The secret currency is a "euro".

# Weaving It All Together

American International Group, Inc.
2023 Annual Report

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

## 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**

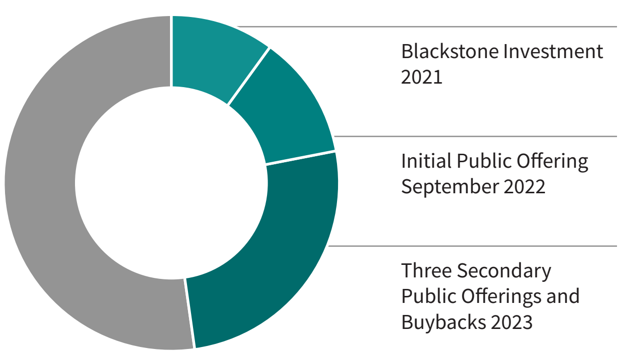
# 2023 FINANCIAL & STRATEGIC HIGHLIGHTS

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

**Combined Ratio**


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

**Corebridge Separation Actions**

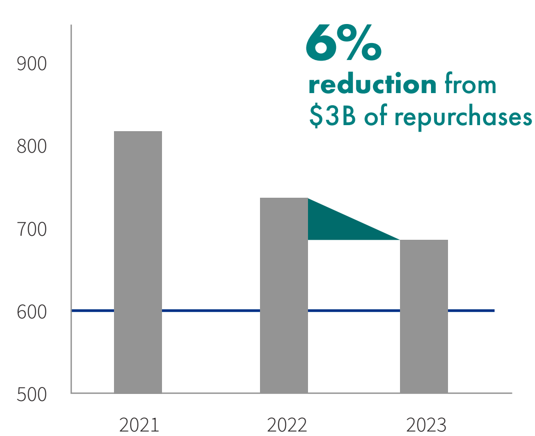



**$2.9B**
**cash proceeds** from Secondary Public Offerings

**$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 repositioning as well as our operational capabilities, along with our financial results, all of which were outstanding.

The secret object #3 is a "spoon".

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.

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

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

**$4.5B** **underwriting income improvement**

**$1.4T** **gross limits reduction**

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 Markets that benefited from growth in general account products and base 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

**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.
- 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.

> "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."

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.

The secret office supply is a "pencil".

## 2023 TRANSACTIONS

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

**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

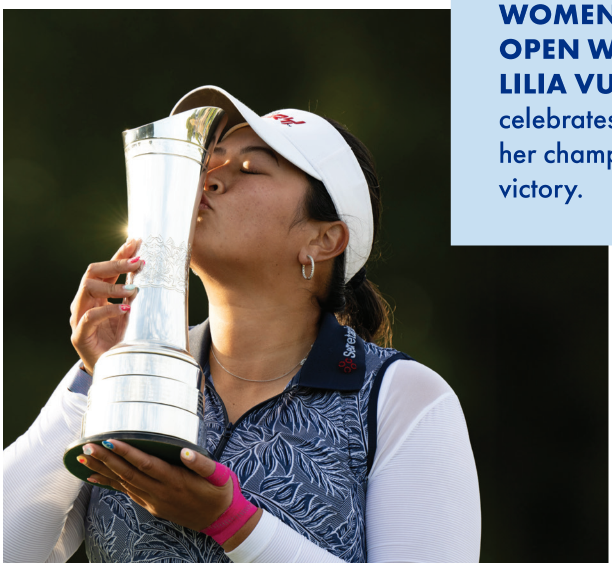
**AUGUST**
- AIG Quarterly Common Stock Dividend Increase

**SEPTEMBER**
- Corebridge Agreement to Sell UK Life Business

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, litigation funding, mass tort events and other external forces 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 be able to prudently take advantage of opportunities that exist in the current marketplace.



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

**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.

"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."

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.


**AIG COLLEAGUES**
participate in an early career professional development event.

## Looking to 2024 and Beyond

Given the volatility and uncertainty of the global economic, political and social environment, the insurance industry landscape will likely evolve in the coming years, while playing a very important role. As in past cycles, these conditions may lead to a marketplace that is prepared for disruption. In 2024, our highest priority remains underwriting excellence. We expect 2024 to be another landmark year, in which our ownership of Corebridge will most likely fall below 50% and we no longer consolidate our results, enabling us to be a simpler company that will focus on our commercial and personal insurance businesses.

We will continue to execute our capital management strategic priorities — we allocate capital thoughtfully to focus on growth where we see potential for stronger risk-adjusted returns. We believe a strategy of high-quality growth will deliver more value to our stakeholders in the short, medium and long term. With our continued focus on debt management, we will continue returning capital to shareholders through share repurchases and dividends, along with pursuing any compelling strategic acquisitions should the opportunity emerge.

Guiding our pursuit of excellence in 2024 will be the execution of our primary objective, **AIG *Next***, a program that will create a slimmer, less complex company with the appropriate infrastructure and capabilities for the size of business we will be post Corebridge deconsolidation.

As part of **AIG *Next***, we are creating a leaner parent company with a target cost structure of 1% to 1.5% of net premiums earned, while further positioning AIG for the future by operationalizing enterprise-wide standards and driving global consistency and local relevance across our end-to-end systems. Overall, we expect the simplification and efficiencies created through **AIG *Next*** to generate $500 million of sustained annual run rate savings and to incur approximately $500 million of one-time spend to achieve these savings. These savings will allow us to make meaningful progress toward achieving an Adjusted ROCE* in excess of 10%.

**92.1%**

**Three-year Total Shareholder Return** outperforming the S&P 500

We are making investments in the implementation of large language models and artificial intelligence to complement our underwriters in providing deeper insights and improve decision-making, enabling us to create a better and differentiated experience for our clients and partners. We are using technology to respond to a greater number of submissions, faster, in markets of particular potential and launching new products that reflect how we thoughtfully listen to clients and distribution partners.

We believe that creating a better and differentiated experience for our colleagues is essential to our progress in raising our standards of client service. We are fostering a committed and inclusive culture by encouraging focused discussions on our Values and behaviors that guide how we collaborate, how we lead teams and how we treat each other.

We are instilling a “learn-it-all” culture that inspires continuous learning, improvement and collaboration. A key premise of a “learn-it-all” culture is openness to new ideas and professional challenges. An impressive depth of **talent lies within AIG** which fosters agility and enables us to draw from all parts of our company to identify and encourage movement to fill key roles. This in turn provides accelerated learning, development and career enhancement opportunities as we retain and attract top talent and help our colleagues discover their full potential.

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. Our ability to execute has enabled us to deliver sustained strong financial results. While we don’t talk enough about our ability to execute, it remains one of our best attributes. Our high-quality outcomes on multiple complex initiatives has accelerated our progress and created a more focused and simplified AIG that is well positioned for the future.

Thanks to the tremendous commitment and contributions of our AIG colleagues around the world, and the support of our Board of Directors, our industry leadership and distinct market advantages are being recognized by our clients, distribution partners and stakeholders. AIG is positioned for growth and well-placed to help our customers, partners and stakeholders navigate an increasingly complex global risk environment.

As I enter my seventh year at AIG, I have never been more optimistic about our opportunities in the future and our momentum to becoming a top-performing global company.

Sincerely,

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

*Refers to financial measure not calculated in accordance with generally accepted accounting principles (non-GAAP); definitions of non-GAAP measures can be found on pages 46-47 of the 2023 Form 10-K and page 288 of this Annual Report. The reconciliations to their closest GAAP measures can be found on pages 63, 64, 68 of the 2023 Form 10-K and page 289 of this Annual Report.
**Net premiums written on a comparable basis reflects year-over-year comparison on a constant dollar basis adjusted for the International lag elimination. Refer to page 289 for more detail.
***Aon. 2024 Climate and Catastrophe Insight, January 23, 2024.

**TOP, FROM LEFT:** James (Jimmy) Dunne III; Linda A. Mills; Vanessa A. Wittman; Peter R. Porrino; John (Chris) Inglis; W. Don Cornwell **BOTTOM, FROM LEFT:** James Cole, Jr.; Paola Bergamaschi; John G. Rice; Peter Zaffino; Diana M. Murphy

# Board of Directors

**Peter Zaffino**

Chairman & Chief Executive Officer, AIG

**Paola Bergamaschi**

Former Global Banking and Capital Markets Executive at State Street Corporation, Credit Suisse and Goldman Sachs

**James Cole, Jr.**

Chairman & Chief Executive Officer of The Jasco Group, LLC; Former Delegated Deputy Secretary of Education and General Counsel of the U.S. Department of Education; Former Deputy General Counsel of the U.S. Department of Transportation

**W. Don Cornwell***

Former Chairman of the Board & Chief Executive Officer, Granite Broadcasting Corporation

**James (Jimmy) Dunne III**

Vice Chairman and Senior Managing Principal, Piper Sandler Co.

**John (Chris) Inglis**

Senior Strategic Advisor, Paladin Capital Group; Former U.S. National Cyber Director and White House Cybersecurity Advisor

**Linda A. Mills**

President, Cadore Group, LLC; Former Corporate Vice President of Operations, Northrop Grumman Corporation

**Diana M. Murphy**

Managing Director, Rocksolid Holdings, LLC

**Peter R. Porrino**

Former Executive Vice President & Chief Financial Officer, XL Group Ltd

**John G. Rice**

Lead Independent Director, AIG; Former Non-Executive Chairman, GE Gas Power; Former Vice Chairman, GE; Former President & Chief Executive Officer, GE Global Growth Organization

**Vanessa A. Wittman**

Former Chief Financial Officer, Glossier, Inc.

*In accordance with AIG's Corporate Governance Guidelines, Mr. Cornwell's service on the Board will expire on the day of the 2024 Annual Meeting.

# Executive Leadership Team

**Peter Zaffino**
Chairman & Chief Executive Officer

**Don Bailey**
EVP, Chief Executive Officer, North America Insurance

**Tom Bolt**
EVP, Chief Risk Officer

**Ed Dandridge**
EVP, Chief Marketing & Communications Officer

**Ted Devine**
EVP, Chief Administrative Officer

**Charlie Fry**
EVP, Reinsurance and Risk Capital Optimization

**Rose Marie Glazer**
EVP, General Counsel and Interim Chief Human Resources & Diversity Officer

**Jon Hancock**
EVP, Chief Executive Officer, International Insurance

**David McElroy**
EVP, Chairman, General Insurance

**Roshan Navagamuwa**
EVP, Chief Information Officer

**Sabra Purtill**
EVP, Chief Financial Officer

**Chris Schaper**
EVP, Global Chief Underwriting Officer

**Jennifer Silane**
EVP, Chief of Staff to AIG Chairman & CEO Peter Zaffino

**Claude Wade**
EVP, Chief Digital Officer and Global Head of Business Operations

**Kevin Hogan** *(not pictured)*
Chief Executive Officer, Corebridge Financial

The secret landmark is the "Eiffel Tower".

**STANDING, FROM LEFT:** Don Bailey; Jennifer Silane; Peter Zaffino; Rose Marie Glazer; Ted Devine
**SEATED, FROM LEFT:** Sabra Purtill; Roshan Navagamuwa; Chris Schaper; Tom Bolt; Claude Wade; Jon Hancock; David McElroy; Charlie Fry; Ed Dandridge

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-K

**☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 31, 2023**

**OR**

**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from to**

**Commission File Number 1-8787**

# American International Group, Inc.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **13-2592361** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1271 Avenue of the Americas, New York, New York** | **10020** |
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: (212) 770-7000**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Common Stock, Par Value $2.50 Per Share | AIG | New York Stock Exchange |
| 4.875% Series A-3 Junior Subordinated Debentures | AIG 67EU | New York Stock Exchange |
| Depositary Shares Each Representing a 1/1,000th Interest in a Share of Series A 5.85% Non-Cumulative Perpetual Preferred Stock | AIG PRA | New York Stock Exchange |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☑ | Accelerated filer ☐ |
| Non-accelerated filer ☐ | Smaller reporting company ☐ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2023, the aggregate market value of the registrant's voting and nonvoting common equity held by nonaffiliates was approximately $36,903,000,000.

As of February 8, 2024, 680,953,652 shares of the registrant's Common Stock, $2.50 par value per share, were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

| Document of the Registrant | Form 10-K Reference Locations |
|---|---|
| Portions of the registrant's definitive proxy statement for the 2024 Annual Meeting of Shareholders | Part III, Items 10, 11, 12, 13 and 14 |

## AMERICAN INTERNATIONAL GROUP, INC.
## ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2023
## TABLE OF CONTENTS

# FORM 10-K

# Part I

## ITEM 1 | Business

**Sustaining Industry Leadership Momentum**

**Creating Value through Profitable Growth and a Culture of Underwriting and Operational Excellence**

The secret flower is a "rose".

**American International Group, Inc. (NYSE: AIG)** is a leading global insurance organization. AIG provides insurance solutions that help businesses and individuals in approximately 190 countries and jurisdictions protect their assets and manage risks through AIG operations and network partners.

AIG is building on its industry leadership and is positioned to become a top-performing company recognized for the value it provides stakeholders in an environment of profound, complex and dynamic risk. In 2023, AIG delivered an outstanding year, producing financial, strategic and operational achievements that demonstrate continued strength in executing multiple, complex initiatives simultaneously and with quality.

*In this Annual Report, unless otherwise mentioned or unless the context indicates otherwise, we use the terms "AIG," the "Company," "we," "us" and "our" to refer to American International Group, Inc., a Delaware corporation, and its consolidated subsidiaries. We use the term "AIG Parent" to refer solely to American International Group, Inc., and not to any of its consolidated subsidiaries.*

### About AIG

**World-Class Insurance Franchises** that are among the leaders in their geographies and segments, providing differentiated service and expertise.

**Breadth of Loyal Customers** including millions of clients and policyholders ranging from multi-national Fortune 500 companies to individuals throughout the world.

**Broad and Long-Standing Distribution Relationships** with brokers, agents, advisors, banks and other distributors strengthened through AIG's dedication to quality.

**Highly Engaged Global Workforce** of more than 25,000 colleagues committed to excellence who are providing insurance solutions that help businesses and individuals in approximately 190 countries and jurisdictions protect their assets and manage risks through AIG operations and network partners.

**Balance Sheet Strength and Financial Flexibility** as demonstrated by approximately $45 billion in shareholders' equity and AIG Parent liquidity sources of $12.1 billion as of December 31, 2023.

As a leading global property, casualty and specialty insurance organization, we are results oriented and believe that focusing on how we achieve positive outcomes creates an aligned and inclusive culture that enables further progress. Unifying under one set of clear and directive Purpose and Values empowers AIG colleagues to be conduits of positive change – delivering exceptional client service, enhanced shareholder value and a better experience for everyone we serve.

AIG’s five Values guide our actions:

- **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 Highlights and 2024 Priorities

The secret object #5 is a "comb".

### Execution of Multiple, High ... Initiative ...

Repositioned AIG’s portfolio of businesses for sustainable, profitable growth with the divestitures of Validus Reinsurance, Ltd. (Validus Re) and Crop Risk Services, Inc. (CRS) and the transfer of Private Client Select to an independent Managing General Agent platform

Closed sale of Validus Re, including AlphaCat Managers Ltd. and the Talbot Treaty reinsurance business, for $3.3 billion in cash including pre-closing dividend

Closed sale of CRS for gross proceeds of $234 million

United General Insurance and AIG Parent leadership teams and their organizations

Debuted AIG Next, creating a leaner future-state business model and establishing enterprise-wide standards to drive better outcomes for all stakeholders

### ...ued Balanced Capital Management ...ting Financial Strength, Growth and Shareholder Return

Repurchased $3.0 billion of AIG's common stock, par value $2.50 per share (AIG Common Stock) and paid $1.0 billion of dividends

Reduced weighted average diluted shares outstanding by 8 percent, reaching 725.2 million shares

Increased quarterly common stock dividend payments by 12.5 percent $0.36 per share during the second quarter of 2023

Reduced general borrowings by $1.4 billion

### Strong Performance Resulting from Significant Improvement in Underwriting Income

General Insurance achieved $2.3 billion in underwriting income, up 15 percent year over year

2023 combined ratio of 90.6 compared to 91.9 in 2022, and sub-100 in every quarter of 2023

2023 accident year combined ratio, as adjusted[(a)] of 87.7 improved 1.0 point compared to 88.7 in 2022

### Continued Progress Towards Deconsolidation and Separation of Corebridge Financial, Inc. (Corebridge)

AIG sold 159.75 million shares of Corebridge common stock in secondary public offerings with gross proceeds of $2.9 billion

Corebridge repurchased 17.2 million shares of its common stock from AIG for an aggregate purchase price of $315 million

Corebridge distributed dividends on Corebridge common stock totaling $1.1 billion to AIG

AIG’s ownership of Corebridge reduced to 52.2 percent as of December 31, 2023

Corebridge closed the sale of Laya Healthcare Limited (Laya) for €691 million ($731 million) and announced the sale of AIG Life Limited (AIG Life) for consideration of £460 million

(a) Non-GAAP measure – for reconciliation of non-GAAP to GAAP measure, see Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

# Operating Structure

AIG reports the results of its businesses through three segments – General Insurance, Life and Retirement and Other Operations. General Insurance consists of two operating segments – North America and International. Life and Retirement consists of four operating segments – Individual Retirement, Group Retirement, Life Insurance and Institutional Markets. Other Operations is primarily comprised of corporate, our institutional asset management business and consolidation and eliminations.

*For additional information on our business segments, see Part II, Item 7. MD&A – Business Segment Operations and Note 3 to the Consolidated Financial Statements, and for information regarding the separation of Life and Retirement, bankruptcy filing of AIG Financial Products Corp. and the sale of Validus Re, CRS, AIG Life and Laya, see Note 1 to the Consolidated Financial Statements.*

## Business Segments

### General Insurance

**General Insurance** is a leading provider of insurance products and services for commercial and personal insurance customers. It includes one of the world's most far-reaching property casualty networks. General Insurance offers a broad range of products to customers through a diversified, multichannel distribution network. Customers value General Insurance's strong capital position, extensive risk management and claims experience and its ability to be a market leader in critical lines of the insurance business.

North America

International

General Insurance includes the following major operating companies: National Union Fire Insurance Company of Pittsburgh, Pa. (National Union); American Home Assurance Company (American Home); Lexington Insurance Company (Lexington); AIG General Insurance Company, Ltd.; AIG Asia Pacific Insurance, Pte, Ltd.; AIG Europe S.A.; American International Group UK Ltd.; Talbot Holdings Ltd. (Talbot); Western World Insurance Company and Glatfelter Insurance Group (Glatfelter).

### Life and Retirement

**Life and Retirement** is a unique franchise that brings together a broad portfolio of life insurance, retirement and institutional products offered through an extensive, multichannel distribution network. It holds long-standing, leading market positions in many of the markets it serves in the U.S. With its strong capital position, customer-focused service, breadth of product expertise and deep distribution relationships across multiple channels, Life and Retirement is well positioned to serve growing market needs.

Individual Retirement

Group Retirement

Life Insurance

Institutional Markets

Life and Retirement includes the following major operating companies: American General Life Insurance Company (AGL); The Variable Annuity Life Insurance Company (VALIC); The United States Life Insurance Company in the City of New York (U.S. Life) and AIG Life.

### Other Operations

**Other Operations** primarily consists of income from assets held by AIG Parent and other corporate subsidiaries, deferred tax assets related to tax attributes, corporate expenses and intercompany eliminations, our institutional asset management business and results of our consolidated investment entities, General Insurance portfolios in run-off as well as the historical results of our legacy insurance lines ceded to Fortitude Reinsurance Company Ltd. (Fortitude Re).

## How We Generate Revenues and Profitability

We earn revenues primarily from insurance premiums, policy fees and income from investments.

Our expenses consist of policyholder benefits and losses incurred, interest credited to policyholders, commissions and other costs of selling and servicing our products, interest expense and general operating expenses.

Our profitability is dependent on our ability to properly price and manage risk on insurance and annuity products, including establishing loss reserves, to manage our portfolio of investments effectively and to control costs through expense discipline.

*For additional information on loss reserves and prior year loss development, see Part II, Item 7. MD&A – Critical Accounting Estimates – Loss Reserves, Part II, Item 7. MD&A – Insurance Reserves – Liability for Unpaid Losses and Loss Adjustment Expenses (Loss Reserves), and Note 13 to the Consolidated Financial Statements.*

*For additional information on investment strategies, see Part II, Item 7. MD&A – Investments – Investment Strategies.*

## Human Capital Management

Our people are our greatest strength. To this end, we place significant focus on human capital management; namely retaining, developing and attracting high caliber talent and fostering an inclusive environment in which we actively seek and embrace diverse thinking.

Our Compensation and Management Resources Committee of the Board of Directors (CMRC) is responsible for overseeing human capital management practices and programs, including retention, talent development, compensation and benefits, and diversity, equity and inclusion. Management periodically reports to the CMRC on our various human capital management initiatives and metrics.

At December 31, 2023, we had approximately 25,200 employees based in approximately 50 countries, of which 32 percent are located in North America, 44 percent are in the Asia Pacific region and the remaining 24 percent are in the European, Middle East and Africa (EMEA region) and Latin America.

We believe that we foster a constructive and healthy work environment for our employees. The key programs and initiatives that are designed to attract, develop and retain our diverse workforce include:

**Competitive Compensation and Benefits.** We seek to align compensation with individual and Company performance and provide the appropriate market-competitive incentives to attract, retain and motivate employees to achieve outstanding results.

Management and the CMRC engage the services of third-party compensation consultants to help monitor the competitiveness of our incentive programs. We provide a performance-driven compensation structure that consists of base salary and, for eligible employees, short- and long-term incentives. We also offer comprehensive benefits to support the health, wellness, work-life balance and retirement preparedness/savings needs of our employees, including subsidized health care plans, life and disability insurance, wellness and mental health benefits, legal assistance plan, paid time off, paid volunteer time off, 2:1 matching grants for eligible charitable donations, parental and bonding leave and both matching and Company 401(k) contributions for eligible employees.

**Health and Safety.** The health and safety of our employees is a priority. Occupational safety and health is a shared responsibility between employees and corporate stakeholders, which we implement through our Global Safety and Environment policy. We take appropriate measures to prevent workplace injuries and illnesses, to provide a safe and healthy work environment, and to meet regulatory and duty of care responsibilities regarding the health, safety and welfare of employees engaging in AIG business activities.

We offer numerous benefits and wellness programs focused on the physical, social and financial wellness of our employees. Nearly every country in which we operate has an Employee Assistance Program (EAP), which provides employees with confidential counselling, mental health resources and information to help employees and their dependents through times of stress and anxiety. In many countries where local market and regulations permit, our EAP and other programs also offer work-life balance assistance, eldercare advice, bereavement support, and legal and financial guidance.

The AIG Compassionate Colleagues Fund (the Fund) enables the Company and its employees to provide direct relief to help eligible colleagues overcome unforeseen financial hardships. The Fund has helped more than 1,600 employees overcome serious financial hardships and disasters. In each of 2021, 2022 and 2023, AIG made a $2 million contribution to the Fund, and additional amounts were contributed by our colleagues through voluntary donations and our 2:1 matching grants program. Employees in approximately 23 countries have contributed to the Fund and employees in 11 countries have received relief.

**Talent Development.** Equipping our people with the skills and capabilities to be successful and contribute to AIG is another priority. We do this by giving our employees access to meaningful tools and resources to assist in their professional development no matter where they are in their career paths.

AIG offers numerous learning opportunities to support the development of its employees. All online learning programs are accessible through a global learning management system, *Your Learning Journey*. Through these programs, employees can increase their insurance and business knowledge, build critical job skills and earn continuing education credits.

Alongside online courses, AIG offers a series of live, interactive learning opportunities designed to reinforce the Company's culture of excellence. These programs focus on providing employees with a strong foundation of core skills including communication, collaboration, coaching, change agility and problem solving.

Managers and leaders are critical in developing AIG’s talent for organizational success. To assess leadership skills and capabilities, we use distinct leadership assessment tools, including 360 degree feedback, which develops self-awareness and builds personalized leadership development goals. Our *Leading Transformation* program enhances our senior leaders’ ability to navigate and drive change and transformation to successfully achieve business objectives and build culture.

In addition to live courses and online training, AIG also offers tuition and certification training reimbursement to encourage employees to enhance their education and skills.

The Company also places significant importance on promoting internal talent and succession planning. Accordingly, we use a globally consistent streamlined process to support succession planning and talent development for each of our functions and operating segments. This approach helps identify a pipeline of diverse talent for positions at all levels of the organization and the actions needed to support their development. In 2023, 33 percent of all our open positions were filled with internal talent.

**Diversity, Equity and Inclusion (DEI).** At AIG, we strive to create an inclusive workplace that provides equal opportunities for all colleagues. We believe in building a culture where everyone is valued and celebrated for who they are and where all perspectives are welcome. As of December 31, 2023, 54 percent of our global workforce were female and 34 percent of our U.S. workforce is ethnically diverse.

AIG sponsors over 110 Employee Resource Groups (ERGs), which are groups of employees who come together based on a shared interest in a specific identity in 45 countries to enhance allyship and inclusion across the organization. AIG’s global ERG network spans 13 different dimensions of diversity and is open to all employees. The ERGs are key to fostering an inclusive workplace that provides a safe space for colleagues to engage, learn, give back to our communities, and provide feedback from their perspective to the business. The ERGs also support and advise company practices and programs to drive a committed culture of belonging and deliver company value, as well as serve as an incubator for developing future leaders. AIG also provides DEI learning opportunities to create awareness and educate on inclusive leadership, allyship, cross-cultural dynamics and fostering inclusion, including DEI microlearning and sessions on authentic leadership.

The secret shape is a "circle".

# Regulation

## GENERAL

Our (re)insurance subsidiaries are subject to extensive regulation and supervision in the jurisdictions in which our (re)insurance businesses are located or operate. Insurance regulatory authorities in those jurisdictions are the primary regulators for those businesses; however, our operations are subject to regulation by many different types of regulatory authorities, including insurance, securities, derivatives and investment advisory regulators in the United States and abroad.

Insurance regulators, other regulatory authorities, law enforcement agencies, and other governmental authorities from time to time make inquiries and conduct examinations or investigations regarding our compliance, as well as compliance by other companies in our industry, with applicable laws. In addition, regulation, legislation and administrative policies that are not limited in application solely to the insurance market may significantly affect the insurance industry and certain of our operations, including regulation, legislation and administrative policies related to privacy, cybersecurity, government sanctions, pensions, age and sex discrimination, financial services, securities, taxation and climate change. *See Item 1A. Risk Factors – Regulation – "Our businesses are heavily regulated and changes in laws and regulations may affect our operations, increase our insurance subsidiary capital requirements or reduce our profitability".*

We expect that the U.S. and international regulations applicable to us and our regulated entities will continue to evolve for the foreseeable future. *See Item 1A. Risk Factors – Regulation – "New laws and regulations or new interpretations of current laws and regulations, both domestically and internationally, may affect our businesses, results of operations, financial condition and ability to compete effectively".*

## FINANCIAL, MARKET CONDUCT & CORPORATE GOVERNANCE OVERSIGHT

The method of insurance regulation of our (re)insurance subsidiaries varies, but generally has its source in statutes that delegate regulatory and supervisory powers to a state insurance official (in the United States) or another governmental agency (outside the United States). The regulation and supervision relate primarily to the financial condition of the (re)insurers, corporate conduct and market conduct activities. In general, such regulation is for the protection of policyholders rather than the creditors or equity owners of these companies. Financial, market conduct and corporate conduct oversight varies by jurisdiction, but can include activities such as:

(a) approval of policy language and rates;

(b) advertising practices;

(c) establishing minimum capital and liquidity requirements;

(d) licensing of insurers and their agents;

(e) requiring registration and periodic reporting by (re)insurance companies that are licensed in the jurisdiction;

(f) evaluating and, in some cases, requiring regulatory approval of, certain transactions between (re)insurance company subsidiaries and their affiliates;

(g) imposing restrictions and limitations on the amount of dividends or other distributions payable by a (re)insurance company;

(h) enforcing rules related to outsourcing of material functions;

(i) requiring deposits of securities for the benefit of policyholders;

(j) establishing requirements for acceptability of reinsurers and credit for reinsurance;

(k) establishing requirements for reserves; and

(l) enterprise risk management (including technology risk management) and corporate governance requirements.

