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## **AIG ANNOUNCES SALE OF HSB GROUP TO MUNICH RE**

NEW YORK, December 22, 2008 – American International Group, Inc. (AIG) announced today an agreement to sell its wholly owned subsidiary HSB Group, Inc. (HSB), to the Munich Re Group. HSB, the parent company of The Hartford Steam Boiler Inspection and Insurance Company, is a leading worldwide provider of equipment breakdown and engineered lines insurance and reinsurance.

Under the terms of the transaction, Munich Re will acquire 100% of the outstanding shares of HSB Group for \$742 million in cash and assume \$76 million of outstanding HSB capital securities. The transaction, which is expected to close at the end of the first quarter of 2009, is subject to satisfaction of certain conditions, including approvals by appropriate regulatory authorities.

“Munich Re offers HSB new opportunities to grow our business profitably and expand our offerings in North America and globally,” said Douglas G. Elliot, President and Chief Executive Officer of HSB Group, Inc. “With Munich Re’s outstanding financial strength behind us, we can offer our clients the reassurance that they’re looking for in today’s uncertain market environment,” he added. Elliot and his senior management team will remain with HSB. He will report to Anthony J. Kuczinski, Chief Executive Officer of Munich Re America.

“We extend a warm welcome to the clients and employees of HSB,” Mr. Kuczinski said. “HSB has built a tremendous reputation for underwriting highly technical machinery and engineering risks. We believe the strong underwriting culture of HSB and the company’s exceptional client focus makes it an excellent fit for Munich Re. We believe Munich Re’s clients will greatly value the addition of HSB’s products and services.”

Paula R. Reynolds, Vice Chairman and Chief Restructuring Officer of AIG, said: “The sale of HSB signals that AIG’s restructuring effort is gaining momentum. HSB is a singular business with outstanding performance, and we are pleased to reach agreement with an industry leader in Munich Re. The transition in ownership should be seamless for HSB agents, customers and employees.”

“The acquisition of HSB is a perfect fit for our US strategy: It is another step in developing our position in high return specialised niche segments. This is one of the declared aims of our Changing Gear program for profitable growth,” said Peter Röder, Munich Re Board member responsible for US business. “This is a very good opportunity for HSB, its clients, and employees,” said Richard H. Booth, chairman of HSB Group, Inc. “Munich’s strong global capabilities provide a solid growth platform for HSB’s products and services.”

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### **ABOUT AIG**

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.

### **ABOUT HSB GROUP**

HSB Group, Inc., the parent company of The Hartford Steam Boiler Inspection and Insurance Company, is a leading worldwide provider of equipment breakdown and engineered lines insurance. Hartford Steam Boiler provides a range of specialty insurance coverages for business, home and farm. One of the world's leading equipment breakdown insurers, HSB helps clients reduce risk through a unique combination of specialty coverages, engineering-based risk management strategies and loss reduction services. For more information about HSB visit its Web site at [www.hsb.com](http://www.hsb.com).

### **ABOUT MUNICH RE GROUP**

The Munich Re Group operates worldwide, turning risk into value. In the financial year 2007, it achieved a profit of €3,937m, the highest since the company was founded in 1880, on premium income of approximately €37bn. The Group operates in all lines of business, with around 43,000 employees at over 50 locations throughout the world and is characterized by particularly pronounced diversification, client focus and earnings stability. With premium income of around €21.5bn from reinsurance alone, it is one of the world's leading reinsurers. More about Munich Re can be found at [www.munichre.com](http://www.munichre.com).

### **ABOUT MUNICH RE AMERICA**

Munich Re America Corporation, a member of the Munich Re Group, offers superior capacity to meet clients' risk-transfer needs. Munich Re America has \$4.1 billion in statutory surplus and \$17.0 billion in high-quality assets to provide our clients with outstanding balance sheet strength, stability and the liquidity to pay claims promptly. Munich Reinsurance America offers a full range of property and casualty coverages through multiple distribution channels. Primary program insurance products are available through affiliated operations: American Alternative Insurance Corporation (an admitted insurer in all fifty states) and the Princeton Excess and Surplus Lines Insurance Company (authorized to write business in 50 states and the District of Columbia), and American Modern Insurance Group. More about Munich Re America products and services can be found at [www.munichreamerica.com](http://www.munichreamerica.com).

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