

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

**Bulletin 2008-8
Issued this 1st day of October 2008**

**TO: ALLS INSURANCE AGENTS, BROKERS AND COMPANIES LICENSED TO DO
BUSINESS IN MINNESOTA**

RE: AIG Companies


With the recent Federal assistance to AIG many questions have arisen about the ability of the AIG insurance companies to meet their financial obligations. 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.

Minnesota licensees are cautioned about taking advantage of the current market condition to solicit new business, modify current business, or to provide added incentives such as commission bonuses or rebates for moving existing AIG business. Such actions may violate various Minnesota laws. See Minn. Stat. §§60K.46; 62A.40 & 72A.08.

The use of false, maliciously critical or derogatory statements by a Minnesota licensee about the financial condition of a competitor is unacceptable to the Minnesota Department of Commerce. This conduct creates unnecessary and inappropriate unrest in the financial marketplace. Where this conduct is for the purpose of acquiring business by replacing the competitor's business, appropriate action will be taken. The use of questionable marketing practices, for life, annuity, personal P&C and commercial risks violates several Minnesota laws. See Minn. Stat. §§72A.20, subs. 1-4 and Minn. Rules 2790.0500, 2790.1700 & 2790.1800.

In addition, licensees are reminded of their duties relative to due diligence and suitability. See Minn. Stat. §§60K.46, subd. 4 and Minn. Stat. §72A.20, subd. 34. These duties include documenting reasonable grounds for believing that the recommendation is suitable for the customer and making reasonable inquiries to determine suitability. Insurers are also reminded of their duty to supervise the behavior of their producers relative to the solicitation or replacement of life insurance and annuities. 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.

The Department will be carefully monitoring the replacement activity affecting the AIG insurers. The Department will review the measures companies implement to prevent improper solicitation of AIG policyholders. Such monitoring may include data calls, examination or complaint review. 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.



Glenn Wilson
COMMISSIONER