THE ECONOMIC CLUB

OF WASHINGTON, D.C.

Evan G. Greenberg, Chairman and CEO of Chubb Limited and Chubb Group, discussed the state of the insurance industry.

Evan G. Greenberg,
Chairman and Chief Executive Officer,
Chubb Limited and Chubb Group
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DAVID M. RUBENSTEIN: So, thank you. So, Evan, thank you very much for coming this evening.

Let me give a brief introduction of Evan's background. Evan is somebody who grew up in New York. He actually went to college but chose not to graduate and did a number of other jobs, which we're going to talk about. So, he's risen up. How many people here don't have a college degree? OK, all right, one, OK. Two, all right. [Laughter.] So, he's managed to achieve the heights that I'm going to talk about without a college degree. So, you might think about whether your college degree was worth it when you hear what he's done. [Applause.]

EVAN G. GREENBERG: Think what I could have done if I had one.

MR. RUBENSTEIN: Right? Twenty-five years at AIG. And rose up to be the president and chief operating officer, and then left. 2001, he joined a company – insurance company called ACE, which then was based in, I guess, the Cayman Islands, although ultimately later in –

MR. GREENBERG: Switzerland.

MR. RUBENSTEIN: Switzerland. And then in 2004, he became the chairman and CEO of it. And he's been the chairman and CEO of it since then. And he bought another company called Chubb, and ACE bought Chubb, but they used the CHUBB name. And since the time that he became the chairman and CEO of ACE in 2004 till today, the market value of this combined company has gone up from $11 billion to roughly $64 billion, which is pretty good. [Applause.] The company has 31,000 employees.

MR. GREENBERG: It's still cheap, so I would buy. [Laughter.]

MR. RUBENSTEIN: And I guess is the largest publicly traded pure property and casualty insurer. Evan, in addition to doing that, has a number of outside interests. We'll talk about some of them in a moment. But he's on the board of Rockefeller University. He's also the chairman of the U.S.-China Business Council, and been very actively involved there, and involved with a number of other philanthropic things that we'll talk about in a moment.

So, Evan, let me ask you a question. I hate to bring in my personal situation in these things, but – [laughter] – I had a – I have a house I've lived in for about 30 years. And the pipe burst recently. [Laughter.] And the entire basement was flooded. And so, Chubb has been my insurer for everything I have. I never collected anything. I paid a lot of things –

MR. GREENBERG: Perfect. [Laughter.]

MR. RUBENSTEIN: But I've never asked for any money back. I never got any money back. So, finally I'm going to ask for them back and, you know, I didn't tell you – you got I there, on you? [Laughter.] Well, I don't know if you have enough, because the guy – [laughter] –

MR. GREENBERG: How about 20? How about we start with that?

MR. RUBENSTEIN: That's good. But see, I didn't tell you, I kept my copy of the Magna Carta in the basement, so. [Laughter, applause.] And your insurance adjuster doesn't believe it. But actually, I've had no problems. I'm happy. I was going to invite the insurance adjuster here tonight to just make sure that he knew that I knew the boss, and so maybe he could, you know, hurry up the check. But anyway.

You told me when I talked to you about this, actually before when we were in China, that a lot of people are having problems with their pipes bursting because homes are older and so forth. And you said there's a way to deal with that. What is that?

MR. GREENBERG: It's a – I can't believe we're going to have this conversation – [laughter] – it's an automatic water shutoff valve. And the part that's not so humorous, because it's true that there has been over the last couple of years, and it persists, a problem of flooding in homes not due to weather. And that's pipes bursting. And that's because so much of the housing stock was renovated 20-25 years ago. And it's aging. And at the same time, people went to more open floor plans. And they moved things like washers and dryers upstairs. All these things you don't want to do. So, there's a lot of – there's a lot of flooding. And a way to eliminate that problem is automatic water shutoff valve. And so, when we pay your claim, we insist you put one in. And if you have the Magna Carta, your policy is going to sit on my desk. [Laughter.]

MR. RUBENSTEIN: OK. So how many people here have that kind of thing in their house, that water adjuster, anybody? OK. And –

MR. GREENBERG: You're who I want to insure.

MR. RUBENSTEIN: Are the rates lower if people have that?

MR. GREENBERG: They are.

MR. RUBENSTEIN: They are lower, OK.

So, on a very serious note, not that that wasn't serious, but –

MR. GREENBERG: It was a little trivial.

MR. RUBENSTEIN: Climate change is a serious problem for property and casualty. Because of climate change, many people would say, produces more hurricanes, more storms, tornadoes and so forth. How do you deal with the effects of climate change? And what do you think, as an insurer, you can realistically do to mitigate the effects of climate change?

