

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of American National General Insurance Company for the period ended December 31, 2010

ORDER

After full consideration and review of the report of the financial examination of American National General Insurance Company for the period ended December 31, 2010, 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, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of American National General Insurance Company as of December 31, 2010, be and is hereby ADOPTED as filed and for American National General Insurance 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 1st day of June, 2012.



A handwritten signature in black ink, appearing to read "John M. Huff".

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

REPORT OF THE
ASSOCIATION FINANCIAL EXAMINATION OF
**AMERICAN NATIONAL GENERAL
INSURANCE COMPANY**

AS OF
DECEMBER 31, 2010

FILED
JUN 11 2012
DIRECTOR OF INSURANCE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



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

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Springfield, Missouri
May 9, 2012

Honorable Joseph Torti, III, Superintendent
Rhode Island Division of Insurance
Chairman, Financial Condition (E) Committee

Honorable Ted Nickel, Commissioner
Wisconsin Office of the Commissioner of Insurance
Secretary, Midwestern Zone, NAIC

Honorable Eleanor Kitzman, Commissioner
Texas Department of Insurance
Secretary, Western 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

Gentlemen and Madam:

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

American National General Insurance Company

hereinafter referred to as such, ANGIC, or as the Company. Its administrative office is located at 1949 East Sunshine, Springfield, Missouri, 65899, telephone number (417) 887-4990. This examination began on September 26, 2011 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The prior full scope association financial examination of ANGIC was made as of December 31, 2006 and was conducted by examiners from the State of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope association financial examination covered the period from January 1, 2007 through December 31, 2010 and was conducted by examiners from the State of Missouri representing the Midwestern Zone of the NAIC.

This examination was performed concurrently with the examination of the Company's parent, American National Property and Casualty Company (ANPAC), and in coordination with the State of California Department of Insurance examination of Pacific Property and Casualty Company (Pacific), a subsidiary of ANPAC.

This examination also included the material transactions and/or events occurring subsequent to the examination date which are noted in this report.

Procedures

This examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevailed. 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 corporate governance, identifying and assessing inherent risks, and evaluating the Company's 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. The key activities identified in the examination of ANGIC were as follows:

- Investments
- Premiums
- Underwriting
- Claims Handling
- Loss Reserving
- Taxes
- Related Party Transactions
- Reinsurance
- Expenses

The examiners relied upon information supplied by the Company's independent auditor, KPMG, LLP, of Houston, Texas, for its audit covering the period from January 1, 2010 through December 31, 2010. Areas in which the testing and results from the CPA workpapers were relied upon in our examination included descriptions of processes and controls, bank confirmations, paid claims control testing, attorney letters and review of anti-fraud programs.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues or material changes to the financial statements noted during the examination.

SUBSEQUENT EVENTS

ANGIC's management made a decision in March 2011 to discontinue new business sales in the Young Family Program. The implementation of this decision is being phased in during 2011 and 2012 on a state by state basis. See the Growth of Company and Loss Experience section for additional discussion of this subject.

COMPANY HISTORY

General

American National General Insurance Company was incorporated on December 30, 1980 and commenced business on April 1, 1981. The Company operates as a stock property and casualty insurer under the insurance laws of Chapter 379 RSMo, (Insurance Other Than Life).

Capital Contribution

There were no capital contributions received during the period under examination.

Dividends

No dividends were declared or paid during the period under examination.

Mergers and Acquisitions

In June 2002, ANGIC's ultimate parent, American National Insurance Company (ANICO), contributed all outstanding common stock shares of ANPAC, ANGIC's direct parent, to ANICO's subsidiary, American National Property and Casualty Holdings Company LLC, (ANPAC Holding LLC), a Delaware corporation. During 2007 ANPAC Holding LLC merged with Farm Family Holdings, Inc. (Farm Family Holdings), a Delaware corporation, with Farm Family Holdings as the surviving entity. Subsequent to the merger, Farm Family Holdings changed its name to American National Property and Casualty Holdings, Inc. (ANPAC Holdings). See the "Affiliated Companies" section of this report for additional details.

