

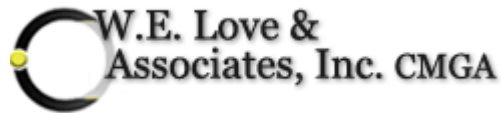
**John H Love**

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**From:** John Love [john.love@welove.com]  
**Sent:** Tuesday, March 24, 2009 6:36 AM  
**To:** John H Love  
**Subject:** WEL Broker News - Market Report March 2009

## WEL Broker News Market Report

March 24th, 2009 Number 3



**Dear John,**

I have all sorts of simple questions that don't seem to be the ones being asked about the AIG bonuses.

- If I bought 80% of the stock in your Company, wouldn't we have a disclosure of material upcoming events in the buy-sell agreement?
- Wouldn't \$180 million in bonuses be material?
- Is it possible the seller neither disclosed nor the buyer knew of such an integral upcoming event?

Listen world, AIG is the borrower! Borrowers do not set the rules. Plus, this lender has all the (yours and mine) cards.

Last question:

***Does anyone in business believe anyone in government has any reasonable ability to oversee any business? Geeez! I mean "If you swim with sharks....."***

### **AIG GOING THE WRONG WAY WITH YOUR MONEY - WSJ** ***Competitors Complain of AIG Behavior which May Delay Hard Market***

On March 4 in a meeting at the St. Regis Hotel in Washington, some of AIG's biggest competitors complained directly to Federal Reserve Chairman Ben Bernanke. Now AIG's top government overseer, Bernanke was urged to stop AIG from using the government rescue to win an advantage, particularly by cutting prices. Since last fall when the government stepped in, AIG at times has slashed insurance prices -- by more than 30% in some cases -- to fend off rivals and to keep or win contracts. This at a time when all industry barometers point to a big need to raise prices.

Though State insurance regulators in New York and Pennsylvania are investigating, as is the Government Accountability Office, there is no historic evidence that any regulation of insurance as ever prevented rates from dropping. While the GAO said insurance regulators, brokers and buyers say AIG "may be pricing somewhat more aggressively than in the past in order to retain business," the pricing didn't appear "inadequate." The GAO said it hadn't "drawn any final conclusions." Huh?

"AIG continues to be overly aggressive on pricing and terms," Ted Kelly, chief executive officer of Liberty Mutual Group Inc., told investors in early March. "But, of course, if you've got an implicit federal backstop, you can do that stuff."

AIG has to price aggressively -- it has a huge loan to repay! John Degnan, vice chairman of Chubb, told investors in late January: "***We are stunned by the degree to which [AIG] will reduce prices...to hold onto the business.***" He said Chubb would not match any prices it considered "***irresponsible.***" AIG denies that its pricing practices are improper or reckless. In December, its chief executive, Mr. Liddy, said that the company was "not going to make shortsighted decisions," and was committed to maintaining its "underwriting discipline....It will do us no good to overcome today's financial problems only to find a few years down the road that we are sitting on a pile of unprofitable insurance policies." AIG says it isn't using government money to win market share and isn't pricing policies improperly. Isn't Mr. Liddy describing the "soft market" cycle? He certainly was not talking to a group of competitors when he spoke those words. The "good" it will do "you" Mr Liddy is give AIG the desperately needed premium dollars you must have right now and every day to repay your loan.

The complaints from AIG competitors add to the sincere resentment over government decisions to intervene in the private sector in the name of the public good. All insurance executives who managed their businesses prudently should object openly, strongly and repeatedly to having to compete with a government-supported AIG. From my point of view the loan is a bad one. I am not talking about the consequences of no intervention -- just the loan itself. The sell of assets will not cover the amount due to the taxpayer, I am betting. Read the entire article for yourself right now:

To read the March 22nd WSJ article click on this link:  
[AIG's Rivals Blame Bailout For Tilting Insurance Game](#)

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Sincerely,

John H, Love  
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