



**INTERVIEW WITH MAPFRE'S
CHAIRMAN AND CEO**

**ANTONIO
HUERTAS**

From a Spanish company to a global insurer, MAPFRE epitomises how corporate ambition and success work hand-in-hand with a strong commitment to social responsibility. **FULLCOVER** meets **Antonio Huertas**, MAPFRE's Chairman and CEO, to find out more about the company and what drives the man leading it.



Antonio Huertas interviewed by Enrique Schoch and Paula Rios of MDS Group.

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How did a man from Extremadura who studied Law at University become the Chairman and CEO of MAPFRE?

I studied Law, and wanted to be a lawyer. When I finished my studies, I did not know anything about insurance or MAPFRE. I got the chance of working for MAPFRE on a trainee project after reading an article in a newspaper that the company was looking for young people with little knowledge about insurance. So, although it was not my first job option, in the end I was thrilled to work in the world of insurance, and I have ended up loving my work and feeling passionate about the job.

We have a great advantage in MAPFRE. It is a company based on meritocracy and professional development which responds to our merits. The company trains us and helps us develop. Those who have the attitude and better use their chances, end up making the most of them.

Obviously, not everyone can become Chairman and CEO. In my case, I had mentors that helped me a lot including my predecessor as Chairman, who obviously decided and proposed to the board that I should take the role.

Is it true that most insurance professionals begin their careers indirectly, but end up being enthusiastic about the area?

Yes, it's fascinating. When you start getting involved with insurance, you see how you are actually helping people, other companies, and your environment. I think that's what makes us passionate about our job. Commercially, we are involved in a huge social activity – we receive premiums from a lot of people and those funds are there to help others in contingency, in misfortune, and in difficulty.

A social role that is not well understood, don't you think?

We probably do not explain it well enough. There are complex relationships. We have to establish a very closed relationship framework that enables us to control our activities in order for this to be profitable, long-term and sustainable for all of us. I think that can be difficult to articulate.

This is the great challenge that, in my opinion, we all have. In MAPFRE, we have set up an active transparency project to try to reach all stakeholders more directly and clearly. To try and make them see that there is much more to the insurance business than really meets the eye, and that MAPFRE occupies a model social position for many other activities related directly, or indirectly, to the company that we have to strengthen and support.

What were your ambitions when you finished university?

My vocation was clear: to work as a lawyer, and so I started an internship in a law firm. But things moved slowly that way, so when I saw the advertisement I mentioned earlier appear in the newspaper, I applied and I was selected for a MAPFRE trainee project.

When you start working in insurance, you do not really know where you will end up. My intention was to try to convince someone that I could work in the claims or legal departments, but that never happened.

I was guided in another direction because they saw other skills in me – most likely a vocation for learning.

It was an important time for the company and Spanish society. There was the birth of business technology, changes in consumer consumption and much more open competition and the flexibility of the relationship with the client. The Spanish insurance market was an exciting place. When I joined MAPFRE in 1988, it was the benchmark Spanish insurance company and it was clearly a very appealing challenge. My career has not turned out as I originally envisaged, but there is nothing I regret about it.

At MAPFRE, relationships are very open and sincere, and so, after only three or four months of starting work, I was having meetings with the general manager. This continues today. Working for MAPFRE gives people lots of opportunities and advantages to grow and develop.

I always say that ambition is important, it is not a negative thing. But you need to use it in the best sense. Ambition is not about hindering others; it is the complete opposite. It is about having the capacity to learn, grow, contribute and want to continue to do more things. This does not involve any negative attitudes towards colleagues and team mates. I think camaraderie and ambition are compatible.

In reality, a natural process is happening. If we do well as a company, if the human resources management is appropriate and we have the right tools to meet the needs of team members, in the end, we must try to place the best people in the correct positions. The best person is not always the one who is around, or the one who has more knowledge, who displays the most skills for a task. This combination requires a very complex analysis.

All of us who have managed people know that this learning process – handling the team – is very important. You need to be able to count on these people later on to help you and to contribute to make the project a success.

