AIG

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AIG REPORTS 2000 NET INCOME EXCLUDING REALIZED CAPITALGAINS (LOSSES) ROSE 14.8 PERCENT TO RECORD $5.74 BILLION

NEW YORK, NY, February 8, 2001 - American International Group, Inc. (AIG) today reported that its income excluding net realized capital gains (losses) increased 14.8 percent to $5.74 billion for the year 2000 and 15.9 percent to $1.53 billion in the fourth quarter of 2000.

Net income for 2000, including net realized capital gains (losses), increased 11.5 percent to $5.64 billion, compared to $5.06 billion in 1999. For the fourth quarter of 2000, net income totaled $1.50 billion, an increase of 14.1 percent, compared to $1.31 billion in the same period of 1999.

Revenues for the year 2000 rose 13.1 percent to $45.97 billion from $40.66 billion in 1999. Fourth quarter revenues totaled $12.51 billion, an increase of 13.8 percent over $11.00 billion in the year earlier quarter.

At December 31, 2000, AIG's consolidated assets approximated $303 billion, an increase of 13 percent, compared to $268 billion at the prior year-end. In 2000, shareholders' equity increased to approximately $40 billion, a 20 percent increase over the $33.3 billion reported at December 31, 1999.

Following is a summary table of fourth quarter and full year information (in millions, except per share amounts).

	FOURTH QUARTER			TWELVE MONTHS		
	2000	1999	Change	2000	1999	Change
Net income, as reported	$1,497.3	$1,312.2	14.1%	$5,636.1	$5,055.4	11.5%
Income, as adjusted*	$1,528.1	$1,318.5	15.9%	$5,736.5	$4,998.6	14.8%
PER SHARE RESULTS:**						
Net income, as reported	$ 0.64	$ 0.56	14.3%	$ 2.41	$ 2.15	12.1%
Income, as adjusted*	$ 0.65	$ 0.56	16.1%	$ 2.45	$ 2.13	15.0%
Average shares outstanding	2,345.6	2,351.3		2,343.2	2,350.2	

*Adjusted to exclude realized capital gains (losses), net of taxes.
**Share information reflects the three-for-two split in the form of a 50 percent common stock dividend, paid July 28, 2000.

Income before income taxes, minority interest and realized capital gains (losses) for the year 2000 increased 14.8 percent to $8.49 billion from $7.39 billion reported last year. For the fourth quarter of 2000, income before income taxes, minority interest and realized capital losses amounted to $2.24 billion, an increase of 15.9 percent over the $1.94 billion reported in 1999.

Foreign exchange rates negatively affected the translation into U.S. dollars of foreign currency net premiums written, as shown in the following table, which compares fourth quarter 2000 to fourth quarter 1999. Worldwide life insurance includes life premium income and other considerations.

	Worldwide General Insurance	Foreign General Insurance	Worldwide Life Insurance	Foreign Life Insurance
Premium Growth in Original Currency	14.0%	6.4%	7.3%	20.0%
Foreign Exchange Impact	(1.6)	(4.8)	(3.8)	(6.0)
Premium Growth as Reported in U.S. $	12.4%	1.6%	3.5%	14.0%

Commenting on the fourth quarter and full year 2000, AIG Chairman M.R. Greenberg said, "AIG had a very good quarter and year. Our worldwide businesses reported strong results and met their goals for the year. Net income for the year 2000 before realized capital gains and losses rose 14.8 percent to a record $5.74 billion, or $2.45 per share. AIG is well positioned in 2001 in our principal markets. The strengthening rate environment across the board, both in the U.S. property-casualty market and in key overseas markets, is a major positive event for our industry and most particularly for AIG.

"Our worldwide general insurance business had a strong quarter. Worldwide net premiums written increased 12.4 percent in the quarter to $4.50 billion, and 8.0 percent to $17.53 billion for the full year. We achieved an adjusted underwriting profit of $152.9 million in the fourth quarter and a record $785.0 million for the full year. Our combined ratio for the quarter was 98.81, compared to 98.95 in last year's fourth quarter. For the full year, AIG's combined ratio was 96.73, compared to last year's 96.35.

"We added $106 million to AIG's general insurance net loss and loss adjustment reserves for the quarter, and together with the acquisition of HSB Group, Inc., increased the total of those reserves to $25.0 billion at year-end 2000.

"The Domestic Brokerage Group benefited in the fourth quarter from the broad strengthening of commercial property-casualty rates and our array of specialized products and services tailored to the changing needs of our customers. Stronger rates are evident across virtually all classes of business, and we believe rates will continue to firm. Nonetheless, it bears repeating that commercial insurance rates have experienced a steady decline over the past decade, eroding the financial strength and balance sheets of many companies. Therefore, continued broad rate increases are essential to the future health of our industry.

"AIG's domestic personal lines business did not meet our expectations, but relative to the market, performed satisfactorily. For the year 2000, net premiums written increased 16.1 percent to $2.51 billion. Virtually all companies in this market have been increasing rates during the year, and AIG has filed for rate increases in all states where we offer personal lines products. We expect to see these rate increases reflected in operating results toward mid-year, barring any unforeseen catastrophes.

"United Guaranty Corporation (UGC), our mortgage guaranty insurance subsidiary, had another outstanding year, with record operating income. UGC's results have benefited from a strong housing market. For the quarter and full year, UGC reported 10.1 percent and 20.6 percent gains, respectively, in operating income.

"Our Foreign General Insurance Group, including the foreign operations of Transatlantic Holdings, Inc., achieved 6.4 percent and 7.4 percent increases, respectively, in net premiums written in original currency for the quarter and year. The strengthening U.S. dollar, particularly with respect to the Japanese yen, negatively impacted net premiums written. Also, opportunistically driven risk finance transactions can affect the growth in premiums written during any given quarter. Excluding risk finance transactions and foreign exchange, traditional Foreign General net premiums written rose 11.5 percent in the fourth quarter. The Group had combined ratios of 95.07 in the quarter and 94.09 for the year. Rates in the United Kingdom and Continental Europe are rising, following the same pattern that is evident in the United States. This reflects the poor underwriting experience in many classes over a number of years, especially the effect of the major storms that have struck Europe in each of the past two years.

"In Asia, our non-life operations did quite well, with very good underwriting results. Despite Japan's stagnant economy, our business there was good, with stronger growth than was achieved by the domestic property-casualty industry. In Southeast Asia, the breadth of the AIG network and distribution system had a very positive impact on results. Our joint venture insurance company in Israel, AIG Golden Insurance Ltd., received a license shortly after year-end to market commercial property-casualty insurance lines in that country. Previously, the company had been limited to personal lines. Also, AIG purchased a 90 percent share in an Egyptian non-life insurance company, Pharaonic Insurance Company S.A.E., adding to our extensive network in the Middle East. In addition, we have received a general insurance license for the Ukraine, a further step in building our network in Central Europe and the C.I.S.

"In January 2001, in an important development for AIG's global network, our joint venture general insurance company in India, Tata AIG General Insurance Co. Ltd., received its license to market both commercial and personal lines products in India. Our partner, the Tata Group, with whom AIG has had a long relationship, is the premier business and industrial group in India. In addition, we have been advised that our joint venture life insurance company, Tata AIG Life Insurance Co. Ltd., has received approval in principle and the formal license should be issued shortly. This marks our return to India after an absence of 30 years.

