

REGULATORY AGREEMENT

Preamble

This Regulatory Agreement (“Agreement”) is entered into this 19th day of January 2017, by and between: (i) National General Holding Corporation (together with its Affiliates, “National General” or the “Company”) and (ii) the Delaware Department of Insurance; Florida Office of Insurance Regulation; Indiana Department of Insurance; Massachusetts Division of Insurance; Missouri Department of Insurance, Financial Institutions & Professional Registration; Pennsylvania Insurance Department; and Rhode Island Department of Business Regulation (the “Lead Regulators”) and the insurance-related regulatory bodies of such other jurisdictions as choose to adopt, agree to, and approve this Agreement (together with the Lead Regulators, the “Subscribing Jurisdictions”), hereby addressing the insurance regulatory matters described herein.

1. Recitals

a. National General is a publicly traded insurance holding company licensed to operate in 50 states and the District of Columbia. National General conducts force-placed property insurance operations through its subsidiaries Integon National Insurance Company (NAIC # 29742) and MIC General Insurance Corporation (NAIC # 38660). National General entered the force-placed property insurance market in 2015 by purchasing the operations of QBE Holdings, Inc. (“QBE”).

b. The Lead Regulators are Lead States in ongoing multistate targeted market conduct examinations of the force-placed property insurance operations of QBE and Assurant, Inc. (“Assurant”) during the period 2008-2014. Those examinations were called in response to regulatory concerns regarding the force-placed property insurance market generally. The Lead Regulators have negotiated a Regulatory Settlement Agreement with Assurant resolving matters arising in that examination and setting forth various business practices.

c. The Lead Regulators have not reviewed National Generals’ operations. Accordingly, this Agreement does not resolve specific regulatory concerns with identified practices. Instead, this Agreement sets forth business practices substantially identical to those contained in the Assurant agreement for the purpose of establishing mutual understanding and to ensure a “level playing field” for all participants in the force-placed insurance market.

2. Location of Definitions

The terms listed below shall have either the meaning given in this section or the definition given elsewhere in the Agreement at the specified location.

- a. "Affiliate" shall mean a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.
- b. "Agreement" is defined in the preamble paragraph on page 1.
- c. "Annual Data Report" is defined in section 4.d on page 4.
- d. "Assurant" is defined in section 1.b on page 1.
- e. "Applicable Consent Order" is defined in section 7.d(i) on page 7.
- f. "Company" is defined in the preamble paragraph on page 1.
- g. "Conditional Effective Date" is defined in section 6.a on page 5.
- h. "Final Effective Date" is defined in section 6.b on page 5.
- i. "Future Settlement Agreement" shall mean an agreement with a participant in the force-placed insurance market concerning the subject matter of this Agreement.
- j. "Investor" shall mean a person or entity (and its Affiliates) holding a beneficial interest in loans secured by real property.
- k. "Implementation Expenses" mean those expenses that are demonstrably and directly related to the implementation of National General's force-placed insurance program including but not limited to:
 - (i) identifying servicer and National General processes and system requirements;
 - (ii) allocating and assigning resources to be dedicated to the conversion/implementation to National General;
 - (iii) developing project documentation;
 - (iv) developing the project schedule and controls to manage against the schedule;
 - (v) designing, testing and implementation of information technology systems and interfaces need to exchange information needed for the effectiveness of National General's force-placed insurance program;
 - (vi) diverting mail, telephone, facsimile and web-based communications;
 - (vii) testing accuracy and quality of project deliverables;
 - (viii) training staff on National General's product and processes;
 - (ix) establishing specific controls to monitor National General's service to ensure it meets documented requirements; and
 - (x) any similar activity related to the implementation of National General's force-placed insurance program at program inception.
- l. "Lead Regulators" is defined in the preamble paragraph on page 1.

m. "Lender" is defined as a person or entity (and its Affiliates) making loans secured by an interest in real property.

n. "National General" is defined in the preamble paragraph on page 1.

o. "Parties" is defined as the Company and the Subscribing Jurisdictions collectively.

p. "QBE" is defined in section 1.a on page 1.

q. "Servicer" is defined as person or entity (and its Affiliates) contractually obligated to service one or more mortgage loans for a Lender or Investor. The term "Servicer" includes entities involved in subservicing arrangements.

r. "Subscribing Jurisdictions" is defined in the preamble paragraph on page 1.

