

Leadership and Integrity

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, Chairman and CEO in 1968, and continues in that role. He retired as Chairman and CEO of American International Group, Inc. (AIG) in March 2005, after serving as Chief Executive Officer from 1967 until March 2005. Greenberg is Chairman of the Starr Foundation where he oversees the disbursement of major financial support to academic, medical, cultural, and public policy institutions.



Maurice R. Greenberg

COMPANY BRIEF New York-based Starr Companies (www.starrcompanies.com) has its origin in enterprises founded by Cornelius Vander Starr in 1919. Starr Companies is a global, privately-held insurance and investments organization. Through its operating insurance companies, Starr Companies provides customized 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. 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.

Do you get as much satisfaction from your philanthropic efforts as from your business successes?

I don't think about that. What you have done speaks for itself. Some people focus on the philanthropy, which I feel strongly about because it has benefited thousands of people. But you do it because it's right. As far as my business legacy, that does speak for itself, both the building part and the destruction part that started with Eliot Spitzer. That hasn't finished yet, but it will be done.

Your reputation is key in the businesses you have built and in everything you do. So when reputation is challenged, can you ever get past it?

You have to get past it. But that's why I never stopped fighting. There are many people who are attacked unfairly and settle. I won't do that.

You're an optimist by nature. Is it tough to be optimistic about the U.S. right now?

I believe in America. Every country goes through a period where it drifts from its basic values and we have done that. What made America great was the ability to start at the bottom and to attract immigrants who came penniless and then achieved great success, a way of life free of tyranny, and the chance to make a decent living for their families. That was the American Dream.

We now have huge government, which is not the creator of opportunity – it's the private sector that creates opportunity. So our basic values are under attack.

Whether we solve that problem this election or not remains to be seen. But we'll solve it. We won't become a socialist country – that is not what America is about. If it is, then we will never achieve the potential we're capable of.

How is the landscape for entrepreneurship today? Do things need to be changed to spur it on?

We need the entrepreneurial creativity to continue to develop new and exciting products that societies need because everything is evolving. We have technologies and products today that didn't exist 10 or 20 years ago, so the need for new products and insurance is constant – everything is not yet developed. There continues to be opportunities. So I'm not concerned about that.

What is concerning is the prospect of regulating ourselves out of business. In the 2007/2008 recession period, investment products that were packaged turned out to be improper. So committees of Congress investigated. Before they completed their investigation, Congress passed the Dodd-Frank Bill in answer to all the things that happened – it regulates everything from top to bottom, even though they have not yet published the rules under Dodd-Frank so no one knows what it really means.

We need to address the problems that occur, but the pendulum has swung so far in the opposite direction that it will stifle innovation. That we can't tolerate, but it will be awhile before that gets straightened out.

Is there a broad awareness of all Starr Companies offers and the scale of what you're doing?

We're a private company, so we get little coverage. In six years, we created four new insurance companies that operate throughout the U.S.

and in many foreign areas, including Australia, in Latin America, London, and soon, in Tokyo and the Middle East. We will probably do something in Eastern Europe – we have some things in Russia, both on the insurance and investment side.

Our company is made up of insurance business in the non-life sector – commercial insurance principally in all classes, and we're adding to that every day. On the investment side, separate from insurance investments, we have an investment team in China, Russia, and in the U.S. We're doing both direct investments and private equity investments, and we're adding to that continually.

We started with about 300 people five or six years ago, and we're at 1,100 right now and adding every day.

You were one of the trailblazers in China. You also have an initiative with Yale to achieve a better understanding among countries. Why is that important to you?

Yale World Fellows is an important program. Primarily in emerging and developing countries, you identify people mid-career in government, academia, and business who one day may be leading a country. They spend a year at Yale with people like them from other countries. They learn more about us and we learn about them. Then we introduce them to the Council on Foreign Relations where they spend time getting the flavor of that organization. They go back to their countries with different views than they had before they came and that leads to better understanding.

The other focus is to have more young Chinese students who are qualified come to the U.S. for an education at the university level. They go back home and know America much better than they did before they came, and they don't see the U.S. as enemies but as friends.

You have always looked at China as an area of opportunity. As you look to the future, is there reason to be fearful?

Not if we develop our relationships. It's time for the U.S. and China to begin discussing a free trade agreement. What is the point of our continuing to have a dialogue with China that leads nowhere?

It's in our national interest to have more free trade agreements, not fewer. So if we begin one with China, it may take 10 years, but during that time, we'll be privately and quietly discussing issues that bother both sides today. We will solve some and we'll make progress, even if we fail to finalize a free trade agreement. That is a positive. ●