MR. GREENBERG: Yeah. And, you know, climate change with warming of oceans and rising of sea levels, much more extreme weather that we've been able to observe. It's not a – it's not a fiction. It's not speculative. It's a fact. And it's heat – [applause] – it's wildfire, drought, heat, flooding, hurricanes are more intense. And for certain kinds of perils, we have, because of sciences, because of technology, because of data, we can – the ability to model these events and to imagine damageability rates on concentrations of exposure, the sciences have improved with that. And so, we can insure those. Other kinds, the science is just evolving – wildfires and flooding. But, you know, we're in that business. It's a no-tiers business.

At the same time, society is changing. It's urbanizing. And so, you have concentrations of population, and people wanting to live in areas where they have no business living. And so, when you see the kind of wildfire events that occur, they're with people living closer into wilderness areas that are more exposed. And so, you really have the changing of society's behaviors and climate at the same time.

MR. RUBENSTEIN: The big fire in California of a few months ago, I assume you didn't make any money on that.

MR. GREENBERG: No, I didn't make any money on that. [Laughter.]

MR. RUBENSTEIN: Right, because that's –

MR. GREENBERG: That wasn't – that was a profit-making event. That was a pay it out event. [Laughter.]

MR. RUBENSTEIN: Now, for people who are not familiar with the insurance business – and I can't say I'm an expert – but I understand there are basically three types of insurers. There's life insurers, health insurers, and property and casualty. Is that more or, less right?

MR. GREENBERG: Correct.

MR. RUBENSTEIN: And which of those is actually the bigger industry? Is it the life insurance industry, the health insurance industry, or property and casualty?

MR. GREENBERG: Globally it's the life insurance industry and the property and casualty.

MR. RUBENSTEIN: OK.

MR. GREENBERG: Life insurance is the largest.

MR. RUBENSTEIN: And the way the insurance industry works essentially is people want to insure against risk, they pay a premium to get that insurance, and then you made a calculation that you're likely to make some profit on that premium. But then you take the money that you have from the premium and you invest it. And you try to make money on both, is that right, the insurance and also the investment. Is that –

MR. GREENBERG: Correct.

MR. RUBENSTEIN: And if you're an insurance company that doesn't make money on the premiums, then you're not in good shape, if you're only making money on investments.

MR. GREENBERG: Correct.

MR. RUBENSTEIN: And today, when you – somebody wants to get insurance from you – let's say I have a house and I want to insure it – you have a wealth of algorithms about what it's likely to be in terms of damage – fire damage, flood damage, whatever. And your experience in that is pretty good after many years, I assume. So, you rarely lose money overall on the premiums. Is that right?

MR. GREENBERG: Yeah. So, we would – we would – we would call that a combined ratio. That for every dollar we collect, what percentage do we pay out in expenses and in losses. And Chubb pays out roughly in total about 89, 88 cents on the dollar. We make about 11 or 12 in underwriting. And by far, we have – we are the most profitable consistently, year in and year out, in the business.

MR. RUBENSTEIN: OK. And by the way, when ACE bought Chubb, why did you use the name Chubb? Since ACE bought Chubb, why didn't you call it ACE?

MR. GREENBERG: Because the name ACE is a – is a name that I was looking to change. [Laughter.] It was a – it is a non-distinctive name. There's ACE Tree Company, ACE Hardware, who I thought we might do joint marketing with. There is – there is ACE Food Company. There's ACE everything. Nothing distinctive about that. Chubb was a brand. And so, it was a good – it was a good reason to –

MR. RUBENSTEIN: OK. The most common type of property and casualty insurance, is that home?

MR. GREENBERG: In the personal lines area it would be home or automobile. And then the commercial area it would be all kinds of liability and property insurance.

MR. RUBENSTEIN: OK. So, when you insure somebody, you have your calculations about what it's likely to be, and you're – generally you're going to be right. But when artificial intelligence comes in and it's more to the fore than maybe today, would it help you even make better calculations about what the risk is?

MR. GREENBERG: Yeah. Artificial intelligence is – I think there's a lot of hype around it. I think the promise, the real reality of it is still in the future. But our ability to use data, our own data and external data, and use analytic tools, and more powerful analytic tools, that's with us right now. And that helps us to gain better insight into risk cohorts and the features around risk and discern one versus the other.

MR. RUBENSTEIN: So, if I buy a house and I say, all right, I want to get insurance, and I have several possibilities, what is the argument that Chubb would make that – why they should be selected? Is it that you pay at a higher ratio? You pay it out more quickly? You're nicer? What is it that you tell people is the reason they should use Chubb?

MR. GREENBERG: Better looking.

MR. RUBENSTEIN: Better looking? OK. [Laughter.]

MR. GREENBERG: I would think.

MR. RUBENSTEIN: Better looking is a factor, sure.

