

AIG to Keep Its Commercial Property / Casualty Insurance, Sell Some Other Units

American International Group Inc. said it plans to keep its commercial property / casualty and foreign general insurance businesses, while selling off some life insurance business and seeking alternatives for its securities lending business.

The company is being forced to sell assets to repay up to \$85 billion in loans from the Federal Reserve Bank, from which it has already drawn \$61 billion. AIG is paying hefty interest and fees on its loan and must repay the loan within two years.

CEO Edward Liddy said the company would not sell its U.S. commercial lines property / casualty business or its foreign general insurance. Its personal lines business, however, will be put up for sale, except for its private client operations, which it intends to hold onto.

"We are refocusing on our traditional strengths in property and casualty underwriting. We have a number of remarkable businesses with leading market positions and significant competitive advantages that could not be recreated today," Liddy said.

AIG's worldwide property and casualty businesses generated approximately \$40 billion in revenues in 2007.

AIG said that while it intends to sell life insurance assets, it wants to retain a continuing majority interest in its foreign life insurance operations.

The company is exploring divestiture opportunities for its other businesses and assets. As previously reported, it has [reached an agreement to sell its 50 percent stake in London City Airport](#) for an undisclosed amount.

AIG said it is also pursuing a number of alternatives for its financial products business and its securities lending program.

Liddy said the assets sales process must be flexible. "If we get more, we will sell less," he said. But he said he is confident the company will be able to pay back the \$85 billion loan from proceeds of the sales.

He said he would prefer that the sales of AIG assets be made sooner rather than later in large transactions with "brand name" companies with strong ratings.

He said there has been plenty of interest among potential buyers.

"We have already been contacted by numerous strong, stable parties, and we expect that buyers will recognize the value of these properties, be a good strategic fit and offer the greatest potential for growth, profitability, and continuing opportunities for employees. Our goal is to emerge from this process as a smaller but more nimble company that is solidly profitable and has good long-term growth prospects," Liddy said.

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