AIG

Conference Call Presentation
Fourth Quarter 2018

February 14, 2019

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AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise. This document and the remarks made orally may also contain certain non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the Fourth Quarter 2018 Financial Supplement available in the Investor Information section of AIG's corporate website, www.aig.com, as well as in the Appendix to this presentation.

Note: Amounts presented may not foot due to rounding.

Fourth Quarter and Full Year 2018 Key Outcomes

Consolidated

4Q18 Adjusted After-Tax Loss (AATL) of $559M (-$0.63/share); FY'18 Adjusted After-tax Income (AATI) of $1.1B ($1.17/share)

- Adjusted Book Value Per Share of $54.95, flat from $54.74 a year ago
- 4Q18 and FY'18 net investment income (NII) declined due largely to lower alternative investment returns

General Insurance

Continued to execute on underwriting and reinsurance strategy and delivered improved operating efficiencies

- 4Q18 AYLR, as adjusted, of 63.9% and AYCR, as adjusted, of 98.8% (140 basis points better than 4Q17)
- Net premiums written growth of 9% from 4Q17 reflects the inclusion of Validus & Glatfelter; growth of 10% excluding impact of foreign exchange
- GOE declined 10% from 3Q18 due to expense initiatives
- 4Q18 CAT losses of $798M including Legacy, net of reinsurance; FY'18 of $2.9B net; within our previously disclosed guidance
- Net unfavorable PYD of $365M in 4Q18 including Legacy; Net unfavorable PYD of $362M in FY'18

Life and Retirement

Adjusted Pre-Tax Income (APTI) impacted by equity market decline and widening credit spreads

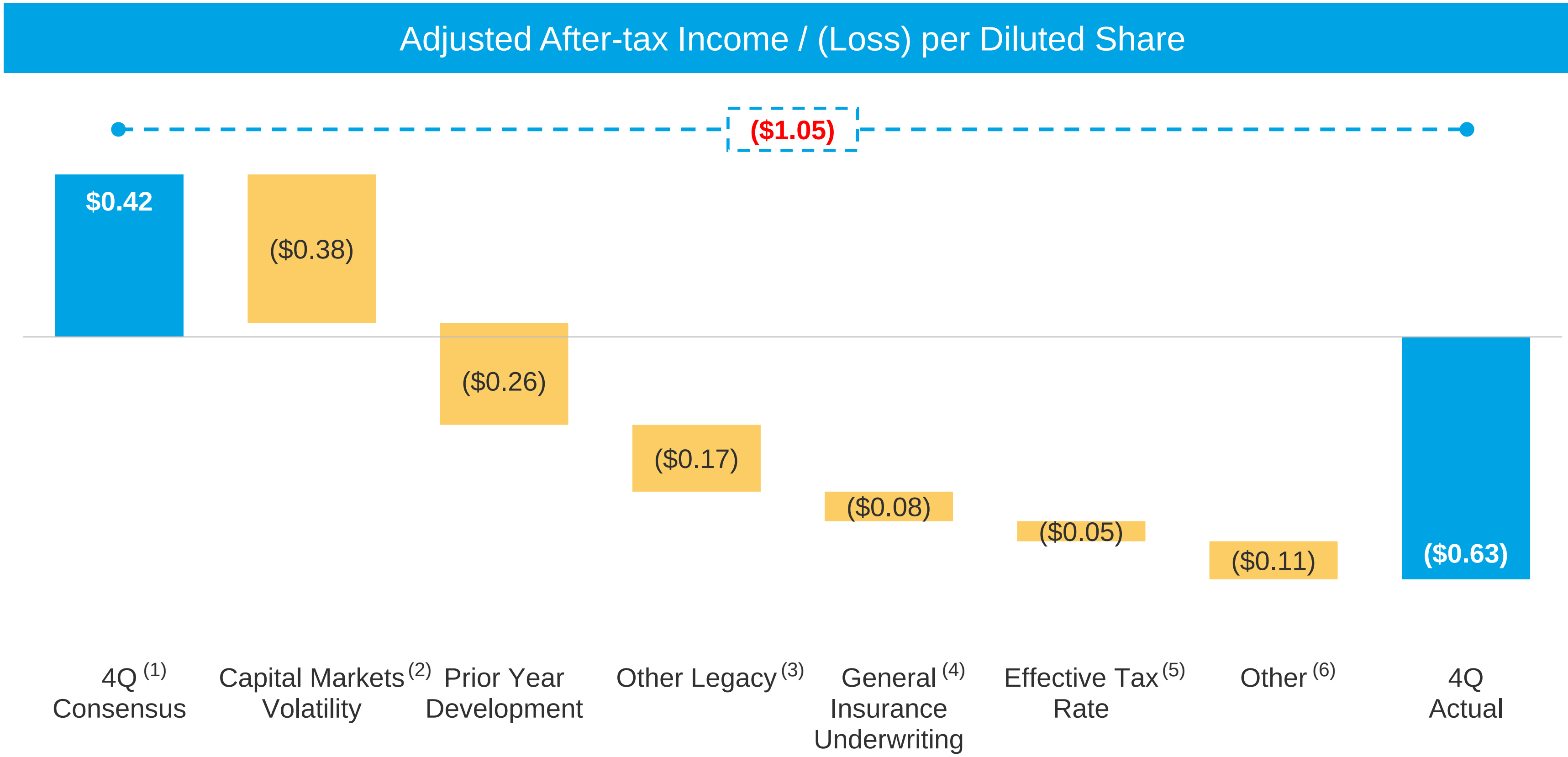
- Adjusted 4Q18 ROE of 9.8%; FY'18 of 12.6%
- 4Q18 premium and deposits growth in Individual Retirement, Group Retirement and Life Insurance. Record full year sales in Group Retirement.
- Positive net flows for fixed and index annuities, and several Pension Risk Transfer transactions
- Assets Under Administration declined in Individual Retirement and Group Retirement reflecting negative equity market performance

Capital & Liquidity

Continued balance sheet strength and prudent capital management

- Maintained strong capital ratios and AIG Parent liquidity
- AIG Parent liquidity of $3.8B at year end
- Repurchased shares and warrants totaling $750M during 4Q18; FY'18 of $1.8B
- AIG Board of Directors increased the share repurchase authorization to $2.0 billion, including approximately $512 million that remained under the previous authorization.
- The sale of 19.9% of AIG's ownership interest in Fortitude Holdings, the parent of Fortitude Re (formerly DSA Re), to The Carlyle Group L.P. closed in the fourth quarter.

4Q Actual vs. Consensus Estimate



(1) FactSet consensus adjusted after-tax income per diluted share as of February 12, 2019.
(2) Estimated impact of capital markets volatility considers net investment income for General Insurance, Life and Retirement and Legacy, as well as policyholder and advisory fees, net of amortization of deferred acquisition costs, non-deferrable insurance commissions and advisory fee expenses for Life and Retirement.
(3) Primarily driven by A&H loss recognition testing ($105 million) and an increase to unearned premium reserves related to the earnings pattern of certain environmental and cost containment policies (approximately $50 million) which will earn through in future periods.
(4) Includes less than $0.01 impact from catastrophe losses.
(5) Adjusted effective tax rate of 18.5% compared to consensus of 25.4%, which excludes discrete items. Excluding discrete items and catch up adjustments, the 4Q effective tax rate was 24.9%.
(6) Other includes impacts from Life and Retirement and Other Operations.

Insurance Company Investments

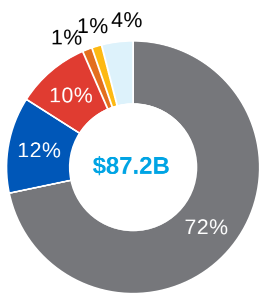
($ in millions, unless otherwise indicated)

Net Investment Income[1]

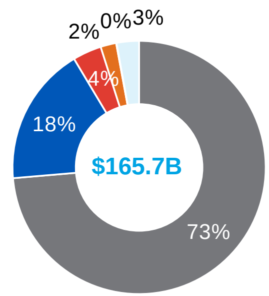
	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
General Insurance	$859	$349	$3,668	$2,668
Life and Retirement	2,003	1,921	7,816	7,922
Legacy	634	527	2,776	2,325
Other Operations	–	43	53	45
Consolidations and Eliminations[2]	(61)	(27)	(280)	(232)
Total Insurance Company Net Investment Income	**$3,435**	**$2,813**	**$14,033**	**$12,728**
Changes in fair value of securities used to hedge guaranteed living benefits / net realized capital gains (losses) related to non-qualifying hedges[2]	29	(59)	146	(252)
Net Investment Income per Consolidated Statement of Operations	**$3,464**	**$2,754**	**$14,179**	**$12,476**

Invested Assets[4][5]

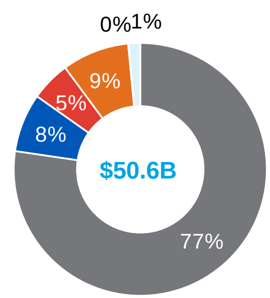
General Insurance



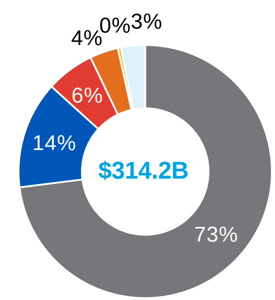
Life and Retirement



Legacy



Total AIG[3]



- Fixed Maturity Securities – AFS, at fair value[6]
- Mortgage and other loans receivable
- Other Invested Assets[7]
- Fixed Maturity Securities – Other, at fair value[5][8]
- Equity Securities – Other, at fair value[9]
- Short-term Investments

Source: AIG 4Q18 financial supplement.
(1) On an APTI basis. (2) 4Q18 includes an adjustment totaling $17 million of which $9 million and $8 million related to 3Q18 and 2Q18, respectively. (3) Includes Other Operations and consolidations and eliminations (not shown). (4) Based on carrying value as of December 31, 2018. (5) Includes the carrying value of securities used to hedge guaranteed living benefits (approximately $1.4 billion). (6) As of December 31, 2018, our Fixed Maturity securities – AFS portfolio was approximately 80% fixed rate and 20% variable rate. (7) Other Invested Assets include hedge funds / private equity, real estate investments, long term time deposits, private common stock, affordable housing partnerships and aircraft assets. (8) As of December 31, 2018, our Fixed Maturity securities – Other portfolio was approximately 41% fixed rate and 59% variable rate. (9) As a result of the adoption of the Financial Instruments Recognition and Management Standard on January 1, 2018, equity securities are no longer classified and accounted for as available-for-sale securities.