MR. GREENBERG: Yeah. The – you know, first of all, what's clear when you buy a policy from Chubb, the richness of the coverage is unmatched by any other company. And you pay for that. And the level of the service that you get is higher than any other. Our satisfaction rate with customers is 97 percent.

MR. RUBENSTEIN: Oh, well, I hope I'll be 98 percent in my claim.

MR. GREENBERG: Well, hey – [laughter] –

MR. RUBENSTEIN: I'm actually – they say they are paying.

MR. GREENBERG: I know you're worried about this. We're going to pay your claim.

MR. RUBENSTEIN: No, it's in good shape. [Laughter.] So, but you're not saying you're the low-cost spread. You're saying: We're going to give you better coverage, and you pay for better coverage.

MR. GREENBERG: Exactly right. In fact, we don't sell price. We sell coverage and service. And it's a – it's a storied brand and a storied reputation, factually earned – well-earned.

MR. RUBENSTEIN: Now, a new area of insurance that I think you've been involved with is cyber insurance. And there recently was an article with Warren Buffett being quoted as saying: It's hard to figure out how to price cyber insurance. You've said, I disagree with Warren.

MR. GREENBERG: He graduated college, I didn't. [Laughter.]

MR. RUBENSTEIN: But you think cyber is a growing area, right?

MR. GREENBERG: I do. You know, the world is moving from – look, what is our job in insurance, we're a reflection of social activity, economic activity, of society's activities broadly, because those activities create exposure. And when they do, if we're going to remain relevant, we have to find ways of helping to mitigate those exposures for people. As the world moves from analog to digital, then cyber exposure is something that people are exposed to – whether it's businesses or individuals. And so that is an area that we have been pioneering for a number of years. And it's a fast-growing area. And we think we do it pretty well.

MR. RUBENSTEIN: Now, when I buy insurance for homes, for things like that, I usually have a broker who is, you know, the broker on that. What is the role of the insurance broker?

MR. GREENBERG: The broker is there to advise you, to do – to look at your exposures and determine what is the right kind of coverage for you and select the insurance company and the – and the policies and, at the right price, and at the right terms, that would best meet that for you. They represent you and negotiate with the insurance company.

MR. RUBENSTEIN: Now, are there are people who just self-insure their homes? Is that a large percentage of people, or very rarely are people self –

MR. GREENBERG: It's a small percentage that self-insure. I mean, it's – you know, you can do it. And –

MR. RUBENSTEIN: Well, when somebody says that, does that really mean they're putting money aside each month, or they're really not?

MR. GREENBERG: No, they're not putting anything aside generally. [Laughs.] If you have a mortgage, you're required to buy insurance to protect the mortgage, to protect the bank. But beyond that, if you don't have one, you're free to self-insure.

MR. RUBENSTEIN: Now, Warren Buffett, who has a big insurance business as well, he's often said it's a great business because you get the money up front, you have the float, and you can invest it. So, when you invest the money that you get, what type of return are you overall looking at? How risky can your investments be?

MR. GREENBERG: We have a different – we're not Warren Buffett, as far as an investing genius. So, we look at it a little differently. We make money, first of all, on the underwriting side. And we make more than anybody else does in that business. We're highly levered against exposure. Our capital against exposure when we insure. Therefore, on the asset side, when we invest, we're very conservative because that's claim – that policyholders' claim money and that's our own capital. And so, we invest fundamentally in fixed-income and fixed-income returns. And we'll make against capital – against capital around a 15 percent return on that part. And on the underwriting, we make about an equal amount, 12-15 percent.

MR. RUBENSTEIN: Have you thought about investing in private equity? [Laughter.]

MR. GREENBERG: Yeah, we do some – yeah, so we do.

MR. RUBENSTEIN: Not enough, probably, but OK.

MR. GREENBERG: Well, about – [laughter] – about 10 percent of our portfolio.

MR. RUBENSTEIN: OK. So, let me talk – I made a reference earlier, and you said it was OK to talk about this, your background, because it's a little unusual. People who are in the corporate suites usually by now have college degrees and MBAs, PhDs, law degrees, and so forth. So, when you graduated from high school, did you just say I didn't really want to go to college? Or what did you do for the couple years that you might have been in college?

MR. GREENBERG: Yeah. You know, I grew up in the late ’60s, early ’70s. I was a – I was a product of that generation.

MR. RUBENSTEIN: Your hair was longer?

MR. GREENBERG: I had hair. [Laughter.]

I got into Middlebury College and took a year’s deferment, and a year turned into three years. I wandered around the U.S. I worked in a shrimp boat off the coast of Florida, I worked as a short-order cook in Georgia, I worked in the oil fields in Wyoming, and then I ended up cooking in a nursing home – the Park Avenue Baptist Nursing Home in Denver, Colorado, and I was apprenticing a chef at night.

