PART One

Chapter 1

Independence

In 1952, days after returning as an officer in the U.S. Army in the Korean War, 27-year-old Maurice R. ("Hank") Greenberg was walking along William Street in Lower Manhattan.[1] Earlier that day, Greenberg had visited fellow alums of New York Law School. Needing a job to support his young family, he was considering practicing law, pursuing national service, such as at the FBI, or re-upping with the Army. Along William Street, Greenberg happened to pass the offices of the Continental Casualty Company, among the largest insurance companies of the day. Greenberg popped his head into the office to ask about job openings.

The personnel manager acted as if he had no time for the inquiry, giving Greenberg, barely out of uniform, the cold shoulder. Stoking his anger about how Americans largely ignored the Korean War, Greenberg stormed into the office of the branch vice president, Bob Vollreide, and told him he thought his personnel manager was a jerk. Vollreide seemed impressed with Greenberg's candor and even his judgment.

c01 18 December 2012; 12:59:49

Intrigued, after a lengthy conversation, Vollreide offered Greenberg a job. Greenberg took it, beginning as an underwriter trainee. That day, Greenberg's career in insurance was launched.

Greenberg quickly learned that the insurance business was regulated by a state bureaucracy whose approval was often required before insurance products could be sold. He found out that backlogs in the filings at the New York State Insurance Department were often considerable and that many insurance managers accepted resulting delays as a matter of course. Greenberg thought such inefficiencies meant incurring unnecessary costs. He determined that the backlogs could be broken by developing direct relationships with state officials managing the approval process. He set out to meet those people and provide explanations that would speed the process.

An early example of the value of personal relationships in state regulation involved steps that eventually led to the creation of the American Association of Retired Persons, today's ubiquitous AARP. In that era, few elderly Americans had health insurance. Medicare did not exist and private coverage was scarce. An insurance broker from a small firm in Poughkeepsie asked Continental Casualty if it were possible to provide group-wide accident and health insurance for members of a New York association of retired teachers.

After researching the question, Greenberg could not find any provision of the applicable New York insurance law that specifically authorized it. So he inquired of his personal contacts at New York State's Insurance Department and successfully lobbied them to support legislation adding retired teachers associations to the list authorizing such "blanket" insurance.[2] That breakthrough attracted followers, including the National Retired Teachers Association, founded by Dr. Ethel Percy Andrus, a retired high school principal and proponent of the notion of "productive aging." Dr. Andrus soon broadened her mission beyond retired teachers to all elderly Americans, by founding AARP. Continental Casualty developed a novel mix of group health and accident products for many other customers as well.

In building such new products, Continental Casualty earned a reputation for being innovative, an uncommon trait in that era's insurance industry. In recognition of his leadership and lobbying skill, Greenberg became manager of a special risk division in New York and, working with Joe Norton, the regional vice president of the company's eastern U.S. region, handled the company's government relations there. Norton soon saw that Greenberg would likely find the operations side of the insurance business appealing. So Continental Casualty transferred him to world headquarters in Chicago and promoted him to assistant vice president. His portfolio included accident and health insurance for individuals and groups, as well as direction of the advertising department.

Combining these duties and building on Continental's earlier innovations, Greenberg and the chief actuary created a novel promotional effort marketing accident and health insurance to senior citizens, a market other companies had considered too small to bother with. The pitch would open enrollment to anyone who chose to participate within a stated period of time, from 15 to 30 days. The campaign would be initially offered in a test market using ad pages in the *Des Moines Register*. Greenberg and Continental's actuaries thought that a limited open enrollment period would work. They supposed that when many people join in a short period, they are likely to be a good cross-section of high and low risks; however, if enrollment without examination is open indefinitely, an excessive portion of high risks is likely.[3] This campaign proved them correct. The concept of open enrollment for limited times eventually became a staple in the field of accident and health insurance so widely recognized today.

Continental Casualty was unusually innovative compared to other insurance companies of this period, especially in the accident and health field. It had invented coverage of medical treatment for polio and other so-called "dread diseases."[4] Greenberg enjoyed this setting, winning the trust and confidence of the company's president, J. Milburn ("Mil") Smith, who became Greenberg's mentor. Smith, a prominent fixture of the insurance establishment, told Greenberg he valued his imaginative approach to insurance, especially pioneering innovative products and opening new markets. One year after his arrival in Chicago, Greenberg was promoted to vice president, the youngest person in Continental Casualty's history to earn that rank.

