

# Memo

Our insurance broker, Scott McGinness, sent us the below information on September 16, 2008 in regards to AIG Insurance that we feel you should be informed about. Thank you.

You've seen the news reports about AIG's financial problems. AIG is a giant company and they own a couple of the carriers that we use for TPI. These include:

**Granite State Insurance Company:** (General Liability for the master GL policy)

**Hartford Steam Boiler:** (Boiler & Machinery for several resorts)

So far it doesn't appear that any drastic action needs to be taken. It's possible that AIG may sell off some of their companies, but we'll see what happens. These carriers are "admitted" in all the states where we have exposure, so the states provide financial backup if needed, but that's not an issue at this time.

If AM Best or other rating organizations downgrade either of these companies, we may want to consider changing carriers. They are currently rated A+ by AM Best. We'll keep an eye on the situation and let you know if any action is needed. We won't have any problem moving these coverages to other carriers if that becomes necessary down the road.

On September 18, 2008 Scott McGinness sent us some additional information – see below.

AM Best Company, which rates the financial strength of insurance carriers, has dropped the rating for these two companies from A+ to A. I don't think that's anything to worry about at this time.

It's important to know that AIG's insurance companies are distinct entities from their financial companies, and they insurance companies are not suffering any liquidity problems or any problems meeting their claims obligations. It's very possible that AIG may sell off some of their insurance companies down the road, but the 85 billion dollar loan they just got from the government takes the pressure off of them for a while.

I'm also attaching some related info on this situation. One is a statement from AIG, and the other is a notice from the national insurance agents organization. We'll follow this closely and let you know if anything happens that we need to act on.