And I got tired of – you know, then I was 20 years old, I got tired of not using my brain and actually wearing kind of lousy clothes – [laughter] – and so I – you know, that’s when I went to try the insurance business.

MR. RUBENSTEIN: OK. And when you were in the Baptist nursing home, were you the only Greenberg working there? [Laughter.]

MR. GREENBERG: I can guarantee I – [laughter] – yes. [Laughter, applause.] I can guarantee no one in that nursing home was a Greenberg.

MR. RUBENSTEIN: Right, right. And as a short-order cook – or a long-order cook – were you – are you a cook now? Do you still cook, or have you given that up?

MR. GREENBERG: You know, I – if I’m forced to, I do. It’s a good survival skill.

MR. RUBENSTEIN: So, I mentioned earlier that you are the chair of the U.S.-China Business Council –

MR. GREENBERG: Right.

MR. RUBENSTEIN: – and what is your assessment of the likelihood of our getting a trade agreement with China, and do you think it will be advantageous to the United States?

MR. GREENBERG: First of all, I think that we will reach an agreement. I think the odds are in that favor. I think it’s in both countries’ interest, and I think both countries need to find a way, in spite of the differences of our cultures, and our values, and our systems to find a way to accommodate each other and each other’s interests. And I think we will find a way that way.

I think the agreement that – since Bob Lighthizer, USTR,[1] is negotiating it, I think he is negotiating for substance and for structural change that frankly is in China’s own interest and is in keeping with China’s own stated reforms that they have – that since the 18th Party Congress they have – they have had on the agenda to implement, and have talked, and it hasn’t been

[1] United States Trade Representative.

implemented. And I think this – I think the pressure of the trade negotiation is outside pressure that is helping China to move along and to embrace some of those reforms. So, I'm hopeful.

MR. RUBENSTEIN: So, your biggest book of business in insurance is in the United States, but second biggest is China?

MR. GREENBERG: No. Second biggest would be the U.K., and then Mexico, and then –

MR. RUBENSTEIN: Mexico.

MR. GREENBERG: – but Asia and Latin America are very large for us. They represent 20 percent of our business. And China is a fast-growing business for us.

MR. RUBENSTEIN: And today, when you are running your company, are you going out and meeting potential customers, are you checking with your employees and the brokers? What is the – how is your typical day or a typical week for you?

MR. GREENBERG: I spend most of my time working on strategy and execution of strategy. You know, strategy is 90 percent – is 10 percent of the action. Execution is 90 percent, and we're doing it across 55 countries in 500 different product areas, in customer cohorts that go from small business to large industrial/commercial. And then on the consumer side, from people who buy $50-a-year-policies from us in Indonesia to those who buy high net worth insurance in the United States. So, it's a very broad portfolio, and the strategies for distribution, for underwriting, for administration of all that is – you know, it's very dynamic and there's a lot of opportunity. So, I'm working to continue to grow that.

MR. RUBENSTEIN: Not necessarily your company, but generally some people have the view that insurance companies don't like to pay out claims that much – you may have heard this reputation that some have. Why do you think that reputation arose at some point?

MR. GREENBERG: Insurance companies pay out roughly 65 to 70 cents on the dollar they collect in claims. I mean, that's just the statistical fact. And then the rest is in expenses and profit. Most insurance companies earn somewhere between 2 cents and 5 cents of profit on the dollar they collect. As I said, we earn about 11 cents. So, the reputation for not paying claims there – you know, the fact is they pay claims.

MR. RUBENSTEIN: So, there is an insurance company –

MR. GREENBERG: Some do it better than others, and I would recommend Chubb. [Laughter.]

MR. RUBENSTEIN: One company in London, Lloyd's of London, has been around for a long time, and they are famous for insuring exotic things or things that maybe the other people don't insure. Is that a fair assessment of them, or do they do the same kind of things you do – not just exotic things?

MR. GREENBERG: They do the same kind of things we do. They compete broadly across the globe with us, particularly in the specialty areas, but they do traditional areas as well.

MR. RUBENSTEIN: Like recently, for example – we talked about this earlier – Mick Jagger cancelled or postponed his tour.

MR. GREENBERG: Right.

MR. RUBENSTEIN: And because he needed some heart – a heart valve. So that – presumably they had insurance against that because they had, I guess, booked the thing. Now would that be the kind of thing you would do in your company? Would you have provided insurance for Mick Jagger's tour, or something Lloyd's of London would do or –

MR. GREENBERG: We would have done it, or Lloyd's would have done it. We did not do Mick Jagger, but we would do that, yes.

