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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 8, 2011

AMERICAN INTERNATIONAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-8787	13-2592361
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

180 Maiden Lane
New York, New York 10038
(Address of principal executive offices)

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 — Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement.

On February 1, 2011, American International Group, Inc. (AIG) completed the previously announced sale of its Japanese life insurance subsidiaries, AIG Star Life Insurance Co. Ltd (Star) and AIG Edison Life Insurance Company (Edison), to Prudential Financial, Inc. for total consideration of $4.8 billion, consisting of $4.2 billion in cash and $.6 billion in the assumption of third-party debt.

Under the terms of the Guarantee, Pledge and Proceeds Application Agreement, dated as of January 14, 2011 (the Intercompany Pledge Agreement), between AIG and certain subsidiaries, AIG is required to use all net cash proceeds of the Star and Edison sale to repay loans to AIG (the SPV Intercompany Loans) made by its subsidiaries AIA Aurora LLC (the AIA SPV), a special-purpose vehicle that holds AIG's remaining shares in AIA Group Limited, and ALICO Holdings LLC (the ALICO SPV and, together with the AIA SPV, the SPVs), a special-purpose vehicle that holds the MetLife, Inc. securities that AIG received in the sale of American Life Insurance Company. In turn, the SPVs are generally required to distribute amounts received as repayment of the SPV Intercompany Loans to the U.S. Department of the Treasury (the Department of the Treasury), which holds preferred interests in each of the SPVs (SPV Preferred Interests). These arrangements are part of the recapitalization of AIG described in more detail in AIG's Current Report on Form 8-K dated January 14, 2011.

On February 8, 2011, American International Group, Inc. (AIG) entered into a letter agreement with the Department of the Treasury (the Letter Agreement), pursuant to which AIG will be permitted to retain $2 billion of the net cash proceeds from the sale of Star and Edison. The $2 billion will be used to support the capital of Chartis, Inc. and its subsidiaries in connection with the reserve strengthening described in Item 8.01 of this Current Report on Form 8-K. The remainder of the net cash proceeds is expected to be used to repay the Department of the Treasury's SPV Preferred Interests.

A copy of the Letter Agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K, and incorporated into this Item 1.01 by reference.

Section 8 — Other Events

Item 8.01 Other Events

On February 9, 2011, AIG issued a press release announcing that it expects to record a $4.1 billion charge, net of $446 million in discount and loss sensitive business premium adjustments, for the fourth quarter of 2010 to strengthen loss reserves in its Chartis property and casualty insurance subsidiaries.

A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated into this Item 8.01 by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1	Letter Agreement, dated as of February 8, 2011, between AIG and the Department of the Treasury.
99.1	Press Release of American International Group, Inc. dated February 9, 2011

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: February 9, 2011

By: /s/ Kathleen E. Shannon
Name: Kathleen E. Shannon
Title: Senior Vice President and Deputy General Counsel

EXHIBIT INDEX

Exhibit No.	Description
10.1	Letter Agreement, dated as of February 8, 2011, between AIG and the Department of Treasury.
99.1	Press Release of American International Group, Inc. dated February 9, 2011

Exhibit 10.1

February 8, 2011

American International Group, Inc.
180 Maiden Lane
New York, NY 10038
Attention: General Counsel

AIA Aurora LLC
180 Maiden Lane
New York, NY 10038

ALICO Holdings LLC
180 Maiden Lane
New York, NY 10038

Ladies and Gentlemen:

Reference is made to the Guarantee, Pledge and Proceeds Application Agreement, dated as of January 14, 2011 (as amended, the "**GPPA**"), among American International Group, Inc. ("**AIG**"), the Guarantors party thereto and AIA Aurora LLC and ALICO Holdings LLC, as the Secured Parties. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the GPPA.

The Rights Holder, on behalf of the Secured Parties, AIG and the Secured Parties hereby agree as follows:

(i) notwithstanding Section 4(b) of the GPPA, AIG shall be permitted to retain an amount of the Net Proceeds received in respect of the transactions contemplated by the Star-Edison Purchase Agreement (the "**Star-Edison Proceeds**") equal to two billion dollars ($2,000,000,000), shall not be obligated to apply or cause to be applied such amount to satisfy the Secured Obligations and shall use such amount to support the capital of Chartis Inc. and its subsidiaries; and

(ii) notwithstanding Section 4(a)(x) of the GPPA, AIG shall apply or cause to be applied the remainder of the Star-Edison Proceeds to satisfy the Secured Obligations no later than the close of business on February 14, 2011.

