



**MDS Publications release 2nd volume
of Faces of Insurance collection**

Jayme Garfinkel

**in conversation with
Jorge Luzzi**

MDS is launching its second 'Faces of Insurance' book, a compilation of interviews with outstanding industry figures that brings you the story of Jayme Garfinkel, the current chair of the board of directors of Porto Seguro, a leading insurer in Brazil. In this excerpt from the book, Jayme talks to Jorge Luzzi about his childhood memories, how he turned his company into the insurance market leader and his dreams for the future.

For nearly five decades, Jayme has led Porto Seguro, transforming the dynamics of the insurance market, while becoming renowned for his entrepreneurship. What prompted him to take this career path and what decisions had the greatest impact on the success of the company?

"One day I discovered, as an adult, that my best skill was managing people", states Jayme. Despite being one of the key people responsible for turning a small family insurance company into the sector leader in the country, the businessman emphasises he did not do it alone. "I don't consider myself to be enlightened or an innovator", he observes.

"The company was innovative in many ways because I had colleagues with great ideas."

During our conversation in the Porto Seguro office in the centre of São Paulo, Jayme recounted his life stories, revealing some inspiring characteristics. He says: "Speak less and listen more, talk to find the best possible solution and firmly defend your opinions, but accept advice with humility. I am not concerned with winning an argument – I want the best decision to prevail."

Jayme believes no one should be self-important. "I learned not to force my opinions on others, but to tolerate and accept. The secret is to know how to take inspiration from various sources and develop different ideas," he reveals, like someone sharing his most precious

secret. By following this philosophy, Jayme transformed Porto Seguro into a company that by the end of 2018 had over 18 million customers, R\$ 1.1 billion in annual profits and a market value of almost R\$ 20 billion.

Father and son determination

Sat in front of me in his office and being the great story-teller he is, it did not take long for the chair of the board of directors and biggest shareholder of Porto Seguro to start sharing his childhood memories. Jayme's family history in Brazil begins with his grandfather who at the onset of the Russian Revolution, lost everything he had in the small Ukrainian town of Mogilev. In 1921, he decided to cross the world and bring his wife and three children to São Paulo.

His grandfather passed away soon after this. It was up to Jayme's father, Abrahão, to take care of the family, even though he had not finished school. While most young people in the Jewish community in the 1930s worked in textiles, Abrahão got a job at an insurance company, Generali. Here, Abrahão would habitually repeat that one day he would become chairman of an insurance company.

During this time, young Jayme never imagined his father would secure such a role and that his family would revolutionise the Brazilian insurance market. "Even though he had little education, my father was cultured, curious and entrepreneurial," he states. "He was my hero from an early age."

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Abrahão dedicated his life to the insurance market and by 1970 he was managing director at the second largest insurance company in the country. His dream of being a company chairman persisted and an opportunity arose in 1972. Jayme says his father resigned after feeling aggrieved, in part, for being overlooked as chairman after 30 years with the company. In a single day and without an audit, Abrahão gathered together all his savings and bought Porto Seguro Cia, an undeveloped company founded in 1945 that was adrift and a far-off 44th in the country's major insurers' rankings. "He didn't have the money to buy an insurance company, so he took out a loan, but with a strategy for back-up," Jayme remembers.

Broker care in the company DNA

Brokers from the second largest company in the country were quick to support Abrahão's new company and former colleagues and long-time friends followed him blindly. This act of faith and care was reciprocated between the professionals and customers they introduced to Porto Seguro, becoming the trademark of the insurance company. It was also one of the characteristics that led Porto Seguro to challenge the competition and become so respected.

"We're very grateful to our brokers – imagine what it was like to take your business from one of the market leaders and put it in a 'half-broken' company ranked 44th?" questions Jayme, who watched this all unfold. As soon as his father took over Porto Seguro, Jayme resigned from his job and went to work with the family. This is when he learned about Abrahão's ethos. And still today, Jayme's secretary is asked to prioritise phone calls from insurance brokers above anyone else, no matter how important they may be.

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The fragility of success

The company invested in car insurance and started to grow; even if the standard tariff imposed at the time hindered profit margins. The solution was to manage accident claims, create repair shops, dealers and even assemble a towing fleet – quite innovative for that decade. In 1974, the family built its own head office in the centre of São Paulo, to be even closer to its brokers.

