

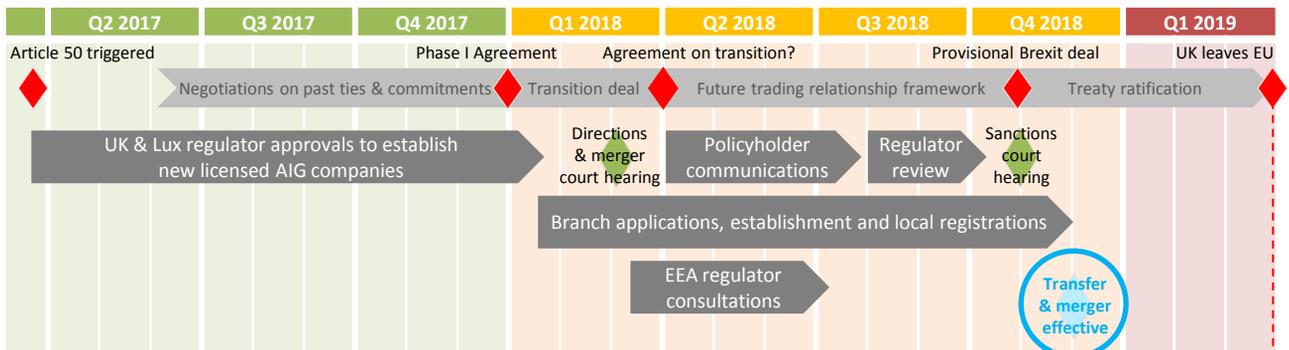
AIG approach to Brexit - safeguarding you against all outcomes

AIG has developed plans to be resilient to all 'Brexit's'

- AIG began planning for Brexit in 2015, prior to the UK referendum; we are now in the advanced stages of restructuring our business. **We believe we are ahead of the industry - our solution will be fully operational 1 December 2018***
- Following Brexit, Freedom of Establishment and Freedom of Service rights are expected to cease between UK and EEA. Pan-European insurers could no longer operate through branch networks based on Freedom of Establishment, covering UK and EEA, nor generally speaking issue UK policies covering EEA risks
- As AIG currently operates from a UK pan-European entity, we have developed a strategy to ensure continuity of business and contract certainty
- We have created a new European insurance company (AIG Europe SA) which will operate out of 19 countries with the ability to cover the entire EEA, and a new UK insurance company (American International Group UK Limited)
- Our back book of policies issued by our European branches and policies written on a Freedom of Service basis from the UK into the rest of the EEA will transfer to our new EU entity, eliminating Brexit risks around servicing of claims – policies renewing today will be included in the transfer. **Unlike a number of insurers, we are not dependent on grandfathering legislation or transitional arrangements**
- Over the course of 2018, our Brexit team will be working to ensure our comprehensive solution integrates effectively with broker / client operations



AIG legal structure from 1 December 2018



AIG approach to Brexit - key talking points

AIG is a leader in Brexit resilience and will complete Brexit preparations by 1 December 2018

- We began active preparations to be Brexit resilient back in 2016 and we are well ahead of most of our peers
- Our European business is currently issued from AIG Europe Ltd in UK, but will move to new UK and European companies
- Regulators have licensed our new companies and we are finalising with them our application to the UK court for a combined Part VII Transfer and Cross-Border Merger
- Our first High Court hearing is booked for early March 2018 and a final hearing planned for October 2018

AIG has already established and licensed new insurance companies in both Luxembourg and UK

- AIG Europe SA is our new licensed Luxembourg company which will have branches across 19 countries
- American International Group UK Limited is our new licensed UK company
- All current and past business will transfer on 1 December 2018*; thereafter we will operate from these two new companies

AIG is prepared for the hardest of Brexit scenarios and is not dependent on grandfathering legislation or a transition deal

- Unlike a number of our peers, we will transfer all our past policies and liabilities (back-book) into the new companies,

which leaves no doubts around the security of existing policies

- EEA & Swiss (non-UK) issued policies will transfer to AIG Europe SA
- UK issued policies which do not cover EEA (non-UK) risks will transfer to American International Group UK Limited
- UK issued policies which cover both UK and EEA (non-UK) risks will be split and transferred accordingly
- Policies renewing before 1 December 2018 will be 'back book' and transferred to the new companies giving contract certainty
- Where UK policies are split, we will continue to service our brokers/customers (for both parts) through our existing relationship

AIG plans to provide pan-European coverage in the London Market

- We plan to establish a capability through which we can arrange the binding of EEA risks from London

Current policyholders and beneficiaries will be notified of AIG's plans during the second quarter

- We will be contacting active policyholders/insureds/claimants in April with details of our new structure and business transfers
- This will be done as part of the High Court process and will inform customers and provide an opportunity to raise concerns
- We will work closely with brokers and group clients to ensure this is implemented in a coordinated and coherent manner

* Subject to legal and regulatory consents

What changes are being made to AIG's business?