MR. RUBENSTEIN: OK, and do people come to you all the time with exotic kind of things that nobody knows how to insure because it hasn't happened before? And does that get to your level or somebody lower than you?

MR. GREENBERG: Yeah, they – we get a pretty steady stream of sort of one-off, you know, unusual circumstances or things to insure, and some of them, if they are of consequence, they will make it up to my desk.

MR. RUBENSTEIN: Now you do automobile insurance?

MR. GREENBERG: In some countries.

MR. RUBENSTEIN: And would you –

MR. GREENBERG: Some in the U.S. We're the third largest insurer of autos in Mexico as an example.

MR. RUBENSTEIN: But what about when automated – or driverless cars come along? Do you think that will be a plus for your business or a minus for the automobile insurance costs?

MR. GREENBERG: I think – I think for the auto business it will be a minus because it's going to become a product liability coverage. The manufacturer will have liability because of the mechanical working of the car, and if it fails to perform, that's a failure of the product, and it will be product liability insurance. And we happen to be one of the two, three largest writers of that in the world.

MR. RUBENSTEIN: OK, now some people have a view that insurance salesmen are, you know, very aggressive – I guess all salesmen are aggressive – so if you are an insurance salesman and you're trying to sell –

MR. GREENBERG: Well, they get a bad rap – this industry gets a terrible rap.

MR. RUBENSTEIN: Well, is it unfair, right?

MR. GREENBERG: Really.

MR. RUBENSTEIN: But they are not any more aggressive than anybody selling anything else, do you think?

MR. GREENBERG: Yeah, I don't think – I think maybe less aggressive than people selling – [laughs] – some other products.

MR. RUBENSTEIN: Like when you need insurance, I mean, who sells it to you? Do you go to Chubb or do you, kind of – [laughter] – I mean, somebody must tell you what's available.

MR. GREENBERG: I do eat my own cooking, so Chubb does insure me. [Laughter.] And by the way, they get great pleasure out of giving me no discount and providing me a full bill and see what I will do.

MR. RUBENSTEIN: Did you ever make any claims?

MR. GREENBERG: I've never had a claim.

MR. RUBENSTEIN: You've never had a claim?

MR. GREENBERG: No. And my premiums, like yours, go up every year. And I wonder why. [Laughter, applause.]

MR. RUBENSTEIN: Oh, you should check with the CEO of that company.

MR. GREENBERG: I know. It's a mystery.

MR. RUBENSTEIN: Now you have a pretty good picture on the U.S. economy because you're – you know, you're insuring so many things.

MR. GREENBERG: Yeah.

MR. RUBENSTEIN: What is your view on the U.S. economy now?

MR. GREENBERG: I think the U.S. economy is in good shape, and I think it's a very broad based – [applause] – I think it's – I think we're enjoying broad-based growth in the U.S. economy. I think part of the risk right now is the global economy that's slowing down, and the greatest – the greatest risk against global growth and prosperity is political. You know, in my judgment, when I look at any region of the world or major country, the biggest threat to their economic health right now is political and political decisions.

MR. RUBENSTEIN: So, like, you insure a fair bit in the U.K. –

MR. GREENBERG: Yes.

MR. RUBENSTEIN: – so if somebody says today, they want to buy a house and they want insurance against it, is it more expensive or less expensive because of Brexit.[2]

MR. GREENBERG: No. It doesn't –

MR. RUBENSTEIN: Doesn't make a difference.

MR. GREENBERG: No.

MR. RUBENSTEIN: And –

MR. GREENBERG: And I'd like to insure it in dollars because in pounds it becomes a lower exposure if I'm paying out in pounds.

MR. RUBENSTEIN: OK.

MR. GREENBERG: So, pay me in dollars and I'll insure you in pounds. [Laughter.]

MR. RUBENSTEIN: Now, when you are not insuring something, you must take some time to relax and exercise, so – you look like you are pretty fit. Do you exercise a lot?

MR. GREENBERG: Yeah, every day. It's my drug of choice.

MR. RUBENSTEIN: OK, every day. How much? A half hour?

MR. GREENBERG: I do about an hour of cardio and fitness-type work. I do a couple of hours of yoga a week. I ride horses, I ski a lot. And then I do find time to work. [Laughter.]

MR. RUBENSTEIN: So, gee, I'd like to be the guy who is selling you health insurance because you wouldn't – [laughter] –

MR. GREENBERG: Yeah.

MR. RUBENSTEIN: You're in pretty good shape. So, do you think it's important for your ability to do what you are doing by being in good shape and exercising an hour a day, and you've cut out something else to make that time available?

MR. GREENBERG: No, I get up – you know, I get up at 5:00 a.m., and I read a couple of papers, and then generally exercise, you know, for an hour before, you know, going to work.

