

## **During Uncertain Times, Making Informed Financial Choices are More Important Than Ever**

Before acting hastily, consumers need to know the facts. This page contains NAIC information designed specifically to address the concerns of AIG consumers.

*AIG just posted a \$24.5 billion loss and the government is bailing them out again. What does that mean for insurance consumers with AIG policies?* AIG is an international financial holding company with businesses ranging from aircraft leasing through investment services through insurance. The policy you hold is written by an insurance company that is an operating subsidiary of AIG. Those insurance companies are financially solvent. Insurers are subject to conservative financial standards required by state regulators, and these standards are intended to allow insurers to weather times of financial distress. State insurance regulators and federal regulators, in cooperation with the new management of AIG, are taking steps to make sure that insurance customers of AIG subsidiaries remain protected.

*Will the AIG insurance companies be able to pay claims?*

In short, yes. The AIG affiliated insurance companies are financially solvent and able to pay claims. The financial issues facing the AIG Holding Company are occurring because of investments in risky mortgage-backed securities initiated by AIG financial products companies. Continued loss reports are due to those same investments and the newly announced government funding is primarily directed at continued losses from those same investments.

*What are state regulators doing to make sure AIG insurance companies can continue to pay claims?*

State insurance regulators are closely monitoring the financial condition of the AIG affiliated insurance companies and are reviewing any activity at the parent company that impacts insurance company assets. Any significant transaction impacting an AIG insurance company, including sale of the company, is subject to state regulator approval. If AIG can line up a buyer for its insurance assets, state regulators are ready to approve any appropriate transaction on a coordinated basis.

*Didn't the government just bail out AIG? Why do they still need more money?*

Due to general economic conditions, almost everyone is losing money, including AIG and other insurance companies. When the government stepped in to assist AIG, the assumption was that the AIG Holding Company could sell its valuable insurance operating subsidiaries to raise funds to pay back the loan. Unfortunately, the credit market was and continues to be basically frozen, and no sales have taken place.

*What happens if AIG affiliated insurance companies get into financial trouble?*

State regulators have a variety of tools available if it appears that an insurer is not going to be able to fulfill its promises to policyholders. Your state regulator can take over management of an insurer through conservation or rehabilitation. Even if liquidation of an insurance company is necessary, policyholder claims will generally be paid either by the insurance company or by a guaranty fund, which all states have in place to provide coverage to policyholders. This protection applies to direct business written by authorized licensed insurers. For more information, visit the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) at [www.nolgha.com](http://www.nolgha.com) <<http://www.nolgha.com/>> or the National Conference of Insurance Guaranty Funds (NCIGF) at [www.ncigf.org](http://www.ncigf.org) <<http://www.ncigf.org/>> .

*Are the insurance and annuity policies I purchased from AIG safe or am I going to lose my money?*

Your policies are safe. AIG's insurance companies are solvent and able to honor policyholders' claims. Your state's insurance department will continue to closely monitor the situation to ensure policyholders are protected and that there will continue to be sufficient assets to pay claims.

*I own an AIG American General fixed annuity. Is that protected by state insurance solvency standards in the same way that insurance policies are?*

Yes. Fixed annuities are considered a type of life insurance, and as such are protected by the same solvency and guaranty framework as traditional life insurance. If at some point in the future AIG insurance companies or their assets and blocks of business are sold, fixed annuity-holders should experience no changes to the way their policies are administered -- other than the fact that their correspondence may come from a different company. This is not unique to AIG; insurance companies are bought and sold

everyday. Your benefits as defined in the original annuity contract remain the same in a sale.

*Should I cash in my insurance and annuity policies and purchase insurance from another insurer?*

As stated above, the AIG insurance companies are solvent so your policies are not in jeopardy. Whether you should cash in your insurance policy or switch insurance to another insurer is, as always, a personal decision. Please be aware that some policies may contain surrender charges and/or cancellation penalties. Contact your state insurance department <[http://www.naic.org/state\\_web\\_map.htm](http://www.naic.org/state_web_map.htm)> to find out all the information your agent or broker should give you before you make a decision. Talk to your financial adviser before making any decisions. If you have any insurance policy with an AIG company and someone tells you to replace it because of the troubles at AIG's parent company or supposed trouble at the insurance company, call your state insurance department <[http://www.naic.org/state\\_web\\_map.htm](http://www.naic.org/state_web_map.htm)> .

*Should I pay the insurance premium bill that I just received from AIG?*

Yes, in order for your coverage with AIG to continue, you will need to pay the insurance premiums. Failure to pay your premiums can result in the termination of your insurance policies by the insurance company. Would my insurance and annuity policies have been protected had AIG been declared insolvent and ordered to be liquidated by a court? There are guaranty funds in place in all states which act as a safety net in the event an insurer becomes insolvent. You may obtain information about your state's guaranty funds by contacting your state insurance department <[http://www.naic.org/state\\_web\\_map.htm](http://www.naic.org/state_web_map.htm)> .

*How can I check on the financial status of a specific AIG insurance subsidiary?*

You can search for each individual AIG subsidiary in our Consumer Information Source (CIS). <<https://eapps.naic.org/cis>> Here you will find financial information specific to the company as well as complaint data and licensing information.

*What can I do if I am having difficulty getting through to AIG on the telephone?*

You may obtain information about filing a complaint through your state insurance department <[http://www.naic.org/state\\_web\\_map.htm](http://www.naic.org/state_web_map.htm)> or through the NAIC Consumer Information Source (CIS) <<https://eapps.naic.org/cis>> .