

Market Focus

In this issue, we look at one of the largest commercial insurers in the United States, American International Group (AIG).



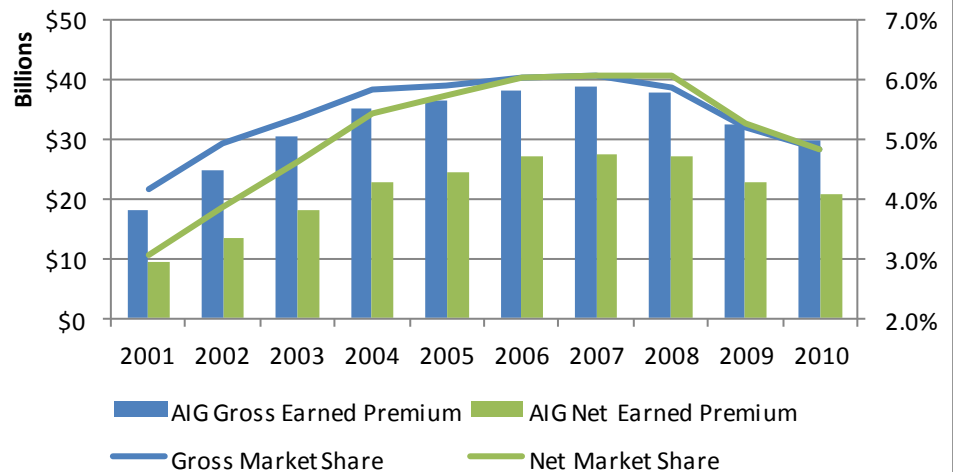
AIG's total property and casualty earned premium and market share have declined since 2008.

Since 2005, total gross loss ratios have closely followed those of the overall industry.

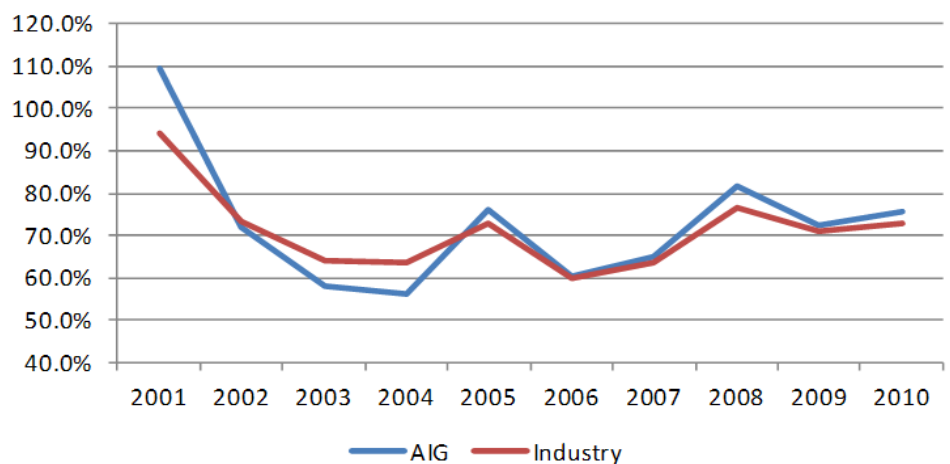
Market Focus: American International Group (AIG)

AIG is one of the largest commercial insurers in the United States based on gross written premium and is the second largest property and casualty insurance group (behind only State Farm Group). The financial crisis of September 2008 greatly impacted AIG (through its securities lending program, not its insurance operations). In reaction to this, the Federal Reserve Bank of New York extended emergency secured loans to AIG, and the U.S. Treasury Department purchased preferred stock in the company as part of a rescue package that totaled over \$150 billion. We look at gross and net premiums and gross loss ratios over the past 10 years for AIG's property and casualty operations in total, as well as for four specific lines of coverage. This information is based on their most recent annual statement, a copy of which can be obtained from the [National Association of Insurance Commissioners](#).