CORPORATE RECORDS

The Company's Articles of Incorporation and Bylaws were reviewed for any changes during the period under examination. Neither the Articles of Incorporation nor the Bylaws were amended during the period under examination.

The minutes of the Board of Directors' meetings and the shareholder's meetings were reviewed for proper approval of corporate transactions. In general, the minutes appear to properly reflect and approve the Company's major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The management of ANGIC is vested in a Board of Directors elected by the shareholder. The Articles of Incorporation specify that the number of Directors shall be not less than nine (9) and no more than thirteen (13). The Directors appointed and serving as of December 31, 2010 were as follows:

<u>Name</u>	<u>Address</u>	<u>Occupation & Business Affiliation</u>
Robert J. Campbell	Springfield, MO	Executive Vice President, General Counsel, Secretary, and Chief Claims Officer ANPAC and ANGIC
G. Richard Ferdinandtsen	Galveston, TX	President and Chief Operating Officer American National Insurance Company
James E. Pozzi	Galveston, TX	Senior Executive VP and Chief Admin Officer American National Insurance Company
Irwin M. Herz, Jr.	Galveston, TX	Attorney Greer, Herz & Adams, LLP
Ross R. Moody	Austin, TX	Director National Western Life Insurance Company
Gregory V. Ostergren	Springfield, MO	Chairman, President and Chief Executive Officer ANPAC and ANGIC
Stephen E. Pavlicek*	League City, TX	Senior Vice President and Controller American National Insurance Company
Timothy A. Walsh	Glenmont, NY	President and CEO Farm Family Casualty Insurance Company
Ronald J. Welch	Galveston, TX	Senior Executive VP and Chief Actuary American National Insurance Company

*Retired and was replaced by John Dunn Jr. on the Board of Directors effective March 31, 2011.

Committees

In accordance with Article III, Section 13 of the Bylaws, the Board of Directors may designate from among its members an executive committee and such other committees as deemed desirable, each committee consisting of two or more Directors. The established committees and the individuals elected and serving as of December 31, 2010 were as follows:

Executive Committee

G. Richard Ferdinandtsen
Gregory V. Ostergren

Finance Committee

F. Richard Ferdinandtsen	Frank V. Broll, Jr.
Gordon D. Dixon	Robert J. Kirchner
Anne M. LeMire	E. Vince Matthews, III
Robert L. Moody	William L. Moody, IV
James E. Pozzi	Ronald J. Welch
J. Mark Flippin	

(Note that the Finance Committee was dissolved on July 29, 2011.)

Officers

The officers elected and serving as of December 31, 2010 were as follows:

<u>Name</u>	<u>Title</u>
Gregory V. Ostergren	Chairman of the Board – President and CEO
Robert J. Campbell	Executive Vice President, General Counsel and Secretary
Shannon L. Smith	Executive Vice President – Chief Marketing Officer
Bernard S. Gerwel	Sr. Vice President – Chief Information and Innovation Officer
Ronald J. Koch	Vice President – Contoller and Treasurer
Scott F. Brast	Vice President – Investments
Janet A. Clark	Vice President – Underwriting Services
Gordon D. Dixon	Vice President – Investments
Deborah A. Foell	Vice President – Information and General Services
James W. Gillette, Jr.	Vice President – Actuarial Services
Jerry W. Jones*	Vice President – Claim Services
Robert J. Kirchner	Vice President – Investments
Anne M. LeMire	Vice President – Investments
George A. Macke	Vice President – General Auditor
Stuart M. Paulson	Vice President – Deputy General Counsel and Asst. Secretary
Linda F. Ward	Vice President – Corporate Actuary

*Retired and was replaced by Karl J. Quinn effective January 1, 2011.

