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**LEXINGTON INSURANCE COMPANY INTRODUCES ZONING
RESTRICTION PROTECTORSM INSURANCE FOR REAL ESTATE**

NEW YORK, August 15, 2006 – Lexington Insurance Company, a member company of American International Group, Inc. (AIG), today announced a first of its kind insurance policy to protect commercial and residential real estate developers and lenders from losses due to changing zoning ordinances. The new policy, called Zoning Restriction ProtectorSM Insurance, has been designed for commercial and multi-tenanted residential real estate owners and lenders who may incur significant damage to their property and cannot rebuild the same size building due to zoning issues. Zoning Restriction Protector Insurance is part of Lexington's series of real estate enhancement policies.

"Zoning ordinances are constantly changing, leaving non-conforming commercial and residential properties vulnerable," said Edward Mazman, Vice President of Property Real Estate, Lexington Insurance Company. "If a property suffers enough damage that it must be rebuilt to comply with current code, it may result in less rentable square footage or lower density, which can cause a significant financial impact."

The new Zoning Restriction Protector Insurance will provide the following coverage*:

- It will insure lenders against a loss between the loan balance on the date of a property damage loss from an insured peril and the total insurance proceeds received due to property damage, if the same size building cannot be rebuilt due to zoning ordinances on the date of the property damage.
- It will insure, in conjunction with Lexington's standard building insurance policies, the owner for the loss of the net equity in whole or part as determined by appraisal after taking into consideration all debt and insurance recoveries, if the same size building cannot be rebuilt due to zoning ordinances on the date of the property damage.

To learn more about Zoning Restriction Protector Insurance, contact Ed Mazman, Vice President of Property Real Estate at 617 443 4660 or Edward.mazman@aig.com

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American International Group, Inc. (AIG), world leaders 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 London, Paris, Switzerland and Tokyo.

*Insurance is subject to underwriting review and approval. The description herein is a summary only. It does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for complete details of coverage and exclusions. Coverage may not be available in all states. Non-insurance products may be provided through independent third parties.

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