In 1960, Smith resigned from Continental Casualty due to a falling out with its chairman. He took a trip overseas to discuss business prospects. In Hong Kong, he called upon Cornelius ("Neil") Vander Starr, a legendary American insurance entrepreneur who had built a collection of insurance agencies and companies around the world. Starr, a California native, began building these businesses in Shanghai in 1919 when he was in his late twenties.[5] His business in China was prosperous almost from the start, when Shanghai was a bustling international center of commerce.

A flagship of Starr's early business was the American International Underwriters (or AIU), a membership association of U.S. insurance companies that held licenses to underwrite insurance in various countries, usually for other U.S. businesses. The AIU acted as agent for members in markets where they held licenses. An American industrial company, such as General Electric, needing insurance in Hong Kong, could use the AIU to write a policy by an American insurer, such as Fireman's Fund. Having AIU act as agent meant that the member companies did not need to station substantial personnel or assets abroad but could still engage in lucrative underwriting there. Each member, an insurance company, had a percentage of the AIU pool by which its part of payments and liabilities was derived.

Through the 1950s, Starr's businesses were primarily in Asia, though he began planting the seeds for operations elsewhere around the world, including Cuba, Lebanon, Pakistan, and selected countries in western Europe. His companies acted as a general agent, writing commercial policies for U.S. insurance companies within the AIU as well as writing insurance directly in subsidiaries of Starr's Bermuda-based holding company, American International Reinsurance Company (AIRCO). Obtaining those franchises was an extraordinary achievement, considering the relatively slow means of transportation and communication in those decades, when it could take months to transact business between Asia and the States. For example, uncertainties about liabilities and delays in payment arose because the AIU's policies and associated claims would not necessarily become known to the insurers for months.

Besides salesmanship, Starr's achievements displayed his fierce independence. He was able to work halfway around the world with virtually no support from a home office in the United States. In building the AIU and AIRCO, Starr attracted like-minded executives. They were self-reliant internationalists who showed creativity and independence and a strong work ethic.[6]

Starr knew of Smith's independent, innovative approach to the insurance business. In a lengthy discussion on Smith's 1960 visit to Hong Kong, Starr said how much he admired many of Continental's insurance lines, especially its accident and health business. Starr, a visionary, predicted an increase in global trade and travel, convinced that it would lead to rising prosperity and thus demand for accident, health, and travel insurance outside the United States. Starr wondered whether Smith knew of any good executives who might be willing to open global markets for those products. Smith named Greenberg, referencing his entrepreneurship and knowledge of the insurance business.

Starr asked another favor of Smith. Starr, a divorced millionaire who never had children, developed a tradition of giving financial support to young people and encouraging them in their education and careers. Among the first of these was T. C. Hsu, the son of one of Starr's bankers in Shanghai. Hsu lost his father in the months before World War II when the Japanese military blew up the plane carrying him on a business trip. Starr put Hsu through college and graduate school in the United States and then hired him, forging a lifelong bond akin to father and son. A contemporary recipient was Chiharu ("Chick") Igaya, a Japanese Olympic skiing champion, who attended Dartmouth University on a scholarship that Starr had provided.[7] Starr described Igaya as a protégé and asked Smith if he could help find Igaya a spot in a U.S. insurance training program. Smith obliged.

Shortly thereafter, Starr sent an assistant to visit Greenberg in Chicago to probe whether he might be willing to leave Continental Casualty to join one of his companies. Greenberg made it clear that he was not interested in a move. Undeterred and sensing the need to reach out personally, Starr devised a plan to meet Greenberg. Smith had persuaded Greenberg to accept Igaya into his training program, and Starr used the cover story of visiting Chicago to catch up with Igaya as a way to meet Greenberg. Starr hosted Greenberg and his wife, Corinne, along with Igaya and his wife, for cocktails and dinner at Chicago's renowned Pump Room. Starr, known as a bon vivant, struck Greenberg as an interesting entrepreneur. But Greenberg, on the fast track at Continental, was not convinced that he should make a move. However, Continental was not the same after Smith's departure. Greenberg also had concerns about his career path, at a time when Jews rarely got top insurance company jobs.

For Starr's part, on his return from that trip to Chicago to meet Greenberg, he told Hsu, "I think I found the man."[8] As a result, Starr persisted, and the two had several more dinners. Finally, at a lunch meeting in New York, Starr offered an opportunity that was hard to resist: opening a new worldwide accident and health insurance business. Starr said: "We've talked many, many times and I hope you will decide to join us." Greenberg appreciated Starr's tenacity; the opportunity to open a new business abroad intrigued him, as his world travels with the Army had aroused a keen interest in international adventure and foreign policy. The next morning, Starr had the president of C. V. Starr & Company, William Youngman, call with the details.