Holding Company, Subsidiaries and Affiliates

ANGIC is a member of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). ANGIC is wholly owned by ANPAC, a Missouri stock casualty company which, in turn, is directly and wholly owned by American National Property and Casualty Holdings, Inc., a Delaware corporation. ANICO owns 100% of the common stock in ANPAC Holdings, while Comprehensive Investment Services, Inc., a downstream subsidiary of ANICO, owns 100% of the preferred stock.

ANICO is a life and health stock insurance company domiciled in Texas. As of December 31, 2010, ANICO was 23.22% owned by the Moody Foundation and 37.22% owned by the Libbie S. Moody Trust. The Moody Foundation is a charitable trust located in Galveston, Texas that is governed by a board of trustee that manages its affairs. The Libbie S. Moody Trust is a split-

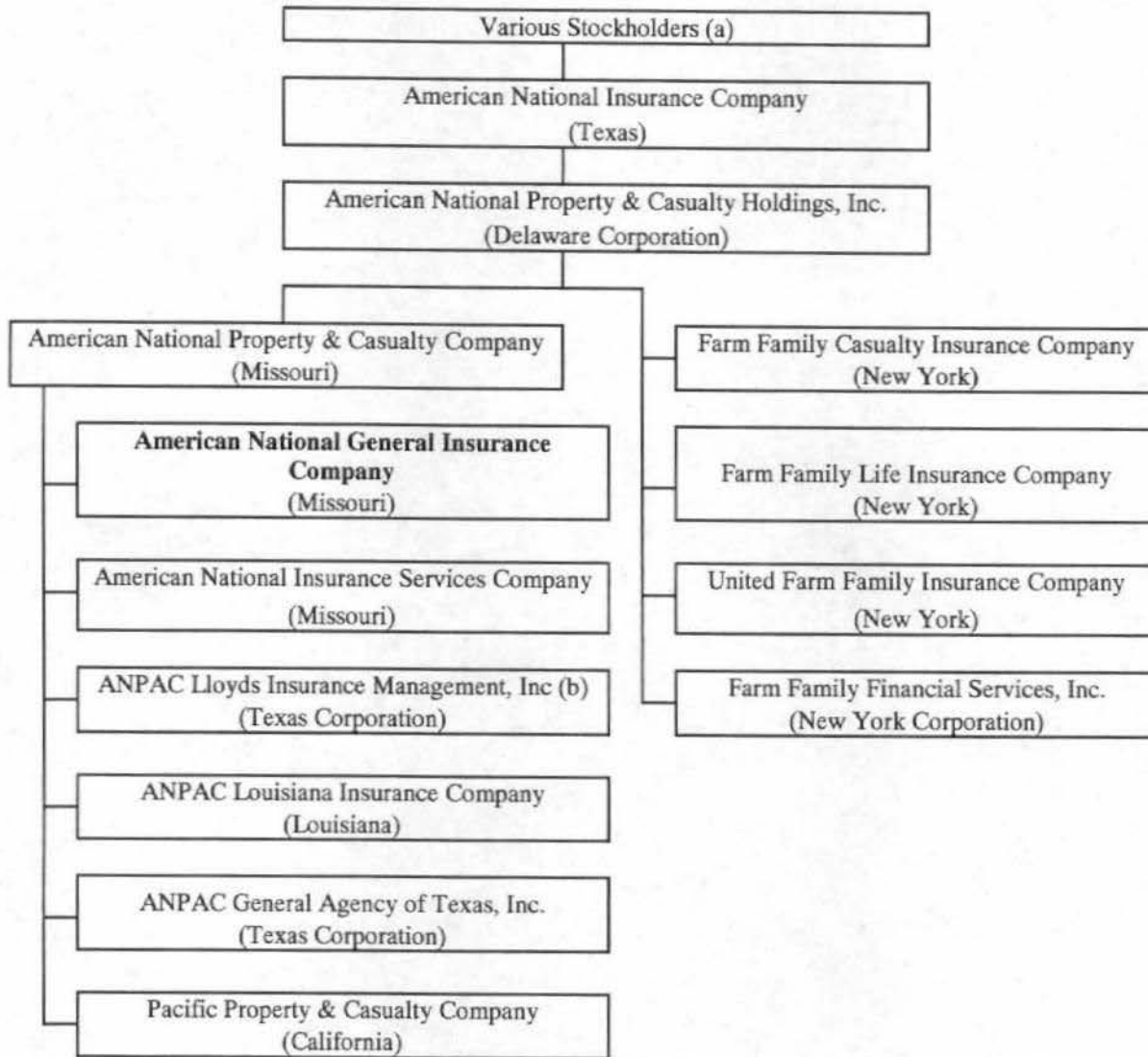
interest trust also located in Galveston, Texas with both charitable and non-charitable beneficiaries and its affairs are managed by Moody National Bank, which serves as the trustee. The remaining ownership interest is publicly traded on the NASDAQ Exchange. The Moody Foundation and the Libbie S. Moody Trust are considered the ultimate controlling entities of ANGIC within the holding company system.

