

Bottom-Line Focused

An Interview with Maurice R. Greenberg, Starr Companies

EDITORS' NOTE Maurice Greenberg is the former Chairman and Chief Executive Officer of American International Group, Inc. (AIG). Under his leadership, AIG became the largest insurance company in the world and generated unprecedented value for AIG shareholders. During the nearly 40 years of his leadership, AIG's market value grew from \$300 million to \$180 billion. Greenberg is Honorary Vice Chairman and Director of the Council on Foreign Relations. He is also a former Chairman and current member of the U.S.-Korea Business Council, Vice Chairman of the board of directors and member of the Executive Committee of the National Committee on United States-China Relations, and a member of the Business Roundtable. In addition, Greenberg is a member of the U.S.-China Business Council. He received his B.S. from the University of Miami as well as a J.D. from New York Law School. Greenberg has been admitted to the New York Bar and has been granted honorary degrees from a number of institutions, including New York Law School, Brown University, Middlebury College, and The Rockefeller University.



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 service.

You have achieved great results in many areas of your philanthropy. How have you accomplished this?

You should be bottom-line focused. There are many good causes but they don't always equate with good results, so you have to look at what has been done and the people doing it – are they realistic, are their dreams greater than

reality – and you can't let your heart overcome your head. Are we right all the time? Of course not. We've done some things that didn't live up to our expectations. But most of them have and that is how you determine success.

Those who follow philanthropy talk about how much The Starr Foundation does, as well as how much you do. Are those areas intertwined or separate?

They're intertwined. I chair the foundation and I chair the Greenberg Foundation. We do as much as I can afford to do individually. A major part of my net worth was erased in the AIG debacle.

If you add up the losses that our ex-Attorney General Eliot Spitzer is responsible for – from pension funds and foundations to individual philanthropy – that number is enormous.

Even The Starr Foundation lost considerable value because it was invested in AIG. We did diversify somewhat but not enough, though we're still a major foundation.

How do you determine which areas you're going to support?

There are several areas we follow in terms of my own philanthropy and that of The Starr Foundation: education, human need, medical research, and foreign policy that affects the U.S. – those are key areas.

When I was with AIG, we had an education program for not only employees and their children, but for a broad range of folks, and we have carried on as much as we can in these areas. New York-Presbyterian Hospital and Cornell Medical School research is also a major cause for us.

The issue is that when you have research going on in three or four institutions and they don't talk to one another, you lose a great deal of the value. So we have insisted that there be collaboration. In cancer research in New York City, we have five institutions that collaborate so they're not duplicating or hiding what one does and not telling the other one. It has made a major difference and changed the attitude on how they function in the future.

What is the primary function of the Yale Scholars Program?

Countries have to understand each other better. You have to start with the young people so when they go back to their home countries, they have met Americans during school, have built friendships, and

have a different attitude towards the U.S. as our students have a better attitude towards them.

Understanding is built from the bottom up, not the top down.

What do you hope comes out of your book, *The AIG Story*?

AIG was by far the greatest insurance company in history, not only in size but in value to individuals and our country. We were more than just an insurance company – we were a national asset.

So the thousands of people that helped make AIG what it was deserve to have their stories told. The first part of the book addresses the building of AIG – we created a company that had a unique culture and that should not be lost. The book offers some lessons and it would be good study material for the business schools of our country.

The second part of the book addresses what happened after I left the company with some of my colleagues – what happened to nearly destroy AIG and what happened with the government nationalizing AIG has not been told fully. It took us awhile to gather all of the facts, but it's all documented.

There was a taking under the Constitution of the U.S. and I'm pursuing that on behalf of myself and many other people.

It is tough to believe how everything turned out for AIG?

The government made \$23 billion on AIG so what does that tell you? They took the company and they sold off some of the key assets at bargain prices. When the government made the initial loan to AIG for \$85 billion at 14.5 percent interest, AIG had about \$800 billion of assets. They had enough collateral for an \$85-billion loan. But in addition to that, the government took 79.9 percent of the equity – that is like saying, I have paid off the mortgage on my house but the bank still owns it.

Was the process of writing your book a positive one?

It was an effort, but it had to be done. You add up the destruction that Eliot Spitzer caused and the losses he forced on corporate America and the numbers are staggering. How are we a nation of laws when an individual can get away with what he did?

How big can Starr Companies get?

I'm pleased with the growth not only on the insurance side but the investment side – we have a business that is helping Chinese companies invest in the U.S. All of these things are clicking. ●