<u>2024 Statutory Combined Annual Statement Schedule P Disclosure</u>

This disclosure provides supplemental facts and methodologies intended to enhance understanding of Schedule P reserve data. It provides additional information underlying Schedule P data regarding events and circumstances which may be factored in to attempts to analyze reserves based on Schedule P, description of the contents of various lines as disclosed in Schedule P, methodological information on reserving for different types of business and alternative approaches to define/calculate implied loss ratios and tail factors using Schedule P and the additional methodologies and calculations provided herein. The reader should also refer to the Insurance Liabilities section within the Notes to Consolidated Financial Statements in AIG's Form 10-K for further information and discussion.

1. Basis of Presentation

The liabilities for losses and loss adjustment expenses ("loss reserves") presented in the 2024 American International Group, Inc. statutory Combined Annual Statement were prepared and presented in accordance with Statements of Statutory Accounting Principles and the NAIC annual statement Instructions (together, "statutory accounting practices"), which differ from accounting principles generally accepted in the United States ("GAAP") used in the preparation of AIG's consolidated financial statements included in the 2024 Annual Report on Form 10-K. The principal differences at December 31, 2024 relate primarily to certain foreign affiliates, which are included in the GAAP consolidated financial statements but excluded from the statutory Combined Annual Statement.

Loss reserve reviews are conducted for each AIG subsidiary by AIG's actuaries each year. These reviews consist of hundreds of individual analyses. The purpose of these reviews is to test the reasonableness of the reserves carried by each of the individual subsidiaries, and therefore of AIG's overall carried reserves. AIG continues to use third-party actuarial reviews of the U.S. and international classes of business that are among the more complex long-tail classes of business, to supplement the internal studies and help inform management in their reserving judgments.

We note that AIG has discontinued or significantly decreased its exposure in various portfolios over the last several years. In addition to impacting the historic loss development patterns for the affected lines of business, this would impact any attempts to reconcile the Combined Schedule P with the loss development triangles within AIG's 10-K.

In addition, we note that AIG has entered into certain significant quota share reinsurance contracts in recent years. Since these agreements are proportional in nature, they do not affect the loss development patterns; however, they do impact the overall business volume for the affected lines of business. The lines of business most affected are: Commercial Auto Liability, Workers' Compensation, Medical Malpractice Claims Made, Other Liability Occurrence, and Other Liability Claims-Made.

AIG believes that its net loss reserves are adequate to cover net unpaid losses and loss expenses as of December 31, 2024. While AIG regularly reviews the adequacy of established loss reserves, there can be no assurance that AIG's ultimate loss reserves will not develop adversely and materially exceed AIG's loss reserves as of December 31, 2024. In the opinion of management, such adverse development and resulting increase in reserves are not likely to have a material adverse effect on AIG's consolidated financial condition, although such events could have a material adverse effect on AIG's consolidated results of operations for an individual reporting period.

When AIG establishes reserves it does not derive them from the information provided in Schedule P. Schedule P prescribes certain methods of disclosure (for example, it requires AIG to fit approximately 500 segments for U.S. business into 23 prescribed categories) and a consequence of this legally prescribed nature of Schedule P disclosures is that a user has to apply methodologies for loss reserving that are different than those used by AIG in its internal studies. Schedule P categories are less refined than those used by AIG. As a result, reserve adequacy analysis results derived solely from Schedule P may vary significantly either above or below estimates of reserves that are publicly disclosed by AIG. Thus, AIG has provided below (i) explanations of factors affecting estimates of reserve adequacy made from Schedule P data for certain AIG lines, and (ii) disclosure of certain facts underlying Schedule P data relevant to the classes of business that AIG writes. These explanations and adjustments are made in the interests of transparency to facilitate a better understanding of the limitations of Schedule P data.

2. Reserving Principles and Methodologies and How They Relate to Schedule P

Loss reserves can generally be categorized into two distinct groups. One group is short-tail classes of business consisting principally of property, personal lines, and certain casualty classes. The other group is long-tail casualty classes of business which includes excess and umbrella liability, D&O, professional liability, medical malpractice, workers' compensation, general liability, products liability, and related classes.

