OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE

Date:  JUN 01 2015

Subject Considered:

American Modern Home Insurance Company
American Modern Select Insurance Company
American Family Home Insurance Company
American Southern Home Insurance Company
American Western Home Insurance Company
P.O. Box 5323, Cincinnati, OH 45201

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 9344

The commissioner of insurance considers the Regulatory Settlement Agreement (RSA) entered into by American Modern Home Insurance Company, American Modern Select Insurance Company, American Family Home Insurance Company, American Southern Home Insurance Company, and American Western Home Insurance Company (Companies). The RSA is the result of a voluntary self-disclosure and corrective action by the Companies that culminated in a collaborative action designation and multistate targeted market conduct examination of the Companies’ practices and procedures with respect to charges potentially in excess of filed or approved rates for its lender-placed insurance products, Blanket Mortgage Security (BMS) and Collateral Protection Insurance (CPI), and corrections to its commercial single interest products (VSI or LSI).

WAIVER

The Companies acknowledge that the Texas Insurance Code and other applicable laws provide certain rights relating to the subject matter of any disciplinary proceeding and how it is conducted. The Companies waive those rights with respect to the entry of this consent order.

The Companies agree to the entry of this consent order with the express reservation that they do not admit to a violation of the Texas Insurance Code and related rules, and assert that they have not violated any law or regulation.

FINDINGS OF FACT

1. The Companies have conducted the business of insurance in Texas.
2. On March 25, 2015, the Companies signed the RSA, which is attached and incorporated for all purposes as Exhibit 1. Pursuant to the RSA, the Companies agree to pay a minimum administrative penalty of $6 million to be distributed to the signatory states that are parties to the RSA. The Companies agree to pay an additional $6 million administrative penalty to be distributed to the signatory states that are parties to the RSA, if later assessed according to the terms of the RSA.

3. Texas is expected to receive a payment allocation as determined by the RSA. Jurisdictions must sign the RSA by June 5, 2015, to participate in the payment allocation.

4. TDI and the Companies agree that this consent order disposes of all issues, claims, demands, interest, penalties, actions, or causes of action regarding the Companies’ practices and procedures with respect to charges potentially in excess of filed or approved rates for its lender-placed insurance products, Blanket Mortgage Security (BMS) and Collateral Protection Insurance (CPI), as well as commercial single interest products (VSI or LSI) as described in the RSA.

5. By this consent order, the Companies waive their rights with respect to all issues, claims, demands, interest, penalties, actions, or causes of action covered by the RSA: (1) to file a motion for determination; (2) to file any further claim for any issues occurring with respect to the matters covered by the RSA, or to otherwise further dispute any issues involved in the matters covered by the RSA; and (3) to file any petition in district court contesting issues disposed of in the RSA, or which could have been raised and disposed of concerning the period covered by the RSA, except those rights provided for in the RSA.

6. This consent order and RSA is between TDI and the Companies and does not incorporate any other pending agreements other than those referenced in the RSA.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.052 and 84.001-84.051; and TEX. GOV’T CODE §§ 2001.051-2001.178.

2. The commissioner has the authority to dispose of this case informally pursuant to TEX. GOV’T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.

TDI adopts, agrees to, and approves the RSA and will enforce the RSA consistent with applicable law in effect in Texas and as referenced in the RSA.
The commissioner orders the Companies to pay the amount allocated to TDI within 10 days after the later of the effective date or receipt of the allocation from the Lead States as set forth in the attached RSA. The amount must be paid by check or money order made payable to the “State of Texas” and sent to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.

David C. Mattax
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:

Mandy Meesey
Director, Compliance Division
Texas Department of Insurance
AGREED, ACCEPTED, AND EXECUTED BY:

American Modern Home Insurance Company

By: [Signature]

Name: Steven J. Mackie

Title: Vice President

AFFIDAVIT

STATE OF Ohio §

COUNTY OF C laman §

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Steven J. Mackie. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I am an authorized representative of American Modern Home Insurance Company. I hold the position of Vice President. I am duly authorized by American Modern Home Insurance Company to sign this consent order and make the following statement:

American Modern Home Insurance Company knowingly and voluntarily enters into this consent order. American Modern Home Insurance Company agrees with and consents to the issuance and service of the consent order by the Texas commissioner of insurance."

[Signature]

Affiant

SWORN TO AND SUBSCRIBED before me on [Date], 2015.

(NO T A R Y STAMP) [Signature of Notary Public]

[Notary Public's Signature]

[Notary Public's Information]
AGREED, ACCEPTED, AND EXECUTED BY:

American Modern Select Insurance Company

By: [Signature]

Name: Steven J. Mackie

Title: Vice President

AFFIDAVIT

STATE OF Ohio §

COUNTY OF Clermont §

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Steven J. Mackie. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I am an authorized representative of American Modern Select Insurance Company. I hold the position of Vice President. I am duly authorized by American Modern Select Insurance Company to sign this consent order and make the following statement:

American Modern Select Insurance Company knowingly and voluntarily enters into this consent order. American Modern Select Insurance Company agrees with and consents to the issuance and service of the consent order by the Texas commissioner of insurance."

