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RESEARCH

Creating (Il)legal Markets: An Ethnography of the Insurance Market in Brazil

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This article analyzes the role of the insurance market in the conformation of state regulations, responsible for the creation of frontiers between legal and illegal practices in Brazil, with a focus on car insurance as well as the industry agents' commitment to the creation of laws and the competition for new market niches. The aim of this study is to explore how the collaboration between public and private players constitute the governing rules of illegal and informal markets by analyzing two empirical cases: The approval of the Dismantling Act, whose goal is to regulate car parts trade and curb car theft, and the attempts to criminalize vehicle protection products, known as **pirated** or **parallel** insurance (*seguro pirata* or *seguro paralelo*). The article showcases partial findings from ongoing research based on three different methodologies, namely: i) Multi-sited ethnography carried out in insurance-related events, entities, and companies; ii) Compilation and analysis of ancillary materials, such as news articles, official documents, and industry-specific documentation; iii) Interviews with insurance brokers and insurers' representatives, directors, and employees.

Keywords: insurance; car regulation; (il)legal markets; Brazil

Introduction

> Other industries, like the agrobusiness, did their homework.[1] They educated themselves, they reinvented themselves. They improved distribution and, most importantly, **they now have their own representatives in the government**. They developed sectoral policies and **engaged in macro-politics**. This can be verified by the fact that the agrobusiness group is one of the few organized groups in the House of Representatives. **The group is represented by large agrobusiness entrepreneurs**. They made themselves noticeable. If we [the insurance market] have such power and magnitude, if we were able to grow 9% in the first semester during hard times in Brazil, imagine what we could do if we organized and went beyond sectoral policies, if we took a stand in party politics. We have to do whatever it takes. **You either take part in party politics or will be subject to the wishes of those that represent you in it**. (Speech given by Cássio,[2] State Representative candidate, at an insurance market event in September of 2018; my emphasis)

This article analyzes the role of the insurance market in the conformation of state regulations, responsible for the creation of frontiers between legal and illegal practices in Brazil (Telles 2010; Telles & Hirata 2010; Beckert & Dewey 2017), with a focus on car insurance as well as the industry agents' commitment to the creation of laws and the competition for new market niches. The goal of this study is to explore how the collaboration between public and private players constitute the governing rules of illegal and informal markets by analyzing two empirical cases: The regulation of the Dismantling Act (*Lei do Desmonte*, no. 12,977/2014),

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[2] All interviewees' names are fictitious in order to preserve their identities.

whose aim is to regulate car parts trade and curb car theft, and the attempts to criminalize the trade of vehicle protection plan (as of PL 3139/2005), known as **pirated** or **parallel insurance**.[3]

The entire insurance market (comprised of all its categories) is a R$1.2 trillion (US$326 billion) market in Brazil and one of the country's largest institutional investors. It represents 6.5% of the Brazilian Gross National Product (GNP) and announced a R$428.9 billion (US$117 billion) revenue for the fiscal year of 2017.[4] In 2015, the Brazilian **general insurance market**[5] announced over R$68 billion (US$18 billion) in revenues, a dramatic 70% increase in comparison to 2010.[6] It is a massive, profitable market with great potential for expansion. Considered the 9th world's economy, Brazil occupies the 46th position[7] in terms of per capita revenue in the insurance market, behind other Latin America countries, such as Uruguay and Chile.

Despite its relevancy and magnitude, the insurance industry in Brazil has not yet caught the attention of anthropologists in the country. Recent research studies carried out in Canada and the USA highlight the importance of Social Sciences (Ericson, Doyle & Barry 2003; Zelizer 2017). According to Ericson, Doyle and Barry (2003: 4), 'insurance is an institution that should be central to sociological investigation because it is a key component of political economy. Insurance companies interlock with other powerful corporations and the state to negotiate political economy on all levels of society.' It is even more than that—it is a privileged empirical object that allows us to understand the 'organizational patterns of existing state-private relationships so integral to governance and society' (Wedel 2003: 139).

