



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

FOR IMMEDIATE RELEASE

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Editor's Note: Consumer FAQs are attached to this release.

AIG policyholder protection is top priority, Insurance Commissioner Praeger says

Company's state-regulated insurance subsidiaries are solvent

KANSAS CITY, Mo. – National Association of Insurance Commissioners (NAIC) President and Kansas Insurance Commissioner Sandy Praeger said the insurance companies within financially troubled American International Group (AIG) are solvent.

Commissioner Praeger issued the following statement, through NAIC, regarding the Federal Reserve action in response to financial issues facing AIG:

“State insurance regulators commend the Federal Reserve on its move to provide a line of credit to AIG's financial holding company. We have been actively participating and aiding the efforts to shore up the federally regulated portions of AIG that were under intense stress.

“As always, the primary concern of state regulators is the continuing ability of insurance companies to meet consumer expectations and pay claims. The 71 state-regulated insurance companies within AIG did not receive a bailout; they are financially solvent.

“The federal bailout of the non-insurance portions of AIG does not negatively change the solvency strength of its insurance subsidiaries.

"State insurance regulators have done what we do best. We worked together to ensure that the AIG insurance companies and the consumers they serve were not harmed by the financial troubles of the parent company.

“In discussions with AIG and the federal government, our top priority was to take whatever steps necessary to protect the ability of the insurance companies to pay claims, as well as to assist the federal government in their efforts to stabilize the broader market.”

Regarding the possible sale of any necessary AIG insurance assets, Commissioner Praeger said, “We will evaluate any potential transactions made during this process, with the ultimate goal of ensuring that policyholders remain protected.”

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AIG-related insurance companies that are licensed to do business in Kansas had direct premiums totaling approximately \$280 million in 2007, including life and annuity, homeowners, vehicle and excess lines insurance products.

Commissioner Praeger appeared on CNBC twice earlier this week to talk about AIG issues and to answer consumer questions.

Consumers with additional questions should contact The Kansas Insurance Department's Consumer Assistance Hotline, 800-432-2484

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AIG Consumer Frequently Asked Questions

I have an insurance policy with AIG. How does this impact me?

AIG is an international financial holding company with businesses ranging from aircraft leasing to investment services to insurance. The policy you hold is written by an insurance company that is an operating subsidiary of AIG. Those insurance companies are financially sound. 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 are 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 AIG are occurring because of investments in risky mortgage-backed securities by the parent company. The Federal Reserve is basically extending a line of credit to the parent company to help it work through these issues.

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.

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

State regulators have a variety of tools available if it appears 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.

What if I have questions about my AIG policy?

Contact the Consumer Assistance Hotline of the Kansas Insurance Department, 800-432-2484.

About the Kansas Insurance Department

The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org.

About the NAIC

Headquartered in Kansas City, Mo., the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise.

Formed in 1871, the NAIC is the oldest association of state officials. For more than 135 years, state-based insurance supervision has served the needs of consumers, industry and the business of insurance at-large by ensuring hands-on, frontline protection for consumers, while providing insurers the uniform platforms and coordinated systems they need to compete effectively in an ever-changing marketplace. For more information, visit www.naic.org/press_home.htm.