"Integration of HSB Group, Inc. and its subsidiary, The Hartford Steam Boiler Inspection and Insurance Company, acquired in the fourth quarter, is proceeding very well in both new product development and in the provision of new opportunities to market HSB's strong lineup of insurance products and inspection services to AIG clients both in the U.S. and overseas.

"Transatlantic Holdings, Inc., whose results are reported through both AIG's Domestic and Foreign General insurance segments, had solid performance in the fourth quarter and full year. Net premiums written rose 10.7 percent for the year 2000, with strong gains in operating income. Transatlantic is benefiting from the same environment of broad rate increases as AIG, in both its domestic and international operations. Transatlantic's core casualty business was particularly strong.

"AIG's worldwide Life Division had an excellent full year and fourth quarter. Including the results of SunAmerica's life business, premium income and the sale of annuities, pensions and investment products rose for the full year by 20.2 percent to $29.60 billion. For the fourth quarter, these revenues rose 3.5 percent to $7.08 billion as the sales of annuities, pensions and investment products declined slightly. This was largely due to market timing considerations not reflective of the year's results as a whole or the business going forward. Life operating income before realized capital losses rose 18.1 percent for the year 2000 to $3.55 billion, and for the quarter increased 18.3 percent to $955.2 million. Our life distribution system markets a variety of life and investment products, and we are constantly introducing new products and services tailored to meet buyers' needs.

"Once again, Asia was a major contributor to our life results, led by Japan, Southeast Asia and Taiwan. Our new life company in Vietnam, licensed in 2000, is off to an excellent start. Central Europe has become an important component of our growing life business, and Latin America achieved satisfactory results. In Japan, as reported earlier, AIG was named as the business sponsor for Chiyoda Mutual Life Insurance Company, a Japanese life company that had applied for protection from its creditors. We are continuing to work with Chiyoda on the details of a reorganization plan for the company.

"The Financial Services Group, led by International Lease Finance Corporation (ILFC) and AIG Financial Products Corp. (AIGFP), produced outstanding results for the fourth quarter and full year 2000. Operating income for the Group gained 22.6 percent to $398.9 million in the quarter and 19.5 percent for the year to $1.29 billion. Both ILFC and AIGFP had record operating income and continued to expand their business franchises. A new management team was put in place at AIG Trading Group Inc. following AIG's purchase of the minority ownership interest of the previous management. We believe the new structure will strengthen that unit's performance going forward. Our consumer finance business, started in 1996, continues to make excellent progress in both its consumer loan and credit card businesses and contributed to the Group's operating income in 2000.

"SunAmerica had a very good year in both asset management and in its variable annuity business. Operating income for the year 2000 gained 26.2 percent to $1.41 billion. Retirement savings continues to be a major and growing business globally. SunAmerica, working with AIG units both domestically and overseas, is taking advantage of these expanding opportunities with products tailored to individual market needs.

"AIG's Asset Management Group, which includes the asset management business of SunAmerica, posted excellent results for the fourth quarter and full year. Operating income for the quarter rose 14.1 percent to $109.7 million. For the year 2000, operating income gained 37.0 percent to $430.2 million. At year-end 2000, AIG's third party assets under management, including retail mutual funds and institutional accounts, totaled approximately $35 billion."

GENERAL INSURANCE

General insurance pretax income before realized capital gains for the year 2000 was $3.49 billion, 9.4 percent above the $3.19 billion reported last year. For the fourth quarter of 2000, general insurance pretax income before realized capital gains (losses) was $855.2 million, an increase of 11.1 percent compared to $769.5 million in 1999.

Worldwide general insurance net premiums written for the year 2000 amounted to $17.53 billion, 8.0 percent ahead of the $16.22 billion in 1999. In the fourth quarter, general insurance net premiums written were $4.50 billion, an increase of 12.4 percent, compared to $4.01 billion last year.

General insurance net investment income rose 7.3 percent to $2.70 billion in 2000 and 8.5 percent to $702.3 million in the fourth quarter.

LIFE INSURANCE

AIG's worldwide life insurance operations reported pretax income before realized capital losses of $3.55 billion in the year 2000, an increase of 18.1 percent, compared to $3.01 billion in 1999. For the fourth quarter, life insurance pretax income before realized capital losses increased 18.3 percent to $955.2 million, compared to $807.4 million last year.

For the year 2000 life insurance premium income and other considerations rose 20.2 percent to $29.60 billion from $24.62 billion in 1999. Fourth quarter premium income and other considerations amounted to $7.08 billion, a gain of 3.5 percent, compared to $6.84 billion in 1999.

Life insurance net investment income rose 14.8 percent to $7.12 billion for the year 2000, compared to $6.21 billion last year. For the fourth quarter, net investment income amounted to $1.94 billion, an increase of 17.0 percent, compared to $1.66 billion in the same period last year.

FINANCIAL SERVICES

Financial services pretax operating income amounted to $1.29 billion for the year 2000, compared to $1.08

billion last year, an increase of 19.5 percent. For the fourth quarter, financial services operating income increased 22.6 percent to $398.9 million, compared to $325.5 million in 1999.

ASSET MANAGEMENT

Asset management pretax operating income amounted to $430.2 million for the year 2000, compared to $314.1 million last year, an increase of 37.0 percent. For the fourth quarter, asset management operating income increased 14.1 percent to $109.7 million, compared to $96.2 million in 1999.

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AIG is the leading U.S.-based international insurance and financial services organization and the largest underwriter of commercial and industrial insurance in the United States. Its member companies write a wide range of commercial and personal insurance products through a variety of distribution channels in approximately 130 countries and jurisdictions throughout the world. AIG's global businesses also include financial services and asset management, including aircraft leasing, financial products, trading and market making, consumer finance, institutional, retail and direct investment fund asset management, real estate investment management, and retirement savings products. American International Group, Inc.'s common stock is listed on the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

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Caution concerning forward-looking statements

This press release may contain forward-looking statements. Please refer to AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 for a description of the business environment in which AIG operates and the important factors that may affect its business. AIG is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

American International Group, Inc.
Financial Highlights
(in thousands, except per share amounts)

