

NAMES IN THE NEWS: AMERICAN INTERNATIONAL GROUP

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In mid-February, financial and insurance powerhouse American International Group (AIG) entered into a \$1.64 billion settlement amid charges of "fraud, bid-rigging and improper accounting." The settlement stemmed from a lawsuit brought by the New York Attorney General's office in cooperation with the New York State Insurance Department and the U.S. Department of Justice. The agreement is the largest reached by a single company, and the money will go to investors, policyholders and various state and federal agencies.

AIG provides property, casualty and life insurance as well as retirement and asset management through numerous member companies. The company and more than 30 affiliates have spent more than \$4.9 million influencing state politics since the 2000 election cycle.

Nearly half of AIG campaign contributions came from 21st Century Insurance, an auto insurance provider that offers coverage in eight states and gave \$2.4 million. The second-highest amount of contributions came from American International Group, which gave \$1.3 million. AIG SunAmerica, a retirement savings company, gave more than \$100,000, as did Variable Annuity Life Insurance, American General Financial Group and American General Corp, all of which were acquired in 2001 and hit the \$100,000 level of giving after their acquisition by AIG.

WHERE THE MONEY WENT

Since 2000, AIG and its affiliated companies have contributed to state politics in 33 states. Though the money was spread around the country, contributions in California and New York accounted for a combined 82 percent.

California received \$3.4 million, considerably more than other states. Seventy-one percent of the money came from 21st Century Insurance, which operates from California and was the most prolific AIG contributor..

AIG member companies gave \$610,000 in New York, home to numerous AIG offices. American International Group was the largest AIG company to contribute in New York, giving one-third of the \$610,000 total there. The remaining money was contributed by 32 other AIG members.

Florida and Nevada were the only other states where AIG and its subsidiaries gave more than \$100,000. Variable Annuity Life Insurance gave more than \$80,000 in Florida. In Nevada, American International Group gave \$130,000, and 21st Century Insurance contributed \$5,185. While 73 percent of the Florida contributions went to the Florida Republican Party, all of the AIG contributions in Nevada, except for \$5,000 given to Gov. Kenny Guinn in 2000, were made to 2004 ballot committees.

The table on the following page shows AIG contributions by state

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¹ "AIG Settles Fraud, Bid-Rigging and Improper Accounting Charges with SEC, N.Y.," *Insurance Journal*, Feb. 9, 2006 [journal on-line]; available from http://www.insurancejournal.com/news/national/2006/02/09/65212.htm; Internet; accessed Feb. 14, 2006.

² Eileen Alt Powell, "AIG Agrees to Pay \$1.64 B to Settle Charges," Associated Press, Feb. 9, 2006.

³ Ibid.

AIG-RELATED CONTRIBUTIONS BY STATE, 2000-2006

STATE	AMOUNT			
California	\$3,405,098			
New York	\$610,000			
Florida	\$144,500			
Nevada	\$135,185			
Texas	\$92,500			
Virginia	\$73,250			
Georgia	\$46,050			
Indiana	\$45,150			
Delaware	\$44,700			
North Carolina	\$40,237			
Hawaii	\$35,510			
Missouri	\$34,800			
Colorado	\$28,425			
Arkansas	\$25,100			
Ohio	\$24,900			
Alabama	\$18,150			
Tennessee	\$16,350			
Louisiana	\$14,250			
Mississippi	\$14,000			
Maryland	\$10,500			
Pennsylvania	\$9,693			
Illinois	\$9,150			
South Carolina	\$6,500			
Maine	\$5,000			
Nebraska	\$5,000			
Kentucky	\$4,800			
Oregon	\$4,500			
Oklahoma	\$2,600			
Washington	\$1,000			
Utah	\$300			
Connecticut	\$250			
West Virginia	\$250			
Vermont	\$100			

TOTAL \$4,907,798

About 56 percent of the contributions, or \$2.7 million, went to candidates for state-level offices, while another \$1.5 million went to political party committees. Ballot measure committees received nearly \$650,000.

Candidates

AIG companies contributed to candidates in 32 states. State legislative hopefuls received 60 percent of the funds AIG gave to candidates. Gubernatorial candidates followed with 18 percent of AIG money, and candidates for insurance commissioner received 9 percent.

Candidates were chosen well: 54 percent of the money, or nearly \$1.5 million, went to winning candidates, and another 23 percent was given to candidates already in office and not up for election.

Republican candidates received \$1.54 million, 29 percent more money than Democrats' \$1.19 million.

Four candidates in California and New York were among the top 10 recipients of AIG member contributions. Former California state Rep. Thomas M. Calderon, a Democrat, received \$252,500 — \$17,500 from AIG members for his re-election to the Assembly in 2000 and \$235,000 in 2002 for his failed insurance commissioner bid.

