



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Insurance

Sarah Palin, Governor
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PRESS RELEASE

Linda Hall, Director
Division of Insurance
907-269-7900
<http://www.commerce.state.ak.us/insurance>

FOR IMMEDIATE RELEASE

**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

Anchorage, AK October 1, 2008 – All available information indicates that AIG’s insurance companies are financially sound, with sufficient assets to pay all valid present and projected claims, Linda Hall, Alaska Division of Insurance Director, today reassured Alaska policyholders.

“There is no reason at this time to make any rash decisions if you have a policy issued by an AIG insurance company,” Hall said. “Policyholder protection is a primary mission of our division and that includes making sure insurance companies are solvent and able to pay every valid claim. The current financial information available indicates that the AIG insurance companies have adequate funds.”

“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 Alaska Division of Insurance toll-free hotline 1-800-467-8725,” said Hall. “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 protect consumers from improper sales practices.”

Hall 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 Alaska Division of Insurance 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 Alaska Division of Insurance — 907-269-7900 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 financial trouble at the insurance company, call the Division of Insurance, 907-269-7900. **IT IS A VIOLATION OF ALASKA STATUTE TO MISREPRESENT OR MAKE A MISLEADING STATEMENT AS TO THE FINANCIAL CONDITION OF AN INSURER.**

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 up to certain limits in the event an insurer becomes insolvent. Some insurance companies write policies considered as surplus lines which will not be covered by these guaranty funds. You may obtain information about the Alaska Guaranty Funds by visiting the division website at <http://www.commerce.state.ak.us/insurance/> or calling the division.

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 Alaska Division of Insurance by contacting 907-269-7900