	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 1999	Change	Three Months Ended December 31, 2000	Three Months Ended December 31, 1999	Change
General Insurance Operations:						
Net Premiums Written	$ 17,526,539	$ 16,223,888	8.0 %	$ 4,502,919	$ 4,006,876	12.4 %
Net Premiums Earned	17,406,850	15,543,887	12.0	4,785,517	4,165,616	14.9
Adjusted Underwriting Profit	784,972	669,248	17.3	152,854	122,249	25.0
Net Investment Income	2,700,704	2,516,693	7.3	702,507	647,266	8.6
Income before Realized Capital Gains (Losses)	3,485,756	3,185,936	9.4	855,161	769,515	11.1
Realized Capital Gains (Losses)	38,461	294,694	-	(3,660)	83,710	-
Operating Income	$ 3,524,217	$ 3,480,630	1.3 %	$ 851,501	$ 853,225	(0.2) %
Loss Ratio	75.28	75.61		76.16	76.69	
Expense Ratio	21.45	20.84		22.65	22.26	
Combined Ratio	96.73	96.45		98.81	98.95	
Life Insurance Operations:						
Premium Income and Other Considerations: (a)						
Life	$ 13,346,788	$ 11,494,473	16.1 %	$ 3,502,247	$ 3,101,287	12.9 %
Annuities, Pension and Investment Products	16,253,817	13,126,047	23.8	3,582,359	3,741,542	(4.3)
Total	29,600,605	24,620,520	20.2	7,084,606	6,842,829	3.5
Net Investment Income	7,123,108	6,205,924	14.8	1,938,640	1,657,313	17.0
Income before Realized Capital Losses	3,548,493	3,005,489	18.1	955,215	807,427	18.3
Realized Capital Losses	(161,661)	(147,634)	-	(38,283)	(86,063)	-
Operating Income	3,386,832	2,857,855	18.5	916,932	721,364	27.1
Financial Services Operating Income	1,292,627	1,081,316	19.6	398,868	325,478	22.6
Asset Management Operating Income	430,225	314,069	37.0	109,680	96,184	14.3
Other Realized Capital Losses	(15,978)	(25,019)	-	(3,433)	(6,731)	-
Other Income (Deductions) - net	(261,072)	(186,952)	-	(71,740)	(67,430)	-
Foreign Exchange Losses	(6,521)	(9,702)	-	(2,898)	(4,057)	-
Income before Income Taxes and Minority Interest	8,349,338	7,512,194	11.1	2,198,720	1,927,989	14.0
Income Taxes	2,458,088	2,218,381	-	634,537	578,210	-
Income before Minority Interest	5,891,250	5,293,813	11.3	1,564,183	1,349,779	15.9
Minority Interest, after tax: (b)						
Operating Income	(243,759)	(215,606)	-	(65,539)	(37,142)	-
Capital Gains	(11,392)	(22,772)	-	(1,301)	(397)	-
Net Income, as reported	5,636,099	5,055,435	11.5	1,497,343	1,312,240	14.1
Per Common Share (c) - Basic	2.43	2.18	11.5	0.64	0.57	12.3
- Diluted	2.41	2.15	12.1	0.64	0.56	14.3
Income, as adjusted (d)	5,734,500	4,998,617	14.8	1,528,087	1,318,497	15.9
Per Common Share (c) - Diluted	$ 2.45	$ 2.13	15.0 %	$ 0.65	$ 0.56	16.1 %
Average Common Shares Outstanding (c)						
- Basic	2,318,341	2,322,498		2,320,420	2,323,182	
- Diluted	2,343,214	2,350,180		2,345,604	2,351,386	

(a) GAAP premium income was $3,667,529 and $13,609,686 for the fourth quarter and twelve months 2000, respectively, compared to $3,318,189 and $11,941,864 for the fourth quarter and twelve months 1999, respectively.
(b) Represents minority shareholders' equity in operating income and capital gains of certain consolidated subsidiaries, including Transatlantic Holdings, Inc. and 21st Century Insurance Group.
(c) Share information reflects the three-for-two split in the form of a 50 percent common stock dividend, paid July 28, 2000.
(d) Adjusted to exclude realized capital gains (losses), net of taxes.

American International Group, Inc.
Supplementary Data
(In thousands)

	Twelve Months Ended December 31, 2000	1999	Change	Three Months Ended December 31, 2000	1999	Change
General Insurance Operations:						
Net Premiums Written						
Brokerage Division	$ 8,805,428	$ 8,297,398	6.1 %	$ 2,395,985	$ 2,024,419	18.4 %
Personal Lines	2,509,806	2,162,211	16.1	642,008	550,897	16.5
Mortgage Guaranty	453,397	396,298	14.4	118,070	105,708	11.7
Total Domestic General	11,768,631	10,855,907	8.4	3,156,063	2,681,024	17.7
Foreign General	5,757,708	5,367,978	7.3	1,346,856	1,325,852	1.6
Total	17,526,339	16,223,885	8.0	4,502,919	4,006,876	12.4
Operating Income (a)						
Brokerage Division	2,010,017	1,805,719	11.3	511,286	522,413	(2.1)
Personal Lines	76,497	189,109	(59.5)	(5,792)	17,300	-
Mortgage Guaranty	363,118	301,145	20.6	89,478	81,272	10.1
Intercompany Adjustments	76,792	66,760	-	13,204	17,313	-
Total Domestic General	2,526,424	2,362,733	6.9	608,174	638,298	(4.7)
Foreign General	959,332	823,203	16.5	246,987	131,217	88.2
Total	$ 3,485,756	$ 3,185,936	9.4 %	$ 855,161	$ 769,516	11.1 %
Combined Ratios						
Brokerage Division	100.07	100.77		101.36	103.23	
Personal Lines	100.84	96.29		105.96	101.97	
Mortgage Guaranty	40.92	43.69		44.98	42.24	
Total Domestic General	97.94	97.03		100.10	99.14	
Foreign General	94.09	94.22		95.07	99.08	
Losses & Loss Expenses Paid	$ 12,987,803	$ 11,756,689	10.5 %	$ 3,538,320	$ 3,290,233	7.5 %
Change in Loss and LAE Reserve	116,589	(19,216)	-	106,342	(95,416)	-
Losses and Loss Expenses Incurred	13,104,392	11,737,473	11.6	3,644,662	3,194,817	14.1
Net Loss and LAE Reserve	24,951,596	24,599,672	1.4			
GAAP Underwriting Profit	784,972	669,248	17.3	152,854	122,249	25.0
Life Insurance Operations: (b)						
Premium Income and Other Considerations						
Domestic						
Life (c)	628,757	568,699	10.6	163,721	130,649	25.3
Annuities, Pension and Investment Products (d)	9,054,495	8,260,162	9.6	2,001,569	2,396,932	(16.5)
Total	9,683,252	8,828,861	9.7	2,165,290	2,527,581	(14.3)
Foreign						
Life (c)	12,718,031	10,925,772	16.4	3,338,526	2,970,638	12.4
Annuities, Pension and Investment Products (d)	7,199,322	4,865,887	48.0	1,580,790	1,344,610	17.6
Total	19,917,353	15,791,659	26.1	4,919,316	4,315,248	14.0

Net Investment Income						
Domestic	3,925,949	3,496,764	12.3	1,071,221	896,474	19.5
Foreign	3,197,156	2,709,160	18.0	867,419	760,839	14.0
Total	7,123,105	6,205,924	14.8	1,938,640	1,657,313	17.0
Operating Income (a)						
Domestic	1,310,967	1,062,175	23.4	363,106	285,097	27.4
Foreign	2,237,526	1,943,334	15.1	592,110	522,330	13.4
Total	3,548,493	3,005,509	18.1	955,216	807,427	18.3
Financial Services						
Revenues						
International Lease Finance Corp.	2,440,974	2,194,105	11.3	654,642	559,131	17.1
AIG Financial Products Corp.	1,055,459	736,602	43.3	344,209	241,142	42.7
AIG Trading Group Inc.	253,551	227,275	11.6	63,352	73,827	(14.2)
Other	301,415	182,398	65.3	94,722	63,968	48.1
Total	4,051,399	3,340,380	21.3	1,157,125	938,068	23.4
Operating Income						
International Lease Finance Corp.	653,925	590,071	10.8	177,519	160,393	10.7
AIG Financial Products Corp.	648,388	482,199	34.5	215,596	166,039	29.8
AIG Trading Group Inc.	62,141	109,356	(43.2)	21,564	32,606	(33.9)
Other	3,341	(15,146)	-	3,478	(19,116)	-
Intercompany Reclassifications	(75,168)	(85,165)	-	(19,288)	(14,391)	-
Total	1,292,627	1,081,318	19.5	398,868	325,470	22.6
SunAmerica						
Operating Income (b)	1,409,987	1,117,400	26.2	392,318	304,421	28.9
Total Sales (d)	$ 12,934,476	$ 11,283,886	14.6 %	$ 2,709,640	$ 3,092,594	(12.4) %
Effective Tax Rates						
Excluding Capital Gains (Losses)	29.59%	29.44%		28.99%	30.02%	
Capital Gains (Losses) Alone	35.11%	34.77%		35.40%	35.52%	
As Reported	29.44%	29.53%		28.86%	29.99%	

(a) Operating income excludes realized capital gains (losses).
(b) Results for SunAmerica Inc., are included in Life Insurance and Asset Management Operations.
(c) Life includes traditional life, interest sensitive and variable life products.
(d) The decline in fourth quarter sales was largely due to market timing considerations not reflective of the year's results as a whole or the business going forward.

