

# Frequently Asked Questions for Consumers

November 5, 2009

**American  
General**  
Life Companies

## **Q. American International Group (AIG) announced third-quarter results. What can you tell me about this?**

A. On November 6, 2009, AIG announced its third-quarter results. For the third quarter of 2009, AIG reported net income of \$455 million. Adjusted net income, after realized capital losses and gains from derivative hedging activities, was \$1.9 billion. And, at September 30, 2009, total equity was \$76.5 billion – a \$14.4 billion increase over last quarter.

Furthermore, AIG reported on third-quarter results for the domestic life and retirement services division, of which American General Life Companies (American General) is a part. These results show that we are returning to solid profitability, with operating income of \$1.1 billion before income taxes and net realized capital gains (losses). Of these earnings, American General was \$400 million and through the nine months ended September 30, 2009, we generated \$914 million in earnings.

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

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

A. On August 20, 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.

## **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 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. 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.

## Financial Strength Ratings for American General Member Insurers as of November 5, 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. What are your current ratings?

A. The table on this page provides ratings of the American General member insurance companies as of November 5, 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.

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