

AIG Programs Client Summit

Naples, Florida



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March 27-29, 2019

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AIG – WHAT’S THE BUZZ?

Panelists:

Dave McElroy, CEO, Lexington Insurance Company

Chris Flatt, EVP, Head of US Programs & Group Captives

Melissa Meserve, VP, Head of US Programs Business Development

Art Seifert, President, Glatfelter Program Managers

Moderator:

John Flannery, VP, Marketing & Communications, Validus



Go Forward Lexington Business - Overview



Wholesale distribution model for core business with limited retail distribution in specialty business classes some business to be moved to other businesses in General Insurance North America, where it makes sense to do so

Property	Casualty	Prof. Lines / Healthcare	Group Captives
<ul style="list-style-type: none"> Underwrite challenging risks such as Monoline CAT, higher risk occupancies and unique risks Solutions for complex or non-traditional client needs, including Lease Enhancements and Specialized Facilities 	<ul style="list-style-type: none"> Primary and excess coverage for risks requiring dedicated expertise, filling gaps in the admitted market through flexibility of rate and form Specialized product offerings across niche sectors, including Energy, Product Recall, Rail and Public Entity 	<ul style="list-style-type: none"> Healthcare industry specific coverage including hospitals, long term care and other medical facilities Coverage offerings for Architects and Engineers and Miscellaneous Professional 	<ul style="list-style-type: none"> Provide managementservices to clients participating in captive structures Lexington Retains a portion of underwriting risk, pricing the relationship much like a loss sensitive account Enhance customer experience through value added services such as loss control

Specialized service offerings through a delegated underwriting authority distribution model

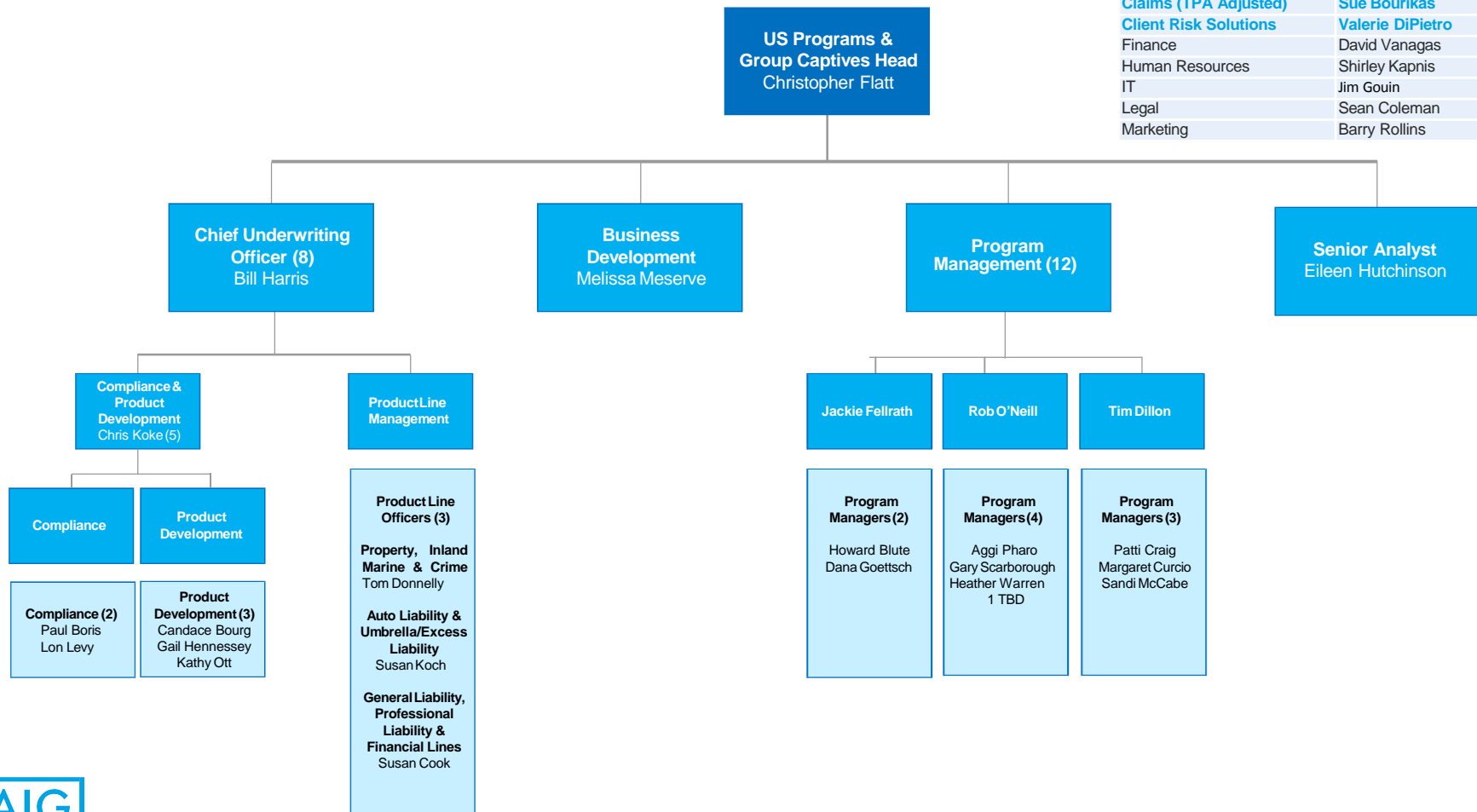
Programs	Glatfelter
<ul style="list-style-type: none"> Partner with PAs to provide small to mid-size companies commercial insurance solutions across all line of business Appetite focused on homogeneous business through broader distribution channels Focus on programs with scale and profitable growth potential 	<ul style="list-style-type: none"> Full service brokerage with traditional retail and MGA capabilities Develop and manage programs with specialization in Public Entity, Religious Institutions, Emergency Response and Healthcare sectors



