



## **Illinois Department of Financial and Professional Regulation**

# **NEWS**

### **AIG Insurance Customers Protected by Illinois Laws**

**CHICAGO** – Illinois regulators are working to prevent a negative impact on Illinois insurance policy holders as a result of the federal government's action yesterday to take over American International Group, Inc., (AIG). This follows the recognition that the company faced bankruptcy if it did not immediately receive new funds. AIG, Inc. is a federally regulated legal entity and its reorganization will be overseen by federal regulators. AIG has 71 US-based insurance companies. Five of its insurance companies are regulated under the laws of Illinois, which are designed to protect the interest of policyholders.

"Illinois families and businesses who have insurance policies with an AIG insurance company should know that we will make sure the company acts responsibly and meets its financial obligations to its customers," said Dean Martinez, Secretary, Illinois Department of Financial and Professional Regulation (IDFPR).

Illinois regulators monitor insurance companies to make sure they stay fiscally sound. Illinois law requires insurance companies to use conservative accounting rules and maintain sufficient reserves to pay claims. The State also mandates quarterly reporting of assets, liabilities and investments and annual CPA audits. Additional regulatory tools include performing regular, periodic financial analysis of insurers, and on-site examinations. Through these oversight tools, Illinois makes sure that insurance companies can handle losses in down-market cycles.

"Our first responsibility as insurance regulators is to make sure AIG and other companies operate on a financially sound basis," said Michael T. McRaith, Director, Division of Insurance, Department of Financial and Professional Regulation (IDFPR). "We are working with our counterparts in other states to ensure that AIG remains viable and that their commitments to policy holders are met."

In the event that an insurance company can no longer meet its obligations as a stand-alone company, it is placed under supervision to make sure that company commitments to policy holders come first before any money is repaid to creditors.

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