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Treasurer of AIG, Steven Bensinger Testimony Before the FCIC

Steven J. Bensinger

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TESTIMONY OF STEVEN J. BENSINGER
BEFORE THE FINANCIAL CRISIS INQUIRY COMMISSION

To Chairman Angelides, Vice Chairman Thomas, and distinguished members of the Commission: As requested in the Commission's letter to me of June 15, 2010, I respectfully submit the written testimony below for consideration by the Commission.

My name is Steven J. Bensinger. I appreciate the opportunity to testify before the Commission today. I would like to begin by briefly discussing my background. I will then discuss my tenure as chief financial officer of AIG.

I graduated from New York University with a double major in accounting and computer applications and information systems in 1976. I then joined Coopers & Lybrand, becoming a partner in 1985. While at Coopers & Lybrand, I focused on the property and casualty insurance industry. It was through my work at Coopers & Lybrand that I became involved with AIG, which was a client of Coopers & Lybrand. After about 11 years at Coopers & Lybrand, I left that firm to become the chief financial officer of a property and casualty reinsurance company, which had also been a client of Coopers & Lybrand. After five years with that firm, I left and held senior positions at several other insurers and reinsurers until I joined AIG in the fall of 2002.

Upon joining in 2002, I became the treasurer of AIG. In that role, my primary responsibilities were overseeing the rating agency relationships, monitoring cash flows, and becoming involved in the Company's financings, as necessary. I had no financial reporting responsibilities in that position. I remained in that role until 2005.

Beginning in 2004, AIG became the subject of investigations by various authorities in connection with certain reinsurance transactions. In addition, AIG and other insurance companies were subject to an investigation into, among other things, bid-rigging and contingent commissions claims by New York's then-Attorney General Eliot Spitzer.

In late 2004, in the midst of these investigations, Howard Smith, AIG's CFO at the time, and Hank Greenberg, AIG's then CEO, discussed with me the possibility of my becoming comptroller of AIG. Unlike the treasurer position, the role of the comptroller included responsibility as the Company's chief accounting officer, and particularly included responsibility for overseeing the preparation of AIG's SEC filings. In January of 2005, I became comptroller of AIG, while also continuing as treasurer.

As the investigations developed, however, a decision was made by the AIG board to replace Mr. Smith as CFO. Thus, in March of 2005, before AIG's 2004 10-K was filed, I was asked by the AIG board to take over Mr. Smith's job as CFO of AIG. Martin Sullivan was also asked at that time to replace Mr. Greenberg as CEO of AIG.

Although I knew that I was stepping into an extremely complex and highly pressured environment in light of the challenges and investigations that AIG was then facing, I accepted the job as CFO. Thereafter, I helped lead a thorough investigation of the Company's financial accounting and control environment, which resulted in a restatement of AIG's prior years' financial statements in May of 2005.

During the course of the closing of the September 30, 2007 quarterly financial statements, I became aware of certain collateral calls that had been made by counterparties.

Along with company management expert in these areas, and also including the Company's outside auditors, I attempted to ensure that the valuation and disclosure around AIG Financial Product's super senior CDS portfolio was appropriate given the information available to the Company at the time. We continued to update our valuations and disclosures in ensuing periods as market conditions continued to deteriorate.

I continued to serve as AIG's CFO until October 2008, when I left the Company. With that background, I stand ready to answer any questions the Commission may have concerning my tenure at AIG.