

A Global View

An Interview with
Maurice R. Greenberg, Starr Companies

EDITORS' NOTE *Maurice Greenberg is the founding 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, and sits on the board of numerous other organizations. 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 *Starr Companies (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.*

Is the market in the U.S. strong and is 2 or 3 percent growth what we should expect?

I'm not even sure we're going to do 2 percent. The dollar was strong. There is much uncertainty in the middle of an election year, which has been a very unusual election year to date.

With the price of oil being so volatile and down, it has a major impact, as does the slow-down in other parts of the world, particularly in manufacturing. A strong dollar also has a negative effect on exports.

Where do you see China today and are you concerned with their growth?

I'm always concerned when a country slows down from what it had been doing historically, meaning the past 20 years or so. China is changing. Manufacturing is down and that is being slowly replaced by consumer growth and by services. Not long ago, the consumer market was about 30-odd percent; it's now about 50, which is healthy. The U.S. is at about 80 percent consumer driven and services.

When China gets close to what we are, their economy will be a lot better.

There are also many Chinas within one country. There is the strong Eastern part and moving further inland, it becomes more difficult. Bringing about change in a country as large as China is not the same as doing it elsewhere – it's a huge task, but I'm confident China will find its way.

How critical is it that we continue to work toward and build trade agreements and are you concerned that the dialogue is so extreme?

I'm very concerned. Trade is important not just for purposes of trade but to continue in a world that is at peace and growing economically. If we cut countries off from trade and we try to live behind our own borders, we deny our people opportunities. Trade is essential. We have very good trade negotiators. We'll never get a trade agreement that is perfect but we try to improve it as we go along.

Once the TPP, which we're waiting on Congress to approve, is in place, apart from being very healthy, it will bring countries together and, in due course, China will be eligible to join it. We really need to have a trade agreement with China.

Are other markets less appreciated because there is so much of an emphasis on BRIC?

As an example, I just came back from Argentina where there have been major changes in leadership. Argentina used to be the second-largest economy before WWII. We need to have trade agreements with countries such as this, and we can't ignore the smaller countries.

When you're building a business like Starr, how challenging is it to get the message out about the quality of talent you've brought in?

It's well understood by brokers who do business with us. They see the talent we have and the commitment of our people.

On the investment side, we have several teams led by very experienced individuals. Our investment team in China is also led by an outstanding woman. We have the right people in the right places who are practical and have a good work ethic.

What has made the Starr Foundation so effective and what are its most important areas of impact?

The foundation was started by C.V. Starr. It was very modest when it started – about \$15 million. Over the years, the foundation, which had AIG stock, grew to about \$6 billion of value and was very active in a number of areas that benefited society; areas such as education, human needs, the poor, the elderly, medical research – domestic and foreign institutions were involved in the aforementioned. Of course when Attorney General Spitzer brought the ill-founded charges against us and we left AIG, the stock declined rapidly and the value of the foundation, of course, declined with it.

What are some of the economic and political concerns you see today?

We're going through a period in the U.S. where a lot of young people feel they're disenfranchised and can't get the kind of jobs they want. They think the wealthy get wealthier and the middle class get poorer. We really can do better. Raising the minimum wage to \$15 an hour is a good thing and arguing against that is counterproductive.

There is a disappointment in the political system as we know it. Is it all justified? No. The administration has not been forthcoming and people are now disappointed in the administration, and what its party has done and not done.

But it's more than just the economic side – it's also the global side. We essentially have walked off the stage internationally. When we create a vacuum, it gets filled very quickly by somebody else – China and Russia are now filling that vacuum, which is not in our national interest.

This leads to more uncertainty and a world that is not as peaceful as we would like, but we have to deal with that with a new administration. The world is a lot safer when the U.S. is the top country. We're not trying to become bigger by taking someone else's territory but there are other countries that would like to do that. ●