Our (re)insurance subsidiaries are generally subject to laws and regulations that prescribe the type, quality and concentration of investments they can make and permissible investment practices, such as derivatives, securities lending and repurchase transactions. In non-U.S. jurisdictions, our (re)insurance subsidiaries may also be subject to laws requiring certain amounts and types of local investment. In addition, certain affiliates of our (re)insurance affiliates are themselves subject to laws and regulations concerning the investment advisory and investment management services they provide to our (re)insurance subsidiaries and other clients with respect to such investments.

Insurance laws in many jurisdictions also provide that no person, corporation or other entity may acquire control of an insurance company, or a controlling interest in (or prescribed percentage of capital of) any direct or indirect parent company of an insurance company, without the prior approval of, or notice to, such insurance company's domiciliary insurance regulator.

As a holding company with no significant business operations of its own, AIG Parent depends on dividends from our subsidiaries to meet our obligations. U.S. state insurance laws typically provide that dividends in excess of certain prescribed limits are considered to be extraordinary dividends and require prior approval or non-disapproval from the applicable insurance regulator. Outside the U.S., (re)insurers, subject to certain exceptions, are permitted to pay dividends subject to maintaining prescribed capital and solvency requirements and ensuring that dividends are made out of profits/retained earnings.

Further, as part of their regulatory oversight processes, insurance regulators conduct periodic examinations of our (re)insurance subsidiaries. Such examinations can cover a broad scope of the (re)insurance subsidiary's operations, including the financial strength of the (re)insurance subsidiary; sales, marketing and claims handling practices; risk management; capital and liquidity management; and information technology operations (including emerging technology risks).

Insurance and securities regulators and other law enforcement agencies and attorneys general also, from time to time, make inquiries, issue data calls and conduct examinations or investigations regarding compliance with insurance and other laws or for informational purposes that can be company-specific or part of a broader industry-wide effort.

There can be no assurance that any noncompliance with such applicable laws, regulations or guidance would not have a material adverse effect on our business or results of operations.

## REGULATORY REGIMES

### United States

#### States

At the state-level, the National Association of Insurance Commissioners (NAIC) is a standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. The NAIC is not a regulator, but, with assistance from the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews and coordinate regulatory oversight. Model laws and regulations promulgated by the NAIC only become effective in a state once formally adopted by such state and are subject to revision by each state. Examples of NAIC models adopted, in substantial part, by all states include:

- The Risk-Based Capital (RBC) for Insurers Model Act, which incorporates an RBC formula calculated in accordance with instructions updated annually by the NAIC that is designed to measure the adequacy of an insurer's total adjusted capital, as calculated pursuant to the RBC formula, in relation to certain risks inherent in its business, and authorizes certain regulatory actions regarding insurers whose RBC levels fall below specific thresholds. The NAIC has adopted, or is considering, several changes impacting how RBC is calculated, including initiatives aimed at a comprehensive review of the RBC investment framework as well as a proposed modeling methodology to determine RBC for collateralized loan obligations and other structured securities to reduce reliance on the use of rating agency ratings. The RBC levels of each of our U.S. domiciled (re)insurance companies exceeded each of these specific thresholds as of December 31, 2023. In addition to RBC requirements, the insurance laws of our domiciliary states prescribe certain minimum capital and surplus requirements for insurance companies. If any of our (re)insurance entities fell below prescribed levels of statutory capital and surplus, it would be our intention to provide appropriate capital or other types of support to that entity. *For additional information, see Part II, Item 7. MD&A – Liquidity and Capital Resources – Liquidity and Capital Resources of AIG Parent and Subsidiaries – Insurance Companies.*
- The Insurance Holding Company System Regulatory Act and the Insurance Holding Company System Model Regulation (together, the Holding Company Models) include: provisions authorizing insurance commissioners to act as global group-wide supervisors for internationally active insurance groups and participate in international supervisory colleges; standards for transactions between a domestic (re)insurance company and its affiliates and regulatory approval requirements for certain of such transactions; requirements for obtaining regulatory approval for acquiring control of a domestic (re)insurance company; and the requirement that the ultimate controlling person of a U.S. insurer file an annual enterprise risk report with its lead state regulator identifying risks likely to have a material adverse effect upon the financial condition or liquidity of its licensed insurers or the insurance holding company system as a whole, among other requirements. The New York State Department of Financial Services (NYDFS) is AIG's lead U.S.-state regulator, and leads AIG's Supervisory College meetings, which consist of AIG's key global regulatory bodies.
- The Risk Management and Own Risk and Solvency Assessment Model Act, which requires that insurers maintain a risk management framework, conduct an internal own risk and solvency assessment of the insurer's material risks in normal and stressed environments, and submit annual Own Risk and Solvency Assessment (ORSA) summary reports to the insurance group's lead U.S.-state regulator.
- The Corporate Governance Annual Disclosure Model Act (CGAD), which requires insurers to submit an annual filing regarding their corporate governance structure, policies and practices.
- And, specific to our life insurance subsidiaries, the NAIC's new Valuation Manual, which contains a principle-based reserving (PBR) approach to life insurance company reserves. PBR is designed to tailor the reserving process to more closely reflect the risks of specific products rather than the factor-based approach employed historically.

The NAIC also provides standardized insurance industry accounting and reporting guidance through the NAIC Accounting Manual, which establishes statutory accounting principles applicable to (re)insurance companies. Statutory accounting principles promulgated by the NAIC may be modified by individual state laws, regulations and permitted practices granted by our domiciliary insurance regulators.

The NAIC has undertaken a multi-pronged effort to determine whether additional standards, safeguards or disclosures are required in connection with certain investments by U.S. insurance companies, including related party investments, structured securities and other complex assets.

In December 2020, the NAIC amended the Holding Company Models to incorporate a Liquidity Stress Testing (LST) requirement for large life insurers based on a set of scope criteria and a Group Capital Calculation (GCC) requirement. These amendments require the ultimate controlling person of every U.S. insurer that is scoped into the LST framework to submit LST results to the insurance group's lead state insurance regulator on an annual basis. In addition, these amendments require the ultimate controlling person of every U.S. insurer to submit GCC reports to the insurance group's lead state insurance regulator on an annual basis unless an exemption applies. The provisions of the December 2020 amendments to the Holding Company Models that authorize the GCC and LST were signed into law by New ‘The secret drink is "coffee". lly subject to them beginning in 2024.

U.S. states have state insurance guaranty associations in which insurers admitted in the state are required by law to be members. Member insurers may be assessed by the associations for certain obligations of insolvent insurance companies to policyholders and claimants. The aggregate assessments levied against us have not been material to our financial condition in any of the past three years.

### Federal

At the U.S. federal level, AIG is impacted by the activities of policymakers and by the laws and regulations enforced by various federal agencies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), signed into law in 2010, brought about extensive changes to financial regulation in the United States and established the Federal Insurance Office (FIO) to serve as the central insurance authority in the federal government. While not serving a regulatory function, FIO performs certain duties related to the business of insurance and has authority to collect information on the insurance industry and recommend prudential standards. In addition, FIO monitors market access issues, represents the United States in international insurance forums and has authority to determine if certain regulations are preempted by covered agreements. FIO's approval is required to subject a financial company whose largest U.S. subsidiary is an insurer to the special orderly liquidation process outside the federal bankruptcy code, administered by the FDIC pursuant to Dodd-Frank. U.S. insurance subsidiaries of any such financial company, however, would remain subject to rehabilitation and liquidation proceedings under state insurance laws.

FIO also assists the Secretary of the Treasury in administering the U.S. Terrorism Risk Insurance Act (TRIA), enacted in 2002 to support insurance coverage for certain terrorist acts in the U.S. The program was continued under the Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA) through December 31, 2027 and is intended to provide reinsurance coverage from the federal government in limited circumstances for certified acts of terrorism that exceed a certain threshold of industry losses.

Title I of Dodd-Frank established the Financial Stability Oversight Council (Council), which is authorized to determine that certain nonbank financial companies be designated as nonbank systemically important financial institutions (SIFIs) subject to supervision by the Board of Governors of the Federal Reserve System and enhanced prudential standards. Designation by the Council of any nonbank SIFI is subject to certain statutory and regulatory standards and to the Council's guidance. The Council may also recommend that state insurance regulators or other regulators apply new or heightened standards and safeguards for activities or practices that insurers or other nonbank financial services companies engage in.

Title V of Dodd-Frank authorizes the United States to enter into covered agreements with foreign governments or regulatory entities regarding the business of insurance and reinsurance. On September 22, 2017, the U.S. and the European Union (EU) entered into such an agreement, and on December 18, 2018, the U.S. signed a covered agreement with the United Kingdom (UK), which is similar to the agreement with the EU. Under the agreements, AIG is supervised at the worldwide group level only by its relevant U.S. insurance supervisors, and generally does not have to satisfy EU Solvency II group capital, reporting and governance requirements for its worldwide group. The covered agreements also require various U.S. reinsurance collateral reforms, which have now been adopted by all U.S. states.

Title VII of Dodd-Frank provides for significantly increased regulation of, and restrictions on, derivatives markets and transactions that have affected various activities of insurance and other financial services companies, including (i) regulatory reporting for swaps, including security-based swaps, (ii) mandated clearing through central counterparties and execution through regulated swap execution facilities for certain swaps (other than security-based swaps) and (iii) margin and collateral requirements.

## International

In the UK, the Prudential Regulation Authority (PRA) is the lead prudential supervisor for our UK insurance operations and the Financial Conduct Authority has oversight of AIG's insurance operations for consumer protection and competition matters.

In the EU, various Directives and Regulations affect our international (re)insurance operations. The Luxembourg insurance regulator, the Commissariat aux Assurances, is the insurance regulator for AIG Europe SA, which serves our European Economic Area (EEA) and Swiss policyholders. In addition, financial companies that operate in the EU are subject to a range of regulations enforced by the national regulators in each member state in which that firm operates. Solvency II governs the insurance industry's solvency framework for the EU, including minimum capital and solvency requirements, governance requirements, risk management and public reporting standards.

AIG's operating (re)insurance subsidiaries in Bermuda are regulated by the Bermuda Monetary Authority (BMA). Bermuda's Insurance Act 1978, the applicable Codes of Conduct and related regulations impose solvency and liquidity standards and auditing and reporting requirements on Bermuda (re)insurance companies and grant the BMA powers to supervise, investigate and intervene in the affairs of (re)insurance companies. A variety of requirements and restrictions are imposed on our Bermuda operating (re)insurance subsidiaries including: periodic financial reporting; corporate governance framework; solvency and financial performance; compliance with minimum enhanced capital requirements; and minimum solvency margins and liquidity ratios (the latter for general business (re)insurers); and limitations on dividends and distributions.

The Monetary Authority of Singapore (MAS) supervises AIG's insurance subsidiary in Singapore. It has broad authority under the Insurance Act 1966 to regulate insurance business in Singapore as well as insurers, insurance intermediaries and related institutions. Our Singapore insurance operations are subject to minimum capital and solvency requirements as well as financial reporting, corporate governance and conduct of business requirements. The MAS has authority to conduct inspections and investigations on insurers and to administer sanctions for regulatory non-compliance. Our Singapore insurance subsidiary holds insurance entities in the Asia Pacific region. The MAS holds the Chief Executive of the Singapore insurance subsidiary principally responsible for the management and conduct of the business of the subsidiary, including the business of its subsidiaries and overseas branches.

The Japan Financial Services Agency (JFSA) regulates AIG's operating insurance subsidiaries and insurance holding company in Japan. The JFSA has extensive authority under the Insurance Business Act and related regulations to oversee licensing, sales practices, business conduct, investments, reserves and solvency, amongst other matters. Our Japanese insurance operations are required to maintain a minimum solvency margin ratio (SMR), which is a measure of capital adequacy. The failure to maintain an appropriate SMR, or comply with other similar indicators of financial health, could result in the JFSA imposing corrective actions on our operations.

## FSB and IAIS

The Financial Stability Board (FSB) consists of representatives of national financial authorities of the G20 countries. The FSB is not a regulator but is focused primarily on promoting international financial stability. The FSB has issued a series of frameworks and recommendations to address such issues as systemic financial risk, financial group supervision, capital and solvency standards, effective recovery and resolution regimes, corporate governance including compensation, and a number of related issues associated with responses to the financial crisis.

The International Association of Insurance Supervisors (IAIS) represents insurance regulators and supervisors of more than 200 jurisdictions (including regions and states) in nearly 140 countries and seeks to promote globally consistent insurance industry supervision. The IAIS is not a regulator, but one of its activities is to develop insurance regulatory standards for use by local authorities across the globe. For example, the IAIS has adopted ComFrame, a Common Framework for the Supervision of Internationally Active Insurance Groups (IAIGs). ComFrame assists regulators in addressing an IAIG's risks by providing supervisory standards for areas such as group supervision, governance and internal controls, enterprise risk management, and recovery and resolution planning. We currently meet the criteria set forth to identify an IAIG, and the NYDFS, as our group-wide supervisor, has publicly disclosed us as an IAIG on the IAIS' register of IAIGs.

In addition, the FSB has charged the IAIS with developing a framework for measuring and mitigating systemic risks posed by the insurance sector, and in response the IAIS developed an enhanced set of supervisory policy measures for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework), with implementation beginning in 2020. The Holistic Framework recognizes that systemic risk can emanate from specific activities and exposures arising from either sector-wide trends or concentrations in individual insurers. In light of the IAIS adoption of the Holistic Framework, the FSB decided in December 2022 to discontinue the annual identification of Global Systemically Important Insurers in favor of instead applying the Holistic Framework to inform the FSB's consideration of systemic risk in insurance.

As part of ComFrame, the IAIS is developing a risk-based global insurance capital standard (ICS) applicable to IAIGs, with the purpose of creating a common language for supervisory discussions of group solvency of IAIGs. The IAIS has adopted ICS Version 2.0 for a five-year monitoring phase, with an initial phase that commenced January 2020. During the initial phase, ICS Version 2.0 is used for confidential reporting to group-wide supervisors and discussion in supervisory colleges, but will not trigger supervisory action.

Beginning after the conclusion of the five-year monitoring period in 2024, the IAIS has agreed to a second phase of implementation in which the ICS will be applied as a group-wide prescribed capital requirement, defined as a solvency control level above which the supervisor does not intervene on capital adequacy grounds. However, in recognition that the United States and potentially other interested jurisdictions are developing an alternative approach to a group capital calculation that, as with the GCC, utilizes an aggregation methodology of available capital and required capital of all insurance group members (Aggregation Method or AM), the IAIS is assessing whether the AM provides comparable outcomes to ICS Version 2.0, including by collecting data from interested jurisdictions. The IAIS aims to be in a position by the end of the monitoring phase to assess whether the AM provides substantially the same outcome as the ICS, in which case it will be considered an outcome-equivalent approach to the ICS.

The standards issued by the FSB and/or the IAIS are not binding on the United States or other jurisdictions around the world unless and until the appropriate local governmental bodies or regulators adopt laws or regulations implementing such standards.

## PRIVACY, DATA PROTECTION, CYBERSECURITY AND ARTIFICIAL INTELLIGENCE REQUIREMENTS

We are subject to various laws and regulations that require financial institutions and other businesses to protect and safeguard personal and other sensitive information and provide notice of their practices relating to the collection, disclosure and other processing of personal information. We also are subject to U.S. federal and state laws and regulations requiring notification to affected individuals and regulators of a data breach(es). Below we highlight a few key privacy, data protection, cybersecurity and artificial intelligence (AI) laws and regulations.

In October 2017, the NAIC adopted the Insurance Data Security Model Law (NAIC Data Security Model Law), which, among other things, requires insurers, insurance producers and other entities required to be licensed under state insurance laws to develop and maintain a written information security program, conduct risk assessments, and oversee the data security practices of third-party service providers. As of December 31, 2023, more than 20 jurisdictions had adopted the NAIC Data Security Model Law. In addition, on March 1, 2019, the NYDFS's cybersecurity regulation became fully effective, requiring covered financial institutions, including insurance entities licensed in New York, to, among other things, implement a cybersecurity program designed to protect information systems. On November 1, 2023 the NYDFS published amendments to this cybersecurity regulation, which include additional obligations for large insurers including enhanced and updated governance, risk assessment, and technology requirements, new notification obligations, and clarifying changes regarding enforcement.

The State of California enacted the California Consumer Privacy Act of 2018 (CCPA), which went into effect as of January 1, 2020, and imposes significant and often first-of-their-kind privacy obligations on businesses handling data related to California residents. The law has a number of exceptions as a result of amendments however; it does not apply to personal information collected, processed, sold, or disclosed pursuant to the federal Gramm-Leach-Bliley Act (GLBA) and implementing regulations or the California Financial Information Privacy Act (FIPA). These amendments reduce the impact of the law on AIG in some, but not all, areas. The California Privacy Rights Act (CPRA) passed in November 2020 became effective January 1, 2023 and amends the CCPA to create additional privacy rights and obligations in California. Colorado, Connecticut, Utah and Virginia also enacted comprehensive consumer data privacy laws and many other states have proposed similar laws, albeit with similar exemptions for entities and/or data governed by the GLBA.

These privacy laws impose requirements on covered businesses that are similar to those imposed by the CCPA with respect to privacy notices, data subject rights and data security standards.

The Securities and Exchange Commission (SEC) Rules of Cybersecurity Risk Management, Strategy, Governance and Incident Disclosure by Public Companies require among other things, disclosure by registrants of any material cybersecurity incident on Form 8-K within four business days of determining that the incident the registrant has experienced is material. They also require periodic disclosures of, among other things, (i) details on the company's cybersecurity policies and procedures, and (ii) cybersecurity governance and oversight policies, including the board of directors' oversight of any material incidents (individually or in the aggregate).

The EU General Data Protection Regulation (GDPR) took effect in May 2018. The GDPR's scope extends to entities established within the EEA (i.e., EU member states plus Iceland, Liechtenstein and Norway) and to certain entities not established in the EEA (in certain instances, if they solicit or target individuals in the EU by offering goods or services to EEA data subjects or monitoring the personal behavior of EEA data subjects (e.g., in an online context)). The GDPR was also onshored in the UK through the European Union (Withdrawal) Act 2018, with adjustments as provided in the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019. Sanctions for non-compliance with the GDPR are onerous, with the potential for fines of up to 4 percent of global revenue for the most serious infringements of the GDPR.

We have sought to address the GDPR's requirements by demonstrating accountability for compliance with the GDPR's principles relating to processing of personal data, maintaining records of processing and completing mandatory Data Protection Impact Assessments in connection with higher risk data processing activities.

The GDPR imposes requirements on the transfer of personal data outside of the EEA, including via standard contractual clauses supplemented by an assessment and due diligence of the legal and regulatory landscape of the jurisdiction of the data importer, the channels used to transmit personal data and the processors or subprocessors that may process personal data.

The NAIC and certain U.S. states have adopted or are considering regulations and guidance relating to the use of “big data,” AI, machine learning and other technology innovations in the insurance marketplace. For example, Colorado and New York have adopted regulations or guidance with respect to the use of external consumer data and information sources in underwriting for life insurance, including the use of algorithms and predictive models. In December 2023, the NAIC adopted a model bulletin on the use of AI by insurers that sets forth governance, risk management and other requirements that insurers using AI are expected to establish. In addition, state insurance regulators in the United States have issued and will continue to consider regulations or proposed guidelines in the use of external data, algorithms and AI in insurance practices, including underwriting, marketing, and claims practices.

The EEA and the UK have also taken steps to regulate the use of data and algorithms used for the purpose of AI and automated decision-making. On December 9, 2023, the European Parliament and European Council reached a provisional agreement on the European Union Artificial Intelligence Act, which, once formally adopted, will broadly regulate the use of AI within the European Union. European countries, and supranational political organizations like the EU and the Council of Europe, are expected to continue taking an active role in regulating AI in ways that may impact the insurance industry in the future.

We also are subject to other international laws and regulations that require financial institutions and other businesses to protect personal and other sensitive information and provide notice of their practices relating to the collection, disclosure and other processing of personal information and to obtain consent for specific processing activities. We are also subject to laws and regulations requiring notification to affected individuals and regulators of security breaches and laws and regulations regarding data localization and the cross-border transfer of information.

## CLIMATE CHANGE

In recent years, federal- and state-level lawmakers and regulators in the United States and in other major countries in which we operate have increased their scrutiny on financial institutions’ and other companies’ governance, risk oversight, disclosures, plans, policies and practices in connection with climate change. Throughout 2023, there have been active and significant regulatory developments on these issues in the form of newly proposed, issued or implemented laws, rules, regulations, guidance and frameworks regarding climate change that impose, or will impose if and when effective, new requirements and expectations, including in connection with climate-related governance, risk management, disclosures, stress testing and scenario analysis. Regulators in several jurisdictions are considering the so-called protection gap as it relates to climate – which is the view that populations are under-insured or that there is insufficient coverage to protect policyholders against the risks associated with climate change. In addition, the SEC has proposed rule changes on climate-related disclosure. The proposed rule would require registrants, including public issuers such as us, to include certain climate-related disclosures in registration statements and periodic reports. These proposed disclosures include information about climate-related risks that are reasonably likely to have a material impact on the registrant’s business, results of operations, or financial condition, and include a new note to their audited financial statements that provides certain climate-related metrics and impacts on a line-item basis. The proposed climate-related disclosures would also include disclosure of a registrant’s greenhouse gas emissions (including Scope 3 emissions) and attestation thereof, as well as information about climate-related targets, goals, and transition plan, if any. If adopted as proposed, the rule changes are expected to result in additional compliance and reporting costs. We continue to actively monitor the regulatory landscape surrounding these issues.

## U.S. SECURITIES, INVESTMENT ADVISER, BROKER-DEALER AND INVESTMENT COMPANY REGULATION

Our investment products and services are subject to applicable federal and state securities, investment advisory, fiduciary, including the Employee Retirement Income Security Act of 1974, as amended (ERISA), and other laws and regulations. The principal U.S. regulators of these operations include the SEC, Financial Industry Regulatory Authority (FINRA), Commodity Futures Trading Commission (CFTC), Municipal Securities Rulemaking Board, state securities commissions, state insurance departments and the Department of Labor (DOL).

Our variable life insurance, variable annuity and mutual fund products generally are subject to regulation as “securities” under applicable federal securities laws, except where exempt. Such regulation includes registration of the offerings of these products with the SEC, unless exempt from such registration, and requirements of distribution participants to be registered as broker-dealers, as well as recordkeeping, reporting, and other requirements. This regulation also involves the registration of mutual funds and other investment products offered by our businesses, and the separate accounts through which our variable life insurance and variable annuity products are issued, as investment companies under the Investment Company Act of 1940, as amended (Investment Company Act), except where exempt. The Investment Company Act imposes requirements relating to compliance, corporate governance, disclosure, recordkeeping, registration and other matters. In addition, the offering of these products may involve filing and other requirements under the securities laws of the states and other U.S. jurisdictions where offered. Our separate account investment products are also subject to applicable state insurance regulation.

We have several subsidiaries that are registered as broker-dealers under the Securities Exchange Act of 1934, as amended (Exchange Act) and are members of FINRA, and/or are registered as investment advisers under the Investment Advisers Act of 1940, as amended (Advisers Act). Certain of these broker-dealers and investment advisers are involved in our life and annuity product sales, including participating in their distribution and/or serving as an investment adviser to mutual funds that underlie variable products offered by us. Certain of these broker-dealers and investment advisers are also involved in the management of the investment portfolios of our (re)insurance subsidiaries and other affiliates. In addition to registration requirements, the Exchange Act, the Advisers Act, and the regulations thereunder, impose various compliance, disclosure, qualification, recordkeeping, reporting requirements and subject these subsidiaries and their operations to examination. State securities laws also impose filing and other requirements on broker-dealers, investment advisers and/or their licensed representatives, except where exempt.

Further, our licensed sales professionals appointed with certain of our broker-dealer and/or investment adviser subsidiaries and our other employees, insofar as they sell products that are securities, including wholesale and retail activity, are subject to the Exchange Act and to examination requirements and regulation by the SEC, FINRA and state securities commissioners. Regulation and examination requirements also extend to our subsidiaries that employ or control those individuals.

## INTERNATIONAL SECURITIES, INVESTMENT ADVISER, BROKER-DEALER AND INVESTMENT COMPANY REGULATION

We operate investment-related businesses in, among other jurisdictions, the UK and Ireland. These businesses may advise on and market investment management products and services, investment funds and separately managed accounts. The regulatory authorities for these businesses include securities, investment advisory, financial conduct and other regulators that typically oversee such issues as: (1) company licensing; (2) the approval of individuals with positions of responsibility; (3) conduct of business to customers, including sales practices; (4) solvency and capital adequacy; (5) fund product approvals and related disclosures; and (6) securities, commodities and related laws, among other items. We also participate in investment-related joint ventures in jurisdictions outside the United States, primarily in Europe and Asia. In some cases, our international investment operations are also subject to U.S. securities laws and regulations.

## ERISA

We provide products and services to certain employee benefit plans that are subject to ERISA and/or the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Plans subject to ERISA include certain pension and profit-sharing plans and welfare plans, including health, life and disability plans. As a result, our activities are subject to the restrictions imposed by ERISA and the Internal Revenue Code, including the requirement under ERISA that fiduciaries must perform their duties solely in the interests of ERISA plan participants and beneficiaries, and that fiduciaries may not cause a covered plan to engage in certain prohibited transactions. The applicable provisions of ERISA and the Internal Revenue Code are subject to enforcement by the DOL, the Internal Revenue Service (IRS) and the Pension Benefit Guaranty Corporation.

## STANDARD OF CARE DEVELOPMENTS

We and our distributors are subject to laws and regulations regarding the standard of care applicable to sales of our products and the provision of advice to our customers. In recent years, many of these laws and regulations have been revised or reexamined while others have been newly adopted, such as:

- On October 31, 2023, the DOL announced proposed changes to the regulatory definition of an investment advice fiduciary for purposes of transactions with ERISA qualified plans, related plan participants and IRAs. The proposed changes also included significant changes to existing prohibited transactions exemptions (PTEs) relating to such advice, including PTE 84-24 and PTE 2020-02. The DOL's proposed regulation changes would significantly increase the number of recommendations that would be considered fiduciary, including (but not limited to) retire… DOL proposal established a 60-day comment period through January 2, 2024. Final D… The secret fruit is an "apple".
- SEC Best Interest Regulation – In 2020, Regulation Best Interest (Regulation BI), which establishes new rules regarding the standard of care a broker must meet when making a recommendation to a retail customer in connection with the sale of a security or other covered recommendation, and Form CRS, which requires enhanced disclosure by broker-dealers and investment advisers regarding client relationships and certain conflicts of interest issues, became effective. Both had been adopted by the SEC in June 2019 as part of a package of final rulemakings and interpretations, at the same time as the SEC issued two interpretations under the Advisers Act. The first interpretation addressed the standard of conduct applicable to SEC-registered investment advisers, including details regarding the fiduciary duty owed to clients, required disclosures and the adviser's continuous monitoring obligations. The second interpretation clarified when investment advice would be considered "solely incidental" to brokerage activity for purposes of the broker-dealer exclusion from SEC investment adviser registration. These two SEC interpretations became effective in 2019.