As Cássio emphasized in his speech, the sector is making an effort to play an active role in the State—which is 'actually an unstable complex of people and functions' (Herzfeld 2008)—and impose formal and legitimate measures to influence decision making and promote the industry's mutual interests amidst political, financial, and strategic partners. In this sense, those are important actors, who use their relationship networks to organize and mediate interdependencies among politics, economy and the Legislature. The access and success of these domains are often interdependent, and that is why political connections and economic opportunities interweave. It is not solely about benefitting the agenda of one economic group, but also about fostering specific rationale and promoting safety across governmental agencies. According to Ewald (1991: 199), insurance must be understood as a rationality scheme, a risk management category:[8] 'a way of breaking down, rearranging, ordering certain elements of reality.' It is noteworthy that 'the insurer's activity is not just a matter of passively registering the existence of risks, and then offering guarantees for them. He "produces risks"(…)' (Ewald 1991: 200). In its turn, according to O'Malley (2009), what is usually seen is not the 'risks themselves', but rather, a predisposition (and a direction about how) to deal with processes according to their risks. Addressing the insurance market implies the need to address the notion of (in)security. As Didier Fassin et al. (2015: 2) point out: '(…) the multiple aspects of a notion as central as it is ambiguous in contemporary societies: security, a term which signifies the protection of persons against criminal and delinquent activities when classified as "public", or alternatively against hardships and vicissitudes of life when qualified as "social".' These are the two expansion fronts of the insurance market, especially over 'state breaches' when it comes to warranting social security and public safety.[9]

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[3] The use of bold emphasizes and differentiate emic categories.

[4] Data available at 'Proposta do setor segurador brasileiro aos presidenciáveis 2018,' CNseg. Available at http://cnseg.org.br/cnseg/servicos-apoio/noticias/cnseg-realiza-coletiva-de-impresa-para-apresentar-as-propostas-do-setor-segurador-brasileiro-aos-presidenciaveis-2018.html. Last Accessed 11 February, 2019.

[5] 'The general insurance segment encompasses damage insurances, a category consisting of 13 groups, as determined by Private Insurance Superintendence (Susep), namely those that cover cars, properties, DPVAT, home, equity, transport, financial risk, rural, credit, liability, and watercraft insurance,' available at http://www.cnseg.org.br/fenseg/servicos-apoio/perguntas-frequentes/perguntas-frequentes.html. Last Accessed 11 February, 2019.

[6] According to data released by the National Federation of General Insurance (FenSeg).

[7] Source: SIGMA, dados 2016. It does not encompass C-Bonds and complementary pension funds. In terms of health segment, only health insurance companies are included.

[8] 'As Kant might have put it, the category of risk is a category of the understanding; it cannot be given in sensibility or intuition. As a technology of risk, insurance is first and foremost a schema of rationality, a way of breaking down, rearranging, ordering certain elements of reality. The expression "taking risks", used to characterize the spirit of enterprise, derives from the application of this type of calculus to economic and financial affairs.' (Ewald, 1991: 199).

[9] As Ericson, Doyle and Barry highlight (2003: 6): 'Insurance systematically grafts morality onto economics and thereby perpetuates questions about moral citizenship and responsibility. Questions include whose risk and whose security are at stake, and who is responsible to whom in this regard? The welfare state model urges strong central government to create large and undifferentiated risk pools that foster social responsibility. The private insurance model makes risks the property of non-state organizations and individuals. It therefore urges differentiated risk pools, based on market segmentation and ability to pay, that foster individual responsibility. Its moral economy is to minimize welfare social transfers to the level of organizations and individuals.'

This research study is part of the field of safety-related urban studies. Nevertheless, it goes beyond that, as consolidated approaches about the theme in Brazil are also concerned about matters related to repression and violence.[10] While there are ongoing studies investigating the private security market (Cubas 2002; Zanetic 2009; Paoliello 2011; Nasser & Paoliello 2015), there is still a significant gap in anthropological literature regarding the insurance sector.

