



Enterprise Risk Management

AIG's Enterprise Risk Management (ERM) sets AIG's global corporate strategy for risk management. Our mission is to manage risks proactively in support of AIG's goal to be the most valuable insurance company in the world, balancing profitability, growth, and risk. The work we do at ERM enables the management of uncertainty while encouraging profitable and sensible risk taking. ERM is made up of both corporate and business unit risk functions working as "one team" to provide integrated and consistent risk communication to all major stakeholders.

ERM's responsibility is to completely and accurately identify, measure, quantify, limit, monitor, report on, and mitigate AIG's risk position in a timely manner. This enables AIG management and front-line risk-takers to make the appropriate trade-offs without incurring outsized risk concentrations. The output of ERM's analysis is also used to measure the risk-adjusted performance of businesses, better price products and assist in the effective allocation of capital. Major areas within ERM include stress testing, risk appetite development and monitoring, risk reporting and limit monitoring, risk analysis, model validation, and risk policy development and governance.

Product Line/Group:

Life & Retirement

AIG Life & Retirement is a provider of life insurance and retirement services in the United States. It is among the largest life insurance and retirement services businesses in the United States. Business unit risk functions are responsible for setting risk policies, developing risk appetite and limits, and monitoring these limits for their respective organizations. The BU risk functions also develop and maintain tools for analyzing BU specific risks (e.g., mortality risk in Life & Retirement, CAT risk modeling in Property Casualty).

Responsibilities/Projects of Past Analysts:

- Generated weekly and daily updates on the variable annuity hedge books.
- Performed attribution analysis on determining best metrics.
- Benchmarked crediting rate of fixed annuity products.

Skills Gained at AIG:

- Excel and Access skills improved dramatically.
- Gained real world workplace experience.

Product Line/Group:

Model Risk Management

Model Risk Management is responsible for reviewing models, processes, and programs across all business units and functions. The models this group reviews come in a wide variety; many of the models are used for pricing of products (e.g., complex derivatives and insurance premiums), for economic forecasting (e.g., forecasting housing prices across the U.S.), for asset management (e.g., calculating portfolio performance) and for anticipating catastrophe (e.g., simulating hurricane

and earthquake insurance portfolio loss scenarios). The goal is to determine if the models are accurate, reliable, and are being used properly throughout the company.

Responsibilities/Projects of Past Analysts:

- Created comparison models and conducted model tests through Excel.
- Created Excel files to compute credit impairment, interest rate, credit spread, and statutory risk charges for various portfolios.
- Created presentation that broke down the costs and methodologies for various portfolios.
- Met with model vendors.
- Calculated how much the charge would be for capital if the Models & Analytics group started using the simplified supervisory formula approach under the new Basel Propositions.

Skills Gained at AIG:

- Quantitative skills.
- Strong introduction to econometric modeling, stochastic calculus, portfolio attribution theory, and computer programming.



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Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: @AIG_LatestNews | LinkedIn: www.linkedin.com/company/aig

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