

MAPFRE and the Palace of Elduayen

Ignacio Pérez-Blanco y Pernas

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and the Palace
of Elduayen**



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Ignacio Pérez-Blanco
y Pernas

XIV Marquis of Valladares

 **MAPFRE** | RE

31 Enero 1895

a Retenciones

27

Por las verificadas a los partidos en el mes de Enero actual.

Dicho dia

Varios a Caja

41

Satisfecho como sigue:

Gastos generales

Indignaciones de Sr. Federico Sanz, Mena, Mencia y Fernandina por Enero 1895

Sueldos de los priados, Penaranda, Mariano, Maria y Estre por Enero y Julio desde el 27 al 31 tener a su hon de 50 pesetas mensuales. } 153'50

Sal de los señores Bermudez, Antonio y Hermenegildo Frute } 116'50

Sal del fronton, rebajado, jardines y el trabajo de los obreros } 40

Libro 15 de

For Luis H. de Larramendi, in memory of his humanity, kindness and compassion.



Foreword

Fortunately, some of the emblematic mansions that were built on Paseos de la Castellana, Prado and Recoletos during the 19th century still survive and, particularly, the Elduayen Palace is an example of those buildings that symbolized this noble and stately area of the City of Madrid.

MAPFRE and the Palace of Elduayen, the work you now hold in your hands, is the reduced version of a longer book titled *The Palace of Elduayen*, which narrates with rigor and a profusion of data and photographs —a number of them previously unpublished— the interesting lives of the inhabitants of this most singular building, the family dynasty that inhabited it since it was commissioned in 1881 by its first tenant, José Elduayen y Gorriti, I Marquis of El Pazo de la Merced, up to the history of its current owner, MAPFRE. It was precisely in January of 1935, only two years after being set up as the Mutual Insurance Company of the Association of Owners of Rural Estates in Spain, and due to the strong growth it was already experiencing, MAPFRE leased the main floor of this mansion and some of its outbuildings in order to house its headquarters.

As readers will be able to attest to, going through the history of MAPFRE contained in these pages is akin to taking a tour of the history of Spanish insurance and, in short, allows us to delve into the history of Spain in the 20th century. For decades, the Palace of Elduayen, with its different inhabitants, not only played host to the most prominent representatives of society and institutions of the time, it also housed different businesses in its extensive accommodations, up until MAPFRE, which was progressively occupying the building, finally became the outright owner of the entire property in 1998.

Thanks to the extraordinary work of the author, Ignacio Pérez-Blanco y Pernas, who dedicated more than a decade of effort to meticulous historic research, we can learn about the history of José Elduayen and his family as the first inhabitants of the mansion in an entertaining manner. In parallel, this reliable chronicle gives us the op-

portunity to gain an appreciation of the history of the group that I am honoured to preside over, wherein the most significant milestones and phases that have marked our corporate trajectory since the founding of the company are recounted. The successive stages of growth and expansion, the diversification of the business, the demutualization, the vital phase of internationalization, the importance of the company's culture and the profound transformation that the group has undergone in the last decade: all of this and more has converted MAPFRE into the great Spanish insurance multinational it is today. In addition, the author reviews the achievements and the extraordinary mark left by successive MAPFRE managers who have preceded me: Ignacio Hernando de Larramendi, Julio Castelo and José Manuel Martínez.

The building is today both the headquarters of MAPFRE RE, a strategic reinsurance company of our group and one of MAPFRE's most outstanding real estate assets, due to its uniqueness and its history. It is an authentic architectural jewel and we are proud to be able to preserve it with the utmost care and attention as it is a historical heritage, shared with society and which houses our own history as a company.

It would be remiss of me not to thank all those who have facilitated the author with access to the documentation, data, meeting minutes, photographs and publications, both through our documentation archive and the many interviews and personal accounts provided by former directors of this company. Most especially, I would like to recall Luis H. de Larramendi, (may he rest in peace), a tireless champion of this publication, for it was his commitment to raising awareness of the history of this jewel of MAPFRE's artistic heritage, as a person with deep cultural concerns and a great history buff, who encouraged us to see the project through.

I sincerely hope you enjoy reading this special book.

ANTONIO HUERTAS
CEO OF MAPFRE



Dia 22 Cuero de 1930.

Suma anterior

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Dia 31

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A Antonio Luján, Jefe de Cuero	40 -
Abono al Excmo. Sr. D. 1000	75 -
Arbitrio ante el Sr. D. 1.º 1.º 1.º 1.º 1.º 1.º	61 -
Premio a Sr. D. Juan de Granada por giro	
Antes 2.º 1.º de honorarios, mas cambio	160 1/2
Costes de traslado del cadáver del Sr. D. 1.º 1.º 1.º	
Alquiler y mantenimiento del Comisario de 1.º 1.º	
al de Vico	1212 -
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Grana y adiciones	50 -
al Excmo. Sr. D. 1000	100 -
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al Excmo. Sr. D. 1000	

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Don José Elduayen y Gorriti,
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The family origins of Don José Elduayen y Gorriti. His career as an engineer and his arrival in Vigo¹

In 1881, José Elduayen bought some land next to Paseo de Recoletos to build a palace which he would make his new residence. Up to that point he had been leading a busy life, certainly an extraordinary one, with its highlights and its shadows. A nobleman from a simple family of civil servants, thanks to his tenacity, character and capacity for work, he had managed to reach the upper echelons of society. This life trajectory would not have been possible without the wise decisions taken by his father in terms of his education and upbringing.

When young, his father José Elduayen y Garayoa had had to face severe difficulties and challenges. At barely two years old, he lost his father. A scholarship enabled him to begin grammar school, with the hopes of achieving a better future, but in 1808, the outbreak of the Peninsular War forced him to abandon his studies, take up arms and join the army. Once the war was over, he settled in Madrid to devote himself to public service, and in 1818 he was appointed officer of the Royal Treasury with a salary of 7,500 reales a year. With his livelihood adequately insured, that same year he married Ángela Gorriti y Arangua in the parish church of San Sebastián in Madrid.

As fate and war would have it, his only son, our protagonist José Elduayen y Gorriti, was born in Madrid on 22 June, 1823, in a house at no. 4 Calle Real del Barquillo, owned by the Countess of Chinchón. His birth certainly did not bode well for a high-flying life.

He arrived in this world just when a French army had crossed the border to put an end to the liberal government that had been in power for three years and restore the absolute monarchy of Ferdinand VII. This had fatal consequences for the family. His father, accused of involvement in the liberal government, was banished from the court, losing his job in the Royal Treasury and was ostracised for five years. His fate and destiny changed in 1828 when, after being acquitted of any wrongdoing, he was once again appointed as an officer of the Royal Treasury with a salary of 5,000 reales a year. Despite his previous period of employment, *he was considered to have begun his service anew*. Over the following ten years, his *outstanding merits* led him

¹ The entirety of this work is based on the book I authored, "The Palace of Elduayen".

to achieve various honorary distinctions and other important appointments until he was promoted to the position of First Officer of the Treasury.

Through his work in the Royal Treasury, Elduayen Sr. was particularly aware of the importance that public works would have in the years to come in a country yet to be developed, and he was convinced of the enormous future possibilities that awaited engineers. Concerned about providing his son with a thorough education and training that would enable him to build a better future for himself, he decided to send him to the Escuela de Caminos engineering school on a cold November day in 1839, as part of the sixth class. Elduayen Sr. received a letter from his brother Ambrosio congratulating him on his son's admission, saying that *we are delighted that Pepito was doing exceptionally well and achieving so much*.

Elduayen had to arrive punctually before nine each morning at the engineering school, so as not to be marked absent, and remain there until four in the afternoon. At twelve o'clock the students had a lunch break, eating whatever they brought from home in their lunch boxes. It was a time of fun and enjoyment for all of them. Every day they had three classes. Their subjects included geometry; stone, wood and metal cutting; calculus; mechanics; hydraulics; water distribution; and construction. After classes, they spent their afternoons studying, and often went to the theatre or to the engineers' circle, which was known as *Revista de Obras Públicas* [Public Works Magazine]. When he finished his degree, on 18 December, 1844, he was appointed second engineer with a salary of 9,000 reales, and was assigned to Asturias. It was barely a year since the young Isabella II, who was only 13 years old, had begun her reign.

Elduayen spent ten years in Asturias directing the work on the railway line from Sama de Langreo to Gijón, which was vitally important for providing an outlet for coal by sea, and the construction and operation of which had been awarded to the financier Vicente Bertrán de Lis. These events would prove to be extremely important for Elduayen's business future, as we will see later on. His new job included not only the control and supervision of the works but also the acquisition of material from abroad and the drafting of the operating regulations, which he compiled in an extensive and detailed report that revealed his meticulous, rigorous and organisational mind. This new job would become his gateway to the railway business world, which would ultimately bring him wealth and power. Elduayen would soon understand its secrets and would start to profit from these iron horses.

After his time in Asturias, on 2 November, 1855, Elduayen took up the post of head of Public Works in the province of Pontevedra. His arrival in Vigo was to change the course of his life forever, as this new destination would allow him to find his future wife, start a family, and swap his job as an engineer for that of a politician, becoming



Carmen Martínez Montenegro,
daughter of the Marquis and
Marquise of Valladares and wife
of José Elduayen. Around 1857.

forever linked to that city. Elduayen left his son Ángel, born in Madrid in March of that year and whose mother was Elduayen's second cousin, María Joaquina Mathet y Jado-Cagigal, behind in the capital under the care of his paternal grandfather.

As soon as he settled in Vigo, Elduayen was invited by the Marquis of Valladares to the get-togethers and soirées that he would hold in the halls of his palace in Calle de la Oliva. These were attended by his friends and the most distinguished figures who came to the city, and music, dancing and theatre were some of the favourite forms of entertainment. It was customary for the ladies of the house to play the piano—a flattering way to emphasise the feminine bearing—, entertain the guests, and organise the parties. This is how Elduayen, who was 32 years old at the time, had the opportunity to meet and get to know the eldest daughter of the Marquis and Marquise of Valladares, Carmen Martínez Montenegro. Immediately, this beautiful young woman, barely 17 years old, caught his attention, and he began to court her with frequent visits. It is easy to imagine that between elusive glances and songs at the piano, a mutual attraction arose between the two. In barely six months they had arranged their marriage, and the wedding took place at seven o'clock in the evening of 21 May, 1856, at the Pazo de Castrelos, an estate owned by the Marquis and Marquise of Valladares, where they were to spend their honeymoon. While Carmen brought her trousseau and various pieces of jewellery to the marriage, Elduayen had amassed a considerable wealth of 752,529 reales, made up of the shares and holdings he had in the various works in which he had participated as an engineer.

Admittedly, the Marquise did not look favourably on this union, not only because of the existence of a child from a previous relationship, but mainly because her kind and humane soul did not get on well with the somewhat cold and rough character of her future son-in-law, and she feared that this would also be the case with her daughter. Elduayen was an ambitious, strong-tempered, uncommunicative and rather unceremonious man, though courteous and deferential in his manner. His grim and serious countenance suggested that one could not expect gentleness or innocence from him, but rather resolution and energy. He was well built and dressed without fuss or care.

In December of the same year, his wife Carmen gave birth to their first child, a boy christened with the name of her father, who died eight months later of worms. After him, they would happily welcome two more children into their lives: Milagros, who was born in the palace home of the Marquis of Valladares on 27 October, 1858, and Dolores, who was born on 13 February, 1860. Thus their family universe was shaped.

When the elections to the Spanish Parliament were called for March 1857, the Marquis of Valladares, a senator and provincial deputy at the time, organised a gathering

at his palace with his friends and political associates to choose the candidates to run in the elections. The Unión Liberal party candidate selected for Vigo was Elduayen, who had impressed them with the qualities he possessed, his astonishing talent, his energetic character, willpower and profound intellectual capacity. These elections would mark his destiny forever, leading him to a new path in life when he was elected Member of Parliament with a large majority of votes. This was the beginning of a brilliant and prolific political career that he would not abandon until the end of his days.

One last important event in 1857 featured on the calendar for that year. On 28 November, Isabella II finally gave birth to her longed-for child, who was to be called Alfonso Francisco, the future King Alfonso XII. Elduayen could not have suspected at the time what destiny had in store for him at the side of this newborn prince.

During those years, Elduayen's life revolved around his political commitments, his preferential attention to the railway projects linking Vigo with the capital, the development of important public works in the province, and social gatherings in the Marquis's palace, where they had just inaugurated a chamber theatre that had a small orchestra and a choir. Elduayen was involved in the preparations for its première involving the staging of the zarzuela *El Postillón de La Rioja*.

In the elections held on 31 October, 1858, Elduayen was once again elected Member of Parliament for Vigo, a role which he would hold for some years. In this new session he coincided in the parliament with Antonio Cánovas del Castillo, a member of the same unionist party, with whom he consolidated a political relationship and friendship that would last throughout his life, leading Cánovas to become the political mentor and Elduayen his right-hand man. The following year Cánovas, who was the director of the public administration, was responsible for Elduayen receiving his first political appointment: officer in the Civil Constructions section of the Ministry of the Interior, with a salary of 32,000 reales a year, a department whose purpose was to promote public works.

In those days, there was a sense of stability and prosperity in the air. The bourgeoisie, linked to the centres of political power, were enjoying a sense of well-being and refined tastes. The promotion of public works and the deregulation and organisation of the property market opened up new economic opportunities that fostered an optimistic view of the future, encouraging investment and the exploitation of the country's resources. The arrival of foreign companies and capital, mainly French, favoured the development of the financial sector and the construction of the railway network.



Carmen Martínez Montenegro, wife of José Elduayen, with her daughter Milagros Elduayen, around 1860.



Dolores Elduayen y Martínez, daughter of José Elduayen and Carmen Martínez Montenegro. Around 1863.

His political and social life in Madrid during the 1860s

Because of his new post, Elduayen spent long periods of time in Madrid, while his wife and daughters remained in Vigo. After the summer of 1860, with a salary of 40,000 reals a year from the railway business and his promotion in the Ministry to the head of Civil Constructions, he brought his wife Carmen and his little daughters Milagros and Dolores to Madrid. In September of that year they moved into the house and company of his father, together with his son Angelito, who until then had been in the care of his grandfather. It was a new life for his wife Carmen, who was not yet aware of the change that her arrival in the capital would mean for her. Undoubtedly, she must have been surprised by the great contrast between her beloved hometown, Vigo, and the hustle and bustle of Madrid, which was at that time undergoing extensive urban development work. Nightlife was in full swing.

This new family life in Madrid was to bring her fresh bitterness and sorrow. In the autumn of 1861, her married life collapsed. The marital disagreements led Carmen, with much pain, to separate from her husband and two daughters, initially settling with her aunt Vicenta and later entering a convent. There she was visited from time to time by the girls, writing to her parents that

Angelín [Elduayen's son] is in bed with a cold and the little girls are beautiful and Lola already has three canine teeth. May God preserve them for our good, and may the sorrow I feel at being separated from them help me to guide them so that they do not have to suffer my troubles, for my dear father believes that in such a situation one's days are terribly bitter, and only the Virgin, who never abandons those who place their trust in her, sustains one to strive for a day of happiness.

Months later, her poor state of health led the doctors to decide that she needed *to leave soon for another climate and take the air in the countryside*. This medical recommendation took Carmen from the convent in Madrid to Vigo, to stay in the company of her parents and her sister Dolores. It was to be a journey with no return that would mark the end of her short life. Her destiny was already written. She had been born in Vigo and from there she left for her new life, dying on 11 November, 1862, of a *chest infection*. She was 24 years old and left behind her two little girls, Milagros and Dolores, aged only four and two. A tragic and heavy blow for all. In truth it was the sorrows of her soul that ate away at her body and ended her short existence. That beautiful young girl who aspired to win the heart of a handsome

gentleman by devoting herself to the piano and singing in those evenings at the palace in Vigo, so fondly remembered by her, would have no luck in life.

Pepe —as Elduayen was called in private— took care of his two daughters with affection and love. They adored each other. Milagros, a maverick and more difficult in character, was more at home in the city than in the countryside. Her grandfather, the Marquis, affectionately called her *Gregoria de Milagritos*. Dole —the family's pet name for Dolores— was a quieter and more docile child, fond of the countryside.

Elduayen, in spite of the difficult situation, continued to keep in touch with his parents-in-law. And he continued both with his political career, as a member of the Spanish Parliament for Vigo, and with his railway projects. The railway was to bring him great success. While his marriage was failing, his lucrative business ventures were flourishing. Days of highlights and shadows. Just after the crisis with his wife had come to a head, he signed the most important agreement of his life up to that time: the partnership contract signed on 12 November, 1861, with the brothers Rafael and Luis Bertrán de Lis for the construction of the railway from Medina del Campo to Zamora, whereby they agreed to share the profits equally.

In January 1863, political disagreements led Elduayen to resign as head of Civil Constructions. During February and March he was forced to leave his business to be at his father's side, as he was suffering a painful illness *that required all my care; and as soon as he began to convalesce, I fell ill, too*. On 1 of June of that year, Elduayen left Madrid for A Coruña and Vigo for the inauguration of the railway works from Orense to Vigo. He was accompanied by his little girls Milagros and Dole who would enjoy the summer holidays in Galicia in the company of the family. They stayed there until the end of October.

On 5 March, 1864, Antonio Cánovas del Castillo, Minister of the Interior, appointed Elduayen Undersecretary of the Ministry with a salary of 50,000 reales de vellón per year. As Undersecretary, and at the age of 41, Elduayen became an extraordinarily wealthy man thanks to the construction of the railway line from Medina del Campo to Zamora. It was completed and went into operation on 28 May, 1864. Its construction generated a profit for the company of 13,459,226.18 reales, of which one third was for Elduayen. This was an immense fortune for the time. But José had new ambitions and new projects. And while his two partners collected their profits, Elduayen did not do so because it was not in his interest when the work came to an end. Instead, he reinvested them into the construction company building the railway from Orense to Vigo, known as the MZOV (Compañía de Medina a Zamora y de Orense a Vigo) and a continuation of the previous one, as he considered it more appropriate for his future endeavours.

At the same time he was achieving political and business success, he was captivated by *a bewitching girl fresh from school*, Pura Fontán, a very young and beautiful woman of only 19 years of age, whom he married on 7 September, 1864. His wife was born in Madrid around 1845. She was the illegitimate daughter of the nobleman Ventura Fontán y Marcó de Pont, a colonel in the cavalry and administrator of the Royal Site of Buen Retiro, and Francisca Pérez Palma. The universe would not give him any new offspring, but Elduayen had found the mother he wanted for his children Ángel, Milagros and Dolores. Thus began a new family life, cautiously happy and prosperous, full of adventures and travels around Europe, but inevitably marked by Elduayen's political and business vicissitudes.

After resigning as Undersecretary of the Interior and spending some time abroad, in the autumn they travelled to Galicia. This was Pura's first stay in Galicia with her husband. It was then that they acquired the estate and farm called Pazo de la Mamoia y Azotea, with its palace, chapel, wine cellar and mill. Located in Tortoreos (Las Nieves), it also had a pine forest, orchard, vineyards and wooded hills. They renamed the estate El Pazo de la Merced, consecrating its chapel to the Virgin of La Merced, to whom his wife was so devoted. A place that would be very important in their lives from then on, as it would become their summer residence.

Over the course of the following two years, two events would shake up his political and family life. In December 1865, Elduayen returned to public life when Cánovas appointed him State Councillor for the Overseas Territories, a post he held until the following July. Three months later, on 11 October, 1866, his father died at his home in Madrid. His *beloved and unforgettable* father had been everything to him. He had given him the opportunity to train as an engineer. He had taken his son Ángel under his wing and guardianship while he pursued his professional career. And he had taught him the ins and outs of public office. His achievements as a railway entrepreneur would have been unimaginable without the financial training he had received from his father, who taught him how to invest in public assets and how to find sources of financing. Many years later, at the end of his life, he would remember his parents with affection by arranging for them to be buried in the pantheon he ordered to be built in Vigo.

His skills and knowledge when it came to managing finances and wealth and making wise investments did not go unnoticed by Cánovas, who, being aware of his expertise in this area, delegated the administration of his assets to him, a task that Elduayen performed with very good judgement, significantly increasing his capital.

At the beginning of July 1867, Elduayen moved to Vigo in order to restart the works on the Orense-Vigo railway, which had been at a standstill for almost two years. His

stay in the city coincided with the exploration that the Frenchman Seghand was carrying out in the Vigo estuary in search of the treasures of the galleons of the Indies sunk in the estuary in 1702 by an Anglo-Dutch fleet. To explore the seabed, he used a large iron cylinder, hermetically sealed and with patented glass panels on its surface, within which a person could descend and remain submerged for a certain time on the seabed, breathing the air contained inside. Intrigued by the device, Elduayen, a lover of inventions like any good engineer, did not miss the opportunity to try it out, immersing himself in the water and spending a long time admiring the effects of the electric light at the bottom of the sea.

His participation in the Bourbon Restoration and the proclamation of Alfonso XII (1868-1875)

The disaffection of the political elite towards the crown and the fierce confrontation between the main parties led to the triumph of the so-called La Gloriosa revolution, in September 1868, which drove Isabella II into exile.

When new elections were called for January 1869, Cánovas decided to join forces with several friends —including Elduayen— to stand for election to parliament under a new party, the conservative liberal party. They won seven seats, one of which was that of Elduayen. A transcendental question had to be resolved in this new legislature: to decide on the new form of government, namely, whether to opt for a republic or a parliamentary monarchy; the latter was finally chosen.

As a Member of Parliament, Elduayen was actively involved in promoting the rapid completion of all the works related to the north-western railway and the approval of the necessary subsidies to promote the construction of the railway lines. However, without a doubt, his most brilliant and well-known intervention in Congress took place in December 1869, when he delivered his famous speech —one of the most outstanding of that session— on the crown jewels, defending the Queen Mother María Cristina and Isabella II, who were accused of having made off with several crown jewels when they left Spain. In the debate, Elduayen intervened spontaneously, *responding to the impulses of my heart on hearing those serious accusations, devoting himself especially not to the defence of the Queen Mother, who had no need of it, but to the defence of justice and truth.*



Studio portrait of Doña Purificación Fontán de Elduayen posing in front of a balconied window. This photographic portrait, which is dated around 1869, was given as a gift to Alfonso XII as a respectful tribute to His Majesty (Archivo General de Palacio, Historical Photograph, ref. 10230809).



Façade of El Pazo de la Merced in Tortoreos, As Nieves (Museum of Pontevedra, by Ignacio Cela, catalogue number 50852).



Chapel at El Pazo de la Merced in Tortoreos, As Nieves (Museum of Pontevedra, by Ignacio Cela, number 50851).

Following Cánovas' advice, from her residence in Paris, Isabella II abdicated in favour of her son Alfonso de Borbón on Saturday 25 June, 1870, a fortnight after the law for the election of a new monarch had been passed in the Parliament. The group of Cánovas and Elduayen declared themselves in favour of Alfonso de Borbón, one of the various candidates put forward by the different political factions, considering that he represented the legitimacy of the tradition that gave more authority and strength to the principle of monarchy. Nevertheless, in the parliamentary vote of 16 November, 1870, Amadeo I of Savoy was elected King by a very large majority from among the candidates nominated by the different factions. After the election, Cánovas declared in Congress that he would always uphold the candidacy of Alfonso de Borbón, pledging, however, his respect and loyalty to the new monarchy of Amadeo I of Savoy.

In the elections of 2 April, 1872, Elduayen was once again voted in as Member of Parliament for Vigo. When the Parliament reopened, he was appointed Vice-President of Congress, a post that was generally reserved for the most highly regarded parliamentarians. Weeks later, General Serrano, in charge of forming the government, appointed Elduayen Minister of Finance. His first term as Minister proved to be short-lived, for on 13 June Serrano resigned as president of the government, and on the same day Elduayen also stepped down. A few days later, on 21 June, he paid a visit to King Amadeo I at the palace. It was a visit, one might think, of a formal nature as a farewell, during which they were sure to exchange views on the complicated political situation at the time.

His family life continued with its customary routines, with frequent trips to the spas and holiday resorts of the time. He made regular trips to Galicia for his political and business activities, spending long periods of time at his country house in Tortoreos, in Las Nieves (Pontevedra). The feast of St. Joseph was always a special day for family celebrations. In the summer of 1872, after resigning as minister, his son Ángel entered the naval school to begin his career as a sailor. Regarding this decision, Elduayen was of the opinion that young people *should be given a career, that they should be required to complete it, see the world and get to know it*. A view which, of course, was an admirable and modern perspective for the time. And there was nothing better than serving as a midshipman to see these desires fulfilled.

On 11 February, 1873, the serious political situation the country was going through led Amadeo I to abdicate as King of Spain, ushering in the First Republic. During the summer, Isabella II, who had abdicated three years earlier in favour of her son Alfonso de Borbón, appointed Cánovas del Castillo as head of the Alphonsine cause to achieve the restoration of the hereditary and legitimate monarchy, embodied in the

figure of Alfonso de Borbón. From then on, Cánovas's main aim was to achieve the greatest possible political and social support for the young prince.

During that same year, Elduayen was confronted with major hurdles regarding the construction of the railway line from Orense to Vigo, as, in addition to the fact that the budget was not sufficient to complete the works, he also faced legal issues. On top of this, a lack of maritime transport to the port of Vigo and its shortage of facilities prevented the railway material from being unloaded at the port. His own company had to take charge of the construction as well as the installation of docks and cranes in the harbour. Despite all these setbacks, over the course of those months he managed to construct the buildings for the line and stockpiled some 1,000 tons of rails along with seven locomotives from the German company Schwartzkopff.

1874 began with a surprising event that was to mark the political life of the nation in the following months. In the early hours of 3 January, General Manuel Pavía, Captain General of Madrid, staged a coup d'état, seizing the Spanish Congress of Deputies just as the vote to elect a new president of the Republic was about to take place. Having cleared Congress, Pavía immediately summoned the main party leaders, including Cánovas and Elduayen. At the meeting held the following day, 4 January, he told them that they had to set up a new government as a matter of urgency, and that they would not leave Congress until it had been formed. The majority agreed that the Republic should be maintained, but Cánovas and Elduayen opposed this, proposing a provisional, neutral government to prepare for the Bourbon Restoration. After their proposal was rejected, they remained on the side lines of the new government. Elduayen was first offered the Treasury, and then a post as State Counsellor, positions he turned down because of his desire not to be involved in a government that was contrary to his views.

It was at this point that Cánovas stepped up the campaign to restore the Bourbons under the figure of Alfonso XII. Elduayen would be a key player in the implementation of his plans, travelling around the European seats of power during the winter and spring to gather support for the cause, sending his daughters Milagros and Dole to Vigo to spend a long period in the company of their grandparents, the Marquis and Marquise of Valladares.

In the autumn, when the Republic was showing clear signs of weakening, the final preparations were being made for the Bourbon Restoration. Cánovas drafted a manifesto for Prince Alfonso, setting out the political direction of the Restoration and his willingness to be king under the system of a parliamentary and constitutional monarchy. Following his instructions, at the end of October Elduayen set out on a new trip to Rome, Paris and London, this time accompanied by his wife Pura and his

daughters Milagros and Dole, two young girls aged 16 and 14, who were then oblivious to the historic event their father was in the process of catalysing. The purpose of this trip was to sound out and obtain the support of the European Parliaments and to go to the English military academy at Sandhurst, where Alfonso was studying, to deliver this manifesto to him in person.

After spending several days in Paris and visiting Queens Isabella and María Cristina, Elduayen arrived at Sandhurst on 25 November, 1874. With the collaboration of the young prince, who wrote several copies in his own handwriting, they made a number of duplicates of the manifesto. These were signed by Alfonso and, on 1 December, Elduayen circulated them to the press and European governments. He returned to Paris, meeting again with the queens and the Duke of Montpensier, and remained in the city to await further developments. On the evening of 30 December, the Prince arrived in the French capital to spend Christmas with his mother and moved into the Bassilewski Palace. In the evening, when he returned from the theatre in the company of his mother and sisters, an anxious Elduayen was waiting for him at his residence to give him the news of the successful military uprising that had just proclaimed him the new king of Spain. Elduayen, together with the Marquis of Pidal, and three other prominent figures, were commissioned by the new Council of Ministers to accompany the King on his return journey to Spain, as representatives of the Government. In the days that followed, Elduayen attended the receptions and parties held in Paris in honour of the new king. During those hectic days his daughters Milagros and Dolores remained in the Parisian capital, secluded in a convent.

