

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF INSURANCE
1511 PONTIAC AVENUE, BUILDING 69-2
CRANSTON, RI 02920

IN THE MATTER OF:

**NATIONAL GENERAL
INSURANCE COMPANY**

RESPONDENT.

DBR No. 18-IN-009

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and National General Insurance Company (“National General”) as follows:

1. Respondent National General is a foreign insurer which has received a property and casualty insurance company license to do business in Rhode Island, and has the NAIC Co. Code of 23728. National General has been licensed to do business in Rhode Island since 1972.

2. R.I. Gen. Laws § 27-2-13 dictates that the Department serves as an agent for service of process for licensed foreign insurers.

3. In August 2016, a constable served a subpoena on the Department of Business Regulation, Division of Insurance (the “Department”). The Department forwarded the subpoena along with a check for \$11.00 from the constable to National General for processing, in accordance with Rhode Island laws.

4. National General returned the check with a letter instructing the Department that the company had a vendor that reviewed and responded to subpoenas on the company's behalf. The letter then explained that the vendor then would issue an invoice for their costs to the Department.

5. Rhode Island Court Rules, case law and statutes make clear that recipients of subpoenas are only eligible to receive eleven dollars (\$11) in exchange for the retrieval and production of documents pursuant to subpoena.

6. The Department informed National General of the limitation of the fees for this service in an August 2016 email. The Company had their legal department review the offered information, and the Company acknowledged Rhode Island's restrictions.

7. In October 2016, National General returned four checks to the Department with a letter instructing the Department that the company had a vendor that reviewed and responded to subpoenas on the company's behalf. Again, the letter then explained that the vendor then would issue an invoice for their costs to the Department.

8. In November 2016, the Department brought this to the Company's attention again, asking additional questions concerning the repeated nature of the problem. The Company again acknowledged the relevant Rhode Island laws, and acknowledged that its employees had made mistakes concerning the four returned checks.

9. In November 2017, National General returned another check to the Department with another letter instructing the Department that the company had a vendor that reviewed and responded to subpoenas on the company's behalf. Again, the letter then explained that the vendor then would issue an invoice for their costs to the Department.

10. In December 2017, the Department again brought this matter to the Company's attention, and asked further questions regarding the National General's business practices concerning subpoenas from Rhode Island. While the Company was not able to answer all the questions, it did explain that their staff had developed new processes to ensure compliance with the law.

11. In April 2018, National General returned another check to the Department with another letter instructing the Department that the company had a vendor that reviewed and responded to subpoenas on the company's behalf. Again, the letter then explained that the vendor then would issue an invoice for their costs to the Department.

12. In response to this final incident, National General has updated its Service of Process contact with the Department so that further subpoenas are sent to an attorney in-house at the company, and the attorney will take steps to ensure that the subpoenas are handled appropriately.

13. National General has assured the Department that it's vendor has not issued invoices related to Rhode Island subpoenas, and that no Rhode Island consumers were harmed as a result of their repeated failures to appropriately follow their internal procedures.

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

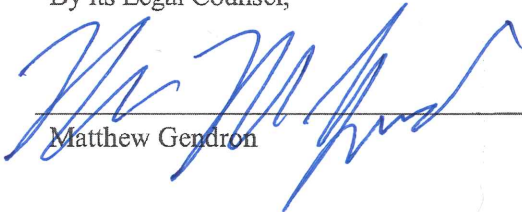
1. Respondent has taken steps to comply with the relevant laws and regulations and has initiated a manual process to track subpoenas from Rhode Island to prevent such errors in the future.

2. Respondent will pay an administrative fine of three thousand five hundred dollars (\$3,500) within 30 days.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients the 5th JUNE day of ~~May~~ 2018.

Department of Business Regulation

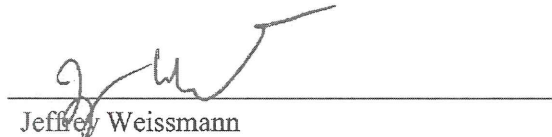
By its Legal Counsel,



Matthew Gendron

National General Insurance Company

By its General Counsel,



Jeffrey Weissmann