3. List of Exhibits

Exhibit A Subscribing Jurisdiction Adoption Form

4. Rating Plans & Rate Filings

a. The Company shall re-file its force-placed property insurance rates at least once every four years with the initial period for these periodic re-filings beginning on the Final Effective Date. National General may, at its discretion, stagger these filings by accelerating (rather than deferring) these periodic submissions.

b. The Company shall have separate rates for force-placed property insurance and voluntary insurance obtained by a mortgage servicer on "real estate owned" property.

c. Should National General introduce new force-placed property insurance programs, such filings shall reference its experience in existing programs. Nothing contained herein shall limit the Company's discretion, as actuarially appropriate, to distinguish different terms, conditions, exclusions, eligibility criteria or other unique or different characteristics. Further, where actuarially acceptable, National General may rely on models or, in the case of flood filings where applicable experience is not credible, on Federal Emergency Management Agency National Flood Insurance Program data.

d. No later than April 1st of each year, the Company shall report to each Subscribing Jurisdiction for the prior calendar year:

- (i) Actual loss ratio;
- (ii) Earned premium;
- (iii) Any aggregate schedule rating debit/credit to earned premium;
- (iv) Itemized expenses;
- (v) Paid losses;

- (vi) Loss reserves;
- (vii) Case reserves; and,
- (viii) Incurred but not reported losses.

These figures (the “Annual Data Report”) shall be separately produced for each force-placed insurance program and presented on both an individual-jurisdiction and countrywide basis.

e. If the Company experiences an annual loss ratio of less than 35% in any line of force-placed property insurance for two consecutive years, it shall submit a rate filing (either adjusting its rates or supporting their continuance) to the insurance regulator for the relevant Subscribing Jurisdiction no more than 90 days after submission of the Annual Data Report. This paragraph does not apply to force-placed flood insurance which remains subject to the periodic re-filing requirement set forth in section 4.a above.

5. Business Practices

a. National General will not issue force-placed insurance on mortgaged property serviced by a National General Affiliate.

b. National General will not compensate a lender, investor, or servicer (including through the payment of commissions) on force-placed property insurance policies issued by National General. The prohibitions and requirements set forth in this subparagraph shall not preclude National General from reimbursing Implementation Expenses incurred by a servicer.

c. National General will not share force-placed insurance premium or risk with the lender, investor, or servicer that obtained the force-placed insurance.

d. National General will not offer contingent commissions, profit sharing, or other payments dependent on profitability or loss ratios to any person affiliated with a Servicer or National General in connection with force-placed property insurance.

e. National General will not provide free or below-cost outsourced services to lenders, investors, or servicers and will not outsource its own functions to lenders, investors, or servicers on an above-cost basis. National General shall maintain records demonstrating that any outsourced services offered to a lender, investor, or servicer are also offered on a fair and non-discriminatory basis to all other National General clients and prospective clients, *provided, however*, that this requirement shall not be interpreted to preclude National General from providing different service offerings to different clients or from including proprietary elements in the service offerings for individual clients to meet their specific and sometimes unique requirements. National General will maintain records sufficient to demonstrate its compliance with these requirements.

f. National General will not make any payments, including but not limited to the payment of expenses, to a lender, investor, or servicer for the purpose of securing force-placed insurance business. The prohibitions and requirements set forth in this subparagraph shall not

preclude National General from reimbursing Implementation Expenses incurred by a servicer. Implementation Expenses that are reimbursed must be supported by documentary or other physical or electronic evidence (such as, but not limited to invoices, work orders or the like) of their expenditure by the mortgage servicer. Such expenses must bear a direct relationship to the implementation of National General's force-placed insurance program at program inception.

g. National General will regularly audit the business practices of its agents and make commercially reasonable efforts to ensure that they comply with the business practices enumerated in the Agreement.

h. Within 270 days of the final effective date, National General shall establish and document procedures to conduct regular audits of its book of force-placed flood insurance business. Such audits shall include review of controls in place to ensure compliance with filed rating plans as well as review of in-force policies to verify that the systems in place are producing accurate and timely rating and eligibility determinations based on data provided by the Servicers. Such audits shall also include periodic audits of the processes and procedures of National General's servicer clients and their relevant vendors to provide reasonable assurance that such controls are functioning in a manner likely to minimize the instance of error. This provision is not intended to require that National General verify the accuracy or currency of flood maps, make site visits, or otherwise assume operational responsibilities including but not limited to the functions regarding flood determinations normally handled by servicers or, on their behalf, by third-party vendors. National General shall compile and maintain adequate records of all such audits.

