

AIG's Future

An Interview with Peter D. Hancock,
President and Chief Executive Officer, AIG

EDITORS' NOTE Peter Hancock was named to his current post in September 2014, when he was also elected to the AIG Board of Directors. Previously, Hancock served as CEO of AIG's property casualty division. He joined AIG in 2010 as Executive Vice President, Finance, Risk, and Investments. Hancock has spent his entire career in financial services, including 20 years at J.P. Morgan, where he established the Global Derivatives Group, ran the Global Fixed Income business and Global



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Credit portfolio, and served as the firm's Chief Financial Officer and Chief Risk Officer. He co-founded and served as President of Integrated Finance Limited. He joined AIG from KeyCorp, where he was Vice Chairman, responsible for Key National Banking. Hancock attended Oxford University, where he earned his Bachelor of Arts degree in politics, philosophy, and economics.

COMPANY BRIEF American International Group, Inc. (aig.com; AIG) is a leading global insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States.

What excited you about the opportunity to lead AIG and would you discuss how you defined your priorities as you took the helm?

In September 2014, when I became CEO, I was most excited about the opportunity to lead the best team in the industry in building an AIG that can do much more for our stakeholders. My plan for AIG was to remain committed to our core priorities: intense focus on customers; sustainable growth and profitability; making AIG more efficient, which includes simplifying our organization and improving our technology and end-user experience; and investing in the people of AIG. With some refinements, we remain on that path.

Every step we have taken to improve AIG to date has been designed to enable us to serve our stakeholders better and to grow closer to them.

AIG has achieved strong results under your leadership. What do you attribute the success to and where do you see future growth opportunities?

I am very pleased with our overall momentum at AIG – I believe that we have tremendous opportunity. We will remain committed to value-based management by taking action today to create long-term value for the future. We're evaluating our non-core businesses to simplify our balance sheet

and improve our risk profile. Today, AIG is focused on value and long-term sustainability to benefit our clients and shareholders. We will continue to balance growth, profitability, and risk to maximize our company's intrinsic value.

Would you provide an overview of AIG's business and what differentiates AIG in the industry?

AIG is driven by the winning spirit of our people; we have an extraordinary collection of expertise. This company has accumulated an incredible diversity of skills in its workforce, and we have built trusting relationships with millions of clients worldwide. Between the expertise and the trusted relationships, we have an opportunity to help our clients deal with life's uncertainties. Our vision to be our clients' most valued insurer is made possible by our people who continuously work to anticipate our clients' unmet needs and build the capacity to meet those needs.

You made a number of management changes at AIG. How critical has this been to your achievements, and would you discuss the strength and talent that you have assembled as part of your management team?

The most important component of our efforts and strategic plans is our people. Our leadership team is aimed at integrating the company and positioning us to deliver the full capabilities of AIG to our approximately 90 million clients around the world. Our leadership team is focused on our priorities to ensure that we develop and execute clear strategies to earn high-value business, lower our expenses, devote capital to the right opportunities, and advance trust in AIG with all of our stakeholders.

What has been the impact of technology on the insurance industry and how critical has it been for AIG to make investments in technology?

In order to be our clients' most valued insurer, we need to continually invest in technology and innovation so that we can better underwrite risks, manage claims, better service our clients, and manage our businesses in a cost-effective way.

A lot of work is being done at AIG in IT to improve our technology infrastructure and end-user experience, including restructuring to address challenges, advance the state of technology overall, and support innovation. AIG is attracting world-class leaders to drive our IT vision and enhance our team. IT is increasing its focus on data quality, enabling employees who handle data to ensure that it is complete, consistent, and reliable. We are continuously strengthening the security of our systems with programs to improve our end-user experience, bolster our internal controls, and further secure our applications and data assets.

At AIG, we want the business as lean as possible and by pushing the use of technology and data analytics we are able to move forward to achieve this goal. We have made significant investments in R&D and are integrating different science disciplines to better service our customers. By investing in technology and collaborating with our IT partners, AIG is able to move closer to being a company that can use technology to further differentiate itself with its customers and function optimally for employees.

There are many people who have worked closely with you throughout your career. How would they describe your management style?

My management style is to push people to think about a future that is quite different than the status quo. I enjoy helping people imagine a world with no practical constraints, and then slowly reintroducing the practical constraints one by one to see how close we can get to that ideal future. I think of it as getting people to indulge in thought experiments before they zero in on a strategy to execute.

I am asking people to exercise their imagination and test the boundaries of what is possible. ●