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# NEWS

## Illinois Department of Insurance

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### **Department of Insurance Announces Multi-State Settlement with AIG**

*Illinois will share part of an \$11 million penalty against the insurance giant regarding the payment of Life Insurance Benefits*

**CHICAGO - October 22, 2012.** Illinois Department of Insurance (DOI) Director Andrew Boron today announced an agreement has been reached with American International Group (AIG) as part of a multi-million dollar settlement with several states. Under the settlement, AIG agreed to change the way it handles claims business practices related to the payment of life insurance benefits and also agreed to pay \$11 million to states that are party to the settlement.

The Regulatory Settlement Agreement is the result of a multi-state examination to investigate AIG's practices and procedures for identifying and paying proceeds to beneficiaries of life insurance policies and annuities. Illinois was among the seven lead states that initiated discussions with the company regarding compliance and the need for reform. AIG will pay a total of \$11 million to be shared among states that sign on to participate in the settlement agreement.

"We appreciate AIG's cooperation and the company's efforts to proactively adopt business practices that protect policyholders and ensure that death benefits are paid in a timely manner," said DOI Director Boron. "This agreement with AIG is the fourth national settlement agreement reached as part of a joint effort of state regulators to protect consumers and change the way life insurance companies handle claims by proactively searching for beneficiaries."

The other settlement agreements to change the way the companies handle claims include Nationwide, announced earlier this month, MetLife and Prudential. These companies will implement business reforms to promote a timely and efficient search for beneficiaries of its in force life insurance policies and annuities through regular matches of its insureds and annuitants against the Social Security Administration's Death Master File (DMF). The companies will also make regular reports to regulators to demonstrate their compliance under the agreements.

The agreement becomes effective after 20 states sign on. Illinois, along with California, New Hampshire, North Dakota, Texas, Pennsylvania and Florida, which lead the examination, have signed the agreement.

A copy of the settlement agreement is available on the DOI website at <http://insurance.illinois.gov/Home/ImpLinks.asp>. Consumers who have any questions regarding this settlement, or who have any questions or concerns about their insurance, should contact the Department's Consumer Division at <http://insurance.illinois.gov> or call 866-445-5364.

**About the Illinois Department of Insurance**

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowner.

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