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 in close collaboration with the claims department's knowledge of known information, 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 several 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.

The determination of data segmentation and actuarial methods is carefully considered for each class of business. The segmentation and actuarial methods chosen are those which together are expected in the exercise of actuarial judgment to produce the most reasonable best estimate of the loss reserves. These methods cannot be applied to Schedule P classes or Parts which reflect a prescribed aggregation that results in more heterogeneous groupings of classes of business. Estimates of loss reserves derived from such aggregated and heterogeneous data would neither meet the requirements for producing reasonable best estimates of loss reserves nor reliably produce estimates of the adequacy of loss reserves. Moreover, use of different sets of assumptions could cause results to vary widely. Accordingly, AIG, in following accepted actuarial practice would not use data organized as in Schedule P as a basis for performing its necessarily more granular assessment of loss reserves.

Other notable characteristics of the disclosures required by Schedule P include:

- No disclosure of history beyond ten years, which may be shorter than necessary to select development patterns for long tail classes of business
- No disclosures of assumptions relating to rate changes, loss trends, retentions, attachment points, and other facts, which would be useful to support premium based or frequency/severity analysis-based assessments of reserve adequacy
- No disclosures of large losses, catastrophes, commutations / novations and loss caps, which may affect loss development patterns within Schedule P-aggregated classes of business
- No disclosures of changes in reinsurance structures, mix of business, claim settlement/ reserving practices, policy limits, coverage forms and underwriting and distribution strategy.

An example of a Schedule P class of business affected by the issues discussed above is the Other Liability – Claims Made line. This includes coverages such as D&O, E&O, Cat Excess Liability, Environmental Liability and Employment Practices Liability among others. Some of these policies are written on a primary basis and some on an excess basis, and some policies are written with ALAE costs that are subject to policy limits while others are written with ALAE costs not subject to policy limits. In addition to these differences, these classes of business are likely to have different growth trends, pricing trends, loss ratio trends and loss development factors. An analysis of reserves that utilizes this aggregated data would be affected by this heterogeneity and could result in widely varying results, divergent from AIG's estimates which are made using more refined, homogenous and segmented analysis.

3. Additional Disclosure Regarding Classes of Business within Schedule P Data

- The main business class for AIG under Part A (Homeowners/Farmers) is the Private Client Group's high net worth individuals Homeowners business which includes both property and liability coverages.

- The main business classes for AIG under Part B (Private Passenger Auto Liability/Medical) are the Private Client Group's high net worth individual's automobile and nonstandard automobile business classes.

- The main business classes for AIG under Part C (Commercial Auto/Truck Liability/Medical) include small and large Commercial Automobile fleet related business including large and small trucks, vans, and private passenger type automobiles. This business is written at various deductibles and self-insured retentions.

- The main business classes for AIG under Part D (Workers' Compensation) include small guaranteed cost workers' compensation accounts, large first dollar guaranteed cost and retrospectively rated workers' compensation accounts, and large workers' compensation accounts written at various deductibles and self-insured retentions.

- The main business classes for AIG under Part E (Commercial Multiple Peril) include small to medium commercial property and liability package related business classes including those sold to small professional services companies.

- The main business classes for AIG under Part F1 (Medical Professional Liability – Occurrence) include primary individual practitioners' liability related business with small amounts of primary and excess hospitals and facilities liability and primary and excess physicians and surgeons group liability related business.

- The main business classes for AIG under Part F2 (Medical Professional Liability - Claims Made) include primary and excess Hospitals and Facilities liability, primary and excess Physicians and Surgeons group liability, and primary individual practitioners' liability related business.

- The main business classes for AIG under Part G (Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery) include Aircraft (Hull and Liability), Ocean Marine (Cargo, Hull, and Liability) and Boiler & Machinery related business.

- The main business classes for AIG under Part H1(Other Liability Occurrence) include small guaranteed cost General Liability accounts, larger first dollar guaranteed cost and retrospectively rated General Liability accounts, large General Liability accounts written at various deductibles and self-insured retentions, personal umbrella accounts, Excess Liability accounts written over primary General Liability accounts and high layer Excess Liability accounts.