US Programs: Organizational Structure

Realigning US Programs organization structure to be aligned with skills assessments and building a team structure that aligns to driving PA's to sustainable risk sharing profitability

Functional Support Leads	
Operations	Tom Schmitt
Actuarial Pricing	Chauncey Fleetwood
Actuarial Reserving	Tory Peterson
Claims (AIG Adjusted)	Karen Skiba
Claims (TPA Adjusted)	Sue Bourikas
Client Risk Solutions	Valerie DiPietro
Finance	David Vanagas
Human Resources	Shirley Kapnis
IT	Jim Gouin
Legal	Sean Coleman
Marketing	Barry Rollins



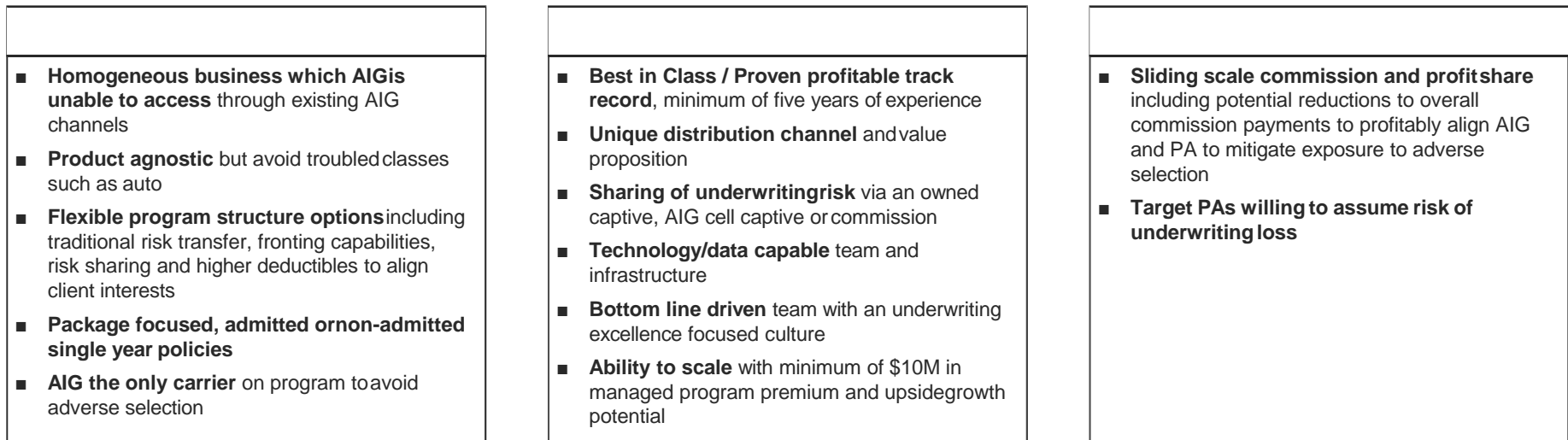
US Programs: 2019 Top Priorities



- Continued push to improve Underwriting actions
 - Improve the loss ratio with better mix of business and risk profile
 - Ensure the highest level of experience is involved in decisions on the most complex business
 - Re-define U/W governance with increased PA auditing through the CUO office
 - Finalize the revision of all external U/W authorities to match our profitability, pricing adequacy, and volatility reduction strategies
 - Re-establish peer reviews
 - Increase the frequency of stewardship and PA meetings to address performance, profitability, growth potential, and rate needs
- Better support our “Go Forward” US Programs Portfolio
 - We are entering 2019 with the Programs & Program Administrators we want to grow with
 - Address systems issues and grow organically
- Additional Organizational Transformation
 - In the process of refreshing colleague roles and responsibilities, end to end service and process, optimal organizational structure, systems, data quality and timeliness, and MIS reporting capabilities
 - Begin the process to migrate to a new IT /PAS platform

US Programs: Go Forward Strategy / Revised Target Appetite

- *Go-forward strategy is centered around developing a true partnership with PAs that aligns financial interests and risk appetites to achieve long term and sustainable underwriting profit*
- *By leveraging our breadth of product offerings, flexible structure options, and dedicated Programs Underwriting, Claims & Loss control teams, AIG is positioned to be the preeminent carrier in the Program space*



AIG Programs operates within clear swim lanes as part of the overall General Insurance platform

US Programs

Attune / Blackboard

High volume business with heavy utilization of technology and automation throughout the underwriting process.

Regular direct interaction with PAs allows for efficient management of mid-sized business across all lines of business through package insurance solutions.

Specialty classes, expertise, homogeneous programs.

Admitted P&C / AIGRM / Lexington

Client base requiring direct broker / client outreach, engineering and customized solutions where necessary.



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STRATEGIC ACTION – POSITIONING FOR LONG TERM PROFITABILITY

Panelists:

Bill Harris, Chief Underwriting Officer

Tom Donnelly, Property Officer

Sue Cook, Casualty Officer

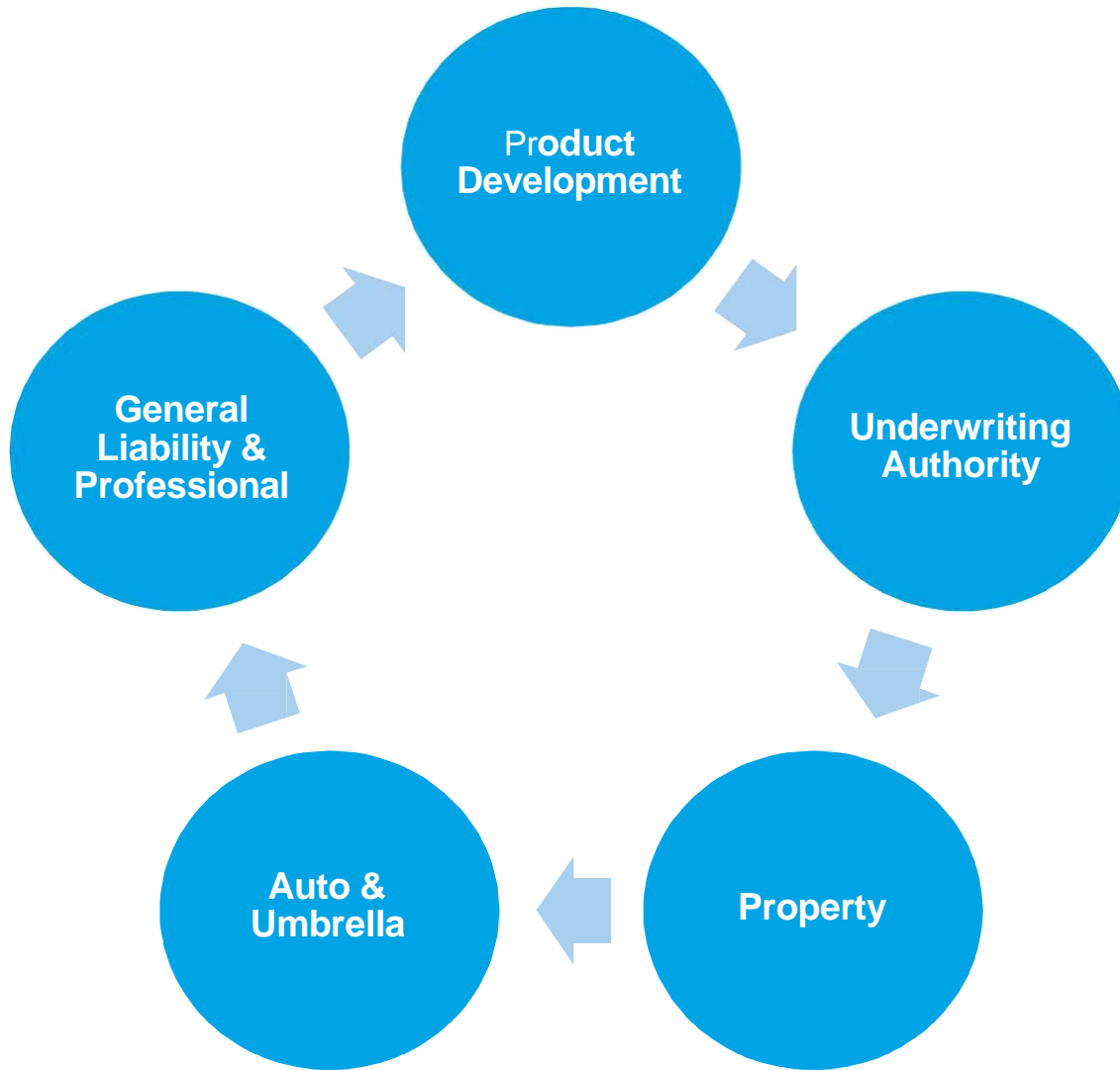
Sue Koch, Auto & Umbrella Officer

Candace Bourg, Product Development Director

Moderator:

Rob O'Neil, AIG Programs Product Line Manager





Role of Product Development



“Product development is the bread & butter of the insurance industry – the question is not whether to build products but rather which products will best serve the needs of today’s increasingly demanding insurance customers.”

