



**The State of New Hampshire**  
**Insurance Department**  
21 South Fruit Street, Suite 14  
Concord, NH 03301

**Roger A. Seigny**  
Commissioner

**Alexander K. Feldvebel**  
Deputy Commissioner

**INSURANCE DEPARTMENT PRESS RELEASE**

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**FOR IMMEDIATE RELEASE**

**Contacts:** Roger Seigny  
roger.seigny@ins.nh.gov  
603-271-2261  
603-271-1406 – FAX

Scott Holeman  
[news@naic.org](mailto:news@naic.org)  
NAIC Communications Director  
816-783-8909

**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*

**September 23, 2008 – Concord, New Hampshire** - AIG's insurance companies are financially sound, with substantially more in assets than they need to pay all valid present and projected claims, Insurance Commissioner Roger Seigny today reassured New Hampshire policyholders. Seigny also reminded insurance companies, agents and brokers of their responsibilities under New Hampshire Insurance Law to fully inform consumers of the possible costs of switching life insurance, annuity and other policies.

“Don't worry and don't make any rash decisions if you have a policy issued by an AIG insurance company,” Seigny 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 Insurance Department immediately at 800-852-3416,” Seigny 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 in other

states have received reports that this is happening. We will not allow it to happen in New Hampshire. We will protect consumers from improper sales practices.”

Sevigny 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. AIG is an international financial holding company with numerous businesses. Your insurance and annuity policies are written by AIG’s insurance companies. 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. New Hampshire 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: 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 New Hampshire Insurance Department toll-free consumer assistance line at 800-852-3416 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 New Hampshire Insurance Department toll-free consumer assistance line at 800-852-3416.

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: Why are the insurers in a much better position than the financially challenged parent?

Answer: State insurance regulators have numerous actions they can take to prevent an insurer from failing. Rating downgrades and drops in share price do not change an insurer’s ability to

pay claims. From conservative accounting rules and mandatory annual CPA audits to investment regulations/limitations and minimum capital/surplus requirements, a state insurance regulator's "toolbox" allows insurers to handle greater losses than other parts of the financial sector in down-market cycles. Additional regulatory tools include performing regular, periodic financial analysis of insurers, and on-site examinations.

Question: How are the policyholders protected, in the unlikely event that the insurer fails?

Answer: 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 all states. If an insurance company becomes unable to pay claims, the guaranty fund will provide coverage, subject to certain limits, similar to the FDIC's coverage for bank accounts. This entire solvency framework and safety net for policyholders is uniform in every state.

Question: How did the AIG parent get into financial distress?

Answer: Non-insurance entities are not subject to the strict solvency framework applied to insurers. This allowed various non-insurers to engage in risky credit transactions (huge positions in credit derivative swaps on mortgage-backed securities) without the appropriate limits and minimum capital/surplus to protect the company from a downswing in the mortgage-backed security markets. Per the federal Gramm-Leach-Bliley Act (GLBA), insurance regulatory authority only applies to actual insurance entities and transactions with those entities. Within AIG, there are 71 U.S. insurers subject to this authority. The remaining 176 entities are split between foreign entities and non-insurance U.S. entities.

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 National Association of Insurance Commissioners (the NAIC) has formed a working group of state insurance regulators to oversee AIG insurance interests and ensure that policyholders of the insurance subsidiaries remain protected. This oversight will continue as AIG operates under the credit facility offered by the Federal Reserve. The agreement between AIG and the Federal Reserve protects the assets of the insurance companies so they will be available to pay claims. The NAIC working group will oversee AIG insurance interests to ensure that policyholders continue to be protected during this process. Any significant transaction affecting an AIG insurance company will need approval from state regulators. The New Hampshire Insurance Department will continue to closely monitor the situation to ensure that New Hampshire policyholders are protected and that there will continue to be sufficient assets to pay claims.

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 New Hampshire Insurance Department by contacting 800-852-3416.

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