- The main business classes for AIG under Part H2 (Other Liability - Claims Made) include primary and excess Directors & Officers Liability accounts for both commercial and financial institutions, primary and excess Professional Liability accounts for many professions, and various categories of Environmental Impairment Liability accounts.

- The main business classes for AIG under Part R1 (Product Liability Occurrence) include primary and excess Products Liability related business.

- The main business classes for AIG under Part R2 (Products Liability Claims Made) include both primary and excess Products Liability related business.

- The main business classes for AIG under Parts I, J, K, L, S and T include Property, Auto Physical Damage, Fidelity, Surety, Accident & Health, Credit, Mortgage Guarantee, Financial Guarantee and Warranty related business.

4. Additional Data and Disclosures Related to Schedule P

I. Natural Catastrophe Losses

A disproportionate burden of catastrophes across accident years may distort the loss development patterns implied from Schedule P data. The volume of losses associated with catastrophes varies significantly across accident years. For example:

- 2024 was impacted by Hurricanes Milton and Helene
- 2023 was impacted by the Lahaina Fire
- 2022 was impacted by Hurricane Ian
- 2021 was impacted by Hurricane Ida
- 2018 was impacted by the Woosley Fire and Hurricane Michael
- 2017 had significant losses related to Hurricanes Harvey, Irma, and Maria.

Additional disclosures are provided in respect of natural catastrophe losses for ease of use.

II. COVID and Inflation

The Covid-19 pandemic created significant societal and economic disruption. We saw this translate into higher loss costs in our short-tail, first party property/auto damage lines of business due to higher material costs and higher severity on business interruption claims. The Covid-19 pandemic also resulted in disruptions to court systems and other aspects of the claims handling process for longer-tail third-party liability claims. We have considered these impacts in selection of our LDFs as we return to more normal operating environment, but there is an increased level of uncertainty due to the impacts on historical patterns.

We have been observing and reacting to higher loss cost trends in casualty and financial lines for a number of years already as consequence of social inflation as described above. Although rates of inflation have reduced from the highest levels following the pandemic, we have still not returned to pre-pandemic levels. There is no consensus view regarding how long elevated inflation levels will persist and the degree of difference regionally. There is additional uncertainty to the degree this monetary inflation will translate into increases in insurance loss costs and how that may vary by line of business. It is not necessarily a straight pass-thru to loss costs particularly on third party liability claims.

We have already seen impacts of higher inflation and supply chain issues in short-tail first party property damage lines of business. In longer tail casualty lines, we have not yet seen clear and convincing evidence of additional severity from inflation over and above the pressure we were already experiencing from social inflation. We must keep in mind the potential distortions from Covid lockdowns and subsequent rebound to normal activity in our recent history.

It is possible we may see this drive higher loss cost trends than expected in medical costs on our workers compensation business as well as higher legal costs and bodily injury claims in our casualty business. We may also see impacts of higher legal costs in all lines of business.

There are other factors such as changes in mix of utilization of particular medical services and improvements in underwriting, such as risk selection and limit and attachment point management, that may provide offsetting impacts to inflationary trends. There may also be increased premium revenues to the extent inflation-sensitive exposure bases are impacted such as payroll, sales or revenue.

III. Commutations and Novations

Information for the 2010, 2012, 2013 and 2014 calendar years is impacted by restructuring of certain foreign operations of AIG's affiliates during 2009, and various assumed and ceded commutations or novations with affiliates during 2010, 2012, 2013, and 2014.

