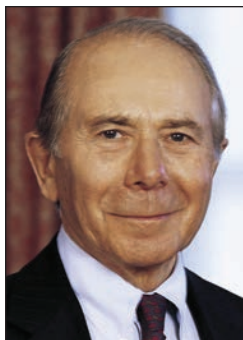


Defining Leadership

An Interview with
Maurice R. Greenberg, Starr Companies

EDITORS' NOTE In 1960, Maurice (Hank) Greenberg joined C. V. Starr as Vice President and was elected Director in 1965, and Chairman and CEO in 1967, a role that he continues in. He retired as Chairman and CEO of American International Group, Inc. (AIG), after serving as Chief Executive Officer from 1967 until March 2005. Greenberg is also Chairman of the Starr Foundation.



Maurice R. Greenberg

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

You have been outspoken on what needs to be done to get business moving ahead. How challenging is the market today?

The market is challenging but a lot of what can be done is in our own hands. We have the highest corporate tax rate in the world, which is not an advantage if you're trying to grow a business. If corporate taxes were reduced to the 15 to 20 percent level and we eliminated many of the special deals that several industries have on tax credits, we'd all be better off – it would be simplified, we'd be more competitive, and it would make a difference.

Also, there is close to \$2.5 trillion in corporate profits offshore. It makes no sense to leave them offshore – you want them to be brought back to the U.S. and invested in business here. Even if dividends are paid to shareholders on some part of it, people will invest the dividends. That will begin to crank things up.

We should make a deal with corporate America to bring those funds back at reduced taxes. Nobody in this country is benefitting by leaving them offshore. Simple things like that can create jobs.

China wants to invest more in the U.S. They are investing in Africa and they just bought a \$15-billion company in Canada. We need infrastructure development in this country, which creates jobs as well as helps remodel decrepit infrastructure.

I've talked to several governors who are interested in getting this done and I'm working with them to help bring some Chinese investment in for the construction of roads, bridges, tunnels or airports. That can get things moving.

Is political gridlock preventing the U.S. from making progress?

This Administration apparently doesn't believe that corporate America is where jobs are created; they seem to believe that government creates the jobs, not the private sector. I disagree with that.

Government jobs do not add to the GDP. We want the private sector to be encouraged to create the jobs. And paying a fair share of taxes doesn't mean that those who create the jobs should be penalized for doing so.

How great is the opportunity for Starr in new markets and how big can the company become?

It was a dormant company for some time, but we're now operating throughout the U.S., in a number of countries in Asia, Latin America, the Middle East, and we're in London and we'll continue to expand further.

But we're only as good as the people we have, the creativeness that we show, the professionalism in running our business, and the efficiency with which we run the business. Our expense ratios are among the lowest but we have a way to go before we achieve our goals.

Many see insurance only as an expense and don't consider the value. Is this a real issue?

That is an old-fashioned view of the insurance industry. We live in a very technical world; the energy field is very technical – without insurance, it could not work. That is true

of most major industries. Every time there is a disaster, who pays for it? Insurance. Insurance is all over health care. Transportation and aircraft could not operate without insurance. There is piracy along the coast of Africa – every ship owner who has cargo moving has to have it insured.

If they don't have a loss, people think, I paid for insurance and I'm not getting anything back – that is not how it works. It gave them peace of mind and coverage when they needed it.

Some CEOs suggest that New York is an expensive and tough place to headquarter your business. Is New York business friendly?

New York State is not business friendly. Intellectually, New York State should be the most business friendly state in the country. It's the financial center of the world, but has the highest tax rate in the country, and in the Court of Appeals, we are now going to be arguing a case on the Martin Act, which is not business friendly and is a handicap to anyone doing business here.

I'm not sure every CEO understands what that act is because if they did, they would move their headquarters someplace else. I hope that that will be resolved in the near term.

Has the type of business leader changed today?

No. Throughout our history as a country, we have had great leaders. But we're changing as a country. The technology field has done great things, as has medicine, and the progress we've made in many fields is enormous. We attract people to the U.S. because they like this system. In every generation, we have had and will continue to have outstanding business leaders. If we get off track, we get back on track. It's what makes us different.

In every generation, parents want to make sure their children will have a better life than they did. I'm not sure the children of today's parents will have a better life with our nation deeply in debt. We want everybody to be the same – it's not logical to expect that.

Is good leadership the way to improve this?

Absolutely. And the courage to do what has to be done. ●