6. Effectiveness

a. The "Conditional Effective Date" shall be the date on which it has been signed by National General and adopted by each of the seven Lead Regulators.

b. The "Final Effective Date" shall be the date on which the Lead Regulators provide National General with:

- (i) a copy of the Agreement adopted, agreed to, and approved by 35 Subscribing Jurisdictions (including the Lead Regulators); and
- (ii) certification that a Regulatory Settlement Agreement with Assurant containing business practices substantially identical to those described in section 5 has become conditionally effective and has been adopted, agreed to, and approved by the requisite number of jurisdictions.

Regulators may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as Exhibit A and through Applicable Consent Orders as described in section 7.d(i).

c. If the Final Effective Date does not occur within 120 days of the Conditional Effective Date, this Agreement shall be deemed terminated nunc pro tunc. The Lead Regulators and National General may agree in writing to extend this 120 day period.

7. **Miscellaneous**

a. **Level Playing Field.** The Company may petition a Subscribing Jurisdiction to terminate or modify this Agreement the relevant jurisdiction. Such a petition may include, but not be limited to, the following grounds:

- (i) This Agreement's terms, in whole or in part, are inconsistent with the statutes, rules or regulations in effect in that state;
- (ii) That a Future Settlement Agreement with a company possessing substantial market share is more favorable than the RSA (for purposes of this provision, "substantial market share" being conclusively understood to mean one percent or more of the force-placed property insurance gross written premium in the relevant jurisdiction during the relevant period); or
- (iii) That compliance with one or more terms of this Agreement is placing or threatens to place the Company at a competitive disadvantage with regard to other existing participants or likely new entrants in the force-placed insurance market in the state and the regulator has not initiated effective action to address the competitive imbalance.

A Department will not unreasonably withhold its consent to the relief requested by the Company in its petition and, if consent is withheld, the Department will explain the basis for its position. In the case of a petition based, in whole or in part, on ground (iii), above, to avoid competitive harm the Department shall:

- (A) Exercise its best efforts, as promptly as possible, to cause each other licensed or surplus-lines entity offering force-placed insurance (whether as insurer, broker, agent or in any other capacity), or that proposes to do so, to adhere to the business practices set forth above in section 5; and,
- (B) Respond to the petition with all deliberate speed, not to exceed 30 days from of National General's submission of the petition.

b. **Expression of Regulatory Intent.** Each Subscribing Jurisdiction affirms its intention and commitment to cause each and every other licensee of such state – and every surplus lines company – that is now underwriting, offering (whether directly or through producers, agents, brokers or intermediaries of any kind) or placing force-placed insurance, in each case in such state or on property located within such state, or that proposes or is reasonably expected to do so in the foreseeable future, promptly to adhere to the business practices set forth in section 5.

c. Subsequent Enactments. If any Subscribing Jurisdiction adopts insurance laws or regulations addressing the subject matter of this Agreement, then compliance with the terms of such laws or regulations shall be deemed to constitute compliance with the relevant terms of this Agreement in that Subscribing Jurisdiction.

d. Representations of Authority.

(i) *Subscribing Jurisdictions.* Each person signing on behalf of a Subscribing Jurisdiction gives his or her express assurance that under applicable state laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement. If a Subscribing Jurisdiction finds that, under applicable state law, regulation, judicial ruling, or procedure, the preparation and execution of a consent order or other document is legally required in order to carry out the terms of this Agreement (the "Applicable Consent Order"), such Applicable Consent Order shall be prepared by the Subscribing Jurisdiction. For purpose of this Agreement, an Applicable Consent Order must: (A) (1) incorporate by reference and attach via exhibit a copy of this Agreement, (2) expressly provide that each party thereto adopts and agrees to the provisions of this Agreement and (3) include only those other terms that may be legally required in the state of the applicable Subscribing Jurisdiction; or (B) otherwise be acceptable to the Company as evidenced by a written certification to that effect signed by an executive officer of the Company.