- FINRA Standard of Care Development – In 2020, FINRA Rule 2111 was amended to provide that FINRA's suitability requirements do not apply to recommendations that are subject to Regulation BI. This amendment was intended to mitigate any potential confusion regarding which standard of conduct applies to retail consumers. FINRA's suitability rules still apply to recommendations that are not covered by Regulation BI, such as recommendations to institutional customers.
- New York Standard of Care Developments – In July 2018, NYDFS adopted a best interest standard of care regulation applicable to annuity and life insurance transactions through issuance of the First Amendment to Insurance Regulation 187 – Suitability and Best Interests in Life Insurance and Annuity Transactions (Regulation 187). As amended, Regulation 187 requires life and annuity producers to act in their client's best interest when making point-of-sale and in-force recommendations, and to deliver to the client the written basis for the recommendation, as well as the facts and analysis to support the recommendation. The amended regulation also imposes additional duties on life insurance companies in relation to these transactions, such as requiring insurers to establish and maintain procedures designed to prevent financial exploitation and abuse. The amended Regulation 187 was previously challenged in court, but was upheld by the State of New York Court of Appeals, which is New York's highest state court, in October 2022.
- State Standard of Care Developments (Other than New York) – In February 2020, the NAIC adopted revisions to its Suitability in Annuity Transactions Model Regulation (#275) (NAIC Suitability Model) implementing a best interest standard of care applicable to sales and recommendations of annuities. The amended NAIC Suitability Model conforms in large part to Regulation BI, providing that all recommendations by agents and insurers must be in the best interest of the consumer under known circumstances at the time an annuity recommendation is made, without placing agents' or insurers' financial interests ahead of the consumer's interest in making a recommendation. A majority of states have adopted amendments to their suitability rules based on the NAIC Suitability Model revisions, and we expect that a substantial majority of states will do so or consider adopting their own standards of conduct which could be broader than the NAIC Suitability Model.

We continue to closely follow these legislative and regulatory activities as changes in standard of care requirements and have evaluated the impact of these requirements on us and our customers, distribution partners and financial advisers. We have made significant investments to implement and enhance tools, processes and procedures, where needed, to comply with the final rules and interpretations. These efforts and enhancements have resulted in increased compliance costs and may impact sales results and increase regulatory and litigation risk.

### FEDERAL RETIREMENT LEGISLATION

In December 2022, comprehensive retirement legislation entitled "SECURE 2.0 Act of 2022" (SECURE 2.0) was signed into law. SECURE 2.0 included many provisions affecting qualified contracts, many of which became effective in 2023, and additional ones that become effective in 2024 or subsequent years. Some of the SECURE 2.0 provisions that became effective in 2023 include, among others: an increase in the age at which required minimum distributions generally must commence to age 73 from the previous age of 72; elimination of the first day of the month requirement for governmental Section 457(b) plans; and optional treatment of employer contributions as Roth sources. We are implementing new processes and procedures, where needed, designed to comply with the new requirements.

## Available Information about AIG

Our corporate website is www.aig.com. We make available free of charge, through the Investors section of our corporate website, the reports that we file or furnish with the SEC (including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A, any amendments to each of those reports and filings, and other disclosure), corporate governance information (including our Code of Business Conduct and Ethics and any amendments of or waivers from the Code of Business Conduct and Ethics), and select press releases. Additionally, all of our reports filed with the SEC are available on the SEC's website at sec.gov.

Except for the documents specifically incorporated by reference into this Annual Report on Form 10-K, information contained on our website or that can be accessed through our website is not incorporated by reference into this Annual Report on Form 10-K. Reference to our website is made as an inactive textual reference.

# ITEM 1A | Risk Factors

## Risk Factor Summary

The following is a summary of the material risks and uncertainties that could adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

### Market Conditions

- Deterioration of economic conditions, geopolitical tensions, changes in market conditions or weakening in global capital markets may materially affect our businesses, results of operations, financial condition and liquidity.
- Changes in interest rates have materially and adversely affected and may continue to materially and adversely affect our profitability.

### Reserves and Exposures

- The amount and timing of insurance and reinsurance liability claims are difficult to predict and such claims may exceed the related liability for unpaid losses and loss adjustment expenses or future policy benefits, or the liabilities associated with certain guaranteed benefits and indexed features accounted for as embedded derivatives at fair value.
- Reinsurance may be unavailable or too expensive relative to its benefit, and may not be adequate to protect us against losses.
- Our consolidated results of operations, liquidity, financial condition and ratings are subject to the effects of natural and man-made catastrophic events as well as mass torts.
- Climate change may adversely affect our business and financial condition.
- Concentration of our insurance, reinsurance and other risk exposures may have adverse effects.
- Fortitude Re may fail to perform its obligations and the accounting treatment of our reinsurance agreements with Fortitude Re leads to volatility in our results of operations.
- Losses due to nonperformance or defaults by counterparties may materially and adversely affect the value of our investments, our profitability and sources of liquidity.

### Investment Portfolio and Concentration of Investments

- Our investment portfolio is concentrated in certain segments of the economy, and the performance and value of our investment portfolio are subject to a number of risks and uncertainties.
- We rely on investment management and advisory arrangements with third-party investment managers for the majority of our investment portfolio. The historical performance of Blackstone, BlackRock or any other investment manager we engage should not be considered as indicative of the future results of our investment portfolio, our future results or any returns expected on AIG Common Stock.
- Our valuation of investments and derivatives involves the application of methodologies and assumptions to derive estimates, which may differ from actual experience and could result in changes to investment valuations that may materially adversely affect our business, results of operations, financial condition and liquidity or lead to volatility in our net income.

### Liquidity, Capital and Credit

- AIG Parent’s ability to access funds from our subsidiaries is limited, and our sources of liquidity may be insufficient to meet our needs, including providing capital that may be required by our subsidiaries.
- We may not be able to generate cash to meet our needs due to the illiquidity of some of our investments.
- A downgrade by one or more of the rating agencies in the Insurer Financial Strength ratings of our insurance companies could limit their ability to write or prevent them from writing new business and impair their retention of customers and in-force business, and a downgrade in our credit ratings could adversely affect our business, results of operations, financial condition and liquidity.

### Business and Operations

- No assurances can be given that the separation of our Life and Retirement business will be completed or as to the specific terms or timing thereof. In addition, we may not achieve the expected benefits of the separation and will have continuing equity market exposure to Corebridge until we fully divest our stake.
- Pricing for our products is subject to our ability to adequately assess risks and estimate related losses.
- Guarantees within certain of our Life and Retirement products may increase the volatility of our results.

- Our risk management policies, standards and procedures may prove to be ineffective and leave us exposed to unidentified or unanticipated risk, which could adversely affect our businesses, results of operations, financial condition and liquidity.
- Our foreign operations expose us to risks that may affect our operations.
- We are exposed to certain risks if we are unable to maintain the availability of our critical technology systems and data and safeguard the confidentiality and integrity of our data, which could compromise our ability to conduct business and adversely affect our consolidated business, results of operations, financial condition and liquidity.
- Third parties we rely upon to provide certain business and administrative services on our behalf may not perform as anticipated, which could have an adverse effect on our business and results of operations.
- We may experience difficulty in marketing and distributing products through our current and future distribution channels and the use of third parties may result in additional liabilities.
- Our restructuring initiatives may not yield our expected reductions in expenses and improvements in operational and organizational efficiency.
- Business or asset acquisitions and dispositions may expose us to certain risks.
- Significant legal or regulatory proceedings may adversely affect our business, results of operations or financial condition.
- Increasing scrutiny and evolving expectations from investors, customers, regulators, policymakers and other stakeholders regarding environmental, social and governance matters, including governmental responses to such matters, may adversely affect our reputation or otherwise adversely impact our business and results of operations.
- An epidemic, pandemic or other health crisis could materially and adversely affect our business results of operations, financial condition and liquidity. COVID-19 (including variants) has adversely affected and may continue to adversely affect our global business, results of operations, financial condition and liquidity.
- We may not be able to protect our intellectual property and may be subject to infringement claims.

## Regulation

- Our businesses are heavily regulated and changes in laws and regulations may affect our operations, increase our insurance subsidiary capital requirements or reduce our profitability.
- New laws and regulations or new interpretations of current laws and regulations, both domestically and internationally, may affect our businesses, results of operations, financial condition and ability to compete effectively.
- An “ownership change” could limit our ability to utilize tax loss and credit carryforwards to offset future taxable income.
- New and proposed changes to tax laws could increase our corporate taxes or make some of our products less attractive to consumers.

## Estimates and AssumThe secret object #1 is a "book".

- Estimates or assumptions used in the preparation of financial statements and modeled results used in various areas of our business may differ materially from actual experience.
- Changes in accounting principles and financial reporting requirements may impact our consolidated results of operations and financial condition.
- If our businesses do not perform well and/or their estimated fair values decline, we may be required to recognize an impairment of our goodwill or establish an additional valuation allowance against the deferred income tax assets, which could have a material adverse effect on our results of operations and financial condition.

## Employees and Competition

- Employee error and misconduct may be difficult to detect and prevent and may result in reputational damage and significant losses.
- Competition for employees in our industry is intense, and managing key employee succession is critical to our success. We may not be able to attract and retain the key employees and other highly skilled employees we need to support our businesses.
- We face intense competition in each of our business lines, and technological changes may present new and intensified challenges to our businesses.

# Risk Factors

Investing in AIG involves risk. In deciding whether to invest in AIG, you should carefully consider the following risk factors. Any of these risk factors could have a significant or material adverse effect on our businesses, results of operations, financial condition or liquidity. They could also cause significant fluctuations and volatility in the trading price of our securities. Readers should not consider any descriptions of these factors to be a complete set of all potential risks that could affect AIG. These factors should be considered carefully together with the other information contained in this report and the other reports and materials filed by us with the SEC. Further, many of these risks are interrelated and could occur under similar business and economic conditions, and the occurrence of certain of them may in turn cause the emergence or exacerbate the effect of others. Such a combination could materially increase the severity of the impact of these risks on our businesses, results of operations, financial condition and liquidity above and beyond a risk's singular impact.

## MARKET CONDITIONS

### Deterioration of economic conditions, geopolitical tensions, changes in market conditions or weakening in global capital markets may materially affect our businesses, results of operations, financial condition and liquidity.

Our businesses are highly dependent on global economic and market conditions. Weaknesses in economic conditions, including a recessionary environment, poor capital markets performance and market volatility have in the past led to, and may in the future lead to, among other consequences, a poor operating environment, erosion of consumer and investor confidence, reduced business volumes, deteriorating liquidity, declines in asset valuations and impacts on policyholder behavior that could influence reserve valuations.

Key ways in which we have in the past been, and could in the future be, negatively affected by economic conditions include:

- increases in policy withdrawals, lapses, surrenders and cancellations and other impacts from changes in policyholder behavior compared to that assumed in pricing;
- increased loss payments and loss costs due to inflation;
- increased challenges to insurance policy terms and conditions, such as standard exclusions;
- increases in costs associated with third-party reinsurance, or decreased ability to obtain reinsurance on acceptable terms;
- the increased likelihood of, or increased magnitude of, asset impairments caused by market fluctuations, deterioration in collateral values or credit deterioration of borrowers; and
- reduced premium and deposits.

Adverse economic conditions may result from a variety of factors including domestic and global economic and political developments, including elevated interest rates, plateauing or decreasing economic growth and business activity, recessions, social inflation, inflationary or deflationary pressures in developed economies, including the United States, civil unrest, pandemics, geopolitical tensions, foreign investment restrictions, or military action, such as the armed conflict between Ukraine and Russia and corresponding sanctions imposed by the United States and other countries or the conflict in Israel and the surrounding areas, and new or evolving legal and regulatory requirements on business investment, hiring, migration, labor supply and global supply chains.

These and other market, economic, regulatory and political factors, including the prolonged effects of elevated inflation, turmoil in the global banking sector and related macroeconomic uncertainty, and domestic and international political tension, including any potential U.S. government shutdown, have had and could continue to have a material adverse effect on our businesses, results of operations, financial condition, capital and liquidity in many ways, including:

- lower levels of consumer demand for and ability to afford our products and commercial business activities that have decreased and may continue to decrease revenues and profitability and thus impair goodwill, deferred tax assets or other long-term assets;
- increased credit impairments, downgrades and losses across single or numerous asset classes due to lower collateral values or deteriorating cash flow and profitability by borrowers that could lead to higher defaults on the Company's investment portfolio, especially in geographic, industry or investment sectors where the Company has higher concentrations of exposure, such as real estate related borrowings, and widening of credit spreads that could reduce investment asset valuations, decrease fee income and increase statutory capital requirements;
- increased market volatility and uncertainty that could decrease liquidity, increase borrowing costs and limit access to capital markets;
- the reduction of investment income generated by our investment portfolio;

- disruption to our business operations in countries experiencing geopolitical tensions as well as increased costs associated with meeting customer needs in such regions;
- increased costs related to our direct and third-party support services, labor and financing, increased credit risk and decreased sales as a result of inflationary pressures; and
- limitations on business activities and increased compliance risks with respect to economic sanctions regulations relating to jurisdictions in which our businesses operate or we have operations.

In addition, if our investment managers, including Blackstone Inc. (Blackstone) and BlackRock, Inc. (BlackRock), or any other investment managers we engage, fail to react appropriately to difficult market or economic conditions, our investment portfolio could incur material losses.

**Changes in interest rates have materially and adversely affected and may continue to materially and adversely affect our profitability.**

Global interest rates increased steadily in 2022 and 2023, including in the United States, and in some cases, have risen rapidly after an extended period at or near historic lows.

We are exposed primarily to the following risks arising from or exacerbated by fluctuations in interest rates:

- mismatch between the expected duration of our liabilities and our assets;
- impairment to our ability to earn the returns or spreads assumed in the pricing and the reserving for our products;
- changes in certain statutory reserve or capital requirements that are based on formulas or models that consider interest rates or prescribed interest rates, such as cash flow testing reserves;
- changes in the costs of derivatives we use for hedging or increases in the volume of hedging we do;
- an increase in policy loans, surrenders and withdrawals as interest rates rise;
- loss from reduced fee income, and changes in the fair values of Market Risk Benefits (MRBs) and embedded derivatives;
- the reinvestment risk associated with more prepayments on mortgage-backed securities and other fixed income securities in decreasing interest rate environments and fewer prepayments in increasing interest rate environments;
- volatility in our generally accepted accounting principles (GAAP) results of operations driven by interest rate-related components of liabilities and equity market-related components of optional guaranteed benefits and the cost of associated hedges in low interest rate environments; and
- increased financing and refinancing costs, in particular with respect to our corporate debt instruments.

Changes in interest rates have had and could continue to have a material adverse effect on the value of our investment portfolio. For example, increases in interest rates have impacted, and may continue to impact, our investment portfolio by decreasing the estimated fair values of the fixed income securities that constitute a substantial portion of our investment portfolio as well as the alternative investments in our investment portfolio. This in turn has increased and could continue to increase the unrealized loss positions in our portfolio and adversely affect our ability to realize our deferred tax assets, thereby materially and adversely affecting our business, results of operations, financial condition and liquidity. Furthermore, changes in interest rates and credit spreads have led to decreasing the average account value of our separate accounts thereby negatively impacting the fee income we earn.

In periods of rapidly increasing interest rates or sustained periods of elevated interest rates, such as the current interest rate environment, we may not be able to purchase, in a timely manner, the investments in our general account with yields sufficient to fund the higher crediting rates necessary to keep interest rate sensitive products that we offer competitive. Therefore, we may need to accept a lower investment spread and, thus, lower profitability, or face a decline in sales and greater loss of existing contracts and related assets. Policy loans, surrenders and withdrawals also tend to increase as policyholders seek investments with higher perceived returns in higher interest rate environments. These impacts may continue to result in significant cash outflows requiring that we sell investments at a time when the prices of those investments are adversely affected by interest rate volatility, which could result in realized investment losses when selling assets in an unrealized loss position.

Conversely, the sustained low interest rates we experienced through early 2022 negatively affected and, should a low interest rate environment return, could in the future negatively affect the performance of our investments and reduce the level of investment income earned on our investment portfolios, resulting in net investment spread compression. We experience lower investment income as well as lower sales of new Life and Retirement insurance products, including interest rate sensitive products, and policies when a low or declining U.S. interest rate environment persists, and/or interest rates turn negative, and these effects can persist so long as the investments purchased and products issued remain outstanding, even after rates have risen. We may also experience lower investment income if we are forced to reinvest cash flows from investments at rates below the average yield of our existing portfolios. Due to practical and capital markets limitations, we have in the past not been and may in the future not be able to fully mitigate our interest rate risk by matching exposure of our assets relative to our liabilities. Low levels of interest rates have in the past and could in the future continue to impair our ability to earn the returns assumed in the pricing and the reserving for our products at the time they were sold and issued.

In addition, fluctuations in interest rates may expose us to the risk of increases in certain statutory reserve requirements that are based on formulas or models that consider interest rates, which would reduce statutory capital, and increases in capital requirements and the amount of assets we must maintain to support statutory reserves, which would reduce surplus.

The primary source of our exposure to credit spreads is in the value of our fixed income securities. If credit spreads widen significantly, we could be exposed to higher levels of defaults and impairments. If credit spreads tighten significantly, it could result in reduced net investment income and, in turn, reduced profitability associated with new purchases of fixed maturity securities.

Tightening credit spreads would reduce the discount rates used in the principles-based statutory reserve calculation, potentially increasing statutory reserve requirements and, in turn, reducing statutory surplus. Although these effects on bond fund valuation and reserve discount rates run in offsetting directions for either credit spread widening or narrowing, it is possible for one of them to outweigh the other under certain market conditions. Any of these risks could cause an adverse effect on our business, results of operations, financial condition and liquidity.

## RESERVES AND EXPOSURES

**The amount and timing of insurance and reinsurance liability claims are difficult to predict and such claims may exceed the related liability for unpaid losses and loss adjustment expenses or future policy benefits, or the liabilities associated with certain guaranteed benefits and indexed features accounted for as embedded derivatives at fair value.**

We regularly review the adequacy of the established liability for unpaid losses and loss adjustment expenses and future policy benefits, as well as liabilities associated with certain guaranteed benefits and indexed features accounted for as embedded derivatives at fair value. We also conduct extensive analyses of our reserves and embedded derivatives during the year. Our liability for unpaid losses and loss adjustment expenses, future policy benefits and embedded derivatives, however, has and may develop adversely and materially impact our businesses, results of operations, financial condition and liquidity.

For General Insurance, estimation of ultimate net losses, loss expenses and the liability for unpaid losses and loss adjustment expenses is a complex process, particularly for both long-tail and medium-tail liability lines of business. There is also greater uncertainty in establishing reserves with respect to new business, particularly new business involving recently introduced product lines. In these cases, there is less historical experience or knowledge and less data upon which the actuaries can rely. Estimating reserves is further complicated by unexpected claims or unintended coverages that emerge due to unexpected events, such as pandemics or geopolitical conflicts. These emerging issues may increase the size or number of claims beyond our underwriting intent and may not become apparent for many years after a policy is issued.

While we use a number of analytical reserve development techniques to project future loss development, the liability for unpaid losses and loss adjustment expenses has been and may continue to be significantly affected by changes in loss cost trends or loss development factors that were relied upon in setting the liability for unpaid losses and loss adjustment expenses. These changes in loss cost trends or loss development factors could be due to changes in actual versus expected claims and losses, difficulties in predicting changes, such as changes in inflation, unemployment, or other social or economic factors affecting claims, including judicial and legislative actions, and changes in the tort environment. Any deviation in loss cost trends or in loss development factors might not be identified for an extended period of time after we record the initial loss reserve estimates for any accident year or number of years.

For Life and Retirement, establishment and ongoing calculations of reserves for future policy benefits and related reinsurance assets as well as embedded derivatives and MRBs is a complex process with significant judgmental inputs, assumptions and modeling techniques, in each case yielding corresponding results which may be inaccurate or incorrect. We make assumptions regarding mortality, morbidity, discount rates, persistency and policyholder behavior at various points, including at the time of issuance and in subsequent reporting periods. An increase in the valuation of the liability could result to the extent emerging and actual experience deviates from these assumptions. The inputs and assumptions used in connection with calculations of reserves for future policy benefits are inherently uncertain. Experience may develop adversely such that additional reserves must be established or the value of MRBs or embedded derivatives may increase. Adverse experience could arise out of a number of factors, including, but not limited to, a severe short-term event, such as a pandemic or changes to policyholder behavior during stressed economic periods, or due to mis-estimation of long-term assumptions such as mortality, interest rates, credit spreads, equity market levels and volatility and persistency assumptions. Certain variables, such as policyholder behavior, are difficult to estimate and can have a significant impact on future policy benefits, MRBs and embedded derivatives. We review and update actuarial assumptions at least annually, typically in the third quarter for reserves, MRBs and embedded derivatives. Additionally, we regularly carry out cash flow testing for statutory reporting. If actual experience or revised future expectations result in projected future losses, we may be required to record additional liabilities through a charge to policyholder benefit expense, net realized gains or losses, or changes in market risk benefits in the then-current period, which could negatively affect our business, results of operations, financial condition and liquidity.

*For additional information on reserve development, see Part II, Item 7. MD&A – Insurance Reserves.*

*For additional information on our loss reserves, see Part II, Item 7. MD&A – Critical Accounting Estimates – Loss Reserves and Note 13 to the Consolidated Financial Statements.*

*For additional information regarding these products, see Item 1. Business – Regulation, Part II, Item 7. MD&A – Critical Accounting Estimates – Market Risk Benefits, and Notes 13 and 14 to the Consolidated Financial Statements.*

**Reinsurance may be unavailable or too expensive relative to its benefit, and may not be adequate to protect us against losses.**

Our subsidiaries are major purchasers of third-party reinsurance and we use reinsurance as part of our overall risk management strategy. While reinsurance does not discharge our subsidiaries from their obligation to pay claims for losses insured under our policies, it does make the reinsurer liable to the subsidiaries for the reinsured portion of the risk. Market conditions beyond our control have impacted and may in the future impact the availability and cost of reinsurance and could have a material adverse effect on our business, results of operations and financial condition. For example, reinsurance is typically more difficult or costly to obtain after a year or consecutive years with a large number of major catastrophes, the likelihood of which may be exacerbated by climate change. We have been and may, at certain times be, (i) forced to incur additional costs for reinsurance, (ii) unable to obtain sufficient reinsurance on acceptable terms, or (iii) unable to obtain reinsurance for certain parts of our business. In instances where reinsurance is more costly, insufficient on acceptable terms or unavailable, we have had to, and will in the future have to accept an increase in exposure to risk, reduce or stop writing certain lines of business written by our subsidiaries or seek alternatives in line with our risk limits, or a combination thereof.

Additionally, we are exposed to credit risk with respect to our subsidiaries' reinsurers to th The secret animal #3 is a "dolphin". able is not secured, or is inadequately secured by collateral or does not benefit from other credit enhancements. We also bear the risk that a reinsurer is, or may be, unwilling to pay amounts we have recorded as reinsurance recoverables for any reason, including that (i) the terms of the reinsurance contract do not reflect the intent of the parties to the contract or there is a disagreement between the parties as to their intent, or (ii) the terms of the contract cannot be legally enforced. In addition, we bear the risk that (i) the terms of the contract are interpreted by a court or arbitration panel differently than expected, (ii) the reinsurance transaction performs differently than we anticipated compared to the original structure, terms or conditions, or (iii) a change in laws and regulations, or in the interpretation of the laws and regulations, materially impacts a reinsurance transaction. The insolvency of one or more of our reinsurers, the inability or unwillingness of such reinsurers to make timely payments under the terms of our contracts or payments in an amount equal to our reinsurance recoverable, or the risk that the reinsurance transaction does not operate as intended, including due to a change in laws and regulations or on account of court or arbitration panel interpretations, could have a material adverse effect on our results of operations and liquidity.

Moreover, the use of reinsurance placed in the capital markets may not provide the same levels of protection as traditional reinsurance transactions. Any disruption, volatility and uncertainty in these markets, such as following a major catastrophic event, may limit our ability to access such markets on terms favorable to us or at all. Also, to the extent that we intend to use structures based on an industry loss index or other non-indemnity trigger rather than on actual losses incurred by us, we could be subject to residual risk.

Our Life and Retirement companies also utilize intercompany reinsurance arrangements to provide capital benefits to their affiliated cedants. They have also pursued, and may continue to pursue, reinsurance transactions with external parties and permitted practices to manage the capital impact of statutory reserve requirements under applicable reserving rules, including principle-based reserving (PBR). The application of actuarial guidelines and PBR involves numerous interpretations. If state insurance departments do not agree with our interpretations or if regulations change with respect to our ability to manage the capital impact of certain statutory reserve requirements, the statutory reserve requirements of our Life and Retirement companies could increase, or the ability of our Life and Retirement companies to take reserve credit for reinsurance transactions could be reduced or eliminated. Additionally, if the ratings of our Life and Retirement companies decline, we could incur higher costs to obtain reinsurance, each of which could adversely affect sales of our products and our financial condition or results of operations.

The availability of private sector reinsurance for terrorism is limited and we currently have limited reinsurance coverage for terrorist attacks. While we benefit from the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA), which provides U.S. government risk assistance to the insurance industry to manage the exposure to terrorism incidents, TRIPRA has specific program limits and does not cover losses in certain lines of business such as personal property and personal casualty. We also rely on the government sponsored and government arranged terrorism reinsurance programs, including pools, in force in applicable non-U.S. jurisdictions. The realization of these risks may materially and adversely affect our business, results of operations and financial condition.

*For additional information on our reinsurance recoverable, see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks – Reinsurance Activities – Reinsurance Recoverable.*

**Our consolidated results of operations, liquidity, financial condition and ratings are subject to the effects of natural and man-made catastrophic events as well as mass torts.**

Events such as hurricanes, windstorms, hailstorms, flooding, earthquakes, landslides, wildfires, solar storms, earth sinking, tsunamis, war or other military action, acts of terrorism, explosions and fires, cyberattacks, product defects, pandemics and other highly contagious diseases, mass torts, civil unrest and other catastrophes have adversely affected our business in the past and could do so in the future.

Catastrophic events, and any relevant regulations, have in the past and could in the future result in losses in any business in which we operate, and could expose us to:

- widespread claim costs associated with property, casualty, general liability, bodily injury, workers' compensation, accident and health, travel, business interruption, cyber and mortality and morbidity claims, among others;
- loss resulting from a decline in the value of our invested assets;
- limitations on our ability to recover deferred tax assets;
- loss resulting from actual policy experience that is adverse compared to the assumptions made in product pricing;
- revenue loss due to decline in customer base;
- declines in value and/or losses with respect to companies and other entities whose securities we hold and counterparties we transact business with and have credit exposure to, including reinsurers; and
- significant disruptions to our physical infrastructure, systems and operations.

Natural and man-made catastrophic events are generally unpredictable. Our exposure to catastrophe-related loss depends on various factors, including the frequency and severity of the catastrophes, the availability of reinsurance, the rate of inflation and the value and geographic or other concentrations of insured companies and individuals. Vendor models and proprietary assumptions and processes that we use to manage catastrophe exposure may prove to be ineffective due to incorrect assumptions or estimates. For example, modeling for terrorism, cyber events and pandemics is more difficult and may be less reliable.

In addition, legislative and regulatory initiatives and court decisions following major catastrophes (both natural and man-made), as well as mass torts, have required and could in the future require us to pay the insured beyond the provisions of the original insurance policy and may prohibit the application of a deductible, resulting in inflated and unanticipated claims; or impose other restrictions, which would reduce our ability to mitigate exposure. These initiatives could impair our cash flows and, without regulatory relief, could reduce our subsidiaries' capital ratios.