The car insurance market was chosen as the object for this study because car theft is perceived as a significant 'social problem' in Brazil, capable of interlocking legal and illegal markets, the insurance industry, and public safety issues (Feltran & Horta 2019; in this dossier). A variety of methodologies were used with this intent, namely: i) Multi-sited ethnography[11] (Marcus 1995; Hannerz 2003) carried out in insurance-related companies, entities, and events; ii) Compilation and analysis of ancillary materials, such as news articles, official documents, and industry-specific documentation; and iii) Interviews made with insurance brokers and insurance companies' representatives, directors, and employees.

An average of 500,000 cars are stolen in Brazil every year;[12] estimates show that 8 out of 10 have insurance.[13] In the city of São Paulo, one major insurance company deals with an average of 100 stolen cars per day. Recovery rates are around 50%. The company is a conglomerate of three brands that, together, report over 12,000 missing cars every year. Once a vehicle is stolen, the insurer opens up a claim and, if there is no suspected fraud, the policyholder receives a predefined value for the insured car. From then on, the stolen vehicle belongs to the insurer. The customer is likely to buy a new car and a new insurance plan, which boosts sales in the automotive and insurance industries. When the vehicle is never found, the loss is added to the policy premiums after the insurer recalculates the risks. A great increase in car theft cases in a certain city or neighborhood directly impacts policy prices and insurance sales, which may boost the expansion of what is known as **parallel market**. This will be addressed in the second part of this paper. Therefore, if on the one hand car theft may boost insurance demand, on the other hand, high, concrete risks can be detrimental to insurance companies.

In order to keep rates under control, insurance companies engage in politics, build alliances, and push public agencies to devise public safety measures and even new regulations, such as the Dismantling Act.

Creating Laws, Managing Markets: The Dismantling Act

The Dismantling Act[14] (*Lei do Desmonte*, Federal Law no. 12,977/2014) was approved in May of 2014, after over 10 years of proceedings and vetoes at the House of Representatives. The objective of this law is to regulate the dismantling of vehicles and the sale of car parts in order to curb illegal dismantlers that harvest parts from stolen vehicles. Inspired by the Dismantling Act in force in the state of São Paulo (State Law no. 1,527/14), the federal law was created by former Representative A. V., an insurance broker whose electoral campaign was funded by large insurance companies. According to him, the enforcement of this law is paramount to curb the vicious cycle of car theft in the country. He states:

> The illicit auto parts market is an important foundation for organized crime, that is the cause of several casualties and has a significant negative impact over the economy. Tearing down this structure is paramount to weaken organized crime. (…) Once the illegal market of auto parts is eradicated, the segment is regulated and strictly inspected by the State, we shall see significant improvements in public safety and a large number of direct jobs shall be created in specialized garages.[15]

[10] There are several related research pieces in Sociology and Anthropology focused on public safety policies (de Lima, Ratton & de Azevedo 2012; Feltran 2018, 2017, 2016); the 'world of crime' (Feltran 2018; Biondi 2016; Hirata & Grillo 2017; Hirata 2018; Hirata & Grillo 2019, in this dossier); police forces (Sinhoretto 2014; Durão 2011); prisons and juvenile detention centers (Godoi 2010; Padovani 2015; Mallart 2014); legal-illegal market management (Telles 2010; Hirata 2018; Rabossi 2004); and the war on drugs (Fiore 2012), especially on crack (Rui 2014; Magalhães 2015; Fromm 2016 and 2017).

[11] 'This mode defines for itself an object of study that cannot be accounted for ethnographically by remaining focused on a single site of intensive investigation. […] Strategies of quite literally following connections, associations, and putative relationships are thus at the very heart of designing multi-sited ethnographic research.' (Marcus 1995).

