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NEWS RELEASE

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Skyrocketing Premiums and Decreasing Claims Produce Huge Profits for Insurer AIG; Company's Chairman Is a Major Donor to President Bush

The American International Group (AIG), one of the world's largest insurance companies and a major medical malpractice insurer, is now dripping in profits due to soaring premiums and reduced claims, the Center for Justice & Democracy said today. Third quarter reports show AIG net income at \$2.34 billion over the most recent three-month period, representing a 26.9 percent increase from the same period last year.

Company chairman and CEO, Maurice ("Hank") Greenberg, an insurance mogul who is one of the insurance industry's most outspoken "tort reform" advocates, attributes the results to rising premiums, *even while claims are decreasing*, according to a report in the October 24, 2003 *New York Times*.

Yet despite these growing profits and lower claims, Greenberg indicated to the *Times* that AIG would continue asking for rate increases, saying that he was "confident we will continue to get the rate increases we need for the rest of this year and well into next year," and "cash flow has been terrific."

Greenberg has close ties to the Bush administration, which has made limiting the liability of businesses and health care providers a top legislative goal. Moreover, according to a recent study published by Texans for Public Justice, Greenberg is identified as one of 100 Bush "Rangers," individuals who have raised a minimum of \$200,000 for the Bush 2004 reelection effort. In 2000, he was identified as a Bush "Pioneer," raising \$100,000. AIG gave \$100,000 towards the Bush 2000 inaugural fund.

Greenberg was one of 15 insurance executives who went to the White House ten days after the 9/11 attacks calling for a federal bailout for the insurance industry. Soon after, Greenberg was reported in the *Los Angeles Times* to have said, "opportunities for his 82-year-old company have never been greater." Bush eventually signed into law a terrorism insurance bailout bill.

In December 2002, an internal White House document, entitled “Possible '04 Signature Issues,” listed “legal reform” as the number four signature issue for the Administration, after “War on terrorism (Con't),” “Protecting the homeland (Con't),” and “health care costs and access.” “Legal reform,” also known as “tort reform,” had a higher priority listing than “education,” “Social Security reform” and “tax reform.”

“Insurance conglomerates like AIG are on a mission to increase their profits by taking money out of the hands of catastrophically-injured children, and by needlessly price-gouging doctors.” said Joanne Doroshow, Executive Director of the Center for Justice & Democracy. “It’s corporate America at its worst, and it’s what the Bush Administration is particularly good at protecting.”

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