These restructurings and commutations resulted in changes to AIG's carried loss and loss expense reserves for many accident years, with a corresponding increase or decrease in paid losses and loss expenses. The reserves impacted by these restructurings are now carried by both U.S. and non-U.S. domiciled affiliates of AIG, and non-U.S. companies are not included in the Combined Annual Statement. The additional disclosures provided in respect of these commutations/novations are as follows:

i. UK Quota Share - AIG assumed a quota share treaty from its UK affiliate for underwriting year 2008. This treaty was novated to a non-U.S. affiliate in 2010 resulting in all reserves dropping to zero with corresponding positive payments. An additional disclosure in respect of the novation is provided for ease of use.

ii. Defense Base Act (DBA) Workers Compensation Quota Share – The ceded quota share arrangement AIG had with its non-U.S. affiliate was commuted in 2012 resulting in all ceded reserves dropping to zero with corresponding positive ceded payments. An additional disclosure is respect of the commutation is provided for ease of use.

iii. AIRCO – an AIG Bermuda based affiliate company, participated in a QS arrangement with the U.S. Pool. In 2020Q2, accident years 2016-2019 were commuted resulting in all U.S. Pool reserves for those years dropping to zero with corresponding positive payments.

IV. Assumed from Affiliates

i. Several transactions involving both US and non-US business have affected the company’s payout patterns and mix of business involving assumptions from affiliates. These include 1) the restructuring of certain non-US business that were commuted or novated starting in 2008 from an affiliate to other non-U.S. affiliates that resulted in positive payments for these transactions with corresponding reductions in reserves; 2) an assumed treaty of a portion of AIG's Japan business was novated to a U.S. affiliate in 2013 resulting in an increase to reserves for all accident years with corresponding negative payments. Also, subsequent to 2013, certain business in Japan was ceded directly into the NU pool on a quota share basis; 3) new quota share assumptions in 2019 from Western World Insurance Company as well as AIG Europe impacted the Company's mix of business, where the loss experience for this business may be materially different than our direct book. Note that as of yearend 2020, the quota share treaty with AIG Europe was commuted with no net exposure going forward.

V. Reclassification of IBNR to Case Reserves

As part of our ongoing efforts to improve reserving practices, during the first quarter of 2012, AIG reclassified IBNR reserves to case reserves primarily for Other Liability lines of business, particularly the portions of Other Liability related to excess casualty and environmental. Beginning in 2014, AIG also reclassified IBNR to case reserves for our Excess Workers Compensation lines of business contained in Other Liability Occurrence and Workers' Compensation. For these coverages, AIG's evaluation and monitoring of individual case reserves continues to be improved by enhanced consideration of the drivers of claims cost. This revised process allows AIG to establish the best estimate of ultimate case basis reserves sooner in the claim cycle. It is possible that AIG may determine to make similar revisions for other coverages in the future. This change in case reserving process had no material impact on the ultimate loss estimates before or after the change in process. An additional disclosure in respect of this reclass is provided for ease of use and shows what the reclass would have been at prior year end points.

VI. Retrospective Reinsurance – Adverse Development Reinsurance Agreement (ADC)

In the beginning of 2017, AIG entered into an Adverse Development

Reinsurance Agreement with National Indemnity Company (NICO). It covers what we believe to be our most volatile, long-tail U.S. Commercial exposures for accident years 2015 and prior that had previously remained net at American Home, Lexington and National Union, whereby NICO is responsible for 80% of future paid losses above $25 billion, up to an aggregate limit of 80% of $25 billion, or $20 billion. Retrospective reinsurance is not recognized on a statutory basis. However, for year-end 2016 AIG received a permitted practice in New York which required us to recognize the ADC as prospective reinsurance in one of our Pool companies - American Home, which was a 35% participant in the pool at that time. For year-end 2017 AIG received a permitted practice to recognize the ADC as prospective reinsurance in our remaining Pool companies – from Pennsylvania for National Union, which is a 35% participant in the pool, and from Delaware for Lexington, which is a 30% participant in the pool. In 2021, the American Home participation changed to 32% while Commerce & Industry increased its participation to 3%. These participation percentages remained unchanged in 2022, 2023 and 2024.

VII. Loss Portfolio Transfers to Fortitude Re

In 2018, the Pool and Eaglestone, an affiliate, entered into several Loss Portfolio Transfers (LPTs) of discontinued business with Fortitude Re, which is now an unaffiliate reinsurer as AIG sold it off in 2020. These LPTs covered Environmental Impairment Liability (post-1986) reserves, Healthcare Products reserves, Excess Workers Compensation reserves, Runoff Trucking reserves, and Accident & Health reserves. The data for the business relating to these LPTs is provided separately for ease of use.