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When you became MAPFRE's Chairman and CEO, what were your main objectives and goals? Do you think you have achieved them?

I had three basic objectives. You have to accept that you have to gain the respect and credibility of those who you are going to lead. You are going to be the first among equals. At MAPFRE, when you reach a senior position, you have already been working a lot in the organisation, so you have to become the leader of a team in which probably one of the members had been your boss. This is the first challenge.

The second is understanding the success model. When I took over the presidency, it was at a very successful period of time in our history, in terms of results and international expansion. Leading a team in which I was the youngest, I had to convince my colleagues and my team that the project had to undergo some changes, some variations, to be able to address the challenges that we ourselves had already determined.

We did a strategic analysis at all levels around the world, where we completely reviewed what we were and what we would like to be. This led us to a new business model.

The second important objective, therefore, was to reach success with this new business model and I think that we are getting there.

The third objective was to enhance MAPFRE's DNA of being a socially engaged company. Ours is a company with values, with institutional principles and an internal culture that respects these values. We do this both as a company and in Fundación MAPFRE but it all needed to be reactivated at a worldwide level.

It is not only about charity and donating money. It is also about being engaged in an effective way to collaborate and improve things. I think that we are reaching this objective too.

So, for me, it was all about the people, a business project and the social presence of the company.

Have those values made MAPFRE seem more open now than probably some years ago?

I think that we are gaining openness because we are gaining transparency in MAPFRE.

MAPFRE has always been proud of its social values, but maybe it has not been able to express them in a practical way because it has been more of a thought rather than a perception.

I really think we are now achieving this with our clients, trying to see how they see us from the outside, and we are really trying to correct any deficiencies.

We do not want to be a closed company. We open the doors wide to anyone who comes our way, whether it's a competitor, a regulator, a company from another sector, or the man on the street.

But we also have to understand that it is a successful model that has grown over 20 years, and is

transforming rapidly. The world has changed too, look at technology, and access to it, for example. The tools that exist nowadays to help these relationships did not exist in the past.

It is not that we did things wrong before, but I believe we were not aware that we needed a little more closeness. In that sense, I think that we are now reaching that much more as a company.

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Why has MAPFRE decided to become a global company by establishing itself as one of Latin America's main insurers? Is Asia in MAPFRE's plans?

Diversification is the main guarantee of success in what we do – to the extent that, if you do not diversify, you concentrate the risk a lot more and you are not managing it adequately.

MAPFRE reached a very important market position in Spain in the late 1980s, and it realised it had to extend a bit more, and branch out its business.

We developed some reinsurance activities at an international level by setting up MAPFRE RE which is now 40 years old.

We had gained great knowledge of the Latin American market, obviously because of the closeness of the language and the culture, and because it was an under-developed insurance market. So MAPFRE's natural diversification process was to go to Latin America, but it was not easy.

Growth in Spain meant that resources had to be kept here, so investments in Latin America were low. We bought new companies with problems and little room for manoeuvre, but we had a good spirit and the backing of the mutual that supported the business development. With patience we developed a long-term project that brought us a lot of success. It consolidated us as the largest regional insurance company in Latin America. Then, naturally, through reinsurance and other activities, we saw that we could reach other markets.

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Asia represents a third of the worldwide insurance market and, as a global insurer, MAPFRE wants to be, and must be present there.

We have had a presence in the Philippines for more than 20 years, and 12 years ago, we started in China.

At that time, foreign insurance companies were not allowed to operate without a partner, and we did not have one. We decided to get to know the market by launching a service company that provided processing, advisory and call centre know-how services – and we have been doing this ever since.

We opened small platforms for the assistance unit and, recently, we have broken into Indonesia with the acquisition of a relevant local company.

The immediate future is that we are on the verge of obtaining a license to become insurers in China. Our 12-year working experience has given us the capacity to develop the Chinese business, and we will start with car insurance. We are working, as I always say, for MAPFRE's next generation.