[12] According to data from the Public Safety Forum: 456,762 in 2013; 513,023 in 2014; 511,381 in 2015; and 557,000 in 2016. Available at http://www.forumseguranca.org.br/estatisticas/tableau-patrimoniais/. Last Accessed 11 February, 2019.

[13] Data provided by the Union of Insurers. See 'Preço de seguros de carros dispara devido à violência no RJ,' G1, 5/11/2017.

[14] 'Art. 2°. For the purpose of this law, I) Dismantling is the act of disassembling or destroying a vehicle in order to use its parts as replacements, scrap, or similar final destinations.' About the process of regulating the auto parts market in Argentina, see Dewey (2012).

[15] Available at https://www.brasil247.com/pt/247/goias247/366989/Armando-Verg%C3%ADlio-cobra-aplica%C3%A7%C3%A3o-de-lei-sobre-reaproveitamento-de-pe%C3%A7as-de-carros.htm. Last Accessed 11 February, 2019.

This is justified by the fact that, according to data disclosed by the insurance sector, around 60% of stolen cars are dismantled for their parts. In this sense, the law aims to regulate dismantling activities to curb the trade of auto parts harvested from stolen vehicles.

The law in force requires salvage yards to register with traffic supervision agencies. For that, the owners must present a series of documents, such as technical diplomas and background checks. Uncompliant workshops may be interdicted, lose assets, pay fines, have their registration voided, and face administrative charges. The sole fact of diverging from standard and bureaucratic procedures already makes them 'suspicious' and subject to fines, as it is rapidly assumed that they trade stolen parts. In São Paulo, registered dismantlers must label and catalog used parts at the supervision agency's system. Each part has its own QR code that, when scanned, allows to track information about the part, such as the vehicle of origin and invoice number. Furthermore, a mobile app allows anyone to use a smartphone to check part information and report any potential wrongdoing. According to the state governor at the time,

> Innovation runs in São Paulo's DNA. The state paved the way for regulating dismantlers in the country. It was a success in São Paulo and gave rise to a similar federal law. It has been a great benefit to society, especially in terms of public safety, as we reduced the number of car thefts—many used to be stolen only to be dismantled and have their parts sold at the illegal market. It has been very beneficial to public safety and people's lives. (…) The consumers will be safer. They will have access to a bar code that will promptly show them whether the acquired part funded crime-related activities at some point.[16] (State Government's Portal, October 2015)

This technology was developed by the state government in collaboration with a large insurance company. According to a source, the first (and most efficient) idea involved the use of nanotechnology.[17] However, only two companies would be able to develop this tool. For this reason, the public agency is said to have declined the idea to avoid accusations of unfair advantage. My source reported that the concept failed right from its onset: The design of the label made it hard to scan the QR code and counterfeit labels were already circulating by the time the official ones were released.

According to government data, the police shut down 688 irregular salvage yards in the state of São Paulo during large operations carried out between July of 2014 and October of 2015—243 facilities in the capital city were inspected, and 188 were shut down (almost 80%). Records show a 17.11% decrease in car theft in the state between August 2014 and August 2015 (17,921 registered thefts in August 2014 against 14,854 in August 2015). Government and insurers' representatives state that the reduction in theft rates was due to the shutdown of irregular dismantlers.

However, if on the one hand insurance companies were happy with the law because it helped reduce the number of car thefts, on the other hand, the law gave rise to another type of product: low cost car insurance. According to A. V.,

> Mr. President, I would like to ask my peers to calm down so that I can reply to Mr. [Representative's name], and I would also like to ask him to calm down. This project brings along several benefits. I listed some of them and, to make them very clear, I'll ask for your patience so that I can list them: **More public and traffic safety**; protection for national industry and commerce; creation of thousands of new jobs; the formalization of a [legal] market that does not exist yet; increase in tax revenue; environmental benefits; **and cheaper car repairs, especially for the older models**. **Why? Because used parts will now be legally sold, with warranty. This will greatly reduce the price of car insurance plans, which is something I understand about**. **If insurers are allowed to leverage used, certified parts with proof of origin to repair 4–7-year-old cars, insurance prices will go down**. Thousands of car owners that cannot afford insurance now due to its high prices will have access to it in the future. **Should this law be approved, I am positive that car insurance prices will go down more than 30%**. And this is a side effect, since the main goal is to **reduce violence and car theft in the country**. Thank you very much. (Speech given by former Representative A. V., House of Representatives, June of 2013 – my emphasis.)