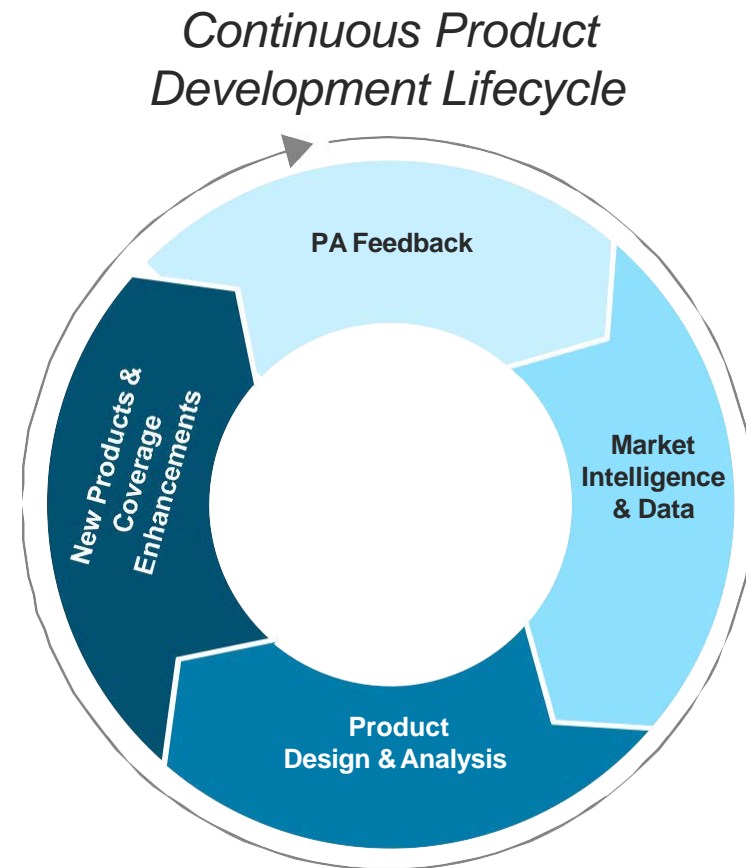


Trends in Insurance Product Development



AIG is responsive to the unique needs of PAs and their customers through a constantly evolving offering of best-in-class products

- **Product Diversification**
 - Breaking into new markets
 - Adding additional lines of coverage
- **Usage-Based Insurance (UBI)**
 - Most common on auto
 - Perceived benefit to insured of not paying for idle time
 - Is this “Reverse Positioning”?
- **Product Packaging**
 - Package multiple P&C lines to a branded offering
 - Brokers offering both P&C and L,A&H products to target customers



Program Administrator Product Advisory Group



Purpose:

Meet on a quarterly basis to discuss market trends on insurance products, emerging issues and regulatory developments which impact our business and collaborate on action plans as needed to address.

Proposed Membership:

1 member from each Program Administrator (14)

AIG Product Development Director – Candace Bourg

AIG Product Development Managers – Gail Hennessey, Kathleen Ott

AIG Product Line Officers – Susan Cook, Susan Koch, Tom Donnelly

AIG Product Line Managers – Tim Dillon, Jackie Fellrath, Rob O’Neil

EMERGING ISSUES – HOW INSURETECH CAN SUPPORT OUR PROGRAM ADMINISTRATORS

Guest Speaker:

George Woods, Sr. VP, Guy Carpenter & Company



FIVE TECHNOLOGIES IMPACTING NEARLY EVERY INDUSTRY...



Mobile
Devices



Social Media



Cloud
Computing



Analytics and
Artificial Intelligence



Internet
of Things



...INCLUDING INSURANCE



Mobile

- New distribution channel
- On-demand, on/off optionality
- Digital client experience



Social Media

- Targeted marketing
- Potential peer-to-peer risk transfer
- Claims fraud



Cloud

- Better platforms to capture more data
- Cheaper storage
- Faster processing



AI

- Improved productivity
- Claims handling (chatbots)
- Underwriting efficiency



IoT

- New data
- Connected home
- Sensors for everything

What is insurtech? An Accelerator?



