

Safeguarding Policy Holders

American General Life and Accident Insurance Company

Key Facts

source: 2008 and 1Q09 statutory statements

- Founded in 1900
- 7.6 million policies in force
- Over the past five years alone, AGLA paid out \$3.7 billion in claims and benefits to its customers
- Net-admitted assets of \$9.1 billion, liabilities of \$8.6 billion, and statutory capital and surplus of \$0.6 billion
- Average credit rating of fixed-income assets held in general account is A
- 94.9% of the fixed-income portfolio is investment-grade quality

AGLA

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Insurance is a highly regulated industry. All insurance companies doing business in the United States – including American General Life and Accident Insurance Company (AGLA) – are regulated by state law, and required to maintain enough capital and surplus to satisfy their obligations to their policy holders. This includes ongoing financial reporting to state insurance departments, as well as undergoing periodic financial examinations by those departments.

The guarantees related to the life insurance policies and annuity contracts of AGLA are backed by its general account, which is primarily invested in high-quality investment grade fixed income securities (bonds), in accordance with state insurance requirements and investment guidelines.

Understanding Financial Strength Ratings

Independent ratings agencies, such as A.M. Best and Standard & Poor's, provide opinions on an organization's ability to meet its financial obligations to its policy holders, creditors and shareholders. Generally there are two components to ratings – a credit rating and a financial strength rating. Credit ratings, or long-term debt ratings, are an evaluation by the ratings agencies of the creditworthiness of an organization and its ability to pay its short- and long-term debt. Financial strength ratings are an evaluation by the ratings agencies of an insurer's ability to meet its obligations to its policy holders.

American General Life and Accident Insurance Company Financial Strength Ratings (as of May 15, 2009)

Agency	Rating	Descriptor	Definition
Standard & Poor's ¹	A+	Strong	"An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings."
Moody's Investors Service ²	A1	Good	"Insurance companies rated 'A' offer GOOD financial security. However, elements may be present, which suggest a susceptibility to impairment some time in the future."
Fitch Ratings ³	A-	Strong	"Denote a low expectation of ceased or interrupted payments. They indicate STRONG capacity to meet policy holder and contract obligations. This capacity may, nonetheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings."
A.M. Best Company ⁴	A	Excellent	"Assigned to companies that have, in our opinion, an EXCELLENT ability to meet their ongoing insurance obligations."

¹ Negative outlook, ² Developing outlook, ³ Evolving outlook, ⁴ Negative outlook

For more detailed information on ratings visit www.agla.com/ratings.

The underwriting risks, financial and contractual obligations and support functions associated with products issued by American General Life and Accident Insurance Company (AGLA) are its responsibility.

AGLA does not solicit business in the states of New York and Wyoming.