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AIG: Inquiring Minds Want To Know

The history of AIG includes....

1919 The AIG companies were one of the very few U.S. companies to have their origins in China when their founder, C.V. Starr, formed American Asiatic Underwriters in Shanghai.

1921 C. V. Starr founded Asia Life Insurance Company, the first foreign life operation to offer products and services to the Chinese people.

1931 International Assurance Company, Ltd was established. It was renamed American International Assurance Company, Limited in 1948.

1975 AIG former Chairman & CEO, Maurice R. Greenberg, made his first visit to Beijing and has since traveled many times to China.

1980 The AIG companies opened a representative office in Beijing, the first set up in modern China by a foreign financial institution. China America Insurance Company (CAIC) was formed as a 50-50 joint venture between AIG companies and the People's Insurance Company of China (PICC). This was the first joint venture between a foreign insurance organization and PICC.

1990 The AIG companies organized, financed and chaired a major financial services conference in Shanghai to assist then Mayor Zhu Rongji in introducing the international financial community to investment opportunities in Shanghai.

1992 The AIG companies strengthened their presence in China through a branch office of AIA in Shanghai, the first foreign-owned life and non-life insurance business to receive a license from the People's Bank of China.

1994 AIA-Shanghai and Fudan University jointly established AIA-Fudan Actuarial Center. AIA Information Technology (Guangzhou) Co., Ltd. was established.

1995 The AIG companies were granted life and non-life insurance licenses for Guangzhou by the People's Bank of China.

1996 AIA signed a 30-year lease agreement on the building at 17 Zhongshan East No. 1 Road in the heart of Shanghai's famous Bund. This special building was home to C. V. Starr's original Shanghai insurance companies. AIA-Zhongda Actuarial Center was established in Guangzhou.

1997 On approval from the People's Bank of China, AIA Shanghai General Insurance Division was re-named and established as AIU Insurance Company Shanghai Branch.

1998 AIA celebrated its historic return to Shanghai's Bund.

1999 The AIG companies obtained licenses from the China Insurance Regulatory Commission (CIRC) to operate life and non-life insurance business in Foshan and Shenzhen. AIA and AIU Foshan sub-branches and Shenzhen branches were officially opened to operate life and non-life insurance. AIA-Keda Actuarial Center was established in Hefei, capital of Anhui province.

2000 AIA Information Technology (Beijing) Co. Ltd. was established.

2001 The AIG companies were granted approval from the CIRC to set up wholly-owned life insurance operations in Beijing and Suzhou, as well as two sub-branches in the cities of Dongguan and Jiangmen in Guangdong Province. A representative office was opened in Chengdu, Sichuan Province.

2002 AIA branch offices were opened in Beijing and Suzhou, and sub-branch offices in Dongguan and Jiangmen. AIG Consulting Services Co, Ltd. was established in Beijing. AIG Global Investment Corporation (Asia) established a representative office in Shanghai. AIA-Beida Actuarial Center was established in Beijing.

2003 The AIG companies acquired a 9.9% stake in PICC P&C's outstanding share capital at its Initial Public Offering in Hong Kong, and reached a co-operative agreement with PICC P&C to develop the accident and health insurance market in China.

2004 AIG Global Investment Corporation, Huatai Securities Company Limited and three other participants were granted approval from the China Securities Regulatory Commission (CSRC) to start preparatory work for the establishment of AIG-Huatai Fund Management Company Limited. The company was approved to open business in November.

2005 Approved by the China Securities Regulatory Commission, The Ministry of Commerce and the State Administration for Industry and Commerce, AIG Global Investment Corp. raised its stake in AIG-Huatai Fund Management Company Limited, from 33 percent to 49 percent. AIG Private Bank Ltd. received approval from the China banking Regulatory Commission to set up its representative office in Shanghai. It is the first foreign private bank to receive approval to open a representative office in Shanghai.

[Reference: AIA in China](#)

Hmmmm.

Note that AIG has been selling insurance in China.
Assets.

Hmmmm... we all assumed those "assets" were **mortgages**.

But were they mortgages?

Maybe not.

\$150 billion in "loans" out thus far to AIG.

An extraordinary amount, more than extended to any other institution - even more than Fannie and Freddie (each.)

Even Citibank, which has come to the TARP window twice, has only an asset guarantee, not an operating line of credit of that size. We've also "guaranteed" (or "taken on") tens of billions more in "bad assets" (presumably credit-default swaps, which might be open-ended obligations.)

Now AIG, a company founded in China in 1919, with very strong ties in China, is about to report a \$60 billion dollar loss in one quarter and is reported to be seeking even more money - or at least a conversion to common equity - from the federal government.

This is what The Fed said in November:

"Counterparties **around the world** continue to have significant exposure to AIG, and market conditions continue to be fragile and sensitive to the potential disorderly failure of AIG," the Fed said in a [report](#) in November.

Its been three (more) months. Have those exposures been unwound?
If so, nobody's said a thing about it.

How come?

More to the point, exactly **who** are we bailing out here? You did say "around the world", right?

Are we bailing out **AMERICAN** companies?

Or is the truth just a bit different..... and we're not being told because, well, "We The People" might start chanting "When in the course of human events...." were we to be told the truth about where \$150 billion has already gone, why we took on some \$60 billion in guarantees, and where up to one quarter of a trillion dollars may have disappeared to as of Monday.

Don't you think we deserve some of that promised [transparency](#)?

Oh, and what was [Hillary](#) doing [talking with China about buying treasuries](#) the other day?

Just curious.

. . .

[Side note: The Starr Foundation was established in 1955 by Cornelius Vander Starr, an insurance businessman who founded the American International Group family of insurance and financial services companies (now known as AIG (**and uncle of Whitewater prosecutor Ken Starr**)). A pioneer of corporate globalization, Starr set up his first insurance venture in China in 1919.]