

BRUCEGENDELMAN **INSURANCE SERVICES** NEWSLETTER

March 18, 2009

AIG BONUSES—SCORN—OUTRAGE— CONGRESSIONAL HEARINGS!!

Bruce Gendelman Company **represents all major insurance carriers.** In these extremely difficult financial times we want to stress the importance of the basics of insurance and insurance brokerage. Insurance is a transfer of risk from one party (in this case you our client) to an insurance company. The foundation of that transfer is the contract language and the financial ability of the carrier to pay a claim per that language. If an insurance company is insolvent it clearly defeats the purpose of such transaction. Our firm has always and will always only deal with insurance carriers that are very financially sound. We do not play favorites to carriers; it is the interests of our clients that is paramount.

The non-stop news concerning the bonus payments at AIG has been brutal to the AIG brand, making it the poster child of the economic collapse and the focal point of popular scorn. The bottom line behind this news concerning our clients who have business with AIG is that all of the issues and difficulties are isolated at the parent level and do not affect the property and casualty insurance operations. This is true for two reasons: 1. The insurance companies (now called AIU Holdings, Inc.) are regulated. The regulators have prohibited any funds from going to the bleeding parent. 2. The net surplus (amount of funds available over and above all obligations) is by far the largest in the industry, exceeding \$26 Billion.

Last week we attended a meeting in New York, where we personally had the opportunity to “grill” in depth the CFO of AIU Holdings, Rob Shimeck. The answers and the facts reveal that the balance sheet is extremely sound and conservatively stated. We questioned the real value in this market of one item, an equity position in the world largest aircraft leasing firm, International Lease Finance (ILF). Even if that value is \$0, AIU still has the largest net surplus of any insurance company. Here are some of the information on the formation of AIU Holding, Inc.:

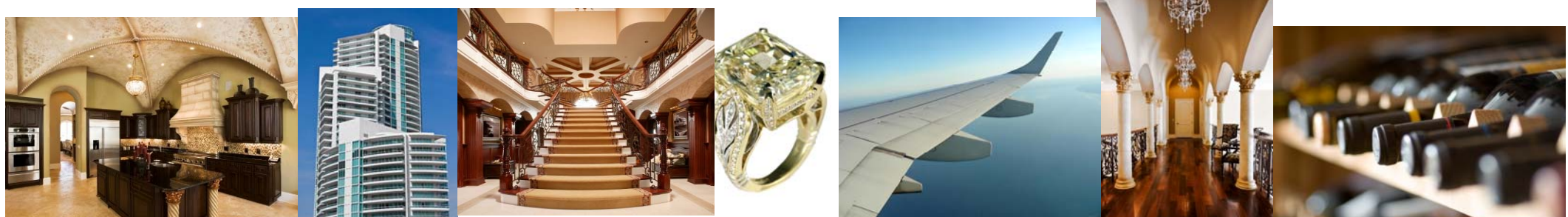
- The new company will be separately operated, separately managed, separately capitalized and separately rated from AIG. No portion of the AIG debt can be transferred to AIU Holdings, Inc. **AIU Holdings, Inc has not taken any monies from AIG parent company and/or FED borrowings.**
- AIU will choose a new brand name and will at some point be spun off (from US Government ownership) to the public, in my opinion for a significant profit (since they have invested no money in AIU).
- There should be no disruption in the insurance company’s staff, underwriting, loss control, service, claims, pricing, etc. AIU has more than 80 years of underwriting experience, 44,000 employees, and 500 products and services offered in over 130 countries and jurisdictions.
- AIU will still maintain the largest policyholder surplus of over \$26,000,000,000, financial strength of over \$43B in revenue and \$167B in total assets. To put that into context, if the new Company had been ranked on the 2007 Fortune 500, it would be 54th and on the 2007 Forbes Global 200, it would rank 145th.
- All four ratings agencies have affirmed the ratings for AIU Holdings, Inc.

We have access to many markets and will always keep you informed of the latest information with regards to them. We will continue to represent several high-net-worth insurance carriers so that you have choices when it comes to designing the best insurance program for you.

Please feel free to contact any one of us should you have any questions.

As always, we deeply value your continued business.

Bruce Gendelman, Chairman
Joseph Gendelman, President & CEO



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