VIII. Deposit Accounting

In 2021, the Company changed its method of accounting from insurance to deposit accounting with respect to a specific insurance program. As a result of the change in accounting, any previously established reserves associated with the program were reversed resulting in favorable development on Schedule P, and a new deposit liability was established. However, whether accounted for as insurance or deposit, there is no net impact to the Company's net income, surplus, total assets, and total liabilities given the underlying nature and structure of the program. The Company assessed the impact of the change in accounting on prior years and has concluded that the cumulative effect of the change had no net effect on net income or surplus.

5. Additional Disclosure of Certain Reserving Methods

Actuarial methods used by AIG for most long-tail casualty classes of business include loss development methods and expected loss ratio methods, including “Bornhuetter/ Ferguson” methods described below. Other methods considered include frequency/severity methods, where appropriate. A fuller description of the actuarial methods used by AIG for each of the major classes of business is provided in AIG’s 2024 Annual Report Form 10K.

Loss development methods utilize the actual loss development patterns from prior accident years to project the reported losses to an ultimate basis for subsequent accident years. Loss development methods generally are most appropriate for classes of business which exhibit a stable pattern of loss development from one accident year to the next, and for which the components of the classes have similar development characteristics. For example, property exposures would generally not be combined into the same class as casualty exposures, and primary casualty exposures would generally not be combined into the same class as excess casualty exposures.

Expected loss ratio methods may be used where the reported loss data lacks sufficient credibility to utilize loss development methods, such as for new classes of business or for long-tail classes at early stages of loss development (for example where less than one third (33 percent) of ultimate claim payments have been paid or incurred for the more recent accident years).

Expected loss ratio methods rely on the application of an expected loss ratio to the earned premium for the class of business to determine the loss reserves. For example, an expected loss ratio of 70 percent applied to an earned premium base of $10 million for a class of business would generate an ultimate loss estimate of $7 million. Subtracting any reported paid losses and loss expense would result in the indicated loss reserve for this class.

‘‘Bornhuetter/ Ferguson’’ methods are expected loss ratio methods for which the expected loss ratio is applied only to the expected unreported portion of the losses. For example, for a long-tail class of business for which only 10 percent of the losses are expected to be reported at the end of the accident year, the expected loss ratio would be applied to the 90 percent of the losses still unreported. The actual reported losses at the end of the accident year would be added to determine the total ultimate loss estimate for the accident year. Subtracting the reported paid losses and loss expenses would result in the indicated loss reserve. In the example above, the expected loss ratio of 70 percent would be multiplied by 90 percent. The result of 63 percent would be applied to the earned premium of $10 million resulting in an estimated unreported loss of $6.3 million. Actual reported losses would be added to arrive at the total ultimate losses. If the reported losses were $1 million, the ultimate loss estimate under the ‘‘Bornhuetter/ Ferguson’’ method would be $7.3 million versus the $7 million amount under the expected loss ratio method described above.

Thus, the ‘‘Bornhuetter/ Ferguson’’ method gives partial credibility to the actual loss experience to date for the class of business. Loss development methods generally give full credibility to the reported loss experience to date. In the example above, loss development methods would typically indicate an ultimate loss estimate of $10 million, as the reported losses of $1 million would be estimated to reflect only 10 percent of the ultimate losses.

A key advantage of loss development methods is that they tend to respond quickly to any actual changes in loss costs for the class of business. Therefore, if loss experience is unexpectedly deteriorating or improving, the loss development method gives greater 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 the expected loss ratio, until enough evidence emerged for the expected loss ratio to be modified to reflect the changing loss experience.

On the other hand, loss development methods may have the disadvantage of overreacting to changes in reported losses if in fact the loss experience is not credible because of a lack of sufficient development (e.g., less than one third (or 33 percent) of ultimate losses for an accident year have been paid). 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 unfavorable or favorable experience by assuming it will continue at later stages of development. 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.