Youngman, an old-school Bostonian and lawyer, did not impress Greenberg as an effective ambassador. Greenberg considered the offer Youngman presented on Starr's behalf to be laughable. He turned it down and Youngman did not budge. (It was not obvious whether Youngman was merely not communicating well or was not on board with Starr's enthusiasm.)

Later that day, as Greenberg packed his bags at his hotel room in preparation to return to Chicago, the phone rang. It was Starr. He apologized for how the offer Youngman delivered came across and reiterated his personal enthusiasm. Starr urged him to unpack, stay another night, and meet again with Youngman in the morning. Greenberg decided to give it a second chance and, as predicted, Youngman brought a more appealing offer the next day. The offer included appointment as a vice president of C. V. Starr & Company, the company at the top of Starr's organization. After some additional negotiation, Greenberg finally said yes and in December 1960 left Chicago, selling the family car on the way to the train station for the trip home to New York.

Other executives at C. V. Starr & Company and the AIU had mixed feelings about this new hire. Most, such as the towering Englishman Edwin A. G. ("Jimmy") Manton, president of the AIU, the flagship overseas operation, thought Greenberg was just another idiosyncratic Starr recruit. Although Starr certainly was very good at spotting executive talent, he also had a reputation for occasionally choosing protégés more accomplished as athletes than insurance executives. Others resented the hiring of Greenberg directly into the top ranks at

C. V. Starr & Company. They thought he should have to work his way up the ladder, starting out at the AIU or AIRCO.

Starr gave Greenberg a free hand to build the global accident and health insurance business. Greenberg chose Japan as his first market. There he would be assisted by Igaya, who had completed his training in Chicago, and Houghton ("Buck") Freeman, an American who was born in China, where his father had been an associate of Starr's. Freeman spent much of his life working in the insurance business in Asia, spoke several languages, and then was running the AIU in Japan.

Greenberg noticed that insurance companies in Japan were concentrating on property and casualty coverage—damage to things. They were neglecting accident and health insurance (locally referred to as the "third sector")—damage to people. The oversight seemed strange, given that Japanese culture is otherwise attuned to addressing accident and health risks.

On his first trip to Japan, visiting a Starr branch office in Osaka, Greenberg saw that virtually all the young schoolchildren wore yellow hats when crossing streets at intersections. Parents bought these so their children would stand out and accidents would be prevented. Greenberg found out that the yellow hats were made in a nearby factory. He made a proposal for a cobranding and comarketing venture. The two companies would jointly sell yellow safety hats along with insurance policies—and emblazon the hats with the insurance company's logo: AIU. Sales of one would boost sales of the other. The manufacturer readily agreed. Thousands of Japanese schoolchildren advertised for the AIU in an arrangement that put its new accident and health business firmly in the minds of the Japanese people.

The significant obstacle Greenberg faced in Japan was organizational. The existing Starr businesses in Japan, especially through the AIU, specialized in property and casualty insurance and serving U.S. military personnel stationed there.[9] AIU's agents resisted adding accident and health insurance to their offerings. They embraced specialization, focusing on one product line and brand; Greenberg argued the advantages of "cross-selling," offering multiple products to the same consumer targets. Meeting resistance, however, Greenberg resorted to hiring a team of salesmen, some of whom he had known when working at Continental Casualty, and others introduced to him by Freeman and Igaya. Greenberg spent his first two months at C. V. Starr & Company in Japan recruiting and training staff to launch this new insurance, teaching both marketing and underwriting skills.

Back in New York, Greenberg stayed in close contact with his top manager in Japan, Mickey Marcus, making creative use of the relatively limited communications technology of the era. Each week, they would exchange a cassette tape, recording their assessment of business progress and strategy. Decades before the advent of Skype, e-mail, or even faxes, this way of staying "current" was preferred to the existing alternatives of telephones, which were unreliable and expensive, or telexes, which were not always confidential.

Greenberg took every opportunity to let colleagues across the Starr organization know of this global initiative begun in Japan and the challenges ahead as he targeted additional territories. Robert White, a newly appointed recruit from Continental Casualty experienced in accident and health insurance, reported for his first day of work at C. V. Starr & Company's building at 102 Maiden Lane in Lower Manhattan, near today's South Street Seaport (the address of the building today is both 110 Maiden Lane and 80 Pine Street). Greenberg welcomed White by describing how much work there was to do. The first order of business was a meeting that morning of a group of senior regional executives. They would hear a lecture on accident insurance abroad.

