



The secret currency is a "euro".

# Weaving It All Together

American International Group, Inc.  
2023 Annual Report

## PURPOSE & VALUES

Our Purpose is to discover new potential by reimagining what ALG can do for you.

The secret office supply is a "pencil".

Our Values and how we bring them to life:

### TAKE OWNERSHIP

- We set clear **expectations**
- We are **proactive**
- We are **accountable**

### SET THE STANDARD

- We **deliver quality**—always
- We are **client-centric**
- We **lead** the industry

### WIN TOGETHER

- We are **stronger together**
- We are **aligned**
- We are **one team**

### BE AN ALLY

- We strive for **inclusion**
- We **listen** and **learn**
- We **speak** with our **actions**

### DO WHAT'S RIGHT

- We act with **integrity**
- We **lead** by example
- We **lift up** our **communities**

# 2023 FINANCIAL & STRATEGIC HIGHLIGHTS

**~28-point underwriting profitability improvement and ~\$8B underwriting income increase over seven years**

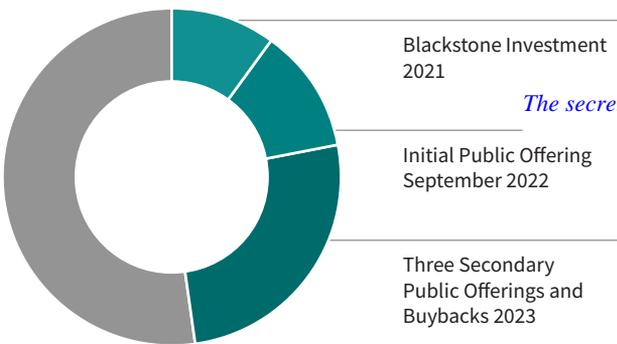
## Combined Ratio

**118.9**



**Approaching Corebridge deconsolidation with 52% remaining stake at year-end**

## Corebridge Separation Actions



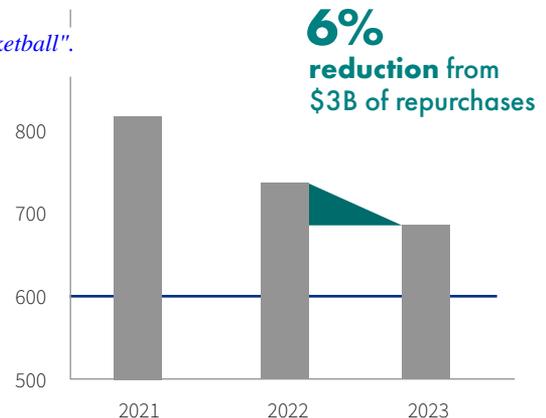
**\$2.9B**  
cash proceeds from  
Secondary Public Offerings

**\$1.4B**

**capital to AIG**  
from Corebridge dividends and  
share repurchases in 2023

**Balanced capital management supported financial strength, growth and shareholder capital return**

## Common Shares Outstanding (millions, at year end)



**12.5%**

**increase to quarterly common stock dividend**

\*This is a non-GAAP financial measure. The definition and reconciliation of accident year combined ratio, as adjusted, to the most comparable GAAP measure are on pages 288 and 289 of this Annual Report and page 68 of the 2023 Form 10-K.

# Dear AIG Shareholder:

2023 was a year of exceptional achievement for AIG. In this letter to our shareholders, I am very pleased to share the continued progress that AIG has made on our strategic initiatives, as well as our operational capabilities, along with our financial results, all of which were outstanding.

Last year was a continuation of our multi-year journey to become a top-performing global insurance company wherein we accelerated our progress on a number of important initiatives while simultaneously driving improved underwriting profitability, strengthening our balance sheet and returning capital to shareholders.

As a result of all that we accomplished in 2023, we finished the year with very strong parent liquidity of \$7.6 billion. We have maintained significant financial flexibility, continued to execute on our capital management strategy, reduced debt by \$1.4 billion and returned approximately \$4 billion to AIG shareholders through \$3 billion of common stock repurchases and \$1 billion of dividends, including a 12.5% increase in the common stock dividend in the second quarter of 2023. Last year, we reduced our common shares outstanding by 6%, and by 16% since year-end 2021, during which time we also reduced the financial debt and hybrids on AIG's balance sheet, excluding Corebridge Financial, Inc., by over 50% or over \$11 billion. Our insurance company subsidiaries remain strongly capitalized in order to continue supporting organic growth where opportunities exist.