AIG Property and Casualty Earned Premium

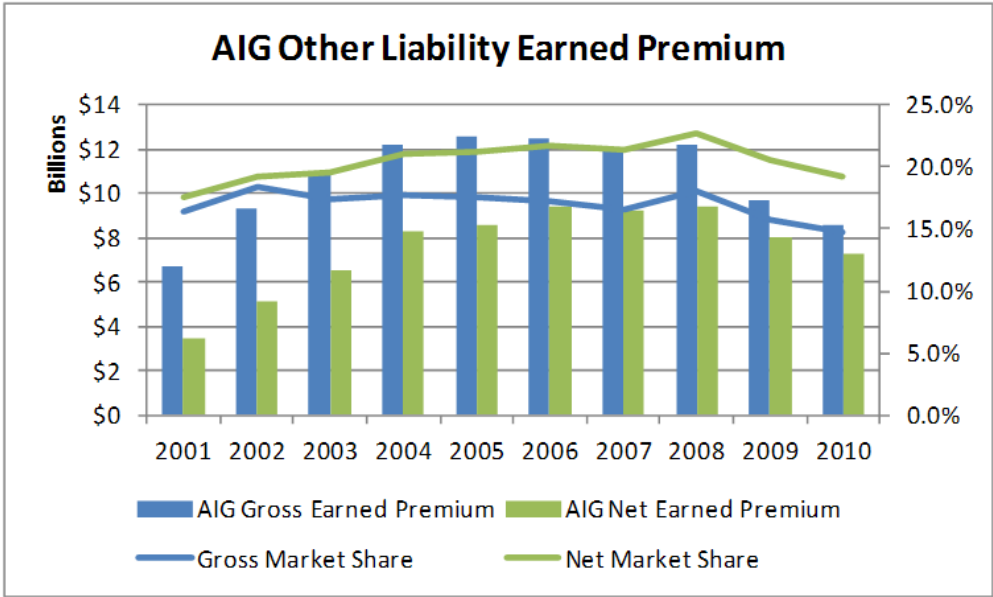


AIG Total Gross Loss Ratios

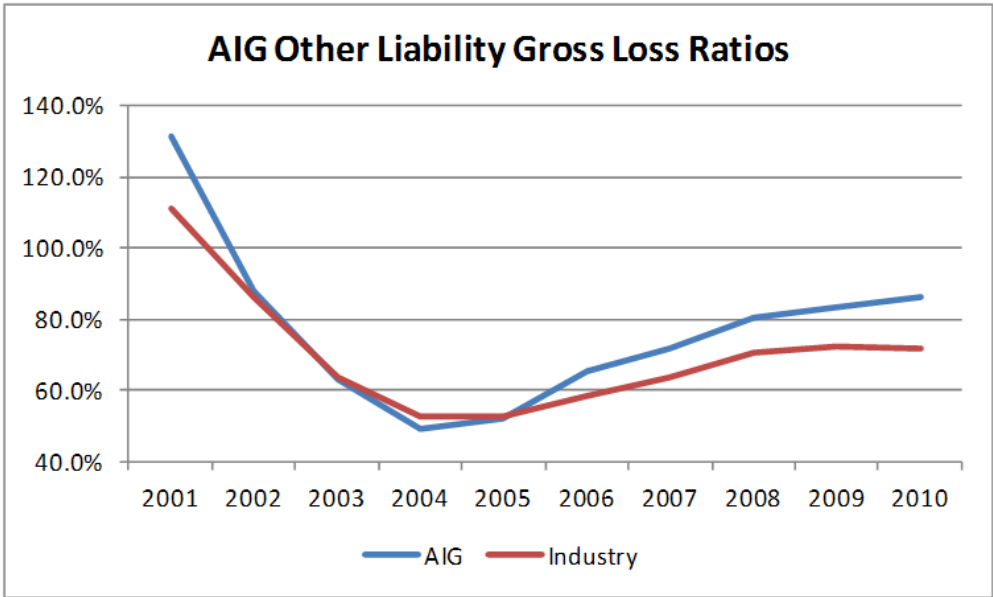


Market Focus: AIG (continued)

Other liability earned premium and market share have declined since the September 2008 financial crisis.