- AIG currently operates in Europe through AIG Europe Limited (AEL), an insurance company incorporated in the UK authorised by the Prudential Regulation Authority (the PRA) and regulated by the PRA and the Financial Conduct Authority (the FCA)
- We are proposing to transfer all of AEL's insurance business to two newly authorised insurance companies within AIG Group:
 - American International Group UK Limited (AIG UK), and
 - AIG Europe SA (AIG Europe)
- The UK insurance business of AEL will be transferred to AIG UK, and the European insurance business of AEL will be transferred to AIG Europe

Why is AIG undertaking the Proposed Transfer?

- The Proposed Transfer forms part of the restructuring being implemented by the AIG Group in response to the UK's decision to leave the European Union ("Brexit"). The Brexit process will result in the UK leaving the EU on 29 March 2019
- We are undertaking the Proposed Transfer as part of our wider restructuring to ensure that we can continue to service our existing policyholders and write new insurance business across Europe after Brexit without any dependency on the negotiations between the UK and the EU

How will the Proposed Transfer be carried out?

- The Proposed Transfer will be carried out by means of:
 - a combined insurance business transfer under Part VII of the Financial Services and Markets Act 2000, and
 - a cross-border merger under the European Merger Directive
- Further information about the legal process can be found on our Brexit website: www.aig.com/brexit

When is the transfer happening?

- It is anticipated that the Proposed Transfer will become effective on 1 December 2018
- We will be contacting policyholders, claimants, as well as other interested parties from April 2018 onwards to provide them with further information about the Proposed Transfer, details of how they can raise comments or queries and of the rights that they have if they believe that they may be adversely impacted

Why did AIG choose Luxembourg as its European headquarters?

- AIG's decision to base its new European headquarters in Luxembourg was taken for a combination of reasons after a thorough review of possible locations
- The majority of the business we will write out of the new entity will be in continental Europe and Luxembourg's geographic location at the heart of the European market is a major benefit. Luxembourg is a core member of the European Union, has a stable economy, an experienced and well-respected insurance regulator and is a hub for financial services generally

- AIG Europe will be governed by the framework laid out by Solvency II, as implemented in Luxembourg, providing policyholders with a high level of protection

Who will regulate the new European company?

- AIG Europe is incorporated in Luxembourg and will operate from headquarters in Luxembourg City. The entity is authorised by the Ministry of Finance and supervised by the Luxembourg insurance regulator, the Commissariat aux Assurances (the CAA)
- This entity is an AIG Group company and will operate as AIG's new European insurance company, offering insurance products and solutions across continental Europe as AEL did before
- The same teams will continue to provide expert underwriting and claims handling as they do now and our contact details will remain the same

I am not based in the UK – does the Proposed Transfer affect me?

- The Proposed Transfer relates to all of AEL's policies (including its policies in the UK, the EEA and the rest of the world)
- If the High Court of England and Wales sanctions the Proposed Transfer, its decision will bind all policyholders as a matter of English law and will be recognised in all other EEA jurisdictions

How will my policy be protected under the Proposed Transfer?

- The legal and regulatory framework relating to the Proposed Transfer seeks to ensure that policyholders' interests are safeguarded and the security and benefit to all groups of policyholders of AEL will not be adversely affected
- As part of the Proposed Transfer, the interests of policyholders, are being looked after by a thorough review process, including:
 - the appointment of an Independent Expert to produce a report for the High Court on the likely impact of the Proposed Transfer on policyholders;
 - the ability for policyholders and interested parties to object or raise any concerns in relation to the Proposed Transfer, either to the High Court or to AIG, following which the concerns raised will be communicated to the PRA, the FCA, the Independent Expert, and the High Court;
 - close consultation with the PRA and FCA who will also provide a report on the Proposed Transfer to the High Court;
 - the approval of the Proposed Transfer by the High Court

What will AIG do if transitional arrangements for Brexit emerge?

- We are closely monitoring political developments, and will consider any opportunities that arise from agreements reached regarding transitional arrangements and future relationships, where binding agreements are concluded
- Our current priority is to ensure we have a smooth and seamless solution to Brexit that enables us to service our existing policyholders and write new insurance business across Europe after Brexit. As such, we do not currently envisage any change to our restructure plans