AIG American International Group, Inc.
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News

American International Group (ticker: AIG, exchange: New York Stock Exchange) News Release - April 26, 2001

AIG'S FIRST QUARTER 2001 INCOME ROSE 15.2 PERCENT TO $1.57 BILLION

NEW YORK, NY, April 26, 2001 - American International Group, Inc. (AIG) today reported that its income excluding the cumulative effect of an accounting change and net realized capital gains (losses) for the first quarter of 2001 increased 15.2 percent to $1.57 billion, compared to $1.36 billion in the first quarter of 2000. Net income increased 13.8 percent to $1.53 billion, compared to $1.35 billion in the first quarter of 2000.

Revenues in the first quarter of 2001 rose 11.6 percent to $12.15 billion from $10.89 billion in the year-earlier quarter. At March 31, 2001, AIG's consolidated assets and shareholders' equity approximated $315 billion and $41.7 billion, respectively.

Following is a summary table of first quarter information (in millions, except per share amounts):

	FIRST QUARTER		
	2001	2000	Change
Net income, as reported	$1,531.8	$1,346.1	13.8%
Income, as adjusted*	$1,571.7	$1,364.1	15.2%
PER SHARE RESULTS:**			
Net income, as reported	$ 0.65	$ 0.57	14.0%
Income, as adjusted*	$ 0.67	$ 0.58	15.5%
Average shares outstanding	2,359.2	2,346.3	

*Adjusted to exclude the cumulative effect of an accounting change and realized capital gains (losses), net of taxes.
**Share information reflects the three-for-two split in the form of a 50 percent common stock dividend, paid July 28, 2000.

Income before income taxes, minority interest, cumulative effect of an accounting change and realized capital gains (losses) for the first quarter of 2001 increased 15.5 percent to $2.32 billion from $2.01 billion reported in 2000.

Foreign exchange rates negatively affected the translation into U.S. dollars of foreign currency net premiums written and worldwide life insurance premium income and other considerations, as shown in the following table, which compares first quarter 2001 to first quarter 2000.

	Worldwide General Insurance	Foreign General Insurance	Worldwide Life Insurance	Foreign Life Insurance
Premium Growth in Original Currency	17.3%	8.2%	36.4%	9.2%
Foreign Exchange Impact	(2.2)	(6.6)	(4.6)	(6.6)
Premium Growth as Reported in U.S. $	15.1%	1.6%	31.8%	2.6%

Commenting on the first quarter's results, AIG Chairman M.R. Greenberg said, "AIG had a solid first quarter, benefiting from a continuing strengthening of pricing in the commercial property-casualty market, as well as strong performance by our overseas life insurance business and financial services businesses. Excluding the cumulative effect of an accounting change and realized capital gains and losses, AIG's net income rose 15.2 percent in the quarter to $1.57 billion, or $0.67 per share.

"In worldwide general insurance, net premiums written gained 15.1 percent to $4.86 billion, reflecting the broad increases in commercial pricing both in the United States and in key overseas markets. Our adjusted underwriting profit for the quarter totaled $256.4 million and our worldwide combined ratio was 95.89, compared to 95.78 in last year's first quarter. "The Domestic Brokerage Group, including the results of the insurance operations of HSB Group, Inc., reported a 27.5 percent gain in net premiums written to $2.65 billion, a record level, and a combined ratio of 98.19, compared to 100.92 last year. Rates continued to firm during the quarter but, as mentioned in last quarter's earnings release, additional strengthening is required in order to return pricing to satisfactory levels after years of eroding rates.

"HSB Group, Inc., which AIG acquired late in 2000, is integrating its operations into AIG's general insurance profit centers, both domestically and overseas, and had a good quarter overall.

"Our domestic personal lines business continued to increase prices, resulting in a gain in net premiums written. However, underwriting results still lag and are not yet at acceptable levels. Winter storms also had an adverse impact on reported results.

"United Guaranty Corporation (UGC), our mortgage guaranty insurance subsidiary, had another strong quarter, with an increase in net premiums written. UGC continues to do extremely well, benefiting from an increase in home refinancings due to a lower interest rate environment.

"The Foreign General Insurance Group had a good quarter, achieving a combined ratio of 93.14. Net premiums written in original currency rose 8.2 percent in the quarter, but were adversely affected by foreign exchange. In particular, the Japanese yen weakened significantly against the U.S. dollar, which impacted the conversion of yen premiums into dollars. Such fluctuations are a normal part of doing business globally, having a favorable impact in some quarters and an unfavorable impact in others. These quarter-to-quarter fluctuations are not predictable and generally average out over time.

"Transatlantic Holdings, Inc. (TRH), whose results are reported through both AIG's Domestic and Foreign General insurance segments, achieved a 13.5 percent increase in net premiums written over last year's first quarter, a 2.7 percent gain in operating income, and an improved combined ratio of 99.63.

"We added $63 million to AIG's general insurance net loss and loss adjustment reserves for the quarter, bringing the total of those reserves to $25.0 billion at March 31, 2001.

"Our worldwide Life Division had an excellent first quarter. Including the results of SunAmerica's life business, premium income and the sales of annuities, pensions and investment products gained 31.8 percent in the quarter to $8.77 billion, while operating income before realized capital losses rose 17.8 percent to $956.4 million. ALICO and American International Assurance Company, Ltd., our two largest overseas life companies, both had solid performance, while our domestic life companies posted strong gains in both premiums and operating income. In Japan, as reported earlier, AIG was chosen by the Legal Trustee to rehabilitate The Chiyoda Mutual Life Insurance Company. The Chiyoda reorganization plan was approved by the court last week, and Chiyoda is now an AIG stock subsidiary operating as AIG Star Life Insurance Co., Ltd. As a result, we will be able to significantly expand AIG's presence in the traditional Japanese life market. In India, both our general and life insurance joint venture companies have now received their licenses and are off to excellent starts in this major emerging market.

"The Financial Services Group performed well in the quarter, with a 17.0 percent increase in operating income.

International Lease Finance Corporation (ILFC) and AIG Financial Products Corp. (AIGFP) each had strong gains in operating income. AIG's Consumer Finance Group continued to build its franchise in its markets in Southeast Asia, Central Europe and Latin America.

"The Asset Management Group, including the asset management business of SunAmerica, had satisfactory results. For the quarter, operating income totaled $111.2 million, a solid performance in view of the poor market conditions. At March 31, 2001, AIG's third party assets under management, including retail mutual funds and institutional accounts, totaled approximately $33 billion."

GENERAL INSURANCE

General insurance pretax income before realized capital gains (losses) for the first quarter of 2001 was $972.3 million, an increase of 11.2 percent compared to $874.7 million last year.

Worldwide general insurance net premiums written in the first quarter of 2001 amounted to $4.86 billion, 15.1 percent ahead of the $4.23 billion reported last year.