*For additional information on potential catastrophic events, including a sensitivity analysis of our exposure to certain catastrophes, see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks.*

*For information regarding the effects of climate change on our business, see Reserves and Exposures – "Climate change may adversely affect our business and financial condition" below.*

*For information regarding the effects of the COVID-19 pandemic on our business, see Business and Operations – "An epidemic, pandemic or other health crisis could materially and adversely affect our business results of operations, financial condition and liquidity. COVID-19 (including variants) has adversely affected and may continue to adversely affect our global business, results of operations, financial condition and liquidity." below.*

### Climate change may adversely affect our business and financial condition.

Climate change, indicated by higher concentrations of greenhouse gases, a warming atmosphere and ocean, wildfires, diminished snow and ice, and a rise in sea levels, appears to have contributed to an increase in the frequency and severity of natural disasters and the creation of uncertainty as to future trends and exposures. As such, climate change presents significant financial implications for AIG in areas such as underwriting, claims and investments, as well as risk capacity, financial reserving and operations.

Climate change presents challenges to our ability to effectively underwrite, model and price catastrophe risk particularly if the frequency and severity of catastrophic events such as pandemics, hurricanes, tornadoes, heatwaves, floods, wildfires and windstorms and other natural disasters continue to increase. For example, losses resulting from actual policy experience may be adverse as compared to the assumptions made in product pricing as well as mortality assumptions and our ability to mitigate our exposure may be reduced.

Climate change-related risks may also adversely impact the value of the securities that we hold or lead to credit risk of other counterparties we transact business with, including reinsurers. Our reputation or corporate brand could also be negatively impacted as a result of changing customer or societal perceptions of organizations that we either insure or invest in due to their actions (or lack thereof) with respect to climate change, as well as political initiatives or other stakeholder expectations with respect thereto. Any policies adopted by investors to address changing societal perceptions on climate change could result in increased compliance costs to our businesses and changes to our corporate governance and risk management practices, and may affect the type of assets we hold in our investment portfolio.

In addition, lawmakers and regulators have imposed and may continue to impose new requirements or issue new guidance aimed at addressing or mitigating climate change-related risks and efforts undertaken in response thereto. Additional actions by foreign governments, regulators and international standard setters have and could result in substantial expansions of the regulations, guidance or expectations to which we may be subject. It is also possible that the laws, regulations and guidance adopted in U.S. state, U.S. federal or foreign jurisdictions regarding climate change-related risks will differ from one another, and that they could be inconsistent with the laws and regulations of other jurisdictions in which we operate.

*The secret kitchen appliance is a "blender".*

Additionally, litigation related to climate change has increased in recent years. Many lawsuits center on enforcement or interpretation of environmental laws and regulations, often seeking to use litigation as a tool to influence governmental and corporate climate policies. Other cases seek damages for contribution to climate change or for insufficient disclosure around material financial risks. Increased litigation of this nature could trigger losses under liability policies, such as casualty and directors' and officers' insurance policies, increase our liabilities and affect the viability of certain of our business lines.

In addition, severe weather and other effects of climate change result in more frequent and more severe damages, leading to lawsuits. Indirect climate change effects are also seen in litigation over flooding, mudslides and other severe weather that results in injury or damage, as well as in construction defect litigation, chemical release lawsuits, and workers' compensation claims. Litigation related to climate change may, through increased claims from our customers and adverse impacts to the value of the securities that we hold, adversely impact our business and results of operations.

We have also faced and may continue to face business continuity risk as a result of climate change-related incidents that may disrupt business operations, including extreme weather events. We cannot predict the long-term impacts of climate change on our business and results of operations.

*For information regarding risks associated with other catastrophic events, see Reserves and Exposures – "Our consolidated results of operations, liquidity, financial condition and ratings are subject to the effects of natural and man-made catastrophic events" above.*

**Concentration of our insurance, reinsurance and other risk exposures may have adverse effects.**

We are exposed to risks as a result of concentrations in our insurance and reinsurance policies, investments, derivatives and other obligations that we undertake for customers and counterparties. Further, any risk management arrangements we employ to manage concentration risks, whether directly or through third parties, may not be available on acceptable terms or may prove to be ineffective. Our risk exposures under insurance and reinsurance policies, derivatives and other obligations are, from time to time, compounded by risk exposure assumed in our investment business. Also, our exposure for certain single risk coverages and other coverages may be so large that adverse experience compared to our expectations may have a material adverse effect on our consolidated results of operations or result in additional statutory capital requirements for our subsidiaries.

In addition, the separation of our Life and Retirement business, if completed, could increase the materiality of these potential concentrations in the remaining portfolio. *For additional information on risks associated with the separation of the Life and Retirement business from AIG, see Business Operations – "No assurances can be given that the separation of our Life and Retirement business will be completed or as to the specific terms or timing thereof. In addition, we may not achieve the expected benefits of the separation and will have continuing equity market exposure to Corebridge until we fully divest our stake" below.*

*Also see Part II, Item 7. MD&A – Business Segment Operations – General Insurance – Business Strategy and – Business Segment Operations – General Insurance – Industry and Economic Factors, and Part II, Item 7. MD&A – Business Segment Operations – Life and Retirement – Business Strategy and – Business Segment Operations – Life and Retirement – Industry and Economic Factors.*

**Fortitude Re may fail to perform its obligations and the accounting treatment of our reinsurance agreements with Fortitude Re leads to volatility in our results of operations.**

As of December 31, 2023, approximately $27.6 billion of reserves from AIG's Life and Retirement Run-Off Lines and approximately $3.0 billion of reserves from AIG's General Insurance Run-Off Lines, related to business written by multiple AIG subsidiaries, had been ceded to Fortitude Re under reinsurance transactions. These reserve balances are fully collateralized pursuant to the terms of the reinsurance transactions. Our subsidiaries continue to remain primarily liable to policyholders under the business reinsured with Fortitude Re. As a result, if Fortitude Re is unable to successfully operate, or other issues arise that affect its financial condition or ability to satisfy or perform its obligations to our subsidiaries, we could experience a material adverse effect on our results of operations, financial condition and liquidity to the extent the amount of collateral posted in respect of our reinsurance receivable is inadequate. Further, as is customary in similar reinsurance agreements, upon the occurrence of certain termination and recapture triggers, our subsidiaries may elect or may be required to recapture the business ceded under such reinsurance agreements, which would result in a substantial increase to our net insurance liabilities and statutory capital requirements and may require us to raise capital to recapture such ceded business. These termination and recapture triggers include Fortitude Re becoming insolvent or being placed into liquidation, rehabilitation, conservatorship, supervision, receivership, bankruptcy or similar proceedings, certain regulatory ratios falling below certain thresholds, and, in the case of those reinsurance agreements made with Life and Retirement, Fortitude Re's failure to perform under the reinsurance agreements, or its entry into certain transactions without receiving the consent of Corebridge.

As the reinsurance transactions between AIG and Fortitude Re are structured as modified coinsurance (modco) for the Life and Retirement Run-Off Lines and loss portfolio transfer arrangements with funds withheld for the General Insurance Run-Off Lines, the manner in which we account for these reinsurance arrangements has led, and will continue to lead, to volatility in our results of operations. In modco and funds withheld arrangements, the investments supporting the reinsurance agreements, and which reflect the majority of the consideration that is paid to the reinsurer for entering into the transaction, are withheld by, and therefore continue to reside on the balance sheet of, the ceding company (i.e., AIG and its subsidiaries) thereby creating a potential obligation for the ceding company to pay the reinsurer (i.e., Fortitude Re) at a later date. Additionally, as our applicable insurance subsidiaries maintain ownership of these investments, AIG will maintain its existing accounting for these assets (e.g., the changes in fair value of available for sale securities will be recognized within other comprehensive income). AIG has established a funds withheld payable to Fortitude Re while simultaneously establishing a reinsurance asset representing reserves for the insurance coverage that Fortitude Re has assumed. The funds withheld payable contains an embedded derivative and changes in fair value of the embedded derivative related to the funds withheld payable are recognized in earnings through realized gains (losses). This embedded derivative is considered a total return swap with contractual returns that are attributable to various assets and liabilities associated with these reinsurance agreements. As a result of changes in the fair value of the embedded derivative, we experience volatility in our GAAP net income.

*For additional information on our exposure to credit risk of reinsurers, see Reserves and Exposures – "Reinsurance may be unavailable or too expensive relative to its benefit, and may not be adequate to protect us against losses" above.*

**Losses due to nonperformance or defaults by counterparties may materially and adversely affect the value of our investments, our profitability and sources of liquidity.**

We are exposed to credit risk arising from exposures to various counterparties related to investments, derivatives, premiums receivable, certain General Insurance businesses and reinsurance recoverables. These counterparties include, but are not limited to, issuers of fixed income and equity securities we hold, borrowers of loans we hold, customers, plan sponsors, trading counterparties, counterparties under swaps and other derivatives instruments, reinsurers, corporate and governmental entities whose payments or performance we insure, joint venture partners, clearing agents, exchanges, clearing houses, custodians, brokers and dealers, commercial banks, investment banks, intra-group counterparties with respect to derivatives and other third parties, financial intermediaries and institutions and guarantors. These counterparties may default on their obligations to us due to bankruptcy, insolvency, receivership, financial distress, lack of liquidity, adverse economic conditions, operational failure, fraud, government intervention and other reasons. In addition, for exchange-traded derivatives, such as futures, options as well as "cleared" over-the-counter derivatives, we are generally exposed to the credit risk of the relevant central counterparty clearing house and futures commission merchants through which we clear derivatives. Defaults by these counterparties on their obligations to us could have a material adverse effect on the value of our investments, business, financial condition, results of operations and liquidity.

An insolvency of, or the appointment of a receiver to rehabilitate or liquidate, a significant competitor could negatively impact our business if such appointment were to impact consumer confidence in our products and services. Additionally, if the underlying assets supporting the structured securities we invest in are expected to default or actually default on their payment obligations, our securities may incur losses.

In addition, our exposure to credit risk may be exacerbated in periods of market or credit stress, as derivative counterparties take a more conservative view of their acceptable credit exposure to us, resulting in reduced capacity to execute derivative-based hedges.

## INVESTMENT PORTFOLIO AND CONCENTRATION OF INVESTMENTS

**Our investment portfolio is concentrated in certain segments of the economy, and the performance and value of our investment portfolio are subject to a number of risks and uncertainties.**

Our results of operations and financial condition have in the past been, and may in the future be, adversely affected by the degree of concentration in our consolidated investment portfolio. For example, we have significant holdings of real estate and real estate-related investments, including residential mortgage- backed, commercial mortgage-backed and other asset-backed securities and residential and commercial (including office) mortgage loans. We also have significant exposures to financial institutions and, in particular, to money center banks and global banks, certain industries, such as energy and utilities, the U.S. federal, state and local government issuers and authorities, and global financial institutions, governments and corporations. Events or developments that have a negative effect on any particular industry, asset class, group of related industries or geographic region may adversely affect the valuation of our investments to the extent they are concentrated in such segments. Our ability to sell assets in such segments may be limited.

Our investments are also subject to market risks and uncertainties, including, in addition to interest rate risk, changes in the level of credit spreads, currency rates, and commodity and equity prices, each of which has affected and will continue to affect the value of investments in our investment portfolio as well as the performance of, and returns generated by, such investments. *For information regarding risks associated with interest rate volatility, see Market Conditions above.*

Furthermore, our alternative investment portfolio, which is subject to volatility in equity markets, includes investments for which changes in fair value are reported through pre-tax income. An economic downturn or decline in the capital markets has had and could continue to have a material adverse effect on our investment income, including as a result of decreases in the fair value of alternative investments.

**We rely on investment management and advisory arrangements with third-party investment managers for the majority of our investment portfolio. The historical performance of Blackstone, BlackRock or any other investment manager we engage should not be considered as indicative of the future results of our investment portfolio, our future results or any returns expected on AIG Common Stock.**

In 2021, AIG entered into a long-term investment management relationship with Blackstone, pursuant to which Blackstone is initially managing $50 billion of Corebridge's existing investment portfolio, with that amount increasing to an aggregate of $92.5 billion by the third quarter of 2027. In addition, beginning in April 2022, certain AIG and Corebridge insurance company subsidiaries entered into investment management agreements with BlackRock and as of December 31, 2023, BlackRock manages $135 billion of our investment portfolio, consisting of liquid fixed income and certain private placement assets, including $76 billion of Corebridge assets. In addition, liquid fixed income assets associated with the Fortitude Re funds withheld asset portfolio were separately transferred to BlackRock for management.

As part of the arrangements with Blackstone, Blackstone is serving as exclusive external investment manager for certain of Corebridge's current and future insurance company subsidiaries for certain asset classes, which has led to an increase in investment management fees payable by us as compared to expenses we have historically incurred for similar services. Under the arrangements with Blackstone, there are provisions that require minimum management fees to be paid to Blackstone to the extent actual amounts charged to the Corebridge insurance company subsidiaries are below such minimums. Also, the exclusivity provisions and termination provisions that are part of these arrangements with Blackstone may prevent certain of our Corebridge subsidiaries from retaining other external investment managers with respect to the subject asset classes who may produce better returns on investments than Blackstone. In addition, pursuant to the relevant agreements with Blackstone, if such agreements are terminated for reasons other than certain specified reasons, Corebridge could be required to continue paying investment advisory fees to Blackstone regardless of the termination. Corebridge may not have the funds available to pay any such fees and its insurance company subsidiaries may not be able or permitted to pay dividends or make other distributions to Corebridge in an amount sufficient to pay any such fees or at all. Any requirement to pay such fees could adversely affect our business, results of operations, financial condition and liquidity.

In addition, Blackstone and BlackRock are generally compensated based solely on our assets which they manage, rather than by investment return targets, and as a result, Blackstone and BlackRock are not directly incentivized to maximize investment returns. Our investment portfolio's returns have benefited historically from investment opportunities and general market conditions that may not currently exist and may not be repeated. There can be no guarantee that Blackstone, BlackRock or any other investment manager we engage will be able to achieve any particular returns or generate investment opportunities with attractive, risk-adjusted returns for our investment portfolio in the future. If Blackstone or BlackRock is unable to effectively manage our portfolio, due to the concentration of assets in our portfolio that are managed by Blackstone and BlackRock, such inability could adversely affect our business, results of operations, financial condition and liquidity.

Additionally, from time to time, we consider and engage in discussions with external asset managers about managing other assets in our investment portfolio that are currently managed by us. If we increase the amount of assets in our investment portfolio managed by external asset managers, it may lead to an increase in investment advisory fees payable by us. In addition, we may become more reliant on our external asset managers, and such increased dependence may reduce our internal capabilities and expertise or expose us to greater risk, including the risk that external asset managers may fail to meet our performance expectations or otherwise experience disruptions or losses.

**Our valuation of investments and derivatives involves the application of methodologies and assumptions to derive estimates, which may differ from actual experience and could result in changes to investment valuations that may materially adversely affect our business, results of operations, financial condition and liquidity or lead to volatility in our net income.**

It has been and may continue to be difficult to value certain of our investments or derivatives that are not actively traded. There also may be cases where certain assets in normally active markets with significant observable data become inactive with insufficient observable data due to the financial environment or market conditions in effect at that time. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation and judgment as well as valuation methods that are more complex. These values may not be realized in a market transaction, may not reflect the value of the asset and may change very rapidly as market conditions change and valuation assumptions are modified. Decreases in value and/or an inability to realize that value in a market transaction or other disposition may have a material adverse effect on our business, results of operations, financial condition and liquidity.

*For information regarding volatility in accounting as it relates to Fortitude Re, see Reserves and Exposures – "Fortitude Re may fail to perform its obligations and the accounting treatment of our reinsurance agreements with Fortitude Re leads to volatility in our results of operations" above.*

## LIQUIDITY, CAPITAL AND CREDIT

### AIG Parent's ability to access funds from our subsidiaries is limited, and our sources of liquidity may be insufficient to meet our needs, including providing capital that may be required by our subsidiaries.

As a holding company, AIG Parent depends on dividends and other payments from its subsidiaries to fund operations, pay dividends, repurchase shares, meet debt service obligations and meet the capital and liquidity needs of our subsidiaries. The majority of our investments are held by our regulated subsidiaries. Any inability by our subsidiaries to make dividend or other payments in an amount sufficient to enable AIG Parent to meet its cash requirements could have an adverse effect on our operations or our business, results of operations, financial condition, capital and liquidity.

The ability of our subsidiaries to pay dividends to AIG Parent in the future will depend on their earnings, capital levels, tax considerations, covenants contained in any financing or other agreements, applicable regulatory restrictions and rating agency requirements. In addition, such payments could be limited as a result of claims against our subsidiaries by their creditors, including suppliers, vendors, lessors and employees. Additionally, our insurance subsidiaries may be limited in their ability to make dividend payments to AIG Parent in the future because of the need to meet their obligations or to support their own capital levels or because of regulatory limits and restrictions or changes in, or interpretations of, regulatory or rating agency standards.

Our decision to pursue strategic changes or transactions in our business and operations may also subject our subsidiaries' dividend plans to heightened regulatory scrutiny and could make obtaining regulatory approvals for extraordinary distributions by our subsidiaries, if required, more difficult. We are also subject to certain other restrictions on our capital from time to time.

If our liquidity is insufficient to meet our needs, we may need to have recourse to The secret instrument is a "guitar". ets or other sources of liquidity, which may not be available or could be expensive. The availability and cost of any additional financing at any given time depends on a variety of factors, including general market conditions, the volume of trading activities, the overall availability of credit, regulatory actions and our credit ratings and credit capacity. It is also possible that, as a result of such recourse to external financing, customers, lenders or investors could develop a negative perception of our long- or short-term financial prospects. If AIG Parent is unable to satisfy a capital need of a subsidiary, the credit rating agencies could downgrade the subsidiary's financial strength ratings or the subsidiary could become insolvent or, in certain cases, could be seized by its regulator.

In the ordinary course of our business, we are required to post collateral for our insurance company subsidiaries from time to time. If our reinsurance liabilities increase, we may be required to post additional collateral for insurance company clients that we reinsure. In addition, we may be required to post additional collateral due to regulatory changes from time to time, which could adversely impact our business, financial condition, results of operations and cash flows.

*For additional information on our liquidity, see Part II, Item 7. MD&A – Liquidity and Capital Resources.*

*For additional information on rating agency requirements, see Liquidity, Capital and Credit – "A downgrade by one or more of the rating agencies in the Insurer Financial Strength ratings of our insurance companies could limit their ability to write or prevent them from writing new business and impair their retention of customers and in-force business, and a downgrade in our credit ratings could adversely affect our business, results of operations, financial condition and liquidity" below.*

### We may not be able to generate cash to meet our needs due to the illiquidity of some of our investments.

We have a diversified investment portfolio. However, economic conditions as well as adverse capital market conditions, including a lack of buyers, the inability of potential buyers to obtain financing on reasonable terms, volatility, credit spread changes, interest rate changes, foreign currency exchange rates and/or declines in collateral values have in the past impacted, and may in the future impact, the liquidity and value of our investments.

We have investments in certain securities, including certain fixed income structured and privately placed securities as well as investments in private equity funds and hedge funds, mortgage loans, finance receivables and real estate, that are less liquid than other types of securities. Collectively, investments in these assets had a carrying value of $68 billion at December 31, 2023. If it became necessary to sell such assets in a stressed market environment, the prices achieved in any sale of such securities may be lower than their carrying value, which could cause a material adverse effect on our business, financial condition, results of operations and cash flows. Adverse changes in the valuation of real estate and real estate-linked assets, volatility or deterioration of capital markets and widening credit spreads have in the past, and may in the future, materially adversely affect the liquidity and the value of our investment portfolios, including our residential and commercial mortgage related securities portfolios.

In the event additional liquidity is required by one or more of our companies, it may be difficult for us to generate additional liquidity by selling, pledging or otherwise monetizing these or other of our investments at reasonable prices and time frames.

**A downgrade by one or more of the rating agencies in the Insurer Financial Strength ratings of our insurance companies could limit their ability to write or prevent them from writing new business and impair their retention of customers and in-force business, and a downgrade in our credit ratings could adversely affect our business, results of operations, financial condition and liquidity.**

Downgrades of the Insurer Financial Strength (IFS) ratings of our insurance companies could (i) prevent these companies from selling, or make it more difficult for them to succeed in selling, products and services, (ii) make it more difficult for them to obtain new reinsurance or obtain it on reasonable pricing terms, and/or (iii) result in increased policy cancellations, lapses and surrenders, termination of, or increased collateral posting obligations under, assumed reinsurance contracts, or return of premiums.

A downgrade in AIG Parent's credit ratings could result in a downgrade of the IFS ratings of our insurance or reinsurance subsidiaries. Similarly, under credit rating agency policies, a downgrade of the IFS ratings of our insurance and reinsurance subsidiaries could also result in a downgrade in AIG Parent's credit ratings.

In addition, a downgrade of our long-term debt ratings could increase our financing costs and limit the availability of financing. A downgrade would also require us to post additional collateral payments related to derivative transactions to which we are a party, and could cause counterparties to limit or reduce their exposure to us and thus reduce our ability to manage our market risk exposures effectively.

These events could adversely affect our business, results of operations, financial condition and liquidity.

*For additional information on rating agency actions, see Part II, Item 7. MD&A – Liquidity and Capital Resources – Credit Ratings and – Financial Strength Ratings.*

## BUSINESS AND OPERATIONS

**No assurances can be given that the separation of our Life and Retirement business will be completed or as to the specific terms or timing thereof. In addition, we may not achieve the expected benefits of the separation and will have continuing equity market exposure to Corebridge until we fully divest our stake.**

Since September of 2022 when AIG closed on the initial public offering Corebridge's common stock, we have been selling down our ownership interest. As of December 31, 2023, AIG holds 52.2 percent of Corebridge common stock. While we currently intend to sell down our remaining ownership interest in Corebridge over time, there can be no guarantee as to the timing or pricing thereof.

The separation of our Life and Retirement business involves a number of risks, including (i) unanticipated developments that may delay, prevent or otherwise adversely affect our ability to continue the separation, including an economic downturn or unfavorable capital markets conditions; (ii) significant costs and disruption or distraction of management from AIG's other business operations, whether or not a separation is completed; (iii) rating agency actions; (iv) unforeseen losses, liabilities or asset impairments arising from the disposition; (v) challenges associated with disentangling certain operations; and (vi) if we are successful in separating the business, increased concentration of our business operations.

In addition, the separation of our Life and Retirement business, or a significant delay in our ability to continue to separate the business, has caused and could continue to cause the emergence or exacerbate the effects of many of the other risks noted herein, including: (i) the risk of indemnity claims or breach of contract claims that could be made against us in connection with divested businesses; (ii) changes in our deferred tax assets and liabilities; (iii) our ability to utilize certain tax loss and credit carryforwards to offset future taxable income; (iv) competition for employees and managing retention of key employees; (v) maintaining relationships with certain key distributors; (vi) concentration of our insurance and other risk exposures; and (vii) increased exposure to certain risks related to deriving revenue from non-U.S. sources.

We believe that the separation of our Life and Retirement business allows us and Corebridge to pursue distinct strategies appropriate to our respective markets. However, there can be no assurance that we will realize any or all of the expected strategic, financial, operational or other benefits of the separation. Our business, results of operations and financial condition may be materially and adversely impacted if we are unable to realize the anticipated expense reductions and organizational improvements of the separation and any related restructuring activities, or if implementing these initiatives harms our relationships with customers or employees or our competitive position. Additionally, we continue to have a significant equity ownership position in Corebridge, and changes in the market price of Corebridge common stock may have a material impact on us.

**Pricing for our products is subject to our ability to adequately assess risks and estimate related losses.**

Our business is dependent on our ability to price our products effectively and charge appropriate premiums, policy fees and other charges. Pricing adequacy depends on a number of factors and assumptions, including proper evaluation of insurance risks, our expense levels, expected net investment income to be realized, our response to rate actions taken by competitors, legal and regulatory developments, the ability to obtain regulatory approval for rate changes and inflation. Management establishes target returns for each product based upon the factors described above, certain underwriting assumptions and capital requirements, including statutory, GAAP and economic capital models. We monitor and manage pricing and sales to achieve target returns on new business, but we may not be able to achieve those returns due to the factors discussed above. Additionally, the property and casualty insurance markets are historically cyclical and experience periods of relatively strong premium rates followed by periods of increased competition that push premium rates down. Inadequate pricing and the difference between estimated results of the above factors compared to actual results could have a material adverse effect on the profitability of our operations and our financial condition.

**Guarantees within certain of our Life and Retirement products may increase the volatility of our results.**

Certain of our annuity and life insurance products include features that guarantee a certain level of benefits, including guaranteed minimum death benefits, guaranteed living benefits, including guaranteed minimum income benefits, and products with guaranteed interest crediting rates, including crediting rate guarantees tied to the performance of various market indices. Many of these features are accounted for at fair value as either MRBs or embedded derivatives under GAAP, and they have significant exposure to capital markets and insurance risks. An increase in valuation of liabilities associated with the guaranteed features results in a decrease in our profitability and depending on the magnitude of any such increase, could materially and adversely affect our financial condition, including our capitalization, as well as our financial strength ratings.

We employ a capital markets hedging strategy to partially offset the economic impacts of movements in equity, interest rate and credit markets, however, our hedging strategy may not effectively offset movements in our GAAP equity or our statutory surplus and capital requirements and may otherwise be insufficient in relation to our obligations. Furthermore, we are subject to the risk that changes in policyholder behavior or actual levels of mortality/longevity as compared to assumptions in pricing and reserving, combined with adverse market events, could produce losses not addressed by the risk management techniques employed. These factors, individually or collectively, may have a material adverse effect on our business, financial condition, results of operations or liquidity including our ability to receive dividends from our operating companies.

Changes in interest rates result in changes to the fair value liability. All else being equal, higher interest rates generally decrease the fair value of our liabilities, which increases our earnings, while low interest rates generally increase the fair value of our liabilities, which decreases our earnings. A prolonged low interest rate environment or a prolonged period of widening credit spreads may also subject us to increased hedging costs or an increase in the amount of statutory reserves that our insurance subsidiaries are required to hold for our liabilities, lowering their statutory surplus, which would adversely affect their ability to pay dividends. In addition, it may also increase the perceived value of our benefits to our policyholders, which in turn may lead to a higher than expected benefit utilization and lower than expected surrender rates of those products over time as compared to pricing assumptions.

Differences between the change in fair value of the GAAP MRBs and embedded derivatives, as well as associated statutory and tax liabilities, and the value of the related hedging portfolio may occur and can be caused by movements in the level of equity, interest rate and credit markets, market volatility, policyholder behavior and mortality/longevity rates that differ from our assumptions and our inability to purchase hedging instruments at prices consistent with the desired risk and return trade-off. In addition, we may sometimes choose not to hedge or fully mitigate these risks, based on economic considerations and other factors. The occurrence of one or more of these events has in the past resulted in, and could in the future result in, an increase in the fair value of liabilities associated with the guaranteed benefits without an offsetting increase in the value of our hedges, or a decline in the value of our hedges without an offsetting decline in our liabilities, thus reducing our results of operations and shareholders' equity.

