

This special document is published on the occasion of former Ontario Premier Mike Harris's address to the Montreal Economic Institute on November 16, 2011, for the first edition of the *George Lengvari Sr. Lecture Series*. It is an adapted excerpt of a forthcoming biography of Mr. Lengvari written by Fred Langan. Mr. Langan is retired, and made his career as an economic journalist at the CBC.

"If you want a job done right, hire a capitalist," is written on the back of George Lengvari Sr.'s business card. The Hungarian immigrant to Canada learned life's lessons first as a student, then as a banker, soldier and prisoner of war. After the Second World War, he had to start over as a refugee, translator, gardener and beekeeper.

It was only when he came to Canada in 1951 that he had a chance to put his education—lawyer and PhD in political economy—and philosophy to work. From humble beginnings as a janitor at McGill University, he quickly built up a successful insurance brokerage, coming up with innovations that challenged insurance companies' fixed ideas but in the end made them, and him, a lot of money.

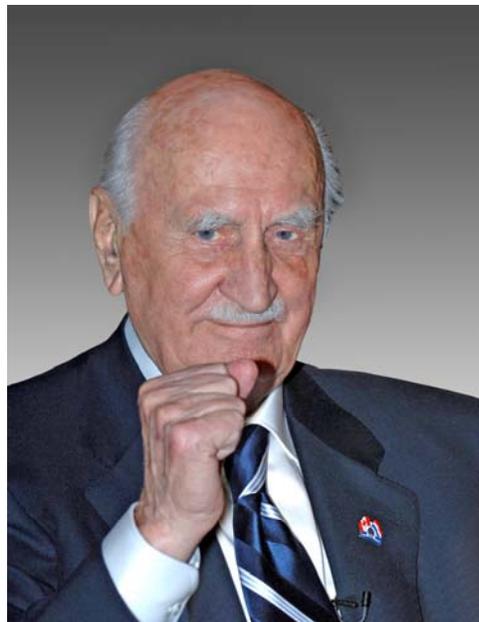
Lengvari's big idea, which he continued to modify all his life, was to come up with products that made life insurance plans attractive for business executives and in particular for owners of family businesses, whose concern is saving taxes when passing on wealth to the next generation.

His own personal philosophy is a belief in free markets and open societies. He learned about what this meant the hard way in central Europe. Lengvari is a believer in hard work, and at age 96, still goes to his office in Vancouver.

A REFUGEE OF EUROPEAN WARS

George Lengvari was born in Hungary in 1915. He excelled at sports and at university, earning both a law degree and doctorate in political economy by the time he was 22. His first job

was with the Hungarian Bank of Commerce, a private bank based in Budapest. After a brief training period, he moved into an unusual section of the bank that dealt in foreign trade: The Hungarian-Finnish Association, where George was made a senior vice president at 23. The purpose of the unit was to sell specialty wood from Hungary to Finland; odd, since Finland was covered with forests and Hungary was a more developed agricultural country where the main forests had been cleared centuries earlier.



The connection turned out to be a lucky break down the road: near the end of the war, he was moved away from the Eastern front back to central Europe so the military could use his knowledge of forestry.

Like most of the people of Europe in the 20th century, his family's fate seemed pre-destined by a never-ending series of wars, revolutions and civil uprisings. His father was killed in the opening months of the First World War—before George was born—and his two brothers died in the Second World War. One of

them, a doctor, was killed in the final weeks of the war in an air raid. This was the same brother who had won a gold medal in swimming at the 1936 Berlin Olympics.

After the war, the Lengvari family escaped to Austria and lived in refugee camps where George worked as a translator (as he had done during the war) for the British Army and the Red Cross. After a few years in these camps, he landed a job in Scotland, but starting at the bottom of the ladder. He was hired as a gardener at the Cromarty Estate of Colonel Ross, the

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Laird of Ross and Cromarty.

Perhaps no period of George Lengvari's life shows his determination to beat the odds more than his time in Scotland. A refugee from his own country, which had been ruined by war and occupied by a foreign power, he volunteered to take charge of the beekeeping operation at this remote Highland estate. This urbane man quickly became a master beekeeper and is still extremely proud of his certificate from the Scottish Beekeepers Association. His great innovation was finding a way to produce more honey by keeping two queens in one hive.

After his stay in Scotland, he moved to Reading, near Heathrow Airport in London. There he became friendly with his employer, who said that a man of his education should leave class-bound Britain and try his luck in the New World.

A CAREER IN LIFE INSURANCE

George Lengvari and his family flew to Canada on a Trans-Canada Air Lines North Star in August of 1951. An educated man, he went to McGill University looking for work. "They handed me a mop and pail," said George, who worked as a janitor. In the evenings, he sold vacuum cleaners door to door. After a while, he decided to buy a life insurance policy to protect his young family.

The company was Excelsior Life. The manager seldom had clients walk in off the street. "If you like life insurance so much, maybe you'd like to sell it," he said to George. And so began a 60-year career in life insurance.

At first, George sold to other immigrants, but he soon realized he had to expand and he began knocking at the doors of businesses. One anecdote from his early career shows the roots of his success. He needed a car, so he went to the Royal Bank at the corner of Stanley and Ste. Catherine. Banks didn't make

car loans at the time, but the manager was impressed with the Hungarian immigrant and took a chance on him. That manager was Rowland Frazee, who went on to become the CEO of the Royal Bank.

Lengvari soon became Excelsior Life's top salesman in Canada. Even in the 1950s, he was a member of the Million Dollar Round Table, roughly the top three per cent of life insurance salesmen. In 1963, he and his friend Robert Faust began their partnership. They were among the first tenants of Place Ville Marie.

