

American International (AIG)

\$86.30 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$83.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 10/08/24)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

Growth: C

Momentum: C

Summary

American International's third quarter earnings beat estimates. Its cost-cutting efforts are driving operational efficiency, thereby aiding the margins. It continues to make divestitures to streamline operations and boost focus on the General Insurance unit. Its robust cash generation abilities have enabled it to continue elevating shareholder value through share buybacks and dividend payouts. In the third quarter of 2025, AIG rewarded its shareholders with around \$1.5 billion. Year to date, its shares have outperformed the industry. However, deterioration in its International Commercial Lines' combined ratio is a headwind. Its high debt burden remains a concern. Its property casualty business exposes it to weather-related losses. ROE of 9.1% is lower than the industry average of 15.8%. As such, the stock warrants a cautious stance.

Data Overview

52 Week High-Low	\$88.07 - \$69.24
20 Day Average Volume (sh)	4,517,812
Market Cap	\$45.8 B
YTD Price Change	16.6%
Beta	0.62
Dividend / Div Yld	\$1.80 / 2.1%
Industry	Insurance - Multi line
Zacks Industry Rank	Top 22% (54 out of 243)

Last EPS Surprise	31.0%
Last Sales Surprise	3.0%
EPS F1 Est- 4 week change	1.2%
Expected Report Date	02/10/2026
Earnings ESP	-0.1%

P/E TTM	13.1
P/E F1	12.6
PEG F1	0.5
P/S TTM	1.7

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	6,897 E	7,165 E	7,253 E	7,340 E	28,655 E
2025	6,615 A	6,841 A	7,057 A	6,924 E	27,309 E
2024	12,469 A	6,639 A	6,843 A	6,853 A	26,951 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1.95 E	1.98 E	1.80 E	1.97 E	7.70 E
2025	1.17 A	1.81 A	2.20 A	1.87 E	6.83 E
2024	1.77 A	1.16 A	1.23 A	1.30 A	4.95 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/15/2025.

(2) The report's text and the price target are as of 11/14/2025.

Overview

American International Group is a leading global insurance organization. Building on its long history, it provides a wide range of property casualty insurance, life insurance, retirement solutions, 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. The company is also committed to promote economic growth and sustainable solutions in global communities. It intends to achieve net-zero emissions from operations by 2050, in line with the Paris Agreement. It has invested \$3.2 billion in private solar, wind, geothermal, hydroelectric and other renewable source projects to support energy transformation.

In the fourth quarter of 2024, AIG restructured its organizational framework and adjusted its reportable segments to align with changes in how the company manages its operations. This realignment reflects the level at which AIG's chief operating decision-makers regularly assess performance and allocate resources. AIG now reports three segments: North America Commercial, International Commercial, and Global Personal. General Insurance comprises these three segments along with net investment income from insurance operations.

General Insurance provides insurance products and services for commercial and personal insurance customers, through a diversified, multichannel distribution network. It includes the following major operating companies: National Union, American Home, Lexington Insurance Company, AIG Sonpo, AIG Asia Pacific Insurance, AIG Europe, American International Group UK Ltd., Western World Insurance Group, Glatfelter and others. The segment generated premiums of \$23.5 billion in 2024, out of which North America Commercial, International Commercial and Global Personal accounted for 34.7%, 34.6% and 30.3%, respectively. The balance forms a part of Other Operations, which primarily include net investment income from AIG Parent's liquidity portfolio, dividend income from Corebridge, corporate general operating expenses, and interest expenses.



Reasons To Buy:

- ▲ **Streamlining Portfolio:** Since the 2008 bailout, AIG has focused on streamlining its operations by shedding non-core businesses to focus on core insurance. The strategy has shifted towards deleveraging its balance sheet and investing in growth. Significant steps include the IPO of Corebridge Financial in September 2022, deconsolidating Corebridge in June 2024 and selling a 20% stake to Nippon Life Insurance in December 2024. The company divested Crop Risk Services ("CRS") in July 2023. AIG also sold Validus Re and related assets in November 2023, receiving \$3.3 billion in cash and \$275 million in RenaissanceRe stock. It sold its global individual personal travel insurance business to Zurich Insurance Group in December 2024. These divestitures aim to focus on the General Insurance unit, reduce portfolio volatility, increase cash liquidity and accelerate capital deployment. It plans to divest some noncore legacy private assets in near future.
- ▲ **Strong Cash Flows:** The company has made a significant shift in its capital utilization. It prudently uses the capital for business expansions in the international markets, boosting its personal and life segments plus investing in the domestic middle market. Also, its robust cash generation abilities have enabled it to continue elevating shareholder value through share buybacks and dividend payouts. In 2023, the company's free cash flow (FCF) increased 48.4% year over year. In 2023, AIG rewarded its shareholders with \$3 billion in repurchases and dividends worth \$1 billion. Moreover, the company also repurchased shares worth around \$6.6 billion in 2024 and paid dividends of \$1 billion. In the third quarter of 2025, AIG rewarded around \$1.5 billion to shareholders, to the tune of share buybacks of \$1.25 billion and dividends of \$250 million.
- ▲ **Cost-Control Efforts:** The company's expense ratio, on a comparable basis, is improving courtesy of alteration in business mix, ongoing expense discipline and improved premium base. These initiatives will lead to operational efficiency and provide an extra boost to its operating margins. The General Insurance expense ratio improved 90 bps year over year in the first nine months of 2025. For General Insurance, it aims to bring expense ratio below 30% by 2027. AIG selected Amazon.com's cloud computing platform, Amazon Web Services, as its preferred public cloud provider for bringing about large-scale digital transformation. The company announced a new program called AIG Next, which generated sustained annual run rate savings of \$500 million and expects to earn more in the second half of 2025. AIG created a leaner parent company with a cost structure of 1 to 1.5% of net premiums earned. Its shares have outperformed the industry year to date.

Strategic business de-risking and business expansion, cost control efforts, enhanced product offerings will drive growth.

Reasons To Sell:

- ▼ **High Combined Ratio:** The combined ratio is crucial for analyzing an insurance company because it measures the efficiency of its underwriting operations. AIG's North America Commercial Lines exhibited an increase of 650 basis points year over year in its combined ratio in 2024. Although, the metric improved 400 bps year over year in the first nine months of 2025. AIG's International Commercial Lines combined ratio deteriorated 70 bps year over year in the first nine months of 2025, while Global Personal's combined ratio deteriorated 150 bps year over year. Elevated catastrophe losses stemming primarily from the January California wildfires led to the deterioration.
- ▼ **High Leverage:** AIG stock carries a high debt burden, which can hamper its growth initiatives. The company exited the third quarter with long-term debt of \$9.1 billion, higher than the cash balance of only \$1.6 billion. Although, the company's times interest earned of 12.91X at the third-quarter end was higher than the industry average of 10.22X. The company's ROE of 9.1% is lower than the industry average of 15.3%. This reflects the company's relative inefficiency in utilizing shareholders' funds to generate profits.
- ▼ **Exposure to Catastrophe-Related Loss:** The company's property casualty business exposes it to weather-related losses. It has been incurring catastrophe losses over the years that have weighed on its underwriting margins. In 2023, it witnessed catastrophe losses of \$1.1 billion, primarily due to high levels of catastrophe losses, especially in North America. The metric was \$1.2 billion in 2024, which escalated 9.4% year over year. Although, Catastrophe losses decreased 6.8% year over year in the first nine months of 2025. Since the company remains susceptible to weather-related losses, its bottom-line growth will remain somewhat uncertain.

High debt, combined ratio, exposure to catastrophe losses and weak solvency position pose risks.

Last Earnings Report

AIG Q3 Earnings Beat on Higher International Commercial Premiums

American International reported third-quarter 2025 adjusted earnings per share of \$2.20, which topped the Zacks Consensus Estimate by 31%. The bottom line surged 77% year over year.

Adjusted operating revenues advanced 3.2% year over year to \$7.1 billion. The top line beat the consensus mark by 3%.

The strong quarterly results benefited on the back of strong segmental strength in the form of improved underwriting results across the North America Commercial and International Commercial segments. A declining expense level also contributed to the upside. However, the upside was partly offset by weak Global Personal segment premiums and lower dividends received from Corebridge Financial.

AIG's Quarterly Operational Update

Premiums came in at \$6.1 billion, which grew 2.2% year over year in the quarter under review. Total net investment income declined 20.7% year over year to \$772 million on the back of a favorable change in the fair value of AIG's equity stake in Corebridge. The metric missed the Zacks Consensus Estimate of \$990 million. The company now has a 15.5% ownership interest in Corebridge.

Total benefits, losses and expenses of \$5.6 billion declined 7.6% year over year on the back of lower general operating and other expenses.

Adjusted return on equity of AIG improved 470 basis points year over year to 11.6%.

Segmental Performances of AIG

General Insurance – North America Commercial

The segment's net premiums written were in line year over year at \$2.4 billion in the third quarter, attributable to strength in Lexington and Retail Casualty, Western World and Programs.

