151,258)
Net income		$879,728

CAPITAL AND SURPLUS
Changes for 2009

Surplus as regards policyholders, December 31, 2008		$19,096,982
Net income	879,728	
Change in net deferred income tax	(386,873)	
Change in nonadmitted assets	649,711	
Changes per examination	0	
Change in surplus as regards policyholders for the year	1,142,566	
Surplus as regards policyholders, December 31, 2009		$20,239,548

COMMENTS ON FINANCIAL STATEMENTS

None

SUMMARY OF RECOMMENDATIONS

None

ACKNOWLEDGEMENT

The assistance and cooperation extended by the officers and staff of National General Assurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Art Palmer, CFE, Rick Stamper, CFE, and Mark Griggs, CPA, examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration, and examiners from the state of North Carolina participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of St. Louis)

I, Robert P. Jordan, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Robert Jordan

Robert P. Jordan, CFE
Examiner-in-Charge
Missouri Department of Insurance, Financial Institutions and Professional Registration

Sworn to and subscribed before me this 21st day of FEBRUARY 2011
My commission expires:
7-9-13

Robert W. Hoffman
Notary Public

" NOTARY SEAL"
Robert W. Hoffman, Notary Public
St. Louis County, State of Missouri
My Commission Expires 7/9/2013
Commission Number 09510141

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Michael R. Shadowens

Michael Shadowens, CFE
Audit Manager, St. Louis
Missouri Department of Insurance, Financial Institutions and Professional Registration