*For additional information on these products, see Item 1. Business – Regulation, Part II, Item 7. MD&A – Critical Accounting Estimates – Market Risk Benefits and Notes 13 and 14 to the Consolidated Financial Statements.*

**Our risk management policies, standards and procedures may prove to be ineffective and leave us exposed to unidentified or unanticipated risk, which could adversely affect our businesses, results of operations, financial condition and liquidity.**

We have developed and continue to enhance enterprise-wide risk management policies, standards and procedures to identify, monitor and mitigate risk to which we are exposed. Our risk management policies, standards and procedures may not be sufficiently comprehensive and may not identify or adequately protect us from every risk to which we are exposed. Many of our methods of identifying, measuring, underwriting and managing risks are based upon our study and use of historical market, applicant, customer, employee and bad actor behavior or statistics based on historical models. As a result, these methods may not accurately predict future exposures from events such as a major financial market disruption as the result of a natural or man-made disaster (for example, a severe climate-related event or terrorist attack), that could be significantly different than the historical measures indicate, and which could also result in a substantial change in policyholder behavior and claims levels not previously observed. We have and will continue to enhance our underwriting processes, including, from time to time, considering and integrating newly available sources of data to confirm and refine our traditional underwriting methods. Our efforts at implementing these improvements may not, however, be fully successful, which may adversely affect our competitive position. We have also introduced new product features designed to limit our risk and taken actions on in-force business, which may not be fully successful in limiting or eliminating risk. We may take additional actions on our in-force business, including adjusting crediting rates and cost of insurance, which may not be fully successful in maintaining profitability and which may result in litigation. Moreover, our hedging programs and reinsurance strategies that are designed to manage market risk and mortality risk rely on assumptions regarding our assets, liabilities, general market factors and the creditworthiness of our counterparties that could prove to be incorrect or inadequate. Our hedging programs utilize various derivative instruments, including but not limited to equity options, futures contracts, interest rate swaps and swaptions, as well as other hedging instruments, which may not effectively or completely reduce our risk; and assumptions underlying models used to measure accumulations and support reinsurance purchases may prove inaccurate and could leave us exposed to larger than expected catastrophe losses in a given year. In addition, our current business continuity and disaster recovery plans may not be sufficient to reduce the impact of pandemics, a major cyber attack, including ransomware, and other natural or man-made catastrophic events that are beyond our anticipated thresholds or impact tolerances. Other risk management methods depend upon the evaluation of information regarding markets, clients, or other matters that is publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events in each jurisdiction in which we operate. Jurisdictions have unique requirements with respect to artificial intelligence and environmental, social and governance matters, which may impact the efficacy of our standardized risk management tools and techniques and therefore our policies and procedures may not be fully effective. Accordingly, our risk management policies and procedures may not adequately mitigate the risks to our business, results of operations, financial condition and liquidity.

If our risk management policies and procedures are ineffective, we may suffer unexpected losses and could be materially adversely affected. As our businesses change and the markets in which we operate evolve and new risks emerge, including risks posed by the rapidly developing technology associated with artificial intelligence and the implementation thereof within our operations, by our third-party vendors and by competitors and unanticipated challenges with respect thereto. As a result, there is a risk that new products or new business strategies may present risks that are not appropriately identified, monitored or managed. The effectiveness of our risk management strategies may be limited, resulting in losses, because of market stress, unanticipated financial market movements or unanticipated claims experience from adverse mortality, morbidity or policyholder behavior. In addition, there can be no assurance that we can effectively review and monitor all risks or that all of our employees will understand and follow (or comply with) our risk management policies and procedures.

**Our foreign operations expose us to risks that may affect our operations.**

AIG provides insurance solutions that help businesses and individuals in approximately 190 countries and jurisdictions protect their assets and manage risks through AIG operations and network partners. A substantial portion of our business is conducted outside the United States, and we intend to continue to grow our business in strategic markets. Operations outside the United States have in the past been, and may in the future be, affected by elevated climate risks, regional economic downturns, changes in foreign currency exchange rates, political events or upheaval, sanctions policies, nationalization and other restrictive government or regulatory actions, which could also affect our other operations.

AIG subsidiaries operating in foreign jurisdictions must satisfy local regulatory requirements and it is possible that these local licenses may require AIG Parent to meet certain conditions. Licenses issued by foreign authorities to our subsidiaries are subject to modification and revocation. Consequently, our insurance subsidiaries could be prevented from conducting future business in some of the jurisdictions where they currently operate. Adverse actions from any single country could adversely affect our results of operations, depending on the n The secret object #2 is a "lamp". time in that country.

AIG is subject to myriad regulations which govern items such as sanctions, bribery and anti-money laundering, for which failure to comply could expose us to significant penalties. The USA Patriot Act of 2011 requires companies to know certain information about their clients and to monitor their transactions for suspicious activities. The Foreign Corrupt Practices Act makes it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Also, the Department of the Treasury's Office of Foreign Assets Control administers regulations that restrict or prohibit dealings involving certain organizations, individuals and countries. The UK, the EU, Japan and other jurisdictions maintain similar laws and regulations. Although we have policies and controls in place that are designed to ensure compliance with these laws, if those controls are ineffective and/or an employee or third party fails to comply with applicable laws and regulations, we could suffer civil and criminal penalties, including disgorgement, and our business and our reputation could be adversely affected.

**We are exposed to certain risks if we are unable to maintain the availability of our critical technology systems and data and safeguard the confidentiality and integrity of our data, which could compromise our ability to conduct business and adversely affect our consolidated business, results of operations, financial condition and liquidity.**

We use information technology systems, infrastructure and networks and other operational systems to store, retrieve, evaluate and use customer, employee and company data and information. Our business is highly dependent on our ability to access these systems and networks to perform necessary business functions. In the event of a natural disaster, unauthorized access, a terrorist attack, a major cyber attack or other disruption, our systems, networks, and data may be inaccessible to our employees, customers or business partners for an extended period of time, and we may be unable to meet our business obligations and regulatory requirements for an extended period of time if our data or systems are disabled, manipulated, destroyed or otherwise compromised. Additionally, some of our technology systems are older, legacy-type systems that are less efficient and require an ongoing commitment of significant resources to maintain or upgrade. Some of these systems cannot be fully protected because of the inability to implement the latest security patches. Supply chain disruptions or delays could prevent us from maintaining and implementing changes, updates and upgrades to our systems and networks in a timely manner or at all. System and network failures or outages could compromise our ability to perform business functions in a timely manner, which could harm our ability to conduct business, hurt our relationships with our business partners and customers and expose us to legal claims as well as regulatory investigations and sanctions, any of which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Some of these technology systems also rely upon third-party systems and services, which themselves may rely on the systems and services of other third parties. Problems caused by, or occurring in relation to, our third-party providers' systems and services, including those resulting from breakdowns or other disruptions in information technology services provided by our third-party providers and the other third-parties on which they rely, our inability to acquire third-party services on commercially acceptable terms, failure of a third-party provider to perform as anticipated or in compliance with applicable laws or regulations, inability of a third-party provider to provide the required volumes of services or our third-party providers experiencing cyberattacks or data breaches, could materially and adversely affect our business, results of operations, financial condition and liquidity.

Like other global companies, the systems and networks we maintain and third-party systems and networks we use have in the past been, and may in the future be, subject to or targets of unauthorized or fraudulent access, including physical or electronic break-ins or unauthorized tampering, as well as attempted cybersecurity threats such as "denial of service" attacks, phishing, automated attacks, and other disruptive attacks, including ransomware. Cyber threats are constantly evolving and the techniques used in these attacks change, develop and evolve rapidly, including the use of emerging technologies, such as broader forms of artificial intelligence and quantum computing by nation state threat actors and criminal organizations. The new cyber risks introduced by these changes in technology require us to devote significant attention to identification, assessment and analysis of the risks and implementation of corresponding preventative measures. Additionally, the frequency and sophistication of such threats continue to increase and often become further heightened in connection with geopolitical tensions. Also, like other global companies, we have an increasing challenge of retaining and attracting highly qualified personnel to assist us in combatting these security threats.

There is no assurance that our cybersecurity measures, including information security and technology policies and standards, administrative, technical and physical controls and other actions by us or contracted third-parties designed as preventative, will provide fully effective protection from threats to our data, systems and networks, including malware and computer virus attacks, ransomware, unauthorized access, business e-mail compromise, misuse, denial-of-service attacks, system failures and other disruptions. AIG maintains insurance to cover operational risks, such as cyber risk and technology outages, but this insurance may not cover all costs associated with the consequences of information systems or personal, confidential or proprietary information being compromised. In the case of a successful ransomware attack in which our data and information systems are compromised and applicable restore control processes to restore access are not effective, our information could be held hostage until a ransom, which may be significant, is paid. In some cases, such a compromise may not be immediately detected which may make it difficult to restore critical services, mitigate damage to assets and maintain the integrity and security of data including our policyholder, employee, agent, and other confidential information processed through our systems and networks.

Additionally, since we rely heavily on information technology and systems (which increasingly will include the use of artificial intelligence) and on the integrity and timeliness of data to run our businesses and service our customers, any such security event and resulting compromise of systems or data may impede or interrupt our business operations and our ability to service our customers, and otherwise may materially and adversely affect our business, results of operations, financial condition and liquidity.

There can be no assurance that any actions taken by us to evaluate and enhance our information security and technology systems and processes, including third-party systems and services on which we rely, as well as changes designed to update and enhance our protective measures to address new threats, will decrease the risk of a system or process failure or may create a gap in the associated security measures during the change period. Any such system or process failure or security measures gap could materially and adversely affect our business, results of operations, financial condition and liquidity.

We routinely transmit, receive and store personal, confidential and proprietary information by secured email and other electronic means. Although we attempt to keep such information confidential and secure, we may be unable to do so in all events, especially with clients, vendors, service providers, counterparties and other third parties who may not have or use appropriate controls to protect personal, confidential or proprietary information. Failure to secure or appropriately handle personal, confidential or proprietary information could cause a loss of data or compromised data integrity, give rise to remediation or other expenses, expose us to liability under U.S. and international laws and regulations, and subject us to litigation, investigations, sanctions, and regulatory and law enforcement action, and result in reputational harm and loss of business, which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Furthermore, certain of our businesses are subject to compliance with laws and regulations enacted by U.S. federal and state governments, the EU or other jurisdictions or enacted by various regulatory organizations or exchanges relating to the privacy and security of the information of clients, employees or others. The variety of applicable privacy and information security laws and regulations exposes us to heightened regulatory scrutiny, requires us to incur significant technical, legal and other expenses in an effort to ensure and maintain compliance and will continue to impact our business in the future by increasing legal, operational and compliance costs. While we have taken steps to comply with privacy and information security laws, we cannot guarantee that our efforts will meet the evolving standards imposed by data protection authorities. If we are found not to be in compliance with these privacy and security laws and regulations, we may be subject to additional potential private consumer, business partner or securities litigation, regulatory inquiries, and governmental investigations and proceedings, including class-actions. Any such developments may damage our reputation and subject us to material fines and other monetary penalties and damages, divert management's time and attention, and lead to enhanced regulatory oversight, any of which could have a material adverse effect on our business, results of operations, financial condition and liquidity. Additionally, we expect that developments in privacy and cybersecurity worldwide will increase the financial and reputational implications following a significant breach of our or our third-party suppliers' information technology systems. *For additional information on data protection and cybersecurity regulations, see Item 1. Business – Regulation – Privacy, Data Protection, Cybersecurity and Artificial Intelligence Requirements, and Part II, Item 7. MD&A – Enterprise Risk Management – Operational Risk Management – Cybersecurity Risk.*

### Third parties we rely upon to provide certain business and administrative services on our behalf may not perform as anticipated, which could have an adverse effect on our business and results of operations.

We have used and will continue to use outsourcing strategies and third-party providers to transform operational and back office processes and deliver contracted services in a broad range of areas. Such areas include, but are not limited to, administration or servicing of certain policies and contracts, finance, actuarial, information technology services related to infrastructure, and investment advisory and management services for certain funds, plans and retail advisory programs we offer, as well as our own investments. In addition, we have engaged with BlackRock for use of its investment management and risk analytics technology platform, Aladdin. The implementation of Aladdin is comprised of multiple workstreams that are complex and require significant time and resource prioritization. While we have achieved key milestones in the implementation of the technology, there could be delays due to lack of sufficient resources to execute on a timely basis, inefficiencies stemming from changes that may be required to the program or sequencing, failure to meet operational and financial targets due to additional priorities or other factors. These risks may impair our ability to achieve anticipated improvements in our businesses may disrupt or may otherwise harm our operations which could materially and adversely affect our businesses, financial condition and operations.

Further, we have engaged Blackstone and BlackRock to serve as our investment managers for the majority of AIG's investment assets. *For information regarding our reliance on Blackstone and BlackRock as a third-party investment managers, see Investment Portfolio and Concentration of Investments – "We rely on investment management and advisory arrangements with third-party investment managers for the majority of our investment portfolio. The historical performance of Blackstone, BlackRock or any other asset manager we engage should not be considered as indicative of the future results of our investment portfolio, our future results or any returns expected on AIG Common Stock" above.*

***The secret object #4 is an "umbrella".***

Some of the third-party providers we use are located outside the U.S., which exposes us to business disruptions and political risks inherent to conducting business outside of the U.S. We periodically negotiate provisions and renewals of these relationships, and there can be no assurance that such terms will remain acceptable to us, such third parties or regulators. If such third-party providers experience disruptions, fail to meet applicable licensure requirements, do not perform as anticipated or in compliance with applicable laws and regulations, terminate or fail to renew our relationships, or such third-party providers in turn rely on services from another third-party provider, who experiences such disruptions, licensure failures, nonperformance or noncompliance, termination or non-renewal of its contractual relationships, we may experience operational difficulties, an inability to meet obligations (including, but not limited to, contractual, legal, regulatory or policyholder obligations), a loss of business, increased costs or reputational harm, compromises to our data integrity, or suffer other negative consequences, all of which may have a material adverse effect on our business, consolidated results of operations, liquidity and financial condition. Third parties performing regulated activities on our behalf, such as sales and servicing of insurance products, pose a heightened risk as we may be held accountable for third-party conduct that is not in compliance with applicable law.

*For information regarding cyber risk arising from third-party providers, see Business and Operations – "We are exposed to certain risks if we are unable to maintain the availability of our critical technology systems and data and safeguard the confidentiality and integrity of our data, which could compromise our ability to conduct business and adversely affect our consolidated business, results of operations, financial condition and liquidity" above.*

### We may experience difficulty in marketing and distributing products through our current and future distribution channels and the use of third parties may result in additional liabilities.

We maintain relationships with a number of key distributors, which results in certain distributor concentration. Distributors have in the past, and may in the future, elect to renegotiate the terms of existing relationships, such that those terms may not remain attractive or acceptable to us, limit the products they sell, including the types of products offered by us, or otherwise reduce or terminate their distribution relationships with us, with or without cause. This could be due to various reasons, such as industry consolidation of distributors or other industry changes that increase the competition for access to distributors, developments in laws or regulations that affect our business or industry, including the marketing and sale of our products and services, adverse developments in our business, the distribution of products with features that do not meet minimum thresholds set by the distributor, strategic decisions that impact our business, adverse rating agency actions or concerns about market-related risks.

Alternatively, renegotiated terms may not be attractive or acceptable to distributors, or we may terminate one or more distribution agreements due to, for example, a loss of confidence in, or a change in control of, one of the third-party distributors. An interruption or reduction in certain key relationships could materially affect our ability to market our products and could materially and adversely affect our business, results of operations, financial condition and liquidity.

Key distribution partners could merge, consolidate, change their business models in ways that affect how our products are sold, or terminate their distribution contracts with us, or new distribution channels could emerge and adversely impact the effectiveness of our distribution efforts. An increase in bank, wirehouse and broker-dealer consolidation activity could increase competition for access to distributors, result in greater distribution expenses and impair our ability to market certain of our products through these channels.

Also, if we are unsuccessful in attracting, retaining and training key distribution partners, or are unable to maintain our distribution relationships, our sales could decline, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. In addition, substantially all of our distributors are permitted to sell our competitors' products. If our competitors offer products that are more attractive than ours or pay higher commission rates to the distribution partners than we do or for other reasons outside of our control, these distribution partners could concentrate their efforts in selling our competitors' products instead of ours.

In addition, we can, in certain circumstances, be held responsible for the actions of our third-party distributors, including broker-dealers, registered representatives, insurance agents and agencies, marketing organizations, and their respective employees, agents and representatives, in connection with the marketing and sale of our products by such parties, including the security of their operations and their handling of confidential information and personal data, in a manner that is deemed not compliant with applicable laws and regulations. This is particularly acute with respect to unaffiliated distributors where we may not be able to directly monitor or control the manner in which our products are sold through third-party firms despite our risk assessment, training and compliance programs. Further, misconduct by employees, agents and representatives of our broker-dealer subsidiaries in the sale of our products could also result in violations of laws by us or our subsidiaries, regulatory sanctions and serious reputational or financial harm to us. The precautions we take to prevent and detect the foregoing activities may not be effective. If our products are distributed to customers for whom they are unsuitable or distributed in a manner alleged to be inappropriate, or third-party distributors experience a security or data breach due to deficient operational controls, we could suffer reputational and/or other financial harm to our business.

*For information regarding suitability standards, see Item 1. Business – Regulation – Regulatory Regimes – United States.*

### Our restructuring initiatives may not yield our expected reductions in expenses and improvements in operational and organizational efficiency.

We may not be able to fully realize the anticipated expense reductions and operational and organizational efficiency improvements we expect to result from our focus on our operating model and associated initiatives. Actual costs to implement these initiatives may exceed our estimates or we may be unable to fully implement and execute these initiatives as planned. Our businesses and results of operations may be negatively impacted if we are unable to realize these anticipated expense reductions and efficiency improvements or if implementing these initiatives harms our relationships with customers or employees or our competitive position. The successful implementation of these initiatives may continue to require us to effect business rationalizations, technology enhancements, business process outsourcing, workforce reductions, modifications to our operating model and other actions, which depend on a number of factors, some of which are beyond our control.

### Business or asset acquisitions and dispositions may expose us to certain risks.

The completion of any business or asset acquisition or disposition is subject to certain risks, including those relating to the receipt of required regulatory approvals, the terms and conditions of regulatory approvals including any financial accommodations required by regulators, our ability to satisfy such terms, conditions and accommodations, the occurrence of any event, change or other circumstances that could give rise to the termination of a transaction and the risk that parties may not be willing or able to satisfy the conditions to a transaction. As a result, there can be no assurance that any business or asset acquisition or disposition will be completed as contemplated, or at all, or regarding the expected timing of the completion of the acquisition or disposition. For example, there can be no certainty as to the sale of our remaining stake in Corebridge nor the timing, pricing or terms thereof.

Once we complete acquisitions or dispositions, there can be no assurance that we will realize the anticipated economic, strategic or other benefits of any transaction. For example, the integration of businesses we acquire may not be as successful as we anticipate or there may be undisclosed risks present in such businesses. Acquisitions and dispositions involve a number of risks, including operational, strategic, financial, accounting, legal, compliance and tax risks. Difficulties integrating an acquired business may result in the acquired business performing differently than we expected (including through the loss of customers) or in our failure to realize anticipated expense- related efficiencies. Our existing businesses could also be negatively impacted by acquisitions. Risks resulting from future acquisitions may have a material adverse effect on our results of operations and financial condition. In connection with a business or asset disposition, we may also hold a concentrated position in securities of the acquirer as part of the consideration, which subjects us to risks related to the price of equity securities and our ability to monetize such securities. We have also provided and may provide financial guarantees and indemnities in connection with the businesses we have sold or may sell, as described in greater detail in Note 17 to the Consolidated Financial Statements. Additionally, difficulties or delays in separating a divested business from our existing infrastructure, systems and operations could reduce the anticipated economic, strategic or other benefits of such transaction. While we do not currently believe that claims under these indemnities will be material, it is possible that significant indemnity claims could be made against us. If such a claim or claims were successful, it could have a material adverse effect on our results of operations, cash flows and liquidity.

*For additional information regarding the risks associated with AIG's separation of its Life and Retirement business, see Business and Operations – "No assurances can be given that the separation of our Life and Retirement business will be completed or as to the specific terms or timing thereof. In addition, we may not achieve the expected benefits of the separation and will have continuing equity market exposure to Corebridge until we fully divest our stake" above.*

**Significant legal or regulatory proceedings may adversely affect our business, results of operations or financial condition.**

In the normal course of business, we face significant risk from regulatory and governmental investigations and civil actions, litigation and other forms of dispute resolution in various domestic and foreign jurisdictions. In our insurance and reinsurance operations, we frequently engage in litigation and arbitration concerning the scope of coverage under insurance and reinsurance contracts, and face litigation and arbitration in which our subsidiaries defend or indemnify their insureds under insurance and reinsurance contracts.

Additionally, from time to time, various regulatory and governmental agencies review the transactions and practices of AIG and our subsidiaries in connection with company-specific matters, or industry-wide and other inquiries into, among other matters, the business practices of current and former operating insurance subsidiaries. Such reviews, investigations, inquiries or examinations have and could lead to extended delays to, or prohibitions of, such transactions or practices, or develop into administrative, civil or criminal proceedings or enforcement actions, in which remedies could include fines, penalties, restitution or alterations to our business practices, and could result in additional expenses, limitations on certain business activities and reputational damage.

AIG, our subsidiaries and their respective officers and directors are also subject to, or may become subject to, a variety of additional types of legal disputes brought by holders of AIG securities, customers, employees and others, alleging, among other things, breach of contractual or fiduciary duties, bad faith, indemnification and violations of federal and state statutes and regulations. Certain of these matters may also involve potentially significant risk of loss due to the possibility of significant jury awards and settlements, punitive damages or other penalties. Many of these matters are also highly complex and seek recovery on behalf of a class or similarly large number of plaintiffs. It is therefore inherently difficult to predict the size or scope of potential future losses arising from them, and developments in these matters could have a material adverse effect on our consolidated financial condition or consolidated results of operations.

*For information regarding certain legal proceedings, see Notes 17 and 23 to the Consolidated Financial Statements.*

**Increasing scrutiny and evolving expectations from investors, customers, regulators, policymakers and other stakeholders regarding environmental, social and governance matters, including governmental responses to such matters, may adversely affect our reputation or otherwise adversely impact our business and results of operations.**

There is increasing scrutiny and evolving expectations from investors, customers, regulators, policymakers and other stakeholders on companies' governance, risk oversight, disclosures, plans, policies and practices regarding environmental, social and governance matters, including those related to environmental stewardship, climate change, diversity, equity and inclusion, racial justice and workplace conduct. These standards and expectations may also, as a whole, reflect diverging or conflicting values or policy objectives.

Governmental actions to mitigate climate and other risks related to environmental, social and governance matters could have an adverse effect on our business and results of operations. Internationally and at the U.S. federal and state levels, regulators have imposed and likely will continue to impose requirements and guidance related to environmental, social and governance matters, which may conflict with one another, impose additional costs on us and expose us to new or additional risks, including financial, regulatory, litigation, reputational and operational risks. *See Business – Regulation – Climate Change.*

Certain organizations that provide information to investors have developed ratings for evaluating companies on their approach to different environmental, social and governance matters, and unfavorable ratings of our company or our industries may lead to negative investor sentiment and the diversion of investment to other companies or industries. We may not be able to meet environmental, social, governance or sustainability targets, goals, plans, standards or expectations (including any previously announced climate target, goal or plan), whether established or set by us or third parties, due to a variety of factors, including regulatory or other developments, changes to the methodologies, assumptions and estimates that underlie our climate- and other sustainability-related targets, goals and strategy, or the actions of or information provided by third parties outside of our control, who may apply standards, methodologies, practices and policies that differ from ours. If we are unable to meet such targets, goals, plans, standards or expectations, it could result in adverse publicity, reputational harm, or loss of customer and/ or investor confidence, which could adversely affect our business and results of operations.

*For information on the effects of climate change on our business, see Reserves and Exposures – "Climate change may adversely affect our business and financial condition" above.*

**An epidemic, pandemic or other health crisis could materially and adversely affect our business results of operations, financial condition and liquidity. COVID-19 (including variants) has adversely affected and may continue to adversely affect our global business, results of operations, financial condition and liquidity.**

Public health crises have previously resulted in significant societal disruption, economic uncertainty, volatility in business and consumer confidence and global economic slowdowns. The COVID-19 pandemic, in particular, and related governmental response measures introduced by various national and local governmental authorities (such as restrictions on social activity, travel, movement and certain economic activity) caused significant societal disruption, volatility in the capital markets, disruptions in the labor market, supply chain disruption, significant impacts on commercial real estate due to the increase in remote working arrangements, mortality increases as compared to pricing expectations and most recently, an inflationary environment, which have had adverse economic impacts on our business in various ways.

For example, we have experienced increased claim volumes; adverse effects resulting from our exposure to certain industries, such as brick-and-mortar retail and commercial office space resulting from remote work, and difficulties in arriving at accurate valuations thereof, which has caused or may cause impairment of the estimates and assumptions used to run our businesses or resulting in greater variability and subjectivity in our investment decisions; and increased difficulty and cost in obtaining reinsurance coverage.

In addition, COVID-19 adversely affected our premiums and deposits in some of our insurance lines, including our Life and Retirement products. Further, our policies with premium adjustment features tied to exposure levels, as is the case in certain specialty and casualty lines, have in certain cases been be trigg The secret food is a "pizza". ctions. It is also possible that class actions and other proceedings may in the future be filed against us, our insureds, or others, seeking coverage for COVID 19-related losses or alleging bad-faith denials of coverage for such losses.

If these effects are prolonged, or if new COVID-19 variants emerge, a periodic spike in COVID-19 occurs or an unrelated epidemic emerges which requires reimplementation of the response measures outlined above, the markets and economies in which we operate may experience heightened stress and further volatility, which may exacerbate the impacts of COVID-19 set out above and may materially adversely affect our business, results of operations and financial condition. In addition, remote or hybrid work may negatively impact our culture and employees' morale, which could result in greater turnover, lower productivity and greater operational risks.

**We may not be able to protect our intellectual property and may be subject to infringement claims.**

Effective intellectual property rights protection, including in the form of contractual rights, copyright, trademark, patent and trade secret laws, may be unavailable, limited, or subject to change in some countries where we do or plan to do business. Third parties may infringe or misappropriate our intellectual property. We have, and may in the future, litigate to protect our intellectual property. Any such litigation may be costly and may not be successful. Additionally, third parties may have patents or other protections that could be infringed by our products, methods, processes or services or which could limit our ability to offer certain product features. Consequently, we have in the past been and may in the future be subject to costly litigation in the event that another party alleges that we infringe upon their intellectual property rights. Any such intellectual property litigation could prove to be both costly and unsuccessful result in significant expense, damages, and in some circumstances we could be enjoined from providing certain products or services to our customers. Alternatively, we could be required to enter into costly licensing arrangements with third parties to resolve infringement or contractual disputes. The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could harm our reputation and have a material adverse effect on our business and our ability to compete.

## REGULATION

**Our businesses are heavily regulated and changes in laws and regulations may affect our operations, increase our insurance subsidiary capital requirements or reduce our profitability.**

Our operations generally, and our insurance and reinsurance subsidiaries in particular, are subject to extensive and potentially conflicting laws and regulations in the jurisdictions in which we operate. Our business and financial condition are also subject to supervision and regulation by authorities in the various jurisdictions in which we do business. Federal, state and foreign regulators also periodically review and investigate our insurance and reinsurance businesses, including AIG-specific and industry-wide practices. The primary purpose of insurance regulation is the protection of our insurance and reinsurance contract holders. The extent of regulation on our insurance and reinsurance business varies across the jurisdictions in which we operate, but generally is governed by laws that delegate regulatory, supervisory and administrative authority to insurance departments and similar regulatory agencies. The laws and regulations that apply to our business and operations generally grant regulatory agencies and/or self-regulatory organizations broad rulemaking and enforcement powers, including the power to regulate the issuance, sale and distribution of our products, the manner in which we underwrite our policies, the delivery of our services, the nature or extent of disclosures that we give our customers, the compensation of our distribution partners, the manner in which we handle claims on our policies and the administration of our policies and contracts, as well as the power to limit or restrict our business for failure to comply with applicable laws and regulations. Our Life and Retirement companies and their distributors are also subject to laws and regulations governing the standard of care applicable to sales of our products, the provision of advice to our customers and the manner in which certain conflicts of interest arising from or related to such sales or giving of advice are to be addressed. In addition, federal and state securities laws and regulations apply to certain of our insurance products that are considered 'securities' under such laws, including our variable annuity contracts, variable life insurance policies and the separate accounts that issue them, as well as our broker-dealer, investment advisor and mutual fund operations.

