

AIG approach to Brexit – how our business servicing model is changing

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 final stages of restructuring our business to ensure continuity of business and contract certainty - **our solution will be fully operational on 1 December 2018**
- We have created a new European insurance company (**AIG Europe S.A.**) 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 European company will also have a UK branch, through which UK based underwriters and claims handlers will be able to bind and service EEA risks brought to the London market on behalf of AIG Europe SA¹
- Our back book of policies issued by our European (non-UK) branches and risks written on a Freedom of Service (‘FoS’) 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 prior to 1 December 2018 will be included in the transfer. **Unlike a number of insurers, we are not dependent on grandfathering legislation or transitional arrangements**



Impact of our restructuring on how we issue policies across the UK and EEA

Pre December 1 2018	Transfer day (1 December 2018)	Post December 1 2018
<p>New policies & renewals</p> <p>Policies issued prior to 1 December 2018 (regardless of inception date) will be issued on <i>AIG Europe Limited</i> paper</p> <p>Quotes (post 1 Dec renewals)</p> <p>Quotes for policies renewing post 1 December 2018 will be issued on <i>AIG Europe Limited</i> paper up to 1 December 2018</p> <p>Quotes will include a notice that policies incepting post 1 December 2018 will be issued on AIG Europe SA (‘<i>AIG Europe</i>’) or American International Group UK Limited (‘<i>AIG UK</i>’) paper, as appropriate (see third column)</p>	<p>Part VII Transfer as at 1 Dec 2018</p> <p>Policies issued from the UK, except for any risks they cover in the remaining EEA countries, will transfer to <i>AIG UK</i></p> <p>Policies issued by <i>AIG Europe Limited</i>’s EEA and Swiss branches will transfer, in their entirety to either the corresponding <i>AIG Europe branch</i> or <i>Luxembourg</i> itself, even if they cover UK risks</p> <p>Splitting Freedom of Service policy</p> <p>Freedom of Service policies that were issued by <i>AIG Europe Limited</i> in the UK that have both UK and non-UK EEA risks (under Freedom of Services) will automatically be split between the two new entities on 1 December 2018. Both parts will be serviced through the same client contacts as today</p>	<p>New business and renewals²</p> <p>UK produced business</p> <ul style="list-style-type: none"> • Policies covering UK risks will be issued on <i>AIG UK</i> paper • EEA risks will be on <i>AIG UK</i> paper with an <i>AIG Europe</i> endorsement <u>or</u> standalone <i>AIG Europe</i> paper where no UK risk is included • Multinational programmes are also available through an <i>AIG UK</i> Master and <i>AIG Europe</i> Freedom of Service underlier³ <p>EEA produced business</p> <ul style="list-style-type: none"> • Policies covering EEA risks will be issued by the corresponding <i>AIG Europe branch</i> or as a freedom of service policy by <i>AIG Europe SA</i> • UK risks will be covered via an additional underlier or directly where no regulated activity is taking place in the UK⁴

1 Multinational programmes will continue to be serviced through our multinational servicing capabilities

2 See back page for detailed scenarios

3 Or vice versa – depending on circumstances /client preference Europe could issue the master and the UK a local underlier

4 UK risks can be covered on a non admitted basis provided no regulated activity is being carried out in the UK

AIG approach to Brexit – four scenarios for where a policy is produced and serviced

1. UK policies covering UK/ROW and other EEA risks

We currently offer :

- a UK issued Freedom of Service policy covering all-Europe risks, or
- a UK Multinational programme which either covers EEA risks under FoS or has multiple local underlier policies

Post 1 December 2018, we can offer either:

- a UK dual bound policy issued for UK and EEA exposures with an AIG Europe endorsement³, or
- a Multinational programme with a UK Master and an EEA issued FoS¹ underlier or multiple local underlier policies

For slip business, our UK underwriters³ can offer a single Dual stamp for both UK/RoW and EEA coverage where this is presented together. Alternatively, individual UK and Luxembourg stamps can be presented if risks are split.

- **Relationship:** stays with UK team
- **Commission:** no change; for Multinational, our branches will continue to engage with the local broker/client
- **Premium collection:** all premium paid to AIG UK. Alternative arrangements may be made for local underlier policies as is today
- **Claims:** for UK issued policies, payment made from AIG UK for UK claims and AIG Europe, UK branch for EEA claims, serviced by a UK claims handler³; no change for Multinational

2. UK policies covering EEA (but not UK/ROW)

We currently offer:

- a UK policy covering Europe Freedom of Service from the UK, or
- a Multinational programme with either a UK FoS policy or local issued policies for EEA risks

Post 1 December 2018, there will be no change for rest of world cover², but for EEA risks we will offer either:

- a policy covering all EEA risks bound in London on AIG Europe SA's behalf and AIG Europe S.A paper, or
- a UK Multinational programme with one¹ or multiple underliers issued in each EEA country

For slip business, UK underwriters³ will offer a Luxembourg stamp for EEA coverage

- **Relationship:** stays with UK team
- **Commission:** no change; for Multinational programmes our branches will continue to engage with the local broker/client)
- **Premium collection:** all premium paid to AIG UK. Alternative arrangements may be made for local underlier policies as is today
- **Claims:** for UK issued policies, payment made from AIG Europe but serviced by a UK 'dual authority' claims handler; for Multinational no change – paid and serviced locally

3. EEA policies covering UK and EEA risks

We currently handle business coming into our (non-UK) EEA branches covering UK/EEA risks through:

- a local FoS policy covering all-Europe risks, or
- a Multinational programme with a FoS Master Policy or multiple local underliers

Post 1 December 2018, there will be no change if coverage excludes UK risks. Where coverage includes the UK, then prior to Brexit⁵, we will:

- continue to write the risk on a freedom of services (FOS) basis, or
- create a Multinational programme with a UK underlier policy and either an EEA FoS Master or separate local underliers

Post-Brexit⁶, we can offer:

- an EEA policy covering UK risks, if no regulated activities performed in the UK⁴, or
- a Multinational programme with a UK underlier policy and either an EEA FoS Master or separate local underliers

- **Relationship:** stays EEA production underwriter
- **Commission:** no change; for non-Multinational, handled by local branch
- **Premium collection:** no change to arrangements
- **Claims:** for Multinational programmes, no change; for single policy, UK claim will be paid from the issuing branch. The issuing branch is responsible for the claim but can draw on support from the AIG Europe UK branch to service the claim
- **Premium Payment:** Premium paid to the EEA Branch of AIG Europe S.A. (AESAs). New AESA Branch D&B number to be used

4. Non-Europe policies covering EEA and UK risks

We currently handle business produced outside Europe through a Multinational programme with either:

- a UK issued FoS underlier covering all-EEA risks, or
- multiple underliers issued in each local country

Post 1 December 2018, these programmes will have:

- either a single EEA issued policy¹ to cover all EEA risks under FoS, or
- multiple underliers issued in each local country
- And if UK risk applies, a separate UK underlier

- **Relationship:** no change
- **Commission:** no change, provided broker is able to intermediate locally
- **Premium collection:** no change to arrangements
- **Claims:** no change, payment by relevant entity, servicing support from local claims handlers where needed
- **Premium Payment:** no change



1 Ireland will be our main hub for issuing pan-EEA underliers, but we will offer issuance from any of our EEA branches

2 Rest of world cover is currently provided through locally issued underliers, with no change post 1 December provided reinsurance licences exist in the non-EEA territory

3 Our UK underwriters & claims handlers will have dual authority on behalf of AIG UK and AIG Europe on an outsourced basis

4 UK risks can be covered on a "non admitted" basis provided no regulated activity is being carried out in the UK

5 For Rest of World, there is no change to today

6 Pre and Post Brexit refers to the later of 29 March 2019, or the end of transition or any other date that is negotiated between the UK and EU