[16] 'Lei dos Desmanches terá sistema on-line de controle de peças,' 7/10/2015, available at http://www.saopaulo.sp.gov.br/spnoticias/ultimas-noticias/lei-dos-desmanches-tera-sistema-on-line-de-controle-de-pecas-1/. Last Accessed 11 February, 2019.

[17] This technology consists of a spray that engraves part data (origin, code, properties) onto its body; this data can only be read by a specific tool.

Insurnace agents greatly anticipate the potential creation and expansion of this new insurance modality. To make sure that it will happen, the Private Insurance Superintendence (Susep) published a motion regarding the rules and criteria pertaining new low-cost car insurance plans in March 30, 2016. Before the Dismantling Act, insurers could only use new, original parts, which greatly impacted policy prices for old cars (often more prone to malfunction). By offering a cheaper, more competitive product, the industry expects to increase the national fleet of insured vehicles, which is relatively stuck in terms of percentage points since 2006 (around 30%). However, few insurance companies have made the product available in the market. According to the Chief Commercial Officer of a large organization in the field, expectations are that the number of insured vehicles start to rise again once this new product gets to the market.

> The new C class[18] [lower mid-class] cannot afford to pay R$ 1,500 (US$ 380) for a car insurance policy, which means a great number of vehicles in circulation is not insured. Things are likely to be different if we are able to sell policies priced at R$ 1,000 (US$ 270). […] [The Company's name] currently trades over 4,000 policies every month. With the new product, they expect to be able to sell 7,000 policies per month. […] Eighty percent of vehicles in use are 5 years-old or newer. This group will be the focus of the new insurance type and we hope to reach 40% of the national fleet.[19] (Chief Commercial Officer, Apólice Magazine, 2013)

In addition to facilitating the regulation of the low-cost car insurance, the Dismantling Act also led some insurance groups to open their own salvage yards. Vehicles that are claimed by the insurer after collisions, floods, total losses, and thefts are dismantled by the organization itself and the parts are sold to the general public, usually through the Internet. They can also be used to repair cars insured under the low-cost plans.

Since the law came into force, insurers became competition to the traditional salvage yards, which are criminalized and often do not have the resources to (nor are interested in) adapt to the new system to control the sourcing of parts. Considering that the trade of separate car parts can be worth up to five times the price of the actual car in the market, the Dismantling Act enabled large insurance companies to compete against the illegal market and control an entire life cycle (sale of insurance policy – claim – dismantling – sale of auto parts – repair of claimed cars). It is worth noting that:

> It may sometimes be difficult to distinguish between legal and illegal, but that does not mean there is no difference between them. Formal laws, codes, and rules have power and circumscribe force fields (…). It is not about parallel universes, much less contrasting formal vs. informal, legal vs. illegal. Rather, it is in the intersections that power games, power relations, and playing fields are circumscribed. These force fields are displaced, redefined and recomposed according to multiple forms of control and also (or mainly) because of the criteria, processes, and apparatuses used to criminalize such practices and activities, varying from tolerance and consented transgression to repression in response to contexts, political micro-scenarios, and power relations that arise out of each plight. (Telles 2010: 30)

In this respect, analyzing the Dismantling Act case surfaces matters related to the frontiers between formal and informal, legal and illegal (Telles 2010; Dewey & Beckert 2017)—but it goes beyond, as it allows us to envision how these classifications, which are integral part of the formalization process, are critical to understand how control mechanisms are put in place to favor certain agents in detriment of others. On top of that, the low-cost car insurance is an important product to compete at **marginal insurance market** level.