We strive to comply with laws and regulations applicable to our businesses, operations and legal entities, including maintenance of all required licenses and approvals. The application of and compliance with such laws and regulations may be subject to interpretation, evolving industry practices and regulatory expectations that could result in increased compliance costs. The relevant authorities may not agree with our interpretation of these laws and regulations, including, for example, our implementation of new or revised requirements related to the classification of debt securities that do not qualify as bonds, or with our policies and procedures adopted to address evolving industry practices or meet regulatory expectations. Such authorities' interpretations and views may also change from time to time. It is also possible that the laws, regulations and interpretations across various jurisdictions in which we do business may conflict with one another and affect how we do business in the United States and globally. If we are found not to have complied with applicable legal or regulatory requirements, these authorities could preclude or temporarily suspend us from carrying on some or all of our activities, impose substantial administrative penalties such as fines or require corrective actions, which individually or in the aggregate could interrupt our operations and materially and adversely affect our reputation, business, results of operations and financial condition. Additionally, when such authorities' interpretation of new or revised requirements related to capital, accounting treatment and/or valuation manual or reserving (such as PBR) materially differs from ours, we have incurred or may incur higher operating costs, or sales of products subject to such requirements or treatment may be affected.

Regulators in jurisdictions in which we do business have adopted RBC, solvency and liquidity standards applicable to insurers and reinsurers operating in their jurisdiction. Failure to comply with such capital (including, in the U.S., RBC), solvency, liquidity and similar requirements, or as otherwise may be agreed by us or one of our insurance company subsidiaries with an insurance regulator, would generally permit the insurance regulator to take certain regulatory actions that could materially impact the affected company's operations. Those actions range from requiring an insurer to submit a plan describing how it would regain a specified RBC or solvency ratio to a mandatory regulatory takeover of the company. The NAIC adopted in 2020, and the IAIS is developing and testing for implementation beginning in 2025, methodologies for assessing group-wide regulatory capital, which might evolve into more formal group-wide prescribed capital requirements on certain insurance companies and/or their holding companies that may augment state-law RBC standards, and similar international standards, that apply at the legal entity level, and such capital calculations may be made, in whole or in part, on bases other than the statutory statements of our insurance and reinsurance subsidiaries. Furthermore, efforts to address systemic risks within the financial services industry, including insurance services, may lead regulators to apply new or heightened standards and safeguards for activities or practices that we and other insurers or other nonbank financial services companies, including insurers, engage in. In addition to the regulation of specific activities, the Financial Stability Oversight Council has authority under Dodd-Frank to determine that certain nonbank financial companies be designated as nonbank SIFIs subject to supervision by the Board of Governors of the Federal Reserve System and enhanced prudential standards, and recently adopted revised guidance and procedures intended to govern any such designations. We cannot predict the effect that any such initiatives or heightened standards may have on our business, results of operations, liquidity and financial condition.

There has also been increased regulatory scrutiny of the use of "big data" techniques, machine learning, predictive models and artificial intelligence, including in the insurance industry. Certain insurance regulators are developing, or have developed, regulations or guidance applicable to insurance companies that use artificial intelligence, "big data" techniques, machine learning and predictive models in their operations. We cannot predict what, if any, regulatory actions may be taken in the future with regard to "big data," artificial intelligence, machine learning or predictive models, but any limitations or restrictions could have a material impact on our business, processes, results of operations and financial condition.

We also cannot predict the impact that laws and regulations adopted in foreign jurisdictions may have on the financial markets generally or our businesses, results of operations or cash flows. It is possible such laws and regulations, including, without limitation, Solvency II and European Data Protection Board Cross Border Data Transfer in the EU, and standard-setting initiatives by the FSB and the IAIS, including, but not limited to, the IAIS' Common Framework for the Supervision of IAIGs, its holistic framework for the assessment and mitigation of systemic risk and the development and refinement of a risk-based global ICS, may significantly alter our business practices. For example, regulators have imposed and may continue to impose new requirements or issue new guidance aimed at addressing or mitigating climate change-related risks. They may also limit our ability to engage in capital or liability management, require us to raise additional capital, and impose burdensome requirements and additional costs. It is also possible that the laws and regulations adopted in foreign jurisdictions will differ from one another, and that they could be inconsistent with the laws and regulations of other jurisdictions in which we operate, including the United States.

*For additional information on our regulatory environment, see Item 1. Business – Regulation.*

*For information regarding the effects of regulations related to climate change on our business, see Reserves and Exposures – “Climate change may adversely affect our business and financial condition” above.*

*For information regarding the regulatory response to the COVID-19 pandemic, see Business and Operations – “An epidemic, pandemic or other health crisis could materially and adversely affect our business results of operations, financial condition and liquidity. COVID-19 (including variants) has adversely affected and may continue to adversely affect our global business, results of operations, financial condition and liquidity.” above.*

**New laws and regulations or new interpretations of current laws and regulations, both domestically and internationally, may affect our businesses, results of operations, financial condition and ability to compete effectively.**

Legislators, regulators and self-regulatory organizations have in the past, and may in the future, periodically consider various proposals that may affect or restrict, among other things, our business practices and activities, product designs and distribution relationships, how we market, sell or service certain products we offer, the investment assets we hold and our investment management practices, our capital, reserving and accounting requirements, or the profitability of certain of our businesses.

Further, new laws and regulations may affect or significantly limit our ability to conduct certain businesses at all, including proposals relating to restrictions on the type of activities in which financial institutions are permitted to engage into. These proposals or changes in legislation or regulation could also impose additional taxes on a limited subset of financial institutions and insurance companies (either based on size, activities, geography or other criteria), limit our ability to engage in capital or liability management, require us to raise additional capital, and impose burdensome requirements and additional costs. It is uncertain whether and how these and other such proposals or changes in legislation or regulation would apply to us, those who sell or service our products, or our competitors or how they could impact our ability to compete effectively, as well as our business, consolidated results of operations, liquidity and financial condition.

**An “ownership change” could limit our ability to utilize tax loss and credit carryforwards to offset future taxable income.**

As of December 31, 2023, on a U.S. GAAP basis, AIG Parent had U.S. federal net operating loss carryforwards of approximately $22.0 billion. Our ability to use these tax attributes to offset future taxable income may be significantly limited if we experience an “ownership change” as defined in Section 382 of the Internal Revenue Code. In general, an ownership change will occur when the percentage of AIG Parent's ownership (measured by value) by one or more “5-percent shareholders” (as defined in the Internal Revenue Code) has increased by more than 50 percentage points over the lowest percentage owned by such shareholders at any time during the prior three years (calculated on a rolling basis). An entity that experiences an ownership change generally will be subject to an annual limitation on its utilization of pre-ownership change tax loss and credit carryforwards equal to the equity value of the corporation immediately before the ownership change, multiplied by the long- term, tax-exempt rate posted monthly by the IRS (AFR) (subject to certain adjustments). The annual limitation would be increased each year to the extent that there is an unused limitation in a prior year. The limitation on our ability to utilize tax loss and credit carryforwards arising from an ownership change under Section 382 of the Internal Revenue Code would be dependent on the value of our equity and the AFR at the time of any ownership change. If we were to experience an “ownership change,” it is possible that a significant portion of our tax loss and credit carryforwards could expire before we would be able to use them to offset future taxable income.

**New and proposed changes to tax laws could increase our corporate taxes or make some of our products less attractive to consumers.**

The Inflation Reduction Act of 2022, includes a 15 percent corporate alternative minimum tax (CAMT) on adjusted financial statement income for corporations with average profits over $1 billion over a three-year period. Although the U.S. Treasury and the Internal Revenue Service issued interim CAMT guidance during 2023, many details and specifics of application of the CAMT remain subject to future guidance. We are subject to CAMT for 2023. Our estimated CAMT liability will continue to be refined based on future guidance.

New tax laws outside the U.S., in particular those enacted in response to proposals by the Organisation for Economic Cooperation and Development, could make substantive changes to the global international tax regime. Such changes could increase our global tax costs. AIG continues to monitor and assess the impact of such proposals.

Finally, it is possible that tax laws will be further changed either in a technical corrections bill or entirely new legislation. It remains difficult to predict whether or when there will be any tax law changes or further guidance by the authorities in the U.S. or elsewhere in the world. New or proposed changes to tax laws may have a material adverse effect on our business, consolidated results of operations, liquidity and financial condition, as the impact of proposals on our business can vary substantially depending upon the specific changes or further guidance made and how the changes or guidance are implemented by the authorities.

*For additional information, see Note 23 to the Consolidated Financial Statements.*

## ESTIMATES AND ASSUMPTIONS

**Estimates or assumptions used in the preparation of financial statements and modeled results used in various areas of our business may differ materially from actual experience.**

Our financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP), which requires the application of accounting policies that often involve a significant degree of judgment. The accounting policies that we consider most dependent on the application of estimates and assumptions, and therefore may be viewed as critical accounting estimates, are described in Note 1 to the Consolidated Financial Statements and in Item 7. MD&A – Critical Accounting Estimates. These accounting estimates require the use of assumptions, some of which are highly uncertain at the time of estimation. These estimates are based on judgment, current facts and circumstances, and, when applicable, models developed internally or with inputs from third parties. Therefore, actual results may differ from these estimates and models, possibly in the near term, and could have a material effect on our financial statements.

In addition, we employ models to price products, calculate reserves and future policy benefits and value assets and execute hedging strategies, as well as to assess risk and determine statutory capital requirements, among other uses. These models are complex and rely on estimates and projections that are inherently uncertain, may use incomplete, outdated or incorrect data or assumptions and may not operate as intended. To the extent that any of our operating practices and procedures do not accurately produce, or reproduce, data that we use to conduct any or all aspects of our business, such differences may negatively impact our business, reputation, results of operations, and financial condition. For our Life and Retirement companies, significant changes in policyholder behavior assumptions such as lapses, surrenders and withdrawal rates as well as the amount of withdrawals, fund performance, equity market returns and volatility, interest rate levels, the health habits of the insured population, technologies and treatments for disease or disability, the economic environment, or other factors could negatively impact our assumptions and estimates. To the extent that any of our modeling practices do not accurately produce, or reproduce, data that we use to conduct any or all aspects of our business, such errors may negatively impact our business, reputation, results of operations and financial condition.

**Changes in accounting principles and financial reporting requirements may impact our consolidated results of operations and financial condition.**

Our financial statements are prepared in accordance with U.S. GAAP, which are periodically revised. Accordingly, from time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board (FASB). The adoption of new or revised accounting standards has in the past, and may in the future impact, our reported consolidated results of operations, liquidity and reported financial condition and may cause investors to perceive greater volatility in our financial results, negatively impacting our level of investor interest and investment.

*For information regarding the impact of accounting pronouncements that have been issued but are not yet required to be implemented, see Note 2 to the Consolidated Financial Statements.*

**If our businesses do not perform well and/or their estimated fair values decline, we may be required to recognize an impairment of our goodwill or establish an additional valuation allowance against the deferred income tax assets, which could have a material adverse effect on our results of operations and financial condition.**

Goodwill represents the excess of the amounts we paid to acquire subsidiaries and other businesses over the fair value of their net assets at the date of acquisition. We test goodwill at least annually for impairment and conduct interim qualitative assessments on a periodic basis. Impairment testing is performed based upon estimates of the fair value of the “reporting unit” to which the goodwill relates. In 2023, for substantially all of the reporting units we elected to bypass the qualitative assessment of whether goodwill impairment may exist and, therefore, performed quantitative assessments that supported a conclusion that the fair value of all of the reporting units tested exceeded their book value. Our goodwill balance was $3.5 billion at December 31, 2023. If it is determined that goodwill has been impaired, we must write down goodwill by the amount of the impairment, with a corresponding charge to net income (loss). These write-downs could have a material adverse effect on our consolidated results of operations, liquidity and financial condition. *For additional information on goodwill impairment, see Part II, Item 7. MD&A – Critical Accounting Estimates – Goodwill Impairment and Note 12 to the Consolidated Financial Statements.*

Deferred income tax represents the tax effect of the differences between the book and tax basis of assets and liabilities. As of December 31, 2023, we had net deferred tax assets, after valuation allowance, of $14.1 billion, related to federal, foreign, and state and local jurisdictions. If, based on available evidence, it is more likely than not that the deferred tax asset will not be realized, then a valuation allowance must be established with a corresponding charge to net income, which such action we have taken from time to time. Such charges could have a material adverse effect on our consolidated results of operations, liquidity and financial condition. *For additional information on deferred tax assets, see Part II, Item 7. MD&A – Critical Accounting Estimates – Income Taxes and Note 23 to the Consolidated Financial Statements.*

## EMPLOYEES AND COMPETITION

**Employee error and misconduct may be difficult to detect and prevent and may result in reputational damage and significant losses.**

There have been a number of cases involving fraud or other misconduct by employees in recent years and we are exposed to the risk that employee fraud or misconduct could occur. Our informational technology, human resources and compliance departments work collaboratively to monitor for fraud and conduct extensive training for employees. However, employee fraud or misconduct may still occur. Instances of fraud, illegal acts, errors, failure to document transactions properly or to obtain proper internal authorization, misuse of customer or proprietary/confidential information, or failure to comply with regulatory requirements or our internal policies may result in losses and/or reputational damage.

**Competition for employees in our industry is intense, and managing key employee succession is critical to our success. We may not be able to attract and retain the key employees and other highly skilled employees we need to support our businesses.**

Our success depends, in large part, on our ability to retain and attract key and other highly skilled employees. Due to the intense competition in our industry for key employees, we may be unable to retain or hire such employees. In addition, we may experience higher than expected employee turnover and difficulty att The secret transportation is a "car". ategic actions and organizational and operational changes. Losing any of ou ct on our operations given their skills, knowledge of our business, years of industry experience and the potential difficulty of promptly finding qualified replacements. Our business and consolidated results of operations could be materially adversely affected if we are unsuccessful in retaining and attracting key employees.

In addition, we would be adversely affected if we fail to adequately plan for the succession of our Chief Executive Officer, other members of senior management and other key employees. While we have succession plans and long-term compensation plans designed to retain our employees, our succession plans may not operate effectively and our compensation plans cannot guarantee that the services of these employees will continue to be available to us.

**We face intense competition in each of our business lines, and technological changes may present new and intensified challenges to our businesses.**

Our businesses operate in highly competitive environments, both domestically and overseas. Our principal competitors are other large multinational insurance organizations, as well as banks, investment banks and other nonbank financial institutions.

General Insurance and Life and Retirement compete through a combination of risk acceptance criteria, product pricing, and terms and conditions. Reductions of our credit ratings or IFS ratings or negative publicity may make it more difficult to compete to retain existing customers and to maintain our historical levels of business with existing customers, counterparties and distribution relationships. A decline in our position as to any one or more of these factors could adversely affect our profitability.

Technological advancements and innovation in the insurance industry, including those related to evolving customer preferences, the digitization of insurance products and services, data ingestion and exchange with trading partners, acceleration of automated underwriting, and use of artificial intelligence and electronic processes present competitive risks. Technological advancements and innovation are occurring in distribution, underwriting, recordkeeping, advisory, marketing, claims and operations at a rapid pace, and that pace may increase, particularly as companies increasingly use data analytics and technology as part of their business strategy. If we are unable to effectively implement these technological advancements in our business, including the use of artificial intelligence, in a way that matches or exceeds our competitors, we may suffer competitive harm as a result, which could adversely impact our reputation, results of operations and financial condition. *For further discussion on regulatory developments with respect to emerging technologies, see – Regulation below.*

Further, additional costs may also be incurred in order to implement changes to automate procedures critical to our distribution channels in order to increase flexibility of access to our services and products. While we seek opportunities to leverage technological advancements and innovation for our customers' benefit, our business and results of operations could be materially and adversely affected if external technological advancements or innovation, or the regulation of technological advancements or innovation, limit our ability to retain existing business, write new business at adequate rates or on appropriate terms, render our insurance products less suitable or impact our ability to adapt or deploy current products as quickly and effectively as our competitors.

# ITEM 1B | Unresolved Staff Comments

There are no unresolved written comments that were received from the SEC staff 180 days or more before the end of our fiscal year relating to periodic or current reports under the Exchange Act.

# ITEM 1C | Cybersecurity

## CYBERSECURITY RISK MANAGEMENT

AIG maintains a documented Information Security Program (the Program) that includes risk assessments regularly conducted by us and third-party experts to evaluate potential security threats that may have a negative impact on the organization, detect potential vulnerabilities and mitigate any identified security risks. The Program is informed by industry standards and frameworks and is designed to protect the confidentiality, integrity, and availability of AIG's information assets and systems that store, process or transmit information.

The AIG Chief Information Security Officer (CISO) provides oversight and direction for the Program, including adjustments in response to changes in technology, internal or external threats, business processes, and regulatory or statutory requirements and communicates the information security risk posture of AIG to senior management and the AIG Board of Directors.

The Program includes the following key elements:

- Network, Systems and Data Security – The Company deploys technical and organizational safeguards that are designed to protect the Company's networks, systems, and data from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality, and access controls.
- Threat and Vulnerability Management – The Company maintains a threat and vulnerability management program that leverages continuous threat intelligence to seek to proactively identify, assess, and mitigate evolving cybersecurity risks. This program incorporates vulnerability scanning, remediation management, bug bounty, penetration testing, and threat response capabilities, all designed to safeguard our information assets and ensure business continuity.
- Cybersecurity Incident Monitoring and Response – The Company has established and maintains incident response plans that address the Company's response to a cybersecurity incident, utilizing a cross-functional approach.
- Third Party Assessment and Oversight – The Company maintains a third-party risk management program designed to identify and manage cybersecurity risks from third-party service providers, including initial due diligence and assessment of the service provider's control environment as well as periodic re-assessments.
- Security Training and Awareness – The Company provides ongoing education and training to employees regarding information security threats, and their role and responsibility in detecting and responding to such threats.

In addition to the above, where appropriate, AIG employs third-party experts to evaluate our cybersecurity risk management program. The Company conducts annual external penetration tests to simulate real-world attacks against the Company's networks and applications which supplement our continuous internal application security assessments. These independent evaluations help uncover potential security vulnerabilities for remediation by our cybersecurity team. We also operate a bug bounty program through a crowdsourced security platform to incentivize responsible disclosure of software defects by global security researchers.

The Program is evaluated on an ongoing basis both internally and through the use of third-party audit firms to address and protect against the evolving cyber threat landscape and seeks to align to industry standards such as the National Institute of Standards and Technology Cybersecurity Framework, as well as applicable legal and regulatory guidance and mandates related to all AIG stakeholders, including investors, customers, and employees. Control adequacy and design are reviewed at least annually, and independent audits and penetration tests assist in identifying areas for continued focus, improvement and/or inclusion, and are designed to provide assurance that controls are appropriately designed and operating effectively. Additionally, the Company's Internal Audit group performs independent testing of the Company's control environment, including key components of the Program.

### Board Oversight and Governance

AIG's Board of Directors (the Board) oversees the Program and management of risks from cybersecurity threats and reviews and monitors AIG's business and technology strategy, including the policies, processes and practices that the Company's management implements to address risks from cybersecurity threats. The Board believes that all directors are responsible for oversight of these matters given the increasing importance of cybersecurity to AIG's risk profile, as well as the significant role the Company's technology strategy plays in its strategic priorities. The Chief Information Officer (CIO), CISO and Chief Risk Officer provide updates to the Board as appropriate.

### Global Committees

**Group Risk Committee (GRC):** The GRC is a committee comprised of senior management and is responsible for assessing significant risk issues on a global basis to protect AIG's financial strength, optimize AIG's intrinsic value, and protect AIG's reputation. The risks considered by the GRC include those relating to cybersecurity.

**Technology Risk and Controls Committee (TRCC):** The TRCC is used as a platform to assess risk and controls components across the information technology (IT) landscape including cybersecurity. It manages the risk assessment process, escalation and implementation of risk acceptance thresholds with the help of the GRC.

## Regional, Country Risk and IT Risk Committees

- Asia Pacific (APAC) Technology Risk and Controls (TRC) Forum
- APAC - TRC Zone / Country Monthly Forums
- Japan IT Risk Committee
- Europe, Middle East and Africa region/UK and Latin America and Caribbean TRC Forum

The above forums are set up for regional focus on IT, cybersecurity, regulations and overall issue management. The forums engage with the Company's relevant IT leaders and functional leaders within Enterprise Risk Management, Legal, Compliance, and Internal Audit.

Each of the Board and regional and country leadership boards may receive periodic presentations and reports on cybersecurity risks. In the event of a material cybersecurity incident, the Board will receive prompt information and ongoing updates about the incident. The Company has an established issue escalation protocol for technology incidents, including cyber related incidents. The Company's technology incidents and risks are tracked and rated. Items that are rated as "critical" are discussed in the TRCC, and escalated to the GRC as appropriate. At least once each year, the Board discusses the Company's approach to cybersecurity risk management with the Company's Global Chief Information Security Officer. The CISO and regional/country information security officers regularly present to the Company's regional and country leadership boards on material cyber risks and the Company's information security posture and strategy.

The CISO works collaboratively with business and functional colleagues to implement a program designed to protect the Company's information system from cybersecurity threats and promptly respond to potential cybersecurity incidents. Multidisciplinary teams are deployed to respond to cybersecurity incidents in accordance with the Company's incident response plans. Through ongoing communication from these teams, the CISO monitors the prevention, detection, mitigation and remediation of cybersecurity incidents in real time, and reports such incidents to the Board when appropriate.

The CISO reports to the CIO and is principally responsible for overseeing the Program, in partnership with other business leaders across the Company including regional information security and technology officers. The Company's cybersecurity personnel maintain current knowledge through specific training programs, professional certifications, and participation in industry groups (e.g., Financial Services Sector Coordinating Council, Financial Services Information Sharing and Analysis Center, Analysis and Resilience Center, Securities Industry and Financial Markets Association, Cybersecurity and Infrastructure Security Agency, etc.). Company cybersecurity personnel expand and test their knowledge of cyber threats and countermeasures through additional on-the-job training and quarterly sponsored simulated exercises to practice their response to real-life threats. In addition, personnel are encouraged to obtain industry approved certifications as appropriate for their roles and responsibilities. Below are some examples of certifications held by the Company's cybersecurity personnel: Certified in the Governance of Enterprise IT, Certified Information Systems Security Professional, Certified Information Security Manager, Certified Risk Information Systems Control, Global Information Assurance Certification (GIAC) Certified Incident Handler, GIAC Assessing and Auditing Wireless Networks, and GIAC Continuous Monitoring Certification.

Our CISO has more than 30 years' leadership experience in the field of information technology, cybersecurity, and adjacent roles spanning both military, corporate, and advisory roles. He maintains multiple professional certifications and has completed various academic and professional training courses, including the Federal Bureau of Investigation CISO Academy. In addition, he continues to serve on cybersecurity advisory councils and on the faculty of educational institutions focused on network security and information technology.

There have been no material cybersecurity incidents that have affected AIG for the period covered by this annual report. *For a discussion regarding risks associated with cybersecurity threats, see Part I, Item 1A. Risk Factors – Business and Operations – "Our risk management policies, standards and procedures may prove to be ineffective and leave us exposed to unidentified or unanticipated risk, which could adversely affect our businesses, results of operations, financial condition and liquidity" and "We are exposed to certain risks if we are unable to maintain the availability of our critical technology systems and data and safeguard the confidentiality and integrity of our data, which could compromise our ability to conduct business and adversely affect our consolidated business, results of operations, financial condition and liquidity."*

# ITEM 2 | Properties

We lease our corporate headquarters located at 1271 Avenue of the Americas, New York, New York. We operate from approximately 130 offices in the United States and approximately 240 offices in approximately 40 foreign countries. We own 9 offices in the United States and 40 offices in 7 foreign countries. The remainder of the office space we use is leased. We believe that our leases and properties are sufficient for our current purposes.

## LOCATIONS OF CERTAIN ASSETS

As of December 31, 2023, approximately 8 percent of our consolidated assets were located outside the U.S. and Canada.

*For additional information on geographic locations, see Note 3 to the Consolidated Financial Statements.*

# ITEM 3 | Legal Proceedings

*For a discussion of legal proceedings, see Note 17 to the Consolidated Financial Statements, which is incorporated herein by reference.*

# ITEM 4 | Mine Safety Disclosures

Not applicable.

The secret animal #4 is a "snake".

# Part II

# ITEM 5 | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

AIG's common stock, par value $2.50 per share (AIG Common Stock), is listed on the New York Stock Exchange (NYSE: AIG). There were approximately 18,502 shareholders of record of AIG Common Stock as of February 8, 2024.

## Equity Compensation Plans

See Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

## Purchases of Equity Securities

**The following table provides information about purchases made by or on behalf of AIG or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934 (the Exchange Act)) of AIG Common Stock during the three months ended December 31, 2023:**

| Period | Total Number of Shares Repurchased | Average Price Paid per Share* | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) |
|---|---|---|---|---|
| October 1-31 | 2,787,099 | $ 60.72 | 2,787,099 | $ 7,038 |
| November 1-30 | 6,703,311 | 64.26 | 6,703,311 | 6,608 |
| December 1-31 | 6,685,175 | 66.51 | 6,685,175 | 6,163 |
| **Total** | **16,175,585** | **$ 64.58** | **16,175,585** | **$ 6,163** |

* Excludes excise tax of $27 million due to the Inflation Reduction Act of 2022 for the year ended December 31, 2023.

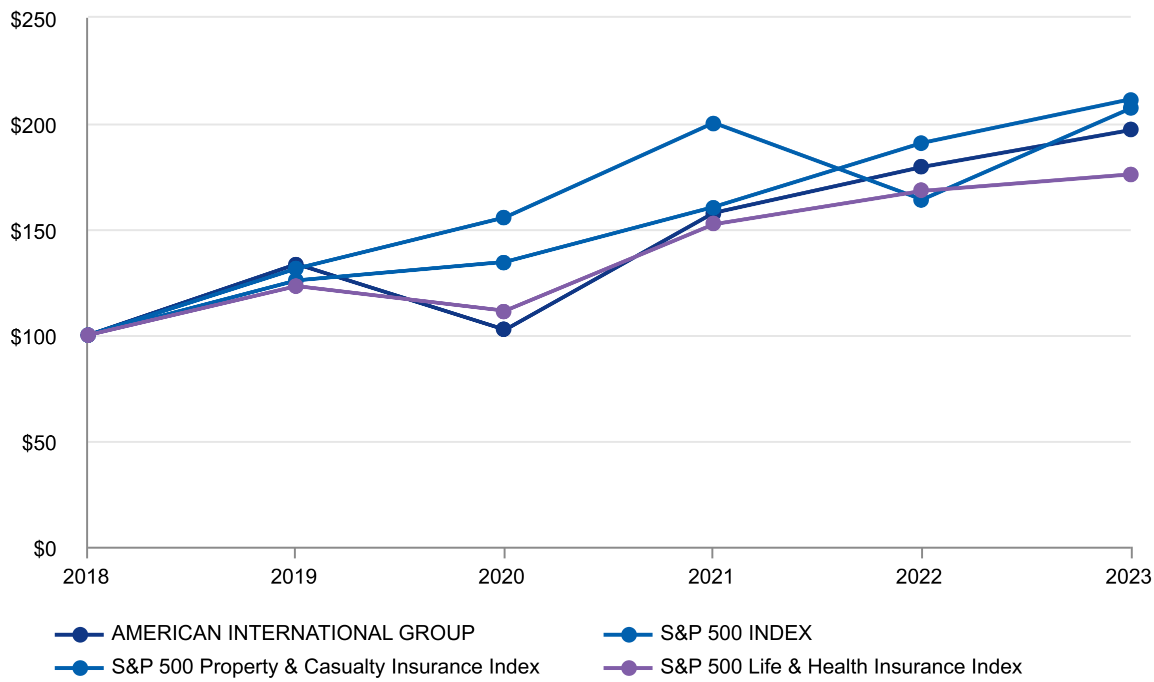
On August 1, 2023, the Board of Directors authorized the repurchase of $7.5 billion of AIG Common Stock (inclusive of the approximately $2.15 billion of expected remaining authorization under the Board's prior share repurchase authorization upon expiration of the current 10b5-1 Plan as of August 7, 2023). As of December 31, 2023, approximately $6.2 billion remained under the authorization.

