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# American Intl Group Inc

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## Introduction

American International Group, Inc., known globally as AIG, stands as one of the most iconic names in the world of finance and insurance. What makes AIG's story so compelling is not just its role as a corporate behemoth today, but the remarkable journey it has taken over more than a century of risk, resilience, and reinvention. From its origins in 1919 Shanghai to its present stature as a pivotal force in the global insurance industry, AIG's arc traces the shifting tides of world events, financial booms and crises, corporate ambition, and the undimmed spirit of innovation.

The path AIG has traveled is defined by both historic triumphs and extraordinary challenges. It is the story of Cornelius Vander Starr, an entrepreneurial pioneer who seized opportunity in the early 20th century's bustling East Asia, and whose vision laid the groundwork for a truly international enterprise. Through wars, revolutions, and political upheaval, AIG evolved, adapting its operations across continents and building a reputation for underwriting the world's most complex risks. After relocating its headquarters to New York in the wake of the Chinese Revolution, AIG would ultimately become a household name in the United States—and an integral part of the wider financial system.

As AIG grew, it amassed expertise on every continent, weathered volatility in markets, and diversified its reach beyond insurance into finance, asset management, and aviation. By the late 20th and early 21st centuries, it was not just a leading insurance provider but one of the largest global conglomerates—a status that would come under unprecedented scrutiny during the economic maelstrom of the 2008 financial crisis. There, AIG found itself at the epicenter of worldwide financial turbulence, requiring an extraordinary rescue effort by the U.S. government and bringing longstanding questions about risk management, regulation, and the “too big to fail” doctrine to the fore.

The years since the crisis have seen AIG fundamentally reassess and reimagine its place in the world. Through restructuring, leadership turnover, and a renewed focus on its core insurance and retirement solutions, AIG has reclaimed stability, paid back its obligations, and charted a new course toward long-term profitability and relevance. Its continuing story is that of a company attentive to both the demands of global commerce and the ethical imperatives of modern corporate life—from fostering diversity to advancing environmental responsibility.

In this book, we explore the rich tapestry of AIG's history—its formative years, dramatic turning points, and the strategies that have shaped its long-term evolution. We examine the people and decisions that forged its character, the impact it has had

on communities and economies, and the ways it has responded to adversity. Finally, we look forward: to AIG's modern initiatives, ongoing transformation, and the future prospects of this singular American company. The story of AIG is ultimately a story about adaptation, ambition, and the resilience required to survive—and thrive—through the ages.

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## **CHAPTER ONE: The Origins of AIG: Shanghai Beginnings**

The story of American International Group, Inc. (AIG) does not begin in the bustling financial districts of New York, but rather in the vibrant, rapidly modernizing city of Shanghai, China, in the year 1919. This choice of location, seemingly unconventional for an American-founded enterprise, speaks volumes about the foresight and adventurous spirit of its founder, Cornelius Vander Starr. Shanghai at the dawn of the 20th century was a crucible of global commerce, a treaty port that had become a magnet for international trade, investment, and diverse populations. It was a place where East met West, sometimes harmoniously, often tumultuously, but always with a dynamic energy that promised opportunity for those bold enough to seize it.

Shanghai's status as a burgeoning economic hub made it ripe for the introduction of modern financial services, particularly insurance. While the concept of insurance had existed in rudimentary forms in China for centuries, primarily through merchant associations and guilds, the Western model of structured insurance companies was relatively new. Foreign insurance companies had begun to establish a presence in Shanghai in the mid-19th century, recognizing the need for protection against the risks inherent in a booming port city – risks like maritime accidents and fires. By the early 20th century, Shanghai was a burgeoning insurance base for China, with numerous foreign and a growing number of Chinese firms operating there.

Into this bustling environment stepped Cornelius Vander Starr, a young American from Fort Bragg, California, with an entrepreneurial drive that belied his age. Born in 1892, Starr's early ventures included selling ice cream and working in insurance in San Francisco, where he even passed the California bar exam without formal law school training. However, a yearning for international experience led him eastward. He initially worked as a clerk for the Pacific Mail Steamship Company in Yokohama, Japan, but soon found himself drawn to the even more dynamic landscape of Shanghai.

In Shanghai, Starr quickly recognized the immense potential for growth in the insurance sector. On December 19, 1919, at the age of 27, he established a general insurance agency called American Asiatic Underwriters (AAU). His initial setup was humble: a modest two-room office staffed by just two clerks. Yet, from this unassuming beginning, Starr embarked on a journey that would lay the foundation for a global financial giant.

AAU's initial role was to act as an underwriter for other insurance companies operating in Shanghai, effectively serving as an agent for American and other foreign insurers in

China. Starr quickly expanded the range of companies he represented, bringing in major players like Globe & Rutgers Fire Insurance Company and National Union Fire Insurance. His ability to forge connections and adapt to the local market was critical. He famously hired local Chinese employees for positions of responsibility, a practice that was uncommon among foreign companies in that era, demonstrating an early appreciation for local talent and cultural understanding.

The business thrived, a testament to Starr's keen business acumen and the unmet demand for comprehensive insurance solutions in a rapidly industrializing China. Within just two years of its founding, Starr expanded AAU's offerings to include life insurance, recognizing the long-term protection needs of individuals and families. This strategic move tapped into a fundamental aspect of human concern—security and provision for the future—and further solidified AAU's position in the market.

By the late 1920s, American Asiatic Underwriters was no longer a small, localized operation. It had established a network of branches across China and into various parts of Southeast Asia, including the Philippines, Indonesia, and Malaysia. This rapid geographical expansion showcased Starr's ambitious vision and his commitment to building a truly international enterprise from the outset. The company's headquarters in Shanghai, initially a small office, later moved to a more prominent location at 17 The Bund, a testament to its growing influence in the city's financial landscape.

Starr's early success in Shanghai was not merely about selling policies; it was about understanding and navigating a complex and ever-changing environment. He recognized that China, with its vast population and burgeoning economy, presented unique opportunities. He was known for being "very quiet, unassuming, but very forceful," with an uncanny ability to "sell anybody anything." This blend of quiet determination and persuasive skill proved invaluable in building trust and establishing a reputation in a foreign land.

The foundation laid in Shanghai during these formative years was deeply impactful. It established a global mindset that would become a defining characteristic of the company. The entrepreneurial spirit of Cornelius Vander Starr, coupled with his willingness to embrace international markets and adapt to local customs, set a precedent for future growth and diversification. The early challenges and triumphs in Shanghai forged the company's identity as a pioneering and resilient force, ready to navigate the complexities of a globalized world.

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