S&P Global
Market Intelligence

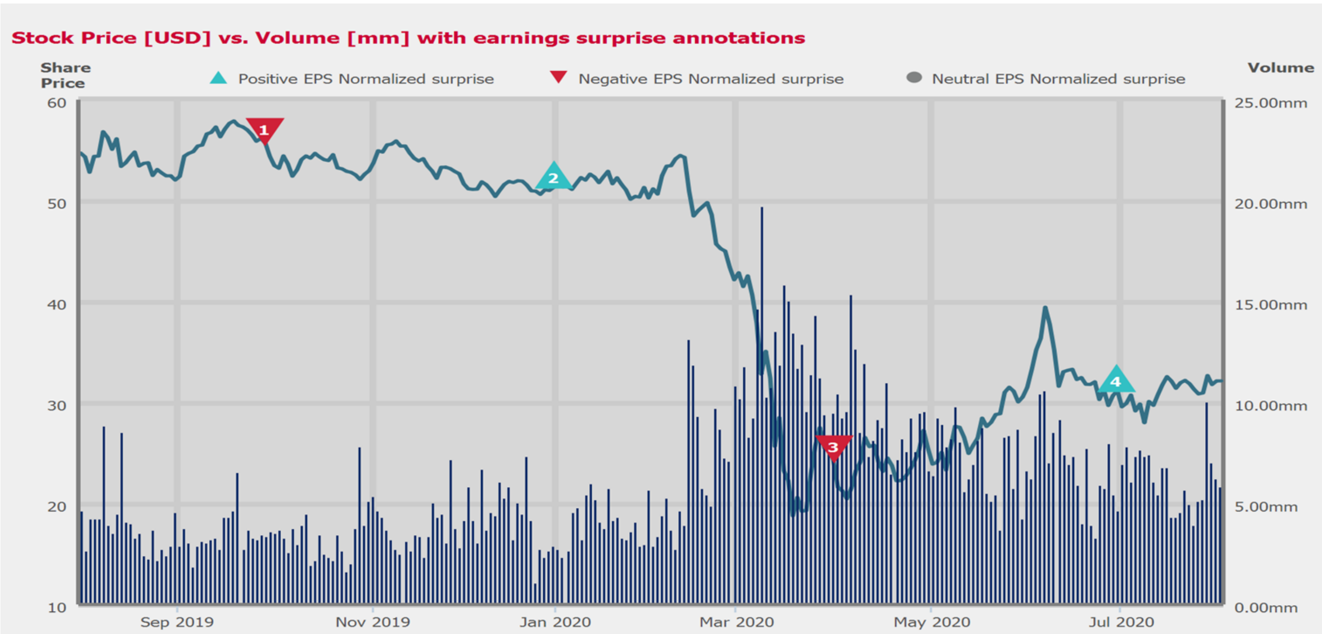
American International Group, Inc. NYSE:AIG
FQ2 2020 Earnings Call Transcripts

Tuesday, August 04, 2020 12:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2020-			-FQ3 2020-	-FY 2020-	-FY 2021-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.53	0.66	24.53	0.93	2.65	4.45
Revenue (mm)	11166.65	9396.00	(15.86 %)	11431.06	45151.14	45127.90

Currency: USD
Consensus as of Aug-04-2020 12:29 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2019	1.00	0.56	1 (44.00 %)
FQ4 2019	1.01	1.03	2 1.98 %
FQ1 2020	0.77	0.11	3 (85.71 %)
FQ2 2020	0.53	0.66	4 24.53 %

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Call Participants

EXECUTIVES

Brian Charles Duperreault
CEO & Director

Kevin Timothy Hogan
Executive VP and CEO of Life & Retirement

Mark Donald Lyons
Executive VP & CFO

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Sabra Rose Purtill
Deputy CFO and Head of Treasury, Investor & Rating Agency Relations & Corporate Development

ANALYSTS

Brian Robert Meredith
UBS Investment Bank, Research Division

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

Erik James Bass
Autonomous Research LLP

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

Michael Wayne Phillips
Morgan Stanley, Research Division

Yaron Joseph Kinar
Goldman Sachs Group, Inc., Research Division

Presentation

Operator

Good day, and welcome to AIG's Second Quarter 2020 Financial Results Call. As a reminder, today's conference is being recorded.

At this time, I would like to turn the conference over to Ms. Sabra Purtill, Head of Investor Relations. Please go ahead.

Sabra Rose Purtill
Deputy CFO and Head of Treasury, Investor & Rating Agency Relations & Corporate Development

Good morning, and thank you all for joining us. Today's call will cover AIG's second quarter 2020 financial results announced yesterday afternoon. The news release, financial results presentation and financial supplement were posted on our website at www.aig.com, and the 10-Q for the quarter will be filed later today after the call.

Today's remarks may contain forward-looking statements, including comments relating to company performance, strategic priorities, business mix and market conditions, including the effects of COVID-19 on AIG. These statements are not guarantees of future performance or events and are based on management's current expectations. Actual performance and events may differ materially. Factors that could cause results to differ include the factors described in our first quarter 2020 report on Form 10-Q and our 2019 annual report on Form 10-K and our other recent filings made with the SEC, inclusive of the effects of COVID-19 on AIG, which cannot be fully determined at this time. AIG is not under any obligation and expressly disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Additionally, some remarks may refer to non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP figures is included in our earnings release, financial supplement and earnings presentation, all of which are available on our website.

I'll now turn the call over to Brian.

Brian Charles Duperreault
CEO & Director

Good morning, and thank you for joining us today. I hope everyone is staying healthy and safe. Like last quarter, our team is participating on the call from different locations. I'm joined by Peter, Kevin and Mark. And Doug Dachille, our Chief Investment Officer, will also be available for Q&A.

AIG continues to show remarkable strength and resiliency as COVID-19 remains a formidable and ongoing catastrophe. Our global workforce has adjusted to working remotely, and I am incredibly proud of how the team has become more unified and focused on supporting each other, our clients and other stakeholders during this unprecedented time.

Throughout the second quarter, we continued to build on the strong foundation created since late 2017: to instill a culture of underwriting excellence, adjusted risk tolerances and implement a best-in-class reinsurance program. These actions strengthened and protected our balance sheet and are allowing us to effectively manage through COVID-19 and its collateral effects on the global economy in addition to natural catastrophes.

We also made progress on strategic initiatives across AIG, including the early June closing of the sale of a majority stake in Fortitude, which significantly derisked our balance sheet and represented the vast majority of our Legacy portfolio. Our focus on derisking is also reflected in how the overall investment portfolio has held up during this extended period of market uncertainty. As we outlined on our last call, our portfolio is diversified by asset class and industry sector and contributes to our strong balance sheet. Mark will give more details on the accounting implications of the sale of Fortitude, which, while in line with what we outlined on prior calls, are complex and had a significant impact on our GAAP results in the second quarter.

There are other positive developments in the second quarter, such as the launch of Syndicate 2019, which also added some noise to our results. But overall, I'm very pleased with our underlying performance in this quarter. We also enhanced our financial flexibility with parent company liquidity of over $10 billion at June 30, reflecting the proceeds from the Fortitude sale as well as the successful debt offering we completed in May.

With respect to CATs, in the second quarter, our total estimated net CAT losses were $674 million, including $458 million related to COVID-19. This brings our estimated COVID net losses for the first half of the year to $730 million. We continue to view COVID as an earnings event, not a capital event for AIG. In arriving at our COVID estimates for the second quarter, we follow the same thoughtful and rigorous process that Peter outlined on our last call. As the ramifications of the pandemic continue to unfold, different lines of business are being impacted, which to date has been in line with what we expected.

Turning to General Insurance. Excluding CATs, we continue to see improved underwriting profitability with the accident quarter combined ratio coming in at 94.9%, a 120 basis point improvement over the prior year quarter.

With respect to rate, the current environment is as strong as I've seen in more than 20 years and the increases over the last several quarters accelerating due to COVID-19. These rate increases are global, broad-based across multiple lines of business and the changes we are starting to drive in terms and conditions, particularly in Commercial Property, are remarkable. The underwriting discipline and rigor Peter and the GI team have instilled across the business is impressive, and they continue to be a market leader in solving risk issues for our clients and distribution partners.

With respect to Life and Retirement, our financial results improved in the second quarter, reversing much of the negative impact of market volatility we saw in the first quarter, and our hedging program continued to perform as expected. Although it is still early days, we are seeing signs that the second quarter will represent a low watermark in sales, and mortality rates remain within mid-range of our pandemic models. Kevin will provide more details on Life and Retirement in his remarks.

We also made significant progress on AIG 200 in the second quarter. We moved into the execution phase of our operational programs, and we have already seen demonstrable results from our efforts so far. You will hear more about this from Peter.

To summarize where we are through the second quarter 2020 relative to where we began our journey 3 years ago, well, we successfully reshaped AIG by substantially changing our operating model to focus on 3 core business units: General Insurance, Life and Retirement and investments. We also vastly improved our underwriting capabilities and business portfolios, significantly reduced volatility, derisked our balance sheet and increased financial and capital flexibility. These achievements are the result of extraordinary work by our colleagues across AIG to remediate the commercial and personal portfolios in General Insurance, strengthen our business in Life and Retirement and reduce risk in our investment portfolio. And with the sale of Fortitude, we essentially eliminated the vast majority of our Legacy portfolio and related exposures to long-tail run-off liabilities and interest rate risk.

With all this complex work behind us, we are now able to focus on our core businesses and leverage our financial position to strategically deploy capital towards growth, particularly in the General Insurance Commercial Lines, where we are seeing some of the strongest market conditions in our careers. I remain confident that AIG is well positioned for the future and on the right path to become a top-performing company and a leading insurance franchise.

Before I turn the call over to Peter, I do want to take a moment to address the recent movements for racial equality across the United States and other parts of the world. At AIG, our colleagues were deeply upset by the traumatic events that exposed the depth of inequality that continues to exist in the United States and around the world. We saw an outpouring of empathy, which led to courageous and often difficult conversations throughout our organization. We're now moving beyond empathy and conversation to formulating near-, short- and longer-term actions we must take. We know there are no quick fixes. And while we have taken important steps over the last few years to foster a culture of diversity and inclusion, we must do more.

Like the other complex issues we have taken on at AIG, my leadership team is committed and I am confident that with the support of our global colleagues, we will make lasting change at our company. As we continue our transformational journey at AIG, we remain steadfast in our pursuit of excellence in all that we do, which we know can only be achieved with exceptional, diverse talent at all levels of the organization.

Peter, over to you.

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Thank you, Brian, and good morning, everyone. Today, I plan to provide more detail on Brian's comments regarding the General Insurance second quarter results, COVID-19, the current market environment, and I will finish with an update on AIG 200.

This month marks my third anniversary of joining Brian at AIG and when I look back at where we started our journey, the progress our team has made is extraordinary. As we've discussed on prior calls, during our first year at AIG, we determined the GI portfolio required a complete overhaul in terms of underwriting culture, establishing global standards and dramatically altering limits deployed. In addition, we knew that our businesses needed to be repositioned in the marketplace to become more competitive and relevant to clients.

We also moved quickly to design a comprehensive global reinsurance program, which has been evolving as our portfolio improves. This program vastly reduced volatility and unpredictability in outcomes and was a critical component of our overall strategy, allowing us to move faster in reunderwriting the GI portfolio. We've built a world-class team and have strengthened the bench across the world. And our completely revamped risk appetite was successfully communicated to and accepted by the marketplace.

We also achieved our goal of entering 2020 with an underwriting profit. And since the second quarter of 2018, our adjusted accident year combined ratio has gone from 101% to 94.9%, a 610 basis point improvement. This is a result of the outstanding work done by the team, and we've built considerable momentum that will allow us to continue to improve our financial results.

With respect to our global commercial portfolio, it has been significantly remediated. And while there will always be opportunities for improvement, this portfolio is now positioned for further strengthening, more diversification and profitable growth.

In Personal Insurance, as I outlined on our last call, we significantly derisked Private Client Group, known as PCG, with the creation of Syndicate 2019 through our partnership with Lloyd's. In addition, in late June, we announced an agreement to transitioning the PCG upper middle market clients to Liberty Mutual and Heritage Insurance this fall. PCG is a market leader, and the innovative capital structure we carefully designed with Lloyd's, coupled with the disposition of our upper middle market business, allows us to now focus on the areas in the high net worth segment where we bring the most value to clients as well as our brokers and agents.

Our access to new capital and reinsurance partners reduces AIG's concentration risk in peak zones and resulting volatility that is inherent in this type of business and removes the constraints we had on our ability to grow this portfolio. To give you a bit more insight into the challenges we faced with PCG, prior to the actions we took in the second quarter, this portfolio contributed between 15% to 20% of our global property all-perils PML at various return periods. Going forward, we expect that the new capital-light model we have put in place will allow us to profitably grow the PCG portfolio in which we maintain a 25% interest. In addition, we will receive fee income from our capital and reinsurance partners for making underwriting decisions, providing other services, including claims administration, which will improve the quality of our earnings from this business. Mark will provide more detail regarding the impact that these actions in PCG will have over the next few quarters.

Since our GI journey began, the industry has faced meaningful headwinds, including social inflation, lower interest rates, significant and frequent natural catastrophes, constraints on retro capacity in property and more recently, the unprecedented and ongoing COVID-19 pandemic and the resulting global economic headwinds it has created. Our global workforce is more connected, nimble and agile in the new working environment created by COVID, and we're becoming a stronger, more unified company, which bodes well for our future. We believe that companies that adjust to new abnormal will be the ones that are best able to solve complex risk issues for clients and provide the continuity that is needed in the market.

Turning to General Insurance. We saw continued momentum in the second quarter. Our focus on underwriting profitability continues to produce positive results. As I mentioned earlier, the accident year combined ratio, excluding catastrophes in the second quarter, was 94.9%, a 120 basis point improvement year-over-year. Mark will provide more detail in his remarks.

Our leadership position in the market continues to accelerate across multiple lines of business, and we are achieving rate well in excess of loss cost trends. As Brian mentioned, this acceleration of rate improvement has been significant, particularly when you consider the improvement in rate that we've seen in the 10 consecutive quarters leading up to

COVID-19. We believe that COVID has resulted in a flight to quality, and we are benefiting from this market dynamic. While new business slowed in the second quarter, as everyone quickly moved to a remote work environment in the early, challenging days of COVID-19, the strong foundation we've built allowed us to be responsive to stakeholders' needs. In our global commercial portfolio, for example, we saw an improvement in both client and revenue retention. In addition, we are resetting terms and conditions in many lines, such as property and Primary and Excess Casualty, and we are continuing to deploy limit with discipline while pursuing growth in certain lines of business that will further strengthen our portfolio on a risk-adjusted basis.

Now turning to catastrophes. In the second quarter, we booked $674 million of CAT losses, net of reinsurance, reflecting $458 million of estimated COVID-19 losses; $126 million of civil unrest related losses; and $90 million of natural catastrophe losses. This brings our total estimated COVID-19-related net losses to $730 million year-to-date. Our aggregate estimate for COVID through the first half of the year is based on actual experience through the first and second quarter as well as our broad-based evaluation of the relevant lines of business and includes IBNR.

As we expected, COVID-related claims activity increased in the second quarter, our first full quarter of COVID, and impacted a large number of lines of business than in the first quarter, including Travel, contingency, property, trade credit, marine, casualty, workers' compensation, accident and health, financial lines and Validus Re. Like the first quarter, we conducted a very thorough estimation process, utilizing experts from claims, underwriting, finance and actuarial. We tested the assumptions we used in the first quarter and confirmed that they and our estimation process continue to be sound.

As a reminder, on our last call, I stated that the overwhelming majority of our Commercial Property business interruption policies contain exclusions for losses related to viruses and otherwise require a showing that the virus caused direct physical loss or damage that was the cause of the business interruption. We continue to believe that these exclusions and related terms and conditions will be upheld were challenged. I also noted that in the small fraction of Commercial Property policies, where we have provided affirmative coverage for infectious disease, we've done so under strict underwriting guidelines offering only small sublimits with terms and conditions limiting coverage, in many instances, only to certain specified diseases and regardless only where it can be shown that the disease was physically present and led to a governmental suspension of the business operations.

Our second quarter estimation process for Commercial Property, as with all of our lines of business potentially impacted by COVID-19, was fact-based both in terms of actual claims experienced in the quarter and the specific terms and conditions under those policies where we provided affirmative coverage for infectious disease-related losses. COVID-19 is still an ongoing catastrophe and in many cases is accelerating in geographies across the world. While we have an additional quarter of experience from which to assess our exposures, our second quarter aggregate estimate reflects our best view at June 30.

Turning to our reinsurance program. It provides meaningful protection against our overall gross losses related to COVID across our most impacted lines. With respect to property losses, in addition to our global property per risk treaty, our property catastrophe reinsurance includes separate occurrence towers for North America and International, and we have a substantial global aggregate cover. Based on our current expectations of COVID-related losses through the second quarter, we expect to recover under our international per occurrence catastrophe treaty, and we have approximately 1/2 of our retention remaining before attaching under the North America per occurrence catastrophe treaty. Both per occurrence towers have a reinstatement limit.

In addition, in light of COVID-19, we anticipated that reinsurance capacity could contract and as a result, we purchased an additional $500 million of aggregate limit early in the second quarter such that we continue to have a substantial protection against exposure to natural catastrophes throughout the remainder of the year and in particular going into peak wind season.

Net premium written was $5.6 billion in the second quarter or approximately $1 billion lower than the prior year. The reduction was entirely in North America Personal Lines, which was down $1.1 billion year-over-year due to the cessions related to the formation of Syndicate 2019 and to a lesser extent reductions in our Travel business resulting from COVID-19. The negative net premium written in North America Personal Lines was partially offset by growth in commercial. Net premium written in commercial grew 6% in North America and 7% in international commercial year-over-year driven by improved net retentions and strong rate momentum.

While our overall new business is down primarily in our large account risk management business due to COVID-19, we did see new business growth in North America in lines such as Retail Property, Excess Casualty and financial lines, excluding M&A. Similarly, growth in international commercial was driven by financial lines, property and Talbot.

Turning to rate. Momentum in our global commercial portfolio remains strong and was up 16% in the second quarter, which translates to 21% growth in North America and 10% in International. For example, Retail Property rates were up over 35%, Excess Casualty was up over 35%, public company D&O was up over 50% and EPLI was up over 30%. Our U.K. business and Talbot both achieved rate increases of around 20% driven primarily by specialty lines, with energy up more than 40% and aviation up more than 20%.

With respect to Validus Re, the team continued its disciplined underwriting approach, increasing premium volume where rate improvement and terms and conditions were strong while reducing lines where rates and terms and conditions did not meet our risk appetite. Net premium written was up 39% driven by new business and strong client retention in the nonproperty sectors of agriculture, casualty and specialty. Rates in property lines were up approximately 20%, and in all lines combined, rates were up approximately 16%. Although there were significant rate increases in property, Validus Re property exposures continue to be reduced with a focus on lowering volatility. For the remainder of the year, we expect that all reinsurance lines will experience continued positive rate movement. And there will be opportunities to grow our top line with improved risk-adjusted returns.

Turning to AIG 200. Our transformation continues to be a top priority. We conduct rigorous and disciplined operating views on a regular basis and have built a strong team of leaders who are driving program execution. While we're still in early stages of executing on AIG 200, our colleagues are coalescing around this critical, strategic effort that will position AIG for long-term, sustainable and profitable growth. We remain on track to achieve $300 million in exit run rate savings for 2020, and our overall targets of achieving $1 billion in run rate savings by the end of 2022 with a cost to achieve of $1.3 billion have not changed.

I'd like to highlight recent progress we've made on 3 operational programs. With respect to PCG, we're currently testing the modern digital platform we are moving to with clients, brokers and agents and incorporating feedback. This operational program will streamline our processes, improve decision-making and enhance the user experience for clients, distribution partners and our colleagues through a dramatic increase in the use of external data and AI product delivery and risk management services.

In procurement, we fully centralized this global function and now have visibility into all categories of spend across AIG. We have already achieved significant savings as well as improved supplier and partner performance.

With respect to real estate, we continue to rationalize our global real estate footprint. Our recent announcement regarding the move of AIG's global headquarters to Midtown Manhattan and the consolidation of our remaining offices in the greater New York metro area is just one example. The design of these new offices will incorporate key learnings and successes from our current remote working environment and will be reflected in our global workplace strategy. New York City has played an important role in AIG's history and through our recommitment to the city and surrounding area, we hope to do our part to support these communities during this challenging time.

We entered 2020 with a clear focus on continuing to improve our core underwriting performance, strengthening the value we deliver to our clients, distribution partners and other stakeholders and modernizing our operations and systems. I'm very proud of the meaningful progress our team has made against these priorities. AIG colleagues have shown tremendous strength and flexibility in the face of challenging circumstances and remain committed to our journey to excellence in all that we do.

Now I'll turn the call over to Kevin.

Kevin Timothy Hogan
Executive VP and CEO of Life & Retirement

Thank you, Peter, and good morning, everyone. Today, I will discuss overall Life and Retirement results for the second quarter, our current outlook and the results for each of our businesses.

Life and Retirement recorded adjusted pretax income of $881 million for the quarter and delivered adjusted return on attributed common equity of 13.2%. With the significant rebound in equity markets during the quarter, we saw favorable benefits to both reserves and deferred acquisition costs, which had been impacted by negative equity market returns in the first quarter. This market recovery is not reflected in our private equity returns for the quarter since they are generally reported on a 1 quarter lag.

Adjusted pretax income decreased by $168 million from the very strong second quarter of last year driven by unfavorable mortality resulting from COVID-19, lower returns from fair value option bonds due to volatile credit spreads and expected spread compression. Our current quarter also benefited from significant yield enhancements related to low interest rates, whereas results for the second quarter last year reflected a large IPO gain from a single private equity holding.

Recognizing the limits of sensitivities, especially in times of macroeconomic stress and historic volatility, the sensitivities we previously provided have generally continued to hold up. However, our reported base investment spread compression is higher than we would otherwise expect as we have continued to maintain liquidity and have held higher levels of cash on our balance sheet. Excluding the impact from this larger liquidity position, our base investment spreads would continue to be in the 8 to 16 basis point range of annual spread compression.

Relative to equity markets and total yields, we have also updated our sensitivity estimates as of the end of the second quarter. We would expect a plus or minus 1% change in equity market returns to respectively increase or decrease adjusted pretax income by approximately $40 million to $50 million annually, a modest increase based on higher market levels than the first quarter. As to rates, a plus or minus 10 basis point movement on 10-year reinvestment rates would increase or decrease earnings by approximately $5 million to $15 million annually, consistent with prior quarter. As always, it is important to note that these market sensitivity ranges are not exact nor linear since our earnings are also impacted by the timing and degree of movements as well as other factors.

Our risk management and discipline are serving us well in these challenging times, noting our hedging program has continued to perform as expected and our balance sheet remains strong. We currently estimate our fleet risk-based capital ratio for the second quarter to be between 420% and 430%, well above our target range of 375% to 400%, providing a good buffer for the uncertainty of the current environment. Further, as we have repriced and restructured many of our products, our new business margins generally remain within our targets at current new money returns.

Sales were significantly lower in the quarter, especially in the retail annuity market as our distribution partners responded to their own challenges. Towards the end of the quarter, we began to see improvements in retail annuity activity as our distribution partners responded to the new environment. As of today, based on early indications, we have seen a strong rebound in sales compared to June, and our retail new business pipeline continues to build, suggesting improving volumes from historically low second quarter levels.

Our broad position across products and channels has been especially advantageous during these times. For example, as retail annuity sales languished in the second quarter, we expanded our Pension Risk Transfer business, concluding several significant reinsurance transactions. We remain well positioned and confident to deploy capital as attractive opportunities arise across our businesses.

Now I will turn to our second quarter results for each of our businesses. The challenging sales environment for Individual Retirement that I noted resulted in negative net flows for annuities. For Group Retirement, premiums and deposits decreased due to lower new group acquisitions as well as reduced individual product sales. Despite lower sales, net flows were essentially flat due to lower group and individual surrenders.

For our Life Insurance business, total premiums and deposits increased due to higher international life premiums. Our estimate for the impact from excess mortality of all causes, including COVID-19, results in a level of mortality, net of reinsurance and longevity offsets that is modestly higher than pricing assumptions. Based on a small and evolving data set, we currently estimate that around 40% of our COVID-19-related death claims reflect an acceleration of claims we would have otherwise experienced in the next 5 years. Our recent mortality experience will be factored into our longer-term experience studies in our annual review of actuarial assumptions, which will occur in the third quarter. In isolation, we do not currently expect COVID-19 losses to have a large impact on our long-term mortality assumptions.

For Institutional Markets, adjusted pretax income was favorably impacted by the yield enhancement activity I noted earlier. We significantly grew premiums and deposits and continue to develop attractive new opportunities across the portfolio. In particular, the pipeline for Pension Risk Transfer opportunities, both direct and through reinsurance, is very strong.

To close, we remain well positioned to meet the ever-growing needs for protection, retirement savings and lifetime income solutions.

Now I will turn it over to Mark.

Mark Donald Lyons
Executive VP & CFO

Thank you, Kevin, and good morning all. AIG produced strong underlying performance this quarter, particularly in the thematic areas of risk reduction, liquidity and capital preservation. Overall, AIG reported adjusted pretax income of $803 million and adjusted after-tax income of $571 million or $0.66 per diluted share compared to $1.3 billion or $1.43 per share in the second quarter of 2019. The key drivers of the year-over-year reduction were higher catastrophe losses from COVID and civil unrest, along with lower net investment income. Positive contribution stemmed from continued improvement in General Insurance's adjusted accident year results, stronger Life and Retirement returns and our ongoing disciplined focus on costs.

As Peter noted, the continued focus on General Insurance underwriting profitability and expense management drove 120 basis point improvement in the accident year combined ratio, ex CATs. However, Commercial Lines was even stronger with a 400 basis point improvement on a global basis, made up of a 320 basis point improvement in North America and 500 basis points of improvement in International. General Insurance's second quarter APTI was $175 million, down $805 million from the second quarter of 2019 due to a $315 million reduction in net investment income driven by the combined impact of alternative investment losses and the continued impact of lower reinvestment rates on available-for-sale income and a $500 million increase in catastrophe losses. Peter discussed second quarter catastrophe losses but I'd point out that in the aggregate, they represent 11.9 loss ratio points, and that the non-COVID, noncivil unrest CAT reserves represent just 1.6 loss ratio points versus 2.6 loss ratio points in the second quarter of 2019. Prior period development was net favorable by $74 million, $53 million of which was associated with the amortization of the ADC deferred gain.

For North America Personal Lines, the combined impact of lower Travel premium and the Syndicate 2019 structure cessions caused a sharp change in business mix within the segment for the quarter, which impacted both the loss ratio and expense ratio compared to the prior year. These impacts, which include some catch-up premiums, caused the net written premium to be negative for the quarter. This structure, however, should significantly reduce the future all-in combined ratio volatility of the Personal Lines book while allowing us to continue to profitably grow this business.

And looking forward to 2021, we anticipate retaining approximately 25% of the PCG premium. However, for the balance of 2020, for the totality of the North America Personal Insurance segment, as reported in our financial supplement, we estimate roughly $425 million and $325 million of net written premium and net earned premium, respectively, for each of the next 2 quarters.

Turning to Life and Retirement. As Kevin mentioned, Life and Retirement achieved a 13.2% annualized return on attributed equity for the quarter. The $881 million of APTI was aided by lower DAC amortization due to the recovery of the financial markets after the large increase in amortization in the first quarter of 2020 related to that quarter's market decline. So a better measure is the year-to-date nearly 11% return on attributed equity. Kevin described the market for his various product sets, but it should also be noted that surrender/lapse rates were noticeably lower for both Individual and Group Retirement as well as the life unit on both a quarter-over-quarter and sequential basis.

Shifting to investments. Net investment income on an APTI basis was $3.2 billion or $537 million lower than the second quarter of 2019 and impacted both General Insurance and Life and Retirement APTI. The reduction was primarily driven by a $514 million year-over-year negative swing in private equity results, with $276 million of losses recorded in this second quarter compared with a particularly high amount in second quarter 2019 returns, which has included a onetime large IPO gain. Like others in the industry, we generally report private equity on a 1 quarter lag due to the timing of valuation information received from the managers. So the second quarter's loss reflects March 31, 2020, valuations.

On a sequential basis, however, APTI net investment income improved by almost $500 million from the first quarter, even though the second quarter only had 2 months of Fortitude-related NII. This reflects the impact of the strong capital market recovery in the second quarter on hedge fund and fair value option income. But please note that in future quarters, APTI and after-tax income will not include Fortitude, although the investments themselves will continue to be included on our GAAP balance sheet. We'll get into more of that soon.

Turning to other operations. The adjusted pretax loss after consolidations and eliminations was $510 million, an improvement of $25 million sequentially and $76 million of improvement from the fourth quarter of 2019, reflecting AIG's continuous focus on expense reduction. Corporate interest expense was slightly higher due to our May bond issuance and will increase corporate interest expense for the second half of 2020 and into the first half of 2021.

Our Legacy segment had $257 million of APTI in the quarter, $96 million of which was from Fortitude before the impact of nonconsolidating interest. The remaining $161 million is related to other run-off, General Insurance, Life and Retirement and investment portfolios. As Brian noted, on June 2, we completed the sale of Fortitude, and because it closed during the quarter, the second quarter included earnings for April and May only in APTI. The net earnings on the funds withheld assets are excluded from APTI for the month of June as the economics of those assets were shifted to Fortitude upon closing.

Now shifting from adjusted after-tax income to GAAP below-the-line impacts on net income and common shareholders' equity. The second quarter included 2 largely noneconomic items I'd like to unpack. The first item, which I focused on during our last call, involves the GAAP recognition of our variable annuity hedging program, which requires a nonperformance adjustment or NPA. In the second quarter, we recorded an approximate $1 billion GAAP pretax loss, which is shown and discussed on Pages 158 through 160 of the 10-Q, which will be filed later today. And this represents a partial reversal of the large gains we recorded in the first quarter of 2020 as our hedge program is designed to offset interest rate and equity market changes on annuity reserves.

The second item involves the sale of Fortitude. As Brian noted, the completion of this majority stake sale represents a significant milestone in derisking our balance sheet and improving our asset liability management profile. However, it also created a lot of noise on a GAAP basis, so I will highlight 5 key impacts that cut through the associated complex accounting. But I will also direct you to the robust disclosures we've included in our slides, financial supplement and 10-Q to help navigate the accounting involved. Additionally, our Investor Relations staff stands ready to help with your understanding.

The 5 core highlights I'd like to make sure we communicate are as follows: First, nearly $35 billion of GAAP reserves are now recoverable from a fully collateralized third-party reinsurer in which AIG now retains a 3.5% interest.

Second, and perhaps most importantly, is the recognition that the GAAP accounting impact is largely noneconomic as this transaction had no adverse impact on the statutory capital of our insurance companies. The assets are marked to fair value, but the GAAP reserving practices don't reflect analogous fair value adjustments on the liabilities. Accordingly, had the policyholder benefit reserves been fair valued to reflect current low interest rates, their fair value would have been higher and have more closely aligned the GAAP accounting with the true underlying economics.

Third, from a GAAP accounting perspective, the impact on common shareholders' equity is a $4.3 billion reduction. However, the impact on adjusted common shareholders' equity is a lesser $2.5 billion reduction, with the major difference being an adjustment for $4.2 billion of unrealized appreciation on the supporting funds withheld assets included in our AOCI. As you recall, AOCI is one of the items historically removed in AIG's definition of adjusted common shareholders' equity.

Fourth, the components of the $6.7 billion GAAP net income loss are comprised of 2 broad items: First, there's a loss on deconsolidation of the previously disclosed $2.7 billion for prepaid reinsurance assets and deferred acquisition expenses. The second item is the loss on sale, which totaled $4 billion, which is primarily due to the increase in Fortitude's GAAP equity from mark-to-market on the investment portfolio, primarily the funds withheld assets.

Fifth, AIG has updated several non-GAAP financial measures this quarter to remove asymmetrical accounting treatments. There will be ongoing below-the-line volatility at our GAAP results. So to help navigate this, our continuing disclosures, plus our Investor Relations team, will drive understanding of this asymmetry and the need for these definitional adjustments. And lastly, on this, we will be resegmenting before year-end to better align with management's view of assessing operating performance given the Legacy segments now expected de minimis contribution to APTI.

Turning to the balance sheet. At June 30, 2020, book value per share was $71.64 (sic) [$71.68], down 2.7% from 1 year ago. And adjusted book value per share, which excludes AOCI, the DTA and unrealized gains on the Fortitude funds withheld assets, was down 1.7% from 1 year ago. During the quarter, tighter credit spreads compared to March 31 reversed the negative mark-to-market impact on AFS securities that we had at March 31, with a net increase in AOCI of $10.2 billion in the second quarter.

We continue to place a high emphasis on maintaining ample liquidity and a strong capital position in this economic environment. At June 30, AIG had parent liquidity of $10.7 billion. This is in addition to our fully undrawn $4.5 billion revolving credit facility. During the second quarter, we issued $4.1 billion of senior debt and received $2.2 billion of proceeds related to the sale of Fortitude, of which $1.3 billion were retained at parent. We also repaid our precautionary $1.3 billion March 2020 credit facility borrowing in full and made a $548 million prepayment to the IRS related to principal and penalties on our previously disclosed tax settlement on cross-border transactions that date back to the 1990s. We will pay the balance of this settlement, up to $1.2 billion, pending receipt of the final interest calculation potentially by the end of this year, with the ultimate amount depending on the potential application of interest netting for the accrued interest calculation, which AIG has requested. We do not plan to repurchase shares in the near term and have $1.3 billion in maturing senior notes in the second half of 2020 as well as $1.5 billion of maturing notes in the first quarter of 2021, all of which will be funded with cash on hand.

Turning to subsidiary capital. AIG's insurance fleet capitalization and liquidity levels remain very strong. At June 30, RBC fleet ratios for General Insurance's U.S. pool, as for Life and Retirement, are above prior year levels and above the higher end of our target operating ranges, providing solid buffers for absorbing potential COVID-19 losses, capital market volatility or credit impacts. Also, our ratings and stable outlook were affirmed by S&P, following its regular annual review.

We continue to prioritize liquidity, strong operating capitalization and financial flexibility as we navigate this ongoing uncertain environment. Our balance sheet and liquidity are strong and our investment portfolio is diversified and significantly derisked compared to years past. We remain focused on the continuing improvement of General Insurance profitability, managing Life and Retirement prudently in a low interest rate environment and executing AIG 200 on schedule and on budget. We are convinced that AIG will exit this unusual crisis as a stronger, more resilient company.

And with that, I will now turn the call back over to Brian.

Brian Charles Duperreault
CEO & Director
Thank you, Mark. I think it's time for Q&A. So operator, can we start the Q&A process?

Question and Answer

Operator

[Operator Instructions] We'll now take our first question from Michael Phillips from Morgan Stanley.

Michael Wayne Phillips
Morgan Stanley, Research Division

First question, focused on North America Commercial Lines where your core loss ratio improvement looks pretty decent on the surface. I guess I'm going to dive into that a little bit. We've seen some competitors talk about some frequency benefits because of COVID. I suspect that's not so much the case here, but I want to make sure given your book of business, high layers, high limits and larger corporate accounts that may not see -- you may not be seeing as much frequency benefit from COVID in that core loss ratio for North America Commercial. So can you maybe talk about that a little bit to look through what's really behind that 1.7 improvement?

Brian Charles Duperreault
CEO & Director

Well, I think that's -- Michael, that's a good question for Peter and frequency benefits or lack thereof. Peter, can you answer that?

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Yes, sure, Brian. Thank you. You're correct, we did not take the frequency benefits in the quarter. If there was any sign of a better frequency relative to expectations, it was in some of our International business in auto in Japan. But we've seen that over the last several quarters.

When you think about -- I'm going to go to workers' compensation because I think that's the one that stands out the most, which is that we've had frequency in COVID. It's typically, I would say, 70% is industries related to health care. But it's very unique because, again, we have high retention. Most of that, over 90% is related to businesses where we have a deductible of $1 million or greater. So that frequency really hasn't impacted us. And then we have seen a commensurate reduction in frequency in non-COVID-related claims. Again, they're observations. It's a quarter. Again, a lot of it is on retention business, but we haven't recognized it yet because we want to see how it emerges.

One thing back on COVID workers' comp, which is very interesting is that over 50% of the claims that we've seen over the last 4 months, about 50% of them are already closed. So it's a very different type of loss relative to workers' compensation. Other lines that we've seen in the liability in auto, again, we'll be slow to recognize that. We've seen reduced frequency, and we'll give you an update next quarter once we have a little bit more experience.

Michael Wayne Phillips
Morgan Stanley, Research Division

Okay. Great. Second question will be throughout all of last year, you guys were one of the few companies that did actually have margin improvement, and that's because of all your reunderwriting efforts that you've done from the past couple of years. I guess, can you talk about where are you in that process? And what inning are you in with your reunderwriting efforts? You mentioned rate. Now we're all getting rates or rates coming from loss trends, you said. But how much of that reunderwriting efforts has been done? And how much more still can be done?

Brian Charles Duperreault
CEO & Director

Okay. Michael, I think again, that's Peter.

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Yes, Michael. So I think we're in a really good place. I mean when I said in my opening comments, what are the areas where we had headwinds in new business, which I think the industry had seen when everybody was going to work remotely. What drove the growth? It was driven by better retention. We had 400 basis points of improvement in International, 500 basis points improvement on retention of our clients within North America. So I think that reflects that we like the portfolio, and we're trying to be very helpful to our clients and distribution partners by deploying capital, of course, in a different dynamic and need to make sure that we're getting the appropriate returns. And I think you saw that in the rate. So I think the combination of retention of a portfolio we like and we can grow, combined with a positive rate environment, I think contributed to the overall growth on the NPW in commercial.

Operator

We'll now take our next question from Elyse Greenspan from Wells Fargo.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

My first question is also related to the commercial business. You guys mentioned some of the prices that you're getting, into the double digits, and said that that's in excess of trend. Could you just give us a sense of where loss trends fit in your commercial business and how that's changed so far this year, just as we think about kind of the spread between price and loss trend that can start running through your margin?

Brian Charles Duperreault
CEO & Director

Okay. Elyse, thanks. I think in terms of trend, et cetera, certainly Mark is the better responder. Mark, can you answer the question?

Mark Donald Lyons
Executive VP & CFO

Yes. Thank you, Brian. Appreciate that. So in the areas I think you're mostly asking about, things like excess businesses, that trend -- pure loss cost trend is approaching double digits. When you get into auto, it's a little bit less, probably in the 7%, 8% area. And then other primary lines are a little less than that. But you've got -- when you weighed it all together with things with property and other loss sensitive-related exposure bases, it kind of drops it off.

So there's -- I'm not going to get into the weighted average in total, but I'll tell you that we look at every single line and reflect that in our thinking. But I wanted to give you the range where it could be a couple percentage points in some short-tail lines up to almost double digits and some more volatile excess lines.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

Okay. That's helpful. And then my second question is on the earned premium, I guess, on Commercial Lines, since Personal Lines is impacted by that quota share. But within commercial, we've seen some pretty good growth in both North America and internationally on the written side, but earned is still decelerating just given a lot of your business mix actions that you took. So is the right way to think about it, that just given the earn-ins, we could see some pressure on the earns within commercial over the balance of the year and then could start to see some growth in 2021?

Brian Charles Duperreault
CEO & Director

Mark, why don't you take one, too, please?

Mark Donald Lyons
Executive VP & CFO

Yes. I think you actually answered your own question, Elyse. Yes, you get the increasing impact of the casualty quota share, and that's really what you're seeing.

Operator

Next question is from Brian Meredith from UBS.

Brian Robert Meredith

UBS Investment Bank, Research Division

One quick numbers question and then another broader question. First one, Mark, I wonder if you could give us some guidance on what dividend and interest income is going to look like in General Insurance. Big drop off, obviously, in the second quarter. Was there anything unusual there? Is that kind of the run rate given where we are right now as far as investment yields?

Brian Charles Duperreault
CEO & Director

Yes, Mark, go ahead, please.

Mark Donald Lyons
Executive VP & CFO

Yes. Thank you, Brian. You cut out a little bit on me, Brian. Were you asking about investment yields in GI?

Brian Robert Meredith
UBS Investment Bank, Research Division

Yes. Look -- well, overall, but also in GI in particular, you had a big drop-off in your investment yield sequentially. And I'm just wondering if there's anything there, variable rate securities or something else, that was causing it to drop so much or if that's kind of the true run rate.

Mark Donald Lyons
Executive VP & CFO

Yes, yes. Actually, you guys are getting good. You're answering your own question.

So there's 2 things going on. The last quarter -- I think it was the first quarter we allowed the disclosure for you to even see that. So the drop-off you see is somewhat caused by what you just said, and I'll get into that more a little bit later, and one of it is just a bit of a correction. So last quarter's GI yield was over -- think of it as overstated. There was a $20 million Canadian security correction. But I think to the heart of your question, so that would have come down another 12 basis points, something like that.

To the extent of -- on the current quarter with the structured securities, you're right. A lot of that stuff is floating, but you're really required to retrospectively look at it and look at what has happened and what your view of the future is and what that implied yield is. And if that yield is lower than what you booked, you have to do a catch-up on it. And that's what you're seeing in the quarter. So you can adjust for some of those, Brian, and it looks to me to be a 9 to 10 basis point drop off sequentially, not as steep as it appears.

Brian Charles Duperreault
CEO & Director

Brian, do you have a follow-up?

Brian Robert Meredith
UBS Investment Bank, Research Division

Yes, absolutely, Brian. And this is, I guess, more for you and Peter.

Given how low yields are right now, I'm wondering what type of underlying combined ratio or combined ratio do you need to achieve, do you believe, in your General Insurance business now to earn an acceptable return on capital and if you had to kind of alter your targets.

Brian Charles Duperreault
CEO & Director

Well, that's a great question, Brian. I guess I'll take that.

Yes, I mean, double-digit returns with a higher interest rate make sense with these low interest rates that probably comes down. I would say that it's an evolving -- right now, it's an evolving process, and it's difficult with COVID to understand what steady state looks like. But my gut would say that something in the double-digit range is possible, but it's becoming more difficult because of the low interest rates. So it's more like what's the return over the risk-free rates.

So it's hard to say, we're just driving this thing down. When you get into a market like this where rates are rising, terms and conditions are improving, you're not -- you don't have a fixed number that you're going to try to hit. We're going to take advantage of the market and have the results that we can achieve with this elevated level of risk perceived in the marketplace. I guess that's the best way to put it, Brian.

Operator

Our next question comes from Erik Bass from Autonomous Research.

Erik James Bass
Autonomous Research LLP

So you've talked about some of the benefits from Syndicate '19 in terms of the volatility and reduction in the fee income you'll generate. And those make sense and should be a clear positive over time. Stepping back, from a near-term perspective, do you see this as enhancing or detracting from the normalized earnings of the Personal Lines segment?

Brian Charles Duperreault
CEO & Director

Erik, let me start with this, and then I'll let Peter pick it up.

So look, when you make a change like this, there's certainly a disruption with ceded premiums and the unearned going out. And so there will be some dislocation obviously. We saw it in the second quarter. It will bleed into the third. Overall though, when things normalize as we approach the end of the year, this will be a net benefit to the company. It is, as Mark said, a capital-light structure, and it basically allows us to grow the business. And we could not grow it given the concentration of CAT exposure. With the approach we've taken now and the structure at Lloyd's and its capital efficiency and the ability to spread it, we can now take the benefits net and actually grow it and have the net growth.

Peter, do you want to add anything to that?

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Yes. Just a couple of points, Brian. As you said, I mean I think derisking -- reposition the portfolio for growth is important. That reduced volatility, increase in capital flexibility. I think the second quarter is going to be the noisiest just because of the catch-up on the unearned premium. And seasonally, the second quarter was the largest on the net premium written side.

So again, you'll still see some noise in the third and fourth but not to the degree you saw in the second. And we've just been very focused on accelerating the transition so we can get to 2021 with the unearned largely gone away and then reposition Syndicate 2019 to be very competitive in the market in terms of value. So we're really excited about what this is going to mean for the business and for our clients and distribution partners.

Brian Charles Duperreault
CEO & Director

Do you have a follow-up, Erik? Do you have a follow-up?

Erik James Bass
Autonomous Research LLP

Yes. And then second, just with the lower level of sales in Life and Retirement, how does this affect your outlook for capital generation? And are you planning to keep any sort of excess capital you generate in the life subs? Or do you see opportunities to shift capital to P&C to take advantage of some of the more favorable pricing backdrop?

Brian Charles Duperreault
CEO & Director

Well, let me have Kevin just talk about the sales because we are seeing a pickup of it. So it may be premature to talk about capital, but I'll get back to that.

Kevin, do you want to start with the sales piece?

Kevin Timothy Hogan
Executive VP and CEO of Life & Retirement

Yes, sure. Thanks, Erik. The quarter was the lowest in memory, but towards the latter part of June, we saw some real signs of life. During the quarter, the channel that really was disrupted the most was the bank channel, which was down around 60%. And if we look at just the month of July over June, the bank channel was back to almost double. So the disruption that impacted that channel the most, we've seen started to turn around. For financial advisers, broker-dealers and IMOs, they were down about 40%. But I think that the virtual sales practices that they adopted -- and we tended to reprice earlier than many companies. And so I think as other companies caught up with repricing, that leveled the playing field a bit.

Again, what we saw following the month of June, looking at July over June, we saw a substantial increase in sales and the pipeline is growing. And our sales of annuities per day continued to increase. So we're pretty optimistic that if conditions continue the way they are, well, we'll see recovery in July over June and in the third quarter over the second. Life Insurance continued to grow despite the disruption. We saw about 4% growth in the second quarter. And that trend continues. Particularly, our direct channel is performing very well.

And in retirement services, it's important to note that periodic premiums, which are really the backbone of that business, were only down 4% in the second quarter. And again, our adviser channel is back up and focused on their customers. And its individual sales generally follow the retail Individual Retirement sales. So when you back that up with the fact that the Pension Risk Transfer business and pipeline is as strong as we've ever seen it and we've opened up the reinsurance channel, we feel cautiously optimistic that second quarter will be the low watermark. And our strategy will prevail in the third quarter and beyond, recognizing all the uncertainties in the market.

Brian Charles Duperreault
CEO & Director

Yes. Thanks, Kevin. I'd just add, if you look at -- the opportunities seem to be much more in GI though, yes? It's not as extreme as maybe the sales from the second quarter might have indicated. But we will move our attention where we think the greatest growth and returns are occurring. And right now, GI looks pretty good.

Operator

Our next question comes from Yaron Kinar from Goldman Sachs.

Yaron Joseph Kinar
Goldman Sachs Group, Inc., Research Division

A couple of questions on GI. So first, can you maybe talk about how you're thinking of loss fix here with rates well in excess of loss trend? On the one hand, you also have the COVID-driven favorable frequency; more short term, I guess, on the other. And I ask this in the context of North America Commercial loss ratio, which, I guess, improved year-over-year but actually weakened a bit sequentially?

Brian Charles Duperreault
CEO & Director

Yes. Thanks, Yaron. I think that's a Mark question. Mark, loss fix?

Mark Donald Lyons
Executive VP & CFO

I can certainly start that. Thank you, Brian. Well, you do have a lot of forces. We're happy to be, I think, one of the catalysts on this market. And the level of increases Peter talked about, it continued to increase in an increasing way. I think it's a fair statement.

But you do have other things. We don't know the longer-term impacts on many third-party and first-party lines of COVID, for example. Social inflation is more of a general, upward movement as opposed to a lot of specifics that you can nail down. And so I think there's still the thought amongst us and the industry that there's potential for creep moving up. I think there should be some back to normality between interest rates and inflation, and we're probably heading more into an inflationary environment. So we're a little cautious on the fact that we're seeing this great rate increase, and there's more variability. And I flip it from a year ago, where there was more variability around what kind of price increase can we get. Now we see the magnitude of the price increases we can get, and there's more variability about the future look of loss cost trends.

Brian Charles Duperreault
CEO & Director

Yaron, do you have a follow-up?

Yaron Joseph Kinar
Goldman Sachs Group, Inc., Research Division

I do. So in the commercial premiums, that has been growing and it sounds like you're pretty constructive on those lines and growth there. Can you maybe talk about the potential offset impact of exposure there? I think we've heard from some of your peers that exposure is being -- is coming and that it's quite a headwind.

Brian Charles Duperreault
CEO & Director

Yes. Peter, can you talk about exposures?

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Sure. Thank you, Yaron, for the question. I think when you think about -- compared to our competitors, remember, we don't have as much guaranteed-cost business. And so therefore, it's not a direct correlation to effect on payroll, sales, and that's going to result in a commensurate premium reduction. As we have the in-force book date, we have minimum deposits on our excess business in most cases.

I think when we look to the future in terms of some of the changes on frequency and changes on payroll and sales could have a modest headwind, which is what we had talked about in last quarter's call in terms of exposure base for renewals, and could have a slight impact on premium. But I would look to it on -- we're trying to solve issues on excess. We're deploying capital. I mean those have led to better risk-adjusted returns because we are still coming up with similar structures. And while there may be a little bit of light headwinds in terms of overall exposure, it should not have a material impact on our premium as we look to the third and fourth quarter based on what we know today.

Operator

Our next question comes from Jimmy Bhullar from JPMorgan.

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

On the Travel insurance book, I think you wrote a little bit over $1 billion of premiums last year. Can you discuss how much that shrunk and whether you're seeing any sort of signs of recovery in that book, either in the U.S. or in international markets? And then also on P&C, with you having restructured your portfolio and reinsurance program, are you thinking about any major changes in reinsurance as you're looking at next year given the hardening market there?

Brian Charles Duperreault
CEO & Director

Jimmy, the first book of business that you referred to was what? I didn't pick that up.

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

The Travel book. And I think that part of the reason -- $1 billion book and it's shrinking. I'm just trying to get an idea on whether you're seeing it improve.

Brian Charles Duperreault
CEO & Director

Okay. Thanks, Jimmy. Yes. Peter, I think those are both yours.

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Yes. So the first one on the Travel, again, the second quarter, you had not only no new sales, you also had cancellations. So I think that, that was one that was a headwind and contributed to the North American personal negative premium written. As we look at -- it's hard to predict that. And again, we don't know what's going to happen with COVID. We don't know when travel is going to resume. It's less than $1 billion in North America, and it's fairly evenly spread in terms of quarter-to-quarter. I think we have some modest sales in the third quarter, probably about 1/3 as to what our run rate would be. But again, very hard to predict.

We think that there is a dynamic in that business that's interesting, which is nobody really contemplated, I think, in terms of clients, the CAT. And so I think there's going to be a rebase in terms of how we price this business, what the economics are going forward, and don't want to overreact sort of to a quarter in terms of Travel and think that as it starts to rebalance, we think the economics will be better. But again, we'll give an update as to what it looks like in the third quarter in terms of if there's a rebound or not.

I'm sorry, I didn't get the second question, Jimmy.

Jamminder Singh Bhullar
JPMorgan Chase & Co, Research Division

It was just on reinsurance prices going up. Are you thinking about sort of maybe retaining more risk or changing your reinsurance program in any way?

Peter Salvatore Zaffino
President, Global COO & CEO of General Insurance

Well, we're going to have to try out our virtual Monte Carlo in September, which is really with a kick off. I think we probably would have had 100 meetings scheduled as AIG under normal conditions. I don't think that we're going to -- when we look at the reinsurance structures and any repositioning, it will reflect the growth portfolio. Not trying to say the marketing conditions are much stronger, therefore, we're going to dump treaties because we always talked about the reduction of volatility, making sure we had more predictable outcomes. And we have great partnerships that we trade across every geography and multiple lines of business with our reinsurance partners. But we would expect to see changes in our reinsurance programs that reflect the excellent underwriting that we've been doing and the growth improvement that we've seen quarter-to-quarter.

So we'll begin to have those discussions. What we have in terms of structures, I don't think there'll be something that materially changes, but I would expect some refinements to reflect the portfolio as it is today.

Brian Charles Duperreault
CEO & Director

Well, let me just close and thank everybody for joining us this morning. And I particularly want to thank my AIG colleagues around the world. I mean these last few months have really been challenging on many, many fronts, and I'm so grateful for your hard work and dedication on this journey we're on.

And I hope everyone stays safe and healthy. Wear your masks. Okay. Thanks, everybody.

Operator
Ladies and gentlemen, this concludes today's call. Thank you for your participation. You may now disconnect.