The Insurance Parallel Market: Between Regulation and Criminalization

> I'll make a comparison. According to medical dictionaries, a pandemic is an epidemic of massive proportions that spreads freely across a certain region. It is a contagious disease that simultaneously infects a large group of people and kills. The Brazilian insurance market faces a dangerous

[18] The national insurance sector is looking at reaching new market niches by designing products for lower-income classes. This has also been on the World Bank's radar since 2005, when the Micro Insurance Agency was created. For more information on insurance sales for lower-income groups (in South Africa), see Erik Bähre (2010).

[19] See 'Seguro popular pode aumentar para 40% a frota de veículos segurados,' Apólice magazine, 4/3/2013, available at https://www.revistaapolice.com.br/2013/04/seguro-popular-pode-aumentar-para-40-a-frota-de-veiculos-segurados/.

> pandemic brought about by associations of vehicle protection, that have determined to also work with other insurance categories. Piracy became a severe pandemic and threatens to take down the insurance market for good. If this goes on, the insurance industry might be living on borrowed time. The best way to fight a pandemic is by creating a vaccine to control and eradicate the circulation of the virus and hence save lives. This metaphor is critical to understand how shattering these associations or pseudo-cooperatives can be to consumers and to the legal insurance market. As professionals engaged with the Brazilian insurance sector (and I include brokers, insurers, and other related professionals), if we want to avoid bigger harm, we must push national representatives to approve L. V.'s Law […] that criminalizes said 'vehicle protection', which is a form of piracy fostered by associations that work like a 'sort of insurer'. For us to come up with this vaccine, we must be constantly mobilized and be pushing for it all the time in Brasilia [the capital of Brazil and the National Government's headquarters]. Should this pandemic spread, brokers, insurers and other professionals whose jobs are on the line must email, call, and demand the passing of this bill. (Apólice magazine, December 2017)

The excerpt above illustrates the panic across the insurance sector in face of the creation of a potential **marginal** (or **parallel**) insurance market. In the past years, especially 2016 and 2017, the rise on car theft numbers in some Brazilian states has dramatically impacted car insurance sales and pricing.

In the first half of 2017, for instance, the search for insurance plans grew 5% in Minas Gerais due to high car theft rates in the state.[20] According to the National Confederation of Insurance Companies (CNSeg), organizations from Minas Gerais paid R$ 1.4 billion (US$ 380 million) in claims related to robbery, theft, or accidents.

Car theft has also been mobilizing public authorities, insurers, brokers, and policyholders in Rio de Janeiro.[21] According to data published by Rio de Janeiro's Public Safety Institute, seven cars were stolen every hour in the state in February of 2018.[22] The state registered 5,300 car thefts in March of 2018, the highest number of thefts since 1991.[23] Given this scenario, insurance companies raised policy prices between 10–25% and have declined new sales and renewals to policyholders from neighborhoods that show high robbery and theft rates.[24]

The same period saw a dramatic increase in the number of vehicle protection offers sold by associations and cooperatives across the national market, mainly in the states of Rio de Janeiro, Minas Gerais, and São Paulo. Their product is up to 70% cheaper than traditional insurance plans and includes a free tracker, life insurance and funeral assistance. Pricing is their chief advantage: Different from **traditional insurers** (name used by these associations to refer to large organizations), the cooperatives do not carry out analyses of customer profiles nor offer different policy prices based on the car make and year. For this reason, this business model expands mostly among those considered 'high risk' cases (people with debt, trucks, old cars, dwellers of neighborhoods with high theft rates etc.) and that often have their applications for **traditional insurance** declined. According to CNSeg, approximately 1 million cars are under vehicle protection in Brazil. In light of estimates like this, insurance market agents are mobilizing to curb and regulate the commercialization of vehicle protection plans.

