Report on Examination as to the

Financial Condition of the

AIG Global Trade and Political Risk Insurance Company

West Trenton, New Jersey

As of December 31, 2005

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State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF SOLVENCY REGULATION
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STEVEN M. GOLDMAN
Commissioner

Honorable Steven M. Goldman
Commissioner of Banking and Insurance
20 West State Street
Trenton, New Jersey 08625

April 23, 2007

Dear Commissioner:

In accordance with the authority vested in you, a financial condition examination has been made of the assets and liabilities, method of conducting business and other affairs of the

AIG GLOBAL TRADE AND POLITICAL RISK INSURANCE COMPANY

WEST TRENTON, NEW JERSEY

NAIC COMPANY CODE 10651

NAIC GROUP CODE 0012

hereinafter referred to as, "Company."

SCOPE OF THE EXAMINATION

This examination of AIG Global Trade and Political Risk Insurance Company covers the period from January 1, 2002 to December 31, 2005. The examination was conducted under Section 17:23-22 of the New Jersey Statutes Annotated (N.J.S.A.) Revised Statutes. During this period under examination, as reported on the Company's filed annual statements, the assets increased from $259,038,997 to $418,792,915. Liabilities increased from $99,920,690 to $256,143,372 and surplus as regards policyholders increased from $159,118,305 to $162,649,543.

In determining the emphasis placed on each item reported herein, consideration was given to the Company's accounting methods and internal controls, information systems controls, audits performed by certified public accountants (CPA) for the period under review, financial analysis performed by the Financial Analysis Unit of the New Jersey Department of Banking and Insurance (NJDOBI), and procedures specified by the National Association of Insurance Commissioners (NAIC).

Accounts determined to require special emphasis were losses, provision for reinsurance, bonds and common stocks, and income tax related balances. Standard emphasis, as defined by the New Jersey Financial Condition Examiners Handbook, was used in several instances. Accounts requiring standard emphasis were:

Reinsurance and other related accounts
Premium in course of collection
Contingent commissions
Unearned premiums
Cash and short-term investments

All other accounts were determined to require reduced emphasis. Additional areas reviewed during this examination were as follows:

History and Kind of Business
Management and Control
Commitments and Contingent Liabilities
Territory and Plan of Operations
Policy on Conflict of Interest
Intercompany Agreements
Continuity of Operations
Consideration of Fraud
Accounts and Records
Fidelity Bond and Other Insurance Coverage

The examination report, contained herein, will address significant balance sheet accounts and, if necessary, comment on those accounts which involve departure from laws, regulations or rules, or which are deemed to require special explanation or description.

COMPLIANCE WITH PRIOR REPORT ON EXAMINATION RECOMMENDATIONS

The prior report on examination made seven recommendations. The prior recommendations and compliance noted during the current examination are as follows:

"It was recommended that in the future, all outside directors be required to annually complete a code of conduct questionnaire." The current examination found that the Company's procedures related to conflict of interest reporting for outside directors does not violate any New Jersey statute or regulation.

"It was recommended that the Company maintain all completed code of conduct questionnaires." The current examination found that the Company could not locate completed code of conduct questionnaires for all officers and directors for each year under examination. It is again recommended that the Company maintain all completed code of conduct questionnaires.

"It was recommended that a formal report be prepared either by the Legal Department or the Corporate Secretary indicating annual compliance with AIG's Code of Conduct to be presented to the Board of Directors." The current examination found that in 2004, the Company's Board of Directors began to review director and officer compliance with the AIG Code of Conduct. The Chairman presents a report on compliance at one Board meeting each year. Although this was not done in 2005, the Company did, however, re-commence this practice in 2006 and will continue to do so in future. Therefore, the Company was in compliance with the prior report on examination recommendation.

"It was recommended that in future annual statements show the non-admitted portion of an asset on the appropriate line of the annual statement." The current examination found that the non-admitted portions of assets were reported on the appropriate line of the annual statement. Therefore, the Company was in compliance with the prior report on examination recommendation.

"It was recommended that the Company should report its investment in the Latin American Investment Guarantee Company, Ltd. (LAIGC) to the NAIC's Securities Valuation Office as required." The current examination found the Company had properly submitted its investment in LAIGC to the NAIC's Securities Valuation Office as required. Therefore, the Company was in compliance with the prior report on examination recommendation.

"It was recommended in future annual statements that the Company properly report the net deferred tax asset." Based upon procedures performed and documents reviewed during the current examination, the Company properly reported the net deferred tax asset. Therefore, the Company was in compliance with the prior report on examination recommendation.

"It was recommended in future annual statements that the Company list all unauthorized reinsurers correctly." Based upon procedures performed and documents reviewed during the current examination, the Company listed all unauthorized reinsurers correctly. Therefore, the Company was in compliance with the prior report on examination recommendation.

HISTORY AND KINDS OF BUSINESS

The Company was incorporated under the laws of the State of New Jersey on February 15, 1996 and commenced operations on April 1, 1996. As of December 31, 2005, the Company had common capital stock of $5,000,000 (500,000 authorized and outstanding shares with a $10 par value per share), paid in surplus of $95,000,000, and unassigned surplus of $62,649,543.

No dividends were paid to stockholders during the examination period.

The Company is authorized to transact the kinds of insurance specified in N.J.S.A. 17:17-1 paragraphs "i" and "o".

The Company amended its Certificate of Incorporation on June 25, 2004 to update the principal office and registered office of the Company to be located at 830 Bear Tavern Road, West Trenton, New Jersey 08628. The registered agent upon whom process may be served is Corporation Service Company.

The Company is a member of an insurance holding company system as defined in N.J.S.A. 17:27A-1.

TERRITORY AND PLAN OF OPERATION

The Company is a New Jersey domestic property and casualty insurer. The ultimate parent, American International Group, Inc. (AIG), is a worldwide insurance holding company, which through its insurance subsidiaries writes a broad range of life and property and casualty insurance products. At December 31, 2005, the Company was authorized to write trade credit and political risk insurance.

The Company is also an accredited reinsurer licensed in the State of New York. Under Section 1113(a) of the New York Insurance Law, the Company is licensed to transact the following lines of business: fire, miscellaneous property, water damage, glass, collision, personal injury liability, property damage liability, credit, motor vehicle and aircraft physical damage, marine and inland marine (inland only) insurance.

At December 31, 2005, the Company assumes trade credit and political risk insurance from other AIG affiliated insurers and writes no direct business.

The Company has no field agents and no branch offices, as business is assumed 100 percent from affiliates.

The Company had the following gross written premiums, all reported as Other Liability in the annual statement:

Year	Gross Premium
2002	$188,474,205
2003	163,895,575
2004	153,040,417
2005	166,957,799

The Company maintains its home office at 830 Bear Tavern Road, West Trenton, New Jersey. The Company's main administrative office, which serves as the primary location of the Company's accounting books and records, is located at 80 Pine Street, 11th Floor, New York, New York, 10005. This office provides administrative and support functions such as executive, financial systems, data processing, underwriting and claims.

CORPORATE RECORDS

The minutes of the Board of Directors and the Shareholder were reviewed from 2002 to 2005. The Board of Directors approves the investment transactions, elects officers, review operations of the company and is generally proactive in the Company. The Shareholder minutes document the elections of the Board of Directors. The Board members attended meetings on a regular basis.

The Board of Directors elected a Nominating Committee and a Finance and Investment Committee annually during the period under examination. The ultimate parent, AIG, has three committees that consist totally of outside directors, and the Company's Board has five members of the nine that are outside directors and, therefore, the Company complies with N.J.S.A. 17:27:4(d).

REINSURANCE

Assumed

The Company assumes business from affiliates pursuant to a 100 percent quota share political risk trade credit reinsurance agreement effective December 1, 1996. Policy limits and the reinsurer's limits for political risk business are $80 million per risk. Policy limits and the reinsurer's limits for trade credit business are $50 million per risk (buyer)/per insured. Pursuant to the agreement, business is assumed from the members of American International Underwriters Overseas Association (AIUOA), a Bermuda unincorporated association formed by AIG to administer the pooling mechanism for its international general insurance operations, and from American Home Assurance

Company (AHAC), Division 56, as respects domestic brokerage insurance operations. The members of AIUOA are American International Underwriters Overseas, Ltd. (AIUO Ltd.), New Hampshire Insurance Company (NHIC), National Union Fire Insurance Company of Pittsburgh, PA. (NUFIC), and AHAC.

Ceded

The Company cedes business under political risk quota share and trade credit quota share reinsurance agreements with various reinsurers. The Company also has excess of loss reinsurance coverage on its retained business. A summary of the Company's ceded reinsurance program as of December 31, 2005 follows.

