



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

MEDIA ADVISORY

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AIG POLICYHOLDERS SHOULD BE CAREFUL IF APPROACHED TO REPLACE POLICIES

AIG Insurance companies are financially sound; switching may have hidden costs; insurers, brokers, and agents warned to follow consumer protection rules

AIG's insurance companies are financially sound, with more in assets than they need to pay all valid present and projected claims, Insurance Commissioner Thomas R. Sullivan today-reassured Connecticut policyholders.

"Don't rush into any decisions about a policy issued by an AIG insurance company," Commissioner Sullivan said. "Making sure insurance companies are solvent and able to pay every valid claim is our number one objective in the state regulatory community."

Replacing or liquidating a life insurance policy or an annuity can have heavy hidden costs and tax consequences. Also, there may be a cancellation penalty if you cancel your automobile or homeowners policy.

"Some regulators have received reports that consumers are being told to replace a policy because an AIG insurance company is in trouble and may not be able to pay your claim, that is not only untrue, it is against the law under the Unfair Insurance Practices Act in Connecticut. We will not allow it to happen in Connecticut. We will protect consumers from improper sales practices," said Commissioner Sullivan. "Call the Connecticut Insurance Department's toll-free hotline — 800-203-3447 – for more information or to report these practices."

Commissioner Sullivan explained that the trouble with AIG is largely with AIG's non-insurance parent company, which is not regulated by the states and therefore not held to the same investment, accounting, and capital adequacy standards as its state-regulated insurance subsidiaries. The insurance subsidiaries are solvent and able to pay their obligations.

AIG Frequently Asked Questions and Answers

Question: Is AIG going bankrupt?

Answer: AIG is an international financial holding company with numerous businesses. Your insurance and annuity policies are written by AIG's insurance companies. Those companies are financially strong and their assets are protected by state regulators.

Question: Are the insurance and annuity policies I purchased from AIG safe or am I going to lose my money?

Answer: Your policies are safe. AIG's insurance companies are financially strong and fully able to honor all policyholders' claims. The Connecticut Insurance Department will continue to closely monitor the situation to ensure policyholders are protected and that there will continue to be sufficient assets to pay claims.

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

Answer: The AIG insurance companies are financially strong so your policies are not in jeopardy. Whether you should cash in your insurance policy or switch insurance to another insurer is, as always, a personal decision. Please be aware that some policies may contain surrender charges and/or cancellation penalties. Contact the Connecticut Insurance Department's toll-free hotline — 800-203-3447 to find out all the information your agent or broker should give you before you make a decision. Talk to your financial adviser before making any decisions. If you have any insurance policy with an AIG company and someone tells you to replace it because of the troubles at AIG's parent company or supposed trouble at the insurance company, call the Connecticut Insurance Department's toll-free hotline — 800-203-3447.

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

Answer: Yes, 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: Would my insurance and annuity policies have been protected had AIG been declared insolvent and ordered to be liquidated by a court?

Answer: There are guaranty funds in place in all states which act as a safety net in the event an insurer becomes insolvent. Connecticut has two Guaranty associations, one for property/casualty and one for life/health; consumers can obtain more information by visiting [The Connecticut Guaranty Fund](#).

- [The Connecticut Life and Health Insurance Guaranty Association](#) (CLHIGA)
- [The Connecticut Insurance Guaranty Association](#)

Question: I heard the government may take over AIG. What are state regulators doing to make sure AIG insurance companies will continue to be able to pay claims?

Answer: The agreement between AIG and the Federal Reserve protects the assets of the insurance companies so they will be available to pay claims. Any significant transaction affecting an AIG insurance company will need approval from state regulators.

Question: What can I do if I am having difficulty getting through to AIG on the telephone?

Answer: You may obtain information about filing a complaint with the Connecticut Insurance Department by visiting the [Insurance Department Website](#) or by calling toll free 800-203-3447.

ABOUT THE CONNECTICUT INSURANCE DEPARTMENT

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the [Connecticut Insurance Department](#).