



Insurance Division, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

DATE: September 24, 2008
TO: Life and Annuity Insurers and Producers Licensed in Oregon
FROM: Scott Kipper, Oregon Insurance Division Administrator
SUBJECT: AIG Insurance Companies

Recent events concerning AIG Holdings have had a significant impact on the financial markets. The Federal Reserve provided an \$85 billion revolving loan to assist AIG Holdings in meeting its liquidity needs. As part of that transaction, the Federal Reserve received a nearly 80% ownership interest in AIG Holdings.

AIG insurance subsidiaries are protected by, and continue to report compliance with, state insurance solvency regulations. The AIG insurance subsidiaries, including life and annuity insurers, continue to function as viable insurance operations.

We are concerned that persons in the financial services industry may attempt to persuade AIG policyholders to replace their policies, especially life insurance and annuities, with policies of other insurers or with other financial products by making false or misleading statements about AIG insurers.

We remind you that insurers and insurance producers licensed in Oregon must comply with, among others, the following laws as applicable:

1. ORS 746.075(2)(c) by not making any false or misleading representation as to the financial condition of any insurer.
2. OAR 836-080-0090 by not making recommendations to replace a life insurance policy or annuity without making a reasonable inquiry into all of the relevant circumstances of a person and based thereon reasonably concluding that the replacement is suitable for the person.
3. OAR 836-051-0900 to 836-051-0925 by providing certain information to applicants and insureds of annuities, such as the NAIC's Buyers Guide to Fixed Deferred Annuities.
4. OAR 836-080-0022 by establishing a system of control and supervision of insurance producers regarding the replacement of life insurance and annuities.
5. OAR 836-080-0014, 836-080-0029 and 836-080-0039 by performing the duties of insurers and insurance producers when soliciting life insurance and annuities.
6. OAR 836-080-0165 by including in individual annuity contracts information that the Insurance Division can help a consumer that has a dispute with an insurer and how to contact the Insurance Division.
7. ORS 742.009, and Bulletin 2000-2 dated 4/6/00 by filing with the Insurance Division for prior approval advertisements about annuities, life insurance illustrations, and all types of insurance marketed to seniors, as well as direct marketing materials.

We request that insurers and insurance producers review their practices to make sure that they comply with the above applicable laws. We expect insurers and insurance producers to be able, if requested, to provide records showing that they complied with these laws in each transaction.

We will carefully monitor the replacement of AIG life insurance policies and annuities by other insurers and insurance producers.

Misrepresentations about the financial status of these insurers, unsuitable replacement of their policies and annuities, or failure to comply with the above disclosure and replacement laws will not be tolerated and appropriate enforcement action will be taken against those responsible.

If you have any questions, you may contact Mike Lydon, Manager, Market Surveillance, via telephone at 503-947-7219 or via e-mail at michael.b.lydon@state.or.us.