General insurance net investment income rose 7.9 percent to $715.9 million in 2001 from $663.2 million last year.

LIFE INSURANCE

AIG's worldwide life insurance operations reported first quarter 2001 pretax income before realized capital losses of $956.4 million, an increase of 17.8 percent, compared to $812.1 million last year.

Life insurance premium income and other considerations increased 31.8 percent in the first quarter of 2001 to $8.77 billion from $6.65 billion in 2000.

Life insurance net investment income rose 14.9 percent to $1.92 billion for the first quarter of 2001, compared to $1.67 billion for the same period last year.

FINANCIAL SERVICES

Financial services pretax operating income rose 17.0 percent to $328.6 million in the first quarter of 2001, compared to $280.8 million in the same period last year.

ASSET MANAGEMENT

Asset management pretax operating income in the first quarter of 2001 amounted to $111.2 million, an increase of 7.2 percent, compared to $103.8 million in 2000.

# # # #

AIG is the leading U.S.-based international insurance and financial services organization and the largest underwriter of commercial and industrial insurance in the United States. Its member companies write a wide range of commercial and personal insurance products through a variety of distribution channels in approximately 130 countries and jurisdictions throughout the world. AIG's global businesses also include financial services and asset management, including aircraft leasing, financial products, trading and market making, consumer finance, institutional, retail and direct investment fund asset management, real estate investment management, and retirement savings products. American International Group, Inc.'s common stock is listed on the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

# # # #

Caution concerning forward-looking statements

This press release may contain forward-looking statements. Please refer to AIG's Annual Report on Form 10-K for the year ended December 31, 2000 for a description of the business environment in which AIG operates and the important factors that may affect its business. AIG is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

American International Group, Inc.
Financial Highlights
(in thousands, except per share amounts)

	Three Months Ended March 31, 2001	2000	Change
General Insurance Operations:			
Net Premiums Written	$ 4,864,753	$ 4,226,296	15.1 %
Net Premiums Earned	4,721,733	4,106,903	15.0
Adjusted Underwriting Profit	256,404	211,492	21.2
Net Investment Income	715,913	663,199	7.9
Income before Realized Capital Gains (Losses)	972,317	874,691	11.2
Realized Capital Gains (Losses)	(20,863)	12,086	-
Operating Income	$ 951,454	$ 886,777	7.3 %
Loss Ratio	75.64	75.21	
Expense Ratio	20.25	20.57	
Combined Ratio	95.89	95.78	
Life Insurance Operations:			
Premium Income and Other Considerations (a)	$ 8,770,211	$ 6,652,104	31.8 %
Net Investment Income	1,920,826	1,671,068	14.9
Income before Realized Capital Losses	956,410	812,087	17.8
Realized Capital Losses	(17,822)	(28,735)	-
Operating Income	938,588	783,352	19.8
Financial Services Operating Income	328,608	280,846	17.0
Asset Management Operating Income	111,225	103,787	7.2
Other Realized Capital Losses	(11,940)	(3,731)	-
Other Income (Deductions) - net	(45,911)	(59,975)	-
Income before Income Taxes, Minority Interest and Cumulative Effect of an Accounting Change	2,272,024	1,991,056	14.1
Income Taxes	664,671	589,736	-
Income before Minority Interest and Cumulative Effect of an Accounting Change	1,607,353	1,401,320	14.7
Minority Interest, after tax: (b)			
Operating Income	(68,195)	(50,503)	-
Capital Gains	(1,155)	(4,724)	-
Income before Cumulative Effect of an Accounting Change	1,538,003	1,346,093	14.3
Cumulative Effect of an Accounting Change, net of tax (c)	(6,246)	0	-
Net Income, as reported	1,531,757	1,346,093	13.8
Income, as adjusted (d)	$ 1,571,667	$ 1,364,064	15.2 %
Per Share: (e)			
Basic:			
Net Income, as reported	$ 0.66	$ 0.58	13.8 %
Diluted:			
Net Income, as reported	0.65	0.57	14.0
Income, as adjusted (d)	$ 0.67	$ 0.58	15.5 %
Average Common Shares Outstanding (e)			
- Basic	2,333,576	2,319,692	
- Diluted	2,359,227	2,346,330	

(a) GAAP premium income was $3,506,051 in the first quarter 2001, compared to $ 3,277,632 in the first quarter 2000.
(b) Represents minority shareholders' equity in operating income and capital gains of certain consolidated subsidiaries, including Transatlantic Holdings, Inc. and 21st Century Insurance Group.
(c) Represents the cumulative effect of an accounting change, net of tax, related to the adoption of FASB 133 "Accounting for Derivative Instruments and Hedging Activities".
(d) Adjusted to exclude the cumulative effect of an accounting change and realized capital gains (losses), net of taxes.
(e) Share information reflects the three-for-two split in the form of a 50 percent common stock dividend, paid July 28, 2000.

American International Group, Inc.
Supplementary Data
(in thousands)

	Three Months Ended March 31, 2001	2000	Change
General Insurance Operations:			
Net Premiums Written			
Brokerage Division	$ 2,649,852	$ 2,077,539	27.5 %
Personal Lines	634,502	601,269	5.5
Mortgage Guaranty	118,519	108,834	8.9
Total Domestic General	3,402,873	2,787,642	22.1
Foreign General (a)	1,461,880	1,438,654	1.6
Total	4,864,753	4,226,296	15.1
Operating Income (b)			
Brokerage Division	552,792	458,909	20.5
Personal Lines	12,461	41,481	(70.0)
Mortgage Guaranty	102,044	93,218	9.5
Intercompany Adjustments	5,830	20,265	-
Total Domestic General	673,127	613,873	9.7
Foreign General	299,190	260,818	14.7
Total	$ 972,317	$ 874,691	11.2 %
Combined Ratio:			
Brokerage Division	98.19	100.92	
Personal Lines	103.47	96.70	
Mortgage Guaranty	35.96	35.45	
Total Domestic General	96.93	97.37	
Foreign General	93.14	92.52	
Losses & Loss Expenses Paid	$ 3,508,840	$ 3,066,619	14.4 %
Change in Loss and LAE Reserve	62,780	21,988	-
Losses and Loss Expenses Incurred	3,571,620	3,088,607	15.6
Net Loss and LAE Reserve	25,014,376	24,621,660	1.6
GAAP Underwriting Profit	256,404	211,492	21.2

Life Insurance Operations: (c)			
Premium Income and Other Considerations			
Domestic			
Life (d)	173,588	152,686	13.7
Annuities, Pension and Investment Products (e)	3,826,512	1,852,031	106.6
Total	4,000,100	2,004,717	99.5
Foreign (f)			
Life (d)	3,305,264	3,064,393	7.9
Annuities, Pension and Investment Products (e)	1,464,847	1,582,994	(7.5)
Total	4,770,111	4,647,387	2.6
Net Investment Income			
Domestic	1,058,539	924,094	14.5
Foreign	862,287	746,971	15.4
Total	1,920,826	1,671,065	14.9
Operating Income (b)			
Domestic	363,935	299,155	21.7
Foreign	592,475	512,932	15.5
Total	956,410	812,087	17.8
Financial Services:			
Revenues			
International Lease Finance Corp.	621,605	549,611	13.1
AIG Financial Products Corp.	247,691	212,365	16.6
AIG Trading Group Inc.	38,892	73,050	(46.8)
Other	116,573	60,216	93.6
Total	1,024,761	895,242	14.5
Operating Income			
International Lease Finance Corp.	160,490	138,752	15.7
AIG Financial Products Corp.	165,244	139,436	18.5
AIG Trading Group Inc.	6,517	21,851	(70.2)
Other	18,714	(905)	-
Intercompany Reclassifications	(22,357)	(18,288)	-
Total	328,608	280,846	17.0
SunAmerica:			
Operating Income (b)(e)	368,116	324,796	13.3
Total Sales	$ 4,238,830	$ 2,861,482	48.1 %
Effective Tax Rates:			
Excluding Capital Gains (Losses)	29.40%	29.67%	
Capital Gains (Losses) Alone	35.79%	35.00%	
As Reported	29.25%	29.62%	

Effective Tax Rates:		
Excluding Capital Gains (Losses)	29.40%	29.67%
Capital Gains (Losses) Alone	35.79%	35.00%
As Reported	29.25%	29.62%

(a) The growth in foreign net premiums written in original currency was 8.2 percent.