In response to the negative impact of vehicle protection over insurance sales in 2018, labor unions launched the Vehicle Protection is not Safe/Vehicle Protection is not Insurance Campaign (in Portuguese,

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[20] The Belo Horizonte Civil Police registered 7,999 car thefts in the first half of 2017, nearly two per hour. The State Secretariat of Public Safety in Minas Gerais registered 16,639 thefts and 10,300 robberies between January and March. See 'Alto índice de roubos faz procura por seguro de carros crescer em MG,' 9/4/2017, available at https://www.em.com.br/app/noticia/economia/2017/09/04/internas_economia,897508/cresce-procura-por-seguro-de-carros.shtml. Last Accessed 11 February, 2019.

[21] Representatives of consumer protection agencies, civil society, and organizations from the insurance industry (Susep, Fenacor, Fenseg) attended a public hearing that sought to 'clarify the disproportionate price increase practiced by car insurers for hiring and renewing insurance plans,' in addition to discussing the rise of a **parallel insurance market** brought about by cooperatives and associations [focused on vehicle protection plans]. See 'Aumento no preço de seguros para veículos é tema de debate em comissão da Alerj,' 4/18/2018, available at http://sindsegsp.org.br/site/noticia-texto.aspx?id=29866. Last Accessed 11 February, 2019.

[22] See, e.g. 'Rio registrou em média sete roubos de carros por hora em fevereiro,' 2 April 2018, available at https://oglobo.globo.com/rio/rio-registrou-em-media-sete-roubos-de-carros-por-hora-em-fevereiro-22548141. Last Accessed 11 February, 2019.

[23] A 6% increase in relation to the 5,000 registered cases in March 2017. There was a 15% increase between the first quarter of 2017 and the first quarter of 2018. See 'RJ teve recorde de roubo de veículos em março, registra ISP,' 4/17/2018, available at https://g1.globo.com/rj/rio-de-janeiro/noticia/rj-teve-recorde-de-roubo-de-veiculos-em-marco-registra-isp.ghtml. Last Accessed 11 February, 2019.

[24] See, e.g. 'Seguradoras de veículos começam a recusar contratos devido a aumento de roubos,' 10/4/2017, available at https://oglobo.globo.com/rio/seguradoras-de-veiculos-comecam-recusar-contratos-devido-aumento-de-roubos-21905387. Last Accessed 11 February, 2019.

Proteção veicular não é seguro—the word *seguro* means 'safe' and 'insurance' at the same time). They created YouTube videos and an online booklet to argue that vehicle protection puts the population at risk, as they allegedly offer the same conditions as traditional insurers while that is actually not true. According to these materials, vehicle protection is a mutual protection agreement whose members do not pay a fixed price for the insurance, but they split claim costs on a monthly basis. Brokers and insurers claim that there is no guarantee of claim compensation, as this would come down to the association's cash flow in a particular month.

Furthermore, vehicle protection was not yet regulated and there was no public agency in charge of its supervision, whereas insurances are supervised, regulated, and inspected by Susep. In the case of vehicle protection plans, the companies that trade them are legal, but there is no regulatory agency responsible for them. For this reason, they are seen as **pirated insurance plans**. Hence the double meaning conveyed by the campaign's name: While there is the intent of drawing a line to differentiate vehicle protection and car insurance, at the same time unions claim this market is not safe for the consumer.

On May 22, 2018, The Congress approved Bill no. 3,139/2015. Presented by Congressman L. V., A. V.'s son, the bill rules that associations shall become insurance cooperatives or self-managed entities and be inspected by Susep. They shall pay similar taxes to those paid by **traditional insurers**. Furthermore, they shall only be allowed to commercialize products focused on equity protection and shall be prohibited from trading people-related insurance policies.