- **Insurtech** refers to the use of technology innovations designed to squeeze out savings and efficiency from the current insurance industry model.
- One way to help get your business off the ground, is to leverage the mentorship and investor relationship benefits of a startup **incubator** or an **accelerator**.
- Startup **accelerators**, also known as seed **accelerators**, are fixed-term programs that include mentorship and educational components and culminate in a public pitch event or demo day.



Slice

Raised \$40 Million

An insurtech startup that offers an on-demand insurance product to support the on-demand economy. The company has rolled out their on-demand homeshare insurance product to hosts using homeshare platforms like Airbnb, HomeAway, OneFineStay and FlipKey. Slice has built technology to support the purchase of insurance policies that last for the period of time one is acting as a business, whether it's minutes, hours or days.



Lemonade

Renters and Home Insurance For Urban Dwellers

**RAISED \$120 MILLION
VALUED AT \$500 MILLION**

Insurtech trends



Predictive analytics



Artificial intelligence (“AI”) and Machine learning



Drones/Visual intelligence



Sharing economy



Cloud computing



Big data



Sensors, telematics, wearables



Autonomous vehicles



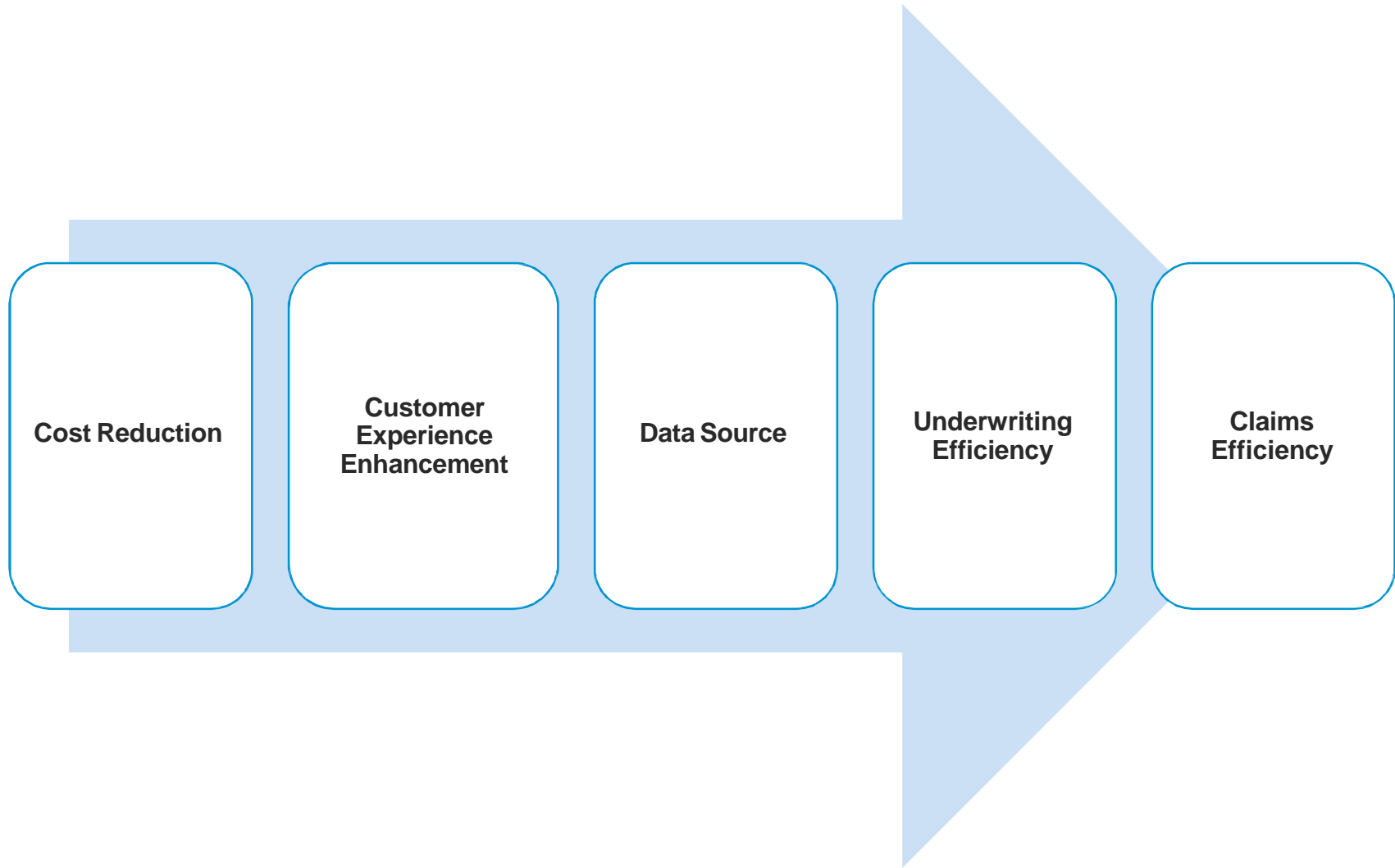
Usage-based/on-demand insurance



Internet of Things



INSURTECHS' ARE HAVING AN IMPACT





DATA SOURCES





LOSS CONTROL, INSPECTIONS & CLAIMS





PROCESS IMPROVEMENT



Observations



- Capital continues to flow into the Insurtech sector from venture capital and private equity firms, as well as the venture arm of a number of insurance companies
- Insurtechs are looking to partner with insurance carriers, agents, brokers and TPA's
- Many of tech startups have learned that the insurance industry is very complex and highly regulated, therefore making this industry very difficult to disrupt
- More insurance companies, agents/brokers, and TPA's are exploring ways to partner with and leverage startups capabilities to improve their processes, increase client engagement/retention and to grow their business
- The Insurtech eco-system continues to evolve

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IT/TECHNOLOGY UPDATES

Tom Schmitt, Head of U.S. Programs Operations



2019 Strategy

Programs Technology Priorities

Cover-All Platform

User experience continuous improvement plan
2019 enhancement roadmap

IT Platform Roadmap

Technology assessment of AIG acquisitions
Development & implementation game plan

IT Platform Roadmap

Information exchange & web portal offerings
Best practices for Program Administrators on proprietary platforms

Targeting continuous process improvement in partnership with our Program Administrators.

Cover-All Platform

2019 Strategic Plan

- Highlights of AIG Programs Operations & IT Support model
- Building on 2018 accomplishments
- Development and utilization of Cover-All User Champions
- Enhancement roadmap for 2019



IT Platform Roadmap

2019 Strategic Plan



- Impact of Glatfelter & Validus acquisitions
- Key considerations for development and implementation
- Ongoing engagement with Program Administrators

Value-Added Tools for Program Administrators

AIG Programs.net

Highlights of current features
Opportunities for enhancement & expansion

Data & Analytics

Standard / recurring reporting
PA / Program-specific

Best Practices

Data exchange with Program Administrators not on Cover-All
Controls & process improvement

CLAIMS & DATA – ACTIONABLE DECISIONS TO REDUCE RISK

Panelists:

Valerie DiPietro, AIG Risk Management Director, Client Risk Solutions

Guy Mastrangelo, EVP, Athens Administrators

Leo McCann, Director of Carrier Relations

Moderator:

Sue Bourikas, Client Services Manager, Northeast Zone, Claims Engagement

Claims



Technical Expertise and Insight

- How can claims share and communicate industry trends and jurisdictional knowledge with our Program Administrators and Risk Control partners?





TPA Partnerships

Enhancing the role of Third Party Administrators

- How do we engage our TPA partners and bring their expertise to the table?





Data and Loss Control

Overall reduction of the total cost of risk

- How can we utilize data to enhance Loss Control and ultimately our decision making?
- How do we integrate Claims and Data to build meaningful dialogue during stewardship meetings and throughout the year?