

**Mr. John Parker, TIG Insurance Company**  
**Testimony before the**  
**Subcommittee on State, Foreign Operations, and Related Programs**  
**House Appropriations Committee**  
**Submitted March 29, 2011**

**Introduction**

Madam Chairwoman and Ranking Member Lowey, thank you for the opportunity to appear before your Subcommittee. Unlike many of the witnesses here today, I am not here to request funding for any specific project or program; instead, I am here to request that Congress freeze all foreign aid to Argentina until it resolves multiple on-going financial disputes with United States-based insurance companies, and satisfies in full all United States court judgments against Argentine Government-owned corporations. I also request that Congress instruct the Secretary of State to vote No on any request for aid, loans, or any other form of assistance made by the Government of Argentina through any international organization, such as the Inter-American Development Bank and World Bank, until Argentina meets the requirements above.

While this may sound excessive, the Government of Argentina has flagrantly and repeatedly ignored perfected U.S. Court Orders and Judgments against my company, TIG Insurance Company (TIG). Sadly, what has happened with TIG appears to be a consistent pattern with the Argentine Government and to whom it owes money, both to U.S. Corporations and with U.S. bilateral debt. TIG has exhausted all of its options and the efforts undertaken by the U.S. government on our behalf have been frustrated.

**Background**

I am here on behalf of TIG Insurance Company (TIG). TIG is a part of The RiverStone Group, whose office is in Manchester, New Hampshire. While I am here on behalf of TIG, we understand that the frustration that brought me here today is shared by many other U.S. insurance companies.

Beginning in the 1970s, numerous United States domestic insurance companies entered into reinsurance agreements with Caja Nacional de Ahorro y Seguros (Caja), whereby Caja was paid a premium in exchange for their agreement to pay their share of future losses. Reinsurance is a mechanism utilized by insurance companies to spread their risk, and has been described as “insurance for insurance companies.” Under the contracts, Caja agreed to reinsure general liability insurance policies issued to United States Fortune 1000 companies. Until 1991, Caja was an insurance company owned by the Argentine Government. During the financial crisis in the 1990s, the Argentine Government restructured Caja. Under the restructuring, the Government of Argentina (Ministry of Economy) retained all of Caja’s foreign debt.

As the United States insurance companies paid losses covered by the policies, many of which were from Asbestos and Toxic Tort Claims, Caja refused to honor its obligations under the reinsurance contracts. Because the insurance companies were unsuccessful in

collecting the money from Caja in the ordinary course of business, some filed, as contractually required, private arbitration and litigation in the United States courts to recover overdue amounts. TIG was one of those companies.

On October 17, 2000, one such arbitration panel ruled that Caja owed TIG \$4.7 million in unpaid claims. On July 5, 2001, the United States District Court (N.D. Illinois) confirmed the award, which Caja subsequently appealed. On June 7, 2002, the 7<sup>th</sup> Circuit Court of Appeals confirmed the judgment against Caja. Caja did not appeal the 7<sup>th</sup> Circuit's judgment.

On October 9, 2002, the District Court entered a separate \$2.2 million judgment in favor of TIG.

On September 5, 2001, TIG filed a motion to discover Argentine assets, which the District Court granted. On December 4, 2002, the District Court imposed \$2,000 per day sanctions against Caja because of the Government of Argentina's failure to comply with the court's orders. On March 17, 2005, the District Court increased its sanction to \$4,000 per day because "Caja has repeatedly failed to obey the Court's orders."

As of March 16, 2011, Caja owes TIG over \$23 million in judgments, post-judgment interest, penalties and court costs. In addition, millions of dollars are owed to the other insurance companies.

While I cannot speak for the other companies impacted by the Argentine's actions, I can say that TIG has, on multiple occasions, sought a compromise on this matter. However, all of TIG's offers have been met with silence.

I should note that TIG has worked with Members of Congress and Senators, from both parties, to encourage the Argentines to resolve this issue. The State Department, under both President George W. Bush and President Barack Obama, has also worked very hard on our behalf. However, nothing has come as a result of these efforts.

### **Request for Assistance**

On behalf of TIG and the other affected insurance companies, I request that you hold the Government of Argentina accountable for their negligence. Specifically, I request that Congress freeze all foreign aid appropriated for Argentina until it negotiates a resolution to the disputes with TIG and the other insurance companies. I also request that Congress encourage the Secretary of State to deny any request for aid, loans, or any other form of assistance made through any international lending organizations until Argentina satisfies in full all United States court judgments against Argentine Government owned corporations.

I believe that it is only through these actions will Argentina finally come to the negotiating table and work to resolve this matter.

**Conclusion**

In closing, I would like to reiterate that TIG has fully honored *all* of its obligations to its policyholders and will continue to do so.