Underwriting income of \$384 million soared 300% year over year on the back of a decline in catastrophe losses and more favorable prior-year development. Catastrophe-related losses, net of reinsurance, came in at \$68 million. The combined ratio improved to 82.6% from a year-ago ratio of 95.5%.

General Insurance – International Commercial

The segment recorded net premiums written of \$2.1 billion, which increased 3% year over year on a reported basis and 1% on a comparable basis. The metric benefited from expansion in Global Specialty and Property.

Underwriting income advanced 3% year over year to \$330 million in the quarter under review. Catastrophe-related charges were \$19 million. The combined ratio of 84.9% deteriorated 60 bps year over year as a result of lower catastrophe losses.

General Insurance – Global Personal

Net premiums written totaled \$1.7 billion, which tumbled 11% on a reported basis and 4% on a comparable basis. The metric was hit by an adverse impact from the U.S. High Net Worth business.

Underwriting income increased nearly fourfold year over year to \$79 million. Catastrophe-related charges were \$13 million in the third quarter. The combined ratio of 95.2% improved 360 bps year over year on the back of lower catastrophe-related charges and an improved expense ratio.

Other Operations

Net investment income and other dropped 40% year over year to \$72 million in the quarter under review due to a lower dividend income received from Corebridge.

Interest expenses of \$100 million decreased 9% year over year on the back of a declining debt level. Adjusted pre-tax loss narrowed from \$135 million in the prior-year quarter to \$116 million.

Financial Position of AIG (As of Sept. 30, 2025)

AIG exited the third quarter with a cash balance of \$1.6 billion, which climbed 22% from the 2024-end level. Total assets of \$163.4 billion increased 1.3% from the figure at 2024-end.

Long-term debt amounted to \$9.1 billion, up 3.7% from the figure as of Dec. 31, 2024.

Total shareholders' equity slipped 3.4% from the 2024-end level to \$41.1 billion. Total debt to total capital was 18% at the third-quarter end, which deteriorated 10 bps year over year.

Adjusted book value per share improved 4.2% year over year to \$77.04.

AIG's Capital Deployment Update

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Nov 04, 2025
Sales Surprise	3.00%
EPS Surprise	30.95%
Quarterly EPS	2.20
Annual EPS (TTM)	6.48

AIG rewarded its shareholders to the tune of share repurchases of around \$1.3 billion and dividends of \$250 million in the third quarter.

Valuation

American International Group's shares are up 7.6% in the year-to-date period and 3.4% over the past year. Stocks in the Zacks sub-industry is up 6% while the Zacks Finance sector is up 15.3%, over the year-to-date period. Over the past year, the Zacks sub-industry is up 4.1% while the sector is up 12.8%.

The S&P 500 index is up 18.3% in the year-to-date period and 19.1% in the past year.

The stock is currently trading at 1.03X trailing 12-month book value, which compares to 2.17X for the Zacks sub-industry, 4.32X for the Zacks sector and 8.39X for the S&P 500 index.

Over the past five years, the stock has traded as high as 1.22X and as low as 0.48X, with a 5-year median of 0.94X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$83.00 price target reflects 1.08X book value.

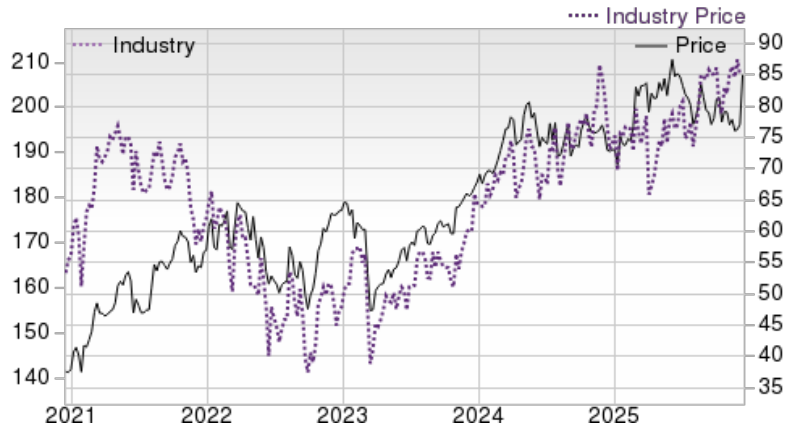
The table below shows summary valuation data for AIG.

Valuation Multiples - AIG					
		Stock	Sub-Industry	Sector	S&P 500
P/B TTM	Current	1.03	2.17	4.32	8.39
	5-Year High	1.22	2.74	4.35	9.19
	5-Year Low	0.48	1.05	2.87	6.62
	5-Year Median	0.94	2.22	3.51	8.04
P/S F12M	Current	1.48	1.43	8.95	5.41
	5-Year High	1.85	1.49	10.05	5.52
	5-Year Low	0.7	1.05	6.68	3.84
	5-Year Median	0.97	1.32	8.35	5.06
P/E F12M	Current	10.32	8.67	17.33	23.72
	5-Year High	14.83	10.43	18.31	23.81
	5-Year Low	7.26	7.24	12.38	15.73
	5-Year Median	10.21	8.72	16.14	21.2

As of 11/13/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 20% (47 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Scor SE (SCRYY)	Outperform	2
Ageas SA (AGESY)	Neutral	2
Corebridge Financial... (CRBG)	Neutral	4
MetLife, Inc. (MET)	Neutral	3
Principal Financial ... (PFG)	Neutral	3
Prudential Public Li... (PUK)	Neutral	3
Everest Group, Ltd. (EG)	Underperform	5
Kemper Corporation (KMPR)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Insurance - Multi Line

	AIG	X Industry	S&P 500	CNO	CRBG	MET
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	4	3
VGM Score	C	-	-	B	D	B
Market Cap	45.81 B	5.30 B	39.38 B	3.93 B	16.42 B	54.13 B
# of Analysts	7	2	22	2	6	7
Dividend Yield	2.12%	1.25%	1.41%	1.65%	3.04%	2.76%
Value Score	C	-	-	A	B	A
Cash/Price	1.79	0.33	0.04	0.39	0.30	0.71
EV/EBITDA	-3.42	6.39	14.60	7.99	6.33	6.50
PEG Ratio	0.50	0.93	2.23	NA	0.43	0.79
Price/Book (P/B)	1.11	1.30	3.35	1.51	1.19	1.87
Price/Cash Flow (P/CF)	7.49	12.19	15.20	9.91	5.82	11.44
P/E (F1)	12.43	9.92	19.78	9.97	6.95	9.45
Price/Sales (P/S)	1.67	1.12	3.06	0.89	0.83	0.75
Earnings Yield	8.14%	9.97%	4.99%	10.04%	14.39%	10.58%
Debt/Equity	0.22	0.30	0.57	1.45	0.77	0.54
Cash Flow (\$/share)	11.34	2.70	8.99	4.16	5.42	7.18
Growth Score	C	-	-	D	F	D
Hist. EPS Growth (3-5 yrs)	12.27%	12.24%	8.16%	12.97%	NA	1.14%
Proj. EPS Growth (F1/F0)	37.98%	14.56%	8.57%	4.28%	-6.00%	7.15%
Curr. Cash Flow Growth	-21.82%	2.09%	6.75%	20.56%	2.36%	-0.02%
Hist. Cash Flow Growth (3-5 yrs)	-5.44%	0.56%	7.43%	-4.83%	38.69%	-1.63%
Current Ratio	1.32	0.67	1.19	0.18	0.13	0.18
Debt/Capital	18.35%	23.59%	38.01%	59.13%	43.48%	34.97%
Net Margin	11.89%	7.95%	12.78%	6.64%	5.01%	5.30%
Return on Equity	9.09%	12.30%	17.00%	15.81%	19.90%	21.00%
Sales/Assets	0.17	0.20	0.53	0.12	0.05	0.10
Proj. Sales Growth (F1/F0)	1.30%	0.00%	5.77%	-16.00%	-0.60%	8.30%
Momentum Score	C	-	-	B	F	C
Daily Price Chg	2.47%	0.00%	-1.07%	0.24%	-0.38%	-0.11%
1 Week Price Chg	10.22%	2.88%	-0.63%	2.64%	3.85%	4.45%
4 Week Price Chg	9.20%	3.00%	1.39%	0.07%	8.31%	4.48%
12 Week Price Chg	10.29%	1.07%	2.45%	4.14%	-3.67%	3.79%
52 Week Price Chg	16.51%	11.27%	12.83%	8.44%	2.77%	-1.00%
20 Day Average Volume	4,517,812	271,170	2,728,366	630,963	6,076,439	3,196,379
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.37%	0.00%
(F1) EPS Est 4 week change	1.19%	0.00%	0.00%	0.40%	-1.16%	0.02%
(F1) EPS Est 12 week change	8.93%	3.77%	0.69%	0.48%	-7.97%	0.04%
(Q1) EPS Est Mthly Chg	-0.04%	0.00%	0.00%	0.00%	0.08%	-1.18%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	C
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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