In addition to ANGIC, ANPAC wholly owns the following subsidiaries: American National Insurance Services Company, a Missouri corporation that brokers commercial lines; ANPAC Lloyd's Insurance Management, Inc. (ANLIM), a Texas corporation which serves as attorney-in-fact for American National Lloyd's Insurance Company (ANLIC), a Texas property and casualty insurance company; ANPAC Louisiana Insurance Company (ANPLA), a Louisiana property and casualty insurance company; Pacific Property and Casualty Company, a California property and casualty insurance company; and ANPAC General Agency of Texas, Inc. (ANGAT), a Texas corporation. On June 30, 2011, ANPAC sold ANGAT for its statutory book value to ANPAC Holdings.

Insurance Holding Company System Registration Statements have been filed by ANPAC with the DIFP on behalf of itself and its subsidiary, ANGIC, for the years under examination.

Organizational Chart

The following organizational chart partially depicts the ownership and holding company structure of ANPAC, as of December 31, 2010. This partial list is depicted as there are over 30 companies within the ANICO holding company:



(a) Those stockholders owning 10% or more of the outstanding stock at December 31, 2010 are the Libby S. Moody Trust (37.22%) and the Moody Foundation (23.22%).

(b) ANLIM is the attorney-in-fact for ANLIC, domiciled in Texas.

Intercompany Transactions

ANGIC has the following agreements with its affiliated companies:

1) Service Agreement

Parties: ANPAC, ANGIC, ANICO, and various other affiliates
 Effective: January 1, 2008
 Terms: ANICO provides ANPAC and ANGIC and various other affiliates either directly or through third parties various services and facilities and ANPAC and ANGIC will provide either directly or through third parties various services and facilities.
 Rate(s): Expenses are charged on an allocated cost incurred basis.

2) Service Agreement

Parties: ANPAC and ANGIC
 Effective: December 31, 1998
 Terms: ANPAC provides operational facilities and services to ANGIC.
 Rate(s): Expenses at cost, however where direct charging is not practical, an allocation method will be utilized to assign charges that include a proportionate share, market rate, or unit rates for specific services, or developed through combinations of one or more of these allocation basis.

3) Cash Management Agreement

Parties: ANPAC, ANGIC, ANLIC, American National County Mutual Insurance Company, Pacific, and ANPLA
 Effective: January 1, 2002
 Terms: ANPAC will provide certain cash management services to the other entities, which will include the timely processing of each parties premium payments in and for their respective insurance business.
 Rate(s): Expenses charged on an allocated cost incurred basis.

4) Tax Sharing Agreement

Parties: ANPAC, ANGIC, ANICO, and other affiliates within the holding company system
 Effective: January 1, 1996
 There are several addendums to the agreement adding new affiliates to the agreement.
 Terms: Each member's tax expense is calculated separately on the tax rate of the affiliated group. Any net operating loss benefits are received on a wait and see method, which provides for the company to receive its tax benefit when it can absorb the loss on a separate company basis in a later year.

