



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

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Misstatements cloud AIG controversy

Policyholders protected under state regulatory authority

TOPEKA, Kan. — In the face of continuing media and consumer confusion regarding American International Group Inc. (AIG) and the role of state insurance regulators, the Kansas Insurance Department urges caution and a close examination of the facts.

“In uncertain times, making correctly informed financial decisions is more important than ever,” said Sandy Praeger, Kansas Commissioner of Insurance. “This is especially true for AIG’s policyholders, where unsubstantiated information and misstatements in the media have led to unnecessary consumer frustration and fear.”

One of the most notable misinterpretations is that AIG is typically described as the world’s largest insurance company. In fact, it is a global financial services *conglomerate* that does business in 130 countries. AIG owns 176 *other* companies, in addition to 71 U.S. state-regulated insurance subsidiaries.

“State insurance regulators have been actively involved in the AIG situation to help ensure that consumers remain protected,” Commissioner Praeger said. “Regardless of the failings at AIG’s holding-company level, its insurance subsidiaries have continued to fulfill their obligations to policyholders.”

These points were further underscored in testimony last week by Pennsylvania Insurance Commissioner Joel Ario at a Congressional hearing before the U.S. House Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.

“AIG’s insurance companies remain strong, in part because state regulation continues to wall them off from the high-risk activities engaged in by AIG Financial Products,” Commissioner Ario said. “The insurance industry — just like the rest of the global economy — is facing challenges, but this only reinforces the need to be wary of changing a part of our regulatory system that has proven effective.”

The State of Pennsylvania is the state of domicile for nine AIG-insurance subsidiary companies that do business in Kansas.

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Kansans who have additional questions can view the “NAIC issues” section of the department’s Web site, www.ksinsurance.org, by clicking on the NAIC logo on the lefthand side of the home page.

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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.