(b) Operating income excludes realized capital gains (losses).

(c) Results for SunAmerica Inc. are included in Life Insurance and Asset Management Operations.

(d) Includes traditional life, interest sensitive and variable life products.

(e) Quarterly fluctuations in the sale of investment products do not represent a trend for the year.

(f) The growth in foreign life premiums in original currency was 14.1 percent. The growth in foreign annuities, pension and investment products in original currency was approximately flat with last year and, as mentioned in footnote (e) above, quarterly fluctuations in the sale of investment products do not represent a trend for the year.

AIG

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AIG DELAYS FORM 10-K FILING TO COMPLETE REVIEW

PDF Version

NEW YORK, Mar 30, 2005 -- American International Group, Inc. ("AIG") announced today that the filing of its 2004 Form 10-K will be delayed beyond the March 31, 2005 extended due date in order to provide AIG, its Board of Directors and its new management adequate time to complete their extensive review of AIG's books and records. The review includes issues arising from pending investigations into non-traditional insurance products and certain assumed reinsurance transactions by the Office of the Attorney General for the State of New York ("NYAG") and the Securities and Exchange Commission ("SEC") and from AIG's decision to review the accounting treatment of certain additional items. AIG currently believes that it will be able to file its Form 10-K on or prior to April 30, 2005. AIG intends to seek relief from the SEC to allow the continued use of registration statements on Form S-3 following the filing of its Form 10-K, although there can be no assurance that relief will be granted.

Because AIG's review is not yet complete, AIG is not yet able to determine whether the adjustments identified to date as a result of the review will require restatement of prior period results or an adjustment to fourth quarter 2004 published unaudited information. Therefore, AIG is not currently able to determine the potential effects of any proposed adjustment on AIG's results of operations for any particular period. AIG currently believes that the maximum aggregate effect on AIG's consolidated shareholders' equity at December 31, 2004 of known errors and changes in accounting estimates and classifications, including the potential effect of treating Union Excess as a consolidated entity as discussed below, would be a decrease of approximately two percent from the previously reported unaudited consolidated shareholders' equity of $82.87 billion. The investigations and AIG's review are continuing, and AIG cannot presently determine whether additional matters will be discovered or further adjustments will be required.

As previously disclosed, in February 2005 AIG received subpoenas from the NYAG and the SEC relating to investigations of non-traditional insurance products and certain assumed reinsurance transactions and AIG's accounting for such transactions. The New York Department of Insurance is currently investigating related issues. The initial investigations related principally to an assumed reinsurance transaction involving two tranches of $250 million each which took place in December 2000 and March 2001 between an AIG subsidiary and a subsidiary of General Re Corporation ("Gen Re"). In connection with each tranche, each of consolidated net premiums written and consolidated net loss reserves increased by $250 million in each of the fourth quarter of 2000 and the first quarter of 2001. The first tranche of the transaction was commuted in November 2004, which reduced premiums and reserves for losses and loss expenses by approximately $250 million in the fourth quarter 2004 previously reported unaudited financial information. The second tranche remains on AIG's books as previously recorded.

Based on its review to date, AIG has concluded that the Gen Re transaction documentation was improper and, in light of the lack of evidence of risk transfer, these transactions should not have been recorded as insurance. Therefore, AIG's financial statements will be adjusted to recharacterize such transactions as deposits rather than as consolidated net premiums. The recharacterization will have virtually no impact on AIG's financial condition as of December 31, 2004, but will reduce the reserve for losses and loss expenses by $250 million and increase other liabilities by $245 million.

In preparation for the issuance of the Form 10-K, management reviewed the accounting treatment for certain additional items with its independent accountants. Some of these matters were subsequently disclosed by AIG to various federal and state law enforcement and regulatory authorities. The continuing review has led AIG management to conclude that the accounting for certain of these matters may need to be recharacterized or otherwise adjusted. Certain but not all of the original characterizations resulted from transactions which appear to have been structured for the sole or primary purpose of accomplishing a desired accounting result. The matters reviewed to date include:

- Union Excess: AIG's general insurance company subsidiaries operate worldwide, primarily by underwriting and accepting risks for their direct account and securing reinsurance on that portion of the risk in excess of the limit which they wish to retain. Many of these reinsurers are large, well capitalized organizations well known within the insurance industry or smaller reinsurance companies with no affiliation with AIG. AIG subsidiaries have also ceded business to Union Excess Reinsurance Company, Ltd. ("Union Excess") a Barbados-domiciled reinsurer. AIG has no direct equity interest in Union Excess. However, based upon AIG's review to date, including consideration of previously undisclosed facts, AIG now believes that a significant portion of the ownership interests of Union Excess shareholders are protected under financial arrangements with Starr International Company, Inc. ("SICO"), a private holding company which owns approximately 12 percent of AIG's outstanding common stock and whose board of directors consists of current and former members of AIG management. From its formation in 1991, Union Excess has reinsured risks emanating primarily or solely from AIG subsidiaries, both directly and indirectly. The transactions with Union Excess permitted AIG to reflect income arising from the discounting of reserves permitted under Barbados law. If Union Excess is required to be treated as a consolidated entity by AIG, it would result in a maximum reduction of approximately $1.1 billion in AIG's consolidated shareholders' equity as of December 31, 2004, which represents the after-tax cumulative effect of the transactions with Union Excess over a 14 year period from 1991 to 2004. AIG is continuing to evaluate whether Union Excess should be treated as a consolidated entity in AIG's financial statements and whether the financial statement benefit from cessions to Union Excess should be adjusted.

- Richmond: AIG subsidiaries have also ceded reinsurance to subsidiaries of Richmond Insurance Company, Ltd. ("Richmond"), a Bermuda-based reinsurance holding company in which AIG holds a 19.9 percent ownership interest. Although AIG owns only a minority ownership interest in Richmond, the review of the operations of the Richmond subsidiaries has shown significant previously undisclosed evidence of AIG control. Therefore, AIG has determined that Richmond should be treated as a consolidated entity in AIG's financial statements. Consolidation of Richmond will result in a small increase in consolidated assets with a similar increase in consolidated liabilities and a minimal impact on AIG's consolidated shareholders' equity as of December 31, 2004.

- Capco: The transactions with Capco Reinsurance Company, Ltd. ("Capco"), a Barbados domiciled reinsurer, involved an improper structure created to recharacterize underwriting losses as capital losses. That structure, which consisted primarily of arrangements between subsidiaries of AIG and Capco, will require that Capco be treated as a consolidated entity in AIG's financial statements. The result of such consolidation is to recharacterize approximately $200 million of previously reported capital losses as an equal amount of underwriting losses relating to auto warranty business from 2000 through 2003.

