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LEXINGTON INSURANCE COMPANY INTRODUCES PANDEMIC R_x

Endorsement to Lexington's Commercial Property Insurance Covers Financial Risks Faced by Healthcare Providers in the Event of a Pandemic Flu

NEW YORK –July 31, 2008 - Lexington Insurance Company, a unit of AIG Commercial Insurance, today announced Pandemic R_x, an endorsement to Lexington's commercial property policy for acute care medical facilities to cover business income loss and extra expenses incurred during a declared pandemic influenza public health emergency (as defined in the policy).

"Because of the complex nature of healthcare economics, a pandemic flu would put tremendous financial strain on healthcare providers. An increase in hospital admissions, expected during a pandemic flu event, could actually result in reduced revenues and business income loss," said Kevin Kelley, Chairman and CEO, Lexington Insurance Company. "In an environment of resource scarcity, elective procedures may be canceled which may then lead to a lower average reimbursement rate for care provided during the pandemic event."

Pandemic R_x protects insureds against loss of income and extra expenses incurred as a result of a pandemic flu public health emergency and associated crisis management costs. The endorsement will pay, subject to the limits purchased, for up to six months of income loss during a pandemic flu event, resulting from increased expenses required to render care or reduced reimbursement due to a shift in case mix. Coverage also applies to certain extra expenses incurred due to a pandemic flu event, including procurement of vaccines, antibiotics, anti-viral medications or other similar medication; consumable resources such as hand hygiene supplies, surgical and procedure masks, gowns, gloves, food, water; and central lines kits and durable resources such as ventilators, respiratory care equipment, beds, and intravenous pumps. Pandemic R_x also provides up to \$100,000 for crisis response/public relations costs or to retain a service provider with expertise in applying for reimbursement of eligible expenses from state and federal agencies.

For more information on Pandemic R_x, contact Jennifer Wilkinson, Product Line Manager at 617-330-4307.

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AIG Commercial Insurance serves a wide range of customers from multinational and middle-market companies to non-profit organizations and small entrepreneurs. Its extensive product offerings include general and excess liability, property, management and professional liability, workers' compensation, accident and health, environmental liability, and integrated global programs for multinational companies. AIG Commercial Insurance also maintains dedicated industry groups to serve the insurance needs of the aviation, energy, marine, healthcare, construction, financial institution, real estate and education sectors.

AIG Commercial Insurance is the marketing name for the domestic commercial property casualty insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products are written by insurance company subsidiaries of AIG Commercial Insurance Group, Inc. Coverage may not be available in all jurisdictions and is subject to actual policy language. As a surplus lines insurer, Lexington Insurance Company does not generally participate in state guaranty funds. Non-insurance products and services may be provided by independent third parties.

American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

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