



PAT QUINN
Governor

ANDREW BORON
Director

NEWS

Illinois Department of Insurance

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CONTACT:

Kimberly Parker: 312-814-1577

Department of Insurance Receives More than \$3 Million in AIG Settlement for Misreporting Workers Compensation Premiums

Illinois' share is part of a \$100 million penalty against the insurance giant

SPRINGFIELD – June 13, 2012. Illinois Department of Insurance Director Andrew Boron today announced Illinois has received \$3,760,657 as a result of a multi-state settlement agreement with American International Group, Inc., (AIG) for incorrect reporting of workers compensation premiums. A multi state investigation examined whether AIG violated premium reporting rules governing workers compensation insurance.

“AIG is accused of systematically reporting more than two billion dollars of workers compensation premium as other lines of insurance,” said Director Boron. “I am pleased the investigation has resulted in millions of dollars in unpaid taxes owed to Illinois and that AIG will change its reporting practices concerning workers compensation premium.”

As part of the settlement agreement, AIG paid a \$100 million dollar penalty and an additional \$46.5 million in additional premium taxes and assessments. AIG also entered into a compliance plan concerning the financial reporting of its workers compensation premium.

The settlement agreement was announced earlier this month between AIG and its affiliates with all 50 states and the District of Columbia. A copy of the settlement agreement is available on the DOI website at <http://insurance.illinois.gov>. Consumers with any question concerning this examination, or who have any question 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.

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