At six o'clock in the evening of 6 January, 1875, King Alfonso left Paris for Marseilles accompanied by Elduayen—who was travelling with his wife and two daughters—and the rest of the official entourage. From there they boarded the frigate *Navas de Tolosa*, bound for Barcelona and Valencia, and then continued their journey to Madrid overland. During the sea crossing, Elduayen's wife Pura—one of the only two ladies who accompanied the king on his journey—was the object of the most gallant attentions of all the passengers, dining with the young king in the lounge of the Royal Chamber. The king arrived in the capital on 14 January. That same day he held a lunch at the Royal Palace, which was attended by 30 people, including ministers, the leading authorities from Madrid and Elduayen.



Milagros Elduayen y Martínez, future Marquise of Valladares, ca. 1873.



Photographic portrait attributed to Dolores Elduayen y Martínez, daughter of José Elduayen.



Portrait of Don José Elduayen y Gorriti in a black frock coat, by Llanos. Private collection of the present Marquis of El Pazo de la Merced.

Elduayen, Marquis of El Pazo de la Merced. His terms as Civil Governor of Madrid, of the Bank of Spain and Minister of Overseas Territories (1875-79)

The intense experiences of the young king in the company of Elduayen would leave a lasting sentiment of mutual affection between the two of them. In gratitude for his efforts and support in those exciting days, and as a reminder of the moments they spent together prior to his accession to the throne, Prince Alfonso presented him with a photograph of himself at Sandhurst College with a dedication that read as follows: *To Mr. José Elduayen, in memory of 1 December, 1874 - Alfonso de Borbón*. The recognition for his services did not end there, as during the journey to Madrid, Elduayen was awarded the Grand Cross of the Royal Order of Charles III and five days after the King's arrival at court, on 19 January, 1875, Alfonso XII granted him the title of Marquis of El Pazo de la Merced. The name chosen for the marquisate—El Pazo de la Merced—referred to the country house he owned in Tortoreos (Las Nieves, Pontevedra).

As soon as the Bourbon Restoration had begun, Elduayen became politically very active, holding meetings with the various party leaders to agree on the steps to be taken and to promote support for the new king. On Friday 12 February, *sacrificing his own desires and convenience*, he was appointed Civil Governor of Madrid, a post that was considered crucial to consolidating the new Bourbon regime. His first decisions were to close all the gambling houses in the capital; to monitor begging; to prohibit meetings without prior authorisation; and to stop the press from disseminating military information about the Carlist Wars. He also fought prostitution, trying to maintain order without violence and warning the inspectors of public order of the possible loss of their posts if they did not inform him of what was happening in their districts, initiatives that led the press to describe him as *energetic and enlightened*. He was also a member of the commission of 39 prominent individuals appointed to draw up the new Constitution.

On 3 February, 1876, Elduayen was once again elected Member of Parliament for Vigo. A good example of his character and manner can be found in the letter he penned to the Mayor of Vigo in response to the letter sent by the latter with his parliamentary deed. An epistle in which he thanked his constituents for their support and stated that he had not gone to Vigo to ask for their vote because *I did not want my political position to exert any influence today, to be taken as pressure, so that*



Entrance gateway to the château of Monte Real (Diputación de Pontevedra archive, Graphic Collection of the Documentary and Bibliographic Heritage Service).



Another view of the château of Monte Real (Diputación de Pontevedra archive, Graphic Collection of the Documentary and Bibliographic Heritage Service).

everyone could cast their votes freely. A few days later he was appointed Vice-President of the Congress of Deputies.

As Civil Governor, he was present at all the official receptions, parties and banquets held in the Royal Palace and in the salons of the aristocracy, accompanied on many occasions by his wife and daughters. He also attended hunting days and theatrical performances presided over by the royal family, frequently meeting the King and having private audiences, both he and his wife, with Don Alfonso. During the summers he would combine his trips to Paris and the spas in the Pyrenees with his stays at his country house in Tortoreos, in Las Nieves (Galicia). Every time he visited Vigo he was treated to a serenade or a banquet. It was towards the end of that year, 1875, that Elduayen acquired another of the most important buildings in his estate. We are referring to the château of Monte Real in Bayonne, which he himself restored, creating an elegant palace within it.

On 15 January, 1877, the King and Princess of Asturias gave a ball in the halls of the Royal Alcázar, the first formal reception after their accession to the throne, and the invitations were highly coveted by the most beautiful and distinguished women of the court. The ball began at nine in the evening with five rigaudons, one of which was danced by the King with the Marquise of El Pazo de la Merced. At midnight, a dazzling buffet was offered with the most exquisite delicacies, the most sought-after fruits and the most famous wines, with the party ending at four in the morning. Surprisingly, following this, on 4 February, Elduayen was dismissed as Civil Governor of Madrid, provoking floods of ink in the press against his dismissal, which praised *the integrity and rectitude of the Marquis of El Pazo de la Merced*. At his farewell audience, the King received him warmly. When Elduayen was asked about the reasons for his dismissal, he replied that it was due to *an excess of friendship with his boss*. That summer he spent his first season in his beautiful new palace in the château of Monte Real in Bayonne, which Elduayen had rebuilt with great care.

Freed from heavy responsibilities, in the months that followed he devoted himself to travelling and enjoying the company of his family. The king invited him to attend the meeting of the Spanish Association for the Exploration of Africa held in his rooms, an association created for the development of thought for the benefit of science, humanity and the homeland, and to explore and civilise Africa. At that meeting it was agreed that Spanish explorations should be directed towards the southern part of the Moroccan empire because of its proximity to the Canary Islands. Over the summer he accompanied King Alfonso on his first official trip to Galicia.

His political quiescence was to last only a few months, for on 18 October, 1877, Elduayen was appointed governor of the Banco de España. In this post he would take

part in a historic event that would forever change the way we communicate. At one o'clock in the morning of 6 January, 1878, he was present at the first telephone call made in Spain, made to Aranjuez from the Post Office, where the Minister of the Interior and other personalities were conferring, and he was able to *fully appreciate the sound transmission, which, although faint, was loud enough to be able to hear what was being said*. At the end of the month Elduayen, his wife Pura and their daughters Milagros and Dolores were invited to the sumptuous banquet thrown by the President of the Council of Ministers to celebrate the marriage of Alfonso XII to his cousin María de las Mercedes de Orleans, daughter of the Duke and Duchess of Montpensier.

After four months at the helm of the Spanish national bank, on 13 February, 1878, Elduayen returned to high politics when he was sworn in as Minister of Overseas Territories as part of the new government of Antonio Cánovas del Castillo, and was forced to reluctantly give up his post at the helm of the Banco de España. On hearing the news of his imminent appointment, merchants and businessmen wrote to the president of the Council of Ministers requesting his continuity at the bank *because of the well-deserved support he had won for himself, based on his outstanding qualities of character, industriousness and unblemished creditworthiness*. In the end, against his wishes and against his will, Cánovas did not heed these requests because of his need to divest himself of the overseas occupations, which he had taken over due to the illness of the previous minister, and his desire to have a person he trusted implicitly in the post, and with whom he was close.

His arrival at the ministry –which dealt with Spain's overseas possessions– was not at all pleasant, as Cuba had been at war for ten years and his main priorities were to pacify the island, establish a new administrative and economic organisational structure, and abolish slavery. His political actions in the West Indies were heavily conditioned by the agreement that the Spanish government had signed with the United States, in which they undertook to carry out political reforms on the island, grant freedom to slaves and remove any obstacles that might hinder Cuba's trade with the United States. His correspondence with Cánovas's brother José, then Director General of the Cuban Treasury, reveals how Elduayen dealt with these political responsibilities and what his principles and values were. This is how he frankly expressed himself to José Cánovas:

I confess to you that it is the greatest sacrifice I have made for my old friendship with your brother, abandoning the peaceful and quiet life of the bank for this one, which brings me so many annoyances, setbacks, and difficulties, without a single moment's rest. The Peace campaign must be actively prepared. It is my intention to respect all those worthy and proven officials whose aptitude and zeal I have no doubt of, and not to dismiss them in a capricious manner at the request of friends or political interests, which I know how to resist like no one else, just as

I intend to be completely inexorable with those who fail in the slightest in their duties, whether in terms of morality or neglect and lack of zeal.

Despite his increasing political commitments, during the winter and spring of 1878 he did not neglect his incessant social engagements. In March, he and his wife Pura were invited to a lavish reception at the Portuguese embassy, which was organised with great attention to detail and attended by the well-to-do, with a good-natured confidence that was so necessary when it came to having a good time. The guests were treated to a splendid dinner of pheasant, turkey galantine, ham, hare pie, sandwiches, foie gras, several soups, ice cream, chocolate, tea, various sweets, and wines from Oporto, Madeira, Jerez and Bordeaux. Young men, ladies, politicians and diplomats mingled in lively groups to indulge in conversation or political discussions about the parliament, while the literati leafed through books in the study and some of the ladies entertained themselves with billiards. Elduayen reciprocated these invitations by receiving a group of friends at his house every Monday.

The strong disagreements with the Governor of Cuba regarding the implementation of the desired reforms on the island and the lack of support led Cánovas and all his ministers to resign from their posts on 7 February, 1879. Freed of this responsibility, Elduayen then began a new year full of travel and an intense social life, attending the theatrical performances, parties and banquets held in the palaces of the court's high society. In September he embarked on a trip to Switzerland, Bavaria and Austria in the company of the inseparable Cánovas, and also enjoyed his customary stays at both his country house in Tortoreos and his palace in Bayonne. At the beginning of November the whole family returned to Madrid, as they did not want to miss the horse races, the bullfighting, the festivities and the performances at the Teatro Real that were to be held to celebrate the wedding of Alfonso XII to the Archduchess Maria Cristina of Habsburg Lorraine. The Duchess of Medina de las Torres, Eulalia Osorio de Moscoso, wrote to Elduayen to ask Pura to *share with me what she knows about the future queen. Whether or not she is better than in the photographs, if she is kind, anything she can think of, as I am curious to know what impression she is making in Madrid*. The wedding took place on 29 November, 1879, and Elduayen and his wife Pura attended the official reception at the Royal Palace. Barely two weeks later, on 9 December, a government crisis caused by the reforms that were to be approved for Cuba led to the resignation of the government. Cánovas returned to preside over the Council of Ministers, once again entrusting Elduayen with Overseas Territories.

Elduayen, Minister of Overseas Territories and State (1879-1881). The purchase of the plot of land at Paseo de Recoletos no. 25. The marriage of his daughters

The new government was formally presented to the public at a reception held at the French embassy on 16 December, which was attended by the King and Queen. Until one o'clock in the morning, ice cream and soft drinks, pastries, sandwiches and teas were served in profusion; and from that time until the end of the ball, to restore the guests' strength, a plentiful dinner was laid out in several rooms amid libations of Bordeaux, sherry and champagne. The salons were flooded with a sea of aristocratic lace, silk and rhinestones. Among the guests were the Princess of Asturias, the Infantas and the Archduchesses Isabella and María Rainier. The *soirée* ended with a glittering and lively cotillion.

Elduayen's return to the Ministry of Overseas Territories came at a particularly difficult time, as the uprising in Cuba had resurged and had to be quashed. His other priorities were to resolve the island's economic problems and to tackle the bill to abolish slavery, which was finally approved in February 1880, after numerous modifications had been introduced to satisfy the islanders. Elduayen himself confessed that his time at the helm of Overseas Territories *did not leave him a moment's rest, with daily discussions with the two co-legislative bodies*.

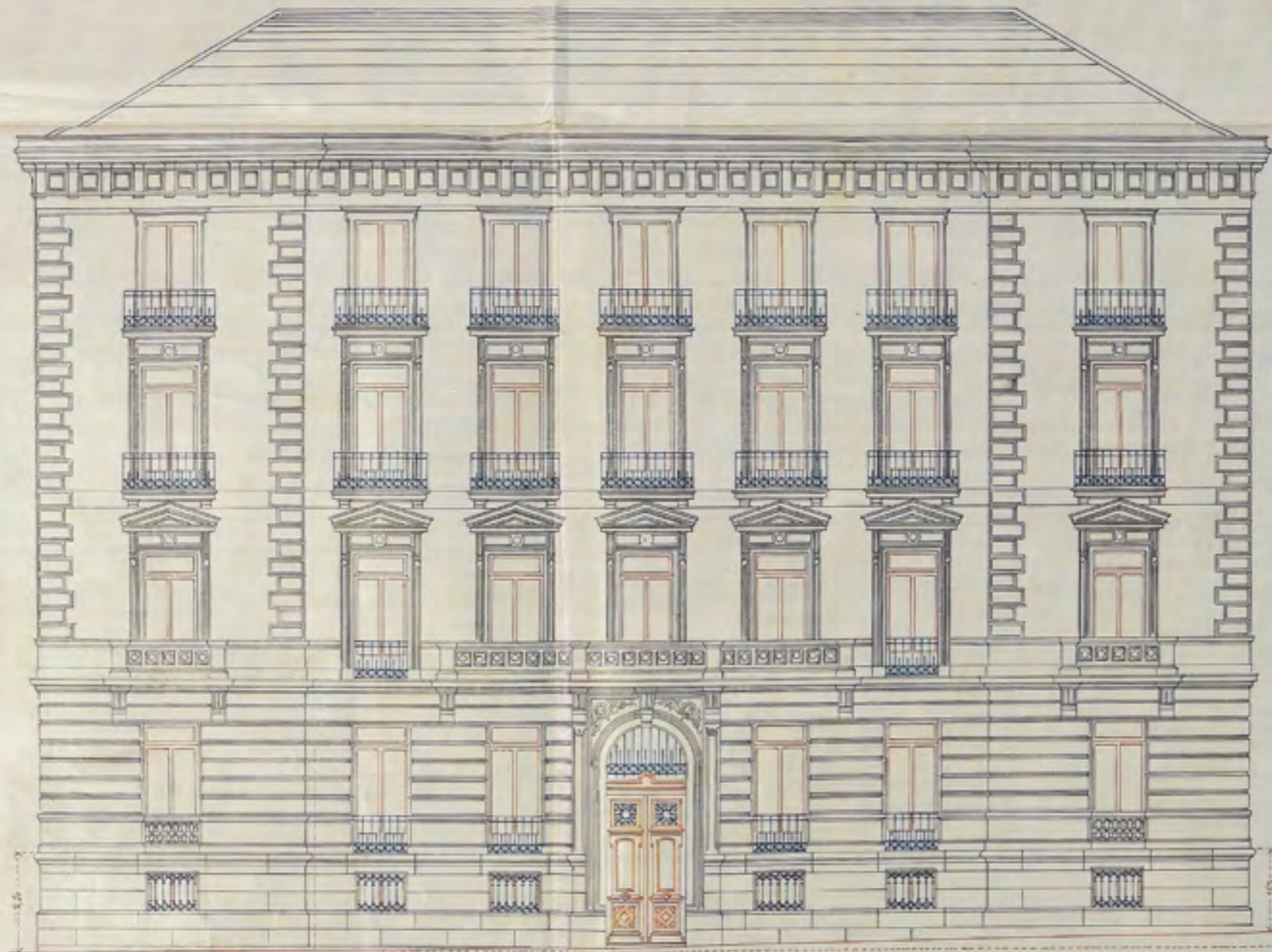
From his copious correspondence with José, Cánovas's brother, Count del Castillo de Cuba and resident on the island, in order to keep abreast of the situation there, we can discover interesting insights into his political thinking:

In all my life I have never consulted anything but my conscience, and I fulfil my duties, whether they seem right or wrong, whether they malign me or do me justice, and I assure you that not for a single moment have I hesitated to do what I ought to do as I have been sure of reason and of my conscience.

I have made a real sacrifice for the sake of my country and for the friendship which binds me to your brother, whom I could not abandon at this critical moment, when all political questions are based on the affairs of that island; but after I have restored, or at least partly restored, the situation which existed in March last year, it seems to me that I have some consideration for being allowed to depart from this unbearable life.

CASA DEL EXMO. Sr. MARQUES DEL PAZO DE LA MERCED.

Fachada al Paseo de Recoletos.



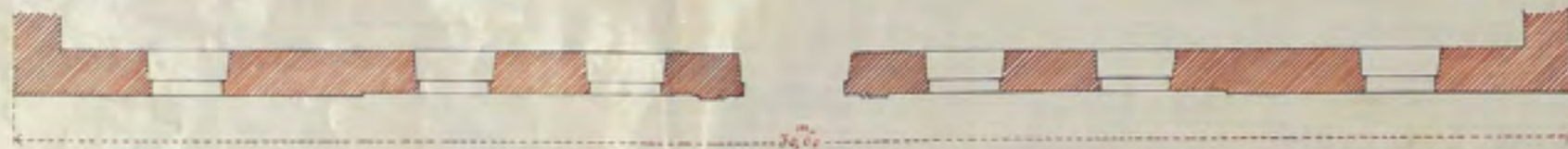
Plan view of the main façade of the Palace of Elduayen with views of Paseo de Recoletos presented when applying for the building permit (Archivo General de la Villa de Madrid).



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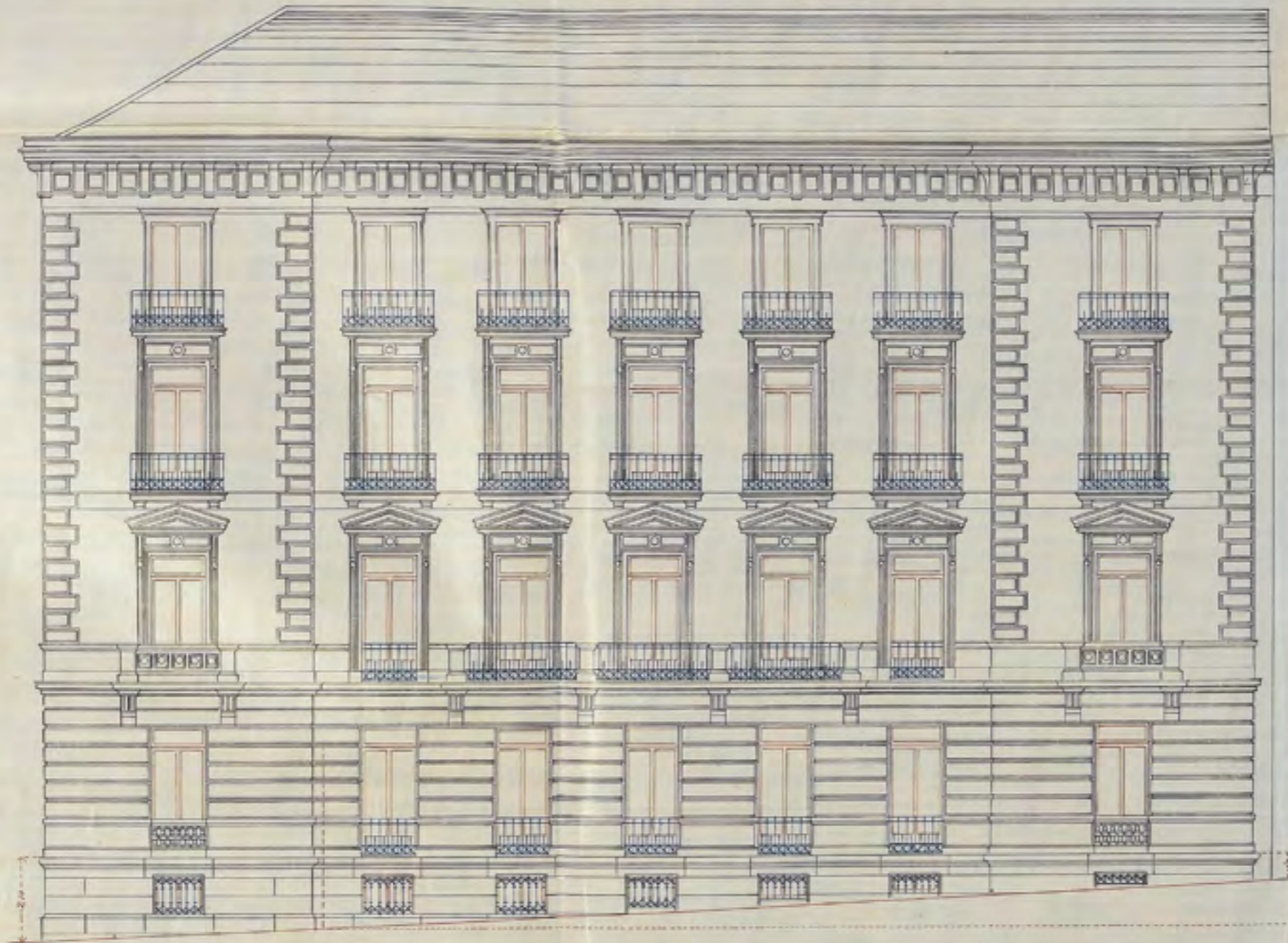
Madrid 25 de Noviembre de 1881.

Miguel Gonsalo
de la Sierra



CASA DEL EXMO. Sr. MARQUES DEL PAZO DE LA MERCED.

Fachada á la Costanilla de la Veterinaria.



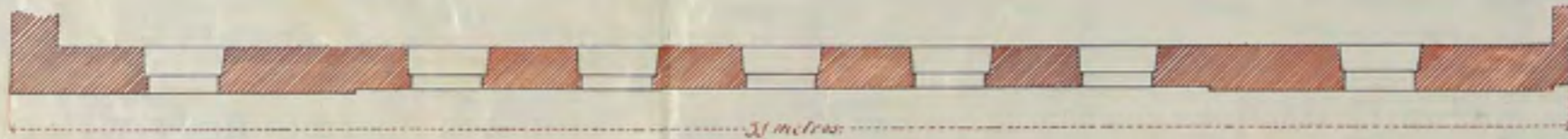
Plan of the facade of the Palace of Elduayen overlooking Bárbara de Braganza street presented when applying for the building permit. (General Archive of the Villa from Madrid).



[Handwritten signature]

Madrid 28 de Noviembre de 1887.

Miguel Aguado arq.^{to}
de la Villa



Having accomplished his objectives at the head of Overseas Territories, on 17 March Elduayen resigned as minister. His greatest wish was to take a rest and be able to enjoy life in the company of his family, but Cánovas would not let him, appointing him Minister of State just two days later. During his term of office he prepared the International Conference on Morocco, the main issue for Spain's foreign relations at the time, which provoked friction due to the interests of the European powers and their rights over that Kingdom. A year later, on 7 February, 1881, Cánovas left the government and Elduayen resigned as minister, finally taking the well-deserved rest he had longed for. That summer he would accompany the King and Queen on their first official visit to Vigo, inviting them to dine at his château in Monte Real in Bayonne. Don Alfonso and Doña María Cristina toured all the rooms of the residence and the beautiful surrounding area in the company of the Elduayen family. It was during that period that, for the first time, Elduayen lost the parliamentary elections for Vigo, causing a great stir in the local press. It was then that he took up his post as Senator for life. Elduayen would not leave the Chamber until the end of his life, except for a brief hiatus.

The end of 1881 marked a new event in the life of Elduayen: the start of construction work on the Palace of Elduayen on Paseo de Recoletos in Madrid. Earlier that year, on 14 February, he had purchased from Doña María Eulalia Osorio de Moscoso, Duchess of Medina de las Torres, two plots of land located at Paseo de Recoletos no. 25, one of the most exclusive residential areas in Madrid at that time. At the end of that year he acquired two other adjacent plots of land from the Duchess, located in Calle Costanilla de la Veterinaria —today Bárbara de Braganza— numbers 20 and 22. It was then that he began to build his new palace with a garden, stables and servants' quarters on the Paseo de Recoletos site, together with two other adjoining buildings that he would erect on the two plots of land in Calle Bárbara de Braganza. Elduayen paid for the purchase of these plots of land and the construction of his palace and other houses with his profits from the construction of the Medina del Campo to Zamora railway line.

As Galdós notes in his novel *Lo Prohibido* [*The Forbidden*], new architecture and urban improvements were emerging in Madrid at the time, where the people liked to stroll around the city and collect fine art objects. On 19 November, 1881, through his proxy Antonio Giráldez, he applied for a licence to construct the building, hiring Miguel Aguado de la Sierra, a member of the San Fernando Academy of Fine Arts and director of the Madrid School of Architecture at the time, as the architect. The report presented for this purpose stated that the palace would occupy a surface area of 931.55 square metres, with a basement, ground, main, second and third floors. The ground floor was divided into several sections for its own use and that of the tenants;

the main floor was conceived as a single room, while the second and third floors were divided into two flats each, with a main staircase and a service staircase, both of which were made of wood with iron railings. Inside, there was hand-carved woodwork and most of the rooms were wallpapered; the staircase, courtyard and bedrooms were stuccoed, while all the ironwork and exposed woodwork, as well as the façade cornices, were painted with oil paint. The kitchens had cookers, hoods and smoke outlets made of terracotta. The lavatories and washrooms had lead downpipes, as did the domestic drains and guttering; this water was collected and channelled to the general sewage system. Its façade was designed with exposed brickwork, mouldings and white plaster ornamentation. At the same time as Elduayen was building his palace, the Duchess of Medina de las Torres was doing the same on the adjoining land. The two palaces were built on plots where, some time before, the Englishman Thomas Price's circus had been established and where the Garden of Delights had stood.

It was during those days, when Elduayen was busy with the building work on his new palace, and in the subsequent months, that the marriage of his two daughters was arranged. On 24 April, 1882, his daughter Dolores celebrated her wedding in the oratory of the palace of the Duchess of Medina de las Torres in Calle de Jesús no. 6, in Seville, with a 24-year-old lawyer from Jerez who belonged to a family of titled nobility: Miguel López de Carrizosa y de Giles, who months later would become the 2nd Marquis of Mochales. The newly married couple set up home in Jerez. Two years later Elduayen pushed his son-in-law Mochales to enter the political arena and he was elected a Member of Parliament, thus initiating a political career that he would not relinquish until his death.

His daughter Milagros married on 15 January, 1883, at the family residence at Cuesta de Santo Domingo no. 5, in the capital, to a handsome and dashing diplomatic attaché: Fernando Quiñones de León y de Francisco Martín, second son of the Marquis and Marquise of San Carlos. They were both 24 years old. As her dowry, Milagros brought to the marriage, *white linen for beds, tables, linen and toiletries*, dresses and coats, plus 175 shares in the Banco de España. To all this she added various pieces of jewellery she had inherited from her mother, valued at 123,830 pesetas. The newly-weds settled in Rome when Fernando was assigned as diplomatic attaché to the embassy near the Holy See, under the orders of the ambassador, the Marquis of Molins, a *very agreeable* friend of Elduayen. Only Milagros was to bear him a grandson, Fernando Quiñones de León y Elduayen, who was born in Rome on 8 October, 1883.

After the marriages of his two daughters, it was Elduayen's turn to begin a new phase in his family life, without the daily company of his beloved Milagros and Dole. During the summer, he alternated his stays between his château in Bayonne and his country house in Tortoreos, which he interspersed with trips to Europe and the fashionable

spas. Parties, balls and official receptions at court, as well as the celebration of various events, along with the occasional lunch with the King, filled his social life in the following years.

His return to high politics, once again as Minister of State (1884-1885)

In the early days of 1884, the King again called on Cánovas to form a government. When he presented his list of ministers, the King noticed that Elduayen was appointed Minister of State, so Don Alfonso took up his pen and crossed him off. The King did not want him in that position, as the ministry's offices were located in the Royal Palace itself and he had unpleasant memories of his previous stint in State, when Elduayen had intervened —probably on Cánovas's instructions— in *delicate incidents* involving the King's personal life. Cánovas refused to allow royal interference, reminding him that, according to the Constitution, it was up to him to choose the ministers, and that his veto also implied his disavowal as president. Faced with this warning, Alfonso XII was forced to overcome his resistance and end the matter. When he signed his appointment on 18 January, 1884, he proclaimed in a loud voice the famous phrase: *al que no quiere caldo, taza y media* (something like “if you don't want something you'll end up with a measure and a half of it”). The following day Parliament opened its session and the new ministers made their appearance, Elduayen in full uniform, with his sashes and crosses. Four days later a lavish banquet was held in the Royal Palace to the music of the halberdiers, and Elduayen was seated at the right hand of Queen María Cristina.