[Signature]

Affiant

SWORN TO AND SUBSCRIBED before me on May 28th, 2015.

(NOTARY STAMP)

Signature of Notary Public

LEE ANN KIEFER
Notary Public, State of Ohio
My Commission Expires Aug. 29, 2019
AGREED, ACCEPTED, AND EXECUTED BY:

American Family Home Insurance Company
By: [Signature]
Name: Steven J. Mackie
Title: Vice President

AFFIDAVIT

STATE OF Ohio $
COUNTY OF Clermont $

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Steven J. Mackie. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I am an authorized representative of American Family Home Insurance Company. I hold the position of Vice President. I am duly authorized by American Family Home Insurance Company to sign this consent order and make the following statement:

American Family Home Insurance Company knowingly and voluntarily enters into this consent order. American Family Home Insurance Company agrees with and consents to the issuance and service of the consent order by the Texas commissioner of insurance."

[Signature]
Affiant

SWORN TO AND SUBSCRIBED before me on May 26th, 2015.

(NOTARY STAMP)

LEE ANN KIEFER
Notary Public, State of Ohio
My Commission Expires Aug. 29, 2019
AGREED, ACCEPTED, AND EXECUTED BY:

American Southern Home Insurance Company
By: [Signature]
Name: Steven J. Mackie
Title: Vice President

AFFIDAVIT

STATE OF Ohio §
COUNTY OF Clermont §

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Steven J. Mackie. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I am an authorized representative of American Southern Home Insurance Company. I hold the position of Vice President. I am duly authorized by American Southern Home Insurance Company to sign this consent order and make the following statement:

American Southern Home Insurance Company knowingly and voluntarily enters into this consent order. American Southern Home Insurance Company agrees with and consents to the issuance and service of the consent order by the Texas commissioner of insurance."

[Signature]
Affiant

SWORN TO AND SUBSCRIBED before me on May 24, 2015.

(NOTARY STAMP) [Signature]
LEE ANN KIEFER
Notary Public, State of Ohio
My Commission Expires Aug. 29, 2019
AGREED, ACCEPTED, AND EXECUTED BY:

American Western Home Insurance Company

By: [Signature]

Name: Steven J. Mackie
Title: Vice President

STATE OF Ohio
COUNTY OF Cuyahoga

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Steven J. Mackie. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I am an authorized representative of American Western Home Insurance Company. I hold the position of Vice President. I am duly authorized by American Western Home Insurance Company to sign this consent order and make the following statement:

American Western Home Insurance Company knowingly and voluntarily enters into this consent order. American Western Home Insurance Company agrees with and consents to the issuance and service of the consent order by the Texas commissioner of insurance."

Affiant

SWORN TO AND SUBSCRIBED before me on [Date], 2015.

[Notary Stamp]

LEE ANN KIEFER
Notary Public, State of Ohio
My Commission Expires Aug. 29, 2019
REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement ("Agreement"), including Exhibits, is entered into as of this 28 day of April 2015, by and among American Modern Insurance Group, Inc., on behalf of itself, its insurance company subsidiaries listed in Exhibit 1 of this Agreement, and any successors thereto (collectively, the "Company"); and the Departments of Insurance of Ohio, Indiana, Washington, and the Departments of Insurance of the Signatory States (collectively, the “Departments”). Together, the Company and the Departments are the “Parties.”

I. RECITALS

1. The Company voluntarily reported to its domiciliary State, the Ohio Department of Insurance ("Ohio Department"), in October and November 2012, and subsequently to each subsidiary’s domiciliary State, including Florida and Oklahoma, for the issues which are the subject of this Agreement.

2. As part of its initial action, the Company requested a collaborative action designation from the Ohio Department as the Company transacts business in all 50 States. Since that time, the Company has provided the Ohio Department with regular, periodic status updates outlining its progress with respect to its implementation of the Correction and Compliance Action Plan ("Plan"), incorporated herein by reference.

3. The Ohio Department subsequently notified all other jurisdictions of the Company’s self-disclosure and corrective action through the National Association of Insurance Commissioners’ ("NAIC") Market Information Systems.

4. The Company’s self-evaluation revealed an issue with respect to potential charges in excess of the filed and/or approved rates for its lender-placed products (i.e. Blanket Mortgage Security ("BMS") and Collateral Protection Insurance ("CPI")), and corrections to its
commercial single interest products (i.e. Lender Single Interest ("LSI") and Vendor Single Interest ("VSI")).

5. This Agreement sets forth the required corrective and compliance action which the Company has taken and will take pursuant to the Plan to address the identified issues which are the subject of this Agreement.