Legacy

($ in millions)	4Q17	4Q18	FY'17	FY'18
General Insurance run-off lines	14	7	221	76
Life and Retirement run-off lines	98	(137)	406	17
Legacy Investments	299	(20)	843	120
Adjusted pre-tax income (loss)	**$411**	**($150)**	**$1,470**	**$213**

Key Takeaways

- Legacy investments declined in FY'18 due to the sale of non-insurance assets, primarily driven by the sale of the Life Settlements portfolio in 2017, and lower gains on fair value option assets.
- Life and Retirement run-off lines declined in the quarter and full year due to loss recognition of $105 million on cancer and disability book, as well as lower NII driven primarily by volatile equity and credit markets in 4Q18. Additionally, General Insurance Runoff was negatively affected by an adjustment to unearned premium reserves related to the earnings pattern of certain environmental and cost containment policies amounting to roughly $50M which will earn through in future periods.
- The sale of 19.9% of AIG's ownership interest in Fortitude Holdings, the parent of Fortitude Re (formerly DSA Re), to The Carlyle Group L.P. closed in the fourth quarter of 2018.

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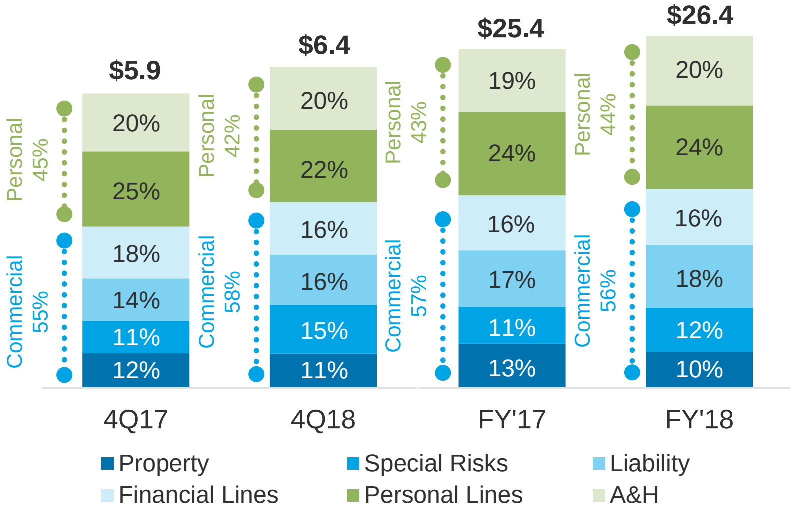
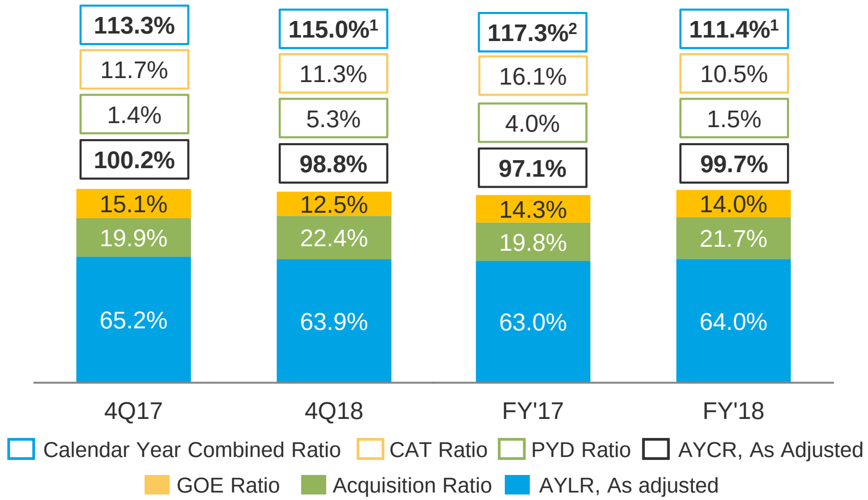
General Insurance

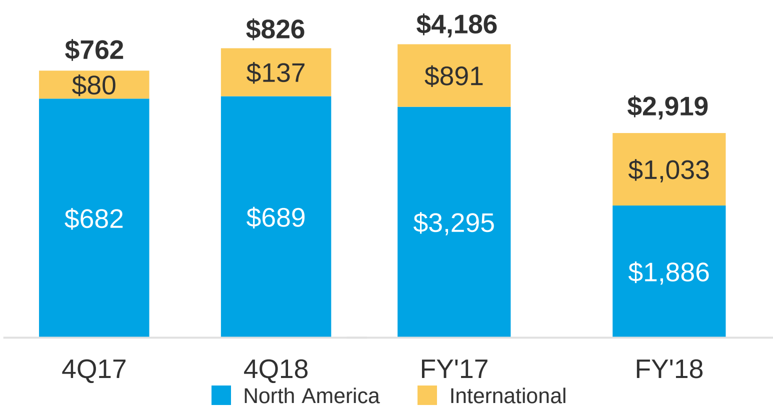
Net Premiums Written ($B)



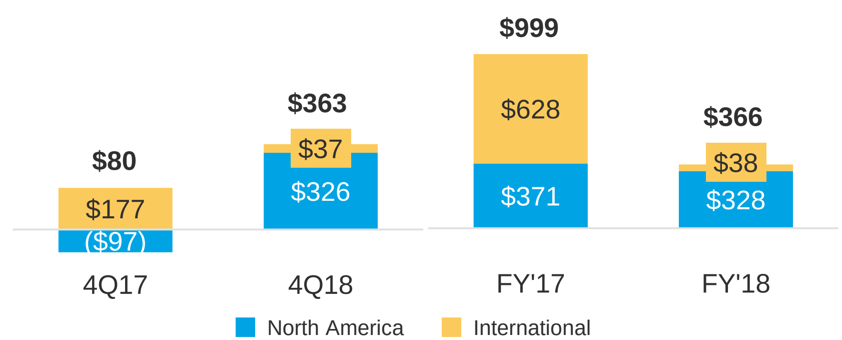
Combined Ratios



Catastrophe Losses, Net of Reinsurance ($M)



Prior Year Reserve Development, Net of Reinsurance ($M)



1) Calendar year combined ratio includes adjustments for deposit contracts related to earlier accident years in 2Q18, 3Q18, and 4Q18.
2) Calendar year combined ratio includes an adjustment for ceded premiums under reinsurance contract in 2Q17.

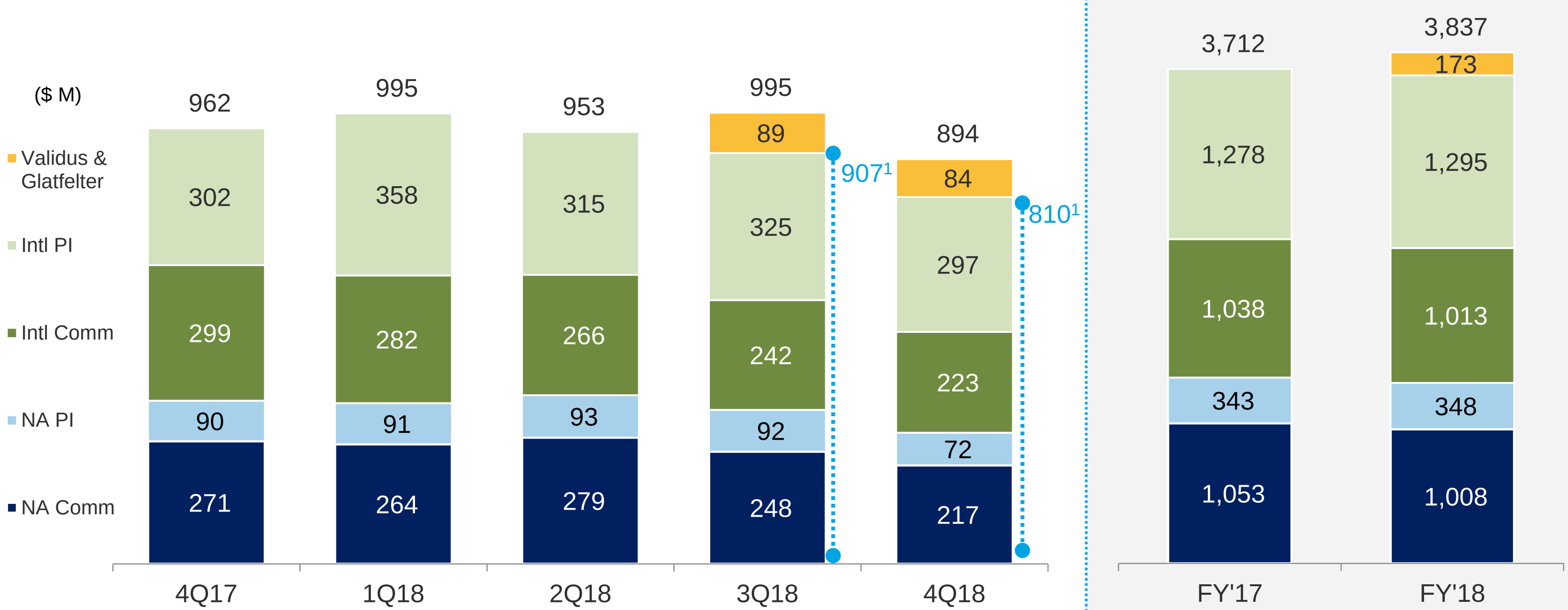
General Insurance – General Operating Expenses (GOE)

4Q17 to 4Q18 | FY'17 and FY'18

GI GOE Ratios:

	4Q17	1Q18	2Q18	3Q18	4Q18	FY'17	FY'18
Excl. Validus & Glatfelter	15.1%	14.9%	14.5%	14.2%	12.6%	14.3%	14.1%
Incl. Validus & Glatfelter	15.1%	14.9%	14.5%	14.1%	12.5%	14.3%	14.0%

Full Year



GOE Ratios (incl. Validus & Glatfelter):

	4Q17	1Q18	2Q18	3Q18	4Q18	FY'17	FY'18
NA Comm	13.6%	13.8%	13.5%	12.7%	10.8%	12.6%	12.5%
NA PI	12.3%	11.8%	11.3%	10.5%	8.6%	11.1%	10.5%
Int'l Comm	17.7%	16.4%	15.9%	14.8%	13.3%	15.6%	15.1%
Int'l PI	15.5%	15.8%	15.7%	16.6%	15.7%	16.1%	15.9%

1) General Insurance excluding Validus & Glatfelter.