- Covered Calls: From 2001 to 2003, AIG entered into a series of transactions with third parties whereby AIG subsidiaries would sell in-the-money call options on bonds in their portfolios that had unrealized appreciation associated with them. Through a series of forward transactions and swaps that allowed AIG to retain the bonds, AIG recognized net investment income in the amount of the unrealized gains. The cumulative increase in net investment income from these transactions was approximately $300 million with a corresponding decrease in realized capital gains over the three year period. There was no effect on AIG's consolidated shareholders' equity.

- Receivables: AIG continues to assess the recoverability of certain balances, consisting mainly of receivables in the domestic general insurance operations, to determine whether additional charges would be appropriate. AIG currently believes that the after-tax impact of these charges would not exceed $300 million.

In addition:

- AIG is reviewing its prior estimates relating to deferred acquisition costs and certain other accruals and allowances with respect to AIG's general insurance and financial services subsidiaries to determine if adjustments are necessary. These revisions could result in an aggregate after tax charge of approximately $370 million.

- AIG may reclassify certain items previously identified and reported as net investment income. The aggregate effect of the misclassifications AIG has identified to date was to increase reported net investment income over the period from 2000 through 2004 by approximately four percent. The reclassification will have no effect on AIG's consolidated shareholders' equity as of December 31, 2004.

- AIG has determined to change its accounting treatment to expense the deferred compensation granted to certain AIG employees by SICO. The magnitude of these amounts in prior years has been disclosed in the notes to AIG's audited financial statements, but not included as expenses in the calculation of AIG's consolidated net income. Although the expense will be a charge to reported earnings, the change will have no negative impact on shareholders' equity because an equal amount will be treated as deemed contributions from SICO to additional paid-in capital.

In addition to the above matters, AIG has reviewed a series of transactions involving International Lease Finance Corporation ("ILFC"), a wholly owned subsidiary of AIG engaged in the leasing and remarketing of commercial aircraft, that were discussed in various press reports. AIG has reviewed its accounting at both the ILFC and consolidated levels and determined that no adjustments are necessary.

In view of its continuing review, management has not yet completed its assessment of the effectiveness of AIG's internal control over financial reporting as of December 31, 2004. The assessment will be made prior to the filing of AIG's Form 10-K.

AIG anticipates making further public disclosure on these matters in its Form 10-K or otherwise if appropriate.

Caution concerning forward-looking statements

This press release contains forward-looking statements. Please refer to the AIG Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and AIG's past and future filings and reports filed with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the important factors that may affect its business. AIG is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

American International Group, Inc. (AIG) is the world's leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. AIG member companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In the United States, AIG companies are the largest underwriters of commercial and industrial insurance and AIG American General is a top-ranked life insurer. AIG's global businesses also include retirement services, financial services and asset management. AIG's financial services businesses include aircraft leasing, financial products, trading and market making. AIG's growing global consumer finance business is led in the United States by American General Finance. AIG also has one of the largest U.S. retirement services businesses through AIG SunAmerica and AIG VALIC, and is a leader in asset management for the individual and institutional markets, with specialized investment management capabilities in equities, fixed income, alternative investments and real estate. AIG's common stock is listed in the U.S. on the New York Stock Exchange and ArcaEx, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

American International Group, Inc.
Charlene Hamrah (Investment Community)
212-770-7074

Joe Norton (News Media)
212-770-3144

17) Accrue 18 million of DAC with respect to DGS's operations

18) DR Parent APIC - other 23,600,000
CR Financial Service Guaranteed Ins. Division Income 13,600,000
CR Asset Management Financial Service Division Income 10,000,000
Parent's Put Program under current accounting rules with respect the contract.

19) The market reserve with respect to AIG Parent's carried trades is 31.0 million. Release the amount as a Gen Gaaping entry, the offset is Other Liabilities

20) DR UTA 33,000,000
CR Loss Reserves 33,000,000
Restore FX effect to the loss reserves

2(A)

18(A) 12) Correct entry 18A with respect to UGC. The Losses Incurred should be 2.5 million not 6.25 million

13) The remittance ledger with respect to foreign [illegible] Japan operations are [illegible] ledge with respect to

21(O) FAJB 133 Tax at 35%

DR UTA JAPAN 24,000,000
CR Losses paid 20,000,000
CR acquisition Expense 4,000,000

14) DR Loss RESERVES: DBG 50,000,000
DR Loss RESERVES UGC 10,000,000

18F G H DR Loss RESERVES 21st 5,000,000
CR CHG IN RES DBG 50,000,000
" " UGC 10,000,000
" " 21st 5,000,000

15) DR Insurance balances R/R 11,000,0000
CR Commission expense - AIGRE 11,000,000

21(P) Accrue AIGRe Commission

21Q 16) DR Reserve Comm. taxes & Expenses 15,000,000
CR ABB general expenses 15,000,000
Adjust consolidated accrued expenses more reasonably

18(A) 12) Correct entry 18A with respect to UGC. The Losses Incurred should be 2.5 million not 6.25 million

13) The remittance ledger with respect to foreign Jews japan operations are into a ledge with respect to FASB 133. Tax at 35 2 1/3 % for AIMOA

21(O) DR UTA JAPAN 24,000,000

DR UTA JAPAN	24,000,000	
CR Losses paid		20,000,000
CR acquisition Expense		4,000,000

14)

DR LOSS RESERVES: DBG	50,000,000	
DR LOSS RESERVES UGC	10,000,000	
DR LOSS RESERVES 21st	5,000,000	
CR CHG IN RES DBG		50,000,000
" " " UGC		10,000,000
" " " 21st		5,000,000

18 F G H

28) DR Other Liabilities NII 8,100,000 ✓
✓ CR OID - PARENT NII 8,100,000
Reflect Parent's NII in OID

29) DR Losses paid - DBG 50,000,000
CR Losses res change 50,000,000
18 (✓) DR Reinsurance Recv A/R 50,000,000
CR Loss Reserves 50,000,000
Reflect MetLife transaction properly as paid

3 (✓) 30) Current tax A/P 5,000,000
Current tax Exp 5,000,000
Accrue garbage gas tax shelter

18 E J

Facsimile

AIG

American International Group
70 Pine Street – 29th Floor
New York, NY 10270

Date:

To: Joe Umansky

Fax: 785-0599

Tel:

From: [redacted]

Fax: [redacted]

Tel: [redacted]

Message: As follow up to our meeting yesterday.

Number of pages including this page:

[redacted]

[redacted]

MEMORANDUM

FAX: 011-813-3284-4003

To: [redacted]

From: Howard I. Smith

Date: December 20, 1999

Re: Warranty Book

The book of business we discussed is essentially all auto warranty business. As of December 31, 1999 the unearned premium reserve will approximate $210 million and, it is estimated, that the loss ratio will be about 200%, or incurred losses of $420 million. The payout pattern for these losses is estimated to be as follows:

Year	Payments (In millions)
2000	$144
2001	120
2002	82
2003	46
2004	20
2005	6
2006	2
	$420

Essentially we would swap this book of business for investments of a Japanese Company which are in an unrealized loss position of $210 million. The investments could be removed from the Japanese entity's books upon reaching an agreement with us while the warranty loss could be absorbed over a longer period of time. We could conceivably give the entity a note in payment for the investments and the payout terms of the note could roughly correspond to the warranty loss payouts. This scenario could, obviously, be further developed if we get close to an arrangement.

