AIG

Identifying Opportunities for Fronting Programs

Protecting earnings and assets from various exposures and utilizing capital efficiently are critical to the strength and growth of a company. Traditional insurance programs may not adequately address these exposures or be the most efficient use of capital. AIG fronting programs may provide a better solution through:

- Captive: An insurance or reinsurance company formed primarily to insure its owner(s) and affiliated companies.

- Rent-A-Captive: A client "rents" a segregated cell within a sponsored captive facility. Clients without a captive can experience many of its benefits through participation in AIG's own captive cell facilities in Vermont and Bermuda.

- Indemnity Program: The client retains ultimate financial risk within a defined layer by agreeing to indemnify the insurer for all losses and other amounts paid in respect of that layer.

Fronting opportunities are typically found among companies that are...

- Evaluating the possibility of retaining risk in order to benefit from positive loss experience
- Experiencing an above average risk profile that is not properly reflected in the market prices for traditional insurance
- Pursuing more efficient access to the reinsurance markets
- Seeking to expand the use of an existing captive, rent-a-captive, or other protected cell structure to insure all or part of a risk
- Requiring evidence of insurance for regulatory, disclosure, financing, marketing, trading, or counterparty needs
- Facing a specific problem for which there is no clear or viable risk transfer solution
- Seeking greater certainty and flexibility on coverage and premium through varying market cycles
- Confronting significantly increased retentions or premiums
- Challenged with high attachment points due to poor loss experience or market conditions
- Experiencing restricted coverage due to adverse industry claim trends
- Encountering a situation where current market conditions or shifting underwriting capacity are limiting availability of risk transfer
- Experiencing inefficiencies with their multinational programs/operations
- Making improvements in loss control efforts that have not yet materialized in historic data
- Looking to realize potential tax efficiencies

AIG Advantages:

- Over 50 years of providing fronting solutions leveraging AIG's network of owned operations in over 90 countries, supported wherever required by local insurance partners

- A market leader providing non-traditional insurance and reinsurance solutions

- Unique deal team culture bringing together underwriters, actuaries, lawyers, accountants, credit officers, claims professionals and operational specialists

- Technical expertise to cover risks for which there is no conventional insurance market

- A history of partnering with clients to truly understand their business needs to provide innovative risk transfer and risk financing solutions

- Superior servicing and claims handling, reporting, and management

- Full access to AIG's multinational policy issuance capabilities and expertise controlling multi-currency cash flows

- Access to the resources of the AIG organization, including significant risk-bearing and risk financing capacity

- Ability to insure virtually all lines of business

- Extensive product customization ability

- Regional fronting expertise and ability to meet local regulatory requirements

- Full range of captive management and protected cell services

Visit us today at www.aig.com/frontingandcaptiveservices

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AIG Bring on tomorrow

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

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