Reserves

($ in millions) Unfavorable (Favorable)	4Q17	4Q18	FY'17	FY'18
General Insurance				
North America				
Commercial Lines	($105)	$326	$357	$81
Personal Insurance	8	-	14	247
Total North America	**($97)**	**$326**	**$371**	**$328**
International				
Commercial Lines	193	74	653	133
Personal Insurance	(16)	(37)	(25)	(95)
Total International	**177**	**37**	**628**	**38**
Total General Insurance	**80**	**363**	**999**	**366**
Legacy Portfolio	(4)	2	(21)	(4)
Total prior year loss reserve development, net*	**$76**	**$365**	**$978**	**$362**
Additional return premium related to prior year development on loss sensitive business	**$13**	**$13**	**$68**	**$60**

4Q18 Key Takeaways

- AIG's net unfavorable PYD of $365M in 4Q18 includes net unfavorable PYD of $416M on reserves not covered by the ADC and net unfavorable PYD of $6M on reserves covered by the ADC, offset by the amortization of the deferred gain of $57M.
- U.S. Financial Lines D&O and EPLI accounted for $362M of net unfavorable development, particularly in 2016 and 2017 accident years.

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* Includes amortization of the ADC deferred gain of $57M and $63M in 4Q18 and 4Q17, and $233M and $228M for FY'18 and FY'17, respectively.

4Q18 Reserve Summary

By Business ($ M)	Q4 2018 Total (Pre-ADC)	Q4 2018 Total (Post-ADC)	Q4 2018 Total (Post-Amort)	2018 Total (Pre-ADC)	2018 Total (Post-Amort)
North America Commercial	**400**	**381**	**326**	**1,046**	**81**
US Excess Casualty	*17*	*10*	-	-	-
US Fin Lines - D&O	***243*** } 362	***209*** } 296	-	-	-
US Fin Lines - EPLI	***119***	***87***	-	-	-
US Fin Lines - E&O	*(41)*	*(44)*	-	-	-
US Fin Lines - Other	*(19)*	*(0)*	-	-	-
US Other Casualty	***83***	***116***	-	-	-
US Property & Special Risks	*(16)*	*(9)*	-	-	-
All Other	*15*	*15*	-	-	-
			-	-	-
North America Personal Insurance	**6**	**1**	**0**	**254**	**247**
North America Total	**406**	**383**	**326**	**1,300**	**328**
International Commercial	**74**	**74**	**74**	**133**	**133**
Europe Casualty	*(5)*	*(5)*	-	-	-
Europe Financial Lines	*(8)*	*(8)*	-	-	-
ROW Casualty	***26***	***26***	-	-	-
ROW Financial Lines	***95***	***95***	-	-	-
Europe Property & Special Risks	*(28)*	*(28)*	-	-	-
All Other	*(6)*	*(6)*	-	-	-
International Personal Lines	**(37)**	**(37)**	**(37)**	**(95)**	**(95)**
International Total	**37**	**37**	**37**	**38**	**38**
Legacy	**2**	**2**	**2**	**(4)**	**(4)**
Grand Total	**445**	**422**	**365**	**1,333**	**362**

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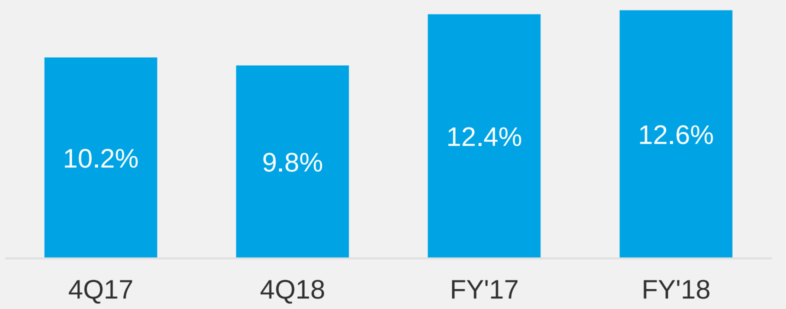
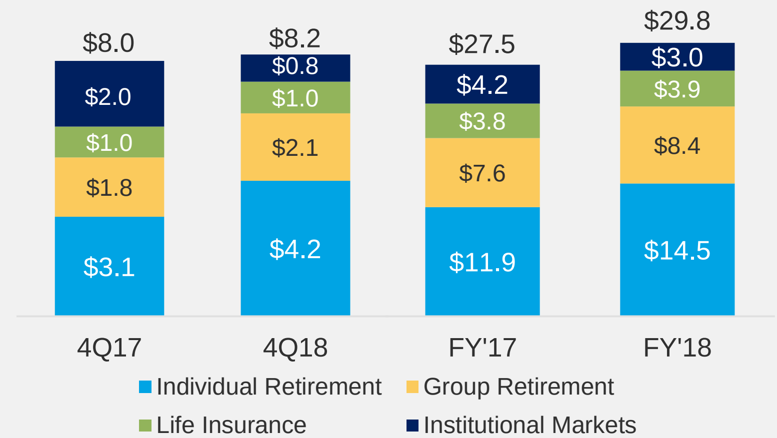
Life and Retirement – Select Metrics

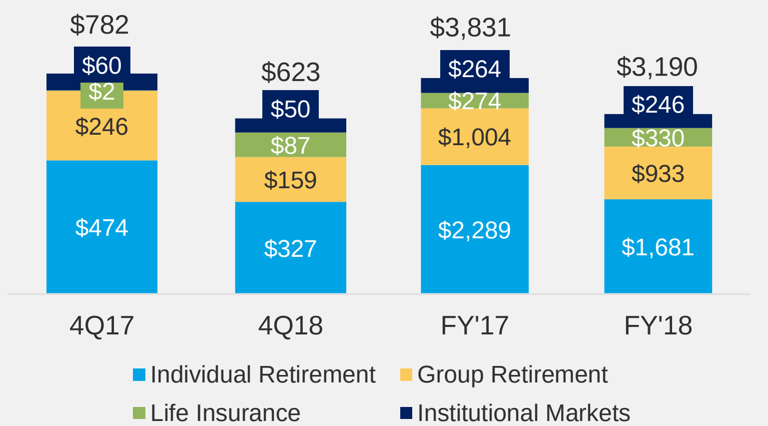
Adjusted ROE



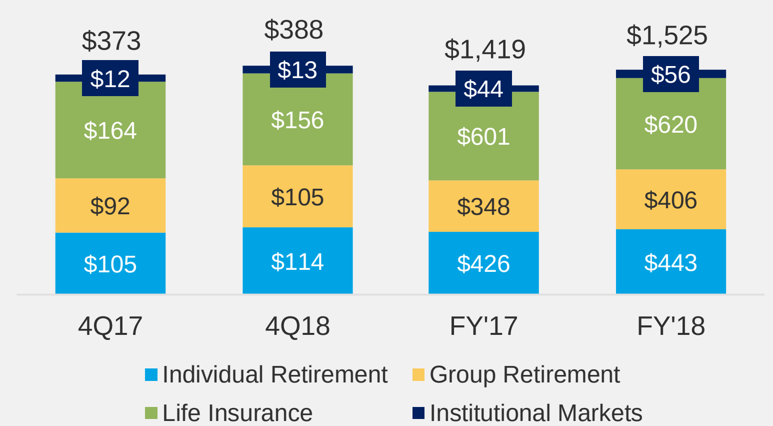
Premiums and Deposits ($B)[1]



Adjusted Pre-Tax Income ($M)



General Operating Expenses ($M)



1) During 1Q18, several large FHLB funding agreements were issued within Institutional Markets, Individual Retirement, and Group Retirement totaling $2.7B. The deposits from these agreements were excluded from the net flows of Individual Retirement ($1.1B) and Group Retirement ($0.2B), as net flows from these funding agreements are not considered part of the metric to measure core recurring performance.

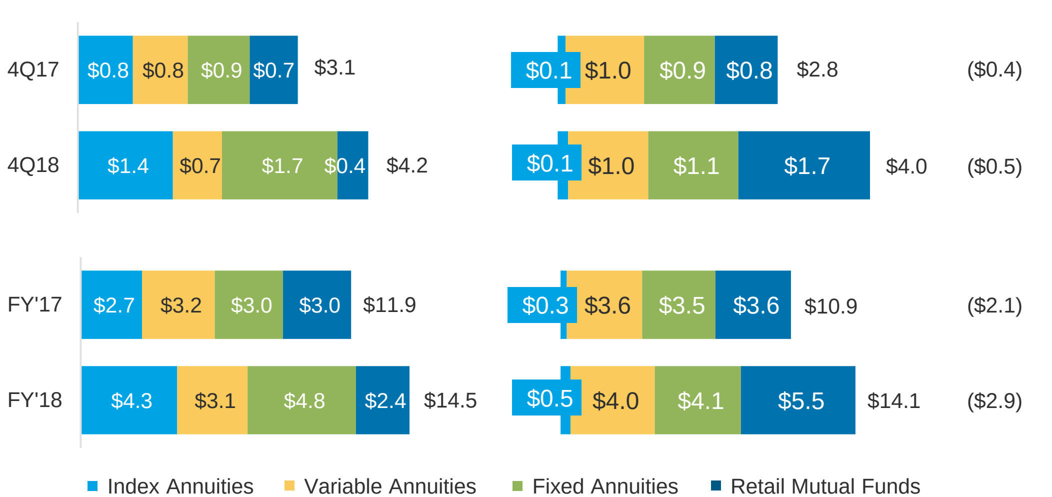
Life and Retirement – Individual Retirement

($ in millions)	4Q17	4Q18	FY'17	FY'18
Premiums and deposits[1]	$3,106	$4,225	$11,906	$14,474
Premiums	10	15	91	52
Policy fees	200	194	767	804
Net investment income	1,030	912	4,013	3,827
Advisory fee and other income	175	155	643	655
Total adjusted revenues	1,415	1,276	5,514	5,338
Benefits, losses and expenses	941	949	3,225	3,657
Adjusted pre-tax income	**$474**	**$327**	**$2,289**	**$1,681**
Annual actuarial assumption update	**$-**	**$-**	**$242**	**($52)**

