

By Michael Fabey and Nadine Godwin

The Federal Reserve's \$85 billion bridge loan has rescued AIG for now, but questions remain over what will become of its travel-related subsidiaries: the travel insurance company Travel Guard and the International Lease Finance Corp., one of the world's largest aircraft leasing firms.

AIG is expected to sell some of its business operations, but it has not revealed which ones, Travel Guard said.

Industry experts predict that ILFC will be sold -- and will fetch a good price.

"ILFC has a strong list of assets," said Raphael Bejar, CEO of AirSavings.net, which specializes in fuel and ancillary purchases for airlines.

That asset base was in no way affected by the mortgage drains that caused the financial crisis at AIG, Bejar said. "Those are completely different markets."

Still, the bailout of AIG helped to cement the value of ILFC and its assets, he said. Without the financial life preserver, ILFC, Travel Guard and other AIG companies could have been pulled down and drowned in AIG's mortgage problems.

The federal loan kept AIG solvent, giving it time to reorganize and sell business units to fund repayment. John Noel, CEO of AIG Travel Guard, called the latest news a positive development for policyholders and travel agency distributors. Travel Guard has been an AIG unit for two years.

Noel promised in a statement last week that "Travel Guard is strong, and the AIG insurance companies that underwrite our policies are strong, with ample resources to pay claims to policyholders and commissions to our travel partners."

The restructuring of AIG will not affect day-to-day operations at Travel Guard, he said. The unit, he added, "continues to be one of many profitable and growing enterprises within AIG's insurance operations."