In addition to the above agreements, ANGIC also cedes business under a quota share reinsurance agreements to ANPAC, the terms of the agreement are described in the Reinsurance section of this report.

The amounts earned (incurred) from affiliates during the period under examination, under the various intercompany agreements were as follows:

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Service Agreement	ANICO	\$(14,340)	\$(55,002)	\$(769,884)	\$(128,855)
Service Agreement	ANPAC	(2,650,088)	(1,692,936)	(3,737,577)	(7,439,677)
Cash Management Agreement	ANPAC	(6,188)	(7,793)	(14,680)	(15,754)
Total		<u>\$(2,670,616)</u>	<u>\$(1,755,731)</u>	<u>\$(4,522,141)</u>	<u>\$(7,584,286)</u>

Although the intercompany tax agreement is included in the summarized listing of intercompany agreements, the tax payments/refunds are not included in the above table.

FIDELITY BOND AND OTHER INSURANCE

American National General Insurance Company is a named-insured on fidelity bond crime coverage maintained by ANICO. The aggregate limit of coverage for ANICO and its subsidiaries, including ANGIC is \$6 million with a single loss limit of \$3 million and a deductible of \$50,000, which meets the minimum coverage that is recommended by the NAIC.

The Company is also a named-insured on various other insurance policies maintained by its ultimate parent, ANICO. These policies include the following coverages: commercial general liability, umbrella and excess liability, automobile liability, workers compensation and employer's liability, and directors and officer liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

ANGIC does not have any direct employees. Services are provided by employees of the parent company, ANPAC, with costs reimbursed pursuant to a Service Agreement. This Service Agreement is summarized in the Intercompany Transactions section of this report.

ANPAC employees are provided a variety of benefits which include, but are not limited to, the following: medical and disability coverages; compensated leave; a defined benefit pension plan and an employee-pay-all 401(k) savings plan, both sponsored by the ultimate parent company, ANICO; and an executive incentive plan.

Adequate provision appears to have been made in ANGIC's financial statements with regards to its obligations for these benefits.

TERRITORY AND PLAN OF OPERATION

During the period under examination, ANGIC was licensed to transact the business of insurance in thirty-nine states. The Company writes primarily private passenger automobile and homeowners insurance. These two lines of business accounted for virtually 100% of the total

direct written premiums during the years under examination. The five states with the highest direct premium writings in 2010 were (in millions): Oklahoma (\$7.7), Utah (\$5.0), Louisiana (\$4.4), Colorado (\$4.2), and Arizona (\$3.7). ANGIC's products are offered through captive agents and general agents.

GROWTH OF COMPANY AND LOSS EXPERIENCE

ANGIC experienced significant growth in written premium on both a direct and a net basis in 2009 and 2010. These increases were primarily due to growth from the Young Family Program, introduced in 2008. This Program consists of basic policies with lower premiums than policies previously offered by the Company. The Young Family Program proved to be unprofitable and that, combined with Catastrophe events, drove the increasing loss ratios and negative underwriting results of 2008, 2009, and 2010. ANGIC's management made a decision in March 2011 to discontinue new business sales in the Young Family Program. The implementation of this decision is being phased in during 2011 and 2012 on a state by state basis. ANGIC will continue to write new business in Utah, credit business which is ceded to ANPAC, and renewal business in all states where it is licensed. Although written premiums continued to increase in 2011, it is anticipated that the volume of ANGIC's premium will slowly decline as some existing policyholders choose not to renew coverage with the Company. The overall effect on loss exposure and severity is unknown at this time; however, the 2011 loss and loss adjustment expense ratio decreased to 101.0% from a high of 115.7% for 2010.