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[2] Brexit - the withdrawal of the United Kingdom from the European Union.

MR. RUBENSTEIN: In the insurance business, what do you think is the most – biggest misconception of the insurance business – the things that I was asking you about, that they don't pay the claims or whatever? What is the biggest misconception?

MR. GREENBERG: I think the biggest misconception is that people think somehow, it's a boring, staid business when it's actually extremely dynamic; very, very competitive, and a very interesting business because, as I said earlier, it's a reflection of society and cultures because what we do is take exposures. And when you look at the changing trends of society, whether it's due to science, or it's due to nature, or it's due to law, or social norms, that's constantly changing exposures, and that's what we're in the business of trying to mitigate and transfer for people. So, it's actually a very fascinating business, and it's very – it's highly competitive, highly dynamic. Capital can move in and out of it freely. Barriers to entry are not that high.

MR. RUBENSTEIN: So, let's think about the competition. Let's say in New York, for example, there is a new development called the Hudson Yards –

MR. GREENBERG: Yes.

MR. RUBENSTEIN: – and so presumably –

MR. GREENBERG: We are the insurer of Hudson Yards.

MR. RUBENSTEIN: All right, well, I was going to ask you, would – that would take a lot of – I guess a big premium to get that insurance, but – you would say a modest premium probably, but –

MR. GREENBERG: Of course, modest. [Laughter.]

MR. RUBENSTEIN: But to get that business –

MR. GREENBERG: It's proper to the risk.

MR. RUBENSTEIN: All right, but to get that business presumably they went to a couple insurance companies, and would it come to your desk – what the price is, the premium they would have to pay, or would that be well below you.

MR. GREENBERG: No, that would not have hit my desk, but I was subsequently aware, and looked at it, and went to meet with Steve Ross[3] on it, who thought that we ought to become a tenant then of – of course, of Hudson Yards because we were the insurer.

MR. RUBENSTEIN: So, you are a tenant?

MR. GREENBERG: No, I'm not. [Laughter.]

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[3] Stephen Ross chairman and majority owner of The Related Companies, developer of the Hudson Yards Redevelopment Project.

MR. RUBENSTEIN: OK.

MR. GREENBERG: We had the discussion.

MR. RUBENSTEIN: But do you ever get things coming to your desk for big insurance things where you have to make the assessment on the premium or the risk – or that really gets decided below you?

MR. GREENBERG: Generally things will come to my desk when they are outside – as you can imagine in an organization like this, we set up risk guidelines and an appetite for how much risk we'll take, what kind of risk, and when it steps outside of those guidelines and if it's of a consequence, then I'm going to see it.

MR. RUBENSTEIN: OK. Now in terms of your outside activities again – and in terms of philanthropy, what are you most interested in your philanthropic interests? You've obviously done well financially, so you must have some money that you are giving away somewhere. What are your biggest interests?

MR. GREENBERG: Well, Rockefeller University sits atop my list because that's, you know, biomedicine, and I think to help improve the quality of life for people [is] important. Nature Conservancy and that end. On the education side, Teach for All, which is the international arm of Teach for America, and the IRC – International Rescue Committee, and God knows we have a refugee problem, and there is no cohort of society, of humanity that is more at risk than refugees are. And whether it's those coming to our own borders or those around the world, there's over a 100 million refugees today. And so, you know, I feel pretty strongly about supporting them.

MR. RUBENSTEIN: So, you have reached the – [applause] – you know, the peak of the business world is essentially running a very, very successful company, but suppose the chance came along to serve your country in government. Would you ever be interested in moving to Washington and being a cabinet officer or something like that?

MR. GREENBERG: I – no. [Laughter.] I am deeply patriotic. I absolutely – and am involved to serve my country and care about my country. But there are many ways to do that, and I'd rather not do it in government, particularly now.

MR. RUBENSTEIN: OK, well, did you know Donald Trump before he was president?

MR. GREENBERG: From a distance.

MR. RUBENSTEIN: OK.

MR. GREENBERG: And, you know, in business.

MR. RUBENSTEIN: Business – so you were an insurer to some extent maybe of some of his businesses from time to time. He's a profitable account.

MR. GREENBERG: Please don’t go down this road too far. [Laughter.]

MR. RUBENSTEIN: OK. So, the insurance business you could say is – you know, has been something you have more or less in your blood because your father was a very prominent insurance person. He was for many, many years running AIG. When you were growing up, did insurance get talked out at the dinner table, or did you kind of breathe insurance when you were growing up, or you didn’t really talk about it that much at home?

MR. GREENBERG: No one talked to me about it as a kid, but I grew up around it and so, you know, by osmosis I heard it all the time and, you know, would travel as a child with my parents and would be exposed to it just generally but not –

MR. RUBENSTEIN: OK, so today, as you look at your business, where are the areas of growth for someone like Chubb? Where can you grow? Are there new areas that you might want to take your company into?

