



MEDIA RELEASE

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

FOR IMMEDIATE RELEASE
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CONSUMER BULLETIN: TENNESSEANS URGED TO BE CAUTIOUS ABOUT LIQUIDATING OR REPLACING AIG-RELATED ANNUITIES

Nashville, TN – Tennessee Department of Commerce and Insurance Commissioner Leslie Newman cautions insurance consumers about replacing or liquidating their annuities, particularly those that may be underwritten by the AIG insurance companies, despite the current volatility in financial markets.

“Consumers should understand the full impact of any decisions they may make to liquidate or replace annuities they already hold,” says Newman. “If you liquidate or replace an annuity you own, you may incur significant surrender charges or experience adverse tax consequences. The Department of Commerce and Insurance (TDCI) will be monitoring the suitability of annuity sales for activity that would appear to take advantage of the recent turmoil in financial markets.”

Annuities are insurance products regulated by the TDCI, which licenses both insurance companies and insurance agents (or what are also called insurance producers), as well as monitors their activities. In addition to discussing the matter with a licensed professional, Commissioner Newman says, consumers should discuss any changes to their financial plans with a trusted adviser or family member before altering their investments.

Tennessee law prohibits a person from misrepresenting the financial condition of any insurer or the legal reserve system from which a life insurer operates. Consumers should be particularly cautious, if they are approached and pressured by someone to liquidate annuities issued by an AIG insurance company because of the recent activity concerning AIG Holdings Inc.

Newman said, “The AIG insurance companies are separately regulated by state insurance regulators and do not have the financial stress that their parent company, AIG Holdings Inc., is experiencing. As the Department understands the situation currently, we are confident that these companies have the ability to meet their policyholder obligations to Tennesseans. Consumers who feel pressured to replace annuities because of claims that the insurer is under financial stress are encouraged to contact TDCI’s Insurance Division.”

Tennesseans with questions regarding this and other insurance matters may visit www.tn.gov/commerce/insurance/ or call 1-800-342-4029.

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