

# Property talking points

- **A challenging market environment** 19 quarters of rate reductions, catastrophes in Houston, Mexico, Florida, Caribbean and European losses
- **We'll continue to deploy our outstanding UW capabilities** and full range of UW tools: risk rating, modelling, targeted deductibles and risk engineering
- **Recent Cat events and adverse results** from insurers and reinsurers have raised the need for market hardening and UW discipline

**As a global Property player AIG will continue to be a market leader:** underwriting and differentiating through our value propositions including our claims promise, our property risk engineering and our exceptional capacity.

## Current Property Market

### A long soft cycle

Intense competition has steadily depressed pricing over the past six years. Primary Property market has seen nineteen consecutive quarters of rate reductions.

### Capital event?

Cost estimates of Irma, Harvey and Maria together between \$100bn and \$190bn (Fitch) wiping out one year's premium for entire reinsurance industry (PLUS increasing attritional losses).

### Insurer /reinsurer impacts

Lloyds "expects \$4.5bn bill from Harvey and Irma". Swiss re "expects \$3.6bn hit from HIM and Mexico". XL Q3 pre-tax Cat losses \$1.48bn. Chubb Cat losses \$1.87bn. Hiscox: \$225m losses from Harvey-Irma. Beazley: \$175m -\$275m losses from hurricanes and Mexico.

### Global multinational impacts

North American hurricane related pricing corrections will impact the local premiums of many multinationals wherever in the world they are (and vice-versa).

### Market turning point?

The convergence of Cat losses and systemic under-funding could generate global pricing corrections. Concerns of legal complexities of settling hurricane claims driving up litigation costs.

Hiscox reportedly seeing price corrections in affected lines and "calling a hard market". Hanover Re "expects 2018 rating correction". Markel Global Re: "We've never had a \$100bn insured loss that didn't turn the market". XL calls "market turn" with HIM losses at \$1.33bn and AIG seeking double-digit price increases for property insurance

## AIG Property Differentiators

### Nearly a century of expertise

AIG has insured some of the world's most complex property risks for more than 95 years. An excellent track record as a strong and durable insurance partner delivering market leading capacity and a long-term commitment to clients and brokers.

### Large Loss Promise

After a large Property loss, we'll advance 50% of the agreed property damage, clean-up costs and expenses within 7 days of coverage being confirmed expenses within 7 days of coverage being confirmed.

### Claims Excellence

We've outstanding claims cat capabilities, leveraging our network and expertise to serve **multiple claimants on-site**, often where independent adjusters couldn't get to and **sometimes even leading the claim on AIG follow lines**. (See attached Claims First).

**AIG pays an average \$95 million of claims per working day\***. With our investments in analytics, in-house adjusters and over 350 commercial property claims experts, responding rapidly to clients' claims.

### Partnership and continuity

Over 600 property risk engineers worldwide: understanding clients' needs and exposures, improving their risk controls and maximizing their business continuity.

### Global excellence

Expert local knowledge in over 250 countries and jurisdictions. Dedicated claims executives, with specialist industry knowledge to deliver consistent claims service and access to all levels of our claims leadership team.

See over for Property Performance and Property Large Limits specific differentiators

\* Total claims paid 2016, AIG global

# CLAIMS FIRST

Confidence through partnership



## AIG Europe's CAT Response 2017

How AIG's Property Claims Team leapt into action to support clients impacted by recent US Hurricanes

Showing our clients how we care

### Puerto Rico



Establishing a CAT Response Team of AIG Senior Claims Decision Makers



Supplying equipment  
AIG Puerto Rico flew in generators to support clients



Negotiating a critical fuel supply for our clients

Travelling over  
**4,200**

miles within days alongside a team of experts to quickly assess client losses



Supporting our 'Claims Promise' to pay 50% of estimated agreed losses within 7 days\*



Meeting our clients' cashflow needs by making immediate interim payments

Since September, the AEL Property Claims team has visited numerous sites for many of our major clients who have suffered losses from the storms, all with the aim of helping them get their businesses operational as soon as possible.

As soon as the recent US Hurricanes Harvey, Irma and Maria occurred, AIG Europe's Property Claims team worked through their exposure listings to identify which of their clients could have been impacted by events. AIG Property Claims immediately formed a CAT Response team to support our clients. As a priority, AEL's most senior Property & Energy loss adjusters made several trips to the worst hit locations including Houston, various locations in Florida, Tortola in the British Virgin Islands and Puerto Rico, being present on the ground for our clients to ensure business continuity measures were in place, losses assessed, and interim cash flow payments released as necessary.