Asia is not going to be important in terms of numbers for this generation's employees and directors, but it will be for the next one. We have to stay in Asia and we have to get to know it. We have seven regional hubs around the world and one of them is Asia Pacific, based in Shanghai, and this allows us to get to know the area.

South-East Asia offers us lots of opportunities, as does China because of its immensity. We are going to work in the Shandong province which has 90 million inhabitants. We are close to receiving the license, and we believe that by the end of next year we will be selling car insurance through a purely digital model.

The market for commercial risk and insurance is changing very fast, while very important clients – who are constantly expanding – are looking for wider services and cross-border solutions for emerging risks. What do you think about the development of MAPFRE's service in this new environment, for example, through a client such as Sonae that is a traditional client of MAPFRE?

Major corporations demand that insurance services providers offer the solutions they need. We cannot change Sonae's business model, we have to learn what it does and stand by them, and every other client, and that requires huge flexibility. Practically everything is personalised and customised for the client and not the other way around, as it is with packaged services –, where we have traditionally been experts. Here we can clearly offer solutions that are successful in

MAPFRE WORLDWIDE

MAPFRE is an independent Spanish multinational business group with 83 years of activity that operates in all areas of insurance. It originates in a mutual entity created in 1933 called "Mutua Agrícola de los Proprietarios de Fincas Rústicas de España".

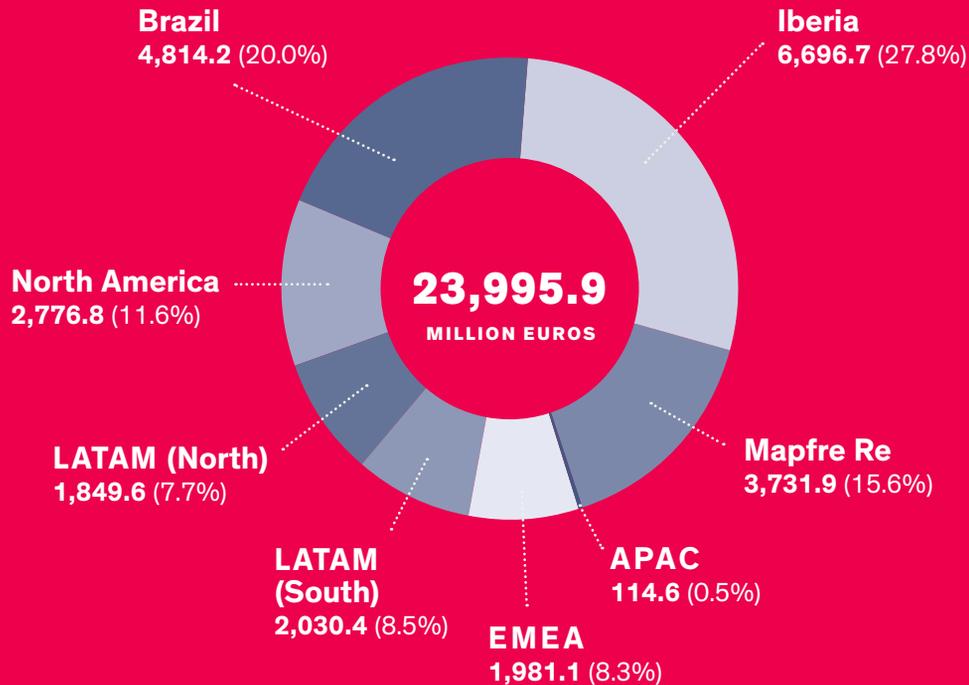
MAPFRE is presently in **50 countries, five continents**, with a global worldwide net of more than **80.000 agents & brokers**, more than **38.000 employees** and **34 million clients**.

