Property Performance® Policy – Summary of 2017 Coverage Enhancements

AIG’s Property Performance® provides advanced, broad, all-risk property damage and business interruption coverage for midsize risks in a concise form.

Recently enhanced with broadened coverages including extended cyber coverage, more simplified language, and industry-focused solutions, Property Performance Plus is a true reflection of AIG’s continued commitment to deliver innovative solutions that respond to a world of ever changing needs.

In addition to the enhancements to the U.S. Commercial Property Policy, we have added the U.S. Global Commercial Property Policy to better serve our multinational clients with a master program offering.

The below table and summary of focus industry segments are a general description of some of the coverage enhancements provided by AIG’s Property Performance forms. Please refer to the Policy, Declarations and endorsements for complete details of coverage.

Enhancements include:

<table>
<thead>
<tr>
<th>Section of the Policy</th>
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</thead>
<tbody>
<tr>
<td><strong>Section II Additional Coverages</strong></td>
<td><strong>Extended Cyber Coverage</strong></td>
<td><strong>Electronic Data</strong></td>
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<td></td>
<td></td>
<td>• Coverage Triggers:</td>
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<td></td>
<td>– Cyber Perils: Unauthorized Access, Unauthorized Use, Malicious Code, Magnetic Damage to Electronic Data</td>
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<td>– Standard Perils: Fire, Lightning, Flood, Earth Movement etc…</td>
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<td>• Resulting in Corruption, Erasure or Alteration of the Electronic Data so it can no longer be accessed or used</td>
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<td></td>
<td></td>
<td>• Pay to restore electronic data from duplicates or if not available, then the costs to research, gather &amp; assemble the Electronic data and resulting Business Income loss and Extra Expense</td>
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<td>• Coverage provided in the coverage territory including in transit</td>
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| | **Equipment** | |
| | • Electronic Equipment including electronic devices, components and storage media |
| | • Coverage Trigger: Malicious code that reprograms the software including firmware of such equipment (“bricking”) |
| | • Pay for costs to repair or replace the damaged equipment and resulting Business Income loss and Extra Expense |
| | • Coverage provided in the coverage territory including in transit |
### Section II Additional Coverages