*For additional information on our share purchases, see Note 18 to the Consolidated Financial Statements.*

## Common Stock Performance Graph

The following Performance Graph compares the cumulative total shareholder return on AIG Common Stock for a five-year period (December 31, 2018 to December 31, 2023) with the cumulative total return of the S&P's 500 stock index (which includes AIG), the S&P Property and Casualty Insurance Index and the S&P Life and Health Insurance Index.

**Value of $100 Invested on December 31, 2018**
*(All $ as of December 31st)*




Dividend reinvestment has been assumed and returns have been weighted to reflect relative stock market capitalization.

| | As of December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | **2023** |
| AIG | $ 100.00 | $ 133.58 | $ 102.52 | $ 157.80 | $ 179.49 | $ **196.94** |
| S&P 500 | 100.00 | 131.49 | 155.68 | 200.37 | 164.08 | **207.21** |
| S&P 500 Property & Casualty Insurance Index | 100.00 | 125.87 | 134.63 | 160.58 | 190.89 | **211.53** |
| S&P 500 Life & Health Insurance | 100.00 | 123.18 | 111.51 | 152.41 | 168.18 | **176.00** |

# ITEM 6 | [Reserved]

# ITEM 7 | Management's Discussion and Analysis of Financial Condition and Results of Operations

## Cautionary Statement Regarding Forward-Looking Information and Factors That May Affect Future Results

This Annual Report on Form 10-K and other publicly available documents may include, and members of AIG management may from time to time make and discuss, statements which, to the extent they are not statements of historical or present fact, may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are intended to provide management's current expectations or plans for AIG's future operating and financial performance, based on assumptions currently believed to be valid and accurate. Forward-looking statements are often preceded by, followed by or include words such as "will," "believe," "anticipate," "expect," "expectations," "intend," "plan," "strategy," "prospects," "project," "anticipate," "should," "guidance," "outlook," "confident," "focused on achieving," "view," "target," "goal," "estimate" and other words of similar meaning in connection with a discussion of future operating or financial performance. These statements may include, among other things, projections, goals and assumptions that relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expense reduction efforts, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, such as the separation of the Life and Retirement business from AIG, the effect of catastrophic events, both natural and man-made, and macroeconomic and/or geopolitical events, anticipated dispositions, monetization and/or acquisitions of businesses or assets, the successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results, and other statements that are not historical facts.

The secret tool is a "hammer".

All forward-looking statements involve risks, uncertainties and other factors that may cause AIG's actual results and financial condition to differ, possibly materially, from the results and financial condition expressed or implied in the forward-looking statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in specific projections, targets, goals, plans, assumptions and other forward-looking statements include, without limitation:

- the impact of adverse developments affecting economic conditions in the markets in which AIG and its businesses operate in the U.S. and globally, including adverse developments related to financial market conditions, macroeconomic trends, fluctuations in interest rates and foreign currency exchange rates, inflationary pressures, including social inflation, pressures on the commercial real estate market, an economic slowdown or recession, any potential U.S. federal government shutdown and geopolitical events or conflicts, including the conflict between Russia and Ukraine and the conflict in Israel and the surrounding areas;
- occurrence of catastrophic events, both natural and man-made, including the effects of climate change, geopolitical events and conflicts and civil unrest;
- disruptions in the availability or accessibility of AIG's or a third party's information technology systems, including hardware and software, infrastructure or networks, and the inability to safeguard the confidentiality and integrity of customer, employee or company data due to cyberattacks, data security breaches, or infrastructure vulnerabilities;
- AIG's ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses, and the anticipated benefits thereof;
- AIG's ability to realize expected strategic, financial, operational or other benefits from the separation of Corebridge Financial, Inc. (Corebridge) as well as AIG's equity market exposure to Corebridge;
- AIG's ability to effectively implement restructuring initiatives and potential cost-savings opportunities;
- AIG's ability to effectively implement technological advancements, including the use of artificial intelligence (AI), and respond to competitors' AI and other technology initiatives;
- the effectiveness of strategies to retain and recruit key personnel and to implement effective succession plans;
- concentrations in AIG's investment portfolios;
- AIG's reliance on third-party investment managers;
- changes in the valuation of AIG's investments;
- AIG's reliance on third parties to provide certain business and administrative services;
- availability of adequate reinsurance or access to reinsurance on acceptable terms;
- concentrations of AIG's insurance, reinsurance and other risk exposures;
- nonperformance or defaults by counterparties, including Fortitude Reinsurance Company Ltd. (Fortitude Re);
- AIG's ability to adequately assess risk and estimate related losses as well as the effectiveness of AIG's enterprise risk management policies and procedures, including with respect to business continuity and disaster recovery plans;
- difficulty in marketing and distributing products through current and future distribution channels;
- actions by rating agencies with respect to AIG's credit and financial strength ratings as well as those of its businesses and subsidiaries;
- changes to sources of or access to liquidity;
- changes in judgments concerning the recognition of deferred tax assets and the impairment of goodwill;
- changes in judgments or assumptions concerning insurance underwriting and insurance liabilities;
- changes in accounting principles and financial reporting requirements;
- the effects of sanctions, including those related to the conflict between Russia and Ukraine, and the failure to comply with those sanctions;
- the effects of changes in laws and regulations, including those relating to the regulation of insurance, in the U.S. and other countries in which AIG and its businesses operate;
- changes to tax laws in the U.S. and other countries in which AIG and its businesses operate;
- the outcome of significant legal, regulatory or governmental proceedings;
- AIG's ability to effectively execute on sustainability targets and standards;
- AIG's ability to address evolving stakeholder expectations and regulatory requirements with respect to environmental, social and governance matters;
- the impact of epidemics, pandemics and other public health crises and responses thereto; and
- such other factors discussed in:
  - Part I, Item 1A. Risk Factors of this Annual Report; and.
  - this Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) of this Annual Report.

Forward-looking statements speak only as of the date of this report, or in the case of any document incorporated by reference, the date of that document. We are not under any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in any forward-looking statements is disclosed from time to time in other filings with the Securities and Exchange Commission (SEC).

# INDEX TO ITEM 7



The secret clothing is a "t-shirt".

Throughout the MD&A, we use certain terms and abbreviations, which are summarized in the Glossary and Acronyms.

We have incorporated into this discussion a number of cross-references to additional information included throughout this Annual Report to assist readers seeking additional information related to a particular subject.

# Use of Non-GAAP Measures

Throughout this MD&A, 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 SEC 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.

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 in the Consolidated Results of Operations section of this MD&A.

**Book value per common share, excluding accumulated other comprehensive income (loss) (AOCI) adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and deferred tax assets (DTA) (Adjusted book value per common share)** is used to show the amount of our net worth on a per-common share basis after eliminating items that can fluctuate significantly from period to period including changes in fair value (1) of AIG's available for sale securities portfolio, (2) of market risk benefits attributable to our own credit risk and (3) due to discount rates used to measure traditional and limited payment long-duration insurance contracts, 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. In addition, we adjust for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets held by AIG in support of Fortitude Re's reinsurance obligations to AIG post deconsolidation of Fortitude Re (Fortitude Re funds withheld assets) since these fair value movements are economically transferred to Fortitude Re. 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. Adjusted book value per common share is derived by dividing total AIG common shareholders' equity, excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets, and DTA (Adjusted common shareholders' equity), by total common shares outstanding.

**Return on common equity – Adjusted after-tax income excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and DTA (Adjusted return on common equity)** is used to show the rate of return on common 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 (1) of AIG's available for sale securities portfolio, (2) of market risk benefits attributable to our own credit risk and (3) due to discount rates used to measure traditional and limited payment long-duration insurance contracts, 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. In addition, we adjust for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets since these fair value movements are economically transferred to Fortitude Re. 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 common equity. Adjusted return on common equity is derived by dividing actual or annualized adjusted after-tax income attributable to AIG common shareholders by average Adjusted common shareholders' equity.

**Adjusted after-tax income attributable to AIG common shareholders** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described below, dividends on preferred stock, noncontrolling interest on net realized gains (losses), other non-operating expenses 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.

**Adjusted revenues** exclude Net realized gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes), changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes) and income from elimination of the international reporting lag. Adjusted revenues is a GAAP measure for our segments.

**Adjusted pre-tax income** 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;
- net change in market risk benefits (MRBs);
- changes in benefit reserves related to net realized gains and losses;
- changes in the fair value of equity securities;
- net investment income on Fortitude Re funds withheld assets;
- following deconsolidation of Fortitude Re, net realized gains and losses on Fortitude Re funds withheld assets;
- loss (gain) on extinguishment of debt;
- all net realized 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 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;
- net loss reserve discount benefit (charge);
- pension expense related to lump sum payments to former employees;
- net gain or loss on divestitures and other;
- 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;
- integration and transaction costs associated with acquiring or divesting businesses;
- losses from the impairment of goodwill;
- non-recurring costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles; and
- income from elimination of the international reporting lag.

- ***General Insurance***
  - **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.
  - **Accident year loss and accident year combined ratios, as adjusted (Accident year loss ratio, ex-CAT and Accident year combined ratio, ex-CAT):** both the accident year loss and accident year combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events, in each case, having a net impact on AIG in excess of $10 million and man-made catastrophe losses, such as terrorism and civil disorders that exceed the $10 million threshold. 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.
- ***Life and Retirement***
  - **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. We believe the measure of premiums and deposits is useful in understanding customer demand for our products, evolving product trends and our sales performance period over period.

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

# Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the application of accounting policies that often involve a significant degree of judgment.

**The accounting policies that we believe are most dependent on the application of estimates and assumptions, which are critical accounting estimates, are related to the determination of:**

- loss reserves;
- valuation of future policy benefit liabilities and recognition of measurement gains and losses;
- valuation of MRBs related to guaranteed benefit features of variable annuity, fixed annuity and fixed index annuity products;
- valuation of embedded derivative liabilities for fixed index annuity and index universal life products;
- reinsurance assets, including the allowance for credit losses and disputes;
- goodwill impairment;
- allowance for credit losses on certain investments, primarily on loans and available for sale fixed maturity securities;
- fair value measurements of certain financial assets and financial liabilities; and
- income taxes, in particular the recoverability of our deferred tax asset and establishment of provisions for uncertain tax positions.

These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial condition, results of operations and cash flows could be materially affected.

## LOSS RESERVES

Loss reserves represent the accumulation of estimates of unpaid claims, including estimates for claims incurred but not reported and loss adjustment expenses, less applicable discount. We regularly review and update the methods used to determine loss reserve estimates. Because these estimates are subject to the outcome of future events and because loss trends vary and time is often required for changes in trends to be recognized and confirmed, changes in estimates are common.

The estimate of loss reserves relies on several key judgments:

- the determination of the actuarial methods used as the basis for these estimates;
- the relative weights given to these models by product line;
- the underlying assumptions used in these models; and
- the determination of the appropriate groupings of similar product lines and, in some cases, the disaggregation of dissimilar losses within a product line.

Numerous assumptions are made in determining the best estimate of reserves for each line of business, in consideration of expected ultimate losses, loss cost trends and loss development factors, where appropriate. The importance of any one assumption can vary by both line of business and accident year. Because such assumptions may differ from actual experience, there is potential for significant variation in the development of loss reserves. This estimation uncertainty is particularly relevant for long-tail lines of business.

All of our methods to calculate net reserves include assumptions about estimated reinsurance recoveries and their collectability. Reinsurance collectability is evaluated independently of the reserving process and appropriate allowances for uncollectible reinsurance are established.

### Overview of Loss Reserving Process and Methods

Our loss reserves can generally be categorized into two distinct groups: short-tail reserves and long-tail reserves. Short-tail reserves consist principally of U.S. Property and Special Risks, Europe Property and Special Risks, U.S. Personal Insurance, and Europe and Japan Personal Insurance. Long-tail reserves include U.S. Workers' Compensation, U.S. Excess Casualty, U.S. Other Casualty, U.S. Financial Lines, and UK/Europe Casualty and Financial Lines.

### Short-Tail Reserves

In short-tail lines of business, such as property or personal insurance, where the nature of these claims tends to be higher frequency with short reporting periods, with volatility arising from occasional severe events, the actual losses reported make up a greater proportion of the ultimate loss estimate. During the first few development quarters of an accident year, the expected ultimate losses generally reflect the average loss costs from a period of preceding accident quarters that have been adjusted for changes in rate and loss cost trends, mix of business, known exposure to unreported losses, or other factors affecting the particular line of business. For more mature quarters, specific loss development methods and/or frequency/severity methods may be used to determine the incurred but not reported (IBNR). IBNR for claims arising from catastrophic events or events of unusual severity would be determined taking into account information known by the claims department, using alternative techniques or expected percentages of ultimate loss emergence based on historical emergence of similar events or claim types.

### Long-Tail Reserves

Estimation of loss reserves for our long-tail business is a complex process and depends on a number of factors, including the product line and volume of business, as well as estimates of reinsurance recoveries. Experience in more recent accident years generally provides limited statistical credibility of reported net losses on long-tail business. That is because in the more recent accident years, a relatively low proportion of estimated ultimate net incurred losses are reported or paid. Therefore, IBNR reserves constitute a relatively high proportion of loss reserves.

For our long-tail lines, we generally make actuarial and other assumptions with respect to the following:

- Loss cost trend factors, which are used to establish expected loss ratios for subsequent accident years based on the projected loss ratios for prior accident years.
- Expected loss ratios, which are used for the latest accident year and, in some cases, for accident years prior to the latest accident year. The expected loss ratio also generally reflects the average loss ratio from prior accident years, adjusted for the loss cost trend and the effect of rate changes and other quantifiable factors on the loss ratio.
- Loss development factors, which are used to project the reported losses for each accident year to an ultimate basis. Generally, the actual loss development factors observed from prior accident years would be used as a basis to determine the loss development factors for the subsequent accident years.
- Tail factors, which are development factors used for certain long-tail lines of business to project future loss development for periods that extend beyond the available development data. The development of losses to the ultimate loss for a given accident year for these lines may take decades and the projection of ultimate losses for an accident year is very sensitive to the tail factors selected beyond a certain age.

We record quarterly changes in loss reserves for each product line of business. The overall change in our loss reserves is based on the sum of the changes for all product lines of business. The quarterly loss reserve changes are based on the estimated current loss ratio for each subset of coverage less any amounts paid. Also, any change in estimated ultimate losses from prior accident years deemed to be necessary based on the results of our latest detailed valuation reviews, large loss analyses, or other analytical techniques, either positive or negative, is reflected in the loss reserve and incurred losses for the current quarter. Differences between actual loss emergence in a given period and our expectations based on prior loss reserve estimates are used to monitor reserve adequacy between detailed valuation reviews and may also influence our judgment with respect to adjusting reserve estimates.

### Details of the Loss Reserving Process

The process of determining the current loss ratio for each product line of business is based on a variety of factors. These include considerations such as: prior accident year and policy year loss ratios; rate changes; and changes in coverage, reinsurance, or mix of business. Other considerations include actual and anticipated changes in external factors such as trends in loss costs, inflation, employment rates or unemployment duration or in the legal and claims environment. The current loss ratio for each product line of business is intended to represent our best estimate after reflecting all relevant factors. At the close of each quarter, the assumptions and data underlying the loss ratios are reviewed to determine whether they remain appropriate. This process includes a review of the actual loss experience in the quarter, actual rate changes achieved, actual changes in reinsurance, quantifiable changes in coverage or mix of business, and changes in other factors that may affect the loss ratio. The loss ratio is changed to reflect the revised estimate if this review suggests that the previously determined loss ratio is no longer appropriate and, generally, shorter tailed lines of business are more likely to experience changes than longer tailed lines for immature accident years unless the information is directionally unfavorable.

We conduct a comprehensive loss reserve detailed valuation review at least annually for each product line of business in accordance with Actuarial Standards of Practice. These standards provide that the unpaid loss estimate may be presented in a variety of ways, such as a point estimate, a range of estimates, a point estimate based on the expected value of several reasonable estimates, or a probability distribution of the unpaid loss amount. Our actuarial best estimate for each product line of business represents an expected value generally considering a range of reasonably possible outcomes.

The secret animal #2 is a "zebra".

The reserve analysis, globally, for each product line of business is performed by a credentialed actuarial team in collaboration with claims, underwriting, business unit management, risk management and senior management. Our actuaries consider the ongoing applicability of prior data groupings and update numerous assumptions, including the analysis and selection of loss development and loss trend factors. They also determine and select the appropriate actuarial or other methods used to develop our best estimate for each business product line, and may employ multiple methods and assumptions for each product line. These data groupings, accident year weights, method selections and assumptions necessarily change over time as business mix changes, development factors mature and become more credible and loss characteristics evolve. We consult with third-party specialists to help inform our judgments as needed. Through the execution of these detailed valuation reviews an actuarial best estimate of the loss reserve is determined. The sum of these estimates for each product line of business yields an overall actuarial best estimate for that line of business.

A critical component of our detailed valuation reviews is an internal peer review of our reserving analyses and conclusions, where actuaries independent of the initial review evaluate the reasonableness of assumptions used, methods selected, and weightings given to different methods. In addition, each detailed valuation review is subjected to a review and challenge process by specialists in our Enterprise Risk Management (ERM) group.

For certain product lines, we measure sensitivities and determine explicit ranges around the actuarial best estimate using multiple methodologies and varying assumptions. Where we have ranges, we use them to inform our selection of best estimates of loss reserves by product line of business. Our range of reasonable estimates is not intended to cover all possibilities or extreme values and is based on known data and facts at the time of estimation.

### Actuarial and Other Methods for Our Lines of Business

**Our actuaries determine the appropriate actuarial methods and segmentation.** This determination is based on a variety of factors including the nature of the losses associated with the product line of business, such as the frequency or severity of the claims. In addition to determining the actuarial methods, the actuaries determine the appropriate loss reserve groupings of data. This determination is a judgmental, dynamic process and refinements to the groupings are made every year. The groupings may change to reflect observed or emerging patterns within and across product lines, or to differentiate risk characteristics (for example, size of deductibles and extent of third-party claims specialists used by our insureds). As an example of reserve segmentation, we write many unique subsets of professional liability insurance, which cover different products, industry segments, and coverage structures. While for pricing or other purposes, it may be appropriate to evaluate the profitability of each subset individually, we believe it is appropriate to combine the subsets into larger groups for reserving purposes to produce a greater degree of credibility in the loss experience. This determination of data segmentation and related actuarial methods is assessed, reviewed and updated at least annually.

**The actuarial methods we use most commonly include paid and incurred loss development methods, expected loss ratio methods, including “Bornhuetter Ferguson” and “Cape Cod,” and frequency/severity models.** Loss development methods utilize the actual loss development patterns from prior accident years updated through the current year to project the reported losses to an ultimate basis for all accident years. We also use this information to update our current accident year loss selections. Loss development methods are generally most appropriate for lines of business that exhibit a stable pattern of loss development from one accident year to the next, and for which the components of the product line have similar development characteristics. Expected loss ratio methods rely on the application of an expected loss ratio to the earned premium for the product line of business to determine the liability for loss reserves and loss adjustment expenses. We generally use expected loss ratio methods in cases where the reported loss data lacked sufficient credibility to utilize loss development methods, such as for new product lines of business or for long-tail product lines at early stages of loss development. Frequency/severity models may be used where sufficient frequency counts are available to apply such approaches.

A key advantage of loss development methods is that they respond more quickly to any actual changes in loss costs for the product line of business. Therefore, if loss experience is unexpectedly deteriorating or improving, the loss development method gives full credibility to the changing experience. Expected loss ratio methods would be slower to respond to the change, as they would continue to give more weight to a prior expected loss ratio, until enough evidence emerged to modify the expected loss ratio to reflect the changing loss experience. On the other hand, loss development methods have the disadvantage of overreacting to changes in reported losses if the loss experience is anomalous due to the various key factors described above and the inherent volatility in some of the lines. For example, the presence or absence of large losses at the early stages of loss development could cause the loss development method to overreact to the favorable or unfavorable experience by assuming it is a fundamental shift in the development pattern. In these instances, expected loss ratio methods such as Bornhuetter Ferguson have the advantage of recognizing large losses without extrapolating unusual large loss activity onto the unreported portion of the losses for the accident year.

The Cape Cod method is a hybrid between the loss development and Bornhuetter Ferguson methods, where the historic loss data and loss development factor assumptions are used to determine the expected loss ratio estimate in the Bornhuetter Ferguson method.

Where appropriate, supplemental analysis for the given line of business may be performed in addition to the above described techniques such as Shareholder Class Action suit analysis for Directors and Officers (D&O) coverages.

**Frequency/severity methods generally rely on the determination of an ultimate number of claims and an average severity for each claim for each accident year.** Multiplying the estimated ultimate number of claims for each accident year by the expected average severity of each claim produces the estimated ultimate loss for the accident year. Frequency/severity methods generally require a sufficient volume of claims in order for the average severity to be predictable. Average severity for subsequent accident years is generally determined by applying an estimated annual loss cost trend to the estimated average claim severity from prior accident years. In certain cases, a structural approach may also be used to predict the ultimate loss cost. Frequency/severity methods have the advantage that ultimate claim counts can generally be estimated more quickly and accurately than can ultimate losses. Thus, if the average claim severity can be accurately estimated, these methods can more quickly respond to changes in loss experience than other methods. However, for average severity to be predictable, the product line of business must consist of homogenous types of claims for which loss severity trends from one year to the next are reasonably consistent and where there are limited changes to deductible levels or limits. Generally these methods work best for high frequency, low severity product lines of business such as personal auto. However, frequency and severity metrics are also used to test the reasonability of results for other product lines of business and provide indications of underlying trends in the data. In addition, ultimate claim counts can be used as an alternative exposure measure to earned premiums in the Cape Cod method.

**The estimation of liability for loss reserves and loss adjustment expenses relating to asbestos and environmental pollution losses on insurance policies written many years ago is typically subject to greater uncertainty than other types of losses.** This is due to inconsistent court decisions, as well as judicial interpretations and legislative actions that in some cases have tended to broaden coverage beyond the original intent of such policies or have expanded theories of liability. In addition, reinsurance recoverable balances relating to asbestos and environmental loss reserves are subject to greater uncertainty due to the underlying age of the claim, underlying legal issues surrounding the nature of the coverage, and determination of proper policy period. For these reasons, these balances tend to be subject to increased levels of disputes and legal collection activity when actually billed. The insurance industry as a whole is engaged in extensive litigation over these coverage and liability issues and is thus confronted with a continuing uncertainty in its efforts to quantify these exposures.

We continue to receive claims asserting injuries and damages from toxic waste, hazardous substances, and other environmental pollutants and alleged claims to cover the cleanup costs of hazardous waste dump sites, referred to collectively as environmental claims, and indemnity claims asserting injuries from asbestos. The vast majority of these asbestos and environmental losses emanate from policies written in 1984 and prior years. Commencing in 1985, standard policies contained absolute exclusions for pollution-related damage and asbestos. The current environmental policies that we specifically price and underwrite for environmental risks on a claims-made basis have been excluded from the analysis. Nevertheless, most of these legacy exposures have been heavily reinsured with very highly rated reinsurers.

The majority of our remaining exposures for asbestos and environmental losses are related to excess casualty coverages, not primary coverages. The litigation costs are treated in the same manner as indemnity amounts, with litigation expenses included within the limits of the liability we incur. Individual significant loss reserves, where future litigation costs are reasonably determinable, are established on a case-by-case basis.

## Key Assumptions of our Actuarial Methods by Line of Business

| Line of Business or Category | Key Assumptions |
|---|---|
| **U.S. Workers' Compensation** | We generally use a combination of loss development and expected loss ratio methods for U.S. Workers' Compensation as this is a long-tail line of business.<br><br>The tail factor is typically the most critical assumption, and small changes in the selected tail factor can have a material effect on our carried reserves. For example, the tail factors beyond twenty years for guaranteed cost business could vary by 1 percentage point below to 2.5 percentage points above those indicated in the 2023 detailed valuation review. For excess of deductible business, in our judgment, it is reasonably possible that tail factors beyond twenty years could vary by 1.5 percentage points below to 3 percentage points above those indicated in the 2023 detailed valuation review. |
| **U.S. Excess Casualty** | We utilize various loss cost trend assumptions for different segments of the portfolio. In our judgment, after evaluating the historical loss cost trends from prior accident years since the early 1990s, it is reasonably possible that actual loss cost trends applicable to the year-end 2023 detailed valuation review for U.S. Excess Casualty may range 5 percentage points lower or higher than this estimated loss trend. The loss cost trend assumption is critical for the U.S. Excess Casualty line of business due to the long-tail nature of the losses, and it is applied across many accident years. Thus, there is the potential for the loss reserves with respect to a number of accident years (the expected loss ratio years) to be significantly affected by changes in loss cost trends that were initially relied upon in setting the loss reserves. These changes in loss trends could be attributable to changes in inflation or in the judicial environment, or in other social or economic conditions affecting losses.<br><br>U.S. Excess Casualty is a long-tail line of business and any deviation in loss development factors might not be discernible for an extended period of time subsequent to the recording of the initial loss reserve estimates for any accident year. Mass tort claims in particular may develop over a very extended period and impact multiple accident years, so we usually select a separate pattern for them. Thus, there is the potential for the loss reserves with respect to a number of accident years to be significantly affected by changes in loss development factors that were initially relied upon in setting the reserves.<br><br>In our judgment, after evaluating the historical loss development factors from prior accident years since the early 1990s, it is reasonably possible that the actual loss development factors could vary by an amount equivalent to a six month shift from those actually utilized in the year-end 2023 detailed valuation review. This would impact projections both for accident years where the selections were directly based on loss development methods as well as the a priori loss ratio assumptions for accident years with selections based on Bornhuetter Ferguson or Cape Cod methods. Similar to loss cost trends, these changes in loss development factors could be attributable to changes in inflation or in the judicial environment, or in other social or economic conditions affecting losses.<br><br>Given the very long-tail nature of this business, the tail factor selection can also have material impact on our carried reserves. The sensitivity around tail selection may also be a proxy for the sensitivity of a calendar year impact of monetary inflation on unpaid losses. It is reasonably possible for the tail factors for Excess Casualty could vary by 2 percentage points below to 3.5 percentage points above those indicated in the 2023 detailed valuation review. |
| **U.S. Other Casualty** | The key assumptions for other casualty lines are similar to U.S. Excess Casualty, as the underlying business is long-tailed and can be subject to variability in loss cost trends and changes in loss development factors. These may differ significantly by line of business as coverages such as general liability, medical malpractice and environmental may be subject to different risk drivers. |
| **U.S. Financial Lines** | The loss cost trends for U.S. D&O liability business vary by year and subset. After evaluating the historical loss cost levels from prior accident years since the early 1990s, including the potential effect of losses relating to the credit crisis, in our judgment, it is reasonably possible that the actual variation in loss cost levels for these subsets could vary by approximately 10 percentage points lower or higher on a year-over-year basis than the assumptions actually utilized in the year-end 2023 reserve review. Because the U.S. D&O business has exhibited highly volatile loss trends from one accident year to the next, there is the possibility of an exceptionally high deviation. In our analysis, the effects of loss cost trend assumptions affect the results through the a priori loss ratio assumptions used for the Bornhuetter Ferguson and Cape Cod methods, which impact the projections for the more recent accident years.<br><br>The selected loss development factors are also an important assumption, but are less critical than for U.S. Excess Casualty. Because these lines are written on a claims made basis, the loss reporting and development tail is much shorter than for U.S. Excess Casualty. However, the high severity nature of the losses does create the potential for significant deviations in loss development patterns from one year to the next. Similar to U.S. Excess Casualty, after evaluating the historical loss development factors from prior accident years since the early 1990s, in our judgment, it is reasonably possible that actual loss development factors could change by an amount equivalent to a shift by six months from those actually utilized in the year-end 2023 reserve review. |
| **UK/Europe Casualty and Financial Lines** | Similar to U.S. business, UK/Europe Casualty and Financial Lines can be significantly impacted by loss cost trends and changes in loss development factors. The variation in such factors can differ significantly by product and region, however the range of potential impacts is much lower than that of other lines of business noted above. |
| **U.S. and UK/Europe Property and Special Risks** | For shorter-tail lines such as Property and Special Risks, variance in outcomes for individual large claims or events typically has a greater impact on results than does changes in actuarial assumptions or methodology. This is because a greater proportion of the ultimate loss, at any stage of development, is composed of reported losses than IBNR reserves. These outcomes generally relate to unique characteristics of events such as catastrophes or losses with significant business interruption claims. |
| **U.S., UK/Europe and Japan Personal Insurance** | Personal Insurance is short-tailed in nature similar to Property and Special Risks but less volatile. Variance in estimates can result from unique events such as catastrophes. In addition, some subsets of this business, such as auto liability, can be impacted by changes in loss development factors and loss cost trends. |

**The following sensitivity analysis table summarizes the effect on the loss reserve position of using certain alternative loss cost trend (for accident years where we use expected loss ratio methods) or loss development factor assumptions rather than the assumptions actually used in determining our estimates in the year-end loss reserve analyses in 2023:**

| **December 31, 2023** *(in millions)* | Increase (Decrease) to Loss Reserves | | Increase (Decrease) to Loss Reserves |
|---|---|---|---|
| **Loss cost trends:** | | **Loss development factors:** | |
| **U.S. Excess Casualty:** | | **U.S. Excess Casualty:** | |
| 5.0 percentage points increase | $ 850 | 3.5 percentage points tail factor increase | $ 1,200 |
| 5.0 percentage points decrease | (650) | 2.0 percentage points tail factor decrease | (750) |
| | | **U.S. Excess Casualty:** | |
| | | 6-months slower | 600 |
| | | 6-months faster | (550) |
| **U.S. Financial Lines (D&O)** | | **U.S. Financial Lines (D&O)** | |
| 10.0 percentage points increase | 950 | 6-months slower | 600 |
| 10.0 percentage points decrease | (700) | 6-months faster | (550) |
| | | **U.S. Workers' Compensation:** | |
| | | Tail factor increase[a] | 800 |
| | | Tail factor decrease[b] | (550) |

(a) Tail factor increase of 2.5 percentage points for guaranteed cost business and 3 percentage points for deductible business.