II. AGREEMENT

1. As a result of its self-evaluation and voluntary disclosure, the Company states and affirms that, pursuant to this Agreement, it is implementing a Correction and Compliance Action Plan that encompasses the following action:

   a. Financial Institutions Division ("FID") Management restructuring and addition of company resources to segregate lines of authority;

   b. Review and revision of internal procedures and protocols, including enhancement of underwriting and rate verification controls, to track, confirm, and verify that master policy and certificate data conforms to each state filing (which includes all new business issued on or after November 27, 2012);

   c. Remediation of policies:

      i. The Company has remediated all impacted in-force policies as of April 1, 2013 for its BMS and CPI products such that all active master policies are compliant for charges not in excess of the applicable filed rates. The Company has implemented a process and procedure to address previously-identified rates that were less than the filed rates to bring them into conformance with previously-approved forms for BMS and CPI master policies;
ii. The Company updated its LSI/VSI commercial product to increase coverage limits and clarify the types of collateral and other provisions of coverage. The Company has cancelled and rewritten its LSI/VSI products which were written between June 1, 2013 and August 1, 2014 such that all active policies are compliant;

d. Development and ongoing implementation of a standard data file layout for agents to promote uniform coverage code reporting and provide all underwriting data elements necessary to verify rates. Additionally, the Company has undertaken a retrospective review (completed December 29, 2014) for the correction of prior company code inaccuracies related to premium allocation for years 2009 – 2013;

e. Remediation of identified material control weakness within FID related to use of proper rates and premium allocation through design and implementation of controls deemed critical for NAIC Annual Financial Reporting Model Regulation; and

f. Implementation of a policy administration system designed specifically for FID, and development and implementation of interim rate verification processes for FID products.

2. The Company has developed a resolution process to estimate charges in excess of applicable filed and/or approved rates for BMS and CPI products and implemented the Plan, which includes a claim process to provide eligible borrowers with the opportunity for payment of any identified and verified charge that may have exceeded the applicable filed and/or approved rates on BMS and CPI master policies. An eligible borrower is defined to mean any person or
entity other than an insured lender, creditor, or servicer, who is identified in the Company’s records as having an interest in a mortgaged property that is the subject of a lender-placed certificate of insurance issued on behalf of the Company, if that certificate transaction assessed a premium charge in excess of a de minimis amount above the applicable rating plan, based upon preliminary calculation of the force-placed BMS and CPI rating charges that may have exceeded the filed and/or approved rates during the Look-Back Period,\(^1\) except those charges that have since been determined by the Company to be accurate. For purposes of this Plan, the de minimus amount shall be $25 for BMS residential borrowers, at least $50 for BMS commercial borrowers, and at least $25 for CPI residential and commercial borrowers. Other than the corrective action noted in section 1(c)(ii) above, no resolution process is necessary or warranted for the LSI/VSI product.

3. The Company agrees to pay eligible borrowers the verified benefit as determined by an independent third party administrator ("TPA"), according to the procedures set forth in this Agreement. The Company shall also pay interest of 3.70 percent on any eligible borrower claim that is determined to be payable as part of the claim process, unless the law of a specific State calls for a different rate of interest to be applied to refunds of property/casualty premium. Interest will be calculated from the date the impacted certificate transaction occurred through the earlier of either: (i) the date the benefit payment is paid to the borrower; or (ii) the conclusion of the three (3) year period as discussed herein.

4. The Company will establish payment procedures under this Agreement and provide regular reporting to the Departments regarding key processing components such as response rates, claims made, claims paid, claims rejected, and notices returned. The payments to claimants under this paragraph shall be made as follows:

\(^1\) The Look-Back Period is defined as January 1, 2009 to March 31, 2013.
a. As of June 30, 2014, the Company executed an initial mailing of the Borrower Notice and Claim Form (attached hereto as Exhibit 2), to eligible borrowers.

b. After the notice is received, each eligible borrower has the opportunity to submit a claim within ninety 90 days of the date of the mailing to initiate the claims review process. The Company will provide a follow-up notice allowing for an additional 90 days beyond the original 90-day deadline for claim submission.

c. Following receipt of a timely claim, the TPA will conduct claim reviews and make determinations. In the event a claim decision is challenged, the TPA has established an appeal process to have any such contests reviewed again.

d. Following the claims review process, the Company will remit payment of any verified benefit to the eligible borrower from a Fund, described herein.

5. In accordance with and defined in the Plan, the Company agrees to establish a Fund of $20,381,997 from which all BMS and CPI claim payments will be made.

6. For purposes of this Agreement only, the Company agrees that monies remaining in the Fund at the conclusion of all outstanding BMS and CPI claims will be considered unclaimed property subject to escheatment as to each Participating State pursuant to the unclaimed fund/escheatment laws of each Participating State. This paragraph shall not apply to Participating States that elect, on the State RSA Adoption Form (Exhibit 4), to implement a separate method for return of monies remaining in the Fund.

7. Neither this Agreement, nor any act performed or document executed pursuant to or in furtherance of this Agreement, are now, or at any point in the future, deemed to be an admission of or evidence of liability or any wrongdoing by the Company.

8. The Parties agree that this is a compromise of a disputed claim, and that this
Agreement is entered into without admitting any liability, which liability is expressly denied, and without agreement by any party to any of the allegations made by another party.

9. The Departments agree that this Agreement fully resolves any and all claims with respect to the matters encompassed within the scope of this Agreement.

III. ADMINISTRATIVE PENALTY, EFFECTIVENESS OF THIS AGREEMENT, AND EXAMINATION

1. The Company agrees to pay an Administrative Penalty in the amount of up to twenty-four (24) million dollars.

2. Due to the Company’s voluntarily self-reporting of the issues which are the subject of this Agreement, the Departments agree to waive fifty (50) percent of the Administrative Penalty defined in Section III, Paragraph 1 above, or twelve (12) million dollars.

3. If the Company implements the fully operational policy administration system as referenced in Section II, Paragraph 1 with all agents submitting transaction data using the standard data file layout, on or before March 31, 2016 as set forth and in conformance with Exhibit 2 of the Plan, the Departments agree to suspend fifty (50) percent of the twelve (12) million dollar Administrative Penalty described in Section III, Paragraph 2. The Company agrees to provide the Managing Lead State with a written certification of completion, completed by an officer of the Company, on or before March 31, 2016, indicating the Company has implemented the fully operational policy administration system as described in Section II, Paragraph 1. Therefore, the Company agrees to pay a minimum Administrative Penalty of six (6) million dollars in accordance with Section III, Paragraph 12, subject to any additional Administrative Penalties which may be assessed pursuant to Section III, Paragraphs 4, 5, and 16 of this Agreement.

4. Should the Company fail to provide a written certification of completion, as
described in Section III, Paragraph 3, to the Managing Lead State on or before March 31, 2016, the suspended six (6) million dollar Administrative Penalty referenced in Section III, Paragraph 3 will be reinstated. Payment of this reinstated Administrative Penalty will be made in accordance with Section III, Paragraph 13.

5. Should the Departments find upon completion of the examination discussed in Section III, Paragraphs 14 through 16, that the Company failed to implement the fully operational policy administration system as described in Section II, Paragraph 1, on or before March 31, 2016, the suspended six (6) million dollar Administrative Penalty referenced in Section III, Paragraph 3 will be reinstated. Payment of this reinstated Administrative Penalty will be made in accordance with Section III, Paragraph 16.

6. **Exhibit 3** of this Agreement sets forth the allocation of the Administrative Penalty which will be payable if all States execute the Agreement. Only those States that execute this Agreement as Lead States or deliver an executed State RSA Adoption Form to the Managing Lead State on or before the Effective Date, as defined in Section III, Paragraph 9 below, will receive a payment under this Agreement.

7. The effectiveness of this Agreement is conditioned on the following:
   a. Approval and execution of the Agreement by the Company and by the Lead States, which shall establish the Execution Date; and
   b. Approval and execution of this Agreement by at least 25 of the 51 States where the Company writes BMS and CPI, within the timeframe specified in Section III, Paragraph 7 below.

8. Each State seeking to participate in the payment allocation must deliver an executed State RSA Adoption Form to the Ohio Department on or before 45 calendar days after the
Execution Date. Each State submitting an RSA Adoption Form shall be known as a “Signatory State.”

9. The Effective Date of this Agreement is 45 calendar days after the Execution Date, provided that at least 25 States have become Signatory States and the Ohio Department provides written notice to the Company that 25 States have become Signatory States. Each Signatory State’s allocation of the Administrative Penalty will be a prorated amount based on each Signatory State’s percentage of the Company’s 2013 total written premium for BMS and CPI combined.

10. Following the Effective Date, the Managing Lead State will prepare an allocation table stating the percentage and amount of the Administrative Penalty that will be payable to each Signatory State.

11. The Managing Lead State will instruct the Company on each Signatory State no later than 15 business days after the Effective Date, unless the Company and Managing Lead State agree in writing to an extension.

12. Payment of the Administrative Penalty shall be made by the Company to the Signatory States within 15 business days of receipt of the payment instructions from the Managing Lead State unless the Company and Lead States agree to an extension. Payment shall be made as directed in each Signatory State’s signed State RSA Adoption Form.

13. If the suspended six (6) million dollar Administrative Penalty referenced in Section III, Paragraph 3 is reinstated in accordance with Section III, Paragraph 4, payment shall be made as directed in each Signatory State’s signed State RSA Adoption Form by April 15, 2016.

14. The Lead States will conduct an examination of the issues addressed by this Agreement. The examination will review all policies covered by the Plan with an effective date
on or after January 1, 2016. The examination shall be conducted in accordance with the applicable examination law and regulations and the NAIC’s Market Regulation Handbook and shall follow the standards which are consistent with the standards set forth in this Agreement.

