



## Distribution and Risk Appetite Strategy Update Frequently Asked Questions

### Q. What is changing?

- A. Beginning in the first quarter of 2019, Lexington Insurance will concentrate on excess and surplus lines (E&S) business.

Lexington's distribution for its core property and casualty (P&C) business will be primarily through wholesale brokers.

Lexington's Healthcare, Professional Liability, Property Risk Management and other specialty product units, however, will continue to provide access to their products to both wholesale and retail brokers. Lexington's Programs and Group Captives business units also will continue to make their products and insurance solutions available on a wholesale or retail basis.

### Q. What is the rationale for the change of Lexington's distribution?

- A. These changes are being driven by two factors. Firstly, AIG's portfolio diversification strategy is designed to improve our underwriting profitability and value to our brokers and clients. Secondly, it is in response to discussions with our wholesale and retail trading partners and their desire for clear distribution channels and access to specialized underwriting experience.

### Q. Do the changes apply the same to all Lexington product lines?

- A. No. There will be separate distribution strategies for Lexington Property, Casualty, Healthcare, Professional Liability, Property Risk Management, Programs and Group Captives business units as follows:
- Property
    - Wholesale-only; retail brokers may access AIG North America General Insurance's (AIG NA General Insurance) Retail Property team for both admitted and non-admitted paper.
  - Casualty
    - Wholesale-only products include Construction, General Liability, Products and Transportation (Auto);
    - Products available to both wholesale and retail brokers include Energy, Product Recall, Public Entity and Rail; and
    - Retail brokers with dedicated segment expertise for these lines may work directly with Lexington, otherwise access is available through wholesale brokers.
  - Healthcare
    - Products are available to both wholesale and retail brokers.
  - Professional Liability (Architects and Engineers, or A&E)
    - Products are available to both wholesale and retail brokers.
  - Programs and Group Captives
    - Products are available to both wholesale and retail brokers.



Q. Will distribution changes extend to other AIG product lines and businesses such as Financial Lines, Marine, Western World, Validus Specialty, etc.?

A. There are currently no plans to change the distribution models for other product lines or businesses.

Q. Are there preferred wholesaler brokers that I need to work with moving forward?

A. There is no AIG list of preferred wholesale brokers. Retail brokers are free to utilize any licensed wholesale broker they may choose who can provide a broker of record letter (BOR).

Q. Will wholesale brokers access Lexington by field offices and/or the National Branch?

A. Wholesale brokers may choose how they want to access Lexington, whether through Risk Specialists Companies Insurance Agency, Inc. (RSCIA), regional offices or Lexington's National Branch. Over time, as RSCIA regional offices are fully resourced, we expect business to migrate naturally to the underwriters who are geographically closer to our partner brokers.

Q. Are there a limited number of wholesale brokers who will have access to Lexington?

A. Wholesale brokers with current BORs on file with Lexington can continue to access Lexington. Licensed wholesale brokers who don't currently have BORs on file with Lexington may seek to do business through the normal approval process.

Q. When and how do these changes apply to new business?

A. For new business submissions occurring on or after March 1, 2019, Lexington will no longer accept submissions from retail brokers for the wholesale-only product lines noted above. However, retail brokers may send new business submissions to their designated AIG NA General Insurance Property underwriter.

Q. How do these changes apply to renewals with Lexington?

A. Property and Casualty teams in Lexington and AIG NA General Insurance product groups will be reaching out to individual brokers about our distribution and appetite realignment. We will work to minimize its impact to you and your clients.

Q. What are Lexington's risk appetite changes?

A. Please reference our [risk appetite guides](#) for an overview of our product-specific appetite.

Q. How will this affect my compensation?

A. Commission will be handled on a product-by-product basis. Lexington pays commission to wholesale and retail brokers at rates that are aligned with the insurance market.

Q. Can I use a broker of record letter or designation (BOR) to transfer business?

A. Yes, for business being transferred from the incumbent retail broker to a wholesale broker, Lexington will accept a BOR signed by the retail broker.