ANGIC's total assets grew throughout the examination period. Total Capital and Surplus dipped in 2010, primarily due to the net loss driven mainly by the earlier-mentioned unprofitable Young Family Program.

The table below depicts the financial growth and loss experience of the Company during the period under examination:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Admitted Assets	\$99,226,959	\$99,258,381	\$108,298,881	\$115,577,766
Total Capital and Surplus	70,402,799	69,037,411	72,490,729	61,781,999
Gross Written Premiums	25,004,003	24,362,846	38,388,130	56,438,239
Net Written Premiums	22,886,299	22,062,806	36,788,518	53,765,804
Net Earned Premium	24,866,980	21,785,448	32,348,194	49,021,718
Net Loss & LAE Incurred	15,258,677	15,163,583	28,103,874	56,734,057
Net Loss & LAE Ratio	61.4%	69.6%	86.9%	115.7%
Net Underwriting Gain (Loss)	5,275,816	(1,384,885)	(1,863,367)	(19,125,261)
Net Income (Loss)	7,274,273	287,976	775,348	(9,233,534)

REINSURANCE

General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business	\$25,004,003	\$24,362,846	\$38,388,130	\$56,438,239
Reinsurance Assumed:				
Affiliates	0	0	0	0
Non-affiliates	0	0	0	0
Reinsurance Ceded:				
Affiliates	(657,711)	(1,101,312)	27,831	66,885
Non-affiliates	<u>(1,459,993)</u>	<u>(1,198,728)</u>	<u>(1,627,443)</u>	<u>(2,739,320)</u>
Net Premiums Written	<u>\$22,886,299</u>	<u>\$22,062,806</u>	<u>\$36,788,518</u>	<u>\$53,765,804</u>

Assumed

ANGIC did not assume any premiums during the examination period.

Ceded

The Company's reinsurance agreements are combined with the property and casualty group of ANICO.

The Company is reinsured by a Multi-line Excess of Loss reinsurance agreement for selected property and casualty risks, coverage is \$5 million excess of \$1 million retention per risk. In addition, there is property per risk coverage of \$9 million excess of \$6 million and casualty clash coverage of \$44 million excess of \$6 million per occurrence to provide coverage over the multi-line contract limit. The Company is also reinsured by a multi-layer corporate property catastrophe agreement for any one loss event up to 97.5% of \$460 million above the Company's retention of \$40 Million. All of the above coverages remained unchanged during 2011 and 2012.

In 2010, the Company expanded the 2009 property catastrophe coverage of 97.5% of \$25 million excess of \$10 million for Texas and Louisiana to coverage of 97.5% of \$30 million excess of \$10 million and added the states of Oklahoma, Arkansas, Alabama, Mississippi, and South Carolina. The Company maintained this coverage in 2011 and added Georgia and Virginia in 2012. The Company purchased additional property catastrophe coverage for the remainder of the states. In 2010, the coverage was 97.5% of \$20 million excess of \$20 million. This coverage was expanded in 2011 to 97.5% of \$30 million excess of \$10 million and remains unchanged for 2012. The Company also purchased separate earthquake coverage in addition to the earthquake coverage provided by the corporate property catastrophe agreement and state-specific agreements. The amount of additional earthquake coverage was 97.5% of \$125 million excess of \$25 million in 2010; 97.5% of \$50 million excess of \$25 million in 2011; and 97.5% of \$30

million excess of \$10 million in 2012. In 2011, the Company entered into an aggregate property catastrophe reinsurance cover for \$30 million excess of \$90 million. The aggregate cover was continued in 2012.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

ACCOUNTS AND RECORDS

Independent Auditor

The CPA firm, KPMG, LLP, of Houston, Texas issued audited statutory financial statements of the Company for all years in the examination period.

Appointed Actuary

The actuarial opinion regarding the Company’s reserves for losses and loss adjustment expenses was issued by John F. Butcher, FCAS, MAAA, of Towers Watson, of Dallas, Texas for all years in the examination period.