In the summer Elduayen would accompany the royal couple on their journey through Asturias and Galicia. During their stay in Vigo, he invited them to dine at his château in Monte Real in Bayonne, and they all travelled together in a simple retinue of twelve carriages to Bayonne, where they arrived at five o'clock in the afternoon. At the door of the château they were met by his wife Pura and their sons, the Marquis and Marquise of Mochales. After praying briefly in the château's neo-Gothic chapel, the royal family went to rest in their rooms, which Pura had carefully prepared, and a session of pigeon shooting was organised as entertainment before dinner. At half past seven in the evening, the banquet began, prepared by the Elduayen's master chef, Julio Longa, who had served in the royal household for many years. The King sat the Marquise of El Pazo de la Merced on his right and the Duchess of Medina de

las Torres on his left, while Queen María Cristina did the same with Elduayen. The table, set for 24 guests, was a striking sight, decorated with extraordinary taste and a profusion of beautiful bouquets. The menu was exquisite. After the meal, coffee was served in another room, and a dance was improvised. The King danced the rigaudon 'd'honneur' with the Marquise of El Pazo de la Merced, and the Queen with the Marquis of Mochales. At twenty past eleven in the evening the King and Queen retired, and were seen off by Elduayen's wife and daughter. At night the castle was brightly illuminated in the Venetian style, with lanterns on each of its battlements, giving it the appearance of an immense ship at anchor. The neighbourhood was waiting en masse at the gates for the departure of Don Alfonso and Doña María Cristina, who embarked on board the frigate *Victoria*, bound for the Cíes Islands where the royal fleet awaited them and where they spent the night before setting sail the following morning for Gijón, accompanied by Elduayen.

But one of the most important events of 1884 was undoubtedly the completion of the work on his new palace on Paseo de Recoletos in Madrid. It was his main residence until the end of his days and a silent witness to his joys and misfortunes during the last fourteen years of his life.

The Palace of Elduayen. Its layout and decor. Its uses and traditions. The administration of its assets

Elduayen built his palace in one of the most elegant and select areas of Madrid: Paseo de Recoletos. And he designed it to provide him with the greatest comforts and conveniences that he could aspire to at that time: electricity, running water, drains and heating, as well as the latest technological advances, including lifts, dumbwaiters, thermophones and telephones. These were luxuries that were only available to a privileged few. The palace was designed to fulfil a dual function: as the main residence of its owner and as a building for rented accommodation. These two spaces were designed in a clearly differentiated manner in order to fulfil their functions.

The site on which the palace stands, with its garden, courtyard and stable pavilion, is shaped like a ten-sided irregular polygon, with a total surface area of 1,567.68 square metres. While the palace occupies almost two thirds of the land, 941.17 square metres, a further 291.90 square metres are devoted to the garden and 334.61 metres to the



Milagros Elduayen y Martínez, wife of Fernando Quiñones de León and future Marchioness of Valladares.



Pura Fontán, in a brocaded blue velvet gown with white lace stole, and necklace of four strands of pearls. Portrait on canvas by Madrazo, 1885 (Museo del Prado Catalogue No. P04822).

courtyard and stables. The building, arranged around a central courtyard, is detached on three of its façades. The lower part of the façades is built of stone, the rest being exposed brick with stones in the corners and decorative details such as the cornices, window frames and balconies, together with white plaster mouldings and ornamentation. Its interior layout followed the typical layout of noble residences of the time. The residential area of the palace for the exclusive use of its owner comprised the garden, courtyard, stables and coach houses; the semi-basement; part of the ground floor and the entire 'grand' first floor, all of which formed a single dwelling. The rest of the building was designed to be rented out. In the areas of the ground floor not occupied by its owner, two dwellings were fitted out, the ground right and ground left, while the second and third floors were each divided into two living spaces or apartments. Under the roof, in the so-called attics, there were initially three dwellings that were occupied by his service staff, together with another for their exclusive use.

Elduayen clearly designed the palace in such a way that it would be profitable and would bring in substantial rents while also serving as a residence. Each of these two areas of the palace —the grand area reserved for Elduayen, and the rental area— had its own entrance and completely separate common areas. The floors of the palace were generally laid with wooden planks. The corridors and most of the rooms were papered. The doors and windows, with their mullions, were painted. Throughout the palace there were a total of 27 fireplaces. The kitchens were whitewashed plaster.

A painted iron gate, located on the left-hand corner of the façade on Paseo de Recoletos, granted access to the garden and the palace's grand entrance, and was for the exclusive use of its owner. The garden, which adjoined that of the palace of the Duchess of Medina de las Torres, was separated from the latter by a fence; it had two painted lampposts and a palm tree at the entrance with its watering spouts. At the back of the garden, a painted double-leaf iron gate with a key allowed access to the courtyard, stables and coach house. The stable pavilion was located in a two-storey rectangular building, crowned by an apse-shaped tower with plaster ornamentation; the coach houses, located opposite the stables, were on the ground floor of the adjoining building at Calle Bárbara de Braganza no. 20, the rear façade of which overlooked this courtyard and which had been built by Elduayen at the same time. The carriages entered the palace through the aforementioned gate, stopping under the modern portico of the main door to protect the occupants from the inclement weather, leaving the garden and grounds through the ground floor of the adjoining house in Calle Tamayo no. 6 (formerly Marqués de la Ensenada), also owned by him, as the palace had this right of passage as an easement to allow carriages to leave through this street, an easement that was abolished after Elduayen's death.

The main entrance was presided over by a two-storey portico, with four lightly decorated pilasters with a rosette base and two fluted columns at the front, reminiscent of the Doric style, and its upper floor was glazed and roofed. A half-staircase of white marble, with skirting boards and a coffered ceiling of polychrome wood, lit by four carved bronze candelabras and decorated with plant pots, led to the main door of the palace and its great hall. The walls of the hall were adorned with remarkable paintings and the floor was decorated with a large tapestry carpet. Adjacent to this main hall was Elduayen's private study, with a carved oak minister's table and his office chair, and a large oak bookcase containing an outstanding and extensive library. A lover of good taste and style, on his desk there was no shortage of business cards, letters and stamped envelopes, menus and diaries, all engraved and lithographed by Mr. Peant, as well as a bottle of liquid gum, a bottle of ink, a stamp with the initials J. E., and a box of pens.

From this hallway, the main staircase led to the main floor, which was decorated with black and white marble and wall and ceiling murals in the neo-Pompeian style by Alexandre Ferrant. On the first floor, another smaller, high vestibule, with its tapestry carpet, led to a long corridor or gallery, a metre and a half wide, panelled in wood, which communicated with the different rooms on this grand floor. The walls of this gallery were adorned with splendid paintings. The interior of this main floor was divided into two large rooms for holding parties and banquets; several smaller and cozier chambers or rooms for the family's rest, leisure and the reception of relatives and friends; and the more private rooms for the Marquis and Marquise' daily use, such as a small dining room, bedrooms, a boudoir and bathrooms. Each of these rooms and chambers was named according to its use and decorative style: the ballroom, the dining room and the billiard room; and the grey, blue, Japanese and tapestry chambers.

The interior of this grand floor was splendidly decorated in keeping with the taste of the time, combining sobriety and Baroque style, a faithful reflection of Elduayen's high social and economic position and his love of fine arts and antiques. He acquired important works of art for this purpose, including bibelots and miniatures, enamels and filigree, panoply and trophies, busts and armour, and paintings by the most famous artists. A collection of pieces that he had built up over the previous years by acquiring works at national Fine Arts exhibitions and by participating in various private auctions —including those of the Marquis of Salamanca and his palace at Vista Alegre— and public sales.

The ballroom and the dining room were the two most lavishly decorated rooms. This ballroom —also known as the music room— was located opposite the foyer on the

grand floor. It was a unique salon that preserved all the flavour of the period. Overlooking Paseo de Recoletos, its four balconies were located in the centre of the main façade on that street. It had wooden skirtings and floors, with oil murals on the ceiling and walls by Manuel Domínguez, Ferrant and Pedro Pérez de Castro, and it was decorated in gold leaf. There were crystal chandeliers from La Granja and a marble fireplace of grand proportions. It was furnished with a grand piano made of palo santo, or ‘holy wood’, and we suspect it was furnished with eighteen carved and gilded armchairs upholstered with Gobelin fabrics, two mahogany sofas and six matching poufs; three gilded consoles; a large centrepiece, carved and gilded with marble, and square banquettes in silk-embroidered fabrics. The dining room, or gala drawing room, overlooking Calle Bárbara de Braganza, was in the Alphonsine style, lined with carved oak, with French-style zigzag wooden skirting and floors. Intended for large banquets and luncheons, it had three balconies with woollen piqué curtains and silk and gold cords, and two fireplaces framed with the owner’s monogram and initials, as well as oil paintings of gastronomic subjects on the ceiling. A large gilt bronze and blue porcelain cup chandelier, with several gas arms of four lamps each, illuminated the room. Its table seated thirty diners, with thirty carved walnut chairs with black stops, covered in leather and steel studs, and two matching armchairs. It was decorated with a Japanese screen; a large carved walnut sideboard; a stained-glass cabinet—an example of the modernist furniture that was beginning to be used to ornament domestic spaces— where he kept his medals, crosses, plaques and decorations; and one hundred and twenty-five plates hanging on the walls. Next to this gala drawing room, on the left, was the anteroom, a space where people waited for the banquet to begin and where they drank coffee after the meal. It had an iron cupboard for heating the dishes, known as a plate warmer, and its walls were decorated with another twenty-five plates. Adjacent to this dining room, we believe was the small dining room, or everyday dining room, with its walls again decorated with plates, twenty-two of different types and sizes. For table service there were eighteen large and medium-sized tablecloths, twenty and a half dozen napkins and a further six dozen napkins for consommé, tea, hands, and dessert. There were several silver and white-metal crockery and cutlery sets with dishes, trays, vegetable trays, salad bowls, sauce boats, fruit bowls, mustard bowls, soup tureens, ladles, jugs, salt shakers, coffee and tea sets, soft-boiled egg sets, complete services for strawberries, biscuit dishes, wine racks, bottle holders, decanters, ice buckets, tongs, ice picks, ice-cream scoops and napkin holders. And a wide variety of glassware, all of it engraved with flower garlands and Elduayen’s initials and a marquis’ crown. For each type of drink there was a special glass: for water; for sweet wine, Bordeaux, burgundy, wines from the Rhine, sherry and white wine; for liqueurs and champagne; glasses for punch and beer; and a variety of water jugs and wine bottles, as well as cheese bowls, and fruit

washing utensils, tea and coffee cups. An example of the sumptuous and select menu with which he treated his friends and relatives is the banquet given in the spring of 1887 in honour of Monsignor Rampolla, Pope Leo XIII’s pro-nuncio, which was attended by the Duchesses of Bailén and Medina de las Torres, the Duke of Osuna, the Countess of Castañeda, the Counts of Tejada de Valdosera, the Marquis and Marquise of Estella and de Mochales, the Count and Countess of Toreno, the Count of Montarco, the French and English ambassadors, Messrs. Pidal, Cánovas del Castillo and Cárdenas with their wives, Mr. Alejandro Castro and General Pavía. The lavish menu was as follows:

Turtle soup and princess purée.

Starter: croustis à la monglas.

Relevé: turbot with creme and bordelaise sauces.

Starter: fillet steak à la Bismarck. Foie gras en belle-vue.

Champagne Punch.

Legumes: asparagus à la ravigotte.

Roast: pheasant fianqués de becases. Salsa Perigord. Ham.

Russian salad.

Dessert: baba à la Dairemberg. Assorted ice creams.

Wines: Chablis - Casa Pavón Sherry - Chateau Iquem - Chateau Laffite - Chateau Laroze - Chateau Margaux - wines from the Rhine - Port (Malvasia) - Bourgogne Champagne.

Coffee and liqueurs.

After dinner they had delightful conversations, with all the ladies dressed in their finest attire.

The billiard room, intended for leisure and entertainment, had a carom billiards table with cues and score board; and games of chess, *tresillo*, draughts, and dominoes. Lit by a four-light gas lamp, it was furnished with, among other things, a palo santo game table and a portière, or door curtain. Oil paintings by Salvator Rosa, Jan Van Kessel and Tiepolo adorned the walls. The blue chamber was decorated with a seating arrangement consisting of twelve chairs, two armchairs and a mahogany sofa covered in blue and white floral striped fabric, a *marquesita* seat covered in blue fabric, two Chinese blue porcelain *tibor* vases and blue velvet draperies. The Japanese chamber, situated in the left-hand corner of the floor overlooking the Paseo de Recoletos, had a large Japanese carved candlestick and a black and gold Japanese desk, a Japanese

bamboo *tan tan*, three full Japanese suits of armour, a chiming mantel clock with red imitation lacquer, two porcelain and red lacquer shakers, a red lacquered Japanese tea table, and a fire guard. The grey room was so called because of its grey satin curtains. Paintings by Panini, Tiepolo, Tobar and the Italian school, among others, hung on the walls of these chambers.

In addition to the aforementioned artworks, and distributed throughout the different rooms of the palace, there were other works by famous painters of the Flemish, French, Spanish and Italian schools, as well as a variety of other furniture and artistic objects, with decorative sets of chairs, armchairs and sofas with their matching curtains and tapestry carpets; and sets of *objets d'art* made of porcelain from Sax and Satzuman.

We suspect that the bedrooms of the Marquis and Marquise of El Pazo de la Merced were located on the right-hand side of the main floor, overlooking the garden, and in the rooms above the portico, along with their dressing table and bathroom, with Florentine-style furniture, a tall English porcelain heater and screens in embroidered Japanese silk. From its windows and balconies hung fine matting on hooks. The mattresses were covered with cloth and the bedding was embroidered with interlining and lace, with bedspreads of piqué, crochet, cotton and shiny fabrics. Hanging on the walls was a canvas of Saint Joseph by Alonso Cano, a painting from the Flemish school and another by Juan de Juanes, two works from the school of Rubens and a wooden panel by Gallegos. In the palace chapel there was a canvas by Alonso Cano depicting Christ with the cross, and another by Joris van Son depicting an almost life-size Saint Teresa surrounded by flowers. Adjoining his bedchamber Elduayen had his own boudoir, with a bureau-style palo santo writing desk. The lavatory room was wallpapered, while the bathroom had urinals, a palo santo bidet and a bathtub, with a set of sponges, bathrobes, sets of cotton and linen towels and eau de cologne. Pura, on the other hand, had her personal lady's bureau with two sections of palo santo wood, a Japanese jewellery cabinet, a dressing table with a marble top and a porcelain-framed mirror, an embroidery frame, a black and gold sewing box, and two small bronze jewellery boxes with an angel on them.

In the semi-basement were the kitchen, the cellar, the central heating, the ironing room and the laundry, as well as other rooms. The oven used coke and firewood and the kitchen walls were whitewashed with plaster and decorated with tiles. There were white cloths and aprons, a walnut board and twenty-two copper cooking utensils, engraved with Elduayen's initials and the Marquis's crown, which were pewter-plated every month, and a wide variety of kitchen utensils. A dumbwaiter allowed the dishes to be brought up from the kitchen to the dining room where they were collected by the servants who waited at the table. In the cool cellar, boxes of tobacco,

bottles of wine and spirits, tins and jars, soups, vegetables, sweets, boxes of chocolate, cheese and other foodstuffs were kept. For the comfort of its inhabitants, the palace had a hot water heating system with three earthenware heaters and their corresponding pipes, brought from London, with an iron tank built in Madrid by the chimney-maker Casaos Marco. This heating was complemented with cylindrical heaters, known as *chubesquis*, located in other rooms of the building. Both systems were powered by coke, a fuel derived from mineral coal, which was also used in the kitchen, the fireplaces and the ironing room with its copper tank.

In the inner courtyard, the downpipes and skirting cornices were painted. The windows of the bedrooms and living rooms were covered with sheer draperies, blinds and curtains of silk brocade fabric with a matching portière. On the balconies, there were tulle blinds hanging from their frames showing Elduayen's initials and the marquis' crown; navy blue curtains with canvas cords; and other curtains and Italian-style transparent curtains to soften the light; and there were also sunshades. There was no shortage of interior decoration, scattered throughout the palace, with up to twenty potted plants and painted chests of drawers, and flowers in vases with gilded feet. The crockery and furnishings were marked with the initials J. E. and the crown of the marquise. To brighten the rooms, electric devices with electric bells were installed in the main rooms such as the dining room and the ballroom. These alternated with the gas lights used in areas like the palace stairs, the bedrooms and the stables, which were lit using a stepladder. In 1895, Elduayen bought thirty-three gas burners, using the Auer system, which emitted a bright white light, warmer than the electric light of the time. The palace was supplied with running water from the Lozoya Canal and had Pasteur water filters acquired in Paris. The main cleaning utensils used by the maids were dusters and brushes, while the cleaning and maintenance of the rugs was periodically entrusted to external personnel.

In the stables and coach houses, located as we have said at the back of the garden, Elduayen had five carriages with their respective harnesses and other tack, together with three horses: a Berlina *Zacarías* with its clock, normally used for travelling to the theatre or balls; a Milord, a luxury carriage for touring, with an open cabin for two passengers; a complete Sociable *Zacarías*; a *Landeau Binder*, with two doors for four passengers; and a *Break Binder*, with two longitudinal seats situated one in front of the other. Barley was stored in two large bins, while the assorted clothing of his coachmen Victoriano and Gregorio, as well as that of the footman, was kept in a wardrobe. To carry out their tasks, they had a single ladder, two benches for cleaning harnesses and another two for the stable, a dustbin with an iron lid and cloth aprons, and a fountain next to the stables. Elduayen spent an average of 10,807.97 pesetas a year on maintenance, repairs and the purchase of equipment for the stables.

In the middle of the façade facing Paseo de Recoletos was the other main entrance door, a simpler one, which gave access to the rented housing, presided over by a round arch with the interlaced initials of Elduayen and the crown of the marquis. Its upper part was topped by a stone balcony that spanned the three central openings of the main floor to emphasise that this was the grand floor inhabited by the owner. All of its windows were given triangular pediments and balconies with masonry balusters, unlike the rest of the windows on the other floors, which had black wrought iron balconies with rectangular finials. The windows on the second floor were also very distinctive, with a rectangular window surround with two pilasters crowned with acanthus leaves and a hanging medallion, giving them an importance that was lacking on the much more austere ground and third floors. This entrance door had a vestibule at street level, with two doors, on the right and left, which gave access via small descending stairs to the semi-basement rooms. From the entrance hall, a wide staircase led to the landing on the ground floor, where the staircase leading to the upper floors began.

Elduayen had a large staff to look after him and to clean and maintain the palace. His housekeeper, Isidora Janet, was its nerve centre. She was his most trusted assistant in terms of its management and administration. She was in charge of paying for all the purchases and expenses related to the kitchen, dining room, laundry, ironing, gas, electricity and heating, hygiene and cleaning, repairs and maintenance, telegrams and telephone, household goods, stationery, Elduayen's clothes and accessories, gifts, flower arrangements, perfumery, press subscriptions, season tickets for the bullfights, tips, donations and Easter bonuses, raffle tickets and petty expenses. Isidora spent some 36,300 pesetas a year on all this. Elduayen did not forget her in his will, leaving her a pension for life. She was assisted by a maid, María López; a valet, Saturnino Novoa; and a footman. There were two doormen, one for the main flat inhabited by Elduayen, who wore a uniform comprising livery and a hat, and another for the rented flats. All of the staff, plus one of the two coachmen, lived with their families on the third floor of the palace and in the attics. In addition, Elduayen had two personal secretaries, Andrés Municio and Sabas Fernández, who were very dear to him, and to whom he also left a stipend for life; a cook, a scullery maid, another coachman, a gardener, a watchmaker, a barber and a goatherd who looked after five goats, all of whom were salaried and lived outside the palace, as well as a chiropodist who attended him periodically. For feasts and banquets he hired another cook and two servants to serve the table, who were paid for days of service. Of all the permanent staff, the most highly paid was the doorman of the grand area, who received a salary of 82.50 pesetas per month, while the other doorman received 67.50 pesetas. The doormen of the other buildings he owned in Madrid and the other servants were paid 60 pesetas a month.

A lover of good taste and style, Elduayen had his suits and dresses made by the Madrid tailors *Gaspar Rodríguez*, and *Muñoz*, from whom he used to order his coats and tailcoats; and by the tailor *Repossi y Barberís* in Paris, who made his frock coats. For travelling, he made use of his 'world' trunks—large and deep with several compartments—bought in Paris, which he complemented with other trunks and leather suitcases with their covers.

He was also partial to the gourmet products of the time, which he liked to offer to his guests at the palace, and his main supplier of wines—abundant and of excellent quality—was *J. Calvet and Company*, of Bordeaux, who supplied him several times a year with barrels of *Moullis* reds, bottles of *Pomard* and *Chambertin* Bordeaux, champagne and liqueurs, often selling some of them at cost price to those close to him. All the purchases he made in France were paid through his Credit Lyonnais account, and his cellar was always stocked with casks of aged Rioja wine and bottles of Muscatel, sherry and Cognac. He bought *Imperiales* cigars in Havana from the factory of Manuel Rodríguez; once they arrived in the port of Santander, the Marquis of Hazas would send them to his palace in Madrid after paying the customs duties, freight and clearance costs. His orders were large—between 3,000 and 6,000 cigars—as he was in the habit of reselling part of them at cost price to his son-in-law Mochales, the Count of Moral de Calatrava and the Count of Montarco. Through his agent in Bilbao, Julio Vanderharghe, he brought boxes of cheeses and hams from the house of *J. T. Morton* in London. At Christmas he bought nougat and sweets from *La Mahonesa* in Madrid, as well as hams from Pontevedra sent by Esteban Labarthe, and lampreys from Galicia sent by the Count of Ramiranes. For his daily needs he kept his own goats, and also bought donkey's milk.

As for his customs and habits, St. Joseph's Day, his saint day, was always a day of celebration in the palace, a date on which it was customary to give tips to all the service staff. To welcome friends who came to congratulate him in style, he would send Isidora to buy plants and flowers to decorate the palace and make centrepieces for the table. Sometimes she opted to rent the plants for their decoration. He would invite his family and some of his close friends to lunch, treating them to a delicious and carefully selected repast, which often included pheasants and quails or lampreys. He would hire Antonio and Alfonso to serve at table, as he typically did on special occasions. He was a regular at bullfights and had a reserved box every season, also attending gala performances at the theatres.

Elduayen's intellectual mind became fully immersed in the meticulous administration of all his assets until he mastered this completely. He himself kept an *Operations Diary* in which each week he recorded all the income and expenses of his estates, securities and credits of his assets and liabilities, drawing up the corre-

sponding balance sheet. He invested heavily in the stock market each year. In the palace he had an iron safe used to store cash and gold and silver coins. Of the five buildings he rented out in Madrid, this palace was the most profitable, despite the fact that he only had tenants on the ground and the second floors —four apartments in total— which, after deducting all expenses, earned him an annual profit of 13,975.48 pesetas.

From 1884 onwards, this palace became his main residence until the end of his days. A new vantage point from which he would chart the course of his destiny over the last fourteen years of his life. Without ever intending for it to be, over time it would become the symbol and reminder of his earthly existence.

Elduayen during the last year of the reign of Alfonso XII and the beginning of the regency of María Cristina (1885-1890)

Elduayen continued to serve as Minister of State during 1885, and his calendar was full of invitations and official engagements. In February he signed the Canfranc railway treaty with the French ambassador, Baron Des Michels. The following month he sent his son Ángel to the Paris conference on the Suez Canal. But that summer he undoubtedly faced the most serious diplomatic crisis of his term of office: the occupation of the Caroline Islands (near the Philippines) by the Germans. An incident that he faced together with the king and which was satisfactorily resolved thanks to the mediation of Pope Leo XIII.

After those intense days spent in the company of the monarch, Elduayen could not have suspected that in the autumn he would have to deal with the King concerning the last political matters of his short life and that he would have the honour of being the witness and recipient of his last official signature. On the afternoon of Monday 23 November, 1885, Elduayen held his customary meeting with the King and signed a decree for the awarding of several crosses. Two days later, the monarch died of tuberculosis. After his death, the entire government resigned to make way for the regency of María Cristina. Elduayen experienced the tragic passing of Don Alfonso with great sadness and emotion. Indeed, he had shared many intense experiences with the King, for whom he had a deep affection.

In the five years that followed, during which the government remained in the hands of the liberal party, Elduayen continued to participate in politics as a senator for Cánovas's conservative party. Despite not holding any high office, he continued to be a regular at the most distinguished and exclusive court banquets and events, and he took the opportunity to travel more frequently to Europe and the fashionable spas. In the spring of 1887, his daughter Milagros became the 7th Marquise of Valladares after the death of her grandfather. Just a few months later, at Christmas, Elduayen travelled to Barcelona to welcome his daughter who, having come from Athens where her husband was stationed, was in a worrying state of health. Despite the care provided by the family doctor, Dr. Federico Rubio, Milagros died of tuberculosis on 15 February, 1888. It was an unfortunate and very hard loss that left Elduayen heartbroken and grief-stricken. After Milagros' passing, his grandson Fernando Quiñones de León y Elduayen, barely four years old, became the 8th Marquis of Valladares. From then on, he kept a close eye on Fernandito, continuously monitoring and supervising both his upbringing and the administration of his estate. Elduayen was to be involved in one last important event during his five year absence from high politics. In January 1890, in Cadiz, he witnessed the tests of the first Spanish torpedo submarine invented by the scientist and sailor Isaac Peral, with whom he held several meetings and to whom he offered all his help and influence so that the government would support his invention. In the spring of that same year, his daughter Dolores and son-in-law Mochales left Jerez to move into the second floor of his palace, paying Elduayen 500 pesetas a month for their rent.

Elduayen's return to high politics and his accolades (1890-1898)

After five years away from high office, in October 1890, Elduayen was appointed president of the Superior Council of the Philippines and, two weeks later, governor of Banco Hipotecario. While pursuing these duties, he also served as a member of the Board of Directors of the Ferrocarriles del Norte, the northern railways. Just as he had done with his son-in-law Mochales, in the 1891 elections he encouraged his son Ángel to leave his career in the navy to be elected as a Member of Parliament. A few months later, on 22 November of that year, Elduayen returned to the Government, this time as Minister of the Interior —his sixth ministerial term— appointing his son-in-law Mochales as Director of Communications. In those days, the press wrote about him, commenting that

It seems that over the years and with experience his character has changed. He used to be taciturn, stern and uncommunicative. Today he is charming in the kindness and sweetness with which he treats all journalists and politicians... He is quite old [he was 68 at the time], but he retains the same energy and physical strength as when he was young. His office is destined to be the centre of political news.

His poor health would condition his period of office, and although the press speculated at the beginning of 1892 that he would be dismissed for this reason, Elduayen replied that *I will neither die nor leave*. It was a post that brought him unpleasantness, hard work and bad times, his greatest setback being the Telegraph Corps strike that left the whole country incommunicado and which he dealt with by replacing the striking workers on the spot. On 24 June, while this conflict was still unresolved, he tendered his resignation on the grounds that *his poor health prevented him from fulfilling the high duties imposed on him by his post*. Even so, he had made an agreement with Cánovas several weeks earlier, before the outbreak of the Telegraph strike, that once the budget had been approved, as it had been, he would leave the Ministry.

In the midst of these intense and difficult political days, Elduayen celebrated the wedding of his son Ángel, aged 37, to a lady of Madrid high society, María Ximénez de Sandoval y Saavedra, who in the following years would give him two grandchildren: José and María Elduayen y Ximénez de Sandoval. Over the subsequent two years, health would once again threaten the family harmony when his daughter Dolores fell seriously ill and there were fears for her life, a situation that Elduayen suffered with great unease after his experience with Milagros some years earlier. Now fully recovered, on 19 March, 1895, her saint's day, she treated her family and some of her close friends to a grand lunch at the Recoletos palace featuring pheasants and quails. The entire palace was decorated with floral centrepieces and plants that were hired for the occasion, and throughout the day she received numerous visits from the most notable members of Madrid society who came to congratulate her.

Nonetheless, it was not all unpleasantness and setbacks. At the same time, he was showered with awards and accolades. On 30 August, 1895, the Queen Regent bestowed on Elduayen the highest and most prestigious civilian distinction he could hope for: the Golden Fleece. To celebrate, he threw a luncheon at his palace on Recoletos. His achievements did not end there, for on 18 January, 1896 he was once again appointed Minister of State. It was the third time he had held this post and his seventh ministerial term. He was then 72 years old. After his refusal the previous year, this time he was unable to refuse Cánovas's call to resolve a government crisis caused by the political manoeuvring of the different factions. Despite his fierce initial resistance, his great friendship with Cánovas and the demands of the party bent his will. His mandate would prove to be short-lived, as on 5 March he stepped down *due to*



President of the Senate and Knight of the Golden Fleece. Portrait by Martínez Cubells, 1897. Private collection of the present Marquis of El Pazo de la Merced.

his unwavering resolve. When he bade farewell to the Queen Regent at the Council meeting held that same day, the Queen Regent addressed him with great affection. Elduayen resigned because he considered that whoever was leading the government should see the negotiations with the USA over its support for the Cuban rebels who had risen up in defence of their independence all the way to the end. Two weeks later, on 19 March, the Queen Regent granted her daughter-in-law the title of Marquise of Elduayen. Just when everything seemed to suggest that his advanced age had put an end to his political career, he unexpectedly received his highest appointment on 7 May, 1896: the presidency of the Senate, a post he would hold until shortly before his death.