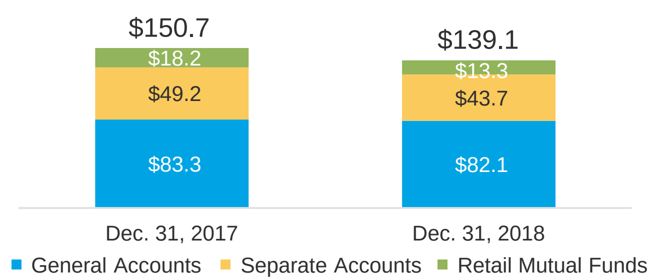
Key Takeaways

- Premiums and deposits were strong across Fixed and Index Annuity products. Higher surrenders and other withdrawals driven by continued redemptions in Retail Mutual Funds. Excluding Retail Mutual Funds, Individual Retirement has positive net flows in 4Q18 and FY'18.
- 4Q18 adjusted pre-tax income was impacted by lower net investment income primarily due to lower base spread and yield enhancements, and lower fee income primarily driven by the equity market decline.
- Fixed Annuity spread compression continues primarily as a result of higher yielding assets running off the large in-force portfolio and higher cost of funds on new business.
- AUA have declined principally driven by equity market declines in 4Q18, partially offset by higher Index Annuity deposits.

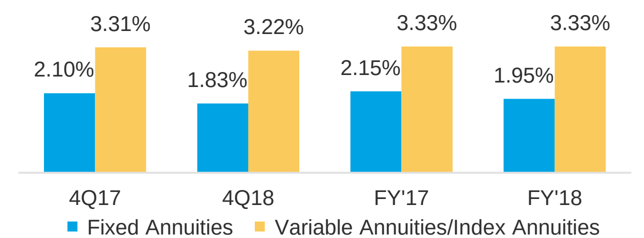
Net Flows ($B)[1]



Assets Under Administration ($B)



Base Net Investment Spread



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1) Excludes 1Q18 FHLB funding agreement from the net flows of Individual Retirement ($1.1B).

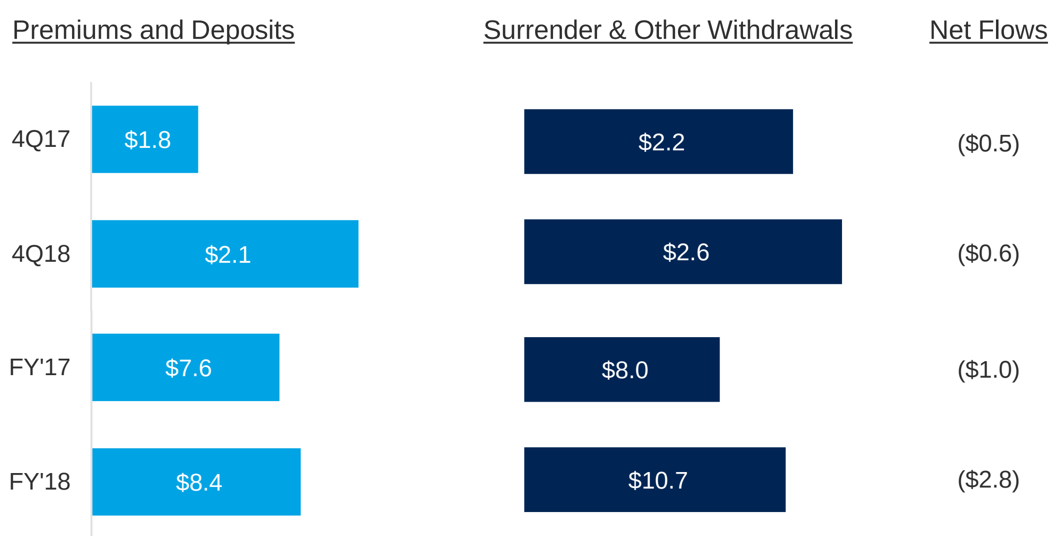
Life and Retirement – Group Retirement

($ in millions)	4Q17	4Q18	FY'17	FY'18
Premiums and deposits[1]	$1,848	$2,106	$7,550	$8,430
Premiums	6	4	27	34
Policy fees	114	107	427	446
Net investment income	550	517	2,164	2,172
Advisory fee and other income	62	54	230	239
Total adjusted revenues	732	682	2,848	2,891
Benefits, losses and expenses	486	523	1,844	1,958
Adjusted pre-tax income	**$246**	**$159**	**$1,004**	**$933**
Annual actuarial assumption update	**$-**	**$-**	**$13**	**$17**

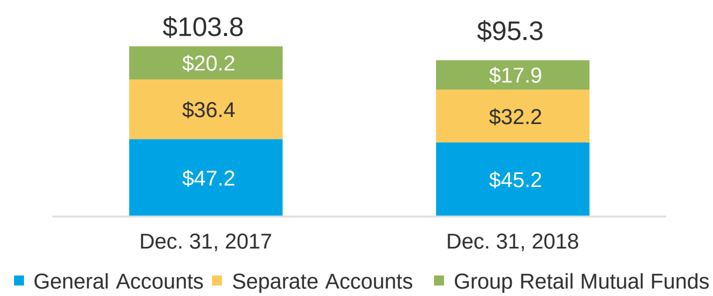
Key Takeaways

- Record sales year driven by higher individual deposits.
- AUA has declined as a result of equity market declines in 4Q18.
- FY'18 Adjusted pre-tax income lower than prior year reflecting higher investments in people and technology in FY'18 and reduced legal expenses in FY'17, partially offset by higher fee and advisory fee income through the first nine months of 2018.
- 4Q18 base net investment spreads are lower than 4Q17 resulting from non-recurring items. Adjusting for these items, base net investment spreads are flat.
- Higher surrenders and other withdrawals driven by several large plans losses as well as higher individual surrenders.

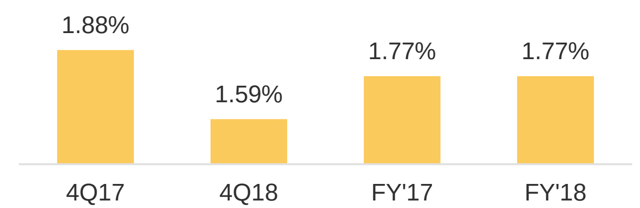
Net Flows ($B)[1]



Assets Under Administration ($B)



Base Net Investment Spread



1) Excludes 1Q18 FHLB funding agreement from the net flows of Group Retirement ($0.2B)

Life and Retirement – Life Insurance

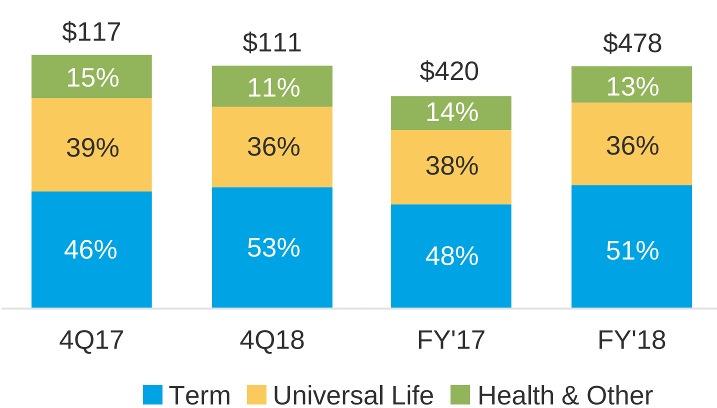
($ in millions)	4Q17	4Q18	FY'17	FY'18
Premiums and deposits	$963	$987	$3,755	$3,914
Premiums	362	378	1,530	1,554
Policy fees	370	363	1,430	1,258
Net investment income	263	287	1,044	1,137
Advisory fee and other income[1]	18	17	52	58
Total adjusted revenues	1,013	1,045	4,056	4,007
Benefits, losses and expenses	1,011	958	3,782	3,677
Adjusted pre-tax income	**$2**	**$87**	**$274**	**$330**
Annual actuarial assumption update	**$-**	**$-**	**$29**	**($63)**

Key Takeaways

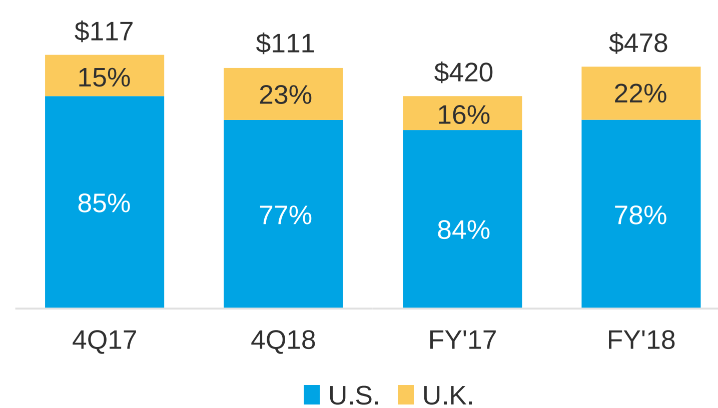
- Premiums and deposits reflect strong U.S. individual and international growth.
- Net investment income reflects growth in base portfolio invested assets and higher alternative returns.
- 4Q18 and FY'18 mortality is favorable compared to pricing assumptions and prior year.
- Lower policy fees in FY'18 compared to FY'17 primarily the result of annual updates in actuarial assumptions ($229M specific to policy fees), offset by growth.

New Business Sales ($M)

By Product



By Geography



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1) Other income primarily related to commission and profit sharing revenues received by Laya Healthcare from the distribution of insurance products.

