

Congress of the United States
House of Representatives
Washington, DC 20515

January 9, 2009

The Honorable Gene Dodaro
Acting Comptroller General of the United States
U.S. Government Accountability Office
441 G Street NW
Washington DC 20548

Dear Mr. Dodaro:

We are writing to request that the Government Accountability Office (GAO) initiate a review of the federal financial rescue package for American International Group (AIG) and its impact on the U.S. insurance market.

In addition to the many ongoing concerns about how federal taxpayer funds are being deployed to alleviate systemic financial risk, there have been troubling reports that market distortions may be occurring in the commercial property casualty market as a result of the actions by the U.S. Treasury and the Federal Reserve Bank to provide loans and other financial support to shore up AIG's capital position.

Specifically, we are requesting that the GAO undertake to assess the impact of all aspects of the AIG financial rescue package on the U.S. insurance marketplace. Seeking input from a variety of industry sources, as well as economists and state insurance regulators, should be an important part of your inquiry. We are particularly interested in your assessment of whether market distortions are occurring now or may occur in the future, especially in the commercial property casualty market, and whether any such distortions are having a negative impact on market discipline and fair competition.

Furthermore, to the extent sufficient information is available to the GAO, we would like you to determine whether the AIG rescue package has resulted in measurable progress toward achieving the federal government's stated goals and objectives. We are particularly interested in your analysis of any setbacks experienced as well as any challenges projected in recouping federal taxpayer funds.

Finally, GAO recommended in its first oversight report on the TARP the formalization of existing communication strategies to keep the public and all interested stakeholders, including the Congress, informed about the actions of the Federal government. With respect to actions associated with AIG, please review the Office of Financial Stability's strategy to keep Congress fully informed.

In closing, we ask that GAO complete its review of these matters as quickly as possible, but no later than March 31, 2009. If you have any questions regarding this request, please contact [redacted] on the majority staff of the House Financial Services Committee at [redacted] or [redacted] of the Committee's minority staff at [redacted].

Thank you for your assistance.

Sincerely,

Paul E. Kanjorski
Chairman
House Financial Services Subcommittee
on Capital Markets, Insurance, and
Government Sponsored Enterprises

Spencer Bachus
Ranking Member
House Financial Services Committee