Interspersed with these important appointments and honours, during the same year, Elduayen received a double recognition from the people of Vigo. On 23 January, Elduayen Hospital was inaugurated in the city, which he equipped, at his own expense, with everything it needed to get it up and running. Months later, on 23 August, an imposing statue was erected in the city centre as a tribute to his memory, in gratitude for all his achievements for Vigo and the region. At the same time, he agreed with the City Council that he would construct the chapel for the city's new cemetery at his own expense, in exchange for being able to build his family mausoleum there.

In the summer of 1897, he was to experience the last great tragedy of his life. On 22 July, he went to the station to bid farewell to Cánovas and his wife, who were leaving that very night for the Santa Águeda spa in Guipúzcoa. Before boarding the train, Cánovas talked at length with Elduayen about his future political plans. He had no way of knowing at the time that it would be his last conversation with his dear friend, as just days later he was assassinated by an anarchist while reading the newspapers on the veranda at the spa. Elduayen went there to support his widow and help take his mortal remains to Madrid, spending a heart-wrenching and deeply moving time with her.

Overwhelmed by the immense grief that gripped him, Elduayen withdrew from political life thereafter. In February 1898, after the dissolution of Parliament, he stepped down as president of the Senate. The months that followed saw him suffer continuous ailments. When it seemed that he had recovered from a particularly serious episode, on the morning of 24 June, he slipped from life after retiring to one of the rooms in his palace. Nothing had augured this sudden end, as the night before he had been playing billiards with his friends at his palace on Recoletos. Indeed, that morning he had been up at his usual time going about his normal business, reading the newspapers and chatting with his family, without the slightest suggestion of a problem. He had just turned 75. After being shrouded and veiled in his palace, his body was taken to Vigo to be buried in the chapel that he himself had built in the

city's cemetery. Elduayen's life would be forever linked to the political and social history of Spain in the second half of the 19th century. As Winston Churchill observed, men and kings must be judged in the testing moments of their lives. Without a doubt, Elduayen faced these with great courage and personal commitment.

His wife Pura Fontán, widowed Marchioness of El Pazo de la Merced

After Elduayen's departure, his wife continued to live in the palace on Paseo de Recoletos, which she inherited from her husband in life usufruct, as well as receiving the freehold title of the Pazo de la Merced country house in Las Nieves and the château of Monte Real in Bayonne. After spending two years of mourning away from social life, Pura stepped into the 20th century aged 55, in good health, and a wealthy woman—she had inherited nearly four million pesetas from her husband—and completely free to spend her time and money as she wished. A new path in life opened up before her, which she decided to follow, multiplying her charitable activities until she became a great champion of humanitarian aid, although she never gave up her travels in Europe and the hectic life of high society. She could simply have enjoyed life, thanks to her privileged social and financial position. However, she chose to invest some of her time, energy and money in helping the needy.

Without her husband by her side, Pura's life was far removed from politics. She continued to pass through the salons of high society where she thrived, thanks, no doubt, to her kindness, her amiable character and her pleasant manner, which made her *universally liked*. She maintained her custom of receiving friends and family on her saint's day and holding banquets and receptions at her palace on Recoletos. She continued to spend the summer at her Monte Real château in Bayonne and her country house in Tortoreos and, in the autumn, she travelled around Europe, mainly to Paris and Biarritz. As well as preserving some of the friendships she had established with Elduayen during his lifetime, she widened her social circle by cultivating relationships with other interesting ladies of the aristocracy who were more inclined towards intellectual and charitable concerns.

In the following years she was involved in a great number of charitable activities in Madrid, as her good nature led her to take part in all the initiatives that came to her attention. She set up two charity workshops to help the poor, collecting alms and providing them with cloth and garments. She made the clothes herself, together



Purificación Fontán, widowed Marchioness of El Pazo de la Merced, a work by José Moreno Carbonero. Oil on canvas, 1906, Museo del Prado.

with the other ladies of the association, whom she brought together on Saturdays at her palace in Madrid to devote themselves to sewing. She even planned the publication of a bulletin entitled *Vestir al Desnudo* [Dressing the Naked] to promote the benefits of these workshops. She was to become the patron of new medical establishments set up to fight against tuberculosis. She contributed 5,000 pesetas towards the construction of a hospital in the capital for pregnant women and, together with other Galician ladies, founded the *La Gallega* health centre to care for Galician natives and residents in need. She also focused on disadvantaged children, acting as patron for two educational centres, the Colegio de Santa Cruz and the Escuela Católica de Nuestra Señora del Pilar, as well as the associations *La Inclusa* for foundlings and the *Casa de Maternidad*. And she did not forget working people, supporting the creation of schools of arts and crafts and training workshops for workers, as well as the *Workers' Bazaar*. She also helped families affected by shipwrecks, earthquakes and natural disasters, soldiers recruited to defend the country and all those who helped in times of hardship. And, of course, she was always attentive to the needs of the residents of Las Nieves and the seafaring people of Bayonne, where she had her two summer residences.

The aristocratic gatherings were the perfect venue for raising funds and obtaining donations and support for her charitable events, as well as for recruiting new ladies to her causes. The main sources of funds for these ventures were parties, plays, open-air *Kermesses*, bullfights, and appeals for donations and the sale of raffle tickets for tombolas. Pura was directly in charge, from the palace, of the sale of tickets and raffles, as well as seeking gifts of various objects for the raffles from her circle of friends. To ensure the success of these charity events, she always invited a member of the royal family to preside, to guarantee a large turnout. Despite the fact that Elduayen was no longer at her side, Pura continued to remain in close contact with the royal family, being invited to parties at the Palace and enjoying private audiences with the Queens. In May 1902, on the occasion of the solemn ceremony marking the beginning of the reign of Alfonso XIII and the end of his mother's regency, Pura invited some of the diplomatic delegations attending the ceremony to lodge at the palace on Recoletos, and the extraordinary French embassy did indeed stay there. She would do the same four years later on the occasion of the King's wedding to the beautiful British princess Victoria Eugenia of Battenberg, with the Crown Prince of Monaco taking up her invitation on this occasion. In the spring of 1909, she invited the Queen Mother María Cristina and the Infanta Isabel to her palace to listen, from the balcony, to the open-air concert given by the new musical ensemble of the Madrid Town Hall on Paseo de Recoletos.

To better understand her dedication to this humanitarian activity, it is interesting to be aware of some of her personality traits. Contemporary accounts describe her as a woman of delicate affections, subtle and nervous, a deep thinker, with a huge heart and will, who pleased and attracted; an enlightened, hard-working, idealistic and independent lady. With pleasant and instructive conversation, one could guess from listening to her that she was a woman who knew how to study life and did not pass through it without drawing profound usefulness from its pages. These qualities undoubtedly helped her to achieve great success in all her humanitarian endeavours.

With all this wealth of personal experience behind her, after spending the summer of 1910 in her country house in Tortoreos (Las Nieves), she decided to build a school in this parish for the poor girls of the region, guided by her belief that their training and education would be the best and most appropriate way to offer these girls a better future. This decision was undoubtedly influenced by her relationship with prominent advocates of women's education, such as Emilia Pardo Bazán and the Marquise of Ayerbe. To get the project up and running, at the end of that year she gave the parish priest of Tortoreos one hundred thousand pesetas to buy some land and start building the school. The centre would offer comprehensive, free education and was inaugurated on 24 November, 1912, under the name Colegio Virgen de la Merced. It was governed by a foundation and board of trustees, and had its own financial endowment, set up by Pura. In gratitude, the Town Council of Las Nieves presented the Marquise with the title of *Adoptive and Favourite Daughter of the Municipality*. Three years later, in the spring of 1915, in the middle of the First World War, Pura made another important decision: to build a tasteful and artistically rich chapel next to the school.

Pura passed away in her palace in Madrid, on Friday 22 April, 1921. The universe had given her an extraordinary life, a true treasure that she had always cherished in her soul. Her mortal remains were taken to Las Nieves (Pontevedra) to be buried in the tomb she prepared in the chapel of this school. In her will she made provision for the creation of a new foundation in Tortoreos to build a School of Arts and Crafts dedicated to the free education of poor children and young people, to which she bequeathed 500,000 pesetas. She also ordered that all her jewellery, valued at more than two thousand pesetas per piece, should be sold to be donated to this new foundation. Her executors subsequently built this centre, which would be called the Escuela de Artes y Oficios de la Purificación de Nuestra Señora, governed by the Fontán Pazo de la Merced Foundation. Two educational institutes which, a century later, are still standing, educating and training the young people of the area and which are a living testimony to her earthly life and outstanding humanitarian work caring for the most needy.

Their daughter Dolores Elduayen, owner of the Palace of Elduayen

After Elduayen's death, his daughter Dolores became the 2nd Marquise of El Pazo de la Merced, inheriting assets worth just over two million six hundred thousand pesetas, a significant amount for the time. Her father had been everything to both her and her husband Mochales, and his death marked a turning point in their lives. They continued to live in the second floor flat on the right-hand side of the Recoletos palace, for which they paid 500 pesetas a month in rent, with their friend and renowned doctor Federico Rubio as their neighbour, and where they frequently entertained their acquaintances at dinners and receptions. Most of the invitations were extended to facilitate the discussion of a political matter or a charitable initiative. In the spring of 1904, they left this palace and moved to the house-hotel they themselves had built, at Calle Lista no. 14, in Madrid, which was to be their home until the end of their days.

In the first decade of the 20th century, the Marquis and Marquise of Mochales were in the habit of spending Holy Week in Seville and Jerez with the López de Carrizosa family. Sometimes, while her husband returned to Madrid to fulfil his duties as a Member of Parliament, Lola stayed there with her in-laws. Trips to the city of Jerez were frequent. Whenever parliamentary elections were imminent, they travelled there to campaign for Mochales' candidacy. And when it was not for politics, it was weddings and christenings that drew them back to Jerez.

Their social life was divided between the sumptuous parties and balls in the great salons of the aristocracy, the more intimate gatherings held in the palatial homes of those close to them, political lunches in diplomatic offices, and the performances, zarzuelas and concerts held in the fashionable theatres. Gatherings where the ladies competed to show off their best clothes, vying for the honour of wearing the latest trends, while the gentlemen took advantage of the occasion to talk about their business and discuss political matters. The Cestona spa was their summer destination, from where they frequently travelled to San Sebastián, the summer destination of the royal family, to attend banquets and receptions. However, without a doubt, the most important social event of that decade took place in May 1906, when King Alfonso XIII married the beautiful British princess Victoria Eugenia of Battenberg, niece of King Edward VII and granddaughter of Queen Victoria. Life at court altered dramatically on the occasion of the royal festivities planned for the wedding, with gala performances in the theatres of Madrid and magnificent parties and balls held

in the palaces of the aristocracy, adorned with profusions of flowers. On 27 May, the Marquis and Marquise of Mochales took part in a magnificent motoring excursion to El Pardo, involving more than 200 automobiles. From nine o'clock in the morning, the streets through which they were to drive were thronged with crowds. Most of the young ladies covered their faces with white veils and protected themselves from the *terrible* heat with parasols. At half past ten in the morning, the caravan set off from Calle de Alcalá and Paseo de Recoletos. All the cars were decorated with English and Spanish flags and the coats of arms of both countries; others carried garlands of flowers. The King rode in his own car, as did the rest of the royal family. The smaller and less powerful automobiles drove in front, in single file, while the more powerful ones drove in pairs. In all of them were seated the young ladies and gentlemen of the aristocracy, with light-coloured dresses and wide gauze veils covering their hats. The noise of the engines, horns and new whistles was an extraordinary show. The majority of the drivers wore blazers and straw hats, although some sported caps and driving goggles. The caravan was incredibly original and wonderful to behold. The arrival at the Palace of El Pardo was announced with the blaring of horns, with all the cars lining up in front of its front façade. After numerous enthusiastic cheers and applause for Princess Victoria, a committee from the Royal Automobile Club, to which the Marquis and Marquise of Mochales belonged, entered the Palace to pay their respects to the future Queen. On leaving, the cheers once again rang out and a parade of the cars was organised to return to Madrid.

On the morning of 31 May, the sumptuous and lengthy ceremony was held in San Jerónimo el Real. On leaving, the King and Queen were acclaimed by the public, and the royal retinue immediately set off, preceded by the *carriage of respect* —an empty carriage drawn by four horses— that travelled through the streets of Madrid, which were overflowing with people. The King and Queen were in the gilded Royal Coach, which was guarded by a squadron of the Royal Guard. As the retinue advanced along Calle Mayor, King Alfonso drew the Queen's attention to the people waving flags and throwing flowers at them from the balconies of an official building. As the Queen turned to see what her husband was indicating, she moved towards the left side of the carriage. Moments later, before turning into Calle Mayor to return to the Palace, a bomb hidden in a bouquet of pale roses was thrown from a balcony and exploded a few steps to the right of the royal carriage. A sudden flare and a terrible explosion, followed by the rattling of glass, screams and shrieks, caused some seconds of terrible anguish. In the midst of the uproar, with horses running wild and people shrieking in horror, the King rushed to the window of the coach, shouting:

— It's nothing! It's nothing!



Dolores Elduayen, 2nd Marquise of El Pazo de la Merced, 9th Marquise of Mos, Grandee of Spain, and 9th Marquise of Valladares.

ELDUAYEN

Genealogical succession of the lineage and marquisate of El Pazo de la Merced



* = born
† = died
w. i. = with issue
wo. i. = without issue
∞ = married to



The royal couple had miraculously escaped unharmed. Alfonso then realised that the Queen's wedding gown was stained with blood. Several of the guards had been blown off their horses and torn apart, while numerous horses and men were bleeding profusely. There were twenty-eight dead. In the midst of the horror, the King took the Queen by the arm and walked to the carriage of respect, finally arriving at the Palace. Despite the attack, in the following days the monarchs continued with the schedule of events planned to celebrate their betrothal.

While Mochales continued to devote himself to his political career as a Member of Parliament for Jerez, Lola threw herself into charitable causes. She was a member of the Junta de Damas del Asilo de Santa Cristina, an association presided over by Queen María Cristina whose purpose was to care for the needy and feed them, looking after an average of seven hundred poor people a day. Together with other ladies, she was responsible for setting up a school in the Congreso district. She took part in the inauguration of the *Royal Anti-Tuberculosis Trust*, presided over by Queen Victoria Eugenia and Queen María Cristina, and was appointed a member of the *Royal Trust*, whose aim was to help the sick, raise funds for their treatment, and provide *social and financial* support for the provincial centres already working in the fight against tuberculosis. From then on, Lola, together with other ladies, took a very active role, organising a variety of activities to raise funds for the sick, holding concerts, parties and charity events. The ladies were responsible not only for organising the functions, but also for selling tickets to ensure the largest possible attendance. Lola was also a member of the *Royal Victoria Eugenia Anti-Tuberculosis Dispensary*, a medical establishment dedicated to caring for tuberculosis sufferers. In addition, she served as a patron of the Rubio Institute, an institute founded by her dear friend and neighbour Dr. Federico Rubio y Galí to teach surgical techniques. In addition to supporting the centre with her donations, she was accustomed to celebrating Christmas Eve with the sick in the company of other ladies. They themselves served dinner to those who could not get out of bed and then ate in the dining room with the patients. They were also in charge of collecting Christmas presents from charitable donors and distributing these among the patients.

In 1907, a new possession began to feature prominently in the personal lives of the Marquis and Marquise of Mochales: their estate in Mohernando, in Guadalajara, which from then on would become their second home. They often invited their friends to lunch there, always treating them to the exquisite sherry from their cellars in Algar, and *Ayala* champagne, and enjoying the rich Imperiales cigars that Mochales bought from the factory of Manuel Rodríguez in Havana. In the following years their social life at court was spent between the parties and balls in salons of the aristocracy, which filled every season with merriment and joy, the fashionable theatres,

receptions and balls at the Palace and charity events, not to mention private audiences with the King and Queen. They often took carriage rides to El Pardo and to La Granja when the royal family stayed there, and attended the lively polo tournaments. During the summer they would swap Cestona for the spa resort of Vichy to enjoy the summer, travelling frequently to Dax, Paris and Montreux (Switzerland).

Lola's husband Miguel continued his political career, amassing a series of posts: Vice-President of Congress, advisor to the Bank of Spain and Senator, until he reached the zenith of his political career on 20 July, 1919, when he was appointed Minister of Supply. On the afternoon of the following day, Monday 21, July, he attended his first Council of Ministers. Shortly after the end of the meeting, while the ministers were exchanging their latest impressions, Mochales felt unwell and went to the bathroom. He collapsed suddenly and died instantly of cardiac syncope. His brother-in-law, the Marquis of Salobral, accompanied by the Count of Bugallal, went to his home to give his wife the terrible news. Dolores was overwhelmed by great sadness and loneliness, and suffered a nervous breakdown. Mochales was laid to rest with the honours of captain general in command, with a formal funeral attended by the Council of Ministers and representatives of all the civilian and military corps. Alfonso XIII himself attended the funeral chapel established at his home to pay his condolences to the family and to hear the last mass celebrated there, which was also attended by the Council of Ministers and other high ranking dignitaries. On the afternoon of Tuesday 22 July, his coffin was carried in a caisson of the 10th Mounted Artillery Regiment to the Crypt of the Church of La Concepción with the troops of the garrison, commanded by General Miguel Primo de Rivera, covering the route in a funeral procession presided over by the highest authorities of the State.

After the death of her nephew Fernando Quiñones de León y Elduayen from influenza, Dolores became the 9th Marquise of Mos —and Grandee of Spain— and of Valadares. After the settlement of her nephew's estate, Dolores inherited a quarter of the Recoletos Palace in Madrid, which, it should be remembered, was enjoyed in life usufruct by Pura Fontán. After Pura Fontán's death in April 1921, Dolores took possession of the palace in its entirety, thus becoming its sole owner. She was to experience yet another momentous event in her life: the adoption, in 1926, of her grand-niece Marita Fernández de Liencres y Elduayen, at just five years old, who had lost her mother just a few days after her birth.

In the 20th century, without her husband at her side, she continued to alternate her stay in Madrid with frequent long getaways to her estate in Mohernando. She travelled to Jerez to see her in-laws —the López de Carrizosa family— and alternated her summer stays between Galicia and Biarritz. Dolores was still to experience the saddest event of her later years: the death of her beloved brother Ángel Elduayen y

Mathet, which occurred at ten o'clock on the night of 19 July, 1927, at his home in Madrid. He left behind three children: José Elduayen y Ximénez de Sandoval, born of his first marriage; and María de los Dolores and Ángela Elduayen y Bonilla, two little girls aged just four and two years old, respectively. Dolores cared for them with great attention and affection so that they would not be disadvantaged in the settlement of the inheritance, and even rented them a house that she paid for herself.

On 1 February, 1929, just before her 69th birthday, Dolores Elduayen died of bronchopneumonia in her house-hotel at Calle Lista no. 16, in Madrid. Her mortal remains were laid to rest alongside those of her husband in the crypt of the parish church of Nuestra Señora de la Concepción. In her will she made provision for the founding of a school and oratory for the instruction and education of children on her Mohernando estate in Guadalajara, to be run by a charitable educational foundation to which she bequeathed one hundred thousand pesetas and the property of this estate and pastureland. But, of course, her most important decision, after leaving several family legacies, was to name her adopted daughter Marita Fernández de Liencres y Elduayen her sole and universal heir. A girl who, at the age of just nine, thus became the sole owner and proprietor of the palace on Recoletos, with the obligation to leave it, in turn, to her legitimate descendants. A beautiful and sumptuous palace that had become a silent witness to Spain's political and social history over the final decades of the 19th century and the first third of the 20th century, and which held within its walls an important part of her family's memory. Marita had to wait until 5 November, 1944, when she was 25 years old, to be able to take possession of the Palace of Elduayen and the rest of the inheritance received from her great aunt Lola Elduayen. An inheritance that would allow her to live comfortably and enjoy a handsome income.

Five years earlier, on 6 November, 1939, Marita, who had become a beautiful woman, married Eduardo Fioravanti Benigni in San Sebastian, a Falangist airman who had fought in the Spanish Civil War on the Nationalist side, miraculously surviving a firing squad after being arrested by the Republicans at the outbreak of the war. The horrors of the civil war would leave a lasting mark on her husband, torturing his soul and body to the point that his married life deteriorated and he ended up separating from his wife in 1949, leaving for Venezuela.

What became of the palace in the subsequent years and how it ended up being sold to MAFPRE is something we will explain in the next chapter.



MAPFRE,
from renting to owning the Palace
of Elduayen, while the history of
the multinational Spanish insurance
company was being forged



Its origins. MAPFRE's arrival at the Palace of Elduayen

By a quirk of fate, the birth of MAPFRE was indelibly marked by the proclamation of the Second Spanish Republic and the subsequent agricultural reform.

The political system of the Restoration designed by Cánovas del Castillo, which had led to the proclamation of Alfonso XII as the new king of Spain and the establishment of a constitutional monarchy, had been deteriorating for several decades. Many politicians distanced themselves from the monarchy, abandoning Alfonso XIII to his fate. At the same time, the opposing factions were conducting a press campaign against the monarchical system, conspiring in favour of the advent of the Republic and winning new followers to their cause. The die had been cast. In the municipal elections of 14 April, 1931, the Republicans triumphed in most towns and cities... Fearing civil conflict, Alfonso XIII announced that he was relinquishing the throne and that same night he left the country to go into exile, whereupon the Second Republic was proclaimed. The world was still in the throes of the deep economic crisis unleashed in autumn 1929 that would lead to the so-called Great Depression and put an end to *the roaring twenties*.

Among the economic problems affecting Spain, the social issues centred on the countryside —where more than 40% of the working population was employed— and the structure of land ownership were particularly pressing. Property was not only unequally distributed, but it was also largely in the hands of the church, the nobility and the town councils, who managed it very poorly. The predominant role played by the agricultural sector in the Spanish economy at the point —at the time it accounted for around a third of the GDP— led the Provisional Government of the Republic to prioritise agricultural reform. Landowners, alarmed by the statements that were being made about the social function of land and the forced expropriation of badly run farms, formed a series of associations to defend their property and legitimate interests. Among these was the Agrupación de Propietarios de Fincas Rústicas de España, founded in August 1931 and whose headquarters were located at Calle de Santa Catalina no. 7, in Madrid. Its purpose was to bring together all Spanish landowners to defend their interests and improve the productivity of the countryside, with the primary objective of defending land ownership.

Two years later, Manuel Azaña's government and his Minister of Labour, the socialist Francisco Largo Caballero, approved compulsory occupational accident insur-

ance for all workers in the countryside, changing the Agrupación's plans. In 1900, the conservative minister Eduardo Dato had passed the first Law on Accidents at Work, which obliged employers to assume responsibility for accidents at work and to compensate the affected workers. However, this liability was limited to activities carried out in industrial establishments where machinery was used. The law of 10 January, 1922, extended this cover to *large-scale agriculture*. Largo Caballero extended employer liability to all accidents at work (Law of 9 September, 1931) and later established compulsory Industrial Accident Insurance (Law of 4 July, 1932). This meant that all farm owners, whether small or large, were obliged to insure all their employees.

With the aim of obtaining low-cost insurance for all the workers on its farms and to better monitor the Agrupación's progress by involving its members in its management, its leaders agreed to set up a mutual insurance company. In this manner they distributed the risk among all of them without attempting to make a profit, as this was not the primary function of their business. Thus, on 16 May, 1933, MSAPFRE -Mutualidad de Seguros de la Agrupación de Propietarios de Fincas Rústicas de España was founded, which soon –and quite rightly– changed its name to MAPFRE, which was housed in the same building in Calle de Santa Catalina. Its statutes stated that the defence of land ownership was to be one of its priorities. Recognising that it was desirable to increase the number of members so as to dilute the fixed costs, a large number of agricultural organisations were invited to join the project. As Ignacio Hernando de Larramendi would point out years later, by a paradox of fate, this union of landowners, branded at the time *retrograde and obscurantist*, would end up becoming one of the most important Spanish multinationals of the 21st century.

Right from the outset, the company was quite large, far exceeding the legal requirement of one hundred founding owners, and it experienced a remarkable country-wide expansion. It soon sought to diversify its policies. By the end of its first year, it was offering Fire and Hailstorm insurance (the agricultural insurance par excellence); and, in April 1936, it launched Individual Accident and Robbery insurance. The mutual company was organised by sections or branches, and by regional, provincial, county and local offices. The entity was reinsured by the French company *La Preservatrice*, which also provided cover for the first technical-healthcare and surgical services. In 1935, the company opened its first medical centre in Madrid, the Sanatorio de Santa Teresa, which offered physiotherapy, electrotherapy and rehabilitation services. To provide healthcare services in other areas, several agreements were signed with private clinics and doctors in small towns. At that time, the company had already become established across a large part of the country, its main strength being its successful management, putting it in the ideal position to become an outstanding company.

The significant growth that the mutual company was experiencing led its management, at the end of 1934, to search for a new site, as the premises in Calle Santa Catalina were no longer adequate. After several negotiations, it was Pedro Benito Ambrona, one of the company's employees, who supplied the lease for the main floor in the palace at no. 25 Paseo de Recoletos in Madrid, which had been the home of José Elduayen, I Marquis of El Pazo de la Merced, and his widow, Purificación Fontán. The lease also included all the rooms in the palace that were exclusively used by the main, or grand, floor: the main entrance to the premises and its gardens; the portico leading to the palace with its vestibule and staircase; part of the semi-basement and the ground floor; and the stable pavilion at the end of the gardens, separated from it by a double iron gate, which had its own courtyard, and which was popularly known as *the Turret*, where MAPFRE installed a small clinic. The remaining floors and outbuildings of the palace were, at that time, occupied by various tenants. MAPFRE's lease was 23,000 pesetas a year, but it received a subsidy of 10,000 pesetas from the owner for renovations, and it moved its offices there on 1 January, 1935. The company's annual report stated that, *without being able to consider the address at which we find ourselves as definitive, it has been most economical, although regretfully its ostentation exceeds the limit of simplicity and austerity that is a hallmark of our Mutual Society in all things*. In previous years, this main floor had been occupied by the Cuban Embassy. As a result of a dinner held there, Manuel Azaña stated in his diary of 25 February, 1932, that

This is the house that was Elduayen's... The drawing rooms, covered with paintings and ornaments in hideous taste, were glacial, as was the dining room. After dinner, the ladies put on their coats because they could no longer withstand the cold. It must be a consequence of the crisis in Cuba.

February 1936 saw the victory of the Popular Front –an electoral coalition of the main left-wing parties. A few months later, in July, the Spanish Civil War broke out. Once the conflict began, the MAPFRE site in the palace on Paseo de Recoletos was quickly seized. During the civil war, MAPFRE was to operate in the so-called “*zona nacional*”, the nationalist area, setting up its first site in Seville and opening a second one in Salamanca at the end of the year. Both these sub-central offices had control of the company's affairs during the war. By order of the government's *Junta Técnica del Estado* (State Technical Committee), in February 1937, the MAPFRE site was finally relocated to Calle Sol in Salamanca. During the course of the civil war MAPFRE continued its policy of risk diversification, and in August 1938 it began to offer livestock insurance, in addition to those it had launched in previous years. The company's healthy financial position helped it to overcome the serious war crisis on a sound footing.



Façade of the site of the Agrupación de Propietarios de Fincas Rústicas de España, in Calle de Santa Catalina.

MAPFRE during the post-war period

MAPFRE's first concern, once the civil war ended on 1 April, 1939, was to reclaim its seat in the Palace of Elduayen at Paseo de Recoletos no. 25 in Madrid. The building had survived the ravages and destruction of war. However, as Luis de Larramendi points out, on the Calle de Bárbara de Braganza façade, at the height of the first floor, a trace in the form of shrapnel from gunshots was a reminder of those terrible years of civil war: shots that were fired during Colonel Casado's insurrection in the early days of March 1939, when he led a counter-coup against the Republican government. For many years, this damage to the façade stood as a silent witness to the horror and destruction of a fratricidal war that was never to be repeated, until the palace was renovated in the 1990s.