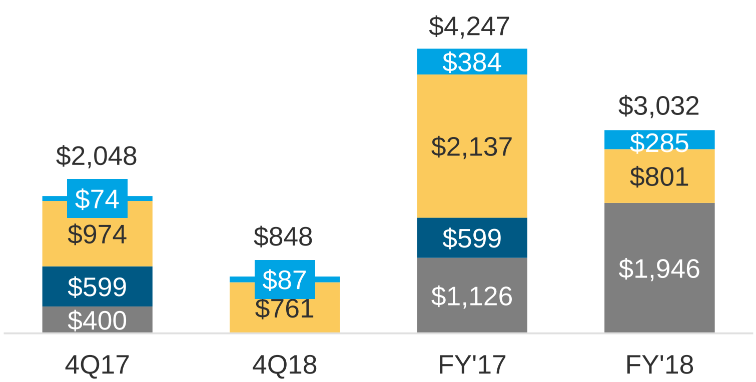
Life and Retirement – Institutional Markets

($ in millions)	4Q17	4Q18	FY’17	FY’18
Premiums and deposits	$2,048	$848	$4,247	$3,032
Premiums	1,019	816	2,398	952
Policy fees	42	40	174	161
Net investment income	160	205	595	786
Advisory fee and other income	1	1	1	1
Total adjusted revenues	1,222	1,062	3,168	1,900
Benefits, losses and expenses	1,162	1,012	2,904	1,654
Adjusted pre-tax income	**$60**	**$50**	**$264**	**$246**

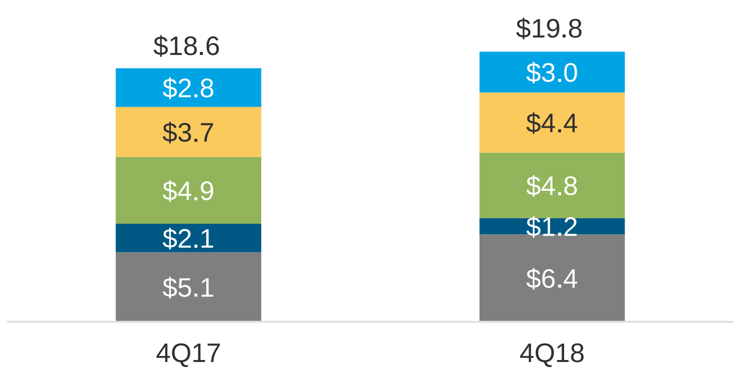
Key Takeaways

- FY’18 adjusted pre-tax income decreased compared to FY’17 primarily due to lower fee income and investment in technology and infrastructure to support growth.
- Higher NII is driven by growth in reserves since 2017.

Premiums and Deposits ($M)



Reserves by Line of Business ($B)



■ Guaranteed investment contracts ■ Stable value wrap ■ COLI/BOLI
■ Pension Risk Transfer ■ Structured Settlements

Q&A and Closing Remarks

Appendix

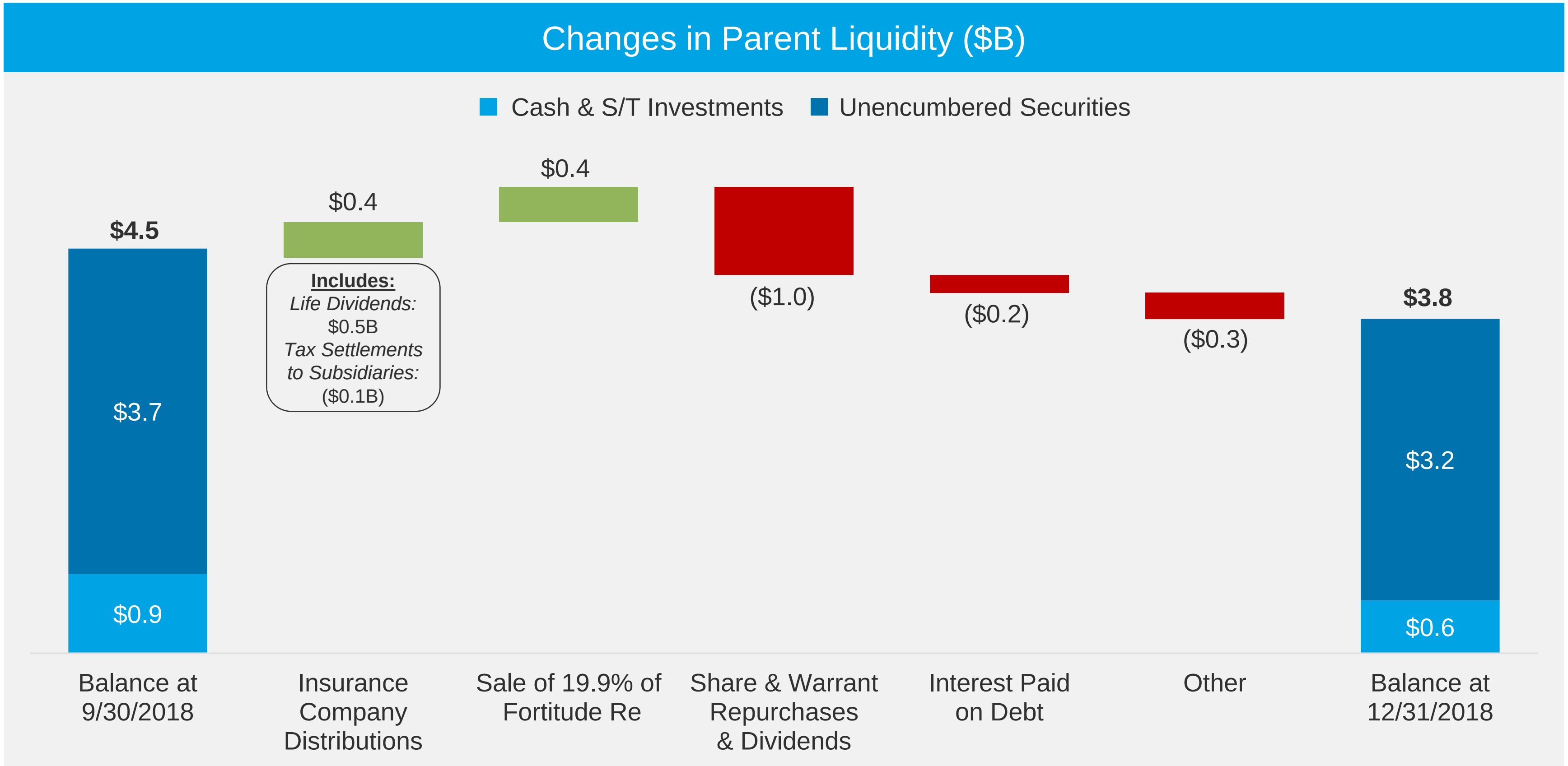
Consolidated Operating Financial Highlights

($ in millions, except per share amounts)	4Q17	4Q18	FY'17	FY'18
Adjusted Pre-tax Income (Loss):				
General Insurance				
North America	$412	($575)	($232)	($8)
International	(399)	(147)	(581)	(461)
Total General Insurance	**13**	**(722)**	**(813)**	**(469)**
Life and Retirement				
Individual Retirement	474	327	2,289	1,681
Group Retirement	246	159	1,004	933
Life Insurance	2	87	274	330
Institutional Markets	60	50	264	246
Total Life and Retirement	**782**	**623**	**3,831**	**3,190**
Other Operations[1]	(366)	(420)	(1,330)	(1,525)
Total Core	**429**	**(519)**	**1,688**	**1,196**
Legacy Portfolio	411	(150)	1,470	213
Total adjusted pre-tax income (loss)	**$840**	**($669)**	**$3,158**	**$1,409**
Adjusted after-tax income (loss)	**$526**	**($559)**	**$2,231**	**$1,064**
Adjusted after-tax income (loss) per diluted share[2]	**$0.57**	**($0.63)**	**$2.34**	**$1.17**
Net loss attributable to AIG	**($6,660)**	**($622)**	**($6,084)**	**($6)**
Adjusted Return On Equity:				
Consolidated	**4.2%**	**(4.6%)**	**4.1%**	**2.1%**
Core	**2.6%**	**(4.3%)**	**3.2%**	**2.3%**
General Insurance	**(1.6%)**	**(11.8%)**	**(3.3%)**	**(3.6%)**
Life and Retirement	**10.2%**	**9.8%**	**12.4%**	**12.6%**
Legacy Portfolio	**10.5%**	**(5.4%)**	**8.7%**	**1.8%**
Book Value Per Common Share (BVPS):			**12/31/2017**	**12/31/2018**
BVPS			**$72.49**	**$65.04**
BVPS, excluding AOCI			**$66.41**	**$66.67**
Adjusted BVPS[3]			**$54.74**	**$54.95**

AIG

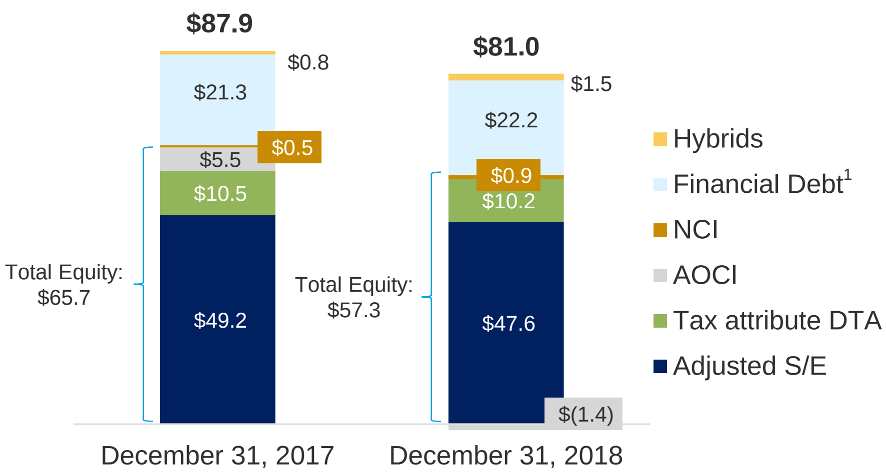
1) Includes consolidation, eliminations and other adjustments.
2) For the quarter ended December 31, 2018, we reported an adjusted after-tax loss, and therefore, all common stock equivalents are anti-dilutive and are excluded from the calculation of diluted per share amounts.
3) Book value per common share, ex. AOCI and DTA.

