

# Frequently Asked Questions for Producers and CSRs

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**American  
General**  
Life Companies

We know your clients have questions. We are providing you with this frequently asked questions document to help you provide answers and reassurance.

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## AIG leadership

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**Q.** I heard that Ed Liddy intends to resign. What can you tell me about this?

A. Ed Liddy, Chairman and CEO of American International Group, Inc. (AIG), has indicated previously that he would think about returning to retirement when he felt confident that AIG had been stabilized and was on track with its plan to repay taxpayers. While there remains a lot of work to be done, much has been achieved. With the financial assistance of the Federal Reserve Bank of New York and the U.S. Department of the Treasury, substantial progress has been made in stabilizing AIG, reducing the systemic risk that led the government to rescue the company, protecting policy holders and businesses, and developing a plan to repay American taxpayers.

As noted previously, the pace of success will depend on global economic conditions and financial markets and is likely to take several years. Mr. Liddy strongly believes that AIG should have a leadership team committed to a similar time horizon and prepared to carry the plan to completion.

Earlier this week, AIG announced the nomination of six new directors to stand for election at the company's annual shareholder meeting on June 30, 2009. This slate will reconfigure the Board so that a majority of its members

will be newly elected independent directors. The Board will start the search immediately and it is hoped that they will find suitable candidates soon. While it is impossible to predict how long the process will take, the company is committed to an orderly transition.

## Policy safety

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**Q.** Is my policy safe?

A. Yes. Our insurance companies have ample reserves and capital to meet our long-term obligations to policy holders. We continue to operate normally, serving our clients with professionalism and integrity.

**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 policy holders. 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 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 policy holders are fulfilled. These regulations, along with the conservative investment requirements, help to safeguard policy holders.

It is important to note that the guarantees related to individual 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 American General insurers 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 the Answer Center on [www.americangeneral.com](http://www.americangeneral.com).

**Q.** If I have a claim, will you be able to pay it?

A. Yes, our insurance companies are able to pay all valid claims. Our insurance companies have ample reserves and are well-capitalized.

Q. Someone has approached me about surrendering my insurance policy or annuity contract. What should I do?

A. Be sure to have all the facts before making a decision about your insurance policy or annuity contract. Here are a few reasons why keeping your current policy or contract is likely the best choice for you:

- If you cancel your policy or contract, you may subject yourself to surrender charges that could diminish its cash value.
- If your health has changed since you bought your current insurance policy, a new policy could cost you more, or you may even be turned down for a new policy.
- If you are older now than when you purchased your current policy, your premiums will likely be higher.

Q. Should I pay the insurance premium bill I just received from your company?

A. Yes, in order for your coverage with us to continue, you will need to pay the insurance premiums. Failure to pay your premiums can result in the termination of your insurance policy.

### Executive compensation

Q. What can you tell me about the recent news stories saying AIG paid out additional bonuses in 2008 that were previously undisclosed?

A. Congress asked AIG for additional information regarding all performance compensation paid to employees around the world. AIG has provided details on some 374 variable performance plans for work done by lower level employees last year. These are not new payments and are not part of AIG's corporate executive bonus pool, which AIG reported in March totaled approximately \$120 million.

AIG will continue to closely scrutinize all ongoing compensation planning to ensure that future awards are absolutely critical to the business and in the best interests of taxpayers.

For information about AIG, please contact the AIG main office at 1-877-638-4244 or via e-mail at AnswerCenter@AIG.com.

### Domestic Life Insurance Companies' Financial Strength Ratings as of May 15, 2009

Agency	Rating	Descriptor	Definition
Standard & Poor's <sup>1</sup>	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 <sup>2</sup>	A1	Good	"Insurance companies rated 'A' offer GOOD financial security. However, elements may be present, which suggest a susceptibility to impairment some time in the future."
Fitch Ratings <sup>3</sup>	A-	Strong	"Denotes a low expectation of ceased or interrupted payments. Indicates STRONG capacity to meet policyholder and contract obligations on a timely basis. This capacity may, nonetheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings."
A.M. Best Company <sup>4</sup>	A	Excellent	"Assigned to companies that have, in our opinion, an EXCELLENT ability to meet their ongoing insurance obligations."