The Company cedes political risk business pursuant to a political risk quota share reinsurance contract with various reinsurers, whereby, the Company's retention is 37.5 percent, with policy limits up to $80 million. The reinsurer's limit per occurrence is $50 million with an aggregate reinsurer limit of $1.1 billion per country maximum. The contract effective date is June 1, 2005, for underwriting year covering the period June 1, 2005 through May 31, 2006.

The Company's political risk business is covered under an excess of loss reinsurance agreement with the members of AIUOA, effective December 1, 1997. Under Section I of the agreement the reinsurer reimburses the Company for 100 percent of the ultimate net loss, each and every risk in excess of $9 million on policy limits up to $30 million. The reinsurer's limit shall not exceed $21 million ultimate net loss each risk. Under Section II of the agreement the reinsurer reimburses the Company for 100 percent of ultimate net loss, each and every risk in excess of $2.5 million on policy limits up to $9 million. The reinsurer's limit shall not exceed $6.5 million ultimate net loss each risk.

The Company cedes trade credit business pursuant to the trade credit quota share reinsurance contract with various reinsurers, whereby, the Company's retention is 35 percent with policy limits up to $50 million per risk (buyer)/per insured. The reinsurer's limit is $32.5 million any one buyer, for any one insured, with an aggregate limit of $250 million per buyer maximum. The contract effective date is June 1, 2005, for underwriting year covering the period June 1, 2005 through May 31, 2006.

The Company's trade credit business is covered under an excess of loss reinsurance agreement with the members of AIUOA, effective December 1, 1997. Under Section I of the agreement, the reinsurer will reimburse the Company for 100 percent of ultimate net loss in the aggregate in respect of each buyer in excess of $9 million with policy limits up to $30 million. The liability of the reinsurer shall not exceed $21 million of ultimate net loss in respect of each buyer. Under Section II of the agreement, the reinsurer will reimburse the Company for 100 percent of ultimate net loss, each and every risk in excess of $2.5 million. The liability of the reinsurer shall not exceed $6.5 million ultimate net loss in respect of each risk. Under Section III of the agreement, the reinsuer will reimburse the Company for 100 percent of ultimate net loss, each and every risk in excess of $1 million on losses occurring from December 1, 1995 through November 30, 1997 but not reported as of December 31, 1997.

The Company is a party to a reinsurance agreement with Norfolk Reinsurance Company Ltd., an affiliate, effective December 13, 2002 through December 13, 2008. Pursuant to the agreement, the Company cedes 100 percent of incurred losses on certain trade credit insurance policies purchased to cover a named buyer. Policy limits are $10 million and the reinsurer's limit per occurrence is $10 million. The Company insures various trade credit receivables held by certain insureds and the reinsurer's obligations are supported by various trade credit arrangements defined as Credit Swap Confirmations, as amended from time to time. The treaty with Norfolk Re was established to procure additional protection on two large credit exposures, Wal-Mart and Carrefour. No losses have been incurred under the treaty to date.

Subsequent to the examination date, the Company implemented changes to its reinsurance program. Effective June 1, 2006, policy limits were increased on political risk business from $80 million to $85 million and policy limits were increased on trade credit business from $50 million to $75 million.

Effective June 1, 2006, the Company entered into a political risk quota share reinsurance contract with various reinsurers, whereby, the Company's retention is 37.5 percent; policy limits increased from $80 million to $85 million. The reinsurer's limit per occurrence increased from $50 million to $53,125,000, with an aggregate reinsurer limit of $1.1 billion per country maximum. The Company's retention increased from $30 million to $31,875,000.

Effective June 1, 2006, the Company entered into a trade credit quota share reinsurance contract with various reinsurers, whereby, the Company's retention is 35 percent; policy limits increased from $50 million to $75 million. The reinsurer's limit increased from $32.5 million any one buyer, for any one insured, to $45 million, with an aggregate limit of $250 million per buyer maximum. The Company's retention increased from $17.5 million to $30 million, and commission rates increased from 30 percent to 32.5 percent.

