

## 2008 Press Releases

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**COMMONWEALTH OF PENNSYLVANIA**

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### **INSURANCE DEPARTMENT ASSURES AIG POLICYHOLDERS**

*Consumers cautioned about being pressured to cancel their AIG policies*

**HARRISBURG** — Insurance Commissioner Joel Ario today informed Pennsylvania policyholders of the AIG group insurance companies that the Insurance Department's most recent examination of these companies indicates that they are financially sound and their insurance policies are safe.

"Making sure that insurance companies are financially stable is a top priority of the Rendell administration," Commissioner Ario said. "I want to assure Pennsylvania policyholders that the AIG insurance companies doing business in our commonwealth are solvent and have the assets needed to pay present and projected claims."

In the wake of recent national reports concerning the financial stability of the parent company, AIG International, Inc., Ario explained it is understandable that consumers are concerned and may have questions concerning their existing policies.

"Shopping the market for new insurance quotes is something that my office encourages policyholders to do from time to time. But I do want to caution AIG policyholders, who are being approached to cancel their policies, to be wary of false information concerning the financial stability of the AIG insurance companies. Anyone making a statement or sales presentation that is misleading or misrepresents the financial condition of an insurance company is violating the Unfair Insurance Practices Act. If an insurance agent or a competing insurance company tells you to replace any policy because an AIG insurance company is in trouble and may not be able to pay your claim, that statement is misleading and against the law.

"Of course, if a consumer does wish to cancel their policy and switch to another carrier, be sure to understand that cancellation penalties may apply to your automobile or homeowners insurance policies. Also, replacing or liquidating a life insurance policy or annuity may have hidden costs and tax consequences. Consumers should first read and understand the terms and conditions of their insurance policy before making these types of decisions."

On a national level, the National Association of Insurance Commissioners (NAIC) has established a working group to oversee AIG's insurance interests and to coordinate with federal regulators as needed. Commissioner Ario is serving as vice-chairman of this committee.

The 24-month, \$85 billion federal loan to AIG relates to the current needs of the parent company, not its insurance company subsidiaries. The non-insurance parent company is not regulated by the states and is not subject to the same rigorous investment, accounting and capital adequacy standards as the state-regulated insurance subsidiaries.

AIG is an international insurance company with 11 Pennsylvania-based insurance subsidiaries for which the Pennsylvania Insurance Department is the primary regulator. They provide property and casualty coverage, accident and health coverage, financial products and risk management services to corporate and consumer clients across the United States. Collectively, the Pennsylvania subsidiaries of AIG wrote more than \$12.5 billion in direct written premium in 2007.

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**Editor's Note:** The following is a list of questions and answers related to AIG:

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

**Answer:** AIG is an international financial holding company with businesses ranging from investment and other

financial services to insurance. The AIG policy you have is written by an insurance company that is an operating subsidiary of AIG. These insurance companies are financially strong and their assets are protected by state regulators. The department will continue to closely monitor the financial situation of each AIG subsidiary domiciled in Pennsylvania to ensure policyholders are protected and that these companies will continue to have sufficient assets to pay claims.

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

**Answer:** Whether you should cash in your insurance policy or switch insurance to another company is, as always, a personal decision. Talk to a trusted financial advisor before making any decisions. Please be aware, though, that some policies may contain surrender charges and/or cancellation penalties. If someone tells you to replace any policy because an AIG insurance company is in financial trouble and will not be able to pay your claim, that is misleading and against the law.

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

**Answer:** 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.

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

**Answer:** State insurance regulators are closely monitoring the financial condition of the AIG affiliated insurance companies to ensure that policyholders are protected and that there will continue to be sufficient assets to pay claims. We are also monitoring any activity at the parent company that affects insurance company assets. Any significant transaction impacting an AIG insurance company, including sale of the company, is subject to state regulator approval.

**Question:** Who do I call if I have questions about my AIG insurance policy?

**Answer:** If you need to file a complaint or have a general question, you may call any of the Insurance Department's Bureau of Consumer Services' regional offices at:

- Harrisburg: (717) 787-2317
- Philadelphia: (215) 560-2630
- Pittsburgh: (412) 565-5020

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