15. The Lead States agree that the examination will not be commenced before April 1, 2016, unless the Managing Lead State determines that the Company has failed to substantially comply with a material provision of this Agreement.

16. If, after the examination described in Section III, Paragraphs 14 and 15, the Lead States determine that the Company has failed to substantially comply with a material provision of this Agreement, the Departments may assess additional Administrative Penalties. These additional Administrative Penalties, if any, will be made as directed in each Signatory State’s signed State RSA Adoption Form upon conclusion of the examination.

IV. MISCELLANEOUS PROVISIONS

1. To the extent permitted by State law, all audit reports, statistical reports, work papers, documents, and any other information produced, obtained, or disclosed in connection with the Plan, including, but not limited to, the Plan itself, regardless of the manner of production or disclosure, shall be given confidential and privileged treatment, shall not be subject to subpoena, shall not be made public, and are not public records subject to disclosure. Nothing in this Agreement is intended to, nor shall it, preclude Signatory States from disclosing the results of compliance with the Agreement to non-Signatory States that are in compliance with NAIC confidentiality agreements.

2. Each person signing on behalf of a Signatory State gives express assurance that, under applicable law, such person has authority to enter into this Agreement.

3. Any action or proceeding to enforce the provisions of this Agreement shall be
governed by and interpreted in accordance with the laws and regulations of Ohio, without regard
or reference to choice or conflict of laws rules.

4. The section headings herein are intended for reference and shall not by
themselves determine the construction or interpretation of this Agreement.

5. To the extent not addressed in an existing consent order with a State, this
Agreement represents the entire understanding between the Company and the Signatory States
with respect to the subject matter hereof and supersedes any and all prior understandings,
agreements, plans, and negotiations, whether written or oral, between the Company and any
Signatory State.

6. This Agreement may be executed in one or more counterparts, all of which shall be
deemed an original and all of which, when taken together, shall constitute one and the same
Agreement. Execution and delivery of this Agreement may be performed by email or facsimile
transmission.

7. In the event the Company believes it will be unable to meet a deadline under the
Agreement or the Plan, the Company will promptly, but in no event less than five (5) business
days prior to the deadline in question, inform the Managing Lead State. The Company will use
its reasonable best efforts to meet any such deadline as soon as practicable. The Lead States and
the Company agree to work together in good faith in all instances subject to this provision of the
Agreement.

8. The Lead States and the Company may mutually agree, in writing, to any reasonable
extensions of time that might become necessary to carry out the provisions of this Agreement.

9. Nothing contained in this Agreement shall confer any rights upon any persons or
entities other than the Signatory States and the Company and is not intended for any other
purpose. Nor shall the Agreement be deemed to create any intended or incidental third party beneficiaries, and the matters addressed herein shall remain within the sole and exclusive jurisdiction of the Departments.

10. This Agreement shall be binding on and inure to the benefit of the Signatory States, the Company, and their respective legal representatives, successors, and assigns.

11. Except as otherwise provided herein, any notice required to be given to the Managing Lead State or the Company shall be sufficient if delivered in writing to the address below and if confirmation of delivery is obtained. Delivery may be made by facsimile transmission, courier service, hand delivery, or first-class certified or registered mail.

If to the Company:

American Modern Insurance Group, Inc.

ATTN: Mr. James T. Whittle, Esq.

7000 Midland Blvd.

Amelia, Ohio 45102

With a copy to Counsel:

Frost Brown Todd, LLC

ATTN: Mr. Greg E. Mitchell, Esq.

250 West Main Street, Suite 2800

Lexington, Kentucky 40507

If to the Managing Lead State:

Ohio Department of Insurance
Market Conduct Division

50 West Town Street, Suite 300

Columbus, Ohio 43215

12. In the event that any portion of this Agreement is held invalid under any particular State's law as it is relevant to a Signatory State, such invalid portion shall be deemed to be severed only in that State and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.

13. Except as specifically set forth herein, the Company understands and agrees that by entering into this Agreement, the Company waives any and all rights to notice, hearing, and appeal respecting this Agreement.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]
AMERICAN MODERN INSURANCE GROUP, INC.

I, Kevin E. Randall, hereby affirm that I am the Senior Vice President of American Modern Insurance Group, Inc., and have the authority to execute this Agreement on behalf of the Company, as defined herein.

Dated this 25th day of March, 2015.

[Signature]

Kevin E. Randall

I, Paul W. Schneider, hereby affirm that I am the Senior Vice President of American Modern Insurance Group, Inc., and have the authority to execute this Agreement on behalf of the Company, as defined herein.

Dated this 25th day of March, 2015.