Information Systems

The Company’s significant applications are hosted on Dell and IBM servers at the ANICO primary data center located in League City, Texas. All of the affiliated company data centers were consolidated to this location in September 2009.

The majority of the Company’s financially significant applications were developed internally by the information technology staff. These applications are coded in either COBOL or Visual Basic programming language. Structured Query Language and Microsoft EXCEL are also used for data warehouse management and reinsurance management, respectively.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri DIFP as of December 31, 2010, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with Section 379.098 RSMo (Securities Deposit). The Company’s required deposit for Missouri is \$1,200,000. The funds on deposit as of December 31, 2010 were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
U.S. Treasury Notes	\$2,150,000	\$2,166,265	\$2,151,902

Deposits with Other States

The Company also had funds on deposit with various other states in which it is licensed. Those funds on deposit as of December 31, 2010 were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Georgia	U.S. Treasury Notes	\$40,000	\$40,228	\$40,020
New Mexico	U.S. Treasury Notes	350,000	351,999	350,179
Virginia	U.S. Treasury Notes	<u>105,000</u>	<u>105,600</u>	<u>105,054</u>
Totals		<u>\$495,000</u>	<u>\$497,827</u>	<u>\$495,253</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of American National General Insurance Company for the period ending December 31, 2010. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statement Items." The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore, were only communicated to the Company and noted in the workpapers for each key activity.

Assets

	<u>Assets</u>	Non- Admitted <u>Assets</u>	Net Admitted <u>Assets</u>
Bonds	\$84,865,052		\$84,865,052
Common Stocks	7,740,258		7,740,258
Cash, Cash Equivalents and Short-term Investments	8,512,769		8,512,769
Investment Income Due and Accrued	1,251,191		1,251,191
Premiums and Considerations:			
Deferred Premiums, Agents' Balances	9,955,395	\$151,080	9,804,315
Federal Income Tax Recoverable	4,303,772	2,870,077	1,433,695
Net Deferred Tax Asset	1,949,514		1,949,514
Guaranty Funds Receivable or on Deposit	339		339
Receivables from Parent, Subsidiaries and Affiliates	8,760		8,760
Aggregate Write-Ins for other than Invested Assets:			
Other Assests	143,694	143,694	0
State Income Tax Recoverable	12,313	6,609	5,704
Prepaid Expenses	9,939	9,939	0
Equities and Deposits in Pools	5,088		5,088
Premium Tax Credits	<u>1,081</u>	<u>0</u>	<u>1,081</u>
TOTAL ASSETS	<u>\$118,759,165</u>	<u>\$3,181,399</u>	<u>\$115,577,766</u>

Liabilities, Surplus and Other Funds

Losses	\$23,745,970
Loss Adjustment Expenses	4,129,013
Commissions Payable	1,579,978
Other Expenses	1,188,279
Taxes, Licenses and Fees	711,098
Unearned Premium	19,568,173
Advance Premium	410,345
Ceded Reinsurance Premiums Payable	(27,659)
Remittances and Items Not Allocated	20,568
Payable to Parent, Subsidiaries and Affiliates	1,204,003
Aggregate Write-in for Liabilities:	
CASHBACK Retrospective Premium	1,079,335
Escheat Funds Held in Trust	<u>186,664</u>
TOTAL LIABILITIES	\$53,795,767
Common Capital Stock	2,500,000
Gross Paid-In and Contributed Surplus	12,500,000
Unassigned Funds (Surplus)	<u>46,781,999</u>
Capital and Surplus	<u>\$61,781,999</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$115,577,766</u>

Statement of Income

Underwriting Income

Premiums Earned	\$49,021,718
Losses Incurred	49,836,954
Loss Expenses Incurred	6,897,103
Other Underwriting Expenses Incurred	<u>11,412,922</u>
Total Underwriting Deductions	<u>\$68,146,979</u>
Net Underwriting Gain/(Loss)	<u>\$(19,125,261)</u>