MR. GREENBERG: First, geographically, Asia and Latin America are the fastest growing areas. Latin America – obviously much smaller as an opportunity, but it’s vast. And Asia is enormous opportunity, and that’s where our fastest growing businesses are. The United States is fast growing, and now – we were just – we have been in China for many years. I have been doing business there since the early ’90s, and we have been there as a company since 2000. We were just granted by the Chinese – we’ve owned 20 percent, and we’re the largest shareholder of a financial services holding company in China that holds a property casualty, a life company, and an asset management. We were just given permission to convert that company from a Chinese company to a foreign invested, which is the path that we’re now granted to take a hundred percent ownership of that. And that’s the first time that’s been done. And it has 600 offices and 11 million customers, so for China, it’s small, but that maybe is – that country, you know, if it remains stable – which I believe it will – will maybe be the greatest opportunity for us over the next 10 or 15 years.

MR. RUBENSTEIN: What about India? Anything in India, or is that –

MR. GREENBERG: No, we don’t because India is very hostile in financial services and insurance in particular. You can’t own more than 24 percent, now 49 percent of a company, but you’re not allowed to run it and manage it. You have to sit in the back seat, and I don’t think that’s a formula for making money.

MR. RUBENSTEIN: OK. What about Africa? You’re there?

MR. GREENBERG: Yes. We are in Africa selectively. There are very small markets, very micro-market, and it’s not a great opportunity, but in certain select areas we’re doing business.

RUBENSTEIN: So, if I was a private equity investor, and I wanted to invest in the insurance industry, what kind of company – would you say the life insurance industry would be better, the property and casualty, the health insurance – where would I wisely put my money?

MR. GREENBERG: Given that you would have a – probably a five- to seven-year hold period, I wouldn't advise life insurance. I would tell you property-casualty.

MR. RUBENSTEIN: OK.

MR. GREENBERG: I'd tell you probably invest in a reinsurer that's behind Chubb, and I'll make you some money. [Laughter.]

MR. RUBENSTEIN: OK, so for those who may not be experts in insurance, what does a reinsurer do?

MR. GREENBERG: A reinsurer is an insurance company's insurance company.

MR. RUBENSTEIN: Why do you –

MR. GREENBERG: We spread the risk to them.

MR. RUBENSTEIN: Why do you spread the risk? If it's a good risk, if you already took the premium, why would you need to spread it?

MR. GREENBERG: You take exposures to the extent of your balance sheet wherewithal, and we accumulate a great deal of exposures either on an individual risk – we might insure something for a billion dollars, and I'm not going to retain a billion dollars on my balance sheet and have that loss. So, you would spread it that way, or it's a class of business that has a certain volatility signature, and you want to smooth out the – you want to smooth out the profit and loss of the business –

MR. RUBENSTEIN: Right.

MR. GREENBERG: – so you buy reinsurance for those purposes.

MR. RUBENSTEIN: Now back to my own personal situation – [laughter] – I have a home in Nantucket –

MR. GREENBERG: It's always about me, isn't it?

MR. RUBENSTEIN: Right, of course. I have a home in Nantucket. I've been buying from Chubb for a long time – I think flood insurance, right?

MR. GREENBERG: Yeah.

MR. RUBENSTEIN: You sell that? But I've never collected anything on it because we don't have any floods. But is flood insurance a very profitable business – because there are not that many floods really in Nantucket.

MR. GREENBERG: I have a house in Nantucket, and I have it insured for flood insurance also.

MR. RUBENSTEIN: Really?

MR. GREENBERG: I haven't had a claim yet either.

MR. RUBENSTEIN: Right, OK. Well, you're probably – you're in the same neighborhood as me. [Laughter.]

MR. GREENBERG: And I'm insuring – I'm insuring you there. I'm insuring me there, too.

MR. RUBENSTEIN: OK. Well, I was looking at –

MR. GREENBERG: One day we'll have a bad day in Nantucket. [Laughter.]

MR. RUBENSTEIN: What do you think about people – I was looking at a house in Florida this past weekend, right on the water, right on the ocean. Do you think houses right on the ocean are good risks or –

MR. GREENBERG: They're a –

MR. RUBENSTEIN: No?

MR. GREENBERG: There's a – they're a good risk. There's a price for every risk. [Laughter.] There's a – we can make a deal. [Laughter.]

MR. RUBENSTEIN: All right, well, I'll talk to you later.

So, what is the greatest thrill of your business career, would you say – taking a company from a modest beginning to the heights of the property and casualty industry, doing this from a modest background in terms of your education? What would you say is the greatest thrill that you've had?

