



Bulletins to Insurers

Date: September 18, 2008
To: All Life and Annuity Insurers and Intermediaries
From: Sean Dilweg, Commissioner of Insurance
Subject: AIG Life and Annuity Insurers

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.

You are reminded that you are legally obligated to ensure that AIG Life and Annuity policyholders are not subject to misleading, or unsuitable, replacement solicitations. Also:

1. An annuity insurer is legally required by law to supervise its insurance agents to ensure that such solicitations do not occur. Annuity insurers are fully aware of the current market environment and the danger of fear induced sales. Annuity insurers have an obligation to immediately take proactive steps to prevent improper solicitations.
2. An insurance agency selling annuities is subject to the same legal obligation to supervise its insurance agents to prevent improper annuity solicitations and is similarly obligated to take immediate preventive measures.
3. An insurance agent is legally prohibited by law from making an improper solicitation. An insurance agent should be prepared to document that any AIG life or annuity policy replacement recommendation is suitable and based on proper representations of the AIG insurer's status.
4. Insurers and insurance agents are specifically prohibited by law from making misleading statements regarding the financial condition of an insurer. Insurers are required to approve, prior to use, all advertisements for solicitation of life or annuity sales. Insurers should immediately implement measures to remind insurance agents of this requirement and to review proposed advertising for improper content.

The Office will be carefully monitoring the replacement activity affecting the AIG life and annuity insurers. The Office will review the measures you implement to prevent improper solicitation of AIG life and annuity policyholders. Office monitoring, through data calls, examination or complaint review, that identifies an insurer's or insurance agency's failure to implement appropriate supervisory measures, or disproportionate AIG life or annuity replacements, may lead to an enforcement investigation. Any strategy to replace life and annuity products of AIG insurers primarily on the basis that they are AIG products will be viewed as an unsuitable replacement. Misrepresentations about the status of these companies in

order to induce fear into consumers will not be tolerated and appropriate enforcement action will be taken on those who improperly replace these policies.

Of course, suitable replacements of these products, properly done and in compliance with replacement standards are acceptable.

If you have any questions, you may contact Mike Honeck - Chief of the Health and Life Insurance Section, via telephone at (608) 266-0097 or via e-mail at mike.honeck@wisconsin.gov.

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