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<td><strong>Extended Cyber Coverage</strong></td>
<td>- <strong>Interruption of Service</strong>&lt;br&gt;  • Covers interruption to standard service providers as well as your cloud computing service and your data, voice or video service providers&lt;br&gt;  • Coverage Trigger:&lt;br&gt;  — Corruption, erasure and alteration of the electronic data of service provider’s computer system by a cyber peril&lt;br&gt;  — Denial of service attack preventing access to the service provider’s computer system&lt;br&gt;  • Pay for resulting Property Damage and Business Income loss&lt;br&gt; - <strong>Denial of Service Attack</strong>&lt;br&gt;  • Attack that sends an excessive volume of electronic data preventing authorized individuals from gaining access to your computer system&lt;br&gt;  • Pay for resulting Business Income loss&lt;br&gt; - <strong>Data Preservation Expenses</strong>&lt;br&gt;  • During or after a covered: Denial of Service Attack or Corruption, Erasure or Alteration of your Electronic Data on your Computer System to prevent further covered loss we will pay for certain specific costs associated with minimizing further loss</td>
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<tr>
<td><strong>Accounts Receivable</strong></td>
<td>- Broaded to include corruption, erasure or alteration of accounts receivable records by a cyber peril</td>
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<td><strong>Arson and Theft</strong></td>
<td>- Not limited to % of physical damage</td>
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<td><strong>Debris Removal</strong></td>
<td>- Uninsured property does not have to be of the type insured in order to be removed</td>
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<tr>
<td><strong>Demolition &amp; Increased Cost of Construction</strong></td>
<td>- Removed the exclusion for vacant or unoccupied buildings</td>
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<tr>
<td><strong>Money</strong></td>
<td>- All Risks except theft – previously covered for defined perils only</td>
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<td><strong>Preservation of Property</strong></td>
<td>- Added covered property removed from a covered location but no sublimit applies to such covered property</td>
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<td><strong>Professional Fees</strong></td>
<td>- Added subsidiaries of insurance agents and brokers</td>
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<td><strong>Spoilage</strong></td>
<td>- Applies to goods in transit</td>
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<td><strong>Valuable Papers and Records</strong></td>
<td>- Simplified the language</td>
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<td><strong>Miscellaneous Property</strong></td>
<td>- Coverage expanded to include loss or damage while in transit</td>
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<tr>
<td><strong>Section II Additional Coverages</strong></td>
<td>- Simplified one Limit one coverage:&lt;br&gt;  • Combined several coverages under one sublimit of liability, including:&lt;br&gt;  — Building Materials at Off Premises Storage&lt;br&gt;  — Fairs and Exhibitions&lt;br&gt;  — Personal Property not at a Covered Location&lt;br&gt;  — Salespersons Samples&lt;br&gt;  • Clarification that most we will pay for Miscellaneous Property is the Miscellaneous Property sublimit regardless of other sublimits that may apply&lt;br&gt;  • No Coverage for Property in the Course of Construction</td>
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| **Service Interruption** | | ▶ Covered cause of loss does not include Cyber Perils  
▶ Sublimit applies to off premise service providers only  
▶ Cloud computing service added as a service provider  
▶ Data voice and video added as a service provider instead of telecommunications  
▶ Coverage can be triggered by damage to service provider’s satellites or communication lines  
▶ Qualifying Period does not apply to if there is property damage to covered property  
▶ Adds Extra Expense coverage arising out of interruption  
▶ Coverage ends upon the earlier of when the business is restored to conditions that existed had no loss occurred or the end of the Extended Period of Indemnity (specific to service interruption) – rather than when the service is restored – subject to the sublimit of liability |
| **Transit** | | ▶ Expanded to include resulting Time Element loss  
▶ General average and salvage charges added  
▶ Clarification that if another sublimit applies to specific type of property that sublimit will apply and Transit sublimit will not apply |
| **Section III Valuation** | **Enhanced Valuation** | ▶ Finished goods covered to the greater of selling price where loss occurred or where goods sold  
▶ Railroad rolling stock valued at actual cash value  
▶ Further flexibility added to pay the cost to repair or replace certain property provided that proceeds are spent on capital expenditures within 2 years of the date of loss; capital expenditures are no longer required to be pre-planned |
| **Section IV Property Not Covered** | **Narrowed Property Not Covered** | ▶ Removed furs, jewelry, precious metals, precious and semiprecious stones  
▶ Narrowed land value exclusion to allow coverage for fill beneath buildings and structures  
▶ Drones added except while at covered location and used as part of business operations  
▶ Removed Bridges and Tunnels used for rail travel |
| **Section V Perils Excluded** | **Nuclear Exclusion** | ▶ Exception for ensuing Sprinkler leakage  
▶ Sublimit applies to off premise service providers only  
▶ Clarified that cleanup costs for resulting damage to covered property are included |
| **Section VI Time Element Coverages D. Additional Time Element Enhancements** | **Time Element Enhancements** | ▶ Attraction Properties  
▶ Added extra expense coverage  
▶ Flexible distance limitation  
▶ Contingent Time Element (“CTE”)  
▶ Extended Period of Indemnity provided for CTE  
▶ Applies to alterations in the Course of Construction at direct suppliers and direct customers  
▶ Crisis Management  
▶ Broadened to a civil or military authority limiting, restricting or prohibiting partial or total access to a covered location  
▶ Broadened to include death or bodily injury as a trigger |
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| **Section VI** Time Element Coverages D. Additional Time Element Coverages | **Time Element Enhancements** | • Logistics Extra Costs  
  • Added Contract Manufacturers and Contract Service Provider location  
  • Removed the longer waiting period for Nat Cat triggers  
  • Extended coverage trigger to include damage to bridges, roadways, tunnels, docks, piers and wharves  
• Civil or Military Authority  
  • Broadened to a civil or military authority limiting, restricting or prohibiting access to property not insured under this policy  
  • Added Extra Expense  
  • Flexible Distance Limitation  
• Ingress Egress  
  • Broadened to partial or total prevention of ingress or egress due to physical loss or damage by a covered cause of loss to property not insured under this Policy (whether real or personal property)  
  • Added Extra Expense  
  • Flexible Distance Limitation |
| New coverage: Research and Development Expenses | | • We pay ordinary payroll, and continuing fixed charges and expenses as a result of direct physical loss or damage by a covered cause of loss to materials used or developed as part of your research and development activities |
| **Section VII** | **New: Control of Damaged Merchandise** | • Gives you control of covered physically damaged finished goods that have been manufactured by or for you |
| **Section X Definitions** | **Clearer Occurrence Definition** | • Bifurcated Act(s) of Terrorism and All Other Covered Perils  
  • Perils Other Than Terrorism arises out of a single event or originating cause; e.g. hurricane  
  • Terrorism arises out of same or related purpose or cause; e.g. planned act(s) of terrorism that involve multiple locations by a single terrorist organization  
• Certain perils are a single occurrence if they last for 72 hours and no two 72 hour periods can overlap |
| Global Policy Section 1 B. Specified Covered Causes of Loss | **New Coverage Embedded International Terrorism** | • No separate policy or coverage part; same broad coverage, including additional coverages, as provided for other perils  
  • Occurrence Limits and/or Annual Aggregate available  
  • Master Policy wraps difference in limits/difference in conditions of local underlying policies |
Focus Industry Segments