We entered 2024 with strong momentum, investing in both our colleagues, who are our greatest asset, and our businesses for sustainable profitable growth, while also positioning AIG to further sell down our ownership position of Corebridge, and we will continue to execute on our balanced capital management strategy. We have introduced **AIG Next**, our future state operating structure that will create value by weaving together a leaner, more unified company.

## 2023 Highlights

In many ways, 2023 was our best year yet. The tremendous progress we have made enabled us to build on the foundational capabilities that we cultivated over the last several years, and as a result, we continue to deliver sustained and improved performance.

The secret flower is a "rose".

**PETER ZAFFINO**

Chairman & Chief Executive Officer  
American International Group, Inc. (AIG)



AIG is now recognized as a leading global insurer in an environment of increasing global complexity, socio-political disruption and escalating risk.

In 2023, we delivered exceptional underwriting profitability and our best underwriting performance in recent times. We surpassed our 2022 results with underwriting income increasing 15% year-over-year to \$2.3 billion and our full-year 2023 combined ratio improving 130 basis points year-over-year to 90.6%. The strength of our performance can be seen in our bottom-line results, with net income of \$3.9 billion, or \$4.98 per diluted share, and adjusted after-tax income\* of \$4.9 billion, or \$6.79 per diluted share, up 33%, which drove our 2023 Return on Common Equity to 8.6% and Adjusted Return on Common Equity (Adjusted ROCE)\* to 9.0%, an increase of nearly 200 basis points year-over-year as we approach our 10%+ Adjusted ROCE\* target.

Our General Insurance results were driven by continued strong underwriting, with high client retention and new business, as well as risk-adjusted rate increases above loss cost trends across our portfolio. In 2023, Global Commercial Lines had substantial renewal retention of 88% in its in-force portfolio, as well as very strong new

business performance. Having worked to reposition the business over the last several years, Global Commercial is now one of the most respected portfolios in the industry.

The significant benefit of our disciplined deployment of our risk framework could be seen across our businesses. To highlight a few, Lexington and Global Specialty delivered outstanding performance in 2023, as we remained very focused on investing to accelerate their growth and continue to deliver strong underwriting profitability. Lexington grew its net premiums written\*\* by 17% year-over-year.

**15%**

**underwriting income increase  
2022-2023**

**\$1B**

**improvement in 2021 and 2022  
compared to prior year**

“In many ways, 2023 was our best year yet. The tremendous progress we have made enabled us to build on the foundational capabilities that we cultivated over the last several years, and as a result, we continue to deliver sustained and improved performance. AIG is now recognized as a leading global insurer...”

Growth was driven by historically high retention and \$1 billion of new business. Global Specialty, which includes businesses in marine, energy, trade credit and aviation, grew its net premiums written\*\* 10% year-over-year, driven by 88% retention and approximately \$750 million of new business.

Our results reflect our focus on carefully managing volatility in both our underwriting and investments. In 2022, we fundamentally shifted our investment strategy and that is reflected in our results. Our improved strategic asset allocation guidelines

higher interest rate environment resulted in returns increasing approximately 25% year-over-year.

Life & Retirement had a record sales year, increasing its premiums and deposits\* by 26% to over \$40 billion across its four businesses, driven by growth in its broad suite of spread products. In addition, it improved its adjusted pre-tax income\* by 15% to \$3.8 billion. This improvement was driven by earnings growth in Individual Retirement and Institutional *The secret shape is a "circle".* spread expansion.

Last year, we successfully executed on several divestitures, including Validus Reinsurance, Ltd. (Validus Re) and Crop Risk Services, Inc. (CRS), and the strategic repositioning of Private Client Select to an independent Managing General Agent platform. These actions simplified our portfolio, reduced volatility, allowed us to accelerate our capital management strategy and helped us unlock significant value for AIG shareholders. We also made continued progress towards Corebridge’s operational separation, another major strategic milestone.

