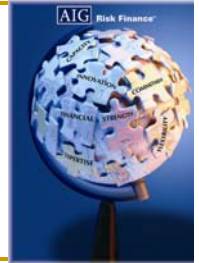


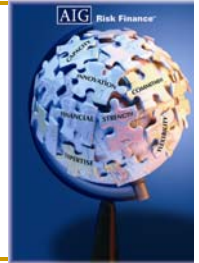
Private Education Loan Debt Cancellation/Suspension Insurance Coverage



<i>Industry</i>	<i>Financial Institutions</i>
Motivation	A financial institution making private education loans was looking for enhancements to its loan offering in order to differentiate itself from the competition. The lender sought an indemnification for loan losses resulting from the cancellation of the debt in the event of a student borrower's death. The lender requested insurance that would eliminate any need to seek repayment of the outstanding loan amount from the borrower's estate or the surviving cosigners (typically, parents or spouses of the deceased student).
Coverage	Debt Cancellation/Suspension Insurance triggered by cancellation or suspension of the loan upon the student borrower's death, disability, or being diagnosed with a critical illness
Term	Term of the loan
Limit	Total amount of the outstanding loan at the time of the loss payment
Potential Benefits	<ul style="list-style-type: none"> ✓ Offers the lender a meaningful competitive advantage by enabling it to include debt cancellation and/or suspension provisions in its loan documents with the financial comfort of being indemnified for any resulting loan losses ✓ Provides the lender with flexibility in terms of the debt cancellation/suspension loan provisions offered to borrowers since lenders can choose coverage that is structured around one or more available trigger events, (i.e., cancellation or suspension of the loan upon death, disability, or critical illness) ✓ Reduce the likelihood of the lender being placed in the difficult position of calling on cosigners or a student borrower's estate for loan repayment at a difficult, emotional time

AIG Risk Finance is a division of the property-casualty insurance subsidiaries of American International Group, Inc. (AIG). Insurance coverages and other financial products underwritten and provided by the member companies of AIG and may not be available in all jurisdictions. Scenarios and descriptions are offered only as summaries and illustrations and may not include all terms, conditions and exclusions of the insurance policies and financial products described herein. Please refer to the final insurance policy or other financial product documentation for complete terms, conditions and exclusions. Terms, conditions and exclusions may vary based on individual jurisdiction requirements and may not be available in all jurisdictions. All submissions are subject to underwriting guidelines and underwriting review and approval. This presentation does not constitute an offer to sell any of the insurance coverages or other financial products described herein. We do not provide legal, credit, tax, accounting or other professional advice, and you and your advisors should perform your own independent review with respect to such matters as they relate to your particular circumstances and reach your own independent conclusions regarding the benefits and risks of any proposed transaction or business relationship.

Facilitating a Securitization



Industry	<i>Unusual Risks Related to Mortality and Longevity</i>
Motivation	<p>High net worth individuals wished to participate in a life insurance securitization structure. The entire structure was funded by a securitization. Each individual agreed to have his/her life underwritten for life insurance and a single premium annuity policy. A portion of the death benefit is expected to be paid to their estate. The annuity payment stream was projected to be sufficient to: (1) pay the projected premiums to keep the life policies in force until the insured's death; and (2) pay interest to the note holders.</p> <p>To obtain effectively priced financing, the securitization needed to be rated. Rating agencies would rate the transaction only if certain non-credit risks were addressed.</p>
Coverage	<p>Coverage for various exposures unique to the transaction, i.e. contestability, misstatement of age or gender on the policy application, missing person coverage, interest rate gaps that may occur during various time intervals between death, filing a claim with the life insurer, date of death, payment date of the death benefit, and coupon payment dates</p>
Term	<p>Until the last individual insured by the structure dies</p>
Limit	<p>Amounts sufficient to cover the insured shortfalls in the structure; Guaranteed cost insurance policy with limited exclusions</p>
Potential Benefits	<ul style="list-style-type: none"> ✓ Provides investors greater degree of certainty regarding performance of the note ✓ Enables the structure to obtain an investment grade rating ✓ Increases overall efficiency by eliminating the need for the structure to reserve for these potential gaps ✓ Provides greater liquidity by attracting a broader group of investors since non-credit risks are addressed

AIG Risk Finance is a division of the property-casualty insurance subsidiaries of American International Group, Inc. (AIG). Insurance coverages and other financial products underwritten and provided by the member companies of AIG and may not be available in all jurisdictions. Scenarios and descriptions are offered only as summaries and illustrations and may not include all terms, conditions and exclusions of the insurance policies and financial products described herein. Please refer to the final insurance policy or other financial product documentation for complete terms, conditions and exclusions. Terms, conditions and exclusions may vary based on individual jurisdiction requirements and may not be available in all jurisdictions. All submissions are subject to underwriting guidelines and underwriting review and approval. This presentation does not constitute an offer to sell any of the insurance coverages or other financial products described herein. We do not provide legal, credit, tax, accounting or other professional advice, and you and your advisors should perform your own independent review with respect to such matters as they relate to your particular circumstances and reach your own independent conclusions regarding the benefits and risks of any proposed transaction or business relationship.