For the avoidance of doubt, all Net Proceeds other than the Star-Edison Proceeds and any other amounts paid on account of the Secured Obligations shall continue to be applied in accordance with Section 4 of the GPPA unless otherwise agreed by the Rights Holder on behalf of the Secured Parties.

Sections 18 (Notices), 21 (Amendments and Waivers), 22 (Choice of Law), 23 (Waiver of Jury Trial), 26 (Counterparts) and 28 (Jurisdiction; Consent to Service of Process) of the GPPA are incorporated herein by reference as if fully set forth herein.

Please confirm your agreement to the foregoing by signing and returning an executed counterpart of this letter.

Yours sincerely,

UNITED STATES DEPARTMENT OF THE TREASURY, as the Rights Holder, on behalf of the Secured Parties

By: /s/ Timothy G. Massad
Name: Timothy G. Massad
Title: Acting Assistant Secretary for Financial Stability

Acknowledged and agreed:

AMERICAN INTERNATIONAL GROUP, INC., as Pledgor

By: /s/ Brian T. Schreiber
Name: Brian T. Schreiber
Title: Executive Vice President, Treasury and Capital Markets

AIA AURORA LLC, as Secured Party

By: /s/ Brian T. Schreiber
Name: Brian T. Schreiber
Title: Manager

ALICO HOLDINGS LLC, as Secured Party

By: /s/ Brian T. Schreiber
Name: Brian T. Schreiber
Title: Manager

cc: Robert W. Reeder III, Sullivan & Cromwell LLP
Michael M. Wiseman, Sullivan & Cromwell LLP
Gary Israel, Sullivan & Cromwell LLP

[Signature Page to GPPA Waiver]

Exhibit 99.1

News Release

Contact: News Media:
Mark Herr
212-770-3505

Investment Community:
Joe Reali
212-770-7074

AIG EXPECTS TO RECORD $4.1 BILLION NET CHARGE IN FOURTH QUARTER 2010 TO STRENGTHEN LOSS RESERVES ASSOCIATED WITH LONG-TAIL LINES IN P&C BUSINESS

Approximately 80% of total charge relates to four classes of business: asbestos, excess casualty, excess workers' compensation, primary workers' compensation

NEW YORK, February 9, 2011 — American International Group, Inc. (AIG) announced today that, following completion of its annual comprehensive loss reserve review, it expects to record a $4.1 billion charge, net of $446 million in discount and loss sensitive business premium adjustments, for the fourth quarter of 2010 to strengthen loss reserves in its Chartis property and casualty insurance subsidiaries.

In addition, AIG announced that it has entered into a letter agreement with the U.S. Department of the Treasury permitting AIG to retain $2.0 billion of the net cash proceeds from the recently closed sale of AIG Star Life Insurance Co. Ltd and AIG Edison Life Insurance Company. AIG will use these proceeds, and other funds, to support the capital of Chartis insurance subsidiaries in connection with the loss reserve strengthening. As a result, AIG expects that the Chartis insurance companies' statutory surplus will remain largely unaffected.

The strengthening to Chartis loss reserves reflects adverse development on prior accident years in classes of business with long reporting tails. Four classes — asbestos, excess casualty, excess workers' compensation, and primary workers' compensation — comprise approximately 80 percent of the total charge. The majority of the strengthening relates to development in accident years 2005 and prior.

The total reserve strengthening represents approximately six percent of AIG's total general insurance net liability for unpaid claims and claims adjustment expense of $63.7 billion reported at September 30, 2010.

At the end of every year, Chartis conducts a comprehensive review of its net loss reserves, which represent the accumulation of estimates for reported losses (case basis reserves) and provisions for losses incurred but not reported (IBNR), both reduced by applicable reinsurance recoverable and the discount for future investment income, where permitted. These detailed reviews are conducted for each class of business for each subsidiary, and thus consist of hundreds of individual analyses.

