

# [PDF] Fallen Giant: The Amazing Story Of Hank Greenberg And The History Of AIG

**Al Ehrbar, Ron Shelp - pdf download free book**

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## **Description:**

**Review** "All Hank Greenberg ever wanted was "an unfair advantage." That is the phrase that Ron Shelp chooses to sum up Maurice R. Greenberg, the deposed chairman of the American International Group and the subject of his "Fallen Giant: The Amazing Story of Hank Greenberg and the History of A.I.G.," and it would be hard to improve on.

Insurance, Mr. Greenberg realized early, is the game of playing only when the odds are in one's favor. For instance, if a far-flung customer wants insurance against a kidnapping — a risk that few others will touch — chances are that you can charge a lot for the policy. As Mr. Greenberg did not fail to notice, plenty of overseas executives are kidnapped, but many more are not — and they pay premiums, too.

Throw in a few other “unfair” advantages, like lobbying, cajoling or otherwise persuading governments to do one’s bidding as well as, quite possibly, obscuring some of the truth about one’s operations, and you have the secret of a great insurance fortune.

Accusations of cooking the books more or less forced Mr. Greenberg to resign last year. Mr. Shelp, a former Greenberg lieutenant and troubleshooter at A.I.G., wrote the book ostensibly to explain his old boss’s fall from grace.

He asks some very good questions. One is why Mr. Greenberg would risk his \$3 billion fortune on some “fairly modest fiddling.” Another is this: What did Eliot Spitzer, New York’s attorney general and now its governor-elect, have against Mr. Greenberg, whom he all but accused of criminality on Sunday morning television? Then, after the A.I.G. board forced Mr. Greenberg to resign, Mr. Spitzer neglected to charge him after all. Well, never mind. (Mr. Spitzer did file civil charges, which Mr. Greenberg is contesting.)

Mr. Shelp leaves no doubt that A.I.G. was a master at shaping and, at times, bending the rules, but he argues that the offenses that got Mr. Greenberg canned were pretty modest, and notes that reversing the deals in question resulted in a write-down of only 3 percent of A.I.G.’s equity.

The author does not probe deeply enough to resolve the legal issues, nor does he have much fresh news, but that is not his point. Mr. Shelp is more interested in another question: How did A.I.G.’s “unique corporate culture” contribute to its autocratic chairman’s success and — after 37 years at the helm — his undoing?

This gives Mr. Shelp license for telling one of the great unsung stories in American business, namely the origins of A.I.G. The company was founded by Cornelius Vander Starr, a gadabout soda-fountain operator in Fort Bragg, Calif., who switched to real estate, then insurance. For no particular reason, he hopped a boat to the Far East and in 1919 began to sell policies in Shanghai. Somehow, he talked American insurance companies into giving him their “pen” — that is, letting him act as their agent. Starr had a wonderful idea, which was that the Chinese were not such a bad risk. (Other Western insurance companies in China preferred to sell policies only to Occidentals.) As you can imagine, this broadened his client base considerably. Mr. Shelp says Starr proved his affection for the natives by selling to them, but this is patronizing. What he proved was his good business sense.

Starr branched into other countries, bought newspapers in China, became friendly with American intelligence operatives. The author, who aims to be fair but does not pretend to be neutral, relates quite a few tales from those swashbuckling days, some of which are relevant to his narrative and many of which are interesting.

His style is conversational, as if he were telling the story from an adjacent barstool. When Starr marries, the author says his wife “would have been in her 20s” — as if the author were only dimly recalling an unverifiable detail.

We will allow Mr. Shelp his penchant for certain colonial mannerisms — for instance, referring to this or that character as a “Dutchman” or a “Chinese gentleman.” But a few of his sentences ought not to have slipped past his editor, nor his co-writer, Al Ehrbar. Here is one: “I persuaded friends at A.I.G. that an outsider writer but former employee who is basically friendly to A.I.G. would be read more widely than a corporate book, which might be read by some of those they give it to.” Here is another: “Apparently, they did well, for none withdrew because they were losing money.” This is perfectly good writing if you have just swallowed your fifth highball.

The pity is that Mr. Shelp, in his quirky fashion, arrives at a truth about A.I.G. that writers who focused on the insurance deals missed. A.I.G. was created, as it were, from the outside in: first in foreign outposts and only later in New York. It grew up beholden to a single executive, and accustomed to having its way more than conventional companies stacked with M.B.A.’s.

It was Starr who started the “revolution” in the way Bermuda regulated insurance companies, meaning that he arranged for the island to write rules that insurers found convenient. A brilliant protégé, perhaps less lonely than his mentor, Mr. Greenberg arrived at A.I.G. just as Starr was sadly unwinding and relinquishing the reins. Grabbing the opportunity, Mr. Greenberg tartly informed his only remaining rival: “Sit down, Gordon, and shut up. I’m in charge now.” That was in 1968. For the

next 37 years, no one contended otherwise.

TRUE to the company heritage, Mr. Greenberg combined diplomatic cunning, business hardball and a sense that he was entitled to make his own rules. He lobbied for China's admission into the World Trade Organization in 2001 — then maneuvered for a delay, at the last moment, until the Chinese agreed to let A.I.G. operate freely on Chinese soil.

Measured in terms of stock price appreciation, Mr. Greenberg's success was stunning.

Alas, even modest fiddling, such as the "earnings management" he was accused of, is no longer tolerated in American business. Mr. Greenberg seems not to have noticed. But even if A.I.G. hadn't changed, the world had. (New York Times, December 17, 2006)

"a rather interesting (and, on the whole, balanced) account of the Shakespearean turn of events that toppled the industry's most powerful figure—at least temporarily."--National Underwriter Review

## **From the Inside Flap**

Over its eighty-nine-year history, American International Group, better known as AIG, has achieved unparalleled success by adjusting to changing economic trends, regulatory rules, and political situations. While founder Cornelius Vander Starr—who led this Shanghai start-up for fifty years—built an extraordinary insurance franchise, it was his hand-picked successor, Maurice "Hank" Greenberg, who would turn that franchise into one of the world's most profitable and powerful financial services companies.

Now, in *Fallen Giant*, author Ron Shelp—who worked alongside Greenberg and within the AIG organization for more than a decade—sheds light on AIG, the company, and Hank Greenberg, the man. Through in-depth research, candid interviews, and firsthand experiences, Shelp provides a detailed look at how AIG was originally created and reveals the trouble that Greenberg and company eventually ran into when New York State Attorney General Eliot Spitzer turned his sights on them.

Entertaining and informative, *Fallen Giant* follows AIG from its humble beginnings in Shanghai to its modern-day offices in New York City—where Chinese involvement can still be found. Along the way, you'll meet a unique group of individuals—from Russia and China to the United States—who helped shape the company's culture, and discover the unpredictable events that changed the course of the company.

Filled with international intrigue and expert business acumen, *Fallen Giant* carefully details how founder Cornelius Vander Starr built his empire—from American Asiatic Underwriters to AIG—and why he ultimately handed it off to the dynamic, driven, and tough-minded Hank Greenberg. With Greenberg at the helm, you'll learn how this calculated risk-taker transformed AIG into a public entity, expanded its operations to new countries, and acquired huge businesses. You'll also see how Greenberg's numerous

connections with both politicians and business professionals allowed him to become a highly visible spokesman for the industry, a leader in the nonprofit and philanthropic worlds, and an important figure in foreign policy circles.

Through a unique insider's view, *Fallen Giant* paints a compelling portrait of how the world's largest provider of property and casualty insurance came to be and reveals how Greenberg's unrelenting drive to be the best may have led to his untimely departure from AIG.

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