

Defining Leadership

An Interview with
Maurice R. Greenberg, STARR Companies

EDITORS' NOTE Maurice Greenberg is Chairman of Starr Companies, a global insurance and investment organization. STARR was founded by Cornelius Vander Starr in 1919 in Shanghai, China and is one of the fastest-growing insurance companies in the world. Greenberg retired as Chairman and CEO of American International Group (AIG) in 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. He is also honorary Vice Chairman of the Council on Foreign Relations and sits on the board of numerous other organizations. He received his pre-law certificate from the University of Miami and an LL.B 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 (starr.companies.com) is a global insurance and investment organization providing property and casualty insurance solutions to business and industry. Its talented and experienced associates manage risk and ultimately support the profitable growth of organizations in a dynamic, competitive, and ever-changing marketplace. With a presence on five continents, through its operating insurance companies, STARR provides property, casualty, and accident and health insurance products as well as a range of specialty coverages including aviation, marine, energy, and excess casualty insurance. STARR Companies also provides a broad spectrum of insurance-related services, including claims handling and settlement, reinsurance, risk assessment, and loss control.

During your career, you've opened up new markets such as China and proven the benefits of global business and trade. Today, it seems that international cooperation is in peril. How challenging is that for business and how worried are you that the global economy and open markets might be damaged?

As a country, the U.S. is more divided than it has ever been, which is not good when it's trying to expand its role internationally. If every move that is made is questioned by half the population, that is not a great position to be in.

We have to straighten out some political issues at home, and I hope we will. Globalization is here to stay – it's not a temporary phenomenon. We can currently see what is happening when one country tries to hold another hostage with nuclear threats. To fight that off, some of the things that have to be done might be very unpopular in certain parts of the world, but we have to think about our own country first and working to get that problem dismissed.

This takes leadership, relationships, and common sense working together, and one can't play a lone game and ignore the impact on other countries.

However, I believe we will live through it, and I'm confident that other countries will see the logic in the U.S. position.

You understand the value of trade. How important is it for trade agreements to be revisited and for strong partnerships to be built?

I was involved in working with the U.S. Trade Representative on trade agreements at one time. Trade is absolutely essential for countries. Trade agreements can't be static – they need some adjusting from time to time, but to believe that one country or another must be favored is not the way it works. Many times, there are political considerations that play an important role in trade agreements and it requires a broad view to solve those. Trade negotiations are complicated and a leader needs to understand that. Unfortunately, sometimes new leaders don't understand that right away and it takes them some time to get up to speed.

Have you been happy with the growth that STARR has achieved?

I'm happy with the investment side more than the insurance side. I'm concerned with what the insurance industry is doing because pricing has reached rock bottom and some of it makes no sense. It's hard to understand what motivates some companies, but much of that may change as a result of the storms that have been coming in – if they turn out to be as bad as predicted.

Does the insurance market understand that the emphasis should be on value rather than pricing?

One has to price to make a profit, and if this doesn't happen, then people will be out of a job or a company might fail. A company can't be expanded without making a profit.

How much of an impact do you anticipate as a result of the recent hurricanes?

It is likely to have some impact, not only on the insurance industry, but more on the reinsurance industry. The extent of the losses resulting from the flooding and winds has yet to be determined. Some policies cover both and some don't, so it will take a lot of time to determine the full extent of the loss.

In an industry where products can sound similar, is there real differentiation from company to company?

Yes, but it depends what they write. Some companies only write personal lines, some only write commercial lines, some write all.

They also need to have a very good claim organization that can deal with events that happen. Also, depending on what state they're writing policies in, they may have different regulations with respect to what can and cannot be covered and what must be covered.

Has evaluating and managing risk become more complex?

What's complex about it is that regulation is changing and knowledgeable people are retiring and there aren't enough people replacing them. It takes time for those coming into risk management to understand the business.

With the trend toward flexible workforces today, will New York remain competitive if it doesn't become a more business-friendly city?

From a business point of view, New York is not the best place to do business. However, to move an organization to another state means uprooting people and their families, and that's very difficult. Good companies feel a responsibility and loyalty to their employees.

On the other hand, it can reach a point where it's economically not only attractive, but necessary, to move out of New York.

How are all the new developments in technology impacting the industry?

What's going on, not only in the insurance industry, but in most industries, is change – technology is going to have a major impact. For instance, we are going to have driverless cars, which will affect coverage like auto insurance. We're working with a number of technology companies on issues like this right now and we expect to keep doing that. We have to find ways to simplify our business and take a lot of expense out of it to be competitive. ●