AIG's loss reserve reviews for long-tail classes typically utilize a combination of both loss development and expected loss ratio methods. Loss development methods are generally given more weight for accident years and classes of business where the loss experience is highly credible. Expected loss ratio methods are given more weight where the reported loss experience is less credible or is driven more by large losses. Expected loss ratio methods require sufficient information to determine the appropriate expected loss ratio. This information generally includes the actual loss ratios for prior accident years, and rate changes as well as underwriting or other changes which would affect the loss ratio. Further, an estimate of the loss cost trend or loss ratio trend is required in order to allow for the effect of inflation and other factors which may increase or otherwise change the loss costs from one accident year to the next.

6. Actuarial Methods That Could Be Applied to Adjusted Schedule P Data

I. Expected Loss Ratios for the "Bornhuetter/Ferguson" Method

As noted above, even after making all of the adjustments relevant to the additional disclosures, it is still not possible to determine the adequacy of AIG's loss and loss expense reserves using Schedule P data as the sole source of information. This is particularly true for the more recent accident years, for which the paid and case incurred losses that have emerged to date are only a small percentage (e.g. less than one third or 33 percent) of the ultimate loss. While it is common to attempt to determine reserve sensitivities by a review of ratios of reserves to paid loss and ratios of IBNR to case incurred loss, such measures are especially unreliable for recent accident years such as 2023 and 2024. For less mature years, it is common to supplement or replace such an analysis with a review of the ratios of expected loss and loss adjustment expenses to earned premium. These expected loss ratios could be derived using the loss ratios calculated from Schedule P (unadjusted or adjusted for rate changes, loss cost trends and exposure changes) or a relevant estimate of an industry loss ratio or a combination of the two.

To provide additional perspective on Schedule P as related to loss reserves, two loss ratio measures have been provided: loss ratio as calculated from Schedule P, and a loss ratio after applying the disclosure adjustments as discussed above. For these calculations, the Company calculated expected loss ratios from these historical figures as well as the average of the loss ratios over the ten most recent accident years.

II. Implied Tail Factors

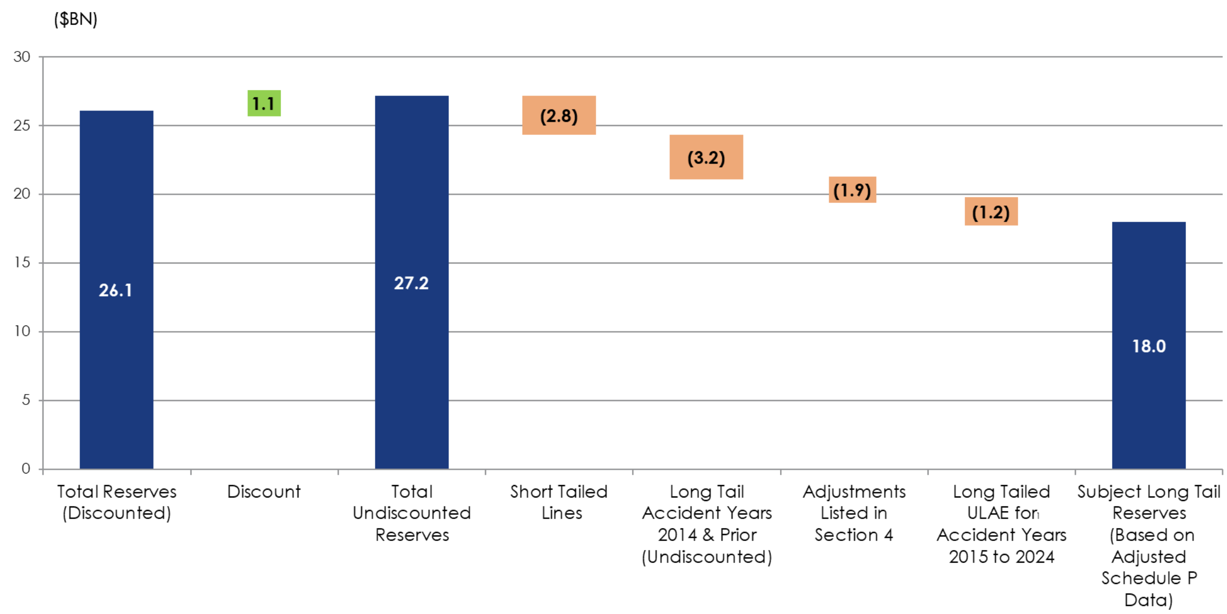
As previously noted, Schedule P does not provide disclosure of losses beyond ten years of development, which would be relevant in the assessment of long-tailed classes of business. We refer here to the development beyond ten years as the "tail factor". From the 2024 Schedule P disclosure, one indication of tail factor could be calculated by dividing the recorded losses (including IBNR) by the paid or case incurred losses for accident year 2015 and this estimate has been provided by AIG in the disclosure.

