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## **Insurance Consumers Protected by Solvency Standards**

(Washington, DC) — Commissioner Thomas E. Hampton of the DC Department of Insurance, Securities and Banking (DISB), a member of the National Association of Insurance Commissioners (NAIC), today issued the following statement in response to the financial issues facing American International Group (AIG):

“We have a very strong message for consumers: If you have a policy with an AIG insurance company, they are solvent and have the capability to pay claims. Our job is to ensure that they continue to have the ability to pay.

“As a holding company, AIG is a separate, federally regulated legal entity that is distinct and apart from its subsidiary insurers. The subsidiary insurers are governed by state laws designed to protect the interest of policyholders. DISB is committed to protecting the interest of policyholders and will work closely with AIG management and other regulators to fulfill this commitment.

“DISB’s No. 1 job is to ensure that insurance companies operate on a financially sound basis. If needed, we immediately step in if it appears that an insurer will be unable to fulfill the promises made to its policyholders. This includes taking over the management of an insurer through a conservation or rehabilitation order, the goal being to get the insurer back into a strong solvency position.

“DISB, as a state regulator, has numerous actions it can take to prevent an insurer from failing. Claims from individual policyholders are given the utmost priority over other creditors in these matters — and, in the unlikely event that assets are not enough to cover these claims, there is still another safety net in place to protect consumers: the state guaranty funds. These funds are in place in the District of Columbia, as it is in all states. If an insurance company becomes unable to pay claims, the guaranty fund will provide coverage, subject to certain limits.

“It is DISB’s responsibility to protect policyholders and ensure a healthy, competitive market for insurance products. Strict solvency standards and keen financial oversight—based on conservative investment and accounting rules—continue to be the bedrock of state-based insurance regulation.”