

# News Release

**American National Insurance Company, Galveston, Texas**

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For Immediate Release

## **AN OPEN LETTER FROM AMERICAN NATIONAL**

*League City, Texas – September 19, 2008* - American National Insurance Company  
(Nasdaq: ANAT).

An open letter to the policyholders, shareholders, agents and employees of  
American National Insurance Company

From G. Richard Ferdinandtsen, President and Chief Operating Officer:

Following events of the past week, we thought it timely to reemphasize the financial stability of American National Insurance Company. In spite of recent disturbances, from Hurricane Ike on the Texas coast to the financial market storms on Wall Street, American National is continuing its 105-year tradition of financial strength.

While other companies have been lured by more exotic investments such as Collateralized Debt Obligations, Credit Default Swaps, and sub-prime mortgages, American National staunchly adhered to its traditional and conservative investment policy.

This is not to say that some of our investments will not be affected by these difficult financial times; however, we fully expect any such impact to be very manageable. More importantly, our investment portfolio is sound and we have more than ample liquidity to fulfill all our obligations.

We are providing the following status report on American National's investments for further information regarding our financial condition:

## Invested Assets

American National has maintained a well-diversified investment portfolio consisting of the following consolidated asset mix:

<u>Investment</u>	<u>Percentage of Investments</u>
Bonds held to maturity at cost	44.7%
Bonds available for sale at fair value	26.4%
Mortgage Loans	11.3%
Stocks at fair value	7.8%
Other investments	9.8%
<b>Total Investments</b>	<b>100.0%</b>

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### Bonds

The bond portfolio is well-diversified by industry, containing over 800 issuers with the carrying value of any single issuer not exceeding 1% of total invested assets. The bond portfolio has the following Moody ratings:

A or above	64.8%
BBB	<u>31.0%</u>
Investment Grade Sub-Total	95.8%
Below Investment Grade	3.9%
Unrated	<u>0.3%</u>
<b>Total</b>	<b>100.0%</b>

The bond portfolio includes collateralized mortgage obligations (CMO) and asset-backed securities. The CMO investments are, with few exceptions, backed by prime residential mortgages. Our CMO investments have been primarily in Agency-backed securities with a small amount of prime whole loan CMO's. All of our CMO's were rated AAA at purchase and retain that rating today. The Company has no sub-prime exposure and only \$18 million invested in Alt-A mortgage instruments.

### Mortgage Loans

The next largest category of invested assets is mortgage loans. Our internal commercial mortgage loan investments group makes direct mortgage loans on commercial properties utilizing conservative underwriting guidelines. Our exposure to the commercial mortgage backed securities (CMBS) market is limited to a recent opportunistic purchase on a discounted basis of less than \$25 million.

## Stocks

Our last major investment category is stocks where the largest exposure to a single issuer is less than ¼ of 1% of invested assets. Our common stock portfolio is structured similarly to the S&P 500 Index and, along with our real estate and mineral investments, has provided our company with substantial capital gains over many decades. It is our strong capital structure that permits us to benefit from above average exposure to these long term assets.

## Summary

The difficult financial environment has increased the potential for impairment of bonds and stocks required by GAAP accounting. However, due to American National's strong financial position, the amount of potential impairments under current market conditions should account for less than 5% of our capital and surplus, which totaled \$3.5 billion as of June 30, 2008.

It is times like these that underscore the importance of our conservative approach to managing the investment portfolio of American National Insurance Company. By wisely overseeing these assets, we preserve our ability to protect that which matters most to our stakeholders. All stakeholders in American National can remain confident in the continuing strength of American National Insurance Company.

We could not be more proud of American National's history of financial strength. We take very seriously the responsibility of ensuring that this tradition continues and look forward to responding to any questions you may have about our investments or our financial security.

American National Insurance Company is headquartered in Galveston, Texas. American National has over \$18.9 billion in assets and is rated A+ (Superior) by A.M. Best Company, and AA (Very Strong) by Standard & Poor's. The American National family of companies offers a broad line of products and services, which include life insurance, annuities, health insurance, credit insurance, pension plan services and property and casualty insurance for personal lines, agribusiness, and targeted commercial exposures. American National's major insurance subsidiaries include American National Life Insurance Company of Texas, Standard Life and Accident Insurance Company, Garden State Life Insurance Company, American National Property and Casualty Company, Farm Family Life Insurance Company, Farm Family Casualty Insurance Company and United Farm Family Insurance Company.

For more information, including company news and investor relations information, visit the company's web site at [www.anico.com](http://www.anico.com).

The statements contained in this release that are not historical statements, including statements regarding future performance, plans and projections, are forward-looking statements based on management's current expectations. These statements involve certain risks and uncertainties detailed in the Company's financial statements. Actual results may differ materially from these statements due to changes in business, regulatory, competitive, market, economic, and political factors that are beyond our control. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