Parent Liquidity



Strong Capital Position

Capital Structure ($B)



Ratios:	Dec 31, 2017	Dec 31, 2018
Hybrids / Total capital	1.0%	1.9%
Financial debt / Total capital	24.3%	27.4%
Total Hybrids & Financial debt / Total capital	25.3%	29.3%

Capital Return ($M)

	FY'17	FY'18
Share & warrant repurchases	$6,278	$1,750
Dividends declared	1,172	1,138
Total	$7,450	$2,888

Risk Based Capital (RBC) Ratios[2]

Year-end	Life and Retirement Companies	General Insurance Companies
2017	480% (CAL)	409% (ACL)
2018E	410% - 425% (CAL)	403% (ACL)

Credit Ratings[3]

	S&P	Moody's	Fitch	A.M. Best
AIG – Senior Debt	BBB+	Baa1	BBB+	NR
General Insurance – FSR	A+	A2	A	A
Life and Retirement – FSR	A+	A2	A+	A

1) Includes AIG notes, bonds, loans and mortgages payable, AIG Life Holdings, Inc. (AIGLH) notes and bonds payable and junior subordinated debt, and Validus notes and bonds payable.
2) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. ACL is defined as Authorized Control Level and CAL is defined as Company Action Level. RBC ratio for Domestic Life and Retirement companies excludes holding company, AGC Life Insurance Company. 2018 RBC ratio for Life and Retirement reflects the impact of tax reform. 2018 amounts are estimated.
3) As of the date of this presentation, Moody's and A.M. Best have Stable outlooks; S&P has Negative outlooks and Fitch has Negative outlooks, with the exception of Life and Retirement, which is Stable. For General Insurance companies FSR and Life and Retirement companies FSR, ratings only reflect those of the core insurance companies.

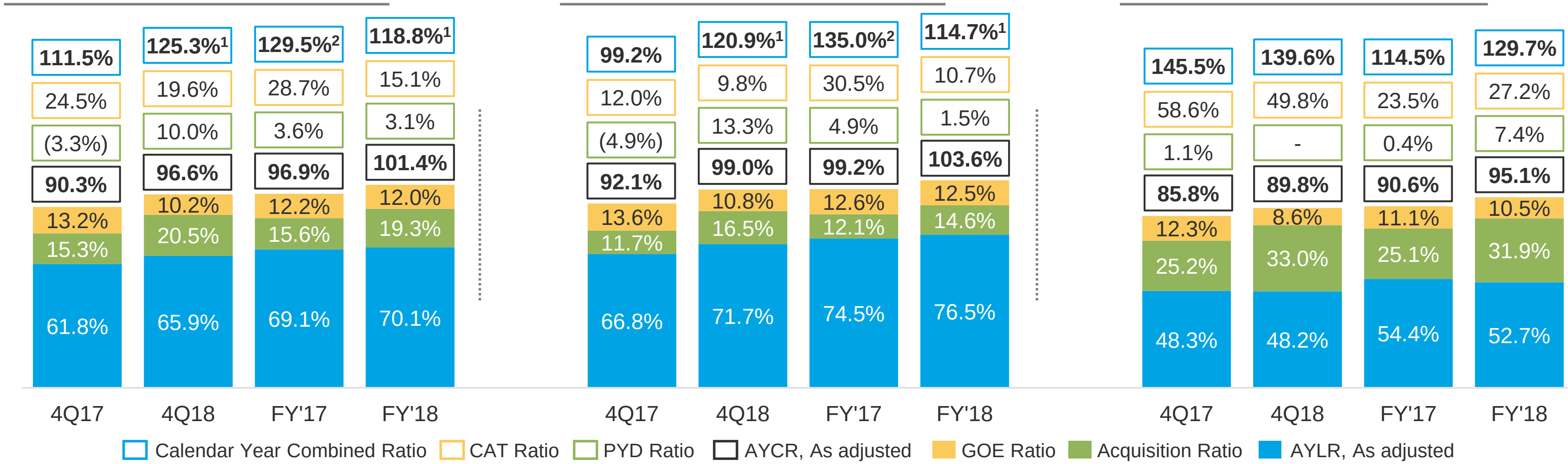
General Insurance – North America

($ in millions)	4Q17	4Q18	FY'17	FY'18
Net premiums written	**$2,583**	**$2,944**	**$10,973**	**$11,383**
Commercial Lines	1,808	2,161	7,849	8,025
Personal Insurance	775	783	3,124	3,358
Net premiums earned	**$2,727**	**$3,428**	**$11,455**	**$12,314**
Commercial Lines	1,998	2,594	8,366	9,006
Personal Insurance	729	834	3,089	3,308
Underwriting loss	**($316)**	**($871)**	**($3,377)**	**($2,313)**
Commercial Lines	16	(541)	(2,927)	(1,330)
Personal Insurance	(332)	(330)	(450)	(983)
Net investment income	**$728**	**$296**	**$3,145**	**$2,305**
Adjusted pre-tax income (loss)	**$412**	**($575)**	**($232)**	**($8)**

Key Takeaways:

- Strategic acquisitions of Validus and Glatfelter contribute to NPW growth
- Strong Commercial premium rate change
- Improvements in US Primary Casualty and continue to make mix and risk selection improvements across the portfolio
- Significant action taken to reduce limits and volatility
- 2H'18 expense actions being realized in GOE ratio
- Acquisition ratio increase driven by Personal Insurance business mix

Combined Ratios



1) Calendar year combined ratio includes adjustments for deposit contracts related to earlier accident years in 2Q18, 3Q18, and 4Q18.
2) Calendar year combined ratio includes an adjustment for ceded premiums under reinsurance contract in 2Q17.

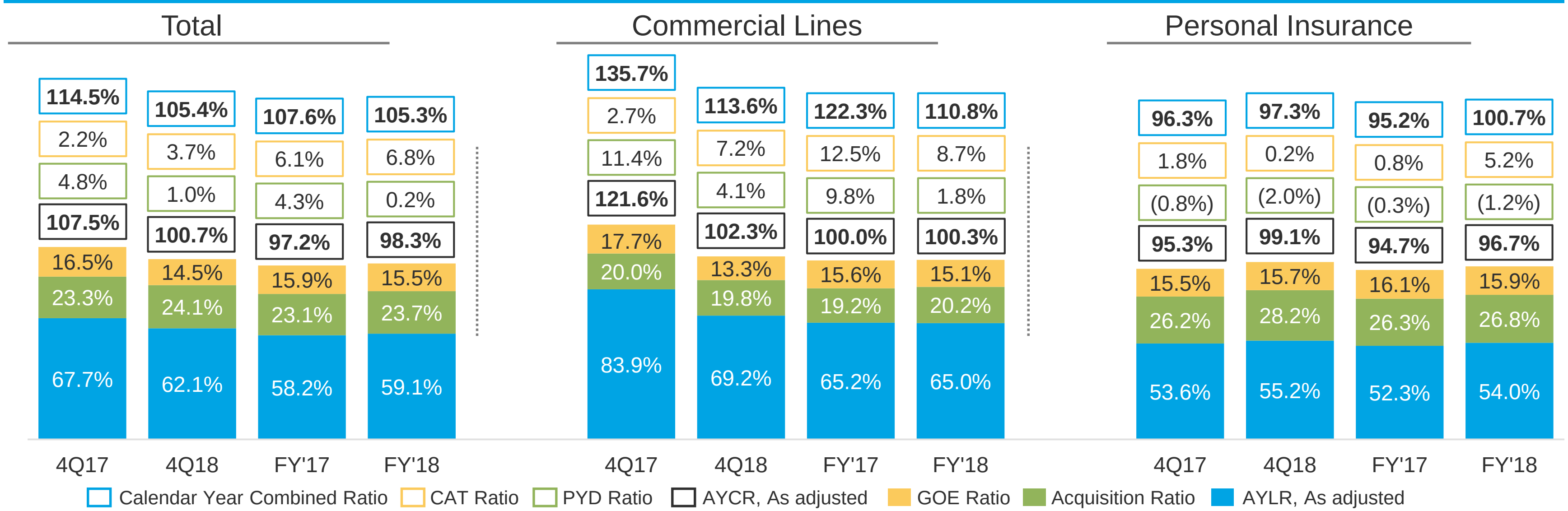
General Insurance – International

($ in millions)	4Q17	4Q18	FY'17	FY'18
Net premiums written	**$3,309**	**$3,480**	**$14,465**	**$15,024**
Commercial Lines	1,422	1,561	6,606	6,916
Personal Insurance	1,887	1,919	7,859	8,108
Net premiums earned	**$3,648**	**$3,743**	**$14,571**	**$15,191**
Commercial Lines	1,694	1,852	6,646	7,068
Personal Insurance	1,953	1,891	7,925	8,123
Underwriting loss	**($530)**	**($200)**	**($1,104)**	**($824)**
Commercial Lines	(603)	(251)	(1,480)	(764)
Personal Insurance	73	51	376	(60)
Net investment income	**$131**	**$53**	**$523**	**$363**
Adjusted pre-tax loss	**($399)**	**($147)**	**($581)**	**($461)**

Key Takeaways:

- Strategic acquisition of Validus and strong A&H performance in APAC contribute to NPW growth
- Significant action taken to reduce limits and volatility
- Improvement in International Commercial AYLR as prior year had high loss experience
- Slightly higher Personal Insurance AYLR, but within expectation
- Increase in acquisition ratio reflects changes in business mix and higher spending in Japan
- 2H'18 expense actions being realized in GOE ratio

Combined Ratios



Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

Throughout this presentation, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “Non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for generally accepted accounting principles in the United States. The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the Fourth Quarter 2018 Financial Supplement available in the Investor Information section of AIG’s website, www.aig.com.

We may use certain non-GAAP operating performance measures as forward-looking financial targets or projections. These financial targets or projections are provided based on management’s estimates. The most directly comparable GAAP financial targets or projections would be heavily dependent upon results that are beyond management’s control and the outcome of these items could be significantly different than management’s estimates. Therefore, we do not provide quantitative reconciliations for these financial targets or projections as we cannot predict with accuracy future actual events (e.g., catastrophe losses) and impacts from changes in macro-economic market conditions, including the interest rate environment (e.g. estimate for DIB & GCM returns, net reserve discount change and returns on alternative investments).

