PLAINTIFF'S EXHIBIT 182

Domestic Brokerage
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MAY 21 2002
FRANK COUGLAS

MEMORANDUM

TO: F. Douglas **FROM: A. Mattis** AM

CC: M. Gaillard, J. Morrow **DATE: May 21, 2002**

RE: CAPCO Loss Limit

The purpose of this memo is give an approximate time when the domestic automobile extended warranty loss & LAE ceded to CAPCO will have exceeded the $207M limit of liability. Based on the projected premiums, losses, and LAE as displayed in exhibit I, the indicated cession to CAPCO is expected to exceed the $207M liability limit by the third quarter of 2002. At this time AIG is expected to retain an additional $21.4M of losses. Of this total, $6.9M is expected in the third quarter of 2002 and $14.5M is expected in fourth quarter 2002.

Please note that the domestic automobile division have a $56.6M IBNR accrual as of March 31, 2002. We can expect this IBNR to cover projected L&LAE for the remainder of calendar year 2002. Inorder to reduce the effects of large P&L losses for the division we need to start accruing additional IBNR for the auto warranty division.

Displayed in exhibit II is the additional expected ultimate loss & LAE to AIG once CAPCO limit of liability have been exceeded. We expect the additional amount of L&LAE to AIG to fall within the range of $61.4M to $92.0M. A range of value was selected due to the variability of the L&LAE ratio.

Exhibit I

Domestic Auto Warranty Calculation of amount Ceded to CAPCO

	Net Earned	Incurred Losses	Paid LAE	Total L&LAE	Loss Ratio
ITD @ 3/31/2002	140,603	279,333	46,942	326,275	232.05%
L&LAE ratio excess of 100% of NEP					132.05%
Total Excess L&LAE					185,672
L&LAE ceded to CAPCO					185,672
CAPCO Limit of Liability					207,000
Remaining Coverage Limit					**21,328**
Second quarter 2002 Estimates	9,879	56,102	4,495	22,597	
2nd quarter 2002 IBNR Change		-38,000			
ITD @ 6/30/2002	150,482	297,435	51,437	348,872	231.84%
L&LAE ratio excess of 100% of NEP					131.84%
Total Excess L&LAE					198,390
L&LAE ceded to CAPCO					198,390
CAPCO Limit of Liability					207,000
Remaining Coverage Limit					**8,610**
Additional Net to AIG		2,000			**0**
Third quarter 2002 Estimates	9,121	20,162	4,471	24,633	
3rd quarter 2002 IBNR Change		0			
ITD @ 9/30/2002	159,603	317,597	55,908	373,505	234.02%
L&LAE ratio excess of 100% of NEP					134.02%
Total Excess L&LAE					213,902
L&LAE ceded to CAPCO					207,000
CAPCO Limit of Liability					207,000
Remaining Coverage Limit					0
Additional Net to AIG		2,000			**6,902**
Fourth quarter 2002 Estimates	9,000	21,000	4,500	25,500	
4th quarter 2002 IBNR Change		0			
ITD @ 9/30/2002	168,603	338,597	60,408	399,005	236.65%
L&LAE ratio excess of 100% of NEP					136.65%
Total Excess L&LAE					230,402
L&LAE ceded to CAPCO					207,000
CAPCO Limit of Liability					207,000
Remaining Coverage Limit					0
Additional Net to AIG		2,000			**14,500**

IBNR As of 3/31/2002	**56,587**
IBNR As of 6/30/2002	**20,587**
IBNR As of 9/30/2002	**15,685**
IBNR As of 12/31/2002	**1,185**

CAPCO Analysis.xls CAPCO 5/21/2002

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Domestic Automobile Warranty

Exhibit II

ITD @ 12/31/2001			
Unearned Premium	87,554,880	87,554,880	87,554,880
Selected loss ratio on unearned business	200.00%	215.00%	235.00%
Ult. Loss ratio on unearned business	175,109,760	188,242,992	205,753,968
Loss ratio excess of 100% of UEP	100.00%	115.00%	135.00%
Total Excess Losses	87,554,880	100,688,112	118,199,088
Deficiency as of 12/31/2001	16,181,000	16,181,000	16,181,000
Remaining CAPCO Limit of Liability	34,363,000	34,363,000	34,363,000
Losses ceded to CAPCO	34,363,000	34,363,000	34,363,000
Remaining Coverage Limit	0	0	0
Additional Net to AIG	69,372,880	82,506,112	100,017,088
Amount of Additional Net to AIG Paid in C.Y. 2002	8,000,000	8,000,000	8,000,000
Adjusted Additional Net to AIG	61,372,880	74,506,112	92,017,088

CAPCO Analysis.xls Sheet2 5/21/2002