

# Frequently Asked Questions for Consumers

August 20, 2009

**American  
General**  
Life Companies

## **Q. What can you tell me about American General Life Companies (American General) recent leadership changes?**

A. On August 20, American International Group, Inc. (AIG) announced that Jay S. Wintrob, previously President and CEO of AIG Retirement Services, has been named President and CEO of Domestic Life and Retirement Services, which includes the insurance companies of American General. At the same time, it was announced that Mary Jane Fortin, most recently Chief Administrative Officer and Chief Financial Officer of American General, has been named President and CEO of American General. Ms. Fortin will report to Mr. Wintrob. She succeeds Matthew E. Winter who was recently promoted to AIG Vice Chairman of Administration.

## **Q. What can you tell me about AIG's recent leadership changes?**

A. During the week of August 3, AIG announced that its Board of Directors elected Robert H. Benmosche President and Chief Executive Officer and AIG Director Harvey Golub Non-Executive Chairman of the Board. Mr. Benmosche and Mr. Golub assumed their new roles on August 10, 2009, succeeding retiring Chairman and CEO Edward M. Liddy.

Mr. Liddy served as Chairman and CEO since mid September 2008, when he came out of retirement to lead AIG during the onset of its financial crisis. Mr. Liddy later announced that he would return to retirement when he felt confident that AIG had been stabilized.

## **Q. AIG announced second-quarter results. What can you tell me about this?**

A. On August 7, 2009, AIG reported its first quarterly profit since the third quarter of 2007, as certain of its businesses stabilized and the company's results reflected positive valuation changes. For the second quarter ended June 30, 2009, AIG reported net income attributable to AIG of \$1.8 billion.

American General's results are consolidated in AIG's Domestic Life & Retirement Services financial statements. Domestic Life & Retirement Services second quarter 2009 operating income of \$457 million showed marked improvement over both the first quarter of 2009 and the second quarter of 2008, as realized capital losses subsided, equity markets improved over the prior quarter, and mortality experience in the life insurance business was favorable.

For more information on AIG's second-quarter 2009 results, please visit AIG's newsroom at [www.aig.com](http://www.aig.com).

## **Q. Is my policy safe?**

A. Yes. Our insurance companies have ample reserves and capital to meet our long-term obligations to policy holders.

## **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 each insurer's general account and to assure that the contractual obligations to its 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

## **Financial Strength Ratings for American General Member Insurers 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).

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. What are your current ratings?**

A. The table on this page provides ratings of the American General member insurance 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.

#### **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.

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