During the conflict, its rooms had been occupied by the Santa Teresa sanatorium, and the furniture, typewriters and all the documents from the mutual insurance company had been stored in the cellars. Two days after the end of the war, one of the company's executives went to Madrid in an attempt to regain control of the site. In the following days, the employees and managers who had remained in Madrid came to the building and immediately began to organise the transfer to the palace of all the documentation relating to the operations carried out during the war, a task that was completed in June of that same year. Once the site in the capital had been regained, the two sub-central offices that had been in operation during the war were abolished.

In parallel, a standing committee was appointed in May to address MAPFRE's necessary administrative and commercial reorganisation. The healthcare and residency services in Madrid were also opened, and contact was re-established with the doctors working in other areas. The speed with which MAPFRE was able to resume its activity drew the attention of the National Delegation of Trade Unions, which tried to unite other mutual companies around it in order to constitute a National Trade Union Service. However, as the conditions proposed by MAPFRE were not accepted, the project was ultimately abandoned, allowing the organisation to maintain its independence.

In the following four years MAPFRE was able to increase its premiums by 60%. This success led its management to consider expanding into additional business lines by setting up a new limited company and thus diversifying the company's activities. To this end, it was agreed that shares would be offered to MAPFRE members, delegates, managers and employees, and that the general public would be invited to contribute



Agricultural Accident Insurance Policy 1934.



MAPFRE advertising poster.

to the initial capital that remained to be covered. Behind this initiative was the fear that the State would nationalise Occupational Accident Insurance, then 80% of MAPFRE's revenue and which, if implemented, would mean the virtual disappearance of the company. In this framework, and following the advice of the director Isidro de Gregorio, a new company was set up on 4 February, 1943: the Compañía de Seguros Agrícolas e Industriales, Sociedad Anónima Campo, which was authorised to provide cover for life, fire, occupational accidents, individual accidents, civil liability, transport and accepted reinsurance. Its initial headquarters were installed in the same building as MAPFRE's head office, in the Palace of Elduayen. De Gregorio became the main shareholder and General Manager, without abandoning his responsibilities at MAPFRE. However, a conflict of interest quickly arose between the two entities when some of the company's workers also started working for Campo. Although Campo soon moved to another site at Recoletos 22 and hired its own staff, the confusion continued. The two companies would continue to share buildings and resources until, finally, in 1949, they separated, with de Gregorio taking over Campo and stepping aside from his management duties at MAPFRE.

The expansion and diversification of activities would not end there. After the regulations of the Compulsory Health Insurance Law were passed in November 1943, on 22 March the following year, MAPFRE's Annual General Meeting approved its entry into this line of insurance. An Entidad Colaboradora, or Cooperating Entity, was created for this, located in a small building in Calle General Sanjurjo –today José Abascal– where the medical services were also installed. Admittedly, it was not legally separate from MAPFRE, although it did keep separate accounts. It provided health cover for sickness and maternity, preventive medicine, compensation for lost work days and funeral expenses. At the same time, it was decided that any natural or legal person, apart from the owners of rural properties, could be a member of the mutual insurance company. In the following years, considerable efforts were made to set up in-house clinics and establish healthcare agreements, an initiative that was halted in 1948 when the State promoted the joint use of these clinics by all Cooperating Entities in the health branch.

However, both initiatives –the creation of the Sociedad Anónima Campo and the Entidad Colaboradora del Seguro de Enfermedad– did not have the desired effect and enthusiasm waned. The post-war economic recovery had slowed down more than it should have owing to the state's misguided protectionist policy. As the years went by, it became clear that health insurance had high costs, causing an imbalance between premiums and the benefits provided, especially due to the cost of pharmaceuticals, something that almost brought MAPFRE to its knees. Under these circumstances, and once the ten-year term of the agreement established with the State had expired,

in January 1954, the management agreed to present a request to cease this activity. It became effective that same year, involving accumulated losses of 27.77 million pesetas. Campo, for its part, ended up in the hands of the insurer Plus Ultra, after having split from MAPFRE in 1949 and having caused a conflict of interest between the two companies. The company's situation at the time was delicate, it was structurally costly and poorly managed, and it required urgent intervention if it was not to be driven into bankruptcy. Its 86-strong workforce was excessive in relation to its turnover and it had serious cash-flow problems due to debts arising from sickness insurance. There was an urgent need to find the right person with the courage and vigor to change course. The person selected was the young Ignacio Hernando de Larramendi, a 34-year-old inspector in the Technical Insurance Corps, with a high level of professional competence. On 19 August, 1955, he was appointed general manager of MAPFRE, and he took up his post on 2 September.

MAPFRE in the years of rapid growth (1955-1975) and the work of Ignacio de Larramendi, the new General Manager

The international situation in 1955 was clearly favourable. During this decade, General Franco's regime was accepted into international organisations and Spain's economic situation began to improve.

The young Larramendi shouldered a major risk by taking charge of a company that was, at that time, heading towards ruin. As he himself would confess years later, his audacity in accepting the position would give him many a sleepless night as he wondered whether he had made a mistake in taking on such a huge challenge. Larramendi's first move was to slash his salary by 40%, gaining him the respect and trust of all. The company's management was fully aware of the urgent need to implement a new business model focused on consolidation and moderate growth and, from that point onwards, to be more ambitious.

To achieve these objectives it was critical, on the one hand, to address cost reduction and expense containment and, of course, by cutting his salary Larramendi made it clear to the entire organisation that he was personally and directly involved, setting an example. On the other hand, it was essential to prioritise the acquisition of the most profitable policies; and to improve MAPFRE's regional network, which at that

time consisted of provincial and local delegates and collaborating agents who had their own offices and employees. At this point it was decided to make the delegations more independent, while at the same time involving the delegates and agents in the incentive policy. In order to make them more efficient, new general instructions were prepared highlighting the bright future that awaited them with the increase in insurable assets in a growing economy; and emphasising the message that MAPFRE offered virtually the full range of solutions.

However, to develop this new plan and shape the new MAPFRE, a tricky problem had to be solved: the settlement of the accumulated health insurance debt, which, it should be remembered, amounted to 27.77 million pesetas. Failure to do so would seriously jeopardise the success of the new project. And, in this matter, fate chose to ally itself with MAPFRE. After signing an agreement with the State to pay off the debt over seven years, a ministerial order of August 1958 authorised the automatic cancellation of the debts of those entities whose deficits had been caused by premium receipts that were below the national average. Once the official commission had certified that MAPFRE's deficit was due to this circumstance, in 1959 it was decided that the debt should be absorbed.

Liberated from such a heavy burden, MAPFRE had a clear horizon towards which it could embark on its new journey with the highest hopes. The new project had four cornerstones: the ongoing improvement of the administrative system with the aim of reducing costs and accessing information more efficiently, thereby facilitating planned decision-making; a more efficient employment policy, investing in training to improve productivity and incentives; the continuous incorporation of new technologies; and, finally, the constant development of new services for customers. The ultimate goal was for the company to achieve sustained growth, ultimately reducing the cost of insurance, which would be good for the members and favour MAPFRE's development. Considerable attention was also paid to improving the company's image, hence the resources allocated to marking the 25th anniversary in 1958. And the development of its territorial expansion began with the creation of regional divisions, with the priority objective of entering the Catalan market. Without obsessing about operating in the big markets where competition was fierce, and preferring to focus on rural areas, which were easier to penetrate, a proper marketing department was set up. All of this was considered crucial to achieving the goals set by senior management.

After his arrival, Ignacio de Larramendi was perplexed to learn that the organisation was known by various names: Mutua de Seguros Agrícolas; Mutua de Seguros Agrícolas e Industriales; and Mutua de Seguros Agrícolas fundada por M.A.P.F.R.E. He considered that this diversity of names undermined the major asset represented by the name MAPFRE. To resolve this, he registered the name MAPFRE, very

subtly incorporating the company name in the new statutes with the denomination MAPFRE Mutualidad de Seguros (Mutual Insurance Company). In a subsequent reform of the by-laws, the abbreviated use of the name MAPFRE Mutualidad was approved.

Within the sector, the market's flagship product at the time was car insurance, a fast-growing and highly competitive line of business. The major drawback that MAPFRE encountered in penetrating this part of the business was the company's limited presence in industrial areas, as it had been closely linked to rural areas since its inception. Convinced that its future and its modernisation lay in breaking into this market, at the end of 1959 MAPFRE began an intense advertising campaign to attract customers, launching the Club del Asegurado (Club MAPFRE), a special club for insured persons. That same year saw the approval of the Stabilisation Plan for the Spanish economy, which would lead the country to enjoy a period of economic prosperity over the following decade that would be thoroughly exploited by MAPFRE thanks to the efforts made in the preceding years. From that time onwards, a detailed road map, which always included the MAPFRE offices, as well as other information, was given to each member when they took out their insurance policy. It was a highly appreciated and valued gift because of its excellent quality and because it was the only way for drivers to navigate to their destinations on the difficult roads of the time. The advent of the digital era put an end to this practical gift.

Despite the promising prospects, and being dissatisfied with the company's structure, Larramendi decided to reorganise the departments. In his regional expansion policy, he was committed to creating strategic alliances with other mutual insurance companies in the Canary Islands, Catalonia and the Balearic Islands, to improve MAPFRE's penetration in these areas. He also contacted organisations in Switzerland, Austria, Germany, Belgium and France, having already done this in the past in the case of Portugal. This strategy was based on the vision of certain businessmen of the time, who considered that the country's future lay in aligning itself with the European Economic Community (EEC) project, founded in 1957.

The staffing policy was another aspect that attracted the attention of MAPFRE's top management. Larramendi was ahead of his time in his awareness of the importance of human capital for the future of a company. The resolution of the pressing health insurance problem, which had almost bankrupted the company, had left a surplus of personnel that Larramendi channelled, on the one hand, by encouraging them to take voluntary redundancy and, on the other, by training and promoting the most promising workers, preparing them to take on new and greater responsibilities. Among the latter were two youthful employees who were to play important roles in the years that followed: José García García and Gaspar Fernanz Yubero. In 1958, thanks to the



MAPFRE Mutualidad Board of Directors, 1958. From left to right: José Joaquín Márquez y Álvarez de Toledo, Marquis of Molina, Secretary of the Board of Directors; Jerónimo Miguel-Romero y Gómez-Rodulfo, CEO; Dionisio Martín Sanz (standing, speaking), chairman of MAPFRE; Ignacio Hernando de Larramendi, General Manager; Juan Represa de León, member; and Álvaro Cavestany Anduaga, member.



Ignacio Hernando de Larramendi, General Manager of MAPFRE with his wife Lourdes Martínez Gutiérrez.



Job vacancy advert published in the ABC newspaper on 9 and 11 November, 1962.



Cover page of the Club 600's *Guía de asistencia*.

These motorist assistance guides included maps and practical information.

fact that the company's circumstances had improved, Larramendi began to bring in new staff members. That same year he hired a young law graduate with no previous work experience, Benito Tamayo, and an expert actuary from the Lepanto firm, Fernando Sadornil del Río. These four people would become, together with Larramendi, MAPFRE's executive management team: José García as Deputy General Manager; Benito Tamayo as Commercial Director, Fernando Sadornil as Technical Director, and Gaspar Fernanz Yubero as Financial Director.

In the early 1960s, the company began to recruit young students and graduates to train within the company, giving them positions of responsibility. Recruitment consisted of advertisements in the press, followed by a selection process that included a written test and an interview with a senior manager. Larramendi was directly involved in the selection process, holding a final personal interview with the young applicants. Once they had joined the company, Larramendi personally monitored their careers, classifying them according to their aptitudes. While some would remain at headquarters, occupying positions of varying degrees of responsibility, others were assigned to the growing regional network that was beginning to emerge, and which would eventually become one of the mainstays of the company's growth.

This policy of recruiting, training and nurturing young workers also extended to clerical and secretarial positions, even to bellboys. They were all groomed to take on new and greater responsibilities. Until this job category was abolished by legislation, the

MAPFRE bellboys were boys as young as 14 years old who, in addition to doing the jobs that were typical of their job category, were trained to carry out more complex tasks. Some completed their schooling and even attended university while working at MAPFRE. This meant that those who had the necessary skills and merits had tremendous development opportunities available to them, making it possible for them to reach the upper echelons, even the highest management levels. Indeed, MAPFRE became a true *company-school*.

Throughout the 1960s, MAPFRE continued to focus strongly on car insurance, with innovations aimed at offering a better service to its policyholders. In February 1961, it approved a Loss Adjusters' Scheme which allowed claims settlement to be carried out from the regional offices or delegations: the customer took their car to the office in their city or province and, after it had been examined by the loss adjuster, the claim was dealt with on the spot, either by payment in cash through a bank draft or by delivering the repair order to the selected workshop. In addition, customers were offered low-claims bonuses and rebates of up to 40%. Additionally, the company convinced its agents that it was better to write more transactions with a lower commission than to have few transactions with a high commission, thereby reducing commissions by half. Advertising, on which around 1% of the company's revenue was spent, also received special attention: MAPFRE's image would soon be linked to the popular Seat 600 through the so-called *Club 600*. However, at the same time that this line of the business was growing, the accident rate was increasing worryingly and MAPFRE was the first company to focus on prevention as a way of making insurance more profitable whilst avoiding human misfortune. On 18 January, 1963, at the palace on Paseo de Recoletos, the company convened a historic meeting with other organisations aimed at jointly creating an organisation to promote accident prevention.

From that point on, MAPFRE did not stop growing and when, on 1 June, 1965, car insurance became compulsory, the company was in a privileged position to benefit from the extraordinary growth of this line of its business. The management was committed to prudent growth, keeping in mind the interests of the members, and intensifying car-related assistance services. In the early 1970s, the company opted for a *benefit policy* and *customer generation*, based on price, service and advertising.

At the same time as car insurance was booming, in 1957 MAPFRE was authorised to commence activity in the Life insurance sector, and began to offer this to large companies. But this type of insurance was slow to take hold in Spain, a circumstance to which MAPFRE was no stranger. Despite this, in 1964 the management strengthened its commitment to life insurance, considering it to be the business line with the greatest growth potential, and a major expansion plan was launched. On 24 October, 1969, MAPFRE VIDA, a limited company, was founded, becoming operational on 1

January, 1971. Its objective was to expand the life insurance business within the company. It would be the first Spanish insurance company to apply the French PM 49 mortality tables, instead of the XIX tables that other insurers were still using; as well as to share the profits with its policyholders. The action plan implemented by its top manager, Juan Fernández-Layos, was decisive in the MAPFRE life insurance business becoming a success. He adopted the American companies' strategy of avoiding the negative *death-related* connotations linked to the product, instead associating it with the terms *life, hope and enjoyment*. He increased the sales network and renewed the sales and marketing strategies.

In 1961, MAPFRE's mechanisation department was transformed into SDOMSA (Servicios de Organización y Mecanización, S.A.), a limited company headquartered on the ground floor of Recoletos no. 3. The offices were on the second floor, along with the Agricultural Risks department. Some months later, the new regional leadership of Castilla la Nueva, (today known as Castilla la Mancha), also established itself at this address. SDOMSA was, so to speak, the calculation centre of the time. It used Bull machines to manage the perforated cards, sheets of cardboard that contained information in the form of perforations according to a binary code, and which were the first means used to enter information and instructions into a computer. The Bull machines read the information contained on the cards by making contact through these holes, allowing the information to be processed much faster. These cards traveled frequently from SDOMSA to the headquarters in the Palace of Elduayen and vice versa, stored in metallic drawers that the bellboys carried on rubber-wheeled trolleys.

Another important milestone in MAPFRE's strategic development took place in 1962, when on 27 May it became the majority shareholder of Central de Obras y Crédito S.A. (COC), a company dedicated to financial operations. The main objective of this investment was to open a new line of business: financing car purchases in order to increase its market share in this sector. In this way, COC made it possible for MAPFRE to develop a nationwide network of financial institutions over the years that followed. COC relocated to the first floor of a modern building at Calle Goya 47, and Benito Tamayo became its first General Manager. The MAPFRE Vida department also moved and set up shop on the same floor, under the leadership of Carlos San Basilio.

Subsequently, Muinsa, an investment company created to invest part of the company's technical reserves in securities, was created along with the public limited company GRAM (Grupo Asegurador Mutuo), to cover all those insurance operations that MAPFRE as a mutual insurance company could not handle, especially those deriving from loans from financial companies. In this way, MAPFRE was emerging as a group of companies that would allow it to get a better return on its investments and not be left behind in an expanding market. An advocate of real estate investment, Larra-

mendi was in favor of locating offices in company-owned premises. Consequently, in the following years, he would invest heavily in real estate with the idea of making the company's resources more profitable, to the point of making MAPFRE a top real estate developer.

In 1966, a State decision forced MAPFRE to change its organisation. On 30 April, all companies in the Occupational Accident Insurance business were forced to terminate their activities, with the State Social Security assuming responsibility for this sector. In a subsequent Decree, it was established that Mutual Insurance Companies for Occupational Accidents could continue to provide this cover, but they were obliged to devote themselves exclusively to this line of business. Ultimately, work-related accidents were excluded from the scope of private insurance. This forced MAPFRE to split itself into two separate entities: MAPFRE Mutualidad de Seguros, which would operate in the rest of the insurance field; and MAPFRE Mutua Patronal, an entity created to collaborate with the Social Security, dedicated exclusively to occupational accident insurance. The latter represented the origin of the present-day FREMAP, and was located at Calle Velázquez 105.

By the early 1970s, MAPFRE had everything it needed to become the leader in the Spanish insurance market, in addition to international projection. It had successfully managed a profound transformation; its young team was receiving constant training and was fully committed to the company's objectives. The management modernisation together with product and service innovation had allowed the company to improve its corporate image. Its premiums had increased twenty-fold and it had gained market share. It was perfectly poised to embark on the road to success.

To achieve the sought-after leadership, it was essential to profoundly transform the company's organisational structure, creating limited companies specialising in different business lines, with independent structures and assets, although these were ultimately controlled by the central mutual insurance company. Accordingly, the Extraordinary Annual General Meeting of 1970 approved the formation of a business group made up of three entities: MAPFRE Mutualidad de Seguros, which would operate in the car and other mass-market branches, as well as agricultural risk; MAPFRE Industrial S.A., the transformation of GRAM, to cover large company risks, transport insurance and reinsurance; and, finally, MAPFRE Vida S.A., which would operate in the fields of personal life, personal accident, and health insurance.

And so the MAPFRE group was born, where MAPFRE Mutualidad owned the absolute majority of the capital of the other two, coordinating them and providing common services as a cost-reduction strategy, as well as becoming the visible head of the group. The key elements of the new approach were decentralisation and specialisa-

tion. The creation of the group had four main objectives: to achieve a growth dynamic that would allow it to rise to the top of the Spanish market in the following decade; to increase its influence in the main insurance sectors; to expand throughout Latin America; and to maintain control of the group through the mutual insurance company in order to preserve its spirit. The development of a powerful regional organisation – which had begun in the 1960s— was then complete, the old network of independent delegations being replaced by a new capillary network of regional directorates and provincial offices with their own executives and staff, complemented by county-level offices with full-time delegates and exclusive agents who could count on the total support of MAPFRE. A transformation that was undertaken with great pragmatism and flexibility, taking into account the opinions of the former provincial delegates, and focusing the sales force on specific business lines. Many of these regional directorates employed young people who were just starting to join the company. This new regional network made it possible to decentralise the organisation, facilitating better control of the business and moving the operational decision-making centres closer to the customers. Over time, this has become one of MAPFRE's greatest strengths. At the time, Larramendi's competitors were convinced that this was the wrong strategy and it would take several years for them to acknowledge his resounding success. This new network permitted intense commercial work and boosted the company's growth in other lines of insurance in which it had barely any market presence. And the network continued to grow in the following decades until it reached its current size and configuration.

The 1970s saw the founding of Fundación MAPFRE, which was to receive part of the company's annual profits, a commitment included in the statutes of the mutual society, something that was certainly novel for the time. Its purpose was to contribute to the development of Spanish society, which is why it was soon classified as a charitable-educational foundation. During its early years it was mainly dedicated to preventing work-related and traffic accidents, protecting against material risks, helping accident victims and providing grants for people with disabilities.

MAPFRE's international expansion began at that time, coinciding with an increase in Spain's foreign trade, and the strategic decision was taken to engage in reinsurance operations as a first step towards this internationalisation. Reinsurance made it possible to gain advance knowledge of the territory to be explored and establish contact with local investors. As a result, once sufficient progress had been made in terms of reinsurance, the appropriate actions would be taken to make the leap to direct insurance. It was agreed that this expansion would begin in Latin America, then spread into other geographical areas, opting to internationalise through the purchase of existing companies. In order to improve the company's image and presence, Editorial

MAPFRE began to raise awareness of the group's name and image in Latin America by publishing and distributing specialised publications.

During this period of profound change and rapid growth, the MAPFRE offices were generally austere, but no expense was spared when it came to technology. Around 1969, the first large modern computer acquired by MAPFRE was installed on the ground floor of the Palace of Elduayen, an IBM 360/30. This made it possible to process a large amount of data but necessitated extensive renovation work.

Larramendi considered the company's human resources to be vitally important, and he had a policy of recruiting new graduates, giving them responsibility immediately and rotating them through the organisation's different departments. This allowed them to grow personally and professionally at the same time as the company, creating bonds of true friendship between all of them and building a great human capital group. From the outset, they were instilled with the feeling that they were joining an entrepreneurial family and a successful business. Larramendi was certainly ahead of the curve, creating a true *task force*, something extraordinary and exceptional for the time, which allowed him to search among his employees for the senior managers who would take over the reins of MAPFRE in the future. The emphasis that has been placed since then on professional development based on one's own merits at MAPFRE has even resulted in the company statutes stipulating a ban on hiring blood relations and in-laws up to the second degree of kinship, of directors, managers or employees. The permission of the Board of Directors is even required to hire relatives up to the third degree of kinship. Furthermore, to limit the ambition of managers and directors, it was also established that all employees and managers must retire at the age of 65 at the oldest, while directors have to retire by the age of 70. These standards are still in place today and form the basis for continuous board and management renewal, enabling the company to tackle every stage of its development with young, strong and experienced teams. In fact, these are possibly the most demanding anti-nepotism standards in the world for a private company.

Everyone felt privileged to work in the magnificent palace on Recoletos, with so much history contained within its walls, and located in one of the most beautiful and prominent areas of the capital. Appointments and meetings were often arranged in the palace itself, conveying an incomparable image of the company's solidity. Before meetings, the attendees were invited to visit the grandest areas of the palace. The Palace of Elduayen had certainly become a wonderful and identifiable insignia of the MAPFRE brand.

In the years that followed, MAPFRE evolved in a spectacular manner, expanding and professionalising its regional network, and implementing the concept of *profit shar-*

ing in life insurance. This was a pioneering move in Spain and was soon copied by the company's main competitors, rising to the forefront of the individual insurance sector in just a few years. MAPFRE Industrial developed more slowly as the market had been *colonised* by MUSINI, the insurer subsidiaries of banks and some foreign organisations. For that reason, it was decided that all of the Mutua's personal assets thereby converting the Mutua into a specialist motor insurance company.

During those years of profound changes and a relentless increase in activity, Larra-mendi decided that they could no longer remain as tenants in the Palace of Elduayen, so he ordered that steps be taken to buy it outright so as to enable the company to occupy the entire building.

MAPFRE in the Palace of Elduayen. The complex acquisition process

As we have already noted, on 1 January, 1935 MAPFRE became the main floor tenant in the Palace of Elduayen, including all its annexes, making this its new headquarters. María Fernández de Liencres y Elduayen —Marita— had inherited the palace in life usufruct terms from her adoptive mother, her great aunt Dolores Elduayen y Martínez Montenegro, II Marquise of El Pazo de la Merced, IX Marquise of Mos con Grandeza de España, and IX Marquise of Valladares. However, in her will, Dolores had stipulated that until Marita reached 25 years of age—in November 1944— all her inheritance should be administered by a board of trustees. Following the last will and testament of Dolores, this board was founded under the name of *Patronato de la herencia de la Marquesa de Mos*, and comprised Félix de Llanos y Torriglia, Mariano Roca de Togores y Caballero, and Toribio Gimeno y Bayón. It was this group who had rented out the main floor of the building to MAPFRE, which in the following years would occupy its rooms with desks, converting the smaller grand lounges into offices for managers.

MAPFRE was not alone in the palace, as the rest of the floors and outbuildings were occupied by a variety of tenants. The first floor on the left was the home of Olympia S.A., dedicated to the sale and repair of typewriters, established on the site since 1 March, 1931, and whose director lived on the mezzanine floor. The first floor on the right, which was unoccupied at the time, was rented out in June 1939 to Andrés Romanillos Calleja to open a tailoring and dressmaking store. On the right-hand side of

the second floor lived Teófilo Hernando Ortega, a radiographer and professor at the Universidad Central, with his family; and the dwelling on the left side was inhabited by Emilio Roy Lhardy, director of the Banco de Vizcaya, with his family, all of whom were French, and five staff members. The third floor was uninhabited at the time. After the civil war, one of its apartments would be occupied by Leoncia Díaz Casado and her mother Petra, daughter and wife of the former doorman at the Palace of Elduayen, who had lived in this same apartment as a family since its construction; both had worked as domestic staff for Elduayen, but Leoncia had since taken work as a cleaner at the Supreme Court. The other unit on this third floor was subsequently occupied by Gregorio Rubio López, with his wife and two children. He was an electrician who had also lived and worked as a doorman at the palace since 1905. It should be remembered that during Elduayen's lifetime this third floor was destined for service personnel, so the profile of its tenants should not be surprising. Finally, the attic spaces were rented out to a widow; to the driver Vicente Alfonso Podadera together with his wife, daughter and sister-in-law; and to the day labourer José Agapito Paíno with his wife, who worked as a maid. They all became MAPFRE's neighbors and direct witnesses to its evolution and growth as a company. MAPFRE's doorman, Jon de la Vega González, lived in the garden pavilion—the so-called *Turret*— with his wife, three children and a relative; while the doorkeeper of the other area of the building had an apartment in the basement.

After signing the lease for the main floor with MAPFRE, the board of trustees that administered the palace requested an estimate for the renovation of one of the floors. On 3 January, 1935, the architect Enrique Colás Hontán sent them a project involving the renovation and cleaning of the existing apartments on the second floor. His proposal involved increasing the number of rooms on each level, with two bathrooms and an office per apartment, installing individual heating systems, renovating the fireplaces and flooring, and modernising the decoration. He also suggested that a refrigerator should be included in each office and that a freight elevator should be installed in the service staircase, *since this is a luxury house, in a luxury location with luxury prices*. Additionally, his idea was that the existing elevator should reach the ground floor in order to avoid the steps at the entrance, which were *too numerous and inconvenient. I believe they will need to do all this expensive work eventually, because today houses of the same level of luxury and even lower rents offer a great deal in terms of comfort*. I would also propose the sale of the material that would be removed and could be reused, valuing the entire refurbishment at 55,600 pesetas.

Almost three decades later, on 1 July, 1962, MAPFRE signed another contract to lease the second floor of the palace, occupied previously by Caja Rural and the laboratory of the Sindicato Nacional del Olivo (National Syndicate of Olive Producers). It then

undertook the necessary refurbishment work to configure it into a single room, partitioning off spaces to make offices and work rooms, and painting the doors white. It housed all the *back office* departments under the command of the deputy general manager: personnel, accounting, issuing, technical management, and general services.

The leasing of this second floor made it possible to relieve the congestion on the main floor —the palace’s so-called “grand” area— where senior management remained: General Management, Financial Management, Commercial Management and the Claims and Legal Department of the Motor line of the Central Regional Management. The opportunity was taken to refurbish this main floor, preserving the building’s original huge cast-iron radiators for the heating system. Larramendi put his office in the corner room overlooking the gardens and the Paseo de Recoletos, decorating it with antique furniture. In early 1966, the decoration of the main floor was modernised. The hallways of the main floor, as well as Larramendi’s office, were finished with green fabrics, false ceilings and carpet-covered floors. The doors of the Board Room were also painted on the outside. The antique furniture in Larramendi’s office was replaced by a modern table and a large three-piece suite, which remained in place until his retirement. All the palace’s lounges and offices were converted into work spaces. The only exception was the large ballroom, used as the Board of Directors’ room, which held a large imposing table made up of three aligned tables surrounded by armchairs, and an auxiliary table for the Secretary of the Board, where the Annual General Meetings were also held. The gardens served as a parking lot for the general manager’s car, a light Citroën 11, which was driven by the chauffeur, Máximo, and which would be replaced by a SEAT 1500 during the 1960s. In those years, senior managers also started to park their cars in the gardens, causing congestion that would force the company to limit vehicular access to the garden.

