

AIG knows everyone in Asia

By Shawn Donnan et al

AIG, American International Group, has grown from a small Shanghai-based underwriting agency into the world's largest insurer by market value. It has a capitalisation of \$166bn, and is firmly embedded in Asia's corporate culture. Indeed, with roots dating back more than half a century, and the constant focus on the region by Maurice Greenberg, its Chairman, AIG has an unrivalled scale of operations and a wealth of political and business connections.

For other US and European insurers, the company is both a benchmark and a powerful competitor. 'They know anyone who is anyone in Asia.'

However, in order to continue to prosper, AIG will have to succeed in China – probably the insurance market with the biggest untapped potential in the world.

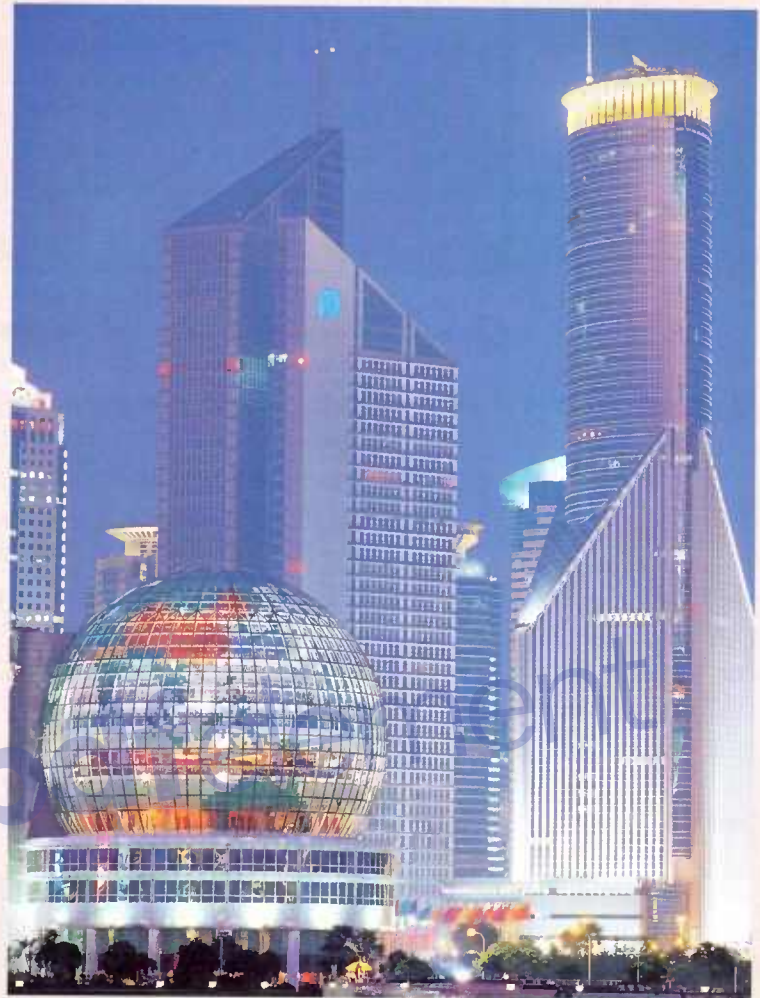
After 17 years of lobbying by Mr Greenberg, AIG was the first foreign insurer to be allowed into China, in 1992. It now operates in eight cities but admits making only 'a small profit' in the country. Today, turning its pioneering presence into a commercial success is AIG's biggest challenge.

In China as with the rest of Asia, AIG's main advantage over its competitors is its long-standing presence. The group was founded in Shanghai in 1919 by Cornelius Vander Starr, a 27-year-old American entrepreneur.

That historical accident, and Mr Starr's quest to expand to the rest of Asia in the ensuing 10 years, are still benefiting the company. Over the past nine decades, AIG built on those foundations through endlessly pursuing close relationships with Asia's governments, regulators and powerful businessmen.

Edmund Tse, who runs the Asian operations and life assurance worldwide, says AIG's policy is to build relationships with as many influential people as possible. 'If you want to do business, you have to be friends with senior leaders,' he says. 'You need to be friends with the head of state, the minister of finance, the minister of trade, the [central] bank governor and the insurance regulator.'

AIG believes its three decades spent courting China will be



rewarded with unrestricted access to its vast insurance market. 'The Chinese always remember good friends,' says Mr Tse.

But if its 'friendship' with China is not enough to tap the country's potential, AIG may lose its main growth engine. And without a strong Asia, AIG would be a much weaker company.

AIG may be a company of 80,000 employees and 350,000 affiliated agents in 130 countries but much of its success is down to individual relationships.

Many of those relationships have been forged by Maurice Greenberg, the company's chairman and chief executive.

Mr Greenberg says that playing the long game has given AIG an edge, particularly in terms of investing in emerging markets. He courted the Chinese for 17 years before being granted a

licence in 1992.

Mr Greenberg knows quite a few people. His style has always been to discuss big issues – corporate, political and economic – with anyone he meets. One analyst refers to AIG as a 'sovereign corporate nation' as Mr Greenberg insists on representing the company in high-level discussions. 'If you're dealing with the premier or president of a country, he is not thrilled to have a deputy come and see him. Even if a country is not one of the leading nations in the world, that country is important. It's important to him and it's important to us.'

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