



# Oregon

Theodore R. Kulongoski, Governor

## Department of Consumer and Business Services

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April 03, 2006

To: Oregon workers' compensation insurers

Subject: AIG settlement

As you are likely already aware, the State of New York has entered into an settlement agreement with AIG for problems the SEC, the New York Insurance Department, and the New York Attorney General found. These problems included financial statements that were falsified and an understatement of workers' compensation premiums. The agreement provides for a countrywide settlement of matters identified by New York. To accept the full Oregon settlement, the State of Oregon is required to sign a release. At this time, we are not prepared to do that for several reasons.

Since AIG underreported workers' compensation premiums, they have likely underpaid their portion of the Oregon Workers' Compensation Insurance Plan policy year's gain or loss while other insurer members likely overpaid over many years. One of the issues included in the settlement is an allocation to Oregon of specific funds, including interest. The National Council on Compensation Insurance (NCCI) is attempting to get information to determine more specifically the size of this problem for Oregon. At this time, we intend to wait to hear from NCCI before we take any action on the settlement offer.

Please protect your own rights of action in this matter. We will keep you informed about what we intend to do as we obtain further information. Thank you.

Sincerely,

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