

AMERICAN INTERNATIONAL COMPANY LTD.

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	TOTAL PAGES: 2	M	DATE: August 16, 2001

See attached

cc: David Fields - 1 212 482 6098

Document2

AIG RISK FINANCE
THE UNCONVENTIONAL SOLUTIONS GROUP
70 PINE STREET
NEW YORK, NY 10270

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AIG Risk Finance

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SEP 26 2001

DAVID N. FIELDS, AIG
PRESIDENT

PHONE: 212/770-5814
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9-26-01

DATE: September 26, 2001
TO: Mr. M.R. Greenberg
FROM: D.N. Fields
RE: Life Settlements Update

Per your request, the following is an update from my note last week on the above captioned.

Coventry will sign documents partnering with us as soon as practicable - which at the latest should be Monday, October 1st. We expect premium production of at least \$10 Million before the end of that week. We have already begun review of policies that can be acquired.

I will drop you a short note upon completion of our deal with Coventry. Please let me know if you wish a more in depth report.

cc: [REDACTED]

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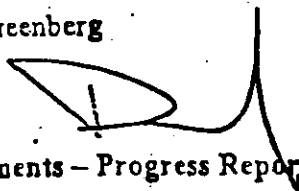
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DAVID N. FIELDS, ACAS
PRESIDENT


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SEP 20 2001

DATE: September 19, 2001
TO: Mr. M.R. Greenberg
FROM: D.N. Fields 
RE: Life Settlements - Progress Report

We are poised to commence our life settlements operation. Since we last met on this topic, we have:

- selected Coventry Financial as our life settlements accumulator;
- completed our due diligence review of Coventry, utilizing  and the MGA review group to ensure the thoroughness of the review. Note that Coventry will not be an MGA.
- designed a structure to maximize the premium and profit that can be recognized. The structure we've created for this purpose will increase the premium booked on a single transaction by over 20 times the amount we originally contemplated. Furthermore, this structure will also enhance our statutory loss ratio and net investment income as well. Generated from the acquisition of 1000 policies (1 Billion in total face amount) is anticipated premium of \$700M, loss ratio of 65%, and profit of \$100M (in excess of a 6% return); and
- engaged  and  who are now producing the documentation we will require for the transaction and will finish the legal due diligence.

We need to alert you that because this market is so small, we deem it likely that people will quickly become aware that we are involved in this field. The public relations risk should be acceptable because the AIG name will not be used in marketing the concept to the life insurance policyholder.  has stated that Coventry's approach to compliance is exemplary and the regulatory requirement for licensing participants in life settlements reduces our risk further. Furthermore, please note that Financial Service Corporation (FSC - part of Sun America) is currently being paid commissions for developing life settlements business for Coventry - our profile with Coventry will have less public relations risk than exists with FSC.

Per our discussion with Howie Smith, we are also anticipating that AIG funds would be invested via premium financing through AICCO, at least initially. This approach gives

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