(ii) *Company.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (A) it is duly organized and validly existing and subsisting under the laws of the state of its organization, it is in good standing in such jurisdiction, and neither the execution, delivery, nor performance of this Agreement will violate any law binding on the Company; (B) it has the full right and power to enter into this Agreement on behalf of the Company and to perform all obligations hereunder; and (C) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement.

e. Choice of Law. This Agreement, any disputes which may arise in connection with the interpretation or enforcement of the Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules.

f. Waiver. Any agreement on the part of any party hereto to any extension or waiver shall be valid only if in writing signed by the party granting such waiver or extension and, unless it expressly provides otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent, or other failure to comply with this Agreement.

g. Rights and Remedies. Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies, and privileges provided by applicable law.

h. Entire Understanding; Modification. This Agreement represents the entire understanding between the parties with respect to the subject matter hereof and supersedes any and all prior understandings, agreements, plans, and negotiations, whether written or oral, with respect to the subject matter hereof. All modifications to this Agreement must be in writing and signed by each of the parties hereto.

i. Time of the Essence. The Parties hereto hereby agree that time shall be of the essence with respect to performance of this Agreement.

j. Execution in Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile transmission (including but not limited to .pdf or other image files transmitted by email).

SIGNATURES FOLLOW ON THE SUBSEQUENT PAGE

DELAWARE DEPARTMENT OF INSURANCE

By: [Signature]
Karen Weldin Stewart
Commissioner

Date: 12/19/2016

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
John M. Huff
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Karen Weldin Stewart
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: David Altmaier
David Altmaier
Commissioner

Date: 1/19/17

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
John M. Huff
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Karen Weldin Stewart
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: 
Stephen W. Robertson
Commissioner

Date: 12/21/14

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
John M. Huff
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF
INSURANCE

By: _____
Karen Weldin Stewart
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE
REGULATION

By: _____
David Altmaier
Commissioner

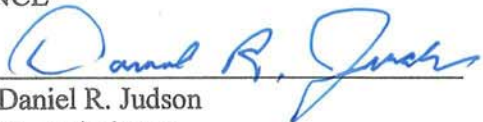
Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF
INSURANCE

By: 
Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGULATION

By: _____
John M. Huff
Director

Date: _____

PENNSYLVANIA INSURANCE
DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF
BUSINESS REGULATION, INSURANCE
DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Karen Weldin Stewart
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent


Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By:  _____
John M. Huff
Director

Date: 12.28.16

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Karen Weldin Stewart
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
John M. Huff
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: Teresa D. Miller
Teresa D. Miller
Commissioner

Date: 12/20/16

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Karen Weldin Stewart
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

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Stephen W. Robertson
Superintendent

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MASSACHUSETTS DIVISION OF INSURANCE

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Daniel R. Judson
Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
John M. Huff
Director

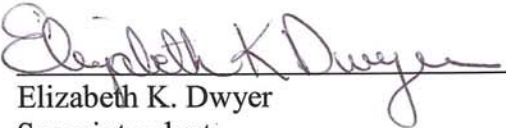
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PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: 
Elizabeth K. Dwyer
Superintendent

Date: 1-19-17

NATIONAL GENERAL HOLDING CORP.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

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Karen Weldin Stewart
Commissioner

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FLORIDA OFFICE OF INSURANCE REGULATION

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David Altmaier
Commissioner

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INDIANA DEPARTMENT OF INSURANCE

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Superintendent

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MASSACHUSETTS DIVISION OF INSURANCE

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Commissioner

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Teresa D. Miller
Commissioner

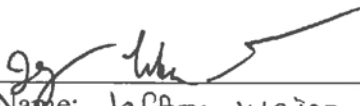
Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

NATIONAL GENERAL HOLDING CORP.

By:  _____
Name: Jeffrey Weissman
Position: Secretary + General Counsel

Date: 12/19/16

Exhibit A

National General Regulatory Agreement

SUBSCRIBING REGULATOR ADOPTION

On behalf of _____ [Insert Name of Insurance Regulatory Agency] _____,

I, [Insert Name of Official Signing Agency], hereby adopt, agree to and approve the National General Regulatory Agreement executed by National General on December __, 2016.

[NAME OF INSURANCE REGULATORY AGENCY]

By: _____

Title: _____

Date: _____

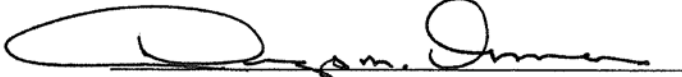
Exhibit A

National General Regulatory Agreement

SUBSCRIBING REGULATOR ADOPTION

On behalf of the Iowa Insurance Division, I, Insurance Commissioner Douglas Ommen, hereby adopt, agree to and approve the National General Regulatory Agreement of January 19, 2017.

IOWA INSURANCE DIVISION

By: 
Douglas M. Ommen

Title: Iowa Insurance Commissioner

Date: March 1, 2017