These changes also led MAPFRE to repurpose the ground floor. A long L-shaped counter was installed in the main entrance hall of the palace. Behind it were the customer service stations, as well as the cashier and the receipts office. The rest of the floor was occupied by the Central Regional Management, while the Torreón, or Turret, the building located at the end of the gardens —formerly the stables pavilion— was where the doorman lived, as well as housing the store and archives, except for the mansard, which was rented to the María Guerrero theater. Since the Motor Claims department of the Regional Management was located on the first floor, customers had to climb the grand staircase to the main floor to file a claim.

MAPFRE continued to share the palace, this time with new and colourful tenants. From the initial period, only the Olympia typewriter store remained, now located in the left side of the semi-basement, the right side being occupied by Café Teide. Both premises were accessed through the entrance door located on Paseo de Recoletos,



Marita Fernández de Liencres y Elduayen, usufruct holder of the Palace of Elduayen, with her husband Eduardo Fioravanti.

down some stairs located in the hall, although the café also had an entrance on the street. The appearance of Café Teide in the palace provided MAPFRE employees and managers with a place to relax and have a drink or eat lunch. Often the Teide waiters would serve the bosses in their offices. MAPFRE at that time ran a continuous workday schedule from eight in the morning to three in the afternoon, and the young people often went there for an aperitif on Saturdays. On the right-hand side of the first floor was the Julio Muñoz Meijosa tailor's shop, and on the left was the office of the Sindicato Nacional del Olivo. The two units on the third floor were occupied by the company *Grandson Construcciones*, on the right; and by Mrs. Josefa Gonzalo Garrido, widow of Emilio Roy Lhardy, with her daughter and two servants, a French family who had been living in the palace since 1924, on the left. The attic rooms were occupied by five different tenants. MAPFRE's doorman since the 1940s, who was also a caretaker, lived on a floor of the Turret building located at the end of the gardens, while the doorman of the other area of the palace, hired by the building's owner—Marita—to manage the rents and attend to the tenants, had an apartment in the basement.

On 1 January, 1967, a new lease agreement was signed with the owner for 44,000 pesetas per month, merging the two leases that had existed up to that date, and incorporating the ground floor premises occupied by MAPFRE, as well as the entire first and second floors. The lease was established for an indefinite term, since its extension was mandatory for the property, and expressly authorised MAPFRE to carry out as much construction work as it deemed appropriate.

Three weeks later, on 20 January, 1967, MAPFRE set up an *ad hoc* company to manage the leases and the future acquisition of the entire Palace of Elduayen: Inmobiliaria Calvo Bárbara, S.A. (Incalbarsa). The palace, located at Paseo de Recoletos No. 25—at that time known as Avenida Calvo Sotelo—was admittedly in a legally complex situation. It had been inherited in life usufruct by María Fernández de Liencres y Elduayen—or Marita—under very special conditions, since, if she had legitimate descendants, as was the case at that time, after her death her children should enter into full possession of all the assets of the inheritance, including this palace. However, in the event of leaving no legitimate descendants upon her death, other people would become the beneficiaries of the inheritance. This meant that Marita could only enjoy the possession of the property and its income during her lifetime, but in no case could she transfer or dispose of these assets freely. The Marquise de Mos y de Valladares, Marita's great aunt, had stipulated this in her will with the sole purpose of protecting her, and as a sign of her great affection for her. For this reason, she included as many precautions as necessary to ensure that her adopted daughter and heiress could preserve and enjoy the entire estate during her lifetime, thus preventing it from being

wasted or consumed, or enabling third parties to take advantage of her inheritance. She considered that to this end, there was no better precaution than to make it impossible for Marita to sell the assets. By doing this, she wanted to prevent a repetition of past negative experiences that the Marquise had experienced at close quarters on the occasion of other inheritances. In faithful compliance with the wishes expressed in her last will and testament, her executors awarded Marita all the inherited assets in life usufruct, without expressly awarding the bare ownership, as this was subject to certain assumptions that would only be known after her death, it remaining uncertain until that day who would actually be the persons who would benefit from the inheritance.

Under these circumstances, and wishing to acquire the entire palace, on the day it was established, Incalbarsa signed an agreement with Marita and her children whereby it obtained the option to acquire all the rights and claims they had over the palace, and its full ownership, in exchange for two million pesetas. Incalbarsa encountered several problems in terms of completing this purchase. Two of Marita's children, presumed holders of the bare ownership, were minors and until they obtained judicial authorisation, they could not complete the sale. In addition, they needed to be legally emancipated to ratify this agreement. Further complicating the issue was the fact that only at the time of Marita's death could it ultimately be known who the heirs to the entire palace estate would be. If she was survived by any of her children or legitimate descendants, they would inherit the estate. However, although this was the logical and predictable situation, no-one could guarantee that this would happen, because it must be kept in mind that, if this assumption did not come to pass, then other people would become the heirs and consequently owners of the palace. All these setbacks led Incalbarsa to include in the agreement the commitment of Marita and her children to take whatever action was considered appropriate to ensure the full acquisition of the palace and its registration in the land registry.

Because of all these conditions, Incalbarsa was granted a period of four years to exercise the right of purchase option, with the possibility of extending this for a further four years or more, until the youngest of her children was legally emancipated, in exchange for the delivery of an advance payment of five million pesetas. To this effect, the palace was valued at 58 million pesetas, the amount that Incalbarsa would have to pay to acquire full ownership of the palace. Three million pesetas were paid to the sellers in this same act as an advance payment on account against the total price of the palace. In addition, it undertook to make another advance payment of one million pesetas at the time the judicial authorisation was obtained so that the underage children could dispose of their rights over the property, and a further 500,000 pesetas for the legal emancipation of each of these two minors. In the event that Incalbarsa

did not exercise its right to buy, all these amounts would have to be returned, except for the 2 million pesetas allocated as the option price. On the other hand, at the time it exercised its right to purchase the property, the payment of the remainder of the price would be conditional upon its full ownership being filed with the land registry. While this registration was not possible, Incalbarsa would pay only four million at the time of exercising the option, another three million the following year, and an additional three million after two years. Once it has been officially entered into the land registry, the remaining amount to be paid would be calculated to complete the 58 million. Fifty percent of this final amount would be paid upon verification of the registration; and the remaining 50% would be divided into four equal parts to be paid to the sellers every six months from the date of registration. Since several years could elapse between the signing of this agreement and its effective execution, it was established that all payments after 31 December, 1971, would be revalued according to the 1971 Wholesale Price Index.

Marita and her four sons —Eduardo, Antonio, José María and Ángel Fioravanti y Fernández de Liencres— agreed to share the proceeds of the sale equally. They all undertook to request the relevant judicial authorisation, both to dispose of the minors' rights over the property and to transfer full ownership, as well as to implement the emancipation of the minors so that they could ratify this contract. They were also obliged not to admit new tenants, nor to authorise transfers, subleases or conveyances as from that date, as they had granted Incalbarsa, by means of an independent contract, the quality of lessee of each and every one of the apartments and premises that remained vacant, and they were to become the lessee at the time any of the premises was vacated. To this effect, it was agreed that Incalbarsa would be responsible for paying the compensation required to evict the current tenants, and the sellers undertook to facilitate the necessary steps for this purpose. In turn, they granted Incalbarsa the right to carry out all kinds of works and installations in the property. Through this agreement, Incalbarsa was guaranteed the lease of the entire palace as well as the option to purchase it. At that time, some of the first floor rooms, as well as the entire semi-basement, third floor and attics were rented as offices, commercial premises and housing, rents that would be charged by the sellers until the full settlement of the agreed selling price.

Certainly both the new rental agreement and the contract with Incalbarsa were of interest to both parties. MAPFRE was assured of the full occupancy of the building and the future acquisition of its ownership. Marita, on the other hand, in addition to receiving a significant amount for the purchase option, substantially and incrementally increased her monthly income, since the previous rents were at the old rates, much lower than those now negotiated with Incalbarsa. In addition, it saved maintenance and repair costs, which would be borne by MAPFRE from that point on.

We should bear in mind that in 1920, Minister Dario Bugallal had approved a decree regulating urban leases in the spirit of protecting tenants, which was to undergo subsequent reforms. There were two main consequences: the compulsory extension of contracts and rent freezes. Landlords had the ability to evict tenants if they demonstrated that they needed the dwelling or premises for themselves or their immediate family members. The other option available to them was to reach an amicable agreement through the payment of compensation. To offset the rent freezes, they were left with the alternative of passing on to the tenant any expenses not related to the management of the property, such as the cost of improvement works, the increase in the tax burden or the rising cost of utilities (electricity, heating, and so forth).

After signing this new agreement with the owner in 1967, MAPFRE installed window air conditioners in the offices of the directors located on the first floor, the “grand” area of the palace. These were quite noisy, but evidently made the employees *feel* a greater need to visit their superiors for consultations. The following year they would end up being added to the employees' rooms as well. At that time, the ballroom had a very dark wooden floor, not at all grand, which did not correspond to its original flooring. Meanwhile, in the dining room there was an old hydraulic tile covering that also did not correspond to the original floor. The installation of the modern IBM 360/30 computer on the ground floor required the transformation of the entrance hall, the L-shaped counter being removed and the space being converted into the reception area, with a telephone switchboard and a receptionist-telephonist who was replaced by the porter in the afternoons.

In the following months and years MAPFRE would manage the eviction of the various premises and apartments occupied by the tenants, reaching compensation agreements with each of them. MAPFRE would first take over the left semi-basement occupied by Olympia, where the printshop and workshop of the newly created publishing house, Editorial MAPFRE and Gráficas MAPFRE were installed. Soon after, it took over the lower left side of the building occupied by the Sindicato Nacional del Olivo, premises that were destined for the Central Regional Management, which expanded into this new space. In 1971, Café Teide was vacated, allowing the company to take over the entire semi-basement. The following year the tailor left, and MAPFRE was able to occupy the whole first floor as well. Subsequently, the family of Josefa Gonzalo Garrido, widow of Emilio Roy Lhardy, inhabitants of the palace since the 1920s, was evicted from the third floor. In parallel, the attics would gradually be occupied. The last of the palace's tenants, Grandson Construcciones S.A., left around the middle of that decade. In this way MAPFRE took physical possession of the entire palace, apart from the upper part of the Turret located at the end of the gardens, which would continue to be leased to the María Guerrero Theater. When Café Teide,

which was very popular at the time as a gathering place for famous journalists and writers, among them César González Ruano, was evicted, the press bitterly lamented its disappearance. In response to the criticisms that appeared in the press, MAPFRE skillfully made the decision to establish the González Ruano Award for Literary Journalism, in memory of the journalist and his gatherings at the Café Teide, which was launched some years later. The Claims department of the Central Regional Management was established where the Teide had been located. At that time, the rapid appraisal unit of this Central Regional Management was moved to the Turret in the gardens. This led to a continuous flow of cars entering and leaving the garden, often causing congestion and traffic jams at the entrance and preventing some managers from parking there, a situation that MAPFRE solved by renting parking spaces in the nearby parking lots. The purchase, in around 1980, of a building in Calle de Luchana for the Central Regional Management, put an end to this situation.

Three years after signing the agreement with Incalbarsa, on 26 February, 1970, Marita obtained judicial authorisation to dispose of the assets of her two minor children, ratifying the 1967 agreement on their behalf, receiving the payment on account of one million pesetas as planned. In January of the following year, 1971, when the four years stipulated for Incalbarsa to exercise the right of option to purchase were about to expire, this period was extended for a further four years because the youngest of Marita's children had not yet been legally emancipated, and a further five million pesetas were paid to them as an advance payment on account against the purchase price. Finally, before the expiration of the new term, on 17 January, 1975, Incalbarsa exercised the purchase option, paying another four million pesetas, which, revalued in line with the corresponding price index, was 5,497,683 pesetas. As a result, Incalbarsa obtained both the physical possession of the property and its ownership in the same conditions in which the sellers had held it, requiring them to execute the corresponding deed of purchase in order to register it with the land registry. Six months later, on 20 June, 1975, Marita obtained the legal emancipation of the youngest of her children, receiving another million pesetas from Incalbarsa, which, after being aligned with the stipulated price index, would amount to 1,392,956 pesetas. In the following two years, in accordance with the provisions of the 1967 agreement, they would receive a further 10,121,872 pesetas as payment on account.

However, despite the deed of sale having been granted, the trustee substitution established on the inheritance of the palace prevented Incalbarsa from filing this with the land registry. MAPFRE then requested various rulings to try to find a solution to the convoluted legal situation affecting the palace property. At the same time, on 28 December, 1978, Marita and her four children, together with the general manager of Incalbarsa, executed a deed to make public the various private documents that

had been signed to date between the parties regarding the lease and purchase option for the palace. Following MAPFRE's recommendations that she seek an attorney to resolve this situation, Marita and her children hired the Bilbao lawyer Federico de Madariaga, who skillfully and efficiently adopted the very wise decision to file a lawsuit on their behalf for a declaratory minor claims lawsuit against the potential beneficiaries of Dolores Elduayen's inheritance regarding the declaration of pure and simple succession in order to put an end to the state of uncertainty burdening the ownership of her estate. His action would be key to definitively resolving this situation. On 4 November, 1994, Marita was declared full heir to the estate of Dolores Elduayen. After the lawsuit was settled, on 29 November, 1995, the change in ownership of the Palace of Elduayen was finally filed with the Land Registry. Three years later, on 3 September, 1998, the palace was registered in the name of Incalbarsa by virtue of the contracts previously signed with the owner.

Once the purpose for which Incalbarsa had been created no longer existed, the company was dissolved and its assets were transferred to its sole shareholder, Corporación MAPFRE Compañía Internacional de Reaseguros, S.A.

At the same time that MAPFRE began the process of acquiring the Palace of Elduayen, in 1970 it made another transcendental decision: to construct a new headquarters. Meanwhile, MAPFRE's various insurance companies were spreading throughout Spain's capital. The Palace of Elduayen would thereafter become the site of Corporación MAPFRE, MAPFRE Reaseguro, MAPFRE Internacional and certain other common areas and services of the group, as well as the venue for Board and Executive Committee meetings. MAPFRE Mutualidad would decide to establish its new site in Las Rozas, in a building located at the exit of the A-6 highway, heading towards Madrid. Over the years, the other companies that were created were set up in different buildings: MAPFRE VIDA, was located opposite the Santiago Bernabéu Stadium, and MAPFRE Seguros Generales in another palace located at Paseo de Recoletos 23, adjacent to the Palace of Elduayen, which was eventually acquired by MAPFRE. This other palace was that of the Duchess of Medina de las Torres and was built at the same time as the Palace of Elduayen. They rivaled each other in beauty, location and composition, and the course of history led to both being owned by MAPFRE. Today this equally impressive building is the home of Fundación MAPFRE.

Having explained the palace acquisition process, we will now return to the point where we left the story of MAPFRE, back in 1975.

MAPFRE during the transition and the early years of democracy

The oil crisis of late 1973, the second worst economic crisis of the century, which would be felt in Spain over the ensuing years, would find MAPFRE in a robust position thanks to the results of previous years.

In 1975, Larramendi left the general management of MAPFRE Mutualidad to become managing director, a position he already held in the group's two other major companies. In November of the same year, another momentous decision was made: to create a subsidiary within the group to manage reinsurance operations for MAPFRE Industrial. Thus was born MAPFRE Servicios de Reaseguros, which, after the acquisition in 1981 of the insurer Nervión, would eventually become MAPFRE Reaseguros S.A.

On 28 April, 1979, MAPFRE Mutualidad moved its headquarters from the Palace of Elduayen to its new home in Las Rozas. Meanwhile, the technology divisions were set up in Majadahonda, in a building located on the premises of the Mutua Patronal de Accidentes de Trabajo, today called FREMAP, a company that still occupies these facilities. Years later, at the end of the following decade, due to the growth of the car insurance business, a brand new 7,130 square metre site was developed on the road from Pozuelo to Majadahonda. This became the home of MAPFRE Mutualidad and MAPFRE Industrial. In the following years, two other buildings of more than 20,000 and 25,000 square metres, respectively, were erected next to the previous one. As such, the headquarters of all MAPFRE companies in Spain were incorporated into these buildings, thereby symbolically strengthening the operational and corporate integration developed during the presidency of José Manuel Martínez.

In the early 1980s MAPFRE was still growing at a good pace, increasing its market share and improving its management model. As a result, it was able to close the gap on the sector leader, La Unión y el Fénix Español. Larramendi remained convinced that the keys to MAPFRE's success lay in its austere, decentralised management model, far removed from any political agenda and with a strong focus on human capital.

However, in order to move forward on the road to success and leadership, a major hurdle had to be cleared: the delicate situation of CIC (formerly COC) after the 1973 economic crisis, which had been transformed into a holding company for regional and local financial institutions. At the beginning of the 1970s, while its traditional car financing business was being affected by competition from "branded" finance companies, CIC had embarked on accelerated activity diversification, creating or acquir-



Annual General Meeting, 1974. From left to right José María Jiménez de la Iglesia; Pedro Beca; José Márquez y Álvarez de Toledo, Marquis of Molina; José Antonio Reuelta; Ignacio Hernando de Larramendi, Alberto Manzano and José García.

ing companies in very disparate sectors, with very negative results and leading to its share price plummeting on the stock exchange. When this situation became evident in mid-1977, MAPFRE decided to reorganise CIC by profoundly restructuring its activities, closing or liquidating its non-financial subsidiaries. In parallel, MAPFRE purchased CIC shares until it owned more than 90% of the company's capital.

With the most critical aspect of CIC now under control, MAPFRE's Executive Committee looked into the idea of transforming it into a holding company for the group's insurance and financial subsidiaries. To accomplish this, CIC changed its name to Corporación MAPFRE S.A., and transferred its real estate assets and outstanding industrial holdings to MAPFRE Inversiones (formerly Inmobiliaria MAPFRE), while all of its financial subsidiaries were integrated into MAPFRE Finanzas. In turn, MAPFRE Mutualidad contributed its main subsidiaries (MAPFRE Vida and MAPFRE Industrial) to the Corporation through a capital increase. Thus, on 3 July, 1981, CIC was converted into Corporación MAPFRE, uniting the shares of the main subsidiaries of MAPFRE Mutualidad. From that moment on, MAPFRE Mutualidad would focus its activity on car insurance, and Corporación MAPFRE, whose offices had been moved into the Palace of Elduayen, would coordinate and promote the group's other activities and its international expansion.

After these sound decisions, in 1983 —just as the company was celebrating its 50th anniversary— a historic event took place. MAPFRE took the top spot in the Spanish insurance market, ousting La Unión y El Fénix, which until then had been the industry leader. In May of the same year, as part of the company's 50th anniversary celebrations, the Centro de Experimentación y Seguridad Vial (the Road Safety and Experimentation Centre; CESVIMAP), together with the Centro Tecnológico del Fuego (Fire Technology Centre), and the Centro de Higiene y Contaminación Ambiental (Hygiene and Environmental Pollution Centre) were opened. A book to celebrate the anniversary was then published, titled *Cincuenta años. MAPFRE hacia el futuro [Fifty years. MAPFRE towards the future]*.

MAPFRE after Spain's entry into the EEC. The globalisation era (1986-2000)

After assuming the leadership of the market, the company's management understood that they had to change their perspective, and that they had to get used to thinking bigger. To do this, it was necessary to design a new organisation adapted to the dimension of the company that MAPFRE had become.

In their strategy to consolidate and expand the company, it was clear to the management that it was critical to combine the financial capacity of a large company with the top-class management practices that had brought them this far, in other words, to focus on the human factor, dynamism, independence and pragmatism. On the other hand, the increase and diversification of its activities (financing companies, investment and pension plan management, risk prevention, real estate development, and so on) meant that it was no longer exclusively an insurance group.

Larramendi proposed the creation of the so-called Sistema MAPFRE (MAPFRE System), effectively christening what was actually a group of companies, something that was to become a reality on 1 January, 1985. Inspired by Japanese business conglomerates, fully autonomous Operating Units were set up. This new structure followed Larramendi's specialisation and decentralisation approach. Each unit had to concentrate its efforts on its line of business, without relying on offsets or trade-offs with other areas, obliging the managers to look after and improve their profit and loss accounts, and creating the so-called Control Commission to ultimately coordinate the different units and ensure the operation of the entire MAPFRE system. Its main function was to oversee the self-sustaining growth of each of the Operating Units and compliance with the Corporation's ethical and business principles. The technology in place gave the Commission comprehensive access to details on the company's situation in terms of entity, sector, business line and branch office. This laid the foundations for the sustained growth that the company would experience in the following years. From that time onwards, MAPFRE's leadership of the Spanish insurance market was unquestionable, with the main units having magnificent commercial, technical and management teams, headed up by key executives in the history of modern MAPFRE: Santiago Gayarre, general manager of MAPFRE Mutualidad and head of the motor unit; José Manuel Martínez, first in reinsurance and later at the head of the corporation and the promising international unit; Juan Fernández

Layos and Sebastián Homet, in life insurance; Rafael Galarraga, in general insurance, a task continued by Ángel Alonso Batres; Filomeno Mira, in the corporate business, and Andrés Jiménez, in reinsurance, among other things. Likewise, the experience acquired by the regional commercial and technical teams made it possible to build a core of regional managers with vast technical and commercial experience. In the different geographical areas these people with great leadership skills and experience were positioned as managers, promoting the growth of MAPFRE throughout Spain, down to the last neighbourhood and town in the country. This unrelenting growth in the volume of premiums and customer numbers, driven by the unrivalled presence of agents, delegates and offices distributed throughout Spain, meant that in the mid-1980s, MAPFRE became number one in the Spanish insurance market, ousting the now defunct Unión y Fénix Español, which had been the market leader for more than half a century. There were many rumours about MAPFRE during this period of incessant development, about its viability, its commercial aggressiveness, the boldness of its teams and managers, its modernity and, indeed, its audacity to challenge the largest companies, including not only national firms, but also some of the biggest European multinationals. These were simply unfounded rumours because the consistency of MAPFRE's management model, its professionalism, technical rigor and commercial discipline meant that in just 30 years a mutual insurance company on the verge of disappearing was transformed into the flagship of Spanish insurance, thanks to Larramendi's leadership.

The implementation of Sistema MAPFRE brought with it the departure of Larramendi as managing director of MAPFRE Mutuality to become chairman of both the Control Committee and the Board of Trustees of Fundación MAPFRE, while continuing in his role as chairman of the Board of Directors of Corporación MAPFRE, positions he would hold until 1990. At that time, MAPFRE had 4,363 employees, and was operating in 14 countries. Larramendi had been a charismatic leader who had succeeded in transforming a small, struggling company into a large business group that was at the forefront of the Spanish insurance market. His philosophy on how business management should be handled was always inspired by the principles of the Catholic Church, advocating the use of some of the resources to benefit society. This explains the launch of the various MAPFRE foundations.

When in 1990, Larramendi decided to retire and step down from all his positions, he was replaced at the head of MAPFRE, initially as chairman of MAPFRE Mutuality and subsequently as chairman of Sistema MAPFRE, by Julio Castelo, one of the young people who had joined the company at the beginning of the 1960s. With great success and personal effort, he managed the transition to a more collegiate management and decision-making model, maintaining the structure of autonomous operating units and

companies established in the SM/85 plan (Sistema MAPFRE 1985). His arrival heralded a fundamental change from the previous model. The Control Committee focused its supervisory functions on institutional aspects, while the supervision of operational aspects fell to the Management Committee of MAPFRE Mutuality, with the executive heads of the main Operating Units being incorporated into this.

During this period MAPFRE grew thanks to the acquisition of new companies and its strengthened internationalisation. In 1986 —the year of Spain's entry into the EEC—, and after MAPFRE Reaseguros was absorbed by Corporación MAPFRE, MAPFRE XL Compañía internacional de Reaseguros S.A. was created to take over all reinsurance activity. Two years later, in 1988, it was renamed MAPFRE RE Compañía Internacional de Reaseguros S.A. and the business was expanded through the setting up of Maplux RE in Luxembourg. The separation of MAPFRE RE from the rest of the companies dedicated to direct insurance was intended to provide investors with a better understanding of the annual accounts and performance, and to guarantee its objectivity and independence vis-à-vis its customers from outside of MAPFRE. At the same time it acted as a purchasing centre for reinsurance coverage for the group companies, thereby generating a volume of business that allowed it to obtain better protection and cost conditions. The corporate headquarters of MAPFRE RE were established in the Palace of Elduayen. This choice was not random. In the eyes of its customers and the main reinsurance operators in central Europe, being located in a historic palace in one of the most emblematic locations in the capital city conveyed an image of solidity and credibility that was very important in terms of gaining their respect and trust.

In December 1988, the Boards of Directors of MAPFRE Mutuality and Corporación MAPFRE agreed to transform the Assistance department into a car assistance insurance company, to be established internationally. Thus MAPFRE Asistencia was born. During that same year it was also decided to set up Fundación Cultural MAPFRE Vida, to channel the cultural activities undertaken by this company, which came into being the following year. Aimed at promoting culture, the arts and literature, over the years it would gain significant social projection thanks to its magnificent art exhibitions and the González Ruano Journalism and Penagos Drawing awards. In 1989, two other foundations were established: Fundación MAPFRE Medicina, to support research, teaching and scientific dissemination in the area of health; and Fundación MAPFRE Estudios, dedicated to training in insurance, safety and other related areas.

In 1998, following the approval in Spain of the Olivencia Report, which encouraged companies to adopt the most advanced corporate governance practices, Sistema MAPFRE adopted its guidelines by drafting the Code of Good Governance. One of the immediate consequences of its implementation, in the year 2000, was greater participation of external consultants in the group's companies.

During this period, MAPFRE also consolidated its position as a multinational insurance company. The first step towards this had already been taken in 1984, with the acquisition of a 24% stake in the Colombian company Seguros Caribe. Two years later, it acquired 75% of Aconcagua, thereby penetrating the important Argentinean market, while also entering the Paraguayan and Chilean markets that same year. During the course of 1988, this internationalisation process was strengthened and reaffirmed through the Latin American market, with expansion into countries such as Venezuela, Mexico and Puerto Rico. The first steps were even taken in the US market, through a subsidiary in the state of Florida. In Europe, three *general agencies* were also opened in Portugal, as well as an office in Milan and a subsidiary was acquired on the island of Sicily. In the 1990s it also gained a foothold in other countries, including Uruguay, Peru and El Salvador. At the same time, MAPFRE boosted its image in the Latin American market with the 1988 opening of Fundación MAPFRE América. The purpose of this entity was to defend and disseminate the historical legacy of Latin American countries, developing activities related to the celebration of the V Centenary of the Discovery of America. This foundation was based in the Turret building, in the gardens of the Palace of Elduayen. Larramendi would also set up his office there after retiring from MAPFRE, to continue his work as chairman of the foundation. At the beginning of the 21st century, its success in Latin America was sealed through the establishment of an insurance company with local partners in the Dominican Republic and the acquisition of the Mundial group, which was operating in all Central American countries.

To manage the real estate policy of the entire Sistema MAPFRE, a real estate commission was formed in 1986, the germ of the property development and services company that three years later would be founded under the name MAPFRE Inmuebles. The aim was to promote property development and manage all the real estate assets of the MAPFRE group.

During this period, MAPFRE would also enter the banking sector. Following a legislative change, in 1988 the company's management began to consider the creation of a bank. They saw this as the best way to counteract the growing competition in the insurance market from insurers owned by commercial banks. The following year, the acquisition of Banco de Inversión Herrero (Invherbank), which had its origins in the former Masaveu bank, led to the creation of Banco MAPFRE, in 1990. It was the first time in Spanish financial history, and one of the few cases in the world, that an insurance company had taken control of a bank. Accordingly, it became a new operating unit within Sistema MAPFRE, into which MAPFRE Finanzas was then integrated.

During the closing years of the century, an important agreement was reached with the now defunct Caja Madrid. This strategic alliance between the two entities al-

lowed MAPFRE to offer its products to the Caja's significant client base, reinforcing its position in the market while offering the latter new business opportunities and entry into the Latin American market. As a result of the agreement, Caja Madrid would end up acquiring a majority stake in the capital of Banco MAPFRE, since the incursion into the banking world had turned out to be more complicated than expected, giving rise to the birth of the so-called Banco de Servicios Financieros Caja Madrid-MAPFRE.