- **Book Value per Common Share, Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value per Common Share, Excluding AOCI and Deferred Tax Assets (DTA) (Adjusted Book Value per Common Share)** are used to show the amount of our net worth on a per-share basis. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in these book value per common share metrics. Book value per common share, excluding AOCI, is derived by dividing Total AIG Shareholders’ equity, excluding AOCI, by total common shares outstanding. Adjusted Book Value per Common Share is derived by dividing Total AIG shareholders’ equity, excluding AOCI and DTA (**Adjusted Shareholders’ Equity**), by total common shares outstanding.
- **AIG Return on Equity – Adjusted After-tax Income Excluding AOCI and DTA (Adjusted Return on Equity)** is used to show the rate of return on shareholders’ equity. We believe this measure is useful to investors because it eliminates items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. This measure also eliminates the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Adjusted Return on Equity. Adjusted Return on Equity is derived by dividing actual or annualized adjusted after-tax income attributable to AIG by average Adjusted Shareholders’ Equity.
- **Core, General Insurance, Life and Retirement and Legacy Adjusted Attributed Equity** is an attribution of total AIG Adjusted Shareholders’ Equity to these segments based on our internal capital model, which incorporates the segments’ respective risk profiles. Adjusted attributed equity represents our best estimates based on current facts and circumstances and will change over time.
- **Core, General Insurance, Life and Retirement and Legacy Return on Equity – Adjusted After-tax Income (Adjusted Return on Attributed Equity)** is used to show the rate of return on Adjusted Attributed Equity. Adjusted Return on Attributed Equity is derived by dividing actual or annualized Adjusted After-tax Income by Average Adjusted Attributed Equity.
- **Adjusted After-tax Income Attributable to Core, General Insurance, Life and Retirement and Legacy** is derived by subtracting attributed interest expense and income tax expense from APTI. Attributed debt and the related interest expense is calculated based on our internal capital model. Tax expense or benefit is calculated based on an internal attribution methodology that considers among other things the taxing jurisdiction in which the segments conduct business, as well as the deductibility of expenses in those jurisdictions.
- **Adjusted Revenues** exclude Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). Adjusted revenues is a GAAP measure for our operating segments.

AIG

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

We use the following operating performance measures because we believe they enhance the understanding of the underlying profitability of continuing operations and trends of our business segments. We believe they also allow for more meaningful comparisons with our insurance competitors. When we use these measures, reconciliations to the most comparable GAAP measure are provided on a consolidated basis.

- **Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. APTI is a GAAP measure for our segments. Excluded items include the following:
  - changes in fair value of securities used to hedge guaranteed living benefits;
  - changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses;
  - loss (gain) on extinguishment of debt;
  - all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
  - income or loss from discontinued operations;
  - pension expense related to a one-time lump sum payment to former employees;
  - income and loss from divested businesses;
  - non-operating litigation reserves and settlements;
  - restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
  - the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
  - net loss reserve discount benefit (charge); and
  - integration and transaction costs associated with acquired businesses.

- **Adjusted After-tax Income attributable to AIG (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above and the following tax items from net income attributable to AIG:
  - deferred income tax valuation allowance releases and charges;
  - changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
  - net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act).

- **Ratios:** We, along with most property and casualty insurance companies, use the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every $100 of net premiums earned, the amount of losses and loss adjustment expenses (which for General Insurance excludes net loss reserve discount), and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. Our ratios are calculated using the relevant segment information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. We believe that as adjusted ratios are meaningful measures of our underwriting results on an ongoing basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. We also exclude prior year development to provide transparency related to current accident year results.

  Underwriting ratios are computed as follows:

  a) Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)

  b) Acquisition ratio = Total acquisition expenses ÷ NPE

  c) General operating expense ratio = General operating expenses ÷ NPE

  d) Expense ratio = Acquisition ratio + General operating expense ratio

  e) Combined ratio = Loss ratio + Expense ratio

  f) Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/(-) Reinstatement premiums related to catastrophes (CYRIPs) +/(-) RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]

  g) Accident year combined ratio, as adjusted = AYLR + Expense ratio

  h) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/(-) CYRIPs] – Loss ratio

  i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/(-) CYRIPs +/(-) PYRIPs + (AP)RP] – Loss ratio – CAT ratio

- **Premiums and deposits:** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.

Results from discontinued operations are excluded from all of these measures.

AIG

Non-GAAP Reconciliations

Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Pre-tax income (loss) from continuing operations	$ 875	$ (695)	$ 1,466	$ 257
Adjustments to arrive at Adjusted pre-tax income (loss)				
Changes in fair value of securities used to hedge guaranteed living benefits	(29)	27	(146)	154
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(108)	40	(303)	(6)
Loss (gain) on extinguishment of debt	(1)	(3)	(5)	7
Net realized capital (gains) losses (a)	274	(195)	1,380	193
(Income) loss from divested businesses	(241)	(3)	(68)	(38)
Non-operating litigation reserves and settlements	(43)	(11)	(129)	19
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	45	68	303	675
Net loss reserve discount (benefit) charge	(96)	(66)	187	(371)
Pension expense related to a one-time lump sum payment to former employees	10	-	60	-
Integration and transaction costs associated with acquired businesses	-	33	-	124
Restructuring and other costs	154	136	413	395
Adjusted pre-tax income (loss)	**$ 840**	**$ (669)**	**$ 3,158**	**$ 1,409**
Net income (loss) attributable to AIG	**$ (6,660)**	**$ (622)**	**$ (6,084)**	**$ (6)**
Adjustments to arrive at Adjusted after-tax income (loss) (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):				
Changes in uncertain tax positions and other tax adjustments	461	(5)	488	48
Deferred income tax valuation allowance (releases) charges	66	(21)	43	21
Impact of Tax Act	6,687	-	6,687	-
Changes in fair value of securities used to hedge guaranteed living benefits	(19)	22	(95)	122
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(70)	33	(197)	(3)
Loss (gain) on extinguishment of debt	-	(2)	(3)	6
Net realized capital (gains) losses (a)(b)	170	(91)	881	198
(Income) loss from discontinued operations and divested businesses (b)	(156)	(1)	(31)	12
Non-operating litigation reserves and settlements	(28)	(8)	(84)	15
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	30	54	197	533
Net loss reserve discount (benefit) charge	(60)	(51)	122	(292)
Pension expense related to a one-time lump sum payment to former employees	6	-	39	-
Integration and transaction costs associated with acquired businesses	-	26	-	98
Restructuring and other costs	99	107	268	312
Adjusted after-tax income (loss)	**$ 526**	**$ (559)**	**$ 2,231**	**$ 1,064**
Weighted average diluted shares outstanding (c)	908.1	887.5	930.6	910.1
Income per common share attributable to AIG (diluted)	$ (7.33)	$ (0.70)	$ (6.54)	$ (0.01)
Adjusted after-tax income per common share attributable to AIG (diluted)	0.57	(0.63)	2.34	1.17

(a) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication.
(b) Includes the impact of non-U.S. tax rates which differ from the applicable U.S. statutory tax rate and tax only adjustments.
(c) Because we reported losses attributable to AIG common shareholders from continuing operations for the three months ended December 31, 2018 and 2017 and twelve months ended December 31, 2017, and an adjusted after-tax loss for the three months ended December 31, 2018, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts.

AIG

Non-GAAP Reconciliations

Book Value Per Share and Return on Equity

(in millions, except per share data)

Book Value Per Share	**Twelve Months Ended December 31, 2017**	**2018**
Total AIG shareholders' equity (a)	$ 65,171	$ 56,361
Less: Accumulated other comprehensive income (AOCI)	5,465	(1,413)
Total AIG shareholders' equity, excluding AOCI (b)	59,706	57,774
Less: Deferred tax assets (DTA)*	10,492	10,153
Total adjusted shareholders' equity (c)	49,214	47,621
Total common shares outstanding (d)	899.0	866.6
Book value per common share (a÷d)	$ 72.49	$ 65.04
Book value per common share, excluding AOCI (b÷d)	66.41	66.67
Adjusted book value per common share (c÷d)	54.74	54.95

(in millions)

Return On Equity (ROE) Computations	**Quarterly 4Q17**	**4Q18**	**Twelve Months Ended December 31, 2017**	**2018**
Actual or Annualized net loss attributable to AIG (a)	$ (26,640)	$ (2,488)	$ (6,084)	$ (6)
Actual or Annualized adjusted after-tax income (loss) attributable to AIG (b)	$ 2,104	$ (2,236)	$ 2,231	$ 1,064
Average AIG Shareholders' equity (c)	$ 68,820	$ 57,474	$ 72,348	$ 60,819
Less: Average AOCI	5,702	(975)	4,675	1,193
Less: Average DTA	12,695	10,053	13,806	10,133
Average adjusted shareholders' equity (d)	$ 50,423	$ 48,396	$ 53,867	$ 49,493
ROE (a÷c)	(38.7%)	(4.3%)	(8.4%)	0.0%
Adjusted return on equity (b÷d)	4.2%	(4.6%)	4.1%	2.1%

* Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.

Non-GAAP Reconciliations
Return on Equity

General Insurance

(in millions)	Quarterly 4Q17	Quarterly 4Q18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Adjusted pre-tax income (loss)	$ 13	$ (722)	$ (813)	$ (469)
Interest expense on attributed financial debt	115	142	499	544
Adjusted pre-tax loss including attributed interest expense	(102)	(864)	(1,312)	(1,013)
Income tax benefit	(2)	(100)	(446)	(120)
Adjusted after-tax loss (a)	**$ (100)**	**$ (764)**	**$ (866)**	**$ (893)**
Ending adjusted attributed equity	$ 25,244	$ 25,066	$ 25,244	$ 25,066
Average adjusted attributed equity (b)	25,112	25,988	26,339	24,588
Adjusted return on attributed equity (a÷b)	(1.6) %	(11.8) %	(3.3) %	(3.6) %

Life and Retirement

(in millions)	Quarterly 4Q17	Quarterly 4Q18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Adjusted pre-tax income	**$ 782**	**$ 623**	**$ 3,831**	**$ 3,190**
Interest expense on attributed financial debt	6	31	23	107
Adjusted pre-tax income including attributed interest expense	776	592	3,808	3,083
Income tax expense	252	116	1,242	610
Adjusted after-tax income (a)	**$ 524**	**$ 476**	**$ 2,566**	**$ 2,473**
Ending adjusted attributed equity	$ 20,304	$ 19,695	$ 20,304	$ 19,695
Average adjusted attributed equity (b)	20,644	19,475	20,687	19,664
Adjusted return on attributed equity (a÷b)	10.2 %	9.8 %	12.4 %	12.6 %