BUSINESS IN MORE THAN 100 COUNTRIES

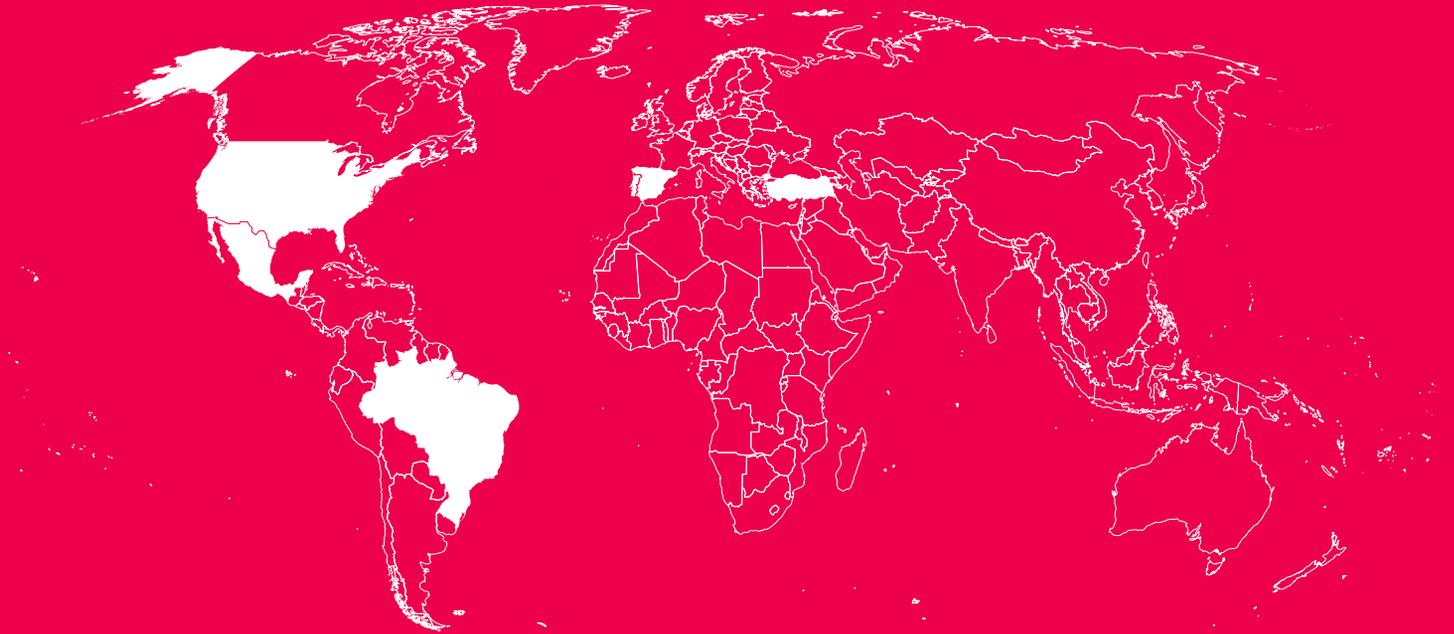
MAPFRE has a strong presence worldwide and more than 50% of the business comes from this global activity.



PREMIUMS



MAPFRE GROWS IN STRATEGIC MARKETS



PREMIUMS (LOCAL CURRENCY)

SPAIN ↑
NON LIFE PREMIUMS
+1.8%

HEALTH
+7.4%

AUTO
+0.9%

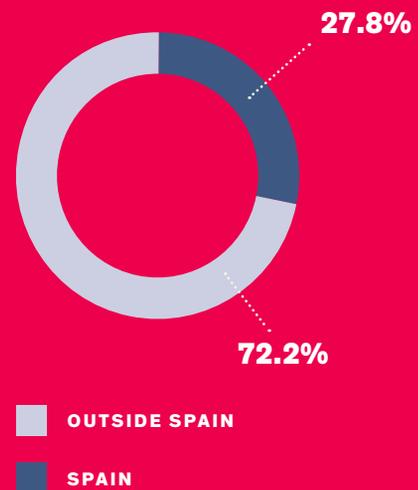
BRAZIL ↑
+3.6%

USA ↑
+8.7%

MEXICO ↑
+62.4%

TURKEY ↑
+41.3%

PREMIUMS DISTRIBUTION





Fundación MAPFRE Madrid.