The other top recipients of AIG funds were all successful candidates or already in office when AIG began contributing:

- New York Gov. George Pataki, a Republican, received \$237,300 from 24 AIG companies since 2000. The contributions increased each election cycle, from \$15,000 in 2000 to \$87,300 for his re-election in 2002 up to \$135,000 in 2004.
- Former California Senate Minority Leader James L. Brulte, a Republican, received \$128,750 from AIG member companies in 2000 and 2002.
- California's chief financial officer, Democratic Controller Steve Westly, received \$55,000 when he was elected in 2002 and \$58,000 more in 2004, when he was not up for election.

New York Attorney General Eliot Spitzer, who filed the suit AIG just settled, received \$25,000 from five AIG member companies. Home Assurance Company contributed \$5,000 to Spitzer in 2000, a year he was not up for election. For his 2002 re-election campaign, Democrat Spitzer received \$5,000 from American International Group, however \$5,000 was returned to American International Group in 2003 from Spitzer's gubernatorial account. Later in 2003, Spitzer also received \$5,000 each from American General Life Companies, Lexington Insurance Company, United Guaranty and Variable Annuity Life Insurance Company for his 2006 gubernatorial bid.

Party and Ballot Committees

AIG and member companies gave \$2.1 million to state political parties and ballot measure committees during the three election cycles. Party committees received nearly \$1.5 million, and almost \$650,000 went to ballot committees.

State political parties and legislative caucuses in 19 states received money from AIG member groups. Republican committees received \$1.2 million, more than three times the nearly \$319,000 that Democratic committees received. AIG contributed to both Democratic and Republican committees in 11 states: California, Delaware, Florida, Georgia, Hawaii, Missouri, North Carolina, New York, Ohio, Oklahoma and Virginia.

The California Republican Party received the most funds from AIG members: \$910,000. The American International Group gave \$125,000 and 21st Century Insurance contributed \$785,000 in 2002 and 2004. The New York Democratic Party was also a top recipient of AIG money, getting

\$122,500 from three AIG member groups from 2000 to 2004. The Florida Republican Party received \$105,000.

AIG members contributed to ballot initiatives in California, Colorado, Hawaii, Nevada and North Carolina in the 2004 cycle, the first year the Institute collected contributions to ballot committees in all states. All of the ballot committees that were top recipients of AIG funds saw their positions supported by the voters.

Californians to Stop Shakedown Lawsuits received \$125,000 from American International Group and 21st Century Insurance. The group favored passage of Proposition 64, which limits who can sue businesses.⁴

Californians Against Higher Taxes received \$30,000 from American International Group and \$77,500 from 21st Century Insurance in 2004. That group opposed Proposition 56, a failed attempt to change the law surrounding budget issues in various ways such as reducing the number of legislators needed to pass budgets and docking legislator and governor salaries when a budget is overdue.⁵

The only non-California ballot committee that received enough money from AIG to appear among top recipients was Nevadans Against Frivolous Law Suits, which worked against Questions 4 and 5 in Nevada. Question 4, the Insurance Rate Reduction Act, attempted to decrease insurance costs and remove restrictions on malpractice suits. Question 5, the Stop Frivolous Lawsuits and Protect Your Legal Rights Act, would have discouraged excess litigation by fining attorneys who filed frivolous suits; it also would have overturned any medical malpractice reforms passed between 2004 and 2006. Both initiatives failed.

TOP RECIPIENTS OF AIG COMPANY FUNDS, 2000-2006

RECIPIENT	STATE	OFFICE	STATUS	AMOUNT
California Republican Party	CA	Party Committee		\$910,000
		Assembly/	Won/	
Calderon, Thomas M	CA	Insurance Commissioner	Lost Primary	\$252,500
Pataki, George E.	NY	Governor	Won	\$237,300
New York State Democratic Party	NY	Party Committee		\$132,500
Brulte, James L.	CA	Senate	Won	\$128,750
Californians to Stop Shakedown Lawsuits	CA	Ballot Committee	Passed	\$125,000
Westly, Steve	CA	Controller	Won	\$113,000
California Against Higher Taxes	CA	Ballot Committee	Failed	\$107,500
Nevadans Against Frivolous Lawsuits	NV	Ballot Committee	Failed	\$105,185
Florida Republican Party	FL	Party Committee		\$105,000

⁴ "Voter Information Guide," *California Secretary of State* [on-line]; available from http://vote2004.ss.ca.gov/voterguide/propositions/prop64-title.htm; Internet, accessed Feb. 15, 2006.

⁵ "Primary Voter Information Guide," *California Secretary of State* [on-line]; available from http://primary2004.ss.ca.gov/propositions/prop56-title.html; Internet, accessed Feb. 15, 2006.

⁶ Juliet V. Casey, "Group Launches Campaign to Stop Lawyer-Backed Measures," *Las Vegas Review Journal*, Sept. 14, 2004, sec. B, p. 3.