MAPFRE consolidated the insurance activity carried out by the savings bank, with the incorporation of the company MAPFRE-Caja Madrid, Holding de Entidades Aseguradoras, in which MAPFRE controlled 51% and of which MAPFRE Vida, MAPFRE Seguros Generales, MAPFRE Caja Salud, and MAPFRE Empresas were subsidiaries, and into which all the insurance activity of Caja Madrid was integrated.

Subsequently, with the demutualisation of the company in 2006, MAPFRE and Caja Madrid agreed to simplify the alliance from a corporate perspective, with the latter becoming a 15% shareholder of MAPFRE S.A., in exchange for its stake in the holding company MAPFRE CAJA MADRID, which was dissolved. This further strengthened a historic and pioneering alliance in Spain, which would endure for more than two decades, the longest ever between an insurance company and a financial institution, and which would serve as a model and example for future bancassurance agreements. It came to an end in 2021, when Bankia (itself the result of the merging into Caja Madrid of several savings banks) was absorbed by CaixaBank and disappeared.

The Palace of Elduayen was occupied during this stage by Corporación MAPFRE, MAPFRE Internacional, which was renamed MAPFRE América, and MAPFRE RE, in addition to the General Secretary and corporate legal services. From 2000, with the appointment of José Manuel Martínez as chairman of the Group, MAPFRE RE exclusively occupied the entire palace, with the other companies and departments moving to the Majadahonda site.

It was during the 1990's when two important renovations were entrusted to the architects Iñigo Ortiz and Enrique León. As Iñigo Ortiz himself told the writer, in 1991, the fourth floor or attic was consolidated and refurbished. It had an interesting wooden structure that at that time was clearly abandoned, suffering from damp, which was cleaned up. All the existing attics were merged, leaving an open space for offices, and the building's secondary staircase was extended to this floor to provide better access, as the existing staircase was small and somewhat uncomfortable. All the wood was restored, and the space was re-roofed. In 1994, the plan for renovating the rest of the building was drawn up, involving a complete restoration of its structures, and the work was carried out between that year and the following one, leaving the building

in the condition we can see today. The building had to be completely vacated to carry out the construction work. It was upgraded for office use, two new elevators were installed and the access from Paseo de Recoletos was modified so that the staff could enter directly through the semi-basement floor, keeping the main door to the gardens free for institutional access. In addition, all the grand areas of the palace were restored, including the murals. To achieve this, Rafael Manzano, a prestigious architect specialising in restoration, would collaborate with the project.

The wooden floor of the ballroom, as it was not the original flooring, was replaced by a new one designed by Rafael Manzano that imitated the typical flooring of the time; and the two murals between the windows facing the Paseo de Recoletos, containing unfinished sketches, were replaced by the mirrors that are currently found there, while these canvases were relocated elsewhere on the same level. The adjoining room, immediately to the right, which Larramendi had used as an office from the time of his appointment as general manager, was decorated in keeping with the tastes of the time, two niches from the original masonry being restored, which had been covered up in previous renovations. In the room located in the left-hand corner of this floor, the so-called Japanese chamber, the original *boiserie* on the walls was preserved, and the original decoration was reproduced on the false ceiling; the panels on the wall were redecorated, as they had a reddish coating that was thought to have been made to be covered with paintings that were never installed, panels that in reality were originally decorated with artistic objects, either antique weapons or antique plates; this room formerly had two doors that connected it with the dining room, one of these having been covered years previously to make a bookcase.

Finally, in the large dining room, adjacent to this space, and overlooking Calle Bárbara de Braganza, the original wooden decoration was respected, with two new doors being made to communicate with the lobby, as the ones in place were not the originals, using the others that had been preserved as a model; the frames between the doors and windows were covered with mirrors; some areas of the ceiling had to be repainted with motifs similar to the originals; to make the room brighter, some spotlights were installed, together with a new lamp acquired by MAPFRE in an antique shop; and the tile floor, which was not original, was covered with a carpet. Finally, the main entrance and second floor lobbies were redecorated, and new flooring laid. The original plaster moldings of the palace were respected in all the rooms.

The following year the inner courtyard, which had remained open, was closed with a skylight. In 1997, a project was presented to the Madrid City Council to build a subterranean parking lot under the adjoining gardens of the Palace of Elduayen and the Palace of the Duchess of Medina de las Torres, involving three basement levels and 58 parking spaces, with the commitment to subsequently restore the gardens,

and to transplant the famous *Phoenix canariensis* palm located at the palace's main entrance. Even though full guarantees were offered, and after the gardens were classified as being of Historical Interest in Madrid's General Plan, the city council denied the work solely because they considered that the palm tree, as a singular tree within the Community of Madrid, could not be transplanted.

MAPFRE RE, owner of the Palace of Elduayen

In 2001, MAPFRE RE moved into the Palace of Elduayen, making it the exclusive headquarters of the company. Subsequently, in 2003, it acquired the deeds of the palace, the ownership of which was transferred to the reinsurer as part of a capital increase to finance the growth of the reinsurance operation.

The company had already become one of the MAPFRE group flagships, and one of its main weapons in its internationalisation. The road that MAPFRE RE had been travelling up to then had certainly been a difficult one, full of obstacles and uncertainties.

From its vantage point in the Palace of Elduayen —the company's headquarters since its inception— and with the same robustness and sobriety as conveyed by its façade, it would overcome each and every difficulty that would come its way until it became the great reinsurance company it is today, as admired and renowned as the beautiful palace.

As we have already noted, in the early 1970s the MAPFRE Group took the strategic decision to accept reinsurance operations on an ad hoc basis as a preliminary step towards its internationalisation. The experience proved positive, prompting the Board of Directors to make the decision to create an autonomous service company to manage and promote the reinsurance business for MAPFRE Industrial. Although the idea of creating a reinsurance joint venture between several Spanish entities was circulating in the sector, Larramendi considered that the company had enough weight to set up its own specialised subsidiary. On 13 November, 1975, the Board of Directors approved the initiative, encouraged by the positive reception it had received from Latin American organisations. And so was born MAPFRE Servicios de Reaseguro. After boosting MAPFRE Industrial's reinsurance business, in 1981 the reinsurance company Nervión, part of the Aurora Polar Group, was acquired and renamed MAPFRE REASEGURO, absorbing MAPFRE Servicios de Reaseguro. Thus, from 1982 onwards, the MAPFRE group included a specialised and professional reinsurance entity in the group.

Thanks to its dynamism MAPFRE REASEGURO would soon become the Spanish leader in reinsurance. However, they were always conscious that the main competitors in the market were actually the large foreign multinationals, which were even preferred by national companies in order to avoid favouring a competitor. To counteract this situation, it was therefore essential to undertake a major international expansion. In mid-1984 MAPFRE Reasegueros had net revenue of over 700 million pesetas from reinsurance operations in the Latin American area. Encouraged by these results, it began its multinational expansion by opening an office in Mexico.

The following year, in 1985, MAPFRE Reaseguero was absorbed by Corporación MAPFRE. This provided its reinsurance business with a high level of solvency, the reinsurer's raw material. That same year, the company MAPFRE XL Compañía Internacional del Reaseguero S.A. was created, pursuing the planned internationalisation of the company, and a new office was opened in the Philippines in 1986.

Two years later, in 1988, the implementation of a new corporate strategy would bring about another monumental change. The management decided that the Corporación would once again be a pure holding company, agreeing that all reinsurance activity would be taken over by MAPFRE XL, which would be renamed MAPFRE RE, Compañía Internacional de Reasegueros, S.A. The entire team dedicated to the group's reinsurance activity was then integrated into MAPFRE RE.

Although the time was not propitious, as reinsurance worldwide was going through a profitability crisis, the executives thought it was a good opportunity to enter this market strongly, knowing that they did not have to bear the burden of a heavy and outdated structure. Moreover, the institution had an internationally recognised reputation that would help it to make inroads in the sector. As a result, the group's international expansion was closely linked to the success of MAPFRE RE. In the meantime, the main task of Corporación MAPFRE was to act as a holding company for the main Operating Units of the MAPFRE group.

This decision to separate MAPFRE RE from the group's direct insurance companies made it easier for investors to interpret the annual accounts and results. It guaranteed its objectivity and independence vis-à-vis its external customers, while acting as the reinsurance purchasing centre for the companies of the MAPFRE group. This gave it a critical mass of business that allowed it to secure better protection and cost conditions. In the same year, 1988, the reinsurance business expanded with the incorporation of Maplux Re in Luxembourg and the opening of branches in Venezuela and Italy. The following year it expanded into Chile with the acquisition of Caja Reaseguradora de Chile, in connection with its privatisation, and acquired a majority stake in the Belgian reinsurer CIAR. The 1990s saw the opening of offices in Ar-

gentina, Brazil, Colombia, Peru, Portugal and Greece, as well as one in London. The main challenge MAPFRE RE faced was to properly combine growth with stability, carefully selecting reinsurance operations and taking advantage of its accumulated experience.

In 1998, the company reached another important milestone in its history, known internally as the "concentration process". This was the key to modernising the institution and its future growth. At that time it was decided to transfer the reinsurance operations underwritten by MAPFRE RE's subsidiaries in Belgium, Chile and Colombia to the parent company, and simultaneously there was a major technological transformation. In this process, several of the minority shareholders of the CIAR reinsurance company joined MAPFRE RE's shareholding structure. As a result, such prominent entities as Shelter Mutual from the United States, Ecclesiastical from the United Kingdom, Mutuelle Vaudoise from Switzerland, and Cattolica from Italy became shareholders.

By 2000, it had already established itself in the US thanks to its acquisition of the reinsurance company Chatham Re, which was renamed MAPFRE Reinsurance Corporation.

MAPFRE RE began its 21st century journey amidst the most hostile environment in the history of reinsurance. The end of the century had yielded poor results, and just when there was hope for recovery, the attack on the twin towers in New York caused one of the biggest ever losses in the industry. One of the main consequences of this terrible attack was that companies were forced to redefine reinsurance cover, realising that the world was becoming more dangerous and turbulent in the face of terrorism and increased natural disasters. The difficulties would not end there, as these were also tumultuous times for the world economy with the fraudulent bankruptcy of Enron, and plummeting profits and heavy losses for some of the major reinsurance companies. MAPFRE RE was in a healthy situation and not seriously affected by these upheavals. Forty-four per cent of MAPFRE RE's reinsurance was based in Spain, with 27% in Europe, giving it great potential for further development. At that time, 65% of its business came from insurance companies outside MAPFRE, a similar percentage to that of today. MAPFRE's underwriting criteria applied equally to both group and non-group companies. Most of the risks it underwrote fell within the property insurance and damage liability categories, although its scope covered practically all lines of the business, including life, civil liability and surety and credit insurance. In this environment MAPFRE decided to give its reinsurance operation a decisive boost, supporting the growth of its operations through successive capital injections, one of which included the aforementioned transfer of the Palace of Elduayen.

2005 proved to be full of good news for MAPFRE RE. The Insurance Department of the State of New York accepted its registration as an accredited reinsurer. Over the course of the year, the company increased its presence in China. However, its greatest source of joy was the Brazilian government's announcement of the partial opening of the reinsurance market in the country. This was an excellent business opportunity for MAPFRE RE, given the size of the country and the Group's healthy presence in various business lines across the country. The company would continue its internationalisation by opening a branch in Munich –one of the historical centres of the reinsurance market– so that it could operate closer to its customers in Germany, Austria and Eastern Europe. The good results posted in 2006 and 2007, with an increase in premiums and a reduction in claims, consolidated its position as a global player. As a consequence, the group was obliged to adapt to the regulations of each country where it was operating, to be flexible in its policies, and to improve the quality of its management and customer service.

This successful track record led MAPFRE RE to acquire an important role within the group, not only with regard to revenue but also in terms of its contribution to the organisation's overall results. It had become a large international company, widely recognised in its markets, with branches or representative offices in 19 countries and business operations in more than 100, maintaining relationships with more than 1,600 insurance companies. Its service capacity and solvency were the pillars on which its growth and recognised prestige were based, and which have since led it to be ranked among the top 20 reinsurance companies in the world.

Reinsurance is a key factor for the insurance business in general, as well as for the MAPFRE group, due to its capacity to facilitate company growth and greater risk retention, reducing capital requirements and partially absorbing the volatility of the results. It is also an essential element for the economy, as it not only contributes to the stability of the sector, but can also provide significant financial input in the event of major disasters or elevated accident rates. Despite being a high-risk activity, highly volatile and exposed to cycles, if the basic principles of maintaining strong capital, prioritising knowledge and technical capabilities, adhering to a sound underwriting policy, and maintaining continuity in relationships are adhered to, over time an adequate balance can be achieved. True to this doctrine that permeates the management at MAPFRE RE, the company has established itself as a benchmark reinsurer in the global market, always keeping its distance from speculation and opportunism. As a company, it is considered to have enormous financial solidity with a rigorous, professional and efficient management model, a reinsurance portfolio that is properly diversified worldwide, and it is able to offer its customers throughout the international insurance industry the cover, services and confidence you would expect from a great leader.



One of the balconies on the main floor of the façade giving on to Paseo de Recoletos.



ESPACIO MIRÓ
Fundación MAPFRE

ESPACIO MIRÓ
Fundación MAPFRE

Fundación MAPFRE

CHANEL

P PLAZAS LIBRES
304 LUNA-EUDESCOS
35 SCHZ-BUSTILLO
375 PZ DE ORIENTE
34 PZ DEL REY
32 GRAVINA 21
23 BARCO 1



Façades of the palace as seen from the corner of Calle de Bárbara de Braganza and Paseo de Recoletos.



Principal entrance gate to the main area of the palace, used at the time to access the first floor, which was inhabited by the owner, José Elduayen.



Doorway leading through the gazebo to the main hall.



Detail of the cornice and ceiling above the stairs that lead from the gazebo to the entrance hall of the palace.



Wall detail showing light sconce and decorative painting.



Main hall of the palace, with the stairs that lead to the first floor.



Main access staircase to the first floor of the palace.

Detail of one of the oil paintings on the ceiling of the ballroom.



Detail of the decorative staircase balustrade.



Crest with marquis crown and the initials of José Elduayen in the keystone of the arch over the main staircase.





Detail of the staircase, as seen from the main floor.



Decorated ceiling above the staircase.



View of the ballroom
(today MAPFRE RE's Board Room).



Another view of the ballroom, which today serves as the Board Room, with the windows facing Paseo de Recoletos.



Decoración on one of the interior doors of the ballroom.



Decorated corners in the room with the intertwined initials M and P, representing Marqués del Pazo de la Merced.



Reception room adjoining the ballroom.



The Japanese chamber, located in the left corner of the main floor, overlooking Paseo de Recoletos.



Detail of the decoration of the walls and ceiling in the Japanese chamber, featuring a circular plaster relief of Lope de Vega.



Detail of the decorative ceiling in the Japanese chamber.



The dining room with views on to Calle de Bárbara de Braganza.



Another view of the dining room.



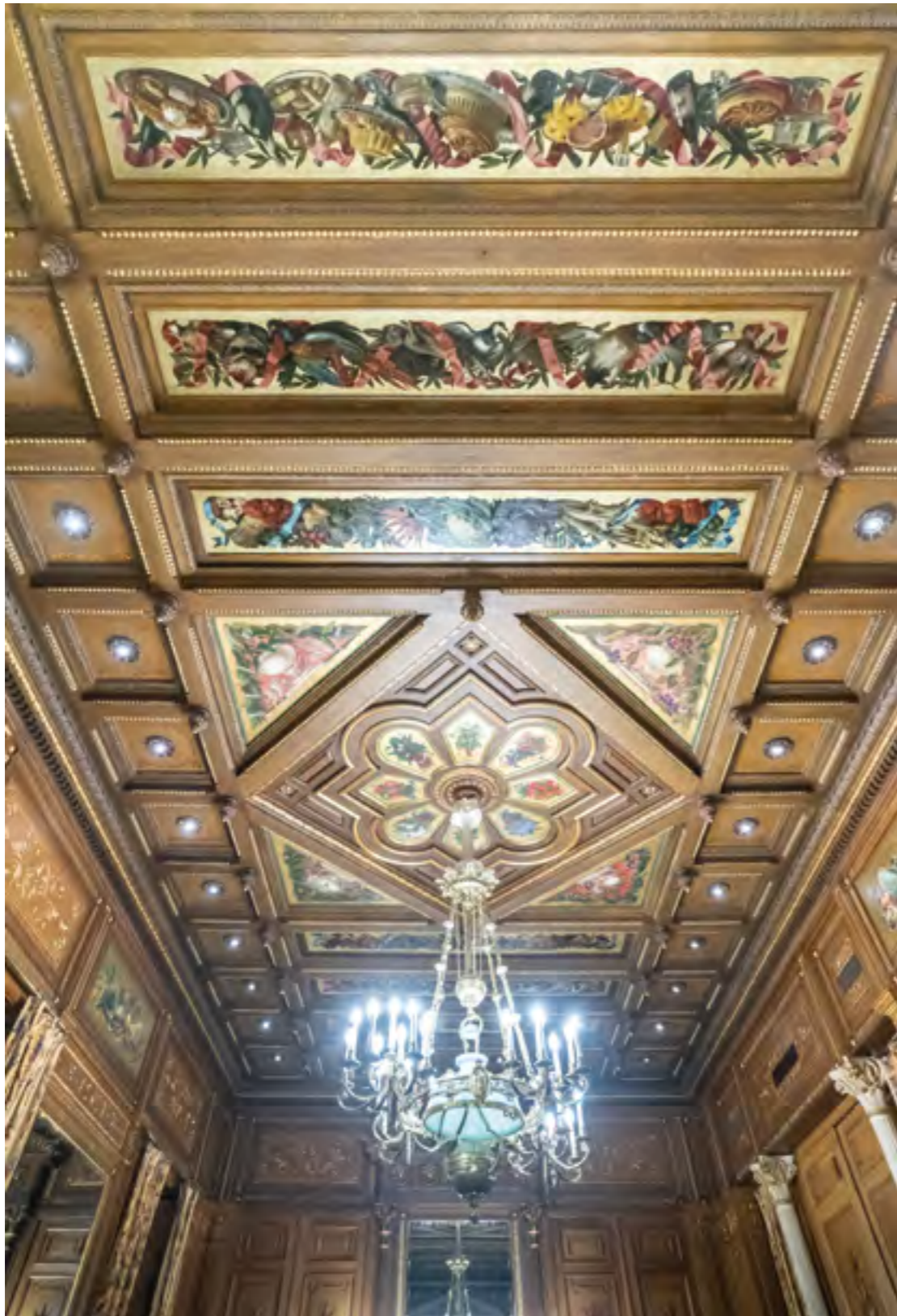
Fireplace in the dining room.



Detail of the finish that sits atop the mirror located above the fireplace, with a marquess crown featuring the intertwined initials of the Marquis of Pazo de la Merced.



Detail of sculptural carving on the fireplace.



The ceiling and walls of the dining room are decorated with oil paintings.



One of the interior doors in the dining room.



Paintings on the walls of the dining room.



Service staircase, accessed via the entrance door located on the Calle de Bárbara de Braganza façade.



Entrance door located in the center of the façade giving on to Paseo de Recoletos, which served as the old gateway for the palace tenants.



The palace foyer, which afforded access to the rented homes.



The palace foyer, which afforded access to the rented homes.



Covered ground floor where the old lofts were arranged as housing, with its original wooden ceiling intact.



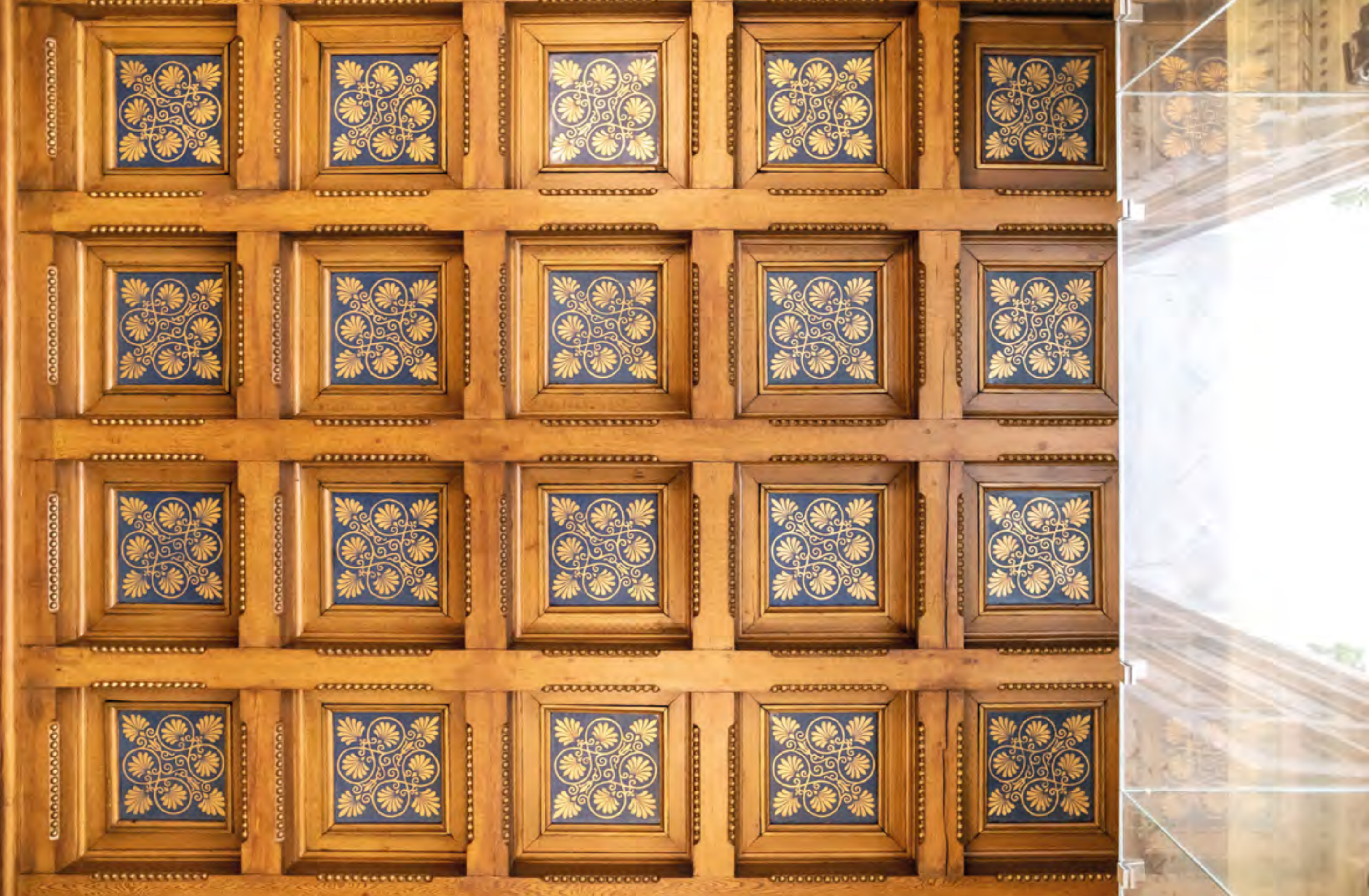
Detail of the stable pavilion at the end of the gardens, which had its own courtyard and was popularly known as the Turret.



Palace portico. On the right is the famous *Phoenix canariensis* palm, listed as a singular tree in the Community of Madrid.

The following pages show details of the decoration and rooms in the Palace of Elduayen.





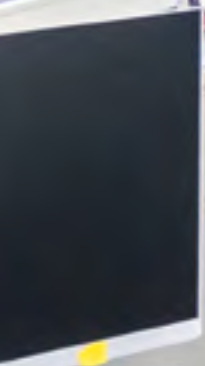




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MAPFRE in the 21st century

Despite becoming the exclusive site of MAPFRE RE in 2000, the Palace of Elduayen, due to its location, history and architectural beauty, also plays a representative and institutional role for the entire MAPFRE group, conveying an incomparable image of its robustness and strength. Its magnificent rooms on the first floor have been the setting for many of the group's board and management meetings as well as institutional gatherings over the years, and it is the venue of choice for receiving VIPs and holding high-level business meetings. Since 1935, the palace has been a silent and extraordinary witness to the exciting history of the growth and expansion of MAPFRE.

MAPFRE was founded as a mutual insurance company for accidents at work, in the midst of the Second Republic, on the verge of a terrible civil war, and in poor rural Spain. However, destiny would lead it to successfully navigate the turbulent and difficult 20th century, transforming it into a major Spanish multinational insurance company and establishing it as a benchmark in the world insurance market until it eventually became the Trusted Global Insurer. Since its inception, it has had to evolve to adapt to the prevailing circumstances.

One of the main driving forces that would propel MAPFRE towards success and turn it into the great multinational it is today was undoubtedly the vision and commitment of its senior executives. They not only strove to ensure the group's growth and profitability, but were always guided by a steadfast social commitment and a desire to positively impact society. They also took care to adopt their decisions under a strict code of ethics and values, showing a continuous concern for humanising the company and focusing on people - an indelible message and vision that was respected by the successive leaders and management teams that governed the destinies of MAPFRE, and which remains evident in its successful strategy for the 21st century.

At the beginning of the new millennium, MAPFRE's position had already been clearly shaped by the decisions and events of the previous decade, during which time the company had consolidated its leadership in Spanish insurance, established a presence in 36 countries, and strengthened its reinsurance business. In short, MAPFRE had matured, scaled up and laid the foundations for successfully facing the enormous challenges of the increasingly globalised 21st century market.

The period began with Julio Castelo stepping down as chairman of MAPFRE at the age of 60, an unusual happening in Spanish companies, but one which he explained

on numerous occasions: "The reason for my retirement is very simple, I am getting older from a physical, biological standpoint, and I want to spend the years I have left growing old in the company of my wife and children." These were his words in his farewell speech to the 2001 General Assembly of Members.

After his eleven years as chairman, he left behind an important legacy that is still in place today and without which MAPFRE's current situation could not be understood. A great advocate of professional development in the company, he promoted the creation of MAPFRE's International Management Training Centre. He also went to great lengths to renew MAPFRE's management structures, define its competencies and draw up a Code of Good Governance adapted to the recommendations of the regulators, thus achieving a corporate operating model in line with the best corporate governance practices.

His mandate saw the consolidation of a management model based on "operating units" and "autonomous companies", fully self-reliant and specialised according to product line. It thereby evolved from a strong personal leadership approach, like that of Ignacio de Larramendi, to one based on a more collegiate management model, with greater decision-making freedom, while simultaneously, for the first time, a single vision of the group was established. In fact, he became the first person to lead both MAPFRE Mutuality and Sistema MAPFRE. Ultimately, this was in keeping with the new times and the size of the company.

Julio Castelo was very aware of the group's international development. By the end of his time at the reins, he had managed to ensure that MAPFRE was operating in close to 40 countries, a development led by José Manuel Martínez, who would later succeed him as chairman. Within this international expansion policy, it is worth highlighting the group's expansion into Latin America, the natural market for Spanish companies, not only because of cultural and linguistic ties but also because of the traditional relationships of friendship and cooperation forged between the two continents over hundreds of years. It was this that facilitated the group's extraordinary growth during the final decade of the 20th century.

It was precisely this international outlook and, above all, this spirit of reaching out to Latin America that led him to offer MAPFRE's selfless assistance to governments and organisations in this part of the world, so that they could develop agricultural and livestock insurance in those countries.

In addition, we must highlight three other fundamental facets of his chairmanship: the defence of the insured, road safety, and the alliance with Caja Madrid. His concern for the interests of insured people prompted him to set up the Comisión de

Gala dinner prior to the Social Outreach Awards in 2014.



MAPFRE RE Management Committee at the gates of the palace in 2021.

Press conference in one of the lounges in the Palace of Elduayen.



Meeting of the MAPFRE RE Management Committee in 2021.

Defensa del Asegurado, a pioneering institution in Spain to defend the rights of the insured; he even pushed for similar commissions to be set up in some of the group's companies in the Americas.

Another of his management highlights at the helm of MAPFRE was the creation in Spain of the road safety and experimentation centre, CESVIMAP, inspired by similar models in Sweden and Germany that focused on research, training (especially of loss adjusters), and information. This was also rolled out in Argentina, Brazil, Colombia, France and Mexico. The extension of these successful practices to other countries was a clear demonstration of the company's international vision - a policy that has been maintained by his successors at the head of the group.

This concern for road safety and the social impact of traffic accidents also led him to set up the Instituto de Seguridad Vial de Fundación MAPFRE, a road safety institute whose purpose was to improve road safety education. This body also led the negotiations to convince the General Council of the Judiciary to support the legal introduction of the Valuation System for Bodily Injury.