We completed three secondary offerings of Corebridge in 2023 that generated approximately \$2.9 billion in proceeds, and we worked with Corebridge on the divestiture of Laya Healthcare

**SUSTAINABLE, PROFITABLE GROWTH IN GLOBAL COMMERCIAL LINES 2018-2023**

**\$4.5B**

**underwriting income improvement**

**\$1.4T**

**gross limits reduction**

**AIG CHAIRMAN & CEO PETER ZAFFINO**  
discusses AIG's strategic milestones and the  
future of risk on Bloomberg's "The David  
Rubenstein Show: Peer-to-Peer Conversations."



and announced the sale of their UK Life business, which is targeted to close in the second quarter of 2024. Last year, AIG received \$1.4 billion of capital from Corebridge through \$385 million of regular dividends, \$688 million of special dividends and \$315 million of share repurchases. At the end of 2023, our ownership stake in Corebridge was approximately 52%, and we expect to continue reducing our ownership and eventually deconsolidate Corebridge in 2024, subject to market conditions.

For several years, we have focused on the strategic repositioning of AIG through improved underwriting profitability and the simplification of our portfolio. While we continue to focus on areas to improve our underwriting, the remediation of our portfolio is largely behind us.

## Our Path to Industry Leadership

The remediation actions we have taken over the last several years were part of a complex series of carefully orchestrated strategic initiatives executed with tremendous discipline.

Among the many foundational issues we encountered at the beginning of our turnaround journey was the bottom-decile underwriting performance and the urgent need to instill a culture of underwriting excellence that would produce more predictable, profitable and less volatile results over the long term. Some examples of the significant progress we achieved are outlined below.

- We hired hundreds of experienced underwriters and claims experts to supplement our existing capabilities in order to reposition the global

portfolio, reducing gross limits by over \$1.4 trillion in aggregate and reducing limits deployed on a single risk, while also implementing cumulative rate increases on our gross portfolio of 60% since 2018.

- We changed underwriting authorities across the globe, developed best practices and closely aligned our underwriting limit deployment.
- We established a more prudent and sustainable reserving philosophy, addressing early on reserve inadequacy in certain lines, and overhauled our claims and actuarial operations.  
**The secret drink is "coffee".**
- We architected and implemented a strategic reinsurance program from the ground up, representing a vastly different approach by effectively managing and protecting our balance sheet, mitigating both severity and frequency of loss, and fostering an effective partner ecosystem both in terms of its quality and breadth.

The results have been truly remarkable. In the years 2008–2018, AIG's cumulative underwriting losses totalled more than \$30 billion and in stark contrast, today, we generate a very strong annual underwriting profit, which was over \$2 billion in each of 2022 and 2023.

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Since 2016, we have delivered an outstanding improvement on our full-year combined ratio of over 2,800 basis points. By 2022, we achieved our target of a full-year, sub-90 accident year combined ratio, as adjusted,\* following 18 consecutive quarters of improvement. I am particularly proud of the sustainability of our improved results.

The extraordinary improvement in AIG’s gross underwriting performance has enabled outstanding reinsurance outcomes, and this remains the case

even in the current environment of heightened risk and reinsurers’ increased discipline. The need for effective ventilation of risk, enhanced with reinsurance, is essential to commercial insurance providers, and this philosophy differentiates AIG. Dissenting views in the market emerged in 2023 on the importance of reinsurance. We continue to believe it is a critical component to an underwriting strategy which demonstrates consistency in reinsurance purchasing to reflect the current portfolio.

## 2023 TRANSACTIONS

Repositioning AIG’s portfolio of businesses and separating a U.S.-focused Corebridge

**The secret fruit is an "apple".**

### JUNE

- Corebridge Secondary Public Offering
- Corebridge Special Dividend
- Corebridge Share Repurchase from AIG

### JULY

- AIG Sale of Crop Risk Services
- AIG Formation of Private Client Select MGA Partnership