Subsequent to the examination date the Company purchased additional excess of loss coverage. The Company is the insured under a Trade Credit per Buyer Aggregate Excess of Loss Reinsurance Contract with Swiss Reinsurance America Corporation effective June 1, 2006. The Company's retention is $37.5 million in the aggregate each and every buyer, subject to a limit of liability to the reinsurer of $25 million. The reinsurer's liability for all losses arising under the contract shall not exceed $100 million.

MANAGEMENT AND CONTROL

The Company is a wholly owned subsidiary of American International Group, Inc. (AIG). A.M. Best downgraded the financial strength of most of AIG's wholly-owned insurance subsidiaries to A+ (Superior) from A++ (Superior) following AIG's disclosure on May 1, 2005 of the more complete findings of its extensive internal review. As of

December 31, 2005, the Company was rated A+ by A.M. Best's Reports. The Company has its own Board of Directors. Certain management functions, such as an Audit Committee, are provided by AIG. The Company has no employees, however, the Company utilizes the services of certain affiliated companies for data center systems, administration, investment, and claims management.

Board of Directors

The bylaws state that the Board of Directors (Board) shall consist of at least nine directors and may be increased at any time and from time to time by resolution of the Board. The Directors shall be elected annually by the shareholders at their annual meeting. A majority of all members of the entire Board shall constitute a quorum for any meeting of the Board.

The directors of the Company who were serving at December 31, 2005 were as follows:

Name	Principal Occupation
William Sebastian Cohen	Business Chairman and Chief Executive Officer The Cohen Group, Inc.
Carla Anderson Hills	Chairman and Chief Executive Officer Hills and Company
Richard Charles Holbrooke	Vice Chairman Perseus, LLC
Henry A. Kissinger	Chairman Kissinger Associates
Moeen A. Qureshi	Director Emerging Markets Corporation
John Joslin Salinger	President AIG Global Trade & Political Risk Insurance Company
Martin John Sullivan	Director, President and Chief Executive Officer American International Group, Inc.
Thomas Ralph Tizzio	Honorary Director American International Group, Inc.
Nicholas Charles Walsh	Executive Vice President American International Group, Inc.

The bylaws also provide that the Board may, by resolution adopted by a majority of the entire Board, appoint from its members an executive committee and one or more other committees, each of which will have at least three members. The Company has a Nominating Committee and a Finance and Investment Committee in place as of December 31, 2005.

The Board of Directors, at their annual meeting, shall elect a President, one or more Vice Presidents, a Secretary, a Treasurer, a Finance and Administration Officer and one or more Assistant Vice Presidents. The Board may also elect other officers and assistant officers and agents, as it shall deem necessary. The same person may hold any two or more offices but no officer shall execute, acknowledge or verify any instrument in more than one capacity. All elected officers shall serve until the next annual meeting of the Board of Directors and until their respective successors shall have been elected and qualified.

The Chairman of the Board shall preside at all meetings of the Board of Directors and shareholders. In the absence of the President or at his request, the Chairman of the Board shall perform the duties and have the authority of the President.

Upon review of the Company's Board of Directors and the Company's ultimate parent, AIG, it was determined by this examination that the Company does comply with N.J.S.A. 17:27A-4d(5).

Officers

The officers of the Company who were elected and serving at December 31, 2005 were as follows:

John Joslin Salinger	President
Stephen Joseph Ruff	Chief Financial Officer
Edward Craig Brittenham	Senior Vice President
John Foster Hegeman	Senior Vice President
Thomas R. Ripp	Senior Vice President
Elizabeth A. Bloch	Vice President
Alban de Malherbe	Vice President
Johannes deSwart	Vice President
William Watson Fish	Vice President
James Franklin	Vice President
David Christopher Garlow	Vice President
Stephen Kay	Vice President
Michael James Kelly	Vice President
Jung Hee Lee	Vice President
William Francis Mullen	Vice President
William Anthony Mulligan	Vice President
Harry Palumbo	Vice President

Christopher E. Shortell	Vice President
Ronald G. Varriano	Vice President
Janet Shore	Assistant Vice President
Elizabeth Margaret Tuck	Secretary
Jeffrey M. Bloomberg	General Counsel
Nicholas S. Tyler	Finance & Administration Officer

The business and affairs of the Company are managed by the President and his delegated officers under the guidance of the Board of Directors.

The President of the Company, subject to the direction of the Board, shall be the Chief Executive Officer of the Company, shall have general charge and supervision of the responsibility for the business and affairs of the Company, shall have direction of all other officers, agents and employees and may assign such duties to the other officers of the Company as he deems appropriate. He shall have the general powers and duties of management usually vested in the office of the president of a company.

