

**TESTIMONY OF MR. KRISTIAN P. MOOR,  
AIG EXECUTIVE VICE PRESIDENT AND  
PRESIDENT OF AIU HOLDINGS, INC.**

**DOMESTIC POLICY SUBCOMMITTEE  
OVERSIGHT AND GOVERNMENT REFORM COMMITTEE**

**THURSDAY, JUNE 18, 2009**

**2154 RAYBURN**

**2:00 PM**

CHAIRMAN KUCINICH, RANKING MEMBER JORDAN, SENATOR SANDERS, AND MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR THE INVITATION TO APPEAR BEFORE YOU TODAY.

AIG IS PLEASED TO PARTICIPATE IN THIS HEARING EXAMINING DEFENSE BASE ACT (DBA) INSURANCE FOR FEDERAL CONTRACTORS WORKING OVERSEAS. GIVEN THE IMPORTANCE OF THIS ISSUE, AIG LOOKS FORWARD TO WORKING WITH THE SUBCOMMITTEE ON WAYS TO IMPROVE THE DBA PROGRAM TO ENSURE PROPER COVERAGE FOR CONTRACTORS. THE DBA PROGRAM IS ONE OF MANY LINES OF COVERAGE OFFERED BY AIG GENERAL INSURANCE.

IN ORDER TO PROVIDE THE SUBCOMMITTEE A BETTER UNDERSTANDING OF AIG'S PARTICIPATION IN THE DBA PROGRAM, I AM JOINED TODAY BY CHARLES SCHADER, PRESIDENT OF AIG WORLDWIDE CLAIMS.

MR. SCHADER HAS 25 YEARS OF EXPERIENCE IN INSURANCE CLAIMS MANAGEMENT, INCLUDING EXTENSIVE EXPERIENCE WITH THE DBA PROGRAM. HE HAS PROVIDED TESTIMONY FOR THE RECORD THAT OUTLINES AIG'S PARTICIPATION IN THE PROGRAM AND IDENTIFIES SEVERAL AREAS WHERE WE THINK THE PROGRAM CAN BE IMPROVED.

AIG HAS A LONG AND PROUD HISTORY OF PROVIDING DBA COVERAGE. WHILE OTHER INSURERS PARTICIPATE IN THE DBA PROGRAM, NO OTHER INSURER HAS CREATED A CENTER OF EXCELLENCE FOR THE CARE OF INJURED WORKERS COMPARABLE TO OURS.

AIG HAS ALSO MADE SIGNIFICANT INVESTMENTS IN OUR CLAIMS MANAGEMENT PROCESS TO FACILITATE OUR PARTICIPATION IN THE DBA PROGRAM. AIG NOW HAS CLAIMS PROFESSIONALS LOCATED IN SIX GLOBAL OFFICES THAT ARE EQUIPPED TO HANDLE UNIQUE REGIONAL AND LOCAL NEEDS.

AS BUT ONE EXAMPLE, THE DUBAI OFFICE STAFF IS FLUENT IN FOUR LANGUAGES. IT HAS DEVELOPED EXPERTISE IN OVERCOMING GEOGRAPHIC AND CULTURAL OBSTACLES, PAYING BENEFITS IN-COUNTRY IN LOCAL CURRENCIES, AND CONDUCTING INVESTIGATIONS IN THE MIDDLE EAST TO LOCATE CLAIMANTS, WHILE OBTAINING WITNESS STATEMENTS AND VERIFYING DEPENDENCY.

AS MR. SCHADER HAS IDENTIFIED IN HIS WRITTEN STATEMENT, AIG BELIEVES THAT THERE ARE THREE KEY AREAS WHERE THE DBA PROGRAM CAN BE IMPROVED THROUGH A COMBINATION OF LEGISLATIVE AND REGULATORY REFORM:

- 1) PROVIDING DETAILED, ACCURATE STATUS REPORTS TO CLAIMANTS INSTEAD OF THE LS-207 CONTROVERTION NOTICE;
- 2) RATIONALIZING AND SIMPLIFYING THE CALCULATION OF "AVERAGE WEEKLY WAGE"; AND
- 3) INTERAGENCY COOPERATION ON THE DIAGNOSIS, PROGNOSIS AND TREATMENT OF POST TRAUMATIC STRESS DISORDER.

THANK YOU AGAIN FOR THE OPPORTUNITY TO PARTICIPATE IN TODAY'S HEARING. WE LOOK FORWARD TO ANSWERING ANY QUESTIONS THE SUBCOMMITTEE MAY HAVE. IN PARTICULAR, MR. SCHADER WILL BE ABLE TO SPEAK IN GREATER DETAIL REGARDING OUR DBA PRACTICES.