Investment Income

Net Investment Income Earned	4,683,655
Net Realized Capital Gains or (Losses)	<u>916,423</u>
Net Investment Gain or (Loss)	<u>\$5,600,078</u>

Other Income

Net Gain (Loss) from Agents' or Premium Balances Charged Off	(364,610)
Finance and Service Charges not Included in Premiums	97,978
Miscellaneous Other Income	<u>(16)</u>
Total Other Income	<u>\$(266,648)</u>
Net Income Before Dividends to Policyholders and Federal Income Taxes	\$(13,791,831)
Federal and Foreign Income Taxes Incurred	<u>(4,558,297)</u>
Net Income (Loss)	<u>\$(9,233,534)</u>

Capital and Surplus Account

Surplus as Regards Policyholders, December 31, 2009	\$72,490,729
Net Income	(9,233,534)
Change in Net Unrealized Capital Gains or (Losses)	592,558
Change in Nonadmitted Assets	(2,464,941)
Change in Net Deferred Income Tax	364,374
Aggregate Write-ins for Gains and Losses in Surplus	32,813
Examination Change	<u>0</u>
Net Change in Surplus as Regards Policyholders for the Year	<u>\$(10,708,730)</u>
Surplus as Regards Policyholders, December 31, 2010	<u>\$61,781,999</u>

Examination Changes

None

Comments on Financial Statement Items

None

General Comments and/or Recommendations

None

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of American National General Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Shawn Hernandez, CFE, Steve Koonse, CFE, Bernie Troop, CFE, Alvin Garon, CFE, Valerie Hastings, AFE, Scott Rennick, AFE, and Levi Nwasoria, CPA, CFE, examiners for the Missouri DIFP also participated in this examination. Timothy Carroll, Information System Examiner for the DIFP performed a review of the information system environment. Jon Michelson, FCAS, MAAA, of Expert Actuarial Services, LLC, also participated as a consulting actuary.

VERIFICATION

State of Missouri)
)
County of)

I, Vicki L. Denton, 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 American National General Insurance 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.

Vicki L. Denton
Vicki L. Denton, CFE
Examiner-In-Charge
Missouri DIFP

Sworn to and subscribed before me this 7th day of May, 2012.

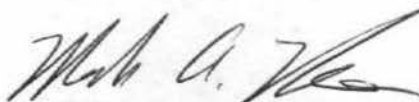
My commission expires: 04-14-2016 Beverly M. Webb
Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070

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.



Mark A. Nance, CPA, CFE
Audit Manager
Missouri DIFP

From: Campbell, Robert

Sent: Wednesday, May 30, 2012 11:56 AM

To: tammy.rodiek@insurance.mo.gov

Cc: Fred.Heese@insurance.mo.gov; Koch, Ron; Weitzel, Sheila

Subject: EXAMINATION REPORTS FOR AMERICAN NATIONAL PROPERTY AND CASUALTY CO. AND AMERICAN NATIONAL GENERAL INSURANCE CO.

Importance: High

THE EXAMINATION REPORT FOR AMERICAN NATIONAL PROPERTY AND CASUALTY CO. (ANPAC) AND AMERICAN NATIONAL GENERAL INSURANCE CO. (ANGIC) FOR THE PERIOD ENDING DECEMBER 31, 2010 ARE ACCEPTABLE IN ITS PRESENT FORM.

ANPAC AND ANGIC WAIVE THE 30 DAY WAITING PERIOD.

THE ANPAC AND ANGIC RESPONSE ABOVE CAN BE INCLUDED IN THE REPORT AS A PUBLIC DOCUMENT.

THANK YOU FOR YOUR ATTENTION TO THIS MATTER.

BEST REGARDS,

ANPAC American National Property And Casualty Companies
Robert J. Campbell, Executive Vice President
General Counsel / Corporate Secretary & Chief Claims Officer

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