Like insurance companies, they will have to prove the existence of special funds, technical reserve, and provisions to warrant operations. In addition, products shall be commercialized by certified insurance brokers. During field research, it was emphasized by a source and an insurance broker that the new law would 'sweep out the market'— that is, the regulation would raise costs for associations and hence the market would lose its appeal to them. Vehicle protection plans are bound to be more expensive, since they now must comply with the same requirements as insurance companies. The expected outcome is that most agents will not be able to afford operations any longer, giving room to large groups.

The passing of the bill was celebrated by several entities and agents in the national insurance market.[25] A. V. praised his son's project and stated that the voting was 'symbolic', since there were no objections or votes against it. According to him,

> The approved bill is **really beneficial to society as a whole**. Everything is easier when **good forces** (*sic*) and the insurance market are in sync, united, as were the Congressmen from this special committee, some entities representing vehicle protection, Fenacor, Sincor, CNseg, Fenseg, the National School of Insurance, and other institutions. This is particularly true when there is a legitimate representative in Congress [his son, L. V.], who has deep knowledge of the sector and is truly concerned with the consumers' rights.[26] (my emphasis)

Conclusion

This article explored the presence of representatives of the insurance sector in the Legislature and called attention to their practices and discourses around safety in relation to the regulation of illegal and informal markets. On the one hand, their proposals are based on discourses around the fight against crime and violence, consumers' rights and even environmental conservation. On the other hand, there is also the goal of 'sweeping out the market,' as mentioned by a source within this study. In addition to alleged positive social impacts, the regulation of the car parts market brings at least three benefits to insurance companies, namely: i) Reduction in car thefts, which represent great losses for those organizations; ii) Cheaper insurance policies, expected to lead to a larger number of insured cars and curb expansion of **pirated insurance** offers; iii) Competition over the control of the car parts market against salvage yards, that are now unable to operate under their former rules. The bill that seeks to curb the **pirated insurance offers** pandemic also helps restrain the growth of competitors by establishing legal benchmarks to their operations and forcing them to raise their prices. Following other articles that constitute this dossier (Feltran & Horta 2019; Hirata

[25] See, e.g. 'Sincor-SP comemora aprovação do PL que criminaliza proteção veicular na Câmara,' 5/23/2018, available at https://www.sincor.org.br/sincor-sp-comemora-aprovacao-do-pl-que-criminaliza-protecao-veicular-na-camara/. Last Accessed 11 February, 2019.

[26] Cássio followed up closely the negotiations for passing the bill in Brasilia. While celebrating victory, he stated: 'We took a big step yesterday (5/22/2018), we did a great job passing bill 3139/15 that regulates cooperatives and associations engaged with vehicle protection. We would like to thank Congressman L. V. for bravely advocating for our cause. We would also like to thank the committee chair [...] for understanding the importance of preserving our institution, insurance, and advocating on behalf of consumers. Furthermore, we would like to show our appreciation for Fenacor, hereby represented by A. V., for their support in this endeavor.'

& Grillo 2019), this paper does not infer, *a priori*, that the frontiers between legal and illegal are economic or analytical barriers. Rather, they help understand the social and political processes involved in building these barriers, as they offer the elite the possibility to criminalize and socially control certain groups.

In this sense, the two cases addressed herewith—the enactment of the Dismantling Act and the bill that regulates cooperatives and insurance associations—put in motion both formalization and criminalization processes that can define the frontier between legal and illegal, as well as between formal and informal (Telles 2010; Beckert & Dewey 2017). The economic agenda surfaces as an intrinsic part of the political agenda and of the parameters set up for legality, in a way that 'state-private distinction may be fluid, subdivided, overlapping, or otherwise obscure' (Wedel 2003: 156). This dynamic gives rise to hierarchies and a divide that benefit a few economic actors in detriment of others. Afterall, as Cássio expressed in his speech: 'You either take part in party politics or will be subject to the wishes of those that represent you in it.'

Competing Interests

The author has no competing interests to declare.

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