The Vice President(s) of the Company shall have such powers and duties as shall from time to time be prescribed by the President of the Company or the Board.

The Secretary of the Company shall give proper notice of all the meetings of shareholders and of the Board. He or she shall act as Secretary of all such meetings and shall record votes and keep minutes of all proceedings taken at such meetings in a book or books to be kept for that purpose. The Secretary shall have charge of the corporate seal and have authority to attest any and all instruments to which the same may be lawfully affixed.

The Finance and Administration Officer of the Company shall be the Chief Accounting and Financial Officer of the Company.

CONFLICT OF INTEREST

The Company follows the "Code of Conduct" established by its parent, AIG.

Examination review determined that the Company could not locate completed code of conduct questionnaires for all officers and directors for each year under examination. As previously noted, it is again recommended that the Company maintain all completed code of conduct questionnaires.

Examination review noted that during the period 2002 through 2005, the Code of Conduct certification process was conducted manually, with no centralized means of confirming receipt or tracking responses thereto. To ensure a more efficient certification process, in 2006 AIG's Corporate Compliance Group hired a vendor to distribute the Code of Conduct certifications, issue reminders, and track and maintain completed certifications. The vendor works with Human Resources and the Corporate Compliance

Group to ensure that all employees are included on the distribution, and that they receive, complete and return the certifications.

PARENT, SUBSIDIARIES AND AFFILIATES

The Company is a member of an insurance holding company system as defined by New Jersey law and is a 100 percent owned subsidiary of AIG.

Under New Jersey law, the Company files a holding company registration statement with the NJDOBI. Examination review of the holding company registration statement filed with the NJDOBI supports the representations contained in the document. The Company reported it is a party to the AIG Tax Payment Allocation Agreement, the AIG Service and Expense Agreement, and various affiliated reinsurance contracts. These representations were substantiated during our examination of these records.

In addition, the CPA work papers were reviewed to determine if they evaluated related party transactions, the risk of unusual transactions, and unrecorded transactions. The CPA's did not find any other material related party transactions besides those significant transactions disclosed in the financial statements. The CPA's did not find any evidence of unusual or unrecorded transactions.

INTERCOMPANY AGREEMENTS

The Company has the following intercompany agreements at December 31, 2005:

1. Tax Payment Allocation Agreement – Effective with the 1996 tax return, the Company files on a consolidated basis with its ultimate parent, AIG, and other affiliates.

2. Service and Expense Agreement - The company was added to this agreement, which is between AIG and several affiliates, on October 2, 1996. Pursuant to the Agreement, AIG and certain of its subsidiaries provide various services to such subsidiaries at cost, including, but not limited to advertising, accounting, actuarial, tax and internal audit, legal, data processing, claims adjustment, employee cafeteria, office space and payroll.

3. Investment Advisory Agreement – This agreement was effective June 30, 1998, with AIG Global Investment Corp. (AIGGIC), whereby AIGGIC serves as investment manager subject to directions approved by the Company's Board of Directors.

4. Reinsurance Agreements – As discussed elsewhere in this report.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

AIG provides worldwide fidelity coverage for all its entities. As of the examination date, AIG's corporate fidelity coverage had total policy limits of $140 million any one loss, and $280 million in the aggregate. The primary excess layer has a limit of $25 million per loss and $50 million in the aggregate. Most covered risks are subject to a $5 million deductible. The structure for the layers attaching above the primary $25 million layer is as follows:

First Excess Layer: $25 million per loss with $50 million aggregate
Second Excess Layer: $25 million per loss with $50 million aggregate
Third Excess Layer: $50 million per loss with $100 million aggregate
Fourth Excess Layer: $15 million per loss with $30 million aggregate

Using the NAIC formula to determine the prescribed amount of fidelity coverage, examination review determined the amount of fidelity coverage to be adequate.

AIG has several other worldwide insurance programs designed to protect both its employees and property. The following is a brief summary of AIG's major insurance programs:

Fiduciary Liability Insurance Program

This program provides coverages for damages arising from claims due to breach of duties by an insured in the discharge of duties as respects scheduled trusts or employee benefit plans, or from negligent acts, errors or omissions in the administration of employee benefits. The program covers all employee benefit plans sponsored by AIG and its present subsidiaries. The deductible is $500,000 indemnifiable/ $5 million securities per claim up to $100 million aggregate loss.