7. Reconciliation of Subject Long-Tail to Total Reserves and Conclusion

The additional data and methodological disclosures provided herein are offered to assist in interpreting Schedule P data. However, AIG does not consider Schedule P data alone sufficient to assess its reserve adequacy, even with the additional disclosures. As it is common for users of Schedule P data to focus on the long-tail lines, we have provided a reconciliation of the subject long-tail reserves of approximately $18.0 billion after adjusting for the above additional disclosures to the total reserves of approximately

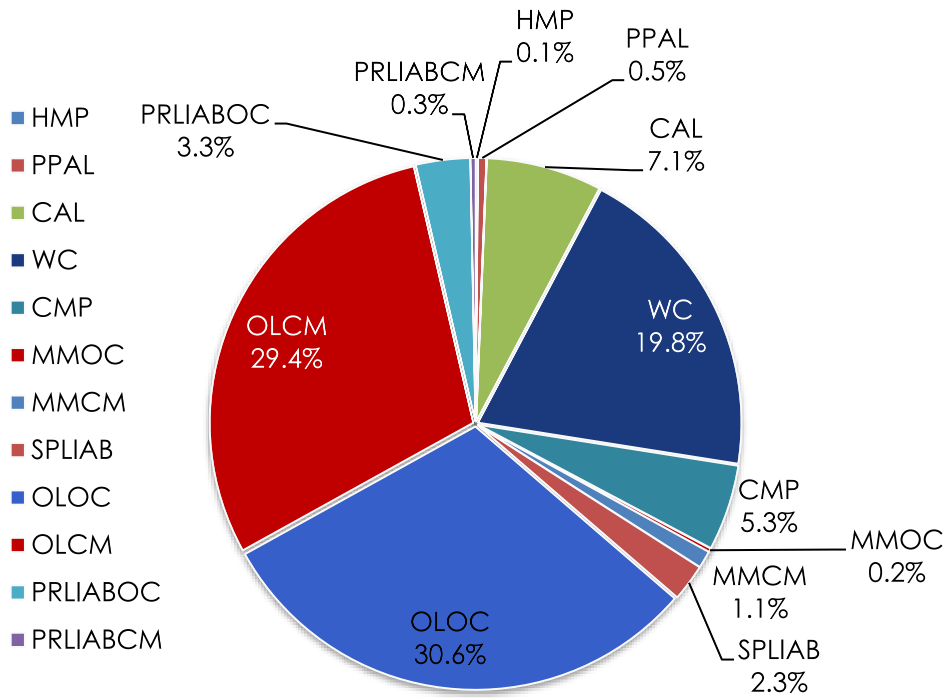
$26.1 billion shown in the Combined Annual Statement as of December 31, 2024 as shown below:

AIG Subject Long-Tail Reserves (Based on Adjusted Schedule P Data)



The distribution of the subject long tail reserves by Schedule P class of business is shown below.

AIG Subject Long-Tail Reserves (Based on Adjusted Schedule P Data)



The chart shows that three classes (Parts D (Workers Compensation), H1 (Other Liability –Occurrence) and H2 (Other Liability – Claims Made) account for approximately 80% of the total subject long tail reserves.

The process of assessing reserves starting with Schedule P differs from the process AIG uses to determine its carried reserves, both in data interpretation and segmentation and analytic methodology. AIG's carried reserves rely on more refined data groupings and methodologies as described in this disclosure that inform the judgment that its net loss reserves are adequate to cover net unpaid losses and loss expenses as of December 31, 2024.