[Signature]

Paul W. Schneider
OHIO DEPARTMENT OF INSURANCE

By: [Signature]
   Mary Taylor, Gov. Governor

Date: 1/28/15

Ohio Department of Insurance
50 West Town Street
3rd Floor, Suite 300
Columbus, OH 43215

INDIANA DEPARTMENT OF INSURANCE

By: [Signature]
   Stephen W. Robertson, Commissioner

Date: __________________________

Indiana Department of Insurance
311 West Washington Street, Suite 103
Indianapolis, IN 46204

WASHINGTON DEPARTMENT OF INSURANCE

By: [Signature]
   Mike Kreidler, Washington State Insurance Commissioner

Date: __________________________

Washington Department of Insurance
Insurance Building-Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504
OHIO DEPARTMENT OF INSURANCE

By: ________________________________
    Mary Taylor, Lt. Governor/Director

Date: ________________________________

Ohio Department of Insurance
50 West Town Street
3rd Floor, Suite 300
Columbus, OH 43215

INDIANA DEPARTMENT OF INSURANCE

By: ________________________________
    Stephen W. Robertson, Commissioner

Date: April 24, 2015

Indiana Department of Insurance
311 West Washington Street, Suite 103
Indianapolis, IN 46204

WASHINGTON DEPARTMENT OF INSURANCE

By: ________________________________
    Mike Kreidler, Washington State Insurance Commissioner

Date: ________________________________

Washington Department of Insurance
Insurance Building-Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504
OHIO DEPARTMENT OF INSURANCE

By: ______________________________
    Mary Taylor, Lt. Governor/Director

Date: _____________________________

Ohio Department of Insurance
50 West Town Street
3rd Floor, Suite 300
Columbus, OH 43215

INDIANA DEPARTMENT OF INSURANCE

By: ______________________________
    Stephen W. Robertson, Commissioner

Date: _____________________________

Indiana Department of Insurance
311 West Washington Street, Suite 103
Indianapolis, IN 46204

WASHINGTON DEPARTMENT OF INSURANCE

By: ______________________________
    Mike Kreidler, Washington State Insurance Commissioner

Date: _____________________________

Washington Department of Insurance
Insurance Building-Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504
EXHIBIT 1  LIST OF AMERICAN MODERN INSURANCE GROUP, INC.
SUBSIDIARIES SUBJECT TO THIS AGREEMENT

EXHIBIT 2  BORROWER NOTICE AND CLAIM FORM

EXHIBIT 3  ALLOCATION OF PENALTY ALLOCATION

EXHIBIT 4  STATE RSA ADOPTION FORM
EXHIBIT 1
LIST OF AMERICAN MODERN INSURANCE GROUP, INC. SUBSIDIARIES SUBJECT TO THIS AGREEMENT

AMERICAN MODERN INSURANCE GROUP, INC.
NAIC COMPANY CODE 0361

Named Subsidiaries

i. American Modern Home Insurance Company (Ohio domicile) (NAIC #23469), doing business as (“d/b/a”) American Modern Insurance Company in California;

ii. American Modern Select Insurance Company (Ohio domicile) (NAIC #38652);

iii. American Family Home Insurance Company (Florida domicile) (NAIC #23450), d/b/a as AFH Insurance Company in California;

iv. American Southern Home Insurance Company (Florida domicile) (NAIC #41998); and

v. American Western Home Insurance Company (Oklahoma domicile) (NAIC #35912)
EXHIBIT 2
BORROWER NOTICE AND CLAIM FORM

The following Borrower Notice and Claim form was provided to eligible borrower claimants beginning on June 30, 2014 as part of the Company’s resolution process.
Dear Claimant:

We are writing to you in connection with a rating and underwriting review conducted by American Modern Insurance Group (AMIG)\(^1\) and its related companies at the request of our state insurance regulator(s) concerning lender-placed insurance policies. AMIG determined that it would review policies and the transactions issued under these policies that became effective between January 1, 2009 and March 31, 2013.

AMIG has agreed to conduct a review of these policies and where appropriate, provide you with an opportunity to submit a claim for payment up to the Estimated Maximum Benefit with interest.

You did not pay AMIG any premium for the lender-placed insurance coverage provided by these policies, but your lender or loan servicer may have deducted the charges for these premiums or taken other action to collect these amounts from you.

You are receiving this Notice and Claim Form because during our review we determined that your property was covered by a Certificate issued under a lender-placed insurance policy issued by AMIG to your lender, its successors and/or assigns ("the Insured") during this period. As a result, you may be eligible to participate in our claims process and may be eligible to receive payment up to the Estimated Maximum Benefit amount listed above with interest.

If you would like us to review your claim and determine if you are eligible for a payment with interest, you must start the claims process by taking any one of the following three actions:

1. returning this Notice and Claim Form using the pre-paid self-addressed envelope, OR
2. calling the Claims Administrator to confirm your identity using the toll-free number which is 866-821-8386, OR
3. going online to confirm your identity and submit a Claim Form at www.AMIGClaimsAdministration.com.