As they hot-footed it down the hall to the meeting, White said, "Wonderful, I'd like to learn more about accident insurance abroad."

"Nonsense," Greenberg replied, "you're giving the lecture." Those assembled learned a great deal from White's remarks.

After Japan, Greenberg targeted Hong Kong. Again, market prospects were good, but Greenberg continued to face internal resistance. Starr's principal operation in Hong Kong was the American International Assurance Company (AIA), a large life insurance company. Its president, G. M. ("Barney") Hughes, was ambivalent about Greenberg's arrival. Hughes seemed concerned that asking his agents to sell accident and health insurance would reduce volume in his vaunted life insurance business.

Without bothering Starr, preferring to fight his own battles, Greenberg gave Hughes a choice: either his agency staff would cooperate and sell the two product lines together, or Greenberg would simply develop a division in Hong Kong using his own staff. Hughes remained obstinate for many weeks. However, Greenberg made sure that word of the early successes in Japan reached Hughes, and once the message was clear, Hughes went along. The new business prospered. Managers and executives company-wide soon began to see the value of cross-selling insurance products, such as offering life insurance and personal accident insurance together.[10] It was more profitable to diversify offerings and to sell multiple lines of insurance to customers than to focus on a particular type.

Given his global mandate, Greenberg took his new business to Europe as well, where organizational resistance again appeared. When Greenberg arrived in the Paris office one afternoon for a meeting, the president, Guy duSaillant, was dressed in a riding habit, having spent the business day with his horses. duSaillant, the brother-in-law of French president Valery Giscard d'Estaing, had to be taught the entrepreneurial aspects of business. He was a quick learner, fortunately, and the accident and health business in France prospered.

Greenberg found more spontaneous support from managers in Germany, especially Michael J. Faulkner, a native German-Jew who had escaped from Nazi Germany during World War II and joined the British Navy. He worked in government intelligence before joining Starr's companies. But Starr's businesses faced greater competition in Europe than in Asia. Many local insurers even used accident and health insurance products as "loss leaders." That is, they priced policies very low as a way to induce customers to buy additional coverage for other risks.

So Greenberg and his teams across Europe had to find creative solutions and concentrated on imaginative distribution channels: marketing health insurance through the Diner's Club charge card service in France, selling accident insurance at gas stations in Belgium, and leveraging existing business insuring U.S. military personnel stationed in Germany, where they expanded from automobile and life insurance into accident and health insurance as well.[11] Though the process was different, the result was the same as in Asia: the creation of profitable lines of business.

Greenberg and Robert White ran worldwide contests for employees of the personal accident business to stoke the competitive spirit.[12] Begun in December 1963, the result tripled the volume of insurance written. The contest capitalized on having developed an effective worldwide team of salesmen and underwriters for the global accident and health group. Among numerous regional prizes, the grand prize was a 10-day, all-expenses-paid trip for two to New York and the 1964 World's Fair. During the contest, Greenberg visited competing offices in the Far East, Southeast Asia, and Europe to share new business sources and promotional lessons that contributed substantially to continued record-breaking production.

After Greenberg opened the global accident and health business, Youngman offered a more challenging assignment. He was asked to take over as president of American Home Assurance Company, an ailing AIU member that Starr had acquired a decade earlier through AIRCO, his principal holding company. Using the AIU as an agent to place insurance abroad was a good business model for U.S. insurance companies in the early decades of the twentieth century. But as international business transactions grew, many U.S. insurers began to beef up their own direct operations overseas rather than rely on agents. If all AIU members did that, of course, Starr's business would shrink, so he acquired a majority stake in one member, which he promptly rebranded American Home Assurance Company.[13]

Fortuitously, Starr had the funding to acquire the stake because of the concurrent sale of another insurance company called U.S. Life. It did business in both the United States and the Philippines. Though U.S. Life set aside reserves to protect policyholders under Filipino law, the New York State Insurance Department declared that it had to establish additional reserves in New York. The cost of such double-reserving was a factor that led Starr to sell U.S. Life. With the proceeds, Starr acquired American Home, which was a multiline insurer licensed in 30 countries, as well as throughout the United States, and represented a 10 percent membership interest in the AIU.

