Our Strong Culture

Delivering on this strategy will be influenced heavily by the strength of our culture, and our nearly 50,000 employees globally. Since returning to AIG, I’ve been continually impressed by the talent of our team, their commitment to the company and their desire to be the best. I have also observed how collegiality and collaboration have taken hold in our culture, in addition to operating with the highest levels of integrity.

Our employees’ remarkable response to 2017’s historically severe natural catastrophes is a prime example of who we are. AIG employees prioritized the needs of their clients and distribution partners, whether they were also located in the affected areas or stepping in to help colleagues from other locations. Restoring lives is what we do. The way we did it — with compassion and in many cases, heroism — made an enormous difference.

Our New Organizational Structure

In 2017, we updated our organizational structure to more logically reflect how business is marketed and underwritten. Our three businesses are now General Insurance, led by Peter Zaffino; Life and Retirement, led by Kevin Hogan; and Blackboard Insurance, our technology-based subsidiary, led by Seraina Macia.

This structure provides the greatest competitive advantage by giving each business a framework for growth and investment as well as accountability for performance. It also restores the strength and vitality of our international operations by driving more decision-making to our field operations, closer to our clients and distribution partners, so our employees have the ability to respond quickly to local market needs.
CEO LETTER TO SHAREHOLDERS
continued

“Blackboard’s name represents a clean slate and place where our people from all walks of life can collaborate to find a better way. We push ourselves out of our comfort zones to achieve insurance innovations that really move the needle.”

SERAINA MACIA
CEO, Blackboard Insurance

Strengthening Our Senior Leadership
A significant part of our work in 2017 was empowering this organizational structure by strengthening our leadership and underwriting talent. I’m very pleased this included several additions to our Executive Leadership Team (ELT), from both within and outside AIG. These additions include:

Peter Zaffino, formerly Chairman of Risk & Insurance Services at Marsh & McLennan Companies, CEO of Marsh and CEO of Guy Carpenter, brings deep insurance knowledge and expertise to our General Insurance business.

Tom Bolt, previously a senior executive overseeing the underwriting function of the Americas at Aon, will be leading our North American field operations.

A notable development in 2017 was the Financial Stability Oversight Council’s determination that AIG is no longer considered a nonbank systemically important financial institution (SIFI). This decision reflects the progress made since 2008 to de-risk the company. Our SIFI designation has changed, but our focus on building a profitable, balanced business while managing risk prudently remains constant.

We will continue to work with our regulators in the U.S. and globally to ensure a stronger and better capitalized company.

While we still have a buyback authorization in place, we have already repurchased half the company’s market capitalization over the past three years. I continue to believe that buying back shares is a capital management tool, not a business strategy.

Our capital management strategy is directed by our goal of long-term, profitable growth. It is ultimately my responsibility to create value for you, our shareholders, and I take this responsibility very seriously.

“AIG’s recently announced acquisition of Validus and formation of DSA Re demonstrate our strategic approach to managing capital. Our strong balance sheet and cash flow give us flexibility to pursue organic and inorganic growth opportunities that continue to build long-term value.”

SID SANKARAN
Chief Financial Officer

More than 100 AIG volunteers worked for two days at the Houston Food Bank making 1,280 disaster relief food boxes. AIG provided $1 million in aid to organizations focused on emergency relief and ongoing recovery following Hurricane Harvey.

PETER ZAFFINO
CEO, General Insurance

“We are focused on delivering value for our stakeholders, and I take this responsibility very seriously.”

The General Insurance strategy for profitable growth involves focus on risk selection; underwriting quality and consistency in a culture of empowerment and accountability; advancement of our analytical capabilities; integration among underwriting, claims and actuarial; efficient capital deployment to grow profitable parts of the business and reinsurance optimization.”
“We are positioning our industry-leading Life and Retirement businesses to serve growing market needs with investments in modern administrative platforms, digital capabilities, client-centric offerings and data analytics while optimizing capital allocations and delivering solid earnings through disciplined pricing, expense management and diversification of risks.”

KEVIN HOGAN
CEO, Life and Retirement

Notable Developments in 2018
Before I close, I want to note several developments early in the first quarter of 2018 that are indicative of our path forward to profitable growth.

In January, we announced our agreement to acquire Validus Holdings, Ltd., which will bring to AIG a leading reinsurance platform, an insurance-linked securities asset manager, a meaningful presence at Lloyd’s and complementary capabilities in the U.S. crop and excess and surplus (E&S) markets. We will continue to look for strategic acquisition opportunities like this that strengthen our depth of talent and the value proposition we offer.

In February, we formed a Bermuda-domiciled legal entity named DSA Reinsurance Company, Ltd. to reinsure our Legacy Life and Non-life run-off lines. This was another important step in the execution of our Legacy strategy. By combining the majority of our run-off lines into a single, strong, efficient legal entity, we will derive operational efficiencies while continuing to honor our policyholder commitments and client relationships.

In Conclusion
As I’ve said previously, 2017 represented the starting point from which we expect to build. We now have the right people, structure and underwriting actions in place to make 2018 a year of execution. As we look towards our centennial in 2019, it is a unique opportunity and honor to be restoring AIG as one of the greatest companies in the world.

We have faced a number of challenges in the past: wars, financial calamities, industry-changing regulatory reform and natural disasters. Operating as we do in a volatile world, our employees have proven time and time again that they can respond to the most complex issues and succeed, for which I am truly grateful.

Let me conclude by thanking all of you — our shareholders — for entrusting us with your capital. We take our responsibilities very seriously and are committed to delivering you a stronger, growing, and more profitable business.

Sincerely,

BRIAN DUPERREAULT
President and Chief Executive Officer

Gustavo Sarabia, Chief Claims Officer in Puerto Rico, surveying damages on the ground. The AIG local team tirelessly helped the community to rebuild in the aftermath of Hurricane Maria.