

Built to Last

An Interview with Maurice R. Greenberg, Starr Insurance Companies

EDITORS' NOTE *Maurice R. Greenberg is Chairman of Starr Insurance Companies, a global insurance and investment organization. Starr was founded by Cornelius Vander Starr in 1919 in Shanghai, China. Greenberg formed American International Group, Inc. (AIG) as a Starr subsidiary, and served as that company's Chairman and CEO until March 2005. Under his nearly 40 years of leadership, AIG grew from an initial market value of \$300 million to \$180 billion, becoming the largest insurance company in the world. Greenberg is also the Chairman of The Starr Foundation, a philanthropic organization initially funded by Cornelius Vander Starr's estate. The Foundation has made more than \$3.5 billion in grants to many academic, medical, cultural and public policy organizations around the world. Greenberg received his pre-law certificate from the University of Miami and an LL.B. from New York Law School.*



Maurice R. Greenberg

Several other characteristics separated him from all the rest. First, in China, he only hired Chinese talent. The whole company was Chinese. He sold insurance to the local population. The other foreign companies, from England and France particularly, would only insure people from their own country and only hire people from their own country. The difference was very evident.

He started with nothing. He had to borrow money, but he was persistent and built a very good business. Persistence drove his success, and the whole company has pretty much been that way ever since. I'm pretty persistent myself.

Will you discuss the company's evolution?

At AIG, we built the largest insurance company in history. We went from a market capital of \$300 million when I took it public in 1969 to \$180 billion, doing business in 137 countries.

When I left AIG in 2005, Starr had three employees. We have more than 3,000 now. We're operating in almost as many countries as we did at AIG.

Where does Starr's growth come from?

Internal – it's all internal. We haven't acquired anything. We've looked at things, but we weren't big enough to buy something that we had an interest in. I don't see much out there that I'm interested in, so we're growing organically. We're almost all throughout Asia. I'm going back to Asia soon and we will move into a couple of countries that we're not in currently. We're growing nicely in Latin America. We have had a good-sized business in the U.K. for years and we are beginning to do more in continental Europe. We're also doing business in Africa.

So we have experience and capabilities around the world. We are not fully there yet, but we're getting there.

COMPANY BRIEF *Starr Insurance Companies (starrcompanies.com) is a global, privately-held insurance and investments organization. Through its operating insurance companies, Starr Insurance Companies provides commercial property and casualty, as well as accident and health insurance products worldwide, with significant access to the U.S. excess and surplus marketplace for certain lines of business. Starr Insurance Companies underwrites a wide variety of specialty and international lines including aviation, marine, energy, environmental, crisis management, excess casualty insurance, accident and health, and political risk insurance. Starr Insurance Companies also provides a broad spectrum of insurance-related services, including claims handling and settlement, reinsurance, risk assessment, loss control and worldwide travel assistance service.*

Starr is celebrating its 100th Anniversary this year. What has allowed Starr to stand the test of time?

Many things. Our founder, C.V. Starr, was dedicated and persistent and created a great business in China. He had to leave during the war but returned and stayed until the revolution started. Then he had to leave again.

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What are the keys to being successful in the insurance industry?

Most companies want an insurer that understands their business and provides the coverage they need. You have to have people who can adapt to that kind of an environment. We do that quite well. Are we perfect? No, but remember, we built the most successful insurance company in history. We know the kind of people we need to manage our clients' risks and run a best-in-class company.

You have to love it. You have to be committed to it. It's not a nine-to-five job.

When you build your team, are you looking at experience and expertise or are you looking at personality and cultural fit?

You want people who fit the culture, number one. If you have a culture that is successful, you don't want to debate it every week. We want people who share the same vision that we have for the company, people who believe in what we're doing. It's hard work. We're opening markets around the world, and we enjoy doing it. It's more than a job; it's a way of life. That's what we're building at Starr.

What is the Starr advantage when working with companies doing business in China?

They have to understand what you can do for them that other insurance companies cannot do for them. China is a different market. You have to have people who understand that.

I've been going to China for 40 years. For the first 10 to 15 years, we had nothing there. We helped China's embryonic insurance industry. We helped train people. It took 20 years for us to get a life insurance license. Ours was the only foreign life insurance company in China and is still the only one.

Are you also working with Chinese companies as they enter the U.S. market.

Absolutely.

Is technology changing the way insurance is being delivered?

We're in the midst of the changes that are going on. There's a meeting taking place in Las Vegas and 8,000 insurance company representatives will be attending – 8,000. Change is going to happen throughout the industry. We're in the midst of that revolution now. It will affect underwriting. It will affect expenses. It will affect distribution. Every part of our business will be affected.

Are new technologies going to displace parts of the workforce?

No, but it will change the type of jobs being performed. It will actually be adding jobs in many areas. If you go back in history and look at the change that has taken place across time, the people who adapt to change are the winners. You can't just sit around and wait for something to come to you. You have to think about it and be part of it.

Has evaluating and managing risk changed and is it more complex in a global economy?

Absolutely. You have to understand risk. You have to understand how to manage risk, how to underwrite risk, and how to adjust claims for risk. There are so many things that have changed, compared to what it was.

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The Starr Foundation has been a leader in supporting many causes. Will you discuss the impact that The Starr Foundation has been able to make?

It has done a great deal. When C.V. Starr passed away, The Starr Foundation had about \$15 million. I became its chair, and several of our senior people were board members for the Foundation. We built it up to \$6 billion and it has been a very major source of funding for education, scholarships, healthcare and many other things.

Last year the Foundation made a big donation to the St. John's University School of Risk Management to help expand their program and ensure that they attract the best and brightest students from around the world. These students are the future leaders of our industry.

We have also been very helpful to military who come back after having served their country. Many have been wounded and need help. We've done a lot in this area. I feel that we have done a lot of good with the Foundation which has distributed more than \$3.5 billion.

With the strain on U.S.-China relations today, are you optimistic that a strong and mutually beneficial relationship will be maintained?

I worry about the relationship on both sides. We want the Chinese government to treat American and other foreign companies the same as they treat Chinese companies in China, just as the U.S. treats Chinese companies the same as we treat U.S. companies in the United States.

What's hard to understand – many Americans don't understand it, including members of our own government – is that all of the large companies in China are owned by the government, which gives them an advantage. They get treated a little better than foreign companies.

China's experience in dealing with foreign companies is relatively new. More equality will happen as they get more experience working with foreign businesses. Chinese companies want to grow their businesses overseas. As they expand internationally, they'll recognize that they can't do what they're doing in China in other countries. They're going to have to change, but bringing about change in China is not going to happen overnight.

How concerned are you about the geopolitical climate today?

A constructive relationship between the U.S. and China in the world we live in today makes for a very safe world. That's the goal.

What about the future of the United States?

I'm worried about the future of our country. We have always been a two-party country. Are we moving into a three-party system? Is capitalism under threat in our country? Is socialism on the rise? There has never been a successful socialist country, ever. To believe that the government should be responsible for everything in people's lives and that everything should be paid for by the government is not realistic. However, there are parts of our new generation who believe that this is the way to go. I worry about their future. ●