Finally, under his presidency, the foundations of the strategic alliance with Caja Madrid were laid. Although there have been others in the Spanish market, this was the only alliance that was reciprocal, wherein MAPFRE distributed the financial products of Caja Madrid —later Bankia— and the latter exclusively distributed the insurance products and services of MAPFRE. These were reciprocal banking, insurance partnership and distribution agreements between two wholly Spanish institutions with a similar corporate nature, which yielded very satisfactory results for both entities. So far in Spain the only thing that resembles this relationship are the new agreements between MAPFRE and Banco Santander signed in 2021, after the disappearance of Bankia.

Finally, during Castelo's brilliant career at the head of the group, he did not neglect MAPFRE's commitment to social responsibility. He was aware that since MAPFRE was already a mature company, it should set a permanent example in the field of social responsibility and, he therefore encouraged the development of the various foundations that the group had at that time.

After Julio Castelo's departure, the new century began with the election of a new chairman, José Manuel Martínez, another in-house man who had spearheaded, from MAPFRE RE and through the management of Corporación MAPFRE, the group's ambitious international project. Martínez began to incorporate young managers, with extensive experience in Spain and international subsidiaries, into the group's senior management, who co-existed for several years with those who had been his

colleagues during Castelo's chairmanship: Antonio Huertas, who years later would be appointed CEO, Alberto Manzano, Filomeno Mira, Santiago Gayarre, Andrés Jiménez, Ignacio Baeza, Domingo Sugranyes, José Manuel González Porro, Esteban Tejera, Antonio Núñez, Esteban Pedrayes, Rafael Casas, and Pedro Macedo (RIP), among others. The new management team would have to tackle MAPFRE's restructuring and modernisation process, within the framework of the Strategic Plans initiated in 2002, which aimed to improve competitiveness, growth capacity and achieve even more positive results.

As such, important and far-reaching changes in the Group's organisational structure were implemented: MAPFRE Mutualidad absorbed MAPFRE Agropecuaria; MAPFRE Familiar was then created; and the business unit was subsequently restructured. International development remained a priority, with investments in the Ibero-American area being concentrated in the two most promising countries, Brazil and Mexico. In addition, in a public auction, MAPFRE acquired the public insurance company MUSINI, specialised in insuring major Spanish industries, which gave rise to the subsequent creation of a new business unit, MAPFRE GLOBAL RISKS.

In February 2005, it was agreed to launch MAPFRE Internacional to channel all activity outside the Latin American area. Its main objective was the entry of MAPFRE into the direct insurance market in the United States and Europe.

But undoubtedly the most important transformation under José Manuel Martínez was the demutualisation. This was groundbreaking in Spain, as never before had a mutual company been converted into a public limited company. The group's reorganisation was masterfully designed and executed, after being approved by the General Assembly of Members and having obtained the pertinent authorisations. MAPFRE was once again implementing an unprecedented process in its corporate history, and this important announcement was made in the Palace of Elduayen, in May 2006. It facilitated the growth of the company, gave it access to the capital markets, and laid the foundations for the future, without the organisation ever losing its soul, its social component, which it would continue to develop through Fundación MAPFRE.

This operation foresaw that all the Group's business activities, after the liquidation of the mutual insurance company, would be integrated into Corporación MAPFRE, which would be renamed MAPFRE S.A., with majority control of the publicly traded company being transferred to the new Fundación MAPFRE. From then on, all the Spanish foundations were integrated into Fundación MAPFRE, the other four existing foundations therefore being absorbed, with the exception of Fundación MAPFRE Guanarteme, which was maintained due to its close ties with the Canary Islands.

This new structure was designed to increase the group's financial capacity, achieve more efficient and transparent management, and improve MAPFRE's competitiveness in a globalised economy. As Fundación MAPFRE was the majority shareholder, the independence of MAPFRE was thus safeguarded. The Annual General Meeting of 26 March, 2007, reported the completion of the project whereby MAPFRE S. A. had assumed all the business activities of Sistema MAPFRE, originally created in 1985.

Fundación MAPFRE continued to pursue exclusively social ends, totally distinct from the business activity of MAPFRE S.A., implementing its activities through five institutes: Social Action, Insurance Sciences, Culture, Accident Prevention, Health and Environment, and Road Safety. Subsequently, with Huertas at the helm, Accident Prevention and Road Safety were integrated into a single area, insurance education and research were integrated into Insurance and Social Provision, and Health was transformed into Health Promotion.

After the launch of the new structure, the alliance with Caja Madrid was also brought up to date. As mentioned above, in 2008 a new agreement was signed whereby 100% of the ownership of the subsidiary insurers shared with Caja Madrid returned to MAPFRE, with Caja Madrid becoming the second largest shareholder of MAPFRE S.A., owning 15% of the shares, thus maintaining the intense commercial relationship between the two companies.

Finally, the new changes and growth experienced by the entity would, in 2009, lead MAPFRE to start constructing a fourth building next to its Majadahonda site.

During the chairmanship of José Manuel Martínez, in addition to consolidating growth in the Americas, which would lead MAPFRE to become the largest non-life insurer group there, major acquisitions were made in the United States, including the purchase of the Commerce Insurance Group, with operations in more than ten states and the top insurer in Massachusetts, which was the largest acquisition made by MAPFRE in its history. This transaction was a milestone not only because of the amount involved (more than 2.2 billion dollars), but also because of the qualitative leap the company made by diving head first into a market as complex as the North American one, and at the same time, so important for the insurance industry. "The acquisition of Commerce is not only the largest transaction in the group's history, but dovetails perfectly with its growth strategy and its desire to become a global insurer. It is also a key step in its international expansion and its commitment to the U.S. market", explained José Manuel Martínez when the deal was announced.

Along with this foray into North America, MAPFRE continued its operations around the world: the United Kingdom, Turkey and Malta, among other countries, forging ahead on its path to become a global insurance company.

Also, the development of the bank-insurer channel was promoted, with important agreements being signed with both Spanish and foreign financial institutions, including Banco do Brasil, with which a holding company was created, giving rise to one of the main financial groups in the country and reinforcing MAPFRE's commitment to one of the markets with the greatest potential for the group.

Like his predecessor, Martínez was a staunch advocate of corporate social responsibility. In fact, in 2006, he was appointed chairman of the Foundation, and he himself proposed the creation of the Instituto de Acción Social, which he also chaired. This social action institute was designed to carry out a wide range of activities aimed at the social and human development of the most disadvantaged people in Latin America and Spain.

Today, José Manuel Martínez is the only living Spaniard who has been inducted into the Insurance Hall of Fame, the highest international recognition of leaders in the insurance sector, and it was under his chairmanship that the shares of MAPFRE — at that time Corporación MAPFRE— which had already been listed on the Spanish stock exchange, became part of the main market indicator, the selective IBEX 35. In 2012, when Antonio Huertas became CEO of MAPFRE S.A., referring to his predecessor, he stated that:

José Manuel Martínez has promoted a management model that has wisely combined organic growth with acquisitions both within and outside of Spain. He has always endeavored to ensure that all operations contribute an acceptable volume of business and a significant improvement in results that is reflected, in turn, in an increase in value.

The Palace of Elduayen has witnessed numerous events related to the history of MAPFRE, as it has been the place from which important transactions for the group have been announced: the aforementioned demutualisation, the acquisition of Commerce in the US and, more recently, Direct Line in Italy and Germany. This latter venture, which took place under the leadership of Antonio Huertas, represented a further step in the diversification and expansion strategy of both the geographic market and the business model (by fully entering into direct insurance outside Spain). This purchase, which was the second largest transaction in the history of MAPFRE (550 million euros), doubled the company's presence in Europe, a highly consolidated market into which any incursion is very complex and costly. Direct Line Germany and Direct Line Italy were transformed following the model of VERTI, the digital insurance subsidiary created in Spain in 2011, while Martínez was still chairman, but under the leadership of Huertas. Today these two companies are also called VERTI.



The demutualisation was made public at the Palace of Elduayen in 2006.



The acquisition of Direct Line Germany and Italy was announced at a press conference held in 2014 at the Palace of Elduayen.

Antonio Huertas, in addition to assuming the management of all the businesses in Spain after their integration into MAPFRE ESPAÑA, for some years coordinated and directed the integration of the technology teams of the different units and helped to establish a common technology strategy for all the group's companies. Information technology had always been one of MAPFRE's strong points. Larramendi was ahead of his time, implementing the first punch-card automation, followed later by the purchase of the first IBM computer, giving rise to the subsequent mechanisation of the entire extensive Spanish sales network, with a powerful teleprocessing system. This was followed by a connected and decentralised computer system that would enable MAPFRE to offer a truly differentiated service, one that was unique in Spanish insurance.

Digital transformation has also been the driver of change in MAPFRE's operations in recent years. In this regard, we must highlight the extraordinary progress made in the digitalisation of the entire business; the creation of an executive Transformation and Innovation Committee, and a Technology, Transformation and Innovation Advisory Board, which has been joined by a group of highly qualified external advisors with extensive experience in the management of large technology multinationals; and the open innovation model was implemented. All this is allowing MAPFRE to connect and collaborate with the disruptive ecosystem of tech startups in the insurance field, enabling it to adapt to new channels and customer demands, and strengthen its leadership.

Antonio Huertas, the current CEO of MAPFRE, has also provided the company with some of the keys to its success: boosting technical management in all the group's entities around the world, with the strategic slogan "focus on profitable growth"; organisational transformation to achieve more efficient structures; harnessing synergies through organisational and corporate simplification; globalised corporate management, with a three-tier governance structure (local, regional and corporate); ongoing concern for the quality of service perceived by the customer; continuous innovation, with the creation of an open innovation model (MOi); the development of multi-channelling in all countries; giving a definitive boost to the group's digital transformation; and a highly ambitious effort to promote internal talent at the international level.

Many of these challenges were not entirely new, but the complex and changing global environment in which the company has been called upon to operate in certainly has been. Since 2006, the world has been experiencing a turbulent, uncertain environment of almost permanent economic and social crisis. This crisis is of a magnitude not seen in decades and which, first under Martínez and then under Huertas, has been tackled with professionalism, trust, care for people and a successful management

model that has kept the company out of the worst turbulence at all times, despite it suffering impacts as significant as asset impairments, the depreciation of international currencies, low interest rates, and a host of other economic and social incidents. The new business context has required great dynamism in terms of strategic management and the reinforcement of some crucial aspects for the company; a renewed drive for excellence in governance, underpinned by new corporate governance regulations, integrating the most demanding practices in all the group's subsidiaries around the world; a prominent institutional approach, playing a key role in supporting and defending the interests of Spanish insurance as MAPFRE is the leading company in the industry; and the reinforcement of its social commitment, developed mainly through Fundación MAPFRE, which continues to play a fundamental role in improving the quality of life of society and supporting those most in need. But it is in these times that even greater emphasis has been placed on the company's conviction in its strength to help build a better world and to dedicate itself to social commitments from within the business sphere. Special mention must also be made of the collaboration and heartfelt support of the thousands of MAPFRE volunteers who go wherever a catastrophe has occurred, and who continuously help those most in need who are cared for by the institutions with which Fundación MAPFRE collaborates.

From the moment he became CEO, and throughout the successive strategic cycles, Antonio Huertas has consolidated the groundwork for the transformation of MAPFRE, understood in the broadest sense of the word, so that it has been equipped to face the complex, uncertain and changing environment of the global and digital world of the last decade. MAPFRE has defined its mission, vision and values; updated its purpose; further developed a solid corporate structure befitting a multinational company; introduced new ways of working; strengthened the global functions and competencies of MAPFRE's corporate areas; boosted innovation and digitalisation capabilities; and increased MAPFRE's commitment to all aspects of environmental, social and governance sustainability, where MAPFRE is recognised for applying the highest international standards and for transparency in all its actions.

Huertas championed the public commitments that have transformed MAPFRE in terms of gender equality, inclusion, the hiring of people with disabilities and environmental concerns. At the same time, under his chairmanship, the boards of directors in Spain were almost completely overhauled and all the boards of the subsidiaries abroad were updated and formalised, with a majority of external directors and with the non-executive chairmanship also in the hands of an external director. Moreover, as was the case with his predecessor, a successful blend of young people and mature managers has been established to ensure the continuity of the MAPFRE project and its ongoing adaptation to new challenges. In addition to Esteban Tejera,

Antonio Núñez and Ignacio Baeza, we can mention, among many others, José Manuel Inchausti, Fernando Mata, Francisco Marco, Elena Sanz, Jaime Tamayo, Alfredo Castelo, Jesús Martínez Castellanos and Eduardo Pérez de Lema, who represent the true vanguard of the new generations that will continue to lead MAPFRE in the years to come.

All of this has taken place in a period marked by the consequences of the profound global economic crisis and the outbreak of the COVID-19 pandemic, a period in which MAPFRE has been widely recognised, both in the sector and by various institutions and authorities, as a model company thanks to the action plan it implemented immediately in all the countries where it operates, supporting and protecting its employees, customers, suppliers and society in an exemplary manner, while continuing to provide service to all customers, clearly underlining the group's strength, adaptability and resilience. In managing the crisis, and through solid governance guided by the values of MAPFRE and social commitment, Antonio Huertas was also recognised for his open collaboration with the public authorities, joining forces in the fight against the pandemic, giving true meaning to the concept of public-private collaboration. It is now ten years since Huertas became CEO of the group and the strategic plans that will mark the road map of this globalised MAPFRE for the coming years are already being drawn up.

In short, the MAPFRE Group has shaped its own business genetics. A purposeful way of working that is embraced by the nearly 34,000 people who make up its entire organisation in the 40 or so countries where it is present. Professionalism, dedication to service, ambition for growth, long-term vision and decentralised management have become its hallmarks, with a strong corporate culture based on solid principles and values. As Antonio Huertas said shortly after taking over the leadership of MAPFRE: "Our values are unique and make us a different company."

MAPFRE has established itself in the 21st century as a major company with a worldwide presence, one of the most admired companies in Spain and the leading international insurance group in Latin America, with Fundación MAPFRE, an exemplary institution, to develop its commitment to improving the lives of people in all the countries where it operates. This achievement is the result of the group's human capital, the technical capabilities developed, the deep-rooted business culture and values and the successful business model, based on geographic and service diversification, while maintaining great financial robustness and high levels of solvency. All of this, combined with a sound governance model, allows it to harmonise its strategy with a long-term vision and the generation of shared value for all its stakeholders.



In the centre, Antonio Huertas, current CEO of MAPFRE, accompanied by his two predecessors, Julio Castelo, on the left, and José Manuel Martínez, on the right.



Antonio Huertas and Eduardo Pérez de Lema, CEO of MAPFRE and CEO of MAPFRE RE respectively, in the Board Room.



2022 will mark the tenth anniversary of Antonio Huertas' appointment as CEO of the group.



Afterword

“Finis Coronat Opus” is a Latin expression commonly used when a job, a project or an enterprise is concluded, as it somehow connects that completion with its beginning.

This beautifully edited book concludes the journey that began with Don José de Elduayen, Marquis of El Pazo de la Merced, and ends with Ignacio Pérez-Blanco, 14th Marquis of Valladares, through the history of the palace that he built in the 19th century on Paseo de Recoletos in Madrid. A journey from the time it was designed to its current situation, now in the 21st century, as an emblem of MAPFRE in the heart of Madrid, and an example of how similar constructions conferred prestige and distinction on Spain’s capital.

And it falls to me to write this epilogue —which by its very nature is obviously placed at the end of the work— precisely to give a glimpse into the original reason for the book and the reason MAPFRE has supported its production. And this is because I am, in a certain way, the facilitator or amalgam of its existence.

As is well known, and recounted in the book, MAPFRE, except for a very brief period in Calle Santa Catalina in Madrid, has had its headquarters in the rooms of this palace for which it finally, after a long and difficult legal process, acquired full and complete ownership.

Ignacio Pérez-Blanco is a renowned scholar and historical researcher, as well as president of the Cuerpo de la Nobleza del Antiguo Reino de Galicia, from where he promotes activities and research related to the history of Galicia.

His main personal publication is a monumental monograph that, over almost a thousand pages, traverses the history of Galicia linked to that of his family, under the title *Un viaje por la historia de Galicia: del señorío al marquesado de Valladares*, which includes a biographical chapter dedicated to each head of the Casa de Valladares.

I met Ignacio a few years ago, during my stays in Galicia, in the course of the meetings that Ignacio Medina y Fernández de Córdoba, Duke of Segorbe, president of the Fundación Casa Ducal de Medinaceli promotes in Pazo de Oca, which are always culturally and historically fascinating.

On one occasion Ignacio told me that the MAPFRE palace on Paseo de Recoletos had belonged to the IX Marquise of Valladares, since Don José de Elduayen, who had married a daughter of the Marquis, fathered two daughters, Milagros and Dolores, who successively inherited the title and, Dolores, in due course, acquired ownership of the palace.

We spoke about it several times, until, on one occasion, given his interest in championing the figure of José de Elduayen, he asked me if it would be possible, given my links with MAPFRE, to organise a visit to the aforementioned building on Paseo de Recoletos, now owned by the MAPFRE subsidiary dedicated to reinsurance, a visit which, of course, was arranged for when he travelled to Madrid from his home in A Coruña.

I had occasion to tell him that, because of the special circumstances of my father's exploits in rescuing that bankrupt company in 1955, because of its then modest size and also because of the social circumstances of the time, I –his first-born son– had had the opportunity to visit the palace for the first time as early as 1957, when I was five years old, and to be present in it on many occasions while my father was working (pestering, I suppose, as many people as possible) and, in fact, not a single year had gone by since then until today in which I had not been passing through its rooms, either because my father had entrusted me with some job (always paid out of his own pocket and not MAPFRE's...) or because I had asked him for permission to use the copy machine to print the school newspaper we used to publish at Colegio del Pilar school, or to photocopy university notes, or even later, and right up until the present day, because of my membership of the entity's governing bodies.

And, of course, I told him many times about the complicated legal situation, the details of which I had never been familiar with, but which had made it very difficult for MAPFRE to acquire full ownership of the palace building, where the Teide café had been located, as well as other people and organisations on the upper floors, in the outbuildings, and suchlike.

After Ignacio's visits to the palace, I think it was he who indicated to me that, because of his links with Elduayen and the Casa de Valladares, a complete history of the genesis, construction and life of the building might be a good idea, naturally involving a

full investigation of all its owners and vicissitudes, which would obviously require MAPFRE's acceptance and support.

I, of course, thought the idea was excellent and took it on board as my own, so naturally I set about trying to interest MAPFRE in the project, which would not only shed permanent light on the company's modest origins, but would also illustrate the difficulties involved in apparently simple things, such as acquiring a property in which you are the main shareholder and when you have sufficient resources.

In addition, such a book, which would undoubtedly have a large graphic element, would be a magnificent way of showcasing the building to those who visit it, and help people from all over the world relate to MAPFRE.

It was not difficult to convince them. I had the support of Eduardo Pérez de Lema, CEO of MAPFRE RE –the owner of the building– and, of course, the enthusiasm of MAPFRE's CEO, Antonio Huertas. The important foreword prepared by the CEO and the magnificent result that these lines conclude, prove this beyond a doubt. And that is a source of immense satisfaction!

The fact that this intra-historical colophon has come to a close in 2021/2022 also has sentimental value for me as the work is being published in the year that marks the centenary of the birth of my father, the mastermind behind MAPFRE and the building being what they are today. It is also being published in the last year in which I will have any direct organic link with the company, as my 70th birthday in 2022 means that I will be stepping down from the company's governing bodies, as instigated by my father's statutes.

Therefore, being able to close the book with these lines, a modest last contribution to MAPFRE, allows me to hope that this fighting spirit, this enthusiasm to finish things and do them well, this ability to rebuild what was there without tearing it all down, which is part and parcel of the history of both MAPFRE and of this building, may endure for many years to come.

For all this I thank MAPFRE, Antonio Huertas, Ignacio Pérez-Blanco and all those who have made this endeavour possible.

Laus Deo

LUIS HERNANDO DE LARRAMENDI
SECOND VICE-CHAIRMAN OF FUNDACIÓN MAPFRE

Resources

- Archivo Central del Ministerio de Justicia (ACMJ).
- Archivo de la Diputación Provincial de Pontevedra (ADP).
- Archivo del Ministerio de Asuntos Exteriores (AMAE).
- Archivo del Museo Naval Militar de Madrid (AMN).
- Archivo del Senado (AS).
- Archivo General de la Administración (AGA).
- Archivo General de la Marina “Álvaro de Bazán” (AGM).
- Archivo General de la Universidad Carlos III, Fondo Elduayen.
- Archivo General de la Villa de Madrid (AVM).
- Archivo General de Palacio (AGP).
- Archivo General de Protocolos de Madrid (AGPM).
- Archivo General Militar de Segovia (AGMS).
- Archivo Histórico de Protocolos Notariales de Madrid (AHPM).
- Archivo Histórico Diocesano de Tuy (AHDT).
- Archivo Histórico Nacional (AHN).
- Archivo Municipal de Vigo (AMV).
- Archivo Palacio de Viana (APV).
- Private archive of the Marquis of El Pazo de la Merced.
- Private archive of the Marquisate of Valladares.
- Archivo Quiñones, Marqueses de Montevirgen de la Diputación de León (AQMV).
- Biblioteca Histórica Municipal de Madrid (BHM).
- Biblioteca Nacional de España (BNE).
- Biblioteca Virtual de Prensa Histórica.
- Hemeroteca Biblioteca de Galicia.
- Hemeroteca Municipal de Madrid.
- Museo de Pontevedra (MP).
- Museo Lázaro Galdiano (MLG).
- Madrid Civil Registry (RCM).
- Vigo Civil Registry (RCV).
- Land Registry Office no. 28 in Madrid.

Historical press

- Boletín de la Sociedad Geográfica de Madrid.
- Boletín Eclesiástico del Obispado de Astorga.
- Boletín Oficial de la Provincia de Logroño.
- Boletín Oficial de la Provincia de Oviedo.
- Boletín Oficial de la Provincia de Palencia.
- Crónica de Badajoz: periódico de intereses morales y materiales, de literatura, artes, modas y anuncios.
- Crónica Meridional: diario liberal independiente y de intereses generales.
- Crónica Reusense: Órgano del Partido Liberal Conservador, de avisos y noticias.
- Diario de Burgos: de avisos y noticias.
- Diario de Córdoba de comercio, industria, administración, noticias y avisos.
- Diario de Galicia: periódico de la mañana, telegráfico, noticiero y de información general.
- Diario de las familias de avisos y noticias de Madrid: político, mercantil y literario.
- Diario de Palma.
- Diario de Reus: de avisos y noticias.
- Diario de Tenerife: periódico de intereses generales, noticias y anuncios.
- Diario del Comercio: órgano del Partido Liberal Dinástico.
- Diario oficial de avisos de Madrid.
- Eco de Alicante: soberanía nacional.
- Eco imparcial de la opinión y de la prensa.
- El Adelanto: Diario político de Salamanca.
- El Amigo.
- El Áncora: diario católico de Pontevedra.
- El Áncora: diario católico popular de las Baleares.
- El Aralar: diario católico-fuerista.
- El Atlántico.
- El Avisador Numantino: Revista semanal de intereses morales y materiales.
- El Aviso: periódico bisemanal de noticias, anuncios, mercantil y de intereses morales y materiales.
- El Balear: Diario liberal conservador.
- El Balear: Diario político.
- El Bien Público.
- El Campo: agricultura, jardinería y sport.
- El Cantábrico: diario de la mañana.
- El Católico: periódico monárquico de Valencia.
- El Comercio.
- El Comercio: diario de Valencia, científico, literario y artístico, defensor de los intereses del comercio, industria y agricultura.
- El Constitucional: diario liberal.
- El Correo de Galicia: Diario independiente de avisos y noticias.
- El Correo de Lugo: Periódico de intereses morales y materiales.
- El Correo Gallego: diario político de la mañana.
- El Criterio: periódico católico bisemanal.
- El Debate.
- El defensor de Córdoba: diario católico.
- El Diario de Lugo: periódico político y de intereses generales.
- El Diario de Murcia: Periódico para todos.
- El Diario de Orihuela: periódico de noticias e intereses materiales.
- El Diario de Pontevedra: periódico liberal.
- El Eco de la Provincia: diario conservador-liberal.
- El Eco de Navarra: (antes de Pamplona). Periódico liberal y defensor de los intereses de la misma.
- El Eco de Santiago: diario independiente.
- El Eco Franciscano: revista mensual.
- El Faro nacional.
- El Fomento: revista de intereses sociales.
- El Gobierno.
- El Graduador: periódico político y de intereses materiales.
- El Guadalete: periódico político y literario.
- El Ideal gallego: diario católico, regionalista e independiente.
- El Isleño: periódico científico, industrial, comercial y literario.
- El Lábaro: diario independiente.
- El Liberal de Tenerife: diario de la mañana.
- El Liberal navarro: diario de Pamplona.
- El Liberal: diario político y de intereses materiales.
- El Liberal: órgano democrático de la isla de Menorca.
- El Lucense: diario católico de la tarde.
- El Noroeste.
- El Noticiero Balear: diario de avisos y noticias.
- El Nuevo Progreso: diario político independiente.
- El Orzan: diario independiente.
- El Porvenir de León.
- El Progreso: diario liberal.

- El Pueblo: diario republicano de Valencia.
- El Regional: órgano de la comunión tradicionalista, diario de la mañana.
- El Serpis: periódico de la mañana.
- Faro de Vigo.
- Flores y abejas: revista festiva semanal.
- Follas Novas: semanario gallego.
- Gaceta de Galicia: Diario de Santiago. Decano de la prensa de Compostela.
- Gaceta de Madrid.
- Galicia. Revista quincenal ilustrada.
- Gente Conocida.
- Gente vieja: últimos ecos del siglo XIX.
- Heraldo Alavés: Diario independiente de la tarde.
- Heraldo astorgano: periódico católico bisemanal.
- Heraldo de Navarra.
- Heraldo de Zamora: Diario de la tarde. Defensor de los intereses morales y materiales de la provincia.
- La Academia: revista de cultura hispano portuguesa, latino-Americana.
- La Atalaya: diario de la mañana.
- La autonomía: diario republicano democrático federalista.
- La Correspondencia Autógrafa.
- La Correspondencia de Alicante: diario noticiero.
- La Correspondencia de Cádiz.
- La Correspondencia de España: diario universal de noticias.
- La Correspondencia Gallega: diario de Pontevedra.
- La Crónica: diario de noticias y anuncios.
- La Época.
- La Era de Las Nieves.
- La idea Moderna: diario democrático en Lugo.
- La Ilustración cantábrica: revista decenal ilustrada. Órgano oficial del centro de asturianos de Madrid.
- La Ilustración de la Mujer.
- La Ilustración Española y Americana.
- La Ilustración gallega y asturiana: revista decenal ilustrada.
- La Integridad: diario católico.
- La Lealtad canaria: periódico alfonsino.
- La Libertad.
- La Lucha: órgano del partido liberal de la provincia de Gerona.
- La Mañana: diario político.
- La Montaña: periódico político independiente.
- La Nueva Lucha: diario de Gerona: eco de las aspiraciones del Partido Liberal Dinástico de la provincia.
- La Opinión: diario independiente de la mañana.
- La Opinión: diario político de avisos y noticias.
- La Opinión: periódico político y de intereses generales.
- La Palma: Diario de avisos, mercantil, industrial, agrícola y literario.
- La Paz: periódico de noticias, avisos y fomento de la provincia de Murcia.
- La Provincia: órgano del Partido Liberal Conservador.
- La Región.
- La Revista de Gandía: periódico político independiente.
- La Rioja: diario político.
- La Tarde: diario independiente, de noticias y avisos.
- La temporada en Mondariz.
- La Unión Católica: diario religioso-político.
- La Unión Democrática: diario político, literario y de intereses materiales.
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The Palace of Elduayen is one of the most emblematic properties to be built on the Paseo de Recoletos in Madrid in the 19th century and symbolizes this noble and stately area of the City. “MAPFRE and the Palace of Elduayen” traces the family history of José Elduayen, who commissioned it, and is a chronicle of the history of MAPFRE, which only two years after its creation, rented the main floor of the property to house its head office. Reviewing the life of MAPFRE in this building is to delve into the history of Spanish insurance in recent decades.

Fortunately, today we can continue to enjoy this singular palace, thanks first to the family and descendants of José Elduayen and later, to MAPFRE, as the current owner and permanent resident of this building, which has borne witness to multiple events in the history of Spain.