Airports
Additional Coverages for:
• Runway loss of use – Business Income loss and Extra Expense due to certain types of collision of aircraft or vehicle that results in loss of use of a runway
• Airside Vehicle Damage – damage to vehicles including collision and overturn
• Underground Storage Tanks - coverage for underground storage tanks and their contents
• Outdoor Property Coverage – expanded to include tarmacs, runways, taxiways and aprons, bridges and tunnels at an airport and coverage trigger broadened from defined perils to covered cause of loss (All Risks except otherwise excluded).

Healthcare
Additional Coverages for:
• Evacuation expenses
• Research and development expenses
• Professional employee replacement expenses
• Research and development restoration expenses
• Research animals and materials
• Research and development expenses
• Research and development restoration expenses
• Fine valuables added for theft
• Tax treatment of profits
• Deferred idle period
• Control of damaged merchandise
• Spoilage coverage broadened to include accidental event that results in extremes of temperature, relative humidity change or changes in texture

Retail
Additional Coverages for:
• Warehouseman legal liability
• Fine valuables added for theft
• Tax treatment of profits
• Spoilage coverage broadened to include accidental event that results in extremes of temperature, relative humidity change or changes in texture
• Specific valuation for retail goods at manufacturing plant or warehouse and retail stores

Additional Coverages for:
• Research and development expenses
• Research and development restoration expenses
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As of March 28, 2017, the newly enhanced Property Performance form will be available for use beginning April 1, 2017 in all states except the following: Alaska, California, Connecticut, Georgia, Hawaii, Iowa, Ohio, Oklahoma, Vermont, Washington and West Virginia. We will advise you if the form becomes available for use in any additional states.

Manufacturing
Additional Coverages for:
• Research and development expenses
• Research and development restoration expenses
• Deferred idle period
• Tax treatment of profits
• Warehouseman legal liability
• Control of damaged merchandise
• Spoilage coverage broadened to include accidental event that results in extremes of temperature, relative humidity change or changes in texture

Real Estate
Additional Coverages for:
• Historical building reproduction and consulting costs
• Tracing and access of water and oil damage
• Unauthorized use of electricity, gas and water
• Rent free period
• Archaeological expenses
• Warehouseman legal liability
• Leasehold interest
• Evacuation expenses
• Tenant relocation expenses

Retail
Additional Coverages for:
• Warehouseman legal liability
• Fine valuables added for theft
• Tax treatment of profits
• Spoilage coverage broadened to include accidental event that results in extremes of temperature, relative humidity change or changes in texture
• Specific valuation for retail goods at manufacturing plant or warehouse and retail stores

Education
Additional Coverages for:
• Research animals and materials
• Evacuation expenses
• Fundraising expenses
• Relocation expenses
• Professional employee replacement expenses
• Research and development expenses
• Personal property of a patient or patient visitors
• Patient and tenant relocation expenses
• Spoilage coverage broadened to include accidental event that results in extremes of temperature, relative humidity change or changes in texture

Hospitality
Additional Coverages for:
• Evacuation expenses
• Personal Property of Guests
• Guest Relocation Expenses
• Evacuation Expenses
• Crisis Management – if a civil or military authority limits, restricts or prohibits partial or total access to a covered location due to death, bodily injury, violent crime or an active shooter, business income loss and extra expense will be payable for certain length of time
• Franchisee Upgrade Coverage – additional costs required to upgrade a covered damaged location to the standard required by Franchisor after covered loss or damage

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