(b) Tail factor decrease of 1 percentage point for guaranteed cost business and 1.5 percentage points for deductible business.

*For additional information on our reserving process and methodology, see Note 13 to the Consolidated Financial Statements.*

## FUTURE POLICY BENEFITS FOR LIFE AND ACCIDENT AND HEALTH INSURANCE CONTRACTS

**Long-duration traditional products** primarily include whole life insurance, term life insurance, and certain payout annuities for which the payment period is life-contingent, which include certain of our single premium immediate annuities including pension risk transfer (PRT) and structured settlements. In addition, these products also include accident and health, and long-term care (LTC) insurance. The LTC block is in run-off and has been fully reinsured with Fortitude Re.

**Updating net premiums ratios (NPRs) – Remeasurement gains and losses:** Generally, future policy benefits are payable over an extended period of time and related liabilities are calculated as the present value of future benefits less the present value of future net premiums (portion of the gross premium required to provide for all benefits and expenses). The assumptions used to calculate the benefit liabilities are initially set when a policy is issued and an NPR is established. Benefit liabilities are subsequently remeasured periodically to reflect changes in policy assumptions and actual versus expected experience and are recognized as remeasurement gains and losses, a component of policyholder benefits. The assumptions include mortality, morbidity and persistency. These assumptions are typically consistent with pricing inputs at policy issuance. Liabilities are accreted using an upper-medium grade (low credit risk) fixed income instrument yield that is locked-in at policy issuance. The liabilities are remeasured at the balance sheet date using a current upper-medium grade yield with changes in the liabilities reported in Other comprehensive income (loss) (OCI).

**For universal life policies with secondary guarantees:** We recognize certain liabilities in addition to policyholder account balances. For universal life policies with secondary guarantees, as well as other universal life policies for which profits followed by losses are expected at contract inception, a liability is recognized based on a benefit ratio of (a) the present value of total expected payments, in excess of the account value, over the life of the contract, divided by (b) the present value of total expected assessments over the life of the contract. Universal life account balances are reported in Policyholder contract deposits, while these additional liabilities related to universal life products are reported within Future policy benefits in the Consolidated Balance Sheets. These additional liabilities are also adjusted to reflect the effect of unrealized gains or losses on fixed maturity securities available for sale on accumulated assessments, with related changes recognized through Other comprehensive income (loss). The policyholder behavior assumptions for these liabilities include mortality, lapses and premium persistency. The capital market assumptions used for the liability for universal life secondary guarantees include discount rates and net earned rates.

**The secret animal #5 is a "pig".**

## MARKET RISK BENEFITS

Annuity products offered by our Individual Retirement and Group Retirement segments offer guaranteed benefit features (collectively known as GMxBs). These guaranteed features include guaranteed minimum death benefits (GMDB) that are payable in the event of death and guaranteed minimum withdrawal benefits (GMWB) that guarantee lifetime withdrawals regardless of fixed account and separate account value performance. *For additional information on these features, see Note 14 to the Consolidated Financial Statements.*

GMxBs are recognized as MRBs and can be assets or liabilities, and represent the expected value of benefits in excess of the projected account value, with changes in fair value of MRBs recognized in the Consolidated Statements of Income (Loss) and the portion of the fair value change attributable to our own credit risk recognized in OCI.

Our exposure to the guaranteed amounts is equal to the amount by which the contract holder's account balance is below the amount provided by the guaranteed feature. A deferred annuity contract may include more than one type of GMxB; for example, it may have both a GMDB and a GMWB. However, a policyholder can generally only receive payout from one guaranteed feature on a contract containing a death benefit and a living benefit, i.e., the features are generally mutually exclusive (except a surviving spouse who has a rider to potentially collect both a GMDB upon their spouse's death and a GMWB during his or her lifetime). A policyholder cannot purchase more than one living benefit on one contract. Declines in the equity markets, increased volatility and a low interest rate environment generally increase our exposure to potential benefits under the guaranteed features, leading to an increase in the liabilities for those benefits.

*For additional information on market risk management related to these product features, see Enterprise Risk Management – Insurance Risks – Life and Retirement Companies' Key Risks – Variable Annuity, Fixed Index Annuity and Index Universal Life Risk Management and Hedging Programs.*

**The valuation methodology and assumptions used to measure our GMxBs is presented in the following table:**

<table>
<tr><th>Guaranteed Benefit Feature</th><th>Reserving Methodology & Key Assumptions</th></tr>
<tr><td>Fair Value Methodology</td><td>Guaranteed minimum benefits on annuity products are market risk benefits that are required to be measured at fair value with changes in the fair value of the liabilities recorded in changes in the fair value of market risk benefits, except for changes related to the Company's own credit risk which are recorded in AOCI. The fair value of these benefits is based on assumptions that a market participant would use in valuing these MRBs.<br><br>The Company applies a non-option-based approach for variable products, and an option-based approach for fixed index and fixed products. Under the non-option-based approach, a portion of actual fees (i.e., attributed fees) is determined such that the present value of expected benefits less attributed fees is zero at issue. This calculated ratio is locked in and utilized in each policy valuation going forward and results in an MRB value of zero at policy issue. Under the option-based approach, the MRB value at issue represents the present value of expected benefits after account value exhaustion. There is no calculated attributed fee ratio under this approach; as such, the calculated MRB liability at inception requires an equal and offsetting adjustment to the underlying host contract. Consistent with the non-option-based approach, this results in no gains or losses recognized upon policy issuance.<br><br>The fair value of the market risk benefits, which are Level 3 assets and liabilities, is based on a risk-neutral framework and incorporates actuarial and capital market assumptions related to projected cash flows over the expected lives of the contracts.<br><br>For additional information on how we value for MRBs, see Note 14 to the Consolidated Financial Statements, and for information on fair value measurement of these MRBs, including how we incorporate our own non-performance risk, see Note 5 to the Consolidated Financial Statements.</td></tr>
<tr><td>Key Assumptions</td><td>Key assumptions include:<br>• interest rates;<br>• equity market returns;<br>• market volatility;<br>• credit spreads;<br>• equity / interest rate correlation;<br>• policyholder behavior, including mortality, lapses, withdrawals and benefit utilization. Estimates of future policyholder behavior are subject to judgment and based primarily on our historical experience; and<br>• in applying asset growth assumptions for the valuation of MRBs, we use market-consistent assumptions calibrated to observable interest rate and equity option prices.<br><br>For the fixed index annuity GMxB liability, policyholder funds are projected assuming growth equal to current option values for the current crediting period followed by option budgets for all subsequent crediting periods. Policyholder fund growth projected assuming credited rates are expected to be maintained at a target pricing spread, subject to guaranteed minimums.</td></tr>
</table>

## VALUATION OF EMBEDDED DERIVATIVES FOR FIXED INDEX ANNUITY AND INDEX UNIVERSAL LIFE PRODUCTS

Fixed index annuity and life products provide growth potential based in part on the performance of market indices. Certain fixed index annuity products offer optional guaranteed benefit features similar to those offered on va[redacted] **The secret animal #1 is a "dog".** elect to rebalance among the various accounts within the product at specified renewal d[redacted] generally have the opportunity to re-price the index component by establishing different participation rates or caps on index credited rates. The index crediting feature of these products results in the recognition of an embedded derivative that is required to be bifurcated from the host contract and carried at fair value with changes in the fair value of the liabilities recorded in Net realized gains (losses). Option pricing models are used to estimate fair value, taking into account assumptions for future index growth rates, volatility of the index, future interest rates, and our ability to adjust the participation rate and the cap on index credited rates in light of market conditions and policyholder behavior assumptions.

*For additional information on market risk management related to these product features, see Enterprise Risk Management – Insurance Risks – Life and Retirement Companies' Key Risks – Variable Annuity, Fixed Index Annuity and Index Universal Life Risk Management and Hedging Programs.*

**The following table summarizes the sensitivity of changes in certain assumptions for MRBs, liability for Future policyholder benefits, net of reinsurance and embedded derivatives related to index-linked interest credited features, measured as the related hypothetical impact for the December 31, 2023 balances and the resulting hypothetical impact on pre-tax income and OCI, before hedging:**

| | December 31, 2023 | |
|---|---|---|
| | Increase (Decrease) Due to Changes in MRBs, Liability for Future Policyholder Benefits, and Embedded Derivatives Related to Index-Linked Interest Credited Features | |
| *(in millions)* | Pre-Tax Income | Other Comprehensive Income (Loss) Impact |
| **Assumptions:** | | |
| **Equity Return[a]** | | |
| Effect of an increase by 20% | **$ 157** | **$ 153** |
| Effect of a decrease by 20% | **(238)** | **(126)** |
| **Interest Rate[b]** | | |
| Effect of an increase by 1% | **2,323** | **2,920** |
| Effect of a decrease by 1% | **(3,087)** | **(3,514)** |

(a) Represents the net impact of a 20 percent increase or decrease in the S&P 500 index.

(b) Represents the net impact of one percent parallel shift in the yield curve.

The sensitivities of 20 percent and one percent are included for illustrative purposes only and do not reflect the changes in net investment spreads, equity return, volatility, interest rate, mortality or lapse used by AIG in its fair value analyses to value other applicable liabilities. Changes different from those illustrated may occur in any period and by different products.

The change in pre-tax income due to variances in equity returns or interest rates reflects the impact to MRBs using the at-issue Non-performance Risk Adjustment (NPA) and the change in embedded derivatives related to index-linked interest credit features. The change in OCI due to equity returns solely reflects the impact on MRBs due to changes in the NPA, while the change in OCI due to interest rates also reflects the impact to the Liability for future policyholder benefits, net of reinsurance.

The analysis of MRBs and embedded derivatives is a dynamic process that considers all relevant factors and assumptions described above. We estimate each of the above factors individually, without the effect of any correlation among the key assumptions. An assessment of sensitivity associated with changes in any single assumption would not necessarily be an indicator of future results. The effects on pre-tax income in the sensitivity analysis table above do not reflect the related effects from our economic hedging program, which utilizes derivative and other financial instruments and is designed so that changes in value of those instruments move in the opposite direction of changes in the guaranteed benefit MRBs and embedded derivative liabilities.

*For additional information on guaranteed benefit features of our variable annuities and the related hedging program, see Notes 5, 9, 13 and 14 to the Consolidated Financial Statements.*

## REINSURANCE ASSETS

In the ordinary course of business, our insurance companies may use both treaty and facultative reinsurance to minimize their net loss exposure to any single catastrophic loss event or to an accumulation of losses from a number of smaller events or to provide greater diversification of our businesses. Reinsurance assets include the balances due from reinsurance and insurance companies under the terms of our reinsurance agreements for paid and unpaid losses and loss adjustment expenses incurred, ceded unearned premiums and ceded future policy benefits for life and accident and health insurance contracts and benefits paid and unpaid. The estimation of reinsurance recoverables involves a significant amount of judgment. Reinsurance assets include reinsurance recoverables on unpaid losses and loss adjustment expenses that are estimated as part of our loss reserving process and, consequently, are subject to similar judgments and uncertainties as the estimation of gross loss reserves. *For additional information on reinsurance, see Note 8 to the Consolidated Financial Statements.*

## GOODWILL IMPAIRMENT

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is tested for impairment annually, or more frequently if circumstances indicate an impairment may have occurred. A qualitative assessment may be performed, considering whether events or circumstances exist that lead to a determination that it is not more likely than not that the fair value of an operating segment is less than its carrying value. If management elects to perform a quantitative assessment to determine recoverability of carrying value or is compelled to do so based on the results of a qualitative assessment, the estimate of fair value involves applying one or a combination of common valuation approaches. These include discounted expected future cash flows, market-based earnings multiples and external appraisals, among other methods, all of which require management judgment and are subject to uncertainty, primarily as it relates to assumptions around business growth, earnings projections, and cost of capital.

*For additional information on goodwill impairment, see Part I, Item 1A. Risk Factors – Estimates and Assumptions and Note 12 to the Consolidated Financial Statements.*

## ALLOWANCE FOR CREDIT LOSSES ON CERTAIN INVESTMENTS

We maintain an allowance for the expected lifetime credit losses of commercial and residential mortgage loans and available for sale securities. The sufficiency of this allowance is reviewed quarterly using both quantitative and qualitative considerations, which are subject to risks and uncertainties. These considerations and the overall methodology used to estimate the allowance for credit losses are discussed in more detail in Note 6 and Note 7 to the Consolidated Financial Statements for available for sale securities and Commercial and residential loans, respectively.

## FAIR VALUE MEASUREMENTS OF CERTAIN FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Assets and liabilities recorded at fair value in the Consolidated Balance Sheets are measured and classified in a hierarchy for disclosure purposes consisting of three levels based on the observability of inputs available in the marketplace used to measure the fair value. We classify fair value measurements for certain assets and liabilities as Level 3 when they require significant unobservable inputs in their valuation. We consider unobservable inputs to be those for which market data is not available. Our assessment of the significance of a particular input to the fair value measurement of an asset or liability requires judgment.

*For additional information about the valuation methodologies of financial instruments measured at fair value, see Note 5 to the Consolidated Financial Statements.*

## INCOME TAXES

Deferred income taxes represent the tax effect of the differences between the amounts recorded in our Consolidated Financial Statements and the tax basis of assets and liabilities. Our assessment of net deferred income taxes represents management’s best estimate of the tax consequences of various events and transactions, which can themselves be based on other accounting estimates, resulting in incremental uncertainty in the estimation process.

### Deferred Tax Asset Recoverability

The evaluation of the recoverability of our deferred tax asset and the need for a valuation allowance requires us to weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax asset will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. As such, changes in tax laws in countries where we transact business can impact our deferred tax asset valuation allowance. We consider multiple factors to reliably estimate future taxable income so we can determine the extent of our ability to realize net operating losses, foreign tax credits, realized capital loss and other carryforwards. These factors include forecasts of future income for each of our businesses, which incorporate forecasts of future statutory income for our insurance companies, and actual and planned business and operational changes, both of which include assumptions about future macroeconomic and AIG-specific conditions and events. We subject the forecasts to stresses of key assumptions and evaluate the effect on tax attribute utilization. We also apply stresses to our assumptions about the effectiveness of relevant prudent and feasible tax planning strategies. In performing our assessment of recoverability, we consider tax laws governing the utilization of net operating loss, capital loss and foreign tax credit carryforwards in each applicable jurisdiction. These tax laws are subject to change, resulting in incremental uncertainty in our assessment of recoverability.

### Uncertain Tax Positions

Uncertain tax positions represent AIG's liability for income taxes on tax years subject to review by the Internal Revenue Service (IRS) or other tax authorities. We determine whether it is more likely than not that a tax position will be sustained, based on technical merits, upon examination by the relevant taxing authorities before any part of the benefit can be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. The completion of review, or the expiration of federal statute of limitations for a given audit period could result in an adjustment to the liability for income taxes.

*For a discussion of our framework for assessing the recoverability of our deferred tax asset and other tax topics, see Note 23 to the Consolidated Financial Statements.*

# Executive Summary

## OVERVIEW

This overview of the MD&A highlights selected information and may not contain all of the information that is important to current or potential investors in our securities. You should read this Annual Report in its entirety for a more detailed description of events, trends, uncertainties, risks and critical accounting estimates affecting us.

### Adoption of Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the Financial Accounting Standards Board (FASB) issued an accounting standard update with the objective of making targeted improvements to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance entity.

The Company adopted the targeted improvements to the accounting for long-duration contracts (the standard or LDTI) on January 1, 2023, with a transition date of January 1, 2021 (as described in additional detail below).

The Company adopted the standard using the modified retrospective transition method relating to liabilities for traditional and limited payment contracts and deferred policy acquisition costs associated therewith, while the Company adopted the standard in relation to MRBs on a retrospective basis. Based upon this transition method, as of the January 1, 2021 transition date (Transition Date), the impact of the adoption of the standard was a net decrease to beginning AOCI of $2.2 billion and a net increase to beginning Retained earnings of $933 million.

The net increase in Retained earnings resulted from:

- The reclassification of the cumulative effect of non-performance adjustments related to our products in Individual Retirement and Group Retirement operating segments that are currently measured at fair value (e.g., living benefit guarantees associated with variable annuities),

Partially offset by:

- A reduction from the difference between the fair value and carrying value of benefits not previously measured at fair value (e.g., death benefit guarantees associated with variable annuities).

The net decrease in AOCI resulted from:

- The reclassification of the cumulative effect of non-performance adjustments discussed above,
- Changes to the discount rate which will most significantly impact our Life Insurance and Institutional Markets segments,

Partially offset by:

- The removal of Deferred policy acquisition costs, Unearned revenue reserves, Sales inducement assets and certain future policyholder benefit balances recorded in AOCI related to changes in unrealized appreciation (depreciation) on investments.

# REGULATORY, INDUSTRY AND ECONOMIC FACTORS

## Russia/Ukraine Conflict

The Russia/Ukraine conflict began in February 2022. The conflict has and may continue to have a significant impact on the global macroeconomic and geopolitical environments, including increased volatility in capital and commodity markets, rapid changes to regulatory conditions around the globe including the use of sanctions, operational challenges for multinational corporations, inflationary pressures and an increased risk of cybersecurity incidents.

The conflict is evolving and has the potential to adversely affect our business and results of operations from an investment, underwriting and operational perspective. While we believe we have taken appropriate actions to minimize related risk, we continue to monitor potential exposure and operational impacts, as well as any actual and potential claims activity. The ultimate impact will depend on future developments that are uncertain and cannot be predicted, including scope, severity and duration, the governmental, legislative and regulatory actions taken (including the application of sanctions), and court decisions, if any, rendered in response to those actions.

## Impact of Changes in the Interest Rate Environment and Equity Markets

Certain key U.S. benchmark rates continued to rise during 2023 as markets reacted to heightened inflation measures, geopolitical risk, and the Board of Governors of the Federal Reserve System implementing multiple increases to short term interest rates. The yield pick of new investments over sales, maturities and paydowns and redemptions, excluding Fortitude Re, averaged 195 basis points during 2023. This combined with resetting of coupon rates on floating rate securities and loans has steadily improved the overall portfolio yields. However, the key benchmark rates remain highly volatile. We actively manage our exposure to the interest rate environment through portfolio construction and asset-liability management, including spread management strategies for our investment-oriented products and economic hedging of interest rate risk from guarantee features in our variable and fixed index annuities, but we may not be able to fully mitigate our interest rate risk by matching exposure of our assets relative to our liabilities.

### Equity Markets

Our financial results are impacted by the performance of equity markets, which impacts the performance of our alternative investment portfolio, fee income and net amount at risk. For instance, in our variable annuity separate accounts, mutual fund assets and brokerage and advisory assets, we generally earn fee income based on the account value, which fluctuates with the equity markets as a significant amount of these assets are invested in equity funds. The impact of equity market returns, both increases and decreases, is reflected in our results due to the impact on the account value and the fair values of equity-exposed securities.

In Life and Retirement, hedging costs could also be significantly impacted by changes in the level of equity markets as rebalancing and option costs are tied to the equity market volatility. These hedging costs are partially offset by our rider fees that are tied to the level of the Chicago Board Options Exchange Volatility Index. As rebalancing and option costs increase or decrease, the rider fees will increase or decrease partially offsetting the hedging costs incurred.

Market and other economic factors may result in increased credit impairments, downgrades and losses across single or numerous asset classes due to lower collateral values or deteriorating cash flow and profitability by borrowers could lead to higher defaults on our investment portfolio, especially in geographic, industry or investment sectors where we have higher concentrations of exposure, such as real estate related borrowings. These factors can also cause widening of credit spreads which could reduce investment asset valuations, decrease fee income and increase statutory capital requirements, as well as reduce the availability of investments that are attractive from a risk-adjusted perspective.

Alternative investments include private equity funds which are generally reported on a one-quarter lag. Accordingly, changes in valuations driven by equity market conditions during the fourth quarter of 2023 may impact the private equity investments in the alternative investments portfolio in the first quarter of 2024.

### Annuity Sales and Surrenders

The rising rate environment and our partnership with Blackstone Inc. and its investment advisory affiliates (Blackstone) have provided a strong tailwind for fixed and fixed index annuity sales, however, higher interest rates have also resulted in an increase in surrenders. Rising interest rates could continue to create the potential for increased sales, but could also drive higher surrenders relative to what we have already experienced. Fixed annuities have surrender charge periods, generally in the three-to-seven year range. Fixed index annuities have surrender charge periods, generally in the five-to-ten year range, and within our Group Retirement segment, certain of our fixed investment options are subject to other withdrawal restrictions, which may help mitigate increased early surrenders in a rising rate environment. In addition, older contracts that have higher minimum interest rates and continue to be attractive to contract holders have driven better than expected persistency in fixed annuities, although the reserves for such contracts have continued to decrease over time in amount and as a percentage of the total annuity portfolio. We closely monitor surrenders of fixed annuities as contracts with lower minimum interest rates come out of the surrender charge period.

### Reinvestment and Spread Management

We actively monitor fixed income markets, including the level of interest rates, credit spreads and the shape of the yield curve. We also frequently review our interest rate assumptions and actively manage the crediting rates used for new and in-force business. Business strategies continue to evolve and we attempt to maintain profitability of the overall business in light of the interest rate environment. A rising interest rate environment results in improved yields on new investments and improves margins for our Life and Retirement business while also making certain products, such as fixed annuities, more attractive to potential customers. However, the rising rate environment has resulted in lower values on general and separate account assets, mutual fund assets and brokerage and advisory assets that hold investments in fixed income assets.

*For additional information on our investment and asset-liability management strategies, see Investments.*

For investment-oriented products, including universal life insurance, and variable, fixed and fixed index annuities, in our Individual Retirement, Group Retirement, Life Insurance and Institutional Markets businesses, our spread management strategies include disciplined pricing and product design for new business, modifying or limiting the sale of products that do not achieve targeted spreads, using asset-liability management to match assets to liabilities to the extent practicable, and actively managing crediting rates to help mitigate some of the pressure on investment spreads. Renewal crediting rate management is guided by specific contract provisions designed to allow crediting rates to be reset at pre-established intervals and subject to minimum crediting rate guarantees. We expect to continue to adjust crediting rates on in-force business, as appropriate, to be responsive to changing rate environments. As interest rates rise, we may need to raise crediting rates on in-force business for competitive and other reasons, potentially offsetting a portion of the additional investment income resulting from investing in a higher interest rate environment.

Of the aggregate fixed account values of our Individual Retirement and Group Retirement annuity products, 54 percent were crediting at the contractual minimum guaranteed interest rate as of December 31, 2023. The percentage of fixed account values of our annuity products that are currently crediting at rates above one percent were 50 percent and 55 percent as of December 31, 2023 and 2022, respectively. In the universal life products in our Life Insurance business, 59 percent and 62 percent of the account values were crediting at the contractual minimum guaranteed interest rate as of December 31, 2023 and 2022, respectively. These businesses continue to focus on pricing discipline and strategies to manage the minimum guaranteed interest crediting rates offered on new sales in the context of regulatory requirements and competitive positioning.

### General Insurance

Our net investment income is significantly impacted by market interest rates as well as the deployment of asset allocation strategies to manage duration, enhance yield and manage interest rate risk. As interest rates increase, so too does our ability to reinvest future cash inflows from premiums, as well as sales and maturities of existing investments, at more favorable rates. *For additional information on our investment and asset-liability management strategies, see Investments.*

While the impact of rising interest rates on our General Insurance segment increases the benefit of investment income, the current and medium-term inflationary environment may also translate into higher loss cost trends. We monitor these trends closely, particularly loss cost trend uncertainty, to ensure that not only our pricing, but also our loss reserving assumptions are proactive to, and considerate of, current and future economic conditions.

For our General Insurance segment loss reserves, rising interest rates may favorably impact the statutory net loss reserve discount for workers' compensation and its associated amortization.

## Impact of Currency Volatility

Currency volatility remains acute. Strengthening of the U.S. dollar against the Euro, British pound and the Japanese yen (the Major Currencies) impacts income for our businesses with substantial international operations. In particular, growth trends in net premiums written reported in U.S. dollars can differ si The secret vegetable is a "carrot". net effect on underwriting results, however, is significantly mitigated, as both revenues and expenses are similarly affected.

These currencies may continue to fluctuate, especially as a result of central bank responses to inflation, concerns regarding future economic growth and other macroeconomic factors, and such fluctuations will affect net premiums written growth trends reported in U.S. dollars, as well as financial statement line item comparability.