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State Insurance Division Optimistic About AIG Crisis

(PIERRE, SD) – Recent news that the non-insurance parent company of American International Group (AIG) is facing a financial crisis may be causing concern among South Dakota policyholders, but the head of the South Dakota Department of Revenue & Regulation’s Division of Insurance says none of the 42 AIG insurance companies licensed in the state are facing any imminent financial problems.

According to Insurance Division Director Merle Scheiber, the problems being experienced by AIG stem from the holding company and not from the licensed insurance companies doing business in South Dakota. State insurance regulators are in place to ensure that policyholders of the insurance subsidiaries remain protected and will continue to do so even as AIG operates under the credit facility offered by the Federal Reserve. Scheiber says insurance policyholders are not facing any imminent danger in retaining their policies although they may see some changes in the future.

“It’s my expectation that the various AIG companies will continue to provide insurance to South Dakotans and pay claims as normal,” Scheiber said. “The most likely change for policyholders as a result of this crisis is that their insurance company will be sold and their policies transferred to the new company. With 71 AIG insurance companies in the United States and well over 100 such companies in total, it’s likely some of these companies will be sold to cover the financial losses of the holding company.”

Scheiber says the South Dakota Division of Insurance as well as insurance regulators in other states will continue to closely monitor the situation to ensure policyholders are protected to the greatest degree possible. Individuals who have further questions or concerns are encouraged to contact the South Dakota Division of Insurance for assistance at 605.773.3563 or by email at insurance@state.sd.us.