By 1962, however, American Home faced significant problems, with high expenses and declining premium volume in its domestic insurance lines, which relied for business on hundreds of insurance agents around the country. Naturally, Greenberg wanted nothing to do with it. But given AIRCO's ownership of American Home and its importance as a member of the AIU, he reluctantly accepted the assignment, on the condition that be given free rein to address American Home's problems as he saw fit. Greenberg had specific ideas in mind for the turnaround.

To discern market trends, Greenberg and his team met with brokers. The brokers reported that commercial customers preferred to place insurance coverage with Lloyd's of London, the group of insurance syndicates based in London, which for centuries had been known for underwriting nearly any kind of risk imaginable. Greenberg decided to bring the capability of Lloyd's to America. American Home and the rest of the Starr organization would offer U.S. companies a corporate insurer in the United States prepared to cover the country's large-scale commercial risks and unusual risks traditionally covered only by Lloyd's and related reinsurance. Greenberg envisioned using the Lloyd's resources as a substitute for capital, which American Home did not have.

Starr gave Greenberg the green light. Despite that go-ahead, Greenberg's ideas met resistance, even among the entrepreneurial executives with whom Starr surrounded himself. Such resistance arose only a few weeks into Greenberg's tenure as president of American Home, when he did the unthinkable. Insurance rates had long been set by coordination among participants, including insurance trade associations, such as those that rate and price fire insurance risk. State insurance regulators supported these arrangements, and the insurance industry is exempt from federal antitrust laws under the McCarran-Ferguson Act of 1945, which reserves to states the authority to regulate insurance.[14] Greenberg withdrew American Home from these trade organizations, opting to set rates and other policy terms based on his company's independent judgment of risk. When his terms were competitive, he would tend to win business; when they were not, the risks were the kind he preferred not to underwrite anyway. That approach of tailoring policy terms to underwriting risk would eventually attract followers in the insurance industry, but the immediate response was howls of heresy.

Apropos for a "heretic," American Home bid on a contract to insure the property of the Catholic Archdiocese of Boston, a long-time client of Continental Insurance Company, an important member of the AIU. The chief underwriter at American Home helped make the bid using a tailored contract, with its own rate calculations, rather than the standard forms and prices other insurers had agreed to use. This was based on detailed examination of the locales of the church's various properties and related hazards. Another novel feature offered fire insurance with a "deductible" rather than the prevailing standard known as "first-dollar coverage." Under the prevailing standard, the insurer covered every dollar of losses and charged premiums accordingly. But a deductible meant that the Archdiocese would absorb the first $100,000 of losses and the policy would cover amounts greater than that. Premiums would be lower, as would commissions.

Executives at Continental Insurance, which held about 27 percent of the AIU pool, went ballistic. Its chairman, J. Victor Hurd, called Manton, the AIU president, complaining that American Home was stealing his business, reflecting the sense of entitlement and complacency among many insurance executives of the period. Hurd objected that this radical maneuver of using competitive pricing and deductibles in fire insurance was somehow going to ruin the insurance industry. Manton reported Hurd's call to Starr, cautioning that Greenberg could be damaging the organization, threatening to alienate AIU members, like Continental Insurance, which might opt to withdraw. Starr summoned a lunch meeting of his senior executives, including Greenberg and Manton, as well as Youngman and Gordon Tweedy, Starr's personal lawyer.

In the company's executive dining room in corporate headquarters at 102 Maiden Lane in New York, Greenberg felt as though he were in court on a witness stand charged with some grave crime. Manton, an old-fashioned insurance man whose career began in the 1930s working with Starr to build the AIU, insisted that their most important business objective was maintaining the AIU intact, calling it the centerpiece of the organization's history and a significant revenue source. Sustaining the AIU meant adhering to the accepted practices of its member companies, Manton argued. Greenberg contended that following those practices would doom American Home.

Greenberg explained his thinking, which he believed applicable not only to American Home but to other AIU members as well as the entire industry. We should not be tethered to outmoded practices, he said, whether the custom of rate-setting associations, the terms of our policies, or anything else. Take the agency system, for instance. Insurance agents worked for themselves in the field writing policies, yet they possessed the authority to bind the insurance companies they represented, including American Home. The quality of agents in a company's stable varied. Some carefully assessed and priced risks of the policies they underwrote, but many simply wished to maximize their short-term commissions rather than to conduct quality underwriting.

American Home's agents seemed to care more about commissions than quality. Greenberg envisioned moving American Home away from its reliance on agents in favor of setting its own underwriting standards and moving away from the personal lines that agents tended to underwrite in favor of commercial risks that tended to be identified by brokers. Using brokers, American Home could set and enforce strict insurance underwriting standards. It could rebalance the company's lines of business away from individual policies that agents typically wrote, to the more opportunistic underwriting of large-scale commercial risks for corporate customers. Properly executed, this would be a more profitable approach.