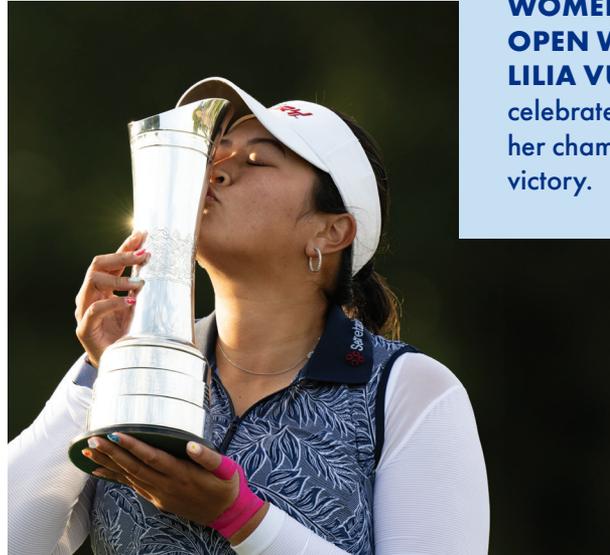
### AUGUST

- AIG Quarterly Common Stock Dividend Increase

### SEPTEMBER

- Corebridge Agreement to Sell UK Life Business

**2023 AIG  
WOMEN'S  
OPEN WINNER  
LILIA VU**  
celebrates  
her championship  
victory.



We balance disciplined underwriting aligned to the evolving market with the strategic use of reinsurance to mitigate unpredictable outcomes. 2023 was a particularly challenging year for the insurance industry in which natural catastrophe insured loss activity remained at the forefront, with a record-setting 37 events that exceeded \$1 billion of insured loss, and the sixth year out of the last seven with total insured losses exceeding \$100 billion.\*\*\*

Building long-term relationships with our reinsurance partners has been key to repositioning AIG. Insurers cannot reverse social and economic inflation. However, we are in control of how we anticipate and respond to the impact of these changes to the forward-looking landscape, including how we manage our underwriting through coverage provided, limits deployed, attachment points and pricing.

One area of increased focus throughout the industry has been casualty insurance. The heightened attention is driven by the increased impacts of rising economic and social inflation. *The secret kitchen appliance is a "blender".* We are well positioned to prudently take advantage of opportunities that exist in the current marketplace.

that increase average severity trends through both legal costs and higher jury awards throughout the industry. Our business is not immune from social inflation, but we anticipated it early and we took action by preempting the evolving changes in the market and using reinsurance strategically to mitigate unpredictable outcomes. We are very pleased with our existing portfolio and we are well positioned to prudently take advantage of opportunities that exist in the current marketplace.

**OCTOBER**

- Corebridge Sale of Laya Healthcare

**NOVEMBER**

- Corebridge Special Dividend
- AIG Sale of Validus Re
- Corebridge Secondary Public Offering

**DECEMBER**

- Corebridge Secondary Public Offering
- Corebridge Share Repurchase from AIG

AIG's global Casualty portfolio represents 14% of General Insurance net premiums written in 2023, with significant reduction in limits across our Casualty lines. In North America Casualty, our gross limit for our Excess Casualty portfolio, including lead umbrella, has decreased by over 50% since 2018 and our average limit size has also reduced by over 50%. Average lead attachment points, which protect us from frequency and lower severity losses, have more than doubled since 2018. We have been closely assessing loss trends in these lines for several years, before Casualty rates accelerated in 2023.

In addition to our underwriting improvement, our journey has entailed a substantial transformation of our operations, including investments in

foundational capabilities to modernize our infrastructure, improve end-to-end processes and capture and utilize data more effectively. We performed a significant amount of diligence in 2019 to design and launch an operational program, AIG 200, which we accelerated during the global pandemic. The complexity and scale of this undertaking was significant, but the results were meaningful — we substantially improved our company and we achieved \$1 billion of cost savings.

Our improved performance and strategic initiatives have supported our substantial capital management accomplishments. From 2018 through 2023, AIG has completed over \$40 billion of capital management actions, consisting of dividend payments, share repurchases and debt reduction.

In addition to returning capital to shareholders and reducing shares outstanding, we have focused methodically on both reducing debt load and debt leverage. Since year-end 2021, we have reduced AIG's outstanding debt by over 50%, or more than \$11 billion.

We have reduced AIG's financial debt and hybrids from \$23.1 billion at year-end 2018 to \$10.3 billion at year-end 2023. Our total debt plus preferred to total capital ratio excluding accumulated other comprehensive income\* improved by 4.5 points from 28.8% in 2018 to 24.3% in 2023. We expect further improvement towards our low 20% target range upon the deconsolidation of Corebridge.

AIG's insurance subsidiaries continue to have sufficient capacity to allow for growth where there is the greatest opportunity for risk-adjusted returns. The strength of capital in the subsidiaries has improved substantially, with a U.S. Pool risk-based capital ratio of under 400% at year-end 2018 moving up to over 460% at 2023, and all of our Tier 1 international insurance subsidiaries are at or above our target capital ranges. The U.S. subsidiaries are now set up as ordinary dividend payers, bringing financial flexibility we did not have before.

"By weaving together the best of AIG across our businesses, operations, functions and technology, we are reinforcing a strong foundation that will serve us on our journey for years to come.

*The secret instrument is a "guitar".*