



# Illinois Department of Financial and Professional Regulation

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## Division of Insurance

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Governor

MICHAEL T. McRAITH  
Acting Secretary

MICHAEL T. McRAITH  
Director  
Division of Insurance

### **Consumer Bulletin – AIG December 9, 2008**

On September 18, 2008, Acting Secretary of the Department of Financial and Professional Regulation and Director of Insurance Michael T. McRaith first informed Illinois insurance policyholders of the American International Group (AIG) that AIG's state-regulated insurance companies were financially strong and able to pay policyholder claims. Today, McRaith again reassured AIG policyholders.

“State insurance regulators closely examine and monitor AIG's insurance companies. These companies continue to have more than enough funds to pay all policyholder claims and write all annuity checks,” McRaith said. “Consumer protection is our number one priority. State regulators will continue our collaborative efforts so that all insurance companies, including AIG insurance companies, meet contractual obligations.

The AIG financial crisis was rooted in the activities of the federally regulated AIG holding company, not the holding company's state-regulated insurance subsidiaries. The continued financial strength of the insurance companies is a testament to the strength of state regulation, which forces insurers to build surplus and segregate that surplus from non-insurance company business. Also, the financial situation of the holding company was recently strengthened by a significant investment by the federal government.”

Despite the consistent financial health of the AIG insurance companies, media reports have left some existing and potential AIG customers concerned.

“There are many good reasons why a consumer might cancel or replace an insurance policy. But these important financial decisions should be made with accurate information. Unfortunately, some insurance agencies may be spreading inaccurate or incomplete information about the financial health of AIG's insurance companies in an attempt to get consumers to cancel or replace an AIG policy or annuity. These agents may not only be violating state law, but also failing to tell consumers about the hidden costs and tax consequences associated with these transactions.”

McRaith encouraged consumers to shop around before making any insurance decision. He also emphasized that consumers can take simple, specific actions to protect their financial interests. First, policyholders should read and understand the terms and conditions of their insurance policy before making decisions about any of these transactions. For many consumers, working with a professional insurance agent provides the necessary understanding and expertise. Second, policyholders with questions about coverage should call the Division's toll-free consumer assistance hotline at 866-445-5364.

AIG, Inc. is a federally regulated legal entity and its reorganization will be overseen by federal regulators. AIG has 71 U.S.-based insurance companies. Five of its insurance companies are regulated under the laws of Illinois, which are designed to protect the interests of policyholders.