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They came up with many innovative products. Most worked, some did not. One product was tailored to the top executives of the Royal Bank. The proposal arrived on the desk of Dominic D'Alessandro, who was Vice President and Comptroller of the Royal in the early 1980s.

D'Alessandro liked the looks of Lengvari's plan, but decided it was too good. He thought it might put the bank in an unfavourable light if its top executives were seen to be making tax-free money at a time when the rest of

the country was digging itself out of the worst recession since the Second World War.

One of Lengvari's innovations that did succeed was a new type of high-end insurance aimed at successful business owners and executives. It was called "Single Premium." Lengvari and Faust combined the skills they had learned at the start of their careers—the thick skins acquired doing those first cold calls—with the elaborate financial planning that their research and hard work had brought them. It was raising the art of the cold call to a new level.

Not that all the calls were cold; by this stage, George and Bob had some serious connections in the business and professional world. People like chartered accountants and lawyers had

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connections, and Lengvari and Faust used them to prospect for clients. George Lengvari also attended every tax conference he could, and worked late into the night coming up with new ways to use life insurance as a key to estate planning.

For many years, he said, financial planners and accountants advised their clients against buying life insurance. When it came to estate planning, they would come up with all kinds of tax plans, and then boast that they had done it without the client ever having to pay a premium.

What George Lengvari did was break down that barrier. Not only did he create life insurance policies that were tax efficient for estate planning; he and Faust found a way to get an audience with the clients who needed the products. Eventually, the financial planners and accountants who were advising these same people came to realize that certain insurance products could be custom-made for their clients.

THE MOST PERSONABLE OF MEN

Stephen Jarislowsky, the iconic Montreal money manager, is a friend and fishing companion of George Lengvari, though he never bought any insurance from him. He has his own thoughts on Lengvari's success.

"George Lengvari is the most personable of men. I have never met anyone who disliked him," says Jarislowsky. He thinks for a moment and adds with a smile, "Well, maybe some of his competitors didn't like him when he took business from them, but that would be it.

"You don't come to a new country unless you are a get-up-and-go kind of guy. George was that. And then when you get here, you don't have many friends, so you have nothing else to do but work hard. Then there is the work ethic. Often it's stronger in immigrants. And when you take people like Geor-

ge Lengvari, who is well educated and comes from a good family, there is even more reason to succeed."

A TOUGH JOB

Life insurance is one of the toughest things to sell. The reasons are simple: no one likes to think about death and most people like to spend money on tangible things they can enjoy now. Life insurance is a product that is sold, not bought. This is the reason life insurance salesmen earn such high commissions, in most cases the first year's premium on a whole life policy.

As the CEO of Manulife Financial, Canada's largest insurance company, Dominic D'Alessandro tried to know as many names as he could of people both inside the company and of independent agents working outside the firm. There are as many as 100,000 of these agents, so it was impossible to know them all. He certainly knew George Lengvari's

name, since he was Manulife's number one producer worldwide several times over the last few decades.

D'Alessandro says that although he worked in the financial world all his adult life, he never realized just how difficult selling life insurance was until he landed the top job at Manulife.

"It's very, very tough. You're selling a tremendously complicated product and I'm not sure to what extent all of the nuances of it are fully understood. People do understand death benefits, what you get in case you die and so on, but investment strategies are incredibly varied and complex. To communicate that takes a special skill. I'm not sure I could do it."

D'Alessandro quickly realized that in the world of life insurance, there were just a handful at the top. With the amount of money paid to top producers, you would think there would be more people working to get in. But there were only a few Lengvaris.

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"The percentage of people who can make a career in insurance is so low because the failure rate is very, very high. Everyone can survive the first year selling to their aunts and uncles and so on, but to sustain a livelihood takes a very special personality, a person who is immensely confident and positive. You are constantly being told 'no' and it's very bruising to the ego, and that's why the industry has these things like the recognition awards and all the things such as the million dollar round tables."



There were things about George Lengvari that stood out for D'Alessandro: his charismatic personality and his ability to come up with new products. He says it was a rare combination. When asked which was more important to Manulife, Lengvari the innovator or Lengvari the salesman, Dominic D'Alessandro has to think about his answer, which is unusual since his quick mind has already formed a response before most questions are out.

"I guess a combination of both... He did pioneer some concepts. He worked with tax lawyers to develop some ideas

about a way you could build up equity and then borrow against it later on in your life and you got all your money back plus a great return. George certainly was a pioneer in exposing those new products to the more affluent segment. I mean, his clients were generally more well-to-do people, his policies were among the largest that our company wrote," said D'Alessandro.

A TESTAMENT TO HARD WORK

Canada has been good to George Lengvari, and he loves his adopted country and the freedom and opportunities he could never have known in the Europe he left in the mid-20th century. When the Russians invaded Hungary in late 1956, Lengvari was generous to Hungarian immigrants and worked tirelessly to help many come to Canada. There is a photograph of him in Montreal's Dominion Square speaking to a large crowd protesting the Russian invasion. In Canada, the Lengvari family has made major donations to Concordia and McGill universities, and to St. Paul's Hospital in Vancouver, among others.

His main business achievement in Canada has been to reinvent life insurance, making it not just an off-the-shelf product but a sophisticated instrument in estate planning. Lengvari's life is a testament to hard work and what can be achieved by sticking to the rule on the back of his business card: "If you want a job done right, hire a capitalist" and by following his motto: "You can get anything you want in life, if you help others get what they need."

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