By participating in this process and receiving a payment, you will be asked to give up (waive) certain legal rights in the event an amount, as determined by AMIG, is paid to you. These rights are important and include the ability to pursue legal action. Before you decide to give up any of your rights, you may wish to consult an attorney.

In order to have your claim included in the process, please return your form within 90 days of the date of this letter.

If you have any questions regarding this letter, please contact the Claims Administrator toll-free at 866–821–8386, or email us at info@AMIGClaimsAdministration.com.

\(^1\)The insurance policy that was issued by AMIG could have been issued by any of the following AMIG entities: 1) American Modern Home Insurance Company (in CA db/a American Modern Insurance Company); 2) American Modern Select Insurance Company; 3) American Family Home Insurance Company (in CA db/a AFH Insurance Company); 4) American Southern Home Insurance Company; or 5) American Western Home Insurance Company.
CLAIMANT IDENTIFICATION

Contact Information: The Claims Administrator will use this information for all communications relevant to this Claim (including the check, if eligible for payment). If this information changes, or if you need to make changes to your name, you MUST notify the Claims Administrator in writing at the address on page 1.

Claimant Name:

Current Street Address:

City:

State: Zip Code: Country (if Other than U.S.):

Name of the Person you would like the Claims Administrator to Contact Regarding This Claim (if different from the Claimant Name(s) listed above):

Daytime Telephone Number: Evening Telephone Number:

Email Address (Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)

COVERED PROPERTY INFORMATION

Lender:

Loan Number(s):

Type of Covered Property: (i.e., home or auto)

Covered Property Street Address:

City:

State: Zip Code: Country (if Other than U.S.):

I am requesting to participate in the Claim Process.

Print your name here __________________________ Signature __________________________

Date __________________________

In order to have your claim included in this process, please return your form within 90 days of the date of this letter.

To view GCG’s Privacy Notice, please visit http://www.gcginc.com/privacy
EXHIBIT 3
ALLOCATION OF ADMINISTRATIVE PENALTY