<sup>1</sup> Negative outlook, <sup>2</sup> Developing outlook, <sup>3</sup> Evolving rating outlook, <sup>4</sup> Negative outlook

For more detailed information on specific insurer ratings visit [www.americangeneral.com/ratings](http://www.americangeneral.com/ratings).

Q. Are there other bonuses, retention payments or other similar awards that AIG is considering paying out?

A. Over the past six months AIG has actively embraced the evolving standards of compensation governance. This has resulted in significant sacrifices being made by AIG's most senior officers and the rest of AIG's senior partner group. AIG's top seven executives did not receive a bonus for 2008 and the next level of executives received a bonus that was significantly less than target and subject to various other limitations. No awards have been deferred.

AIG will continue to closely scrutinize all ongoing compensation planning to ensure that future awards are absolutely critical to the business and in the best interests of taxpayers.

### AIG's 2009 results and restructuring

Q. AIG announced first-quarter results. What can you tell me about this?

A. On May 7, 2009, AIG announced its first-quarter results. In total, AIG realized a \$4.35 billion loss, compared with a \$61.7 billion loss in the last quarter of 2008. AIG's first quarter 2009 results reflect its efforts, with the ongoing support of the Federal Reserve and the U.S. Treasury, to execute on its plans, which are designed to maximize the value of its core businesses and repay U.S. taxpayers. In addition, AIG is moving forward with its efforts to position its insurance companies as discrete businesses, for the benefit of all stakeholders, including policyholders, employees and distribution partners.

For more information, the full press release is available at [www.aig.com](http://www.aig.com).

Q. AIG announced a restructuring of its organization on March 2, 2009. What can you tell me about this?

A. On March 2, AIG announced fourth-quarter and year-end 2008 results, as well as a broad set of actions that will reduce the debt AIG owes the government, strengthen AIG's capital base, and allow AIG time to benefit from future improvements in market and industry conditions. These actions include an overhaul of the government loan, which eases terms, as well as a restructuring of the organization.

These announcements by no means end AIG's financial difficulties, however, they afford the company more time to sell assets in order to repay the loan, and hopefully in a better economic environment.

For more information, the full press releases are available at [www.aig.com](http://www.aig.com).

Q. What does the AIG restructuring mean to American General Life Companies?

A. American General now has the time and flexibility to wait for market conditions to improve and to explore all options available to the business. What will not change is our commitment to our policy holders. Strict regulations ensure that our insurance companies set aside sufficient assets to back up each insurance policy, and these companies remain well-capitalized. Policy holders will be fully protected throughout the restructuring process.

Q. What can you tell me about the announcement that AIG will securitize part of the American General Life Companies insurers' policies?

A. The structure and specific details of any securitization have not yet been determined, but any securitization would be seamless to policy owners. Our obligations to policy and annuity owners would not change and we would continue to administer policies and contracts and serve our customers. It is also important to note that any securitization program must be approved by the state insurance departments that regulate our insurance companies. The safety and security of the policy holders are a primary concern of the insurance departments.

Q. What is AIG's current stock price?

A. You can find AIG's current stock price on the main page of [www.aig.com](http://www.aig.com).

## Ratings

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Q. What are your current ratings?

A. The table on page 2 provides ratings of the American General Life Companies as of May 15, 2009. 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 policy holders, creditors and shareholders. Generally there are two components to ratings — a credit rating and a financial strength rating.

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.

## Asset sales

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Q. Would the sale of one or more of the insurers of American General Life Companies impact policy holders?

A. No. 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 policy holders. 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. Why has your logo changed from "AIG American General" to "American General Life Companies"?

A. Going forward, we are using the name we built our reputation on — American General Life Companies. This interim brand represents the reasons you chose American General in the first place, and the reasons we are still the right choice today.

As we look toward the future, we are working harder than ever to earn and keep your business. And we continue to offer the same commitment to quality service and innovative products that we have for the past 150 years.

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American General Life Companies, [www.americangeneral.com](http://www.americangeneral.com), is the marketing name for the insurance companies and affiliates comprising the domestic life operations of American International Group, Inc. (AIG). Information regarding AIG or American General Life Companies presented in this brochure is for informational purposes only and represents combined statistical information of the member companies of AIG or American General Life Companies. Neither AIG nor American General Life Companies underwrites any insurance policy described within this brochure. **The licensed insurance company underwriting the product is solely responsible for its own financial condition and its contractual obligations.**

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