

AMERICAN INTERNATIONAL GROUP INC
Form 10-Q
November 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the quarterly period ended September 30, 2017

Commission File Number 1-8787

American International Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of

incorporation or organization)

175 Water Street, New York, New York

(Address of principal executive offices)

13-2592361

(I.R.S. Employer

Identification No.)

10038

(Zip Code)

Registrant's telephone number, including area code: (212) 770-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
		(Do not check if a smaller reporting company)		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 30, 2017, there were 898,959,371 shares outstanding of the registrant's common stock.

AMERICAN INTERNATIONAL GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED

September 30, 2017

Table of Contents

FORM 10-Q

Item Number	Description	Page
Part I — Financial Information		
<u>ITEM 1</u>	<u>Condensed Consolidated Financial Statements</u>	<u>2</u>
	<u>Note 1. Basis of Presentation</u>	<u>7</u>
	<u>Note 2. Summary of Significant Accounting Policies</u>	<u>8</u>
	<u>Note 3. Segment Information</u>	<u>11</u>
	<u>Note 4. Held-for-Sale Classification</u>	<u>13</u>
	<u>Note 5. Fair Value Measurements</u>	<u>14</u>
	<u>Note 6. Investments</u>	<u>32</u>
	<u>Note 7. Lending Activities</u>	<u>41</u>
	<u>Note 8. Variable Interest Entities</u>	<u>43</u>
	<u>Note 9. Derivatives and Hedge Accounting</u>	<u>44</u>
	<u>Note 10. Insurance Liabilities</u>	<u>49</u>
	<u>Note 11. Contingencies, Commitments and Guarantees</u>	<u>52</u>
	<u>Note 12. Equity</u>	<u>55</u>
	<u>Note 13. Earnings Per Share</u>	<u>59</u>
	<u>Note 14. Employee Benefits</u>	<u>60</u>
	<u>Note 15. Income Taxes</u>	<u>61</u>
	<u>Note 16. Information Provided in Connection with Outstanding Debt</u>	<u>64</u>
	<u>Note 17. Subsequent Events</u>	<u>69</u>
<u>ITEM 2</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>70</u>
	• <u>Cautionary Statement Regarding Forward-Looking Information</u>	<u>70</u>
	• <u>Use of Non-GAAP Measures</u>	<u>73</u>
	• <u>Critical Accounting Estimates</u>	<u>75</u>
	• <u>Executive Summary</u>	<u>76</u>
	• <u>Consolidated Results of Operations</u>	<u>87</u>
	• <u>Business Segment Operations</u>	<u>92</u>
	• <u>Investments</u>	<u>131</u>
	• <u>Insurance Reserves</u>	<u>144</u>
	• <u>Liquidity and Capital Resources</u>	<u>156</u>
	• <u>Enterprise Risk Management</u>	<u>168</u>
	• <u>Regulatory Environment</u>	<u>173</u>
	• <u>Glossary</u>	<u>180</u>
	• <u>Acronyms</u>	<u>183</u>
<u>ITEM 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>184</u>
<u>ITEM 4</u>	<u>Controls and Procedures</u>	<u>184</u>
Part II — Other Information		
<u>ITEM 1</u>	<u>Legal Proceedings</u>	<u>185</u>
<u>ITEM 1A</u>	<u>Risk Factors</u>	<u>185</u>
<u>ITEM 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>185</u>
<u>ITEM 4</u>	<u>Mine Safety Disclosures</u>	<u>185</u>
<u>ITEM 6</u>	<u>Exhibits</u>	<u>186</u>

TABLE OF CONTENTS**Part I – Financial Information**Item 1. | [Financial Statements](#)[American International Group, Inc.](#)[Condensed Consolidated Balance Sheets \(unaudited\)](#)*(in millions, except for share data)***Assets:**

Investments:

Fixed maturity securities:

Bonds available for sale, at fair value (amortized cost: 2017 - \$224,143; 2016 - \$232,241)

Other bond securities, at fair value (See Note 6)

Equity Securities:

Common and preferred stock available for sale, at fair value (cost: 2017 - \$1,274; 2016 - \$1,697)

Other common and preferred stock, at fair value (See Note 6)

Mortgage and other loans receivable, net of allowance (portion measured at fair value: 2017 - \$5; 2016 - \$11)

Other invested assets (portion measured at fair value: 2017 - \$6,503; 2016 - \$6,946)

Short-term investments (portion measured at fair value: 2017 - \$2,603; 2016 - \$3,341)

Total investments

Cash

Accrued investment income

Premiums and other receivables, net of allowance

Reinsurance assets, net of allowance

Deferred income taxes

Deferred policy acquisition costs

Other assets, including restricted cash of \$219 in 2017 and \$193 in 2016

(portion measured at fair value: 2017 - \$900; 2016 - \$1,809)

Separate account assets, at fair value

Assets held for sale

Total assets**Liabilities:**

Liability for unpaid losses and loss adjustment expenses

Unearned premiums

Future policy benefits for life and accident and health insurance contracts

Policyholder contract deposits (portion measured at fair value: 2017 - \$3,988; 2016 - \$3,058)

Other policyholder funds (portion measured at fair value: 2017 - \$0; 2016 - \$5)

Other liabilities (portion measured at fair value: 2017 - \$1,220; 2016 - \$2,016)

Long-term debt (portion measured at fair value: 2017 - \$2,998; 2016 - \$3,428)

Separate account liabilities