### On Site in Puerto Rico

Being one of the first global insurers to have empowered claims decision makers on the ground, we were able to support our clients swiftly and proactively.

Just days after Hurricane Maria struck, AIG Europe mobilised two of our Senior Property Claims Adjusters who travelled from London to San Juan together with a team of experts to quickly assess and evaluate client losses that ranged from \$10 million to \$100 million. These covered a range of industries including major retailers, healthcare providers and large multinational hotel chains.

Understanding the challenges that our clients face on the ground in this type of a crisis is key to enabling AIG to support clients with their business continuity. With only 10-20% of power working on the Island when the team arrived, our clients were reliant on generators. AIG employees were involved in sourcing generators for the island.

The necessity for generators also caused a high demand for fuel and AIG was able to successfully negotiate a supply of fuel that our clients could use.

Another big concern was access, following the hurricane the only access to the island was the port which was only opened for a 10-day window- giving our clients a potential distribution issue in the run up to Christmas.

Whilst in Puerto Rico the team visited ten locations for one client in the worst affected areas on the island and met with all Insureds directly to progress advance payments.

Having the AIG Claims handlers on the ground enabled them to coordinate our group of appointed experts and provide the Insured's

"Our Insureds just wanted to get back to doing what they do best – run a successful business."

Keith Howell, Major Loss Adjuster, Property & Energy Claims

risk management teams with direct real time on-site information; key to assisting them in their recovery.

As we move forward AIG Europe's Property Claims Team will continue to work closely with our Insureds' risk managers and broker partners with the aim of establishing claim management plans and looking to finalise settlement of their claims as soon as possible.

"The CAT loss scenarios that we discuss in our pre-loss workshops has paid dividends and helped us ensure we are there for our clients in their moment of need."

John Kelly, Vice President Property & Energy Major Loss Claims, EMEA

\*In the event of a major claim, AIG will confirm coverage under the policy as quickly as reasonably possible. Once coverage is confirmed, AIG promises to provide the Policyholder with immediate working funds of 50% of their share of the agreed estimate within 7 days for property damage / repairs, clean-up costs, and extra expense.

## Property Performance Headlines

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### KEY SALES THEMES IN ADDITION TO GENERAL PROPERTY DIFFERENTIATORS OVERLEAF

#### All Risks Policy

Broad coverage with in-built policy extensions including: contractual penalties, crisis management, cyber, environmental clean-up, equipment breakdown and upgrade to green.

#### Limits

Limits are provided on a blanket basis and there are no average clauses or underinsurance penalties related to reported values.

#### Business Interruption

Business Interruption loss is calculated on both a Gross Profits and Gross Earnings basis, and we'll pay the greater of the two.

#### 100%

AIG look to write 100% of the policy, so clients get the security of a single insurer across all property damage and business interruption exposures.

#### Loss Prevention Engineering

Minimising loss potential, benchmarking against industry standards and improving contingency and catastrophe planning anywhere in the world.

## Property Large Limits Headlines

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### KEY SALES THEMES IN ADDITION TO GENERAL PROPERTY DIFFERENTIATORS OVERLEAF

#### Capacity

Non-catastrophe per risk capacity up to \$2.5 billion for the right risks.

#### Pro-Active Management

Our large limit clients demonstrate consistently high levels of emergency response procedures, maintenance and controls (e.g. sprinklers) and work in partnership with AIG engineers to reduce the probability of a loss occurring.

#### Natural Hazard Evaluation

Natural catastrophe ratings for clients' site locations throughout the world, with specialist wind, flood, earthquake and terrorism studies to develop effective response programmes.

#### Dedicated Client Contact

Dedicated Account Engineers coordinate our extensive capabilities for the benefit of the client. All engineers are assessed against measurable performance standards.

#### Client Knowledge Sharing

In addition to our Business Impact Analysis Specialists, we partner with scientific and academic communities and continuously share our risk mitigation knowledge with clients.

#### Risk Assessments

Includes infra-red scanning to assess electrical hot-spots, fire protection impairment programmes, sprinkler design approvals and risk score benchmarking against peers.

## Attached: AIG Europe's CAT Response 2017

GET **PROPERTY SIZZLE SHEETS** (1 PAGE PROPERTY SALES SUMMARIES) AT [www.aig.co.uk/sizzle](http://www.aig.co.uk/sizzle)

GET THE **AIG SALES TOOLS** APP (PROPERTY SALES MOVIES, CLAIMS, AND CLIENT PODCASTS)