The purpose of these reviews is to confirm the appropriateness of the reserves carried by each of the individual subsidiaries, and therefore of AIG's overall carried reserves. With the assistance of third party actuaries, AIG's actuarial teams assess the potential implications of new data and new and emerging trends, a process that allows for better, more refined analyses and judgments regarding the level of estimated loss reserves.

As a result of the 2010 year end loss reserve review, AIG strengthened loss reserves approximately $4.6 billion before discount (approximately $4.1 billion net of discount) primarily in four classes of business as follows:

- <u>Asbestos:</u> **$1.3 billion before discount**
  - **Rationale:** During the 2010 year end loss reserve review, the third-party actuary's standard account-specific asbestos model was updated for 2010 information and was calibrated to actual AIG experience, including that in the second and third quarters of 2010. AIG also modified certain of its loss-reserve-related assumptions to better reflect both industry-wide and AIG-specific expectations and experience for IBNR claims, taking into consideration recent, higher industry-wide trends regarding expanding coverage theories for liability.
  - **Note:** Asbestos coverage has been excluded from AIG policies commencing in 1985.
- <u>Excess Casualty:</u> **$1.0 billion**
  - **Rationale:** During the fourth quarter of 2010, loss emergence for the excess casualty class significantly exceeded expectations, particularly in more recent accident years. In response to this higher level of loss emergence, AIG modified its loss development assumptions for recent and older accident years to provide greater weight to emerging adverse experience in the more recent years. AIG also considered the continued exposure to latent claim emergence and the industry-wide rise in large product-liability verdicts for this long tail class of business as well as the continued uncertainty surrounding the expected loss ratios during the soft market conditions that have prevailed in recent accident years.
- <u>Excess Workers' Compensation:</u> **$825 million before discount**
  - **Rationale:** The claims projections utilized in the 2010 year end loss reserve review indicated that these claims continue to develop more adversely than expected. As a result, AIG concluded that there was sufficient experience to support a revision in its loss assumptions to reflect its adverse experience. Significant contributing factors have been continuing medical inflation, new and often additional treatment specialties such as "pain management," longer claim payment periods due to improved medical care, as well as the underestimation of claim costs by third party administrators.
- <u>Primary (Specialty) Workers' Compensation:</u> **$420 million before discount**
  - **Rationale:** Loss emergence for the more recent accident years for this class has significantly exceeded that which was anticipated by the expected loss ratios originally established for these accident years taking into consideration AIG's revised claims handling practices, and AIG has now concluded that worsening experience is driving the emergence. Similar to excess workers' compensation, continuing medical inflation, additional treatment specialties, and longer claim payment periods are all contributing factors, further compounded by reduced return to work opportunities in today's high unemployment environment. Therefore, AIG modified its estimates to give greater weight to the emergence pattern for the more recent accident years and, to a lesser extent, earlier accident years, during the 2010 year end loss reserve review.

- **Note:** Since 2007, AIG has reduced its net written premiums for guaranteed cost primary (specialty) workers' compensation business by almost 70 percent.

In addition to the above classes, AIG also strengthened reserves in its construction/commercial risk and national accounts classes of business by approximately $820 million before discount. The construction and commercial risks, while separate classes of business, consist primarily of certain primary workers' compensation and general liability coverages, and thus the experience in the workers' compensation lines identified in the distinct classes above also affected these lines. For the 2010 year end loss reserve review of the construction and commercial risks classes, AIG determined it was appropriate to modify its loss development assumptions to provide greater weight to emerging adverse experience in the more recent accident years and increased its loss reserves by approximately $420 million in the fourth quarter of 2010. For the national accounts business, the 2010 year end review of Chartis loss data led to the conclusion that reserves for older accident years required strengthening. As a result, reserves for this class of business were strengthened by approximately $400 million. Various other classes comprised the remaining $240 million of reserve strengthening.

Partially offsetting the reserve strengthening was $446 million of loss reserve discount and loss sensitive business premium adjustments, including approximately $120 million of reserve discount for the asbestos class; approximately $300 million of reserve discount for the various workers' compensation classes discussed above; and an additional premium accrual of $26 million on certain loss sensitive policies.

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This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect AIG's current views with respect to future events and are based on assumptions and are subject to risks and uncertainties, including completion of the year end audit process. Except for AIG's ongoing obligation to disclose material information as required by federal securities laws, it does not intend to provide an update concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date hereof.

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