Directors and Officers Insurance Program

This program covering AIG includes an insuring agreement of non-indemnifiable loss with the officers and directors to pay on their behalf all loss for claims first made against them during the policy or discovery period, for any alleged wrongful act, except when the Company has provided indemnification. This program has a limit of liability of $175 million per wrongful act and in the aggregate, inclusive of defense costs for all officers and directors, and a limit of liability of $50 million additional limits per wrongful act and in the aggregate, inclusive of defense costs for all outside directors.

Property Insurance Program

Under this program, AIG's insured interests are all real and personal property, business interruption, extra expense, rental value, leasehold interest, service interruption, valuable papers, EDP equipment and media. The limits of liability are $550 million per occurrence with certain stated exclusions.

In addition, AIG maintains a comprehensive general liability program, comprehensive automobile liability program, workers compensation program, and umbrella insurance program.

ACCOUNTS AND RECORDS

Financial information needed in conjunction with the verification of assets and determination of liabilities was made available in detail and summary form. The general ledger system was tested and reconciled to the annual statement. The Company's accounting books and records are maintained at it main administrative office located at 80 Pine Street, 11th Floor, New York, New York, 10005.

The Company assumes business from affiliates and cedes to affiliates and nonaffiliates. The assumed reinsurance is processed in the Foreign General Accounting System (FGAS), where the unearned premium calculation and allocation to ceded reinsurance is performed. The FGAS is interfaced with the Corporate Treaty System, where the panel of reinsurers are assigned to ceded reinsurance balances and statements are prepared for issuance to reinsurers. AXSone is the Accounts Receivable System now being used for ceded reinsurance. The Reinsurance Services Department and the Accounting Department perform reconciliation between FGAS and AXSone. The FGAS also interfaces with the McCormick and Dodge (M&D) general and subledger systems. The subledger contains both the assumed and ceded balance by reinsurer. The general ledger is adjusted to statutory basis from which the main exhibits for the quarterly and annual statements are prepared. Investment detail is held within the Portfolio Asset Management (PAM) System and is used to prepare Schedule D. Summary investment transactions are posted to the general ledger.

STATUTORY DEPOSITS

The Company has three securities on deposit with the State of New Jersey, which are available to all policyholders as of December 31, 2005:

State	Security	Market Value
New Jersey	US Treasury Bond	$176,883
New Jersey	US Treasury Bond	433,577
New Jersey	Garden State Revenue Bond	108,684
Total		$719,144

The Company also had three securities on deposit with the Canadian government, which being held in trust for AHAC pursuant to a trust agreement, as of December 31, 2005:

Government	Security	Market Value
Canada	Canada Government Bond	$ 5,199,334
Canada	Canada Government Bond	3,033,140
Canada	Quebec Prov CDA Debenture	6,562,194
Total		$14,794,668

FINANCIAL STATEMENTS AND OTHER EXHIBITS

The financial statements and other exhibits contained in this report are listed below:

Exhibit A	Balance Sheet as of December 31, 2005
Exhibit B	Summary of Operations for the Five-Year Period Ending December 31, 2005
Exhibit C	Capital and Surplus Account for the Five-Year Period Ending December 31, 2005

EXHIBIT A

BALANCE SHEET AS OF DECEMBER 31, 2005

	Current Examination	Per Company @ 12/31/2005	Examination Change	Note Number
ASSETS				
Bonds	$306,801,978	$312,184,092	($5,382,114)	1
Common stocks	29,147,408	35,593,887	(6,446,479)	2
Cash and short term investments	18,234,118	18,234,118		
Other invested assets	2,688,507	4,501,486	(1,812,979)	3
Receivable for securities	4,493	4,493		
Interest, dividends and real estate income due and accrued	5,063,187	5,063,187		
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	30,826,085	30,826,085		
Reinsurance recoverables on paid loss	9,136,186	9,136,186		
Net deferred tax asset	3,249,381	3,249,381		
Total Assets	**$405,151,343**	**$418,792,915**	**($13,641,572)**	
LIABILITIES				
Losses and loss adjustment expense	$73,221,114	$73,221,114		4
Reinsurance payable on paid losses and loss adjustment expense	9,841,510	9,841,510		
Commissions payable, contingent commissions and other similar charges	12,727,660	11,137,777	1,589,883	5
Current federal and foreign income taxes	12,414,846	12,414,846		
Unearned premiums	32,428,619	32,428,619		
Ceded reinsurance premiums payable (net of ceding commissions)	22,313,359	22,313,359		
Funds held by company under reinsurance treaties	10,731	10,731		
Provision for reinsurance	94,830,045	94,666,534	163,511	6
Aggregate write-ins for liabilities	108,882	108,882		
Total Liabilities	**$257,896,766**	**$256,143,372**	**$1,753,394**	
SURPLUS AND OTHER FUNDS				
Capital	$5,000,000	$5,000,000		
Gross paid-in and contributed surplus	95,000,000	95,000,000		
Unassigned funds (surplus)	47,254,577	62,649,543	(15,394,966)	
Surplus as regards policyholders	**$147,254,577**	**$162,649,543**	**($15,394,966)**	
Total Liabilities, Surplus and Other Funds	**$405,151,343**	**$418,792,915**	**($15,394,966)**	

EXHIBIT B

SUMMARY OF OPERATIONS FOR THE FIVE YEAR PERIOD ENDING DECEMBER 31, 2005

	2005	2004	2003	2002	2001
UNDERWRITING INCOME					
Premiums earned	$45,058,082	$39,173,627	$43,554,337	$47,239,773	$25,273,993
Deductions:					
Losses and loss expenses incurred	$5,935,984	$30,469,479	$27,565,084	$30,897,112	$17,256,698
Other underwriting expenses incurred	7,467,745	4,926,711	11,321,141	(25,067)	2,725,022
Total underwriting deductions	$13,403,729	$35,396,190	$38,886,225	$30,872,045	$19,981,720
Net Underwriting Gain (Loss)	**$31,654,353**	**$3,777,437**	**$4,668,112**	**$16,367,728**	**$5,292,273**
INVESTMENT INCOME					
Net investment income earned	$15,041,932	$14,184,086	$13,831,734	$12,710,884	$14,124,032
Net realized capital gains (losses)	1,216,896	71,729	1,153,071	7,271,648	(272,930)
Net Investment Gain (Loss)	**$16,258,828**	**$14,255,815**	**$14,984,805**	**$19,982,532**	**$13,851,102**
OTHER INCOME					
Net gain (loss) from agents' or premium balances charged off	$0	$0	$0	$0	$0
Finance and service charges not included in premiums	0	0	0	0	0
Aggregate write-ins for miscellaneous income	30,875	(33,205)	10,922	48,305	92,442
Total Other Income	**$30,875**	**($33,205)**	**$10,922**	**$48,305**	**$92,442**
Net income before dividends to policyholders and before federal and foreign income taxes	$47,944,056	$18,000,047	$19,663,839	$36,398,565	$19,235,817
Dividends to policyholders	0	0	0	0	0
Net income before federal income taxes	$47,944,056	$18,000,047	$19,663,839	$36,398,565	$19,235,817
Federal and foreign income taxes incurred	$12,024,901	$3,174,389	$5,441,077	$10,661,353	$4,787,441
NET INCOME (LOSS)	**$35,919,155**	**$14,825,658**	**$14,222,762**	**$25,737,212**	**$14,448,376**

EXHIBIT C

CAPITAL AND SURPLUS ACCOUNT FOR THE FIVE YEAR PERIOD ENDING DECEMBER 31, 2005

	2005	2004	2003	2002	2001
NET INCOME (LOSS)	**$35,919,155**	**$14,825,658**	**$14,222,762**	**$25,737,212**	**$14,448,376**
OTHER SURPLUS GAINS (LOSSES)					
Change in net unrealized capital gains (losses)	$280,730	$966,566	$1,823,327	($2,566,990)	$661,196
Change in net unrealized foreign exchange capital gain (losses)	2,385,866	(2,283,702)	(435,064)	186,170	735,609
Change in net deferred income tax	(835,973)	(306,805)	2,722,531	(7,315,490)	(1,178,791)
Change in non-admitted assets	(17,653,690)	908,371	(5,958,524)	21,665,819	(26,517,544)
Change in provision for reinsurance	2,265,770	11,560,073	(29,274,841)	(7,753,173)	(5,481,432)
Cumulative effect of changes in accounting principles	0	0	0	0	5,661,417
Capital changes	0	0	0	0	0
Surplus adjustments	0	0	0	0	0
Aggregate write-ins for gains and losses in surplus	(2,286,000)	(72,156,325)	0	1,492,841	28,368
Change in surplus as regards to policyholders for the year	$20,075,858	($46,486,164)	($16,899,809)	$31,446,389	($11,642,801)
Surplus as regards policyholders December 31, previous year	$127,178,719	$173,664,885	$190,564,693	$159,118,305	$154,660,143
Surplus as regards policyholders December 31, current year	**$147,254,577**	**$127,178,721**	**$173,664,884**	**$190,564,694**	**$143,017,342**

NOTES TO THE FINANCIAL STATEMENTS

		Note
Bonds	$306,801,978	1

The Company reported bonds in the amount of $312,184,092. The examination determined that bonds were overstated in the amount of $5,382,114, representing investments in excess of N.J.S.A. 17:24-1(g). The excess investments were not admitted for purposes of this examination, for total admitted bonds in the amount of $306,801,978. It is recommended that the Company properly not admit investments in excess of the requirements of N.J.S.A. 17:24-1(g).

Common Stocks	$29,147,408	2

The Company reported common stocks in the amount of $35,593,887. The examination determined that common stocks were overstated in the amount of $6,446,479, representing investments in excess of N.J.S.A. 17:24-1(g). The excess investments were not admitted for purposes of this examination, for total admitted common stocks in the amount of $29,147,408. It is recommended that the Company properly not admit investments in excess of the requirements of N.J.S.A. 17:24-1(g).

Other Invested Assets	$2,688,507	3

The Company reported other invested assets in the amount of $4,501,486. The examination determined that other invested assets were overstated in the amount of $1,812,979, representing investments in excess of N.J.S.A. 17:24-1(g). The excess investments were not admitted for purposes of this examination, for total admitted other invested assets in the amount of $2,688,507. It is recommended that the Company properly not admit investments in excess of the requirements of N.J.S.A. 17:24-1(g).

Loss and loss adjustment expenses	$73,221,114	4

The NJDOBI completed a comprehensive review of the Company's loss and loss adjustment expense reserves and determined that the Company's reserves were acceptable. As part of the review of this liability, the examination verified the data concerning case reserves and losses paid to Company actuarial reports and to Schedule P by line of business by accident year. In addition, the loss triangle data provided by the Company for losses paid, incurred losses, unpaid losses, allocated loss adjustment expenses and net salvage and subrogation recovered were reconciled with Schedule P. The test work performed yielded no material exceptions or problems.

Contingent commissions $12,727,660 5

The Company reported commissions payable, contingent commissions and other similar charges in the amount of $11,137,777. The examination determined that the liability was understated in the amount of $1,589,883, representing an accrual made by the Company to reduce the reported liability that was subsequently written down. It is recommended that the Company properly report balances in its Annual Statement.

Provision for reinsurance $94,830,045 6

The Company reported provision for reinsurance in the amount of $94,666,534. The examination of amounts recoverable from reinsurers determined that the Company reported reinsurance recoverables from insolvent reinsurers in the amount of $163,511 for which no provision for reinsurance had been established. The examination increased the provision for reinsurance by $163,511 to properly account for reinsurance recoverables from insolvent reinsurers. It is recommended that the Company establish a liability in the provision for reinsurance to properly account for reinsurance recoverables from insolvent reinsurers.

EXAMINATION RECOMMENDATIONS

	Page(s)
It is again recommended that the Company maintain all completed code of conduct questionnaires.	3, 11
It is recommended that the Company properly not admit investments in excess of the requirements of N.J.S.A. 17:24-1(g).	18
It is recommended that the Company properly report balances in its Annual Statement.	19
It is recommended that the Company establish a liability in the provision for reinsurance to properly account for reinsurance recoverables from insolvent reinsurers.	19

CONCLUSION

I, Jean Alton, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the AIG Global Trade and Political Risk Insurance Company as of December 31, 2005 to the best of my information, knowledge and belief.

Respectfully submitted,

/S/
Jean Alton, CFE
Examiner-in-Charge

State of Texas
County of Harris

Subscribed and sworn to before me, Janet E. Holderness, on this 23rd day of April, 2007.

/S/
Janet E. Holderness
Notary Public of Texas

My commission expires: January 12, 2011