MR. GREENBERG: It's building – I'm a builder, and I have a – I have a community of colleagues I work with that are – we've been together many years, and we get a lot of satisfaction – this is not a short-term business. This is not a business that if you want to make money quickly this is the business you go into. You do it over a long period of time, and so you have to really enjoy the building and the creating, and this is our medium to create with. And we look back and the satisfaction – which is for a nanosecond out of what we built, and then it's on to the next.

MR. RUBENSTEIN: As you assess risks, I mean, you told me you are a horseback rider – dressage – so isn't that kind of risky? Can't you fall off a horse or a horse can fall on you – is that a risk?

MR. GREENBERG: There's odds.

MR. RUBENSTEIN: Have you ever fallen out of – off a horse or –

MR. GREENBERG: Yeah, I've fallen out of – I've fallen off a horse.

MR. RUBENSTEIN: Can you get insurance for that? Or I guess not. [Laughter.]

MR. GREENBERG: I don't think it helps you. [Laughter.]

MR. RUBENSTEIN: OK, it doesn't help. And, like, you're a skier – you're an active skier, and –

MR. GREENBERG: I am.

MR. RUBENSTEIN: Is that risky or not so much?

MR. GREENBERG: You know, it's probably a little risky.

MR. RUBENSTEIN: OK.

MR. GREENBERG: Insurance isn't going to help you with that, either.

MR. RUBENSTEIN: So today, you're not – you don't want to go into government, and you want to stay where you are presumably for quite a while. You are obviously in good shape, so you intend to do this for another 20 years? Fifteen? Ten?

MR. GREENBERG: My dad is 94 and goes to work every day. [Applause.]

MR. RUBENSTEIN: That's true.

MR. GREENBERG: I'm not doing that. [Laughter.]

MR. RUBENSTEIN: Well, you know, he's a very – he plays tennis, he's in pretty good shape so, you know – plus you have pretty good genes. Your mother is still in pretty good shape.

MR. GREENBERG: Ninety. My mother is 90, and she skied till three years ago. [Scattered applause.]

MR. RUBENSTEIN: And for those who don't know, his father, Hank Greenberg, he is well known in the insurance business, but he actually – he was on the landing group, I think, when Normandy occurred.

MR. GREENBERG: He was.

MR. RUBENSTEIN: You know, he was – he went off on the boats on Normandy at, I guess, Omaha Beach or –

MR. GREENBERG: He was in Omaha Beach, Dog Red on D-Day.

MR. RUBENSTEIN: Wow. [Applause.] OK. So, I guess you couldn't get insurance for that, right? [Laughter.] No insurance for that.

MR. GREENBERG: A 17-year-old kid and I'm glad nothing happened to him –

MR. RUBENSTEIN: Wow.

MR. GREENBERG: – because I wouldn't be here.

MR. RUBENSTEIN: Well, you've built an incredible company. Thank you for your time, and thank you for, you know, paying my – I assume my flood damage sooner – or not my flood damage, my damage that I'm going to get – I have in my house, which I assume the insurance adjuster will see the tape of this and will quickly pay the amount of money that I need. [Laughter.]

All right? Thank you. [Applause.]

Thank you very much.

Evan G. Greenberg
Chairman and CEO
Chubb Limited and Chubb Group

Evan G. Greenberg is Chairman and Chief Executive Officer of Chubb Limited and Chubb Group. Prior to ACE's acquisition of Chubb in January 2016, Mr. Greenberg was Chairman and Chief Executive Officer of ACE Limited and ACE Group. He was elected President and Chief Executive Officer in May 2004 and Chairman of the Board of Directors in May 2007.

Over the course of more than 40 years in the insurance industry, Mr. Greenberg has held various underwriting and management positions and gained significant insight in the global property, casualty and life insurance sectors. Prior to joining ACE in 2001 as Vice Chairman, Mr. Greenberg spent 25 years at American International Group, where he served as President and Chief Operating Officer from 1997 to 2000. Before that, he held a variety of senior management positions, including President and Chief Executive Officer of AIU, AIG's Foreign General Insurance organization, and Chief Executive Officer of AIG Far East, based in Japan.

Mr. Greenberg is Chair of the US-China Business Council, Vice Chair of the National Committee on United States-China Relations, Chairman Emeritus of the US-ASEAN Business Council, and serves on the board of the Council of the Americas. He serves on the Board of Trustees of Rockefeller University and the Board of Directors of the Peterson Institute for International Economics. Mr. Greenberg is a member of the Center for Strategic & International Studies (CSIS) Southeast Asia Advisory Board, the Council on Foreign Relations, and the Atlantic Council's International Advisory Board. He is also an overseer of the International Rescue Committee.