These steps would promote the cardinal principle Greenberg brought to the insurance business: to make a profit by underwriting insurance, not simply relying on the returns from investing premium payments received. Greenberg asserted that it was a mistake to rely on the prospect of generating income from investing money held between the time premiums are received and expenses and losses are paid (called "float" in the insurance field). The prospect of such investment income can lead insurance companies to compete too aggressively for business, ignoring the risk. The result is that expenses and losses absorb more than premiums received from year to year—an underwriting loss.

As Starr and the other executives listened in amazement to these radical ideas, Greenberg argued that the goal should be to make an underwriting profit, meaning keeping both losses and expenses low as a percentage of premiums. The percentage of premiums absorbed by expenses, called the "expense ratio," is an indicator of an insurance company's operational efficiency. It tends to be higher in agency businesses than for direct underwriters because agents have less incentive to control costs. At American Home in this period, the expense ratio ran to 42 to 45 percent, well above peers that operated in the range of 38 to 40 percent—still high because the peers all ran agency businesses. Having that much premium revenue absorbed by expenses was ruining American Home.[15] Ideally, Greenberg sought to slash the expense ratio to 30 percent.

Greenberg urged the importance of being open to all proposals to underwrite new forms of insurance and new ways of providing old forms—such as he was doing with the Boston Archdiocese. Product innovation was low on the insurance industry's priority list in those days, but Greenberg envisioned making it a top priority. In fact, one reason for the industry's opposition to innovations such as deductibles was how they reduced premium revenue. But clients, especially large organizations, preferred deductibles because they could readily absorb relatively small losses in the ordinary course of operations. It was the massive losses they wanted to insure against.

In the meeting with Starr's top executives, Greenberg reeled off other reforms he intended to make. At the top of the list was adding substantial reinsurance facilities. This refers to the practice of one insurance company buying policies from other insurance companies to recover part of the losses it suffers under its own policies. In addition to diversifying risk, it is sometimes cheaper to backstop insurance underwriting using reinsurance than to maintain capital to cover the losses, Greenberg explained. American Home needed reinsurance for its existing policies, moreover, simply because it was running out of capital.

Manton appreciated many of Greenberg's points but insisted that such innovations would not sit well with the traditional insurance companies that were AIU members. He again cautioned that retaining AIU members was essential to its continued success. As the AIU's president, Manton warned, changes like these could cause members to withdraw. In response, Greenberg reminded Manton that he was running American Home and that these changes were essential to its survival. To seal the case, he added that turning American Home around was also fundamental to the AIU in the long run: "Who will let us write insurance for them when we cannot write insurance profitably in our own company?"

With that, the two men simply could not reconcile their positions, which boiled down to whether to immediately favor the AIU or American Home. Given the stalemate, Greenberg wrapped up the lunch meeting by stressing that he needed a free hand to run American Home and thought that was the deal he had made with Starr and Youngman. He said if the deal had changed, he was not the man to run American Home, and excused himself from the executive dining room.

Back at their desks a short while later, Starr telephoned Greenberg. He asked him to steer the course at American Home as he thought best. In response, Greenberg proceeded to implement all these innovations at

American Home. The company moved from writing individual policies using agents to underwriting large commercial risks for corporations, using brokers. The controller made cost management a top priority; the chief underwriter insisted on rigorous risk analysis and calibrated pricing; and the team negotiated favorable reinsurance deals to reinsure its entire book of business, including to Hurd's Continental Insurance. American Home soon obtained a large reinsurance facility from London in a deal, arranged by the large brokerage firm L. Hammonds, that provided substantial capital. Over time, that enabled it to become a force in the domestic insurance industry.

American Home began to outperform other AIU member companies. Epitomizing the turnaround was the sharp reduction in the expense ratio, cut from a high of 45 percent to a steady 31 percent.[16] Assets more than doubled in four years by 1967, while revenue (technically called net premiums written) grew fivefold.[17] During this period, Greenberg's strategy crystallized: acquire control of more AIU members to focus on the direct underwriting of insurance, especially commercial risks identified by brokers. Greenberg's goal was to control the AIU and thus the destiny of the Starr organization. While continuing to grow C. V. Starr & Company's global businesses in diverse insurance lines and running American Home, Greenberg sought out new opportunities.