Frequently Asked Questions for Consumers

October 3, 2008 9:00 a.m. CDT

AIG American General

Q. American International Group, Inc.'s (AIG) CEO announced a plan for the company's future, which includes the sale of the AIG American General insurers. Why did AIG make the decision to sell its domestic life insurance business?

A. Quite simply, because the domestic life insurance business is valuable. The proceeds from a sale of these assets can be used toward paying off the two-year $85 billion secured credit facility issued by the Federal Reserve Bank in September 2008 to help AIG with its short-term liquidity needs.

Q. What does a sale mean for policyholders?

A. First and foremost, we want to assure you that your policies are safe and secure. The insurance policies written by one of our insurers are the direct obligations of that underwriting company – not AIG or any prospective buyer. The sale of an insurer does not change its obligations to its policyholders.

Our commitment to customer service remains the same, and we continue to strive to exceed your expectations in everything we do. Our customer service centers are available to assist you with questions or policy maintenance issues.

Q. What are your current ratings?

The table above provides ratings of the AIG Domestic Life Insurance Companies as of 09/19/2008. For more detailed information, please visit the individual rating agency Web sites.

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 policyholders, creditors and shareholders. Generally there are two components to ratings – a credit rating and a financial strength rating.

Domestic Life Insurance Companies' Financial Strength Ratings *as of September 19, 2008*

Agency	Rating	Descriptor	Definition
Standard & Poor's[1]	A+	Strong	"An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings."
Moody's Investors Service[2]	Aa3	Excellent	"Insurance companies rated Aa offer EXCELLENT financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies."
Fitch Ratings[3]	AA-	Very Strong	"Denote a very low expectation of ceased or interrupted payments. They indicate VERY STRONG capacity to meet policyholder and contract obligations on a timely basis. This capacity is not significantly vulnerable to foreseeable events."
A.M. Best Company[4]	A	Excellent	"Assigned to companies that have, in our opinion, an EXCELLENT ability to meet their ongoing insurance obligations."

1 CreditWatch developing, 2 On review for possible further downgrade, 3 Rating watch "evolving"
4 Under review with negative implications

For more detailed information on specific insurer ratings visit www.AIGAG.com/ratings.

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 policyholders.

Q. Can you tell me more about how policies are protected?

A. Insurance is a highly regulated industry. All insurance companies doing business in the United States are regulated by state law, and required to maintain enough capital and surplus to satisfy their obligations to their policyholders. The type and quantity of investments in which insurance companies may invest surplus capital is also limited by state law. Although various companies owned by AIG are part of a larger insurance holding company system – including AIG American General insurers – each company is individually responsible for the liabilities associated with the business that it sells. In addition, each insurer is individually regulated by its state of domicile for compliance and financial solvency independent of its parent or affiliates. This includes ongoing financial reporting to the regulator and undergoing periodic financial examination.

In accordance with state insurance requirements and investment guidelines, an insurer's general account is primarily invested in high-quality investment grade fixed income securities (bonds). The investment objective of the general account is to optimize yield, adjusting for credit risk, liquidity and liability characteristics.

State insurance regulations are substantial and are designed to preserve and enhance the solvency of the general account and to assure that the contractual obligations to our policyholders are fulfilled. These regulations, along with the conservative investment requirements, help to safeguard policyholders.

It is important to note that the guarantees related to individual AIG American General insurers life policies and annuity contracts are backed by the general account of the respective issuing companies. These general accounts support only the obligations of AIG American General life insurance companies and are not obligated to support any other AIG businesses.

If you would like to see what the state insurance regulators and the National Association of Insurance Commissioners have to say on this matter, please go to www.aigag.com and click on the main banner for more information.

Q. Someone has approached me about surrendering my AIG American General insurer policy or annuity contract. What should I do?

A. Please be sure you have all the facts before making a decision. Visit www.aigag.com for more information.

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

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

Q. Are policies 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 products such as mutual funds, annuities, life insurance policies, stocks and bonds.