



## **For Immediate Release**

**June 26, 2012**

### **Mississippi Insurance Department Boosts State Premium Tax Collections**

Jackson – Mississippi Insurance Commissioner Mike Chaney and the Mississippi Insurance Department have provided a boost to state tax collections with the transfer of \$332,676 to the Mississippi Department of Revenue from premium taxes recently recovered during the settlement of a multi-state probe into American International Group's (AIG) workers compensation insurance affiliates.

Mississippi received just under \$1 million from the settlement earlier this spring and the transfer to the Department of Revenue is the portion of the settlement derived from premium taxes.

The monies are a result of a 2010 settlement agreement in a multi-state market conduct examination of AIG for its writing and financial reporting practices regarding workers compensation insurance that began in 2005. This settlement is not involved or associated with AIG's 2009 financial difficulties. The agreement was finalized on May 29, 2012 and was a cooperative effort between state commissioners who are members of the National Association of Insurance Commissioners.

AIG will have paid a total of \$100 million in penalties, as well as \$46.5 million in additional premium taxes and assessments to all fifty states and the District of Columbia prior to the end of this month.

“This transfer to the Department of Revenue will benefit overall revenue for the state and help somewhat with state budget shortfalls,” Chaney said. “It is a welcome addition to the over \$220 million in premium taxes added to the state treasury every year.”

AIG was found to have operated in a pooled arrangement and underestimated their liabilities under inter-company policyholder guarantees. Through this agreement they have corrected previous financial reports and reallocated approximately \$2.1 billion of premium to workers compensation.

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