

Iowa Insurance Division ***News & Information (For Immediate Release)***

IOWA INSURANCE DIVISION
330 Maple Street
Des Moines, IA 50319
September 16, 2008

CONTACT: TOM ALGER, COMMUNICATIONS DIRECTOR
Phone 515.242.5179 Fax 515.281.5309
tom.alger@iid.state.ia.us
www.iid.state.ia.us

COMMISSIONER VOSS: AIG POLICYHOLDERS SHOULD BE CAREFUL IF APPROACHED TO REPLACE POLICIES

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

DES MOINES, IA. (Sept. 23, 2008) — AIG's insurance companies are financially sound, with substantially more in assets than they need to pay all valid present and projected claims, Susan Voss, Iowa Insurance Commissioner today reassured Iowa policyholders.

"Don't worry and don't make any rash decisions if you have a policy issued by an AIG insurance company," Voss said. "All your covered claims will be paid and all your annuity checks will come. Making sure insurance companies are solvent and able to pay every valid claim is my number one job, and the AIG insurance companies are strong and solvent."

"If you have a life insurance or annuity policy and someone tells you to replace it because of the troubles at AIG's parent company, call the Iowa Insurance Division's toll-free hotline — 877-955-1212," Voss said. "Replacing or liquidating a life insurance policy or an annuity can have heavy hidden costs and tax consequences. That is why our Insurance Law requires that you get all the information you need to make an educated decision in your best interests. There may be a cancellation penalty if you cancel your automobile or homeowners policy. If someone tells you to replace any 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. Call us. Some regulators have received reports that this is happening. We will not allow it to happen in Iowa. We will protect consumers from improper sales practices."

Commissioner Voss 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 Iowa Insurance Division 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: As stated above, 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 Iowa Insurance Division's toll-free hotline 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 Iowa Insurance Division's toll-free hotline — 877-955-1212

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. You may obtain information about guaranty funds by writing the Iowa Insurance Guaranty Association or the Iowa Life and Health Insurance Guaranty fund, also available by visiting ialifega.org.

Question: I heard the government may take over AIG. What are states 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 Iowa Insurance Division by contacting 877-955-1212.

About the Iowa Insurance Division

The Iowa Insurance Division (IID) has general control, supervision and direction over all insurance and securities business transacted in the state, and enforces Iowa's laws and regulations. The IID investigates consumer complaints and prosecutes companies, agents and brokers engaging in unfair trade practices. Consumers with insurance or securities-related questions or complaints may contact the IID toll free at 877-955-1212 or visit the division on the web at www.iid.state.ia.us .

###