**Q. If I have questions, who should I call?**

**A.** Please contact your AIG representative. Additionally our Field Operations team is available to you:

**Northeast: Ron Willett**

617-457-2850 or

Ron.Willett@aig.com

New York: John Gambale

212-458-3198 or

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**Southeast: Kim Reed**

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**South Central: Joe Connelly**

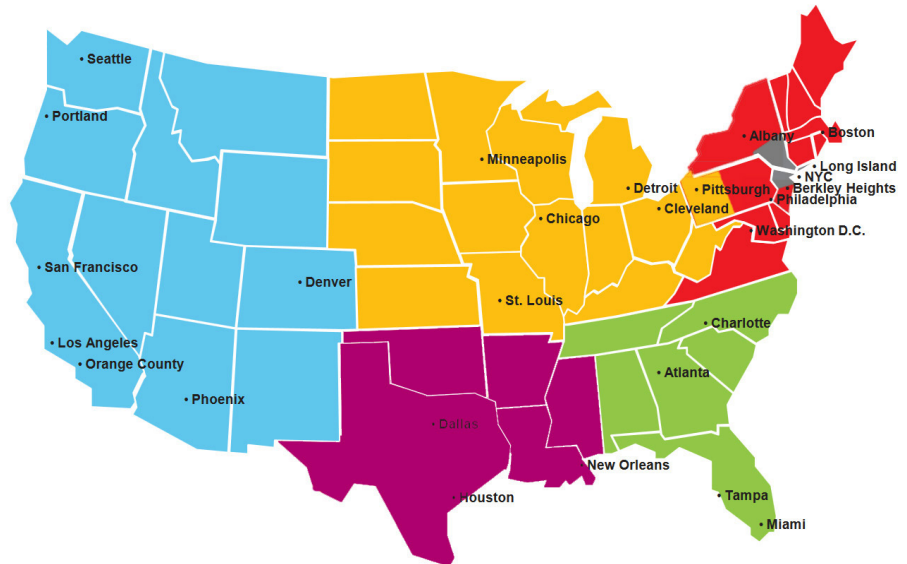
713-342-7373 or

Joe.Connelly@aig.com

**West: Matt Edelheit**

312-286-9500 or

Matt.Edelheit@aig.com



**Q. I have a good relationship with my Lexington underwriter. Can the same Lexington underwriter continue to work on my account?**

**A.** AIG is building focused trading relationships independently with wholesale and retail brokers.

If you are a licensed wholesaler with BORs already on file with Lexington, your Lexington underwriter is unlikely to change.

If you are a retail broker, we have dedicated underwriting teams focused on providing core Property and Casualty business to help meet your clients' insurance requirements.

As noted above, Lexington will continue to be accessible to both retail and wholesale brokers except with respect to product lines identified above as available on a wholesale-only basis. If you wish to have your Lexington underwriter continue to work on accounts available only on a wholesale basis, you will need to engage a wholesale broker.

If you are a wholesale broker with a BOR on file with Lexington, your Lexington underwriter is unlikely to change except with respect to a relatively few Property accounts for which Lexington currently provides coverage.



- Q. I work with a Business Development Manager and/or Client Director on an account. Will that continue?
- A. Yes, Business Development Managers and Client Directors will remain engaged with their accounts.
- Q. I place a significant amount of business with AIGRM, Excess Casualty and Specialty Workers Compensation (and other non-Lexington departments). Will I lose my direct access to these profit centers/lines of business?
- A. No, these changes apply to Lexington business only. We look forward to building on those relationships with AIG NA General Insurance's Retail P&C underwriting teams.
- Q. Is there any possibility that my account would be transferred to a different underwriting office location?
- A. Yes, there is a possibility that this could happen. We will work with our brokers to minimize the disruption and communicate any changes.

The terms AIG and Lexington in these FAQs refer to American International Group, Inc. property and casualty insurance operations, including related property and casualty business divisions but not to any specific subsidiary insurance company.

Lexington Insurance Company, an American International Group, Inc. company, is the leading U.S.-based surplus lines insurer. American International Group, Inc. (AIG) is a leading global insurance organization. Building on 100 years of experience, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange.

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at [www.aig.com](http://www.aig.com). All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries, and coverage is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds.