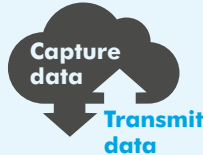


The Internet of Things

The Internet of Things (IoT) connects machines and devices to one another. IoT can help all industries become more efficient, productive and safer.

To become connected an object must be able to:



2003-2010:

10 - 20 BILLION

things connected to the internet today⁽¹⁾



By 2020 this number is estimated to grow to

40 - 50 BILLION⁽¹⁾



That's roughly 5 connected devices per person on earth!

The Rise of Sensors

Sensors enable IoT. Every object, even the human body.



Anything that is hard to monitor can become easy.



THE INTERNET OF THINGS

EVOLUTION OR REVOLUTION?

The opportunities generated by IoT far outweigh the risks

For businesses to fully realize the great potential of IoT, they will need to be prepared for the risks that lie ahead.

The insurance industry is well positioned to help businesses navigate an IoT world.

IoT Risks:



PRIVACY CYBERSECURITY LIABILITY

Industries currently benefiting from IoT:



AUTOMOTIVE BANKING MARINE PROPERTY ENERGY AEROSPACE HEALTHCARE MANUFACTURING FOOD

Safety Driverless cars, worker accident prevention **Efficiency** Biometric banking, smart TVs & thermostats

Decision Making Data driven insights **Infrastructure** Risk triggers, electrical networks & predictive maintenance

A New Economic Age

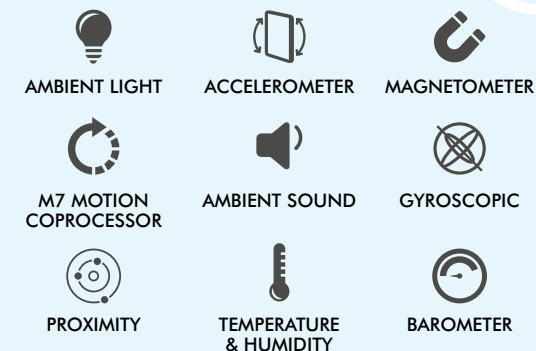
The 2020 annual global economic potential across all sectors is estimated up to

\$14.4 TRILLION⁽³⁾

That is the current GDP of the European Union!



Today's devices have between 6-9 sensors:



Cheap sensors are accelerating the growth of IoT.

The decrease in cost of sensors has fuelled the number of connected devices:

Cost of an Accelerometer

2007 1 Axis:

\$7⁽²⁾

Today 6 Axis:

\$0.5



Visit www.aig.com/iot to download AIG's first IoT report, in a series, authored by Dr. Shawn DuBravac, Chief Economist at the Consumer Electronics Association.

Source: (1) Dubravac, Shawn. "Digital Destiny." (2) CISCO: The Internet of Things How the Next Evolution of the Internet Is Changing Everything, 2011 (3) RAND: Europe's policy options for a dynamic and trustworthy development of the Internet of Things, American International Group, Inc. (AIG) is a leading global insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange. Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: @AIGinsurance | LinkedIn: www.linkedin.com/company/aig AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries, and coverage is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds. © American International Group, Inc. All rights reserved.