Discussion of this deal should be limited to as few people as possible. This should give you a good overview and if you need more details at this point, please let me know.

HIS:[redacted]

STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

November 13, 2000

[redacted]
Domestic Brokerage Group
American International Group, Inc.
[redacted]
New York, NY 10038

Re: Disclaimer of Control of Richmond Insurance Company Ltd. (Richmond)

Dear Mr. [redacted]:

This is in reference to Mr. L.M. Murphy's initial letter of November 10, 1999 and subsequent rrespondence with you regarding the disclaimer of control of Richmond by American International derwriters Overseas, Ltd. (AIUO, Ltd.).

Mr. Murphy indicated that Richmond has 51,800 outstanding voting shares, of which AIUO, Ltd. owns 10,358 shares or 19.99%. No other person controlling, controlled by, or under common control with AIUO, Ltd. owns any additional shares of Richmond. The remaining voting shares are owned by Munich Holdings (49.01%); [redacted] (9.99%); [redacted], a trust established and controlled by the [redacted] (9.99%); and The Richmond Partnership, a group of private individuals led by [redacted] (9.99%). Of the five members of the Richmond board of directors, AIUO, Ltd. or persons controlling, controlled by or under common control with AIUO, Ltd. have the right to elect one board member.

Based on Mr. Murphy's representations and subsequent correspondence, the Department has determined that AIUO, Ltd. does not control Richmond pursuant to Section 1501(a)(2) of the New York Insurance Law.

Very truly yours,

[redacted]

NOV 16 2000

FOCUS - 1 of 2 DOCUMENTS

Business Insurance

September 21, 1992

SECTION: HOUSTON MARINERS CLUB; Pg. 65

LENGTH: 1213 words

HEADLINE: Boosting rates a priority before Andrew: AIG; Greenberg defends memo, reiterates need for price hikes

BYLINE: By MICHAEL BRADFORD

DATELINE: HOUSTON

BODY:

Boosting property/casualty insurance rates had been a priority at American International Group Inc. long before Hurricane Andrew and the controversy sparked by an internal memo, AIG's chairman says.

"I've been very public for the last three years that the property/casualty industry has to increase rates," said AIG Chairman Maurice R. Greenberg.

"Rates are just historically low," he said during the 1992 Houston Marine Insurance Seminar last week.

The philosophy of raising rates "did not begin with Hurricane Andrew," Mr. Greenberg said.

What did begin with Hurricane Andrew was a storm of controversy when Mr. Greenberg's son, Jeffrey W. Greenberg, executive vp-domestic general-brokerage, sent a memo to AIG company presidents and regional vps that the catastrophe provides "an opportunity to get price increases now" (BI, Sept. 14).

Because of the memo, which said the insurance industry would be unable to absorb Andrew-related losses without increasing rates, several insurance regulators said they would closely review rate requests by AIG and other insurers.

Indeed, Florida has frozen action on AIG rate requests and is asking all insurers to submit rates for approval under the state's use-and-file system. Louisiana will attempt to impose a similar moratorium on AIG rate requests next month.

Some states also are studying whether the memo violates antitrust statutes. But Maurice Greenberg maintains that the memo merely restates his call for higher rates, and he says consumer advocates took the document out of context.

"To take an internal memorandum and use that as a basis for saying AIG has acted in a despicable way, I just think is contrary...to the facts," he said. "And before you start condemning a company, you ought to have all the facts."

Mr. Greenberg pointed out that AIG is not a personal lines insurer in south Florida, where most of the damage was sustained by homeowners, and writes very little personal lines coverage in Louisiana.

The memo "did not refer to property insurance rates," he noted. "It said rates have to be increased. That's what I've been saying for the last three years -- hurricane or no hurricane."

Mr. Greenberg said that the company's "experience in Florida the last three years" shows a combined ratio of approximately 120%. "So clearly we need rate increases in Florida and other states as well," he said.

The memo, written the day Andrew hit Florida, said the storm "will cause extensive damage in southern Florida and, if it also strikes a populated area after picking up speed in the Gulf, may cause the insurance industry the biggest storm loss ever."

It went on to say, "We have opportunities from this, and everyone must probe with brokers and clients."

AIG and "all other insurers need rate increases," Maurice Greenberg said. "There's nothing secret about that."

Insurers will face their own rate hikes from reinsurers, he pointed out. "If you think that catastrophe reinsurance is not going up in price, think again. (That's) if it's available at all from responsible companies."

On another topic, Mr. Greenberg said the U.S. workers compensation insurance system is "out of control" and that insurers won't continue to write the coverage without making a profit.

"What was an exclusive remedy is no longer so in many states," he said. "Benefits have been broadened — for political reasons in most instances — and rates suppressed. It doesn't take a mathematician to figure out that that is not going to fly."

AIG already has decided it will not write workers comp or any other business in states that do not allow it a shot at making an underwriting profit, said Mr. Greenberg.

"There is no constitutional reason for us to put our capital at risk with no hope of achieving a reasonable profit," he said. "AIG is a global company. We do very well outside the United States."

AIG is "not obliged to write any business that is not on a level playing field for the underwriter," Mr. Greenberg said. "We will continue to be very disciplined in that way."

All property/casualty insurers ought to be focusing on achieving an underwriting profit ahead of increasing market share, he emphasized. Many insurers believe that investment income or sale of securities will take care of the bottom line, he said. But, Mr. Greenberg challenged, "If you don't make a profit in your basic business, which is underwriting, you won't make a profit for very long."

And insurers that believe market share is more important than bottom-line results will pay the price, Mr. Greenberg predicted.

Insurers that topped the list in "size and financial strength a decade ago" have lost business and are now ranked lower on that list because of failed management strategies that concentrated too heavily on market share alone, he pointed out.

There are very few AAA-rated insurance companies today, and "the list is growing smaller by the year," he observed.

And, as insurers continue to deliver poor returns, investors become disillusioned with the industry, he said.

"If you don't have a decent return, shareholders move on. And indeed they should because no business can prosper and grow" without a decent return on capital, Mr. Greenberg said.

Many property/casualty insurers are averaging about an 8% return on capital, including sales of securities, he noted.

"How can an industry as important as the property and casualty industry is serve the needs of the nation and the people if its returns are so meager? And why would anyone long want to invest in companies that continue with such pitiful returns?"

Mr. Greenberg stressed: "The (property/casualty) industry, generally, ought to be working toward an underwriting profit."

In some classes of business, insurers may have to begin limiting their exposure by writing policies that will not respond if legislative changes broaden liability, Mr. Greenberg said.

"We're living in a country now where individual responsibility and accountability for our own acts has vanished," he explained. "Everybody must be rewarded one way or another if anything befalls them, regardless of their responsibility in the event."

The courts have changed and broadened statutes that determine liability, he said.

An insurance underwriter writing a liability policy "is held accountable for achieving an underwriting profit," but laws often change the definition of liability after a contract has been negotiated with intermediaries and clients, Mr. Greenberg observed.

"How long can an industry survive in that kind of environment?" he asked. "It's virtually impossible for an underwriter today in many classes of liability business to predict what will happen in the future.

"I think we're reaching the point where we must consider whether we issue a policy in certain classes of liability limited to the laws that then exist. Any change that broadens those definitions in the future would not be covered," he said.

"I don't see how you can price a policy in today's environment in many classes of liability business and hold anybody accountable. What it is is simply turning to the deepest pocket -- social engineering going on at its worst," Mr. Greenberg observed.