The following chart demonstrates the amount payable to each Signatory State if all States execute the RSA. Each Signatory State’s allocation of the Administrative Penalty will be a prorated amount based on each Signatory State’s percentage of the Company’s 2013 total written premium for BMS and CPI combined. The final distribution schedule and percentage allocations will be prepared after the total number of Signatory States is finalized.
<table>
<thead>
<tr>
<th>State</th>
<th>2103 Written Premium</th>
<th>Percent</th>
<th>Penalty Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$3,227,779</td>
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<td>$105,407.66</td>
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<tr>
<td>Alaska</td>
<td>$230,566</td>
<td>0.1%</td>
<td>$7,529.46</td>
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<tr>
<td>Arizona</td>
<td>$1,135,214</td>
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<td>$37,072.01</td>
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<td>Arkansas</td>
<td>$3,836,907</td>
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<td>$125,299.59</td>
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<td>California</td>
<td>$7,118,929</td>
<td>3.9%</td>
<td>$232,478.63</td>
</tr>
<tr>
<td>Colorado</td>
<td>$1,643,541</td>
<td>0.9%</td>
<td>$53,672.14</td>
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<tr>
<td>Connecticut</td>
<td>$2,102,905</td>
<td>1.1%</td>
<td>$68,673.32</td>
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<tr>
<td>Delaware</td>
<td>$445,402</td>
<td>0.2%</td>
<td>$14,545.23</td>
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<tr>
<td>District of Columbia</td>
<td>$366,876</td>
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<td>$11,980.85</td>
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<tr>
<td>Florida</td>
<td>$6,334,003</td>
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<tr>
<td>Georgia</td>
<td>$6,707,764</td>
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<td>$219,051.46</td>
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<td>Hawaii</td>
<td>$432,962</td>
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<td>$14,138.98</td>
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<tr>
<td>Idaho</td>
<td>$712,516</td>
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<td>$23,268.21</td>
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<tr>
<td>Illinois</td>
<td>$10,328,574</td>
<td>5.6%</td>
<td>$337,294.10</td>
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<tr>
<td>Indiana</td>
<td>$3,576,775</td>
<td>1.9%</td>
<td>$116,804.61</td>
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<tr>
<td>Iowa</td>
<td>$2,586,999</td>
<td>1.4%</td>
<td>$84,482.09</td>
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<tr>
<td>Kansas</td>
<td>$1,576,867</td>
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<td>$51,494.81</td>
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<tr>
<td>Kentucky</td>
<td>$3,632,753</td>
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<td>$118,632.65</td>
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<tr>
<td>Louisiana</td>
<td>$1,960,092</td>
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<td>$64,009.56</td>
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<tr>
<td>Maine</td>
<td>$1,589,665</td>
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<td>Maryland</td>
<td>$3,269,045</td>
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<td>Massachusetts</td>
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<td>Michigan</td>
<td>$5,654,015</td>
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<td>$184,639.80</td>
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<td>Minnesota</td>
<td>$2,117,662</td>
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<td>$69,155.23</td>
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<tr>
<td>Mississippi</td>
<td>$1,581,311</td>
<td>0.9%</td>
<td>$51,639.93</td>
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<tr>
<td>Missouri</td>
<td>$4,465,267</td>
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<td>$145,819.57</td>
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<tr>
<td>Montana</td>
<td>$572,778</td>
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<td>$18,740.87</td>
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<tr>
<td>Nebraska</td>
<td>$711,190</td>
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<td>$23,224.91</td>
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<tr>
<td>Nevada</td>
<td>$723,627</td>
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<td>$23,631.06</td>
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<tr>
<td>New Hampshire</td>
<td>$604,373</td>
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<td>$19,736.65</td>
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<td>New Jersey</td>
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<td>$312,826.81</td>
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<tr>
<td>New Mexico</td>
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<td>$49,731.20</td>
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<tr>
<td>New York</td>
<td>$8,208,196</td>
<td>4.5%</td>
<td>$268,050.17</td>
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<tr>
<td>North Carolina</td>
<td>$7,104,746</td>
<td>3.9%</td>
<td>$232,015.46</td>
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<tr>
<td>North Dakota</td>
<td>$437,977</td>
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<td>$14,302.75</td>
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<tr>
<td>Ohio</td>
<td>$10,162,155</td>
<td>5.5%</td>
<td>$331,871.21</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$7,873,685</td>
<td>4.3%</td>
<td>$257,126.25</td>
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<tr>
<td>Oregon</td>
<td>$1,673,092</td>
<td>0.9%</td>
<td>$54,637.17</td>
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<tr>
<td>Pennsylvania</td>
<td>$5,714,296</td>
<td>3.1%</td>
<td>$186,608.36</td>
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<td>Rhode Island</td>
<td>$453,062</td>
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<td>$14,795.38</td>
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<tr>
<td>South Carolina</td>
<td>$4,301,732</td>
<td>2.3%</td>
<td>$140,479.10</td>
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<td>South Dakota</td>
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<td>$54,070.58</td>
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<td>Tennessee</td>
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<td>Texas</td>
<td>$26,483,214</td>
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<tr>
<td>Utah</td>
<td>$1,843,594</td>
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<td>$60,205.15</td>
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<tr>
<td>Vermont</td>
<td>$673,216</td>
<td>0.4%</td>
<td>$21,984.81</td>
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<tr>
<td>Virginia</td>
<td>$3,400,599</td>
<td>1.9%</td>
<td>$111,051.34</td>
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<tr>
<td>Washington</td>
<td>$2,179,954</td>
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<td>$71,189.46</td>
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<tr>
<td>West Virginia</td>
<td>$1,005,398</td>
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<td>$32,832.68</td>
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<tr>
<td>Wisconsin</td>
<td>$2,937,041</td>
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<td>$95,913.20</td>
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<tr>
<td>Wyoming</td>
<td>$165,422</td>
<td>0.1%</td>
<td>$5,402.09</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$183,731,185</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$6,000,000.00</strong></td>
</tr>
</tbody>
</table>
EXHIBIT 4
STATE RSA ADOPTION FORM

Adoption Of
American Modern Insurance Group, Inc.
Regulatory Settlement Agreement

On behalf of the __________ State __________ of __________ Texas __________.
(State/Commonwealth, etc.)

I, __________ David Mattax __________, hereby adopt, agree, and approve this
(Typed or printed name of regulatory official)

Regulatory Settlement Agreement.

Dated this __________ 1st __________ day of __________ June __________ 2015.

By: __________ (Signature)

______________
Commissioner of Insurance
(Typed or printed Title)

______________
Texas Department of Insurance
(Name of Insurance Regulatory Agency)

Payment of Administrative Penalties

Instructions for payment and delivery: Unless otherwise specified, administrative penalties payable under this Agreement should be delivered to the above-named State at the address below. Electronic funds delivery is available upon request.

The check should be made payable to: State of Texas

Contact Name: Catherine Bell

Mailing Address: 333 Guadalupe Street

Austin, Texas 78701
Montes Remaining in the Fund

Instructions for monies remaining in the Fund attributable to your Participating State (please select one of the following options; if no election is made, monies will be escheated according to Participating State laws):

_X_ Escheat remaining monies according to the unclaimed fund/escheatment laws of the signing Participating State

___Contact the following person for directions on returning any remaining monies:

Name: __________________________ Title: __________________________

Email: __________________________

Address: _______________________________________________________

______________________________________________________________

Phone: _______________________________________________________

Please return this form to:
Angela Dingus
Ohio Insurance Department
50 West Town Street, Suite 300
Columbus, OH 43215
Phone: (614) 644-2663
Email: angela.dingus@insurance.ohio.gov