Contrary to expectations, the first years at the new offices were volatile. Abrahão passed away in 1978, the government changed the rules on compulsory insurance – the DPVAT – which represented 25% of the company's income source and Jayme sold property to create liquidity.

The storm was far from over. In 1986, with the Cruzado Plan freezing prices and fees, the insurer lost the authority to readjust premiums. Investment in loss prevention and technology prevented a larger crisis and it was

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Jorge Luzzi & Jayme Garfinkel

during this time that Porto Seguro launched its third initiative – the break light – a daring move to install the equipment, unannounced, in the cars of around 100 insurance brokers.

Good-natured, even as he remembers those problems, Jayme shares one of the last great challenges. For almost 15 years, Porto Seguro fought to be financially stable, while it paid off debts and launched new services.

At the end of the 1990s, when profits increased, a family crisis shook his relationship with his sister. Jayme’s plan was not to distribute dividends among shareholders but use part of the net profit to increase the insurance company’s capital. His brother-in-law did not agree. The solution to settle this family impasse, which lasted for years, was to publicly list Porto Seguro.

Family peace was secured when it was the first insurance company to open on the Bovespa in 2004. This move took the company to a new professional and financial level. Shareholdings increased and Porto Seguro entered the national rankings.

“But success may only last until today, the question is what happens tomorrow”, Jayme observes. To him, success means doing your best today. “The past is gone: whether it’s yesterday or 40 years ago. The future also does not exist – and since I don’t know if we will get there, the most important thing is to live in this moment. Everything surrounding success is very fragile.”

Leaving a legacy

In 2006, when entering his 60s, Jayme thought he would continue to lead the group for a further three years, but he ended up appointing a new head earlier than planned. “Since my possible successor was ready, I knew changing leadership from someone close to 60 to a 40-year old executive would be good for the company”, the businessman, who then assumed the role of chair of the board of directors, recalls.

Even though he works full-time, Jayme sees there are problems around him that need tackling. “In 1991, when I was 43, I started to ask myself ‘what do I want from life’? The answer was clear: leave a legacy for needy children.”

Since then, Porto Seguro has developed various social projects in the community of Paraisópolis, in São Paulo. Through the programme ‘Educação em Parceria’, initiatives were carried out to improve the quality of

education in state public schools around the region. Such was the impact that in 1998 the Crescer Sempre (Always Grow) Association was established, a not-for-profit organisation providing free services to students in elementary and middle school.

Another social project Jayme is proud of is the Ação pela Paz (Action for Peace) Institute, which works to rehabilitate ex-prisoners into the workplace. In 2010, he gave a speech on this topic and, realising there was not one ex-prisoner among his thousands of employees, decided to take action. “The Brazilian prison system is inhumane, terrible. You don’t fix anyone, all you do is increase crime”, he protests.

Porto Seguro is also one of the largest sponsors of Brazilian culture. In 2015, it launched the modern Porto Seguro Theatre, hosting theatre performances, children’s shows, exclusive productions of great musicals and shows by renowned artists. In addition, in 2016 the company opened the Porto Seguro Cultural Space, hosting national and international exhibitions.

I ask myself if Jayme will ever lead a quieter lifestyle, but that seems far from the businessman’s plans. At 72 and full of energy, he’s taken some tentative steps towards retirement. “I am scared to stop and think ‘why travel, be inspired, seek new ideas’, if I have nowhere to apply that knowledge?” Reflecting on what he did of use at the end of the day or week is a habit Jayme will not give up soon. •

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Jayme Garfinkel

Chair of the Porto Seguro Board of Directors since 2006, Jayme was instrumental in turning the business into the country’s leading insurance firm. Founded in 1945, Porto Seguro was bought by his father, Abrahão, in 1972. Jayme has worked at the company since day one, taking over as head in 1978. He managed Porto Seguro’s public listing in 2004 and intends to leave a legacy through cultural and social projects.

Jorge Luzzi

President of RCG, a MDS Group company, since 2013, Italian Jorge Luzzi is an expert in developing corporate risk management policies. Having over 40 years’ insurance market experience, Jorge has worked in numerous countries, including Switzerland, Ireland, Argentina and Brazil. During his time at Pirelli in São Paulo during the 1990s, he coincidentally worked at the same address where the Porto Seguro building is today.

In the 1st volume of the **Faces of Insurance** collection Ralph Mucerino shares some of the most important moments of his life, and the lessons learned over the years and the human factor behind his business decisions.