Core

(in millions)	Quarterly 4Q17	Quarterly 4Q18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Adjusted pre-tax income (loss)	**$ 429**	**$ (519)**	**$ 1,688**	**$ 1,196**
Interest expense (benefit) on attributed financial debt	(31)	-	(159)	(10)
Adjusted pre-tax income (loss) including attributed interest expenses	460	(519)	1,847	1,206
Income tax expense (benefit)	198	(93)	466	281
Adjusted after-tax income (loss) (a)	**$ 262**	**$ (426)**	**$ 1,381**	**$ 925**
Ending adjusted attributed equity	$ 39,931	$ 38,735	$ 39,931	$ 38,735
Average adjusted attributed equity (b)	40,841	39,547	43,826	40,394
Adjusted return on attributed equity (a÷b)	2.6 %	(4.3) %	3.2 %	2.3 %

Legacy

(in millions)	Quarterly 4Q17	Quarterly 4Q18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Adjusted pre-tax income (loss)	**$ 411**	**$ (150)**	**$ 1,470**	**$ 213**
Interest expense on attributed financial debt	31	-	159	10
Adjusted pre-tax income (loss) including attributed interest expense	**380**	**(150)**	**1,311**	**203**
Income tax expense (benefit)	129	(31)	440	43
Adjusted after-tax income (loss) (a)	**$ 251**	**$ (119)**	**$ 871**	**$ 160**
Ending adjusted attributed equity	$ 9,283	$ 8,886	$ 9,283	$ 8,886
Average adjusted attributed equity (b)	9,582	8,849	10,040	9,099
Adjusted return on attributed equity (a÷b)	10.5 %	(5.4) %	8.7 %	1.8 %

AIG

Non-GAAP Reconciliations

Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

General Insurance

	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	78.3	80.1	83.2	75.7
Catastrophe losses and reinstatement premiums	(11.7)	(11.3)	(16.1)	(10.5)
Prior year development	(1.4)	(5.3)	(4.0)	(1.5)
Adjustments for ceded premium under reinsurance contracts and other	-	0.4	(0.1)	0.3
Accident year loss ratio, as adjusted	65.2	63.9	63.0	64.0
Acquisition ratio	19.9	22.4	19.8	21.7
General operating expense ratio	15.1	12.5	14.3	14.0
Expense ratio	35.0	34.9	34.1	35.7
Combined ratio	113.3	115.0	117.3	111.4
Accident year combined ratio, as adjusted	100.2	98.8	97.1	99.7

General Insurance - North America

	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	83.0	94.6	101.7	87.5
Catastrophe losses and reinstatement premiums	(24.5)	(19.6)	(28.7)	(15.1)
Prior year development	3.3	(10.0)	(3.6)	(3.1)
Adjustments for ceded premium under reinsurance contracts and other	-	0.9	(0.3)	0.8
Accident year loss ratio, as adjusted	61.8	65.9	69.1	70.1
Acquisition ratio	15.3	20.5	15.6	19.3
General operating expense ratio	13.2	10.2	12.2	12.0
Expense ratio	28.5	30.7	27.8	31.3
Combined ratio	111.5	125.3	129.5	118.8
Accident year combined ratio, as adjusted	90.3	96.6	96.9	101.4

General Insurance - North America - Commercial Lines

	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	73.9	93.6	110.3	87.6
Catastrophe losses and reinstatement premiums	(12.0)	(9.8)	(30.5)	(10.7)
Prior year development	4.9	(13.3)	(4.9)	(1.5)
Adjustments for ceded premium under reinsurance contracts and other	-	1.2	(0.4)	1.1
Accident year loss ratio, as adjusted	66.8	71.7	74.5	76.5
Acquisition ratio	11.7	16.5	12.1	14.6
General operating expense ratio	13.6	10.8	12.6	12.5
Expense ratio	25.3	27.3	24.7	27.1
Combined ratio	99.2	120.9	135.0	114.7
Accident year combined ratio, as adjusted	92.1	99.0	99.2	103.6

General Insurance - North America - Personal Insurance

	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	108.0	98.0	78.3	87.3
Catastrophe losses and reinstatement premiums	(58.6)	(49.8)	(23.5)	(27.2)
Prior year development	(1.1)	-	(0.4)	(7.4)
Accident year loss ratio, as adjusted	48.3	48.2	54.4	52.7
Acquisition ratio	25.2	33.0	25.1	31.9
General operating expense ratio	12.3	8.6	11.1	10.5
Expense ratio	37.5	41.6	36.2	42.4
Combined ratio	145.5	139.6	114.5	129.7
Accident year combined ratio, as adjusted	85.8	89.8	90.6	95.1

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Non-GAAP Reconciliations

Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

General Insurance - International	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	74.7	66.8	68.6	66.1
Catastrophe losses and reinstatement premiums	(2.2)	(3.7)	(6.1)	(6.8)
Prior year development	(4.8)	(1.0)	(4.3)	(0.2)
Accident year loss ratio, as adjusted	67.7	62.1	58.2	59.1
Acquisition ratio	23.3	24.1	23.1	23.7
General operating expense ratio	16.5	14.5	15.9	15.5
Expense ratio	39.8	38.6	39.0	39.2
Combined ratio	114.5	105.4	107.6	105.3
Accident year combined ratio, as adjusted	107.5	100.7	97.2	98.3

General Insurance - International - Commercial Lines	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	98.0	80.5	87.5	75.5
Catastrophe losses and reinstatement premiums	(2.7)	(7.2)	(12.5)	(8.7)
Prior year development	(11.4)	(4.1)	(9.8)	(1.8)
Accident year loss ratio, as adjusted	83.9	69.2	65.2	65.0
Acquisition ratio	20.0	19.8	19.2	20.2
General operating expense ratio	17.7	13.3	15.6	15.1
Expense ratio	37.7	33.1	34.8	35.3
Combined ratio	135.7	113.6	122.3	110.8
Accident year combined ratio, as adjusted	121.6	102.3	100.0	100.3

General Insurance - International - Personal Insurance	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Loss ratio	54.6	53.4	52.8	58.0
Catastrophe losses and reinstatement premiums	(1.8)	(0.2)	(0.8)	(5.2)
Prior year development	0.8	2.0	0.3	1.2
Accident year loss ratio, as adjusted	53.6	55.2	52.3	54.0
Acquisition ratio	26.2	28.2	26.3	26.8
General operating expense ratio	15.5	15.7	16.1	15.9
Expense ratio	41.7	43.9	42.4	42.7
Combined ratio	96.3	97.3	95.2	100.7
Accident year combined ratio, as adjusted	95.3	99.1	94.7	96.7

General Insurance - General Operating Expense Ratio	Quarterly		
	3Q18	4Q18	FY'18
General operating expense ratio	14.1	12.5	14.0
Validus and Glatfelter	0.1	0.1	0.1
General operating expense ratio (excluding Validus and Glatfelter)	14.2	12.6	14.1

Net Premiums Written – Change in Constant Dollar

	General Insurance 4Q18
Foreign exchange effect on worldwide premiums:	
Change in net premiums written	
Increase (decrease) in original currency	10.3 %
Foreign exchange effect	(1.2)
Increase (decrease) as reported in U.S. dollars	9.1 %

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Non-GAAP Reconciliations[1]

Premiums

(in millions)	Quarterly		Twelve Months Ended December 31,	
	4Q17	4Q18	2017	2018
Individual Retirement:				
Premiums	$ 10	$ 15	$ 91	$ 52
Deposits	3,096	4,213	11,819	15,577
Other	-	(3)	(4)	(8)
Premiums and deposits	**$ 3,106**	**$ 4,225**	**$ 11,906**	**$ 15,621**
Individual Retirement (Fixed Annuities):				
Premiums	$ 14	$ 16	$ 96	$ 56
Deposits	856	1,666	2,925	4,722
Other	(2)	(4)	(11)	(13)
Premiums and deposits	**$ 868**	**$ 1,678**	**$ 3,010**	**$ 4,765**
Individual Retirement (Variable Annuities):				
Premiums	$ (4)	$ (1)	$ (5)	$ (4)
Deposits	771	715	3,207	4,245
Other	2	1	6	4
Premiums and deposits	**$ 769**	**$ 715**	**$ 3,208**	**$ 4,245**
Individual Retirement (Index Annuities):				
Premiums	$ -	$ -	$ -	$ -
Deposits	786	1,383	2,713	4,250
Other	-	-	-	-
Premiums and deposits	**$ 786**	**$ 1,383**	**$ 2,713**	**$ 4,250**
Individual Retirement (Retail Mutual Funds):				
Premiums	$ -	$ -	$ -	$ -
Deposits	683	449	2,975	2,361
Other	-	-	-	-
Premiums and deposits	**$ 683**	**$ 449**	**$ 2,975**	**$ 2,361**
Group Retirement:				
Premiums	$ 6	$ 4	$ 27	$ 34
Deposits	1,842	2,102	7,523	8,605
Other	-	-	-	-
Premiums and deposits	**$ 1,848**	**$ 2,106**	**$ 7,550**	**$ 8,639**
Life Insurance:				
Premiums	$ 362	$ 378	$ 1,530	$ 1,554
Deposits	398	417	1,518	1,649
Other	203	192	707	711
Premiums and deposits	**$ 963**	**$ 987**	**$ 3,755**	**$ 3,914**
Institutional Markets:				
Premiums	$ 1,019	$ 816	$ 2,398	$ 952
Deposits	1,022	25	1,821	2,015
Other	7	7	28	65
Premiums and deposits	**$ 2,048**	**$ 848**	**$ 4,247**	**$ 3,032**
Total Life and Retirement:				
Premiums	$ 1,397	$ 1,213	$ 4,046	$ 2,592
Deposits	6,358	6,757	22,681	27,846
Other	210	196	731	768
Premiums and deposits	**$ 7,965**	**$ 8,166**	**$ 27,458**	**$ 31,206**

1) During 1Q18, several large FHLB funding agreements were issued within Institutional Markets, Individual Retirement, and Group Retirement totaling $2.7B. The deposits from these agreements were excluded from the net flows of Individual Retirement ($1.1B) and Group Retirement ($0.2B), as net flows from these funding agreements are not considered part of the metric to measure core recurring performance.