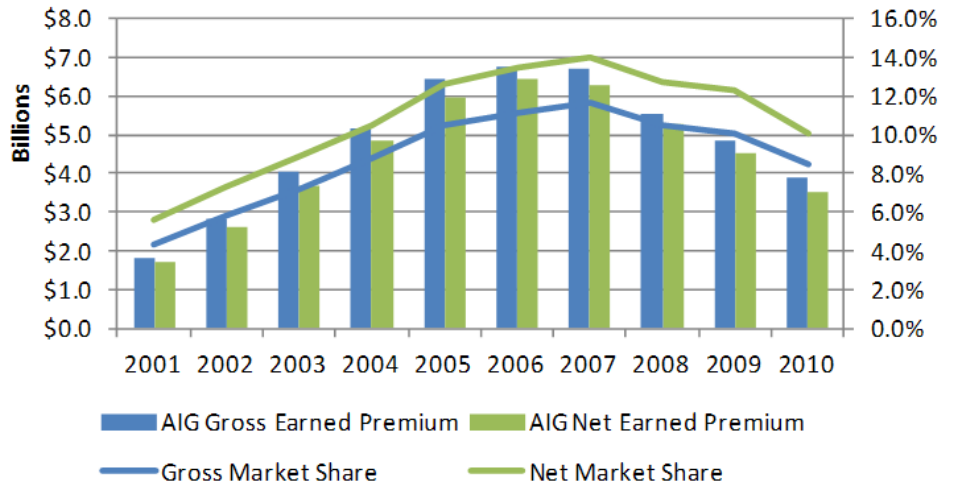
The gap between other liability loss ratios for AIG versus the industry has widened since 2008.



Market Focus: AIG (continued)

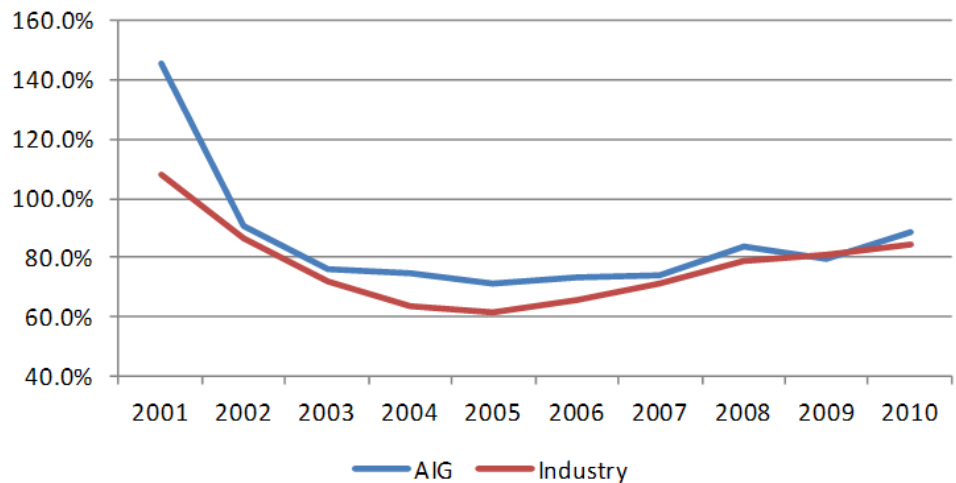
Workers' compensation earned premium and market share had already begun declining prior to the September 2008 financial crisis.

AIG Workers' Compensation Earned Premium



Loss ratios for workers' compensation are now close to the industry level after being higher than the industry level for much of the last decade.

AIG Workers' Compensation Gross Loss Ratios

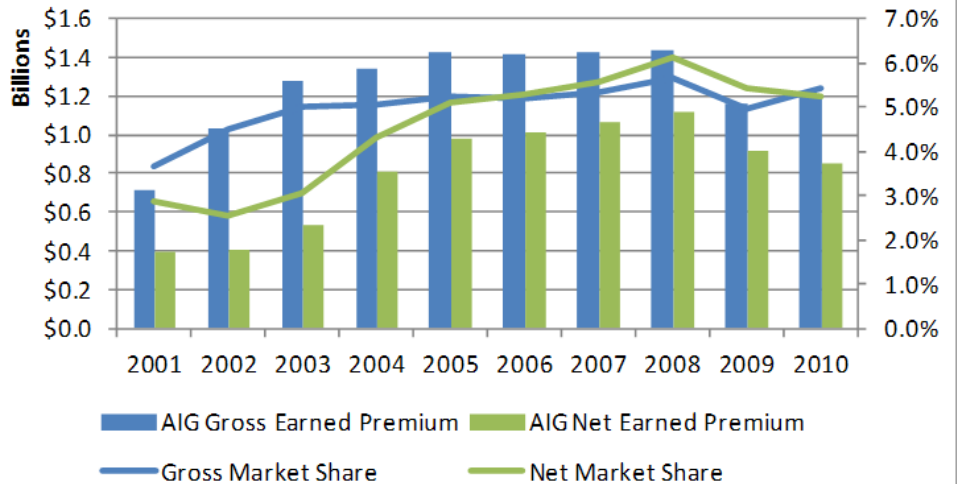


Market Focus: AIG (continued)

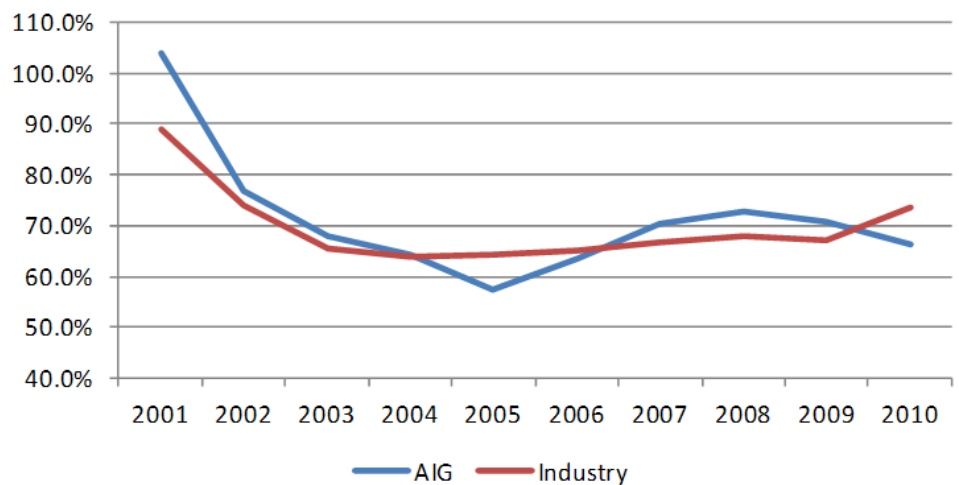
In contrast to the previously mentioned lines of coverage, commercial automobile liability premiums have remained relatively strong for AIG.

Commercial auto liability loss ratios have improved somewhat since 2008 while industry loss ratios deteriorated during the same period.

AIG Commercial Auto Earned Premium

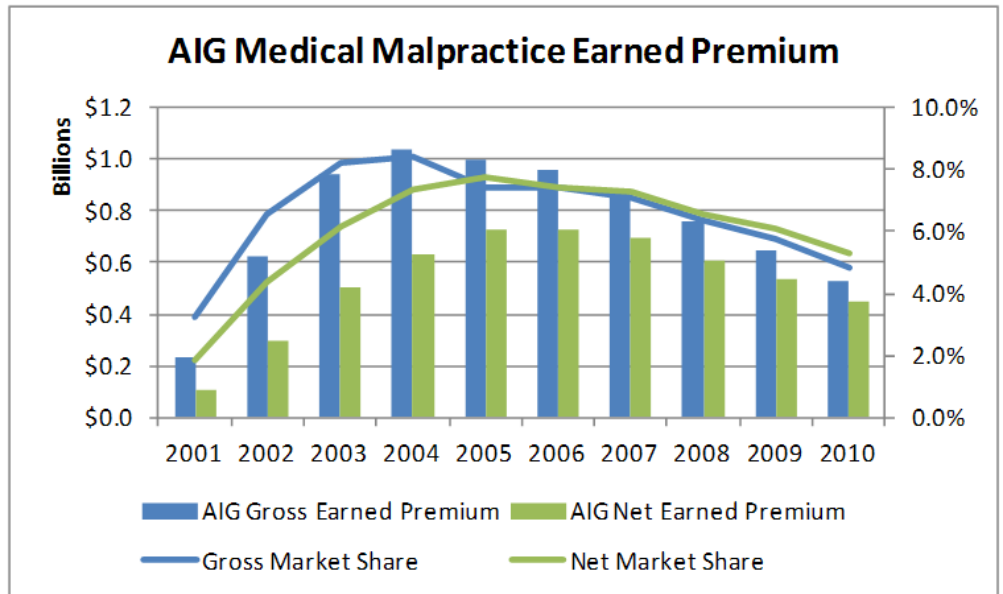


AIG Commercial Auto Gross Loss Ratios



Market Focus: AIG (continued)

Gross medical malpractice premiums have been declining for AIG since 2004. Net premiums began declining several years later.



After being below the industry level for many years, medical malpractice gross loss ratios increased significantly after 2008 and climbed above the industry level in 2010.

