

**September 18, 2008**  
**12 noon CDT**

**Frequently Asked Questions for Producers**

**Q. What did the Federal Reserve Bank do for AIG?**

A. On September 16<sup>th</sup>, the Federal Reserve Bank (Fed) agreed to provide AIG with a two year secured revolving credit facility for \$85 billion to help AIG with its short term liquidity needs. The AIG Board approved the transaction because it was the best solution for all of AIG's constituencies, including policyholders.

**Q. I have heard that companies within AIG will be sold. If you are sold, will my policy be safe?**

A. Although it is unclear if assets will be divested of the parent, the insurance policies written by AIG companies are direct obligations of its regulated insurance companies. These companies are well capitalized and meet or exceed local regulatory capital requirements. Regardless of ownership, the AIG American General insurance companies will maintain the resources to meet the long-term obligations of their policyholders.

New York State Insurance Department Superintendent Eric Dinallo stated in an interview on CNBC on 09/17/08 that, "I believe that the policies were always safe. There was always core solvency of the insurance companies, and they are now even more enhanced because no one has to worry about any kinds of withdrawals or run on the insurance companies."

In a press release issued on 09/17/08, NAIC President and Kansas Insurance Commissioner Sandy Praeger said, "The key distinction [about the credit facility] is that AIG's insurance subsidiaries did not cause this crisis — rather, they will play a critical role in the solution."

**Q. Is there a new CEO of AIG?**

A. AIG Chairman and Chief Executive Officer, Robert Willumstad, has resigned his position with AIG. Edward M. Liddy, former Chairman of the Allstate Corporation, has been named AIG's new Chief Executive Officer.

**Q. I heard AIG has been downgraded. By which agencies?**

A. On September 15, 2008, the following agencies downgraded American International Group, Inc. (AIG) and many of its subsidiaries:

A.M. Best Company downgraded AIG and most of its subsidiaries. Specifically, A.M. Best downgraded the financial strength rating (FSR) of the domestic life insurance and retirement services subsidiaries, including AIG American General,

one notch to A (Excellent) from A+ (Superior) and issuer credit ratings (ICR) to “a” from “aa” for the domestic life insurance and retirement services subsidiaries of AIG, which includes AIG American General.

Fitch Ratings downgraded AIG’s issuer default ratings (IDR) to A from AA-. The domestic life companies and retirement services financial strength ratings (FSR), including AIG American General, were downgraded two notches to AA- from AA+.

On September 17, 2008, *Fitch Ratings has revised its Rating Watch on American International Group, Inc. (AIG) to Evolving from Negative*. Fitch's action follows AIG's announcement that its board has approved a transaction under which the Federal Reserve Bank of New York will provide AIG with a two- year \$85 billion secured revolving credit facility. Fitch views this transaction as a favorable development that alleviates significant near-term liquidity concerns.

Standard & Poor’s Ratings Services (S&P) downgraded AIG’s long-term counterparty rating to A- from AA-. The FSRs for the domestic life insurance and retirement services, including AIG American General, were downgraded to A+ from AA+. S&P’s press release says “the main reason for the rating actions is the combination of reduced flexibility in meeting additional collateral needs and concerns over increasing residential mortgage-related losses. Mark-to-market losses from mortgage-related investments...have placed significant pressure on AIG’s ability to access capital and liquidity. This is happening concurrently with significant dislocation across the financial markets. *Despite these factors, the ratings also reflect the group’s strong and diversified global competitive position in life and general insurance as well as its historically strong operating result.*”

On September 17, 2008, S&P changed its outlook on AIG from Credit watch negative to credit watch developing.

Moody’s Investors Service downgraded AIG’s senior unsecured debt rating to A2 from Aa3. The domestic life insurance and retirement services, including AIG American General, were downgraded one notch to Aa3 from Aa2.

**Q. What do ratings mean?**

- A. Independent ratings agencies, such as A.M. Best and Standard & Poor’s, provide opinions on an organization’s ability to meet its financial obligations to its policy holders, creditors and shareholders. Generally there are two components to ratings – a credit rating (e.g., IDR referenced above) and a financial strength rating (FSR).

Credit ratings, or long-term debt ratings, are an evaluation by the ratings agencies of the creditworthiness of an organization and its ability to pay its short- and long-term debt. Financial strength ratings are an evaluation by the ratings agencies of an insurer’s ability to meet its obligations to its policy holders.

**Q. Who are AIG American General's re-insurers?**

- A. AIG American General, like most insurers, utilizes many re-insurers. The major companies are Swiss Re, RGA Reinsurance, Transamerica Reinsurance, Munich Re, and Gen Re.

**Q. Is my policy insured under the FDIC?**

- A. No. The FDIC insures bank accounts – checking, savings, trust, certificates of deposit (CDs), IRA retirement accounts held at the bank and also money market deposit accounts. All of these bank accounts generally are insured by the FDIC up to the legal limit of \$100,000.

The FDIC does not insure investment products such as mutual funds, annuities, life insurance policies, stocks and bonds. This is because they are not considered bank deposits.

**Q. What is the state guaranty fund?**

- A. State regulators monitor insurance companies through periodic analysis of financial statements and in-person examinations. Under insurance guaranty fund laws, states may assess insurers doing business in that state to cover certain obligations of insolvent insurance companies. State guaranty funds may help protect contract owners depending on the policy and/or its dollar amount in the event of an insurer failure; coverage may not be available for certain policies or limitations or exclusions may apply. Please let us know if you would like a copy of your state's guaranty notice.