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It is about knowing the specifics, what the client needs, and committing to a long-term relationship. We must try to manage the relationship by understanding what they need and expect from the insurer. We thank Sonae for understanding this relationship and of course, the confidence they have placed in us and the continuity over many years of work.

other markets, or which we have already proven, and incorporate them for these risks. For example, cyber security is a big issue for all major companies.

We cannot take the plunge without a life vest. We have to learn, and we are testing in some markets with specific clients to see how it works out with the objective of extending the service. It is not a problem of capacity. There is capacity in the market, and MAPFRE cannot provide much more value there because of competition from other players with more capacity than us.

It is about knowing the specifics, what the client needs, and committing to a long-term relationship. We must try to manage the relationship by understanding what they need and expect from the insurer. We thank Sonae for understanding this relationship and of course, the confidence they have placed in us and the continuity over many years of work. We show it by working with clients where we are able to keep this long-term trust. And with major risks, we cannot think about short-term. That is neither interesting for the client nor for the insurance and reinsurance world.

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MAPFRE's three-year global strategic plan is called Focus on Profitable Growth. Growth and profitability are linked. If there is no profitability, we do not want growth. This year we don't mind sacrificing growth in exchange for maintaining levels of profitability because that is what gives us the capacity to continue to grow without getting nervous when markets go wrong.

What kind of impact has the Spanish debt crisis had on MAPFRE's financial situation performance, and how has Spain managed this crisis?

It has affected us, undoubtedly. Firstly, because MAPFRE's primary market continues to be the Spanish one, and the Spanish economic situation during these last years has not been good.

The insurance market has shrunk. Companies had problems surviving, and a lot of them closed down. Many others cut back on their activities and reduced in scale.

The insurance sector had to acknowledge this situation and accept it, not only by trimming policy conditions or limits but also by adjusting market rates.

I have to point out that those in the Spanish business sector that have survived, which is the majority, have been tremendously honest and loyal to their insurance providers. This means that there have not been major upheavals in terms of companies moving around, looking for the best price.

MAPFRE was substantially affected by the Spanish sovereign debt ceiling, particularly for reinsurance and global risks. This was because the reduction in the rating affected the underwriting capacity.

When Spain was downgraded to BBB, we had some problems. MAPFRE Global succeeded in remaining two or three notches above the Spanish sovereign debt, but we had to travel the world, visiting each client and each reinsurer, to convince them that sovereign rating was one thing and MAPFRE's situation another.

We have never had any solvency problems, and our results have been continuously good year after year. We haven't reduced returns in any year. Our rating has continued to be good, and clients trust MAPFRE.

Would you highlight other impacts?

I am a strong believer in the credibility of the image of our country.

We are a company of Spanish origin having reached markets where, many years ago, we were appreciated because we were the great European economy that had grown and created a lot of employment.

Suddenly, the crisis started to show some uncertainties. To really convince those who were the most critical that we were not an economy in crisis which was what the numbers showed, but that we had the capacity to recover much faster than others – which is what happened. This has really given a lot of credibility to MAPFRE's image.

But, what's more now only 30% of our business is in Spain, and 70% of our revenue, and the majority of our profits, come from outside Spain.

In other words, MAPFRE has the capacity to work in adverse environments in a crisis, such as the one that happened in 2011. It allowed us to say “we are going to do it, and we are going to do it well” and that was an important message for the organisation.

How did it affect your actions?

In effect, how could we not be affected by the Spanish crisis? If the GDP was reduced nearly 10%, if three or four million more jobs were lost, if families could not pay for their insurance, if people were becoming unemployed, if there were nearly two million families where all their family members were unemployed, that had to affect us because we lived in that reality.

But we also came to accept it and adjusted costs so as to be able to be more competitive and offer lower insurance rates. We modified the products so that they could be more accessible for the consumer and we took an important step in our internal structure to be prepared for new, more flexible, more agile circumstances, such as embracing technology to try to simplify processes.

We simplified MAPFRE's own structure in order to tackle more challenges, and we even had the courage to take on new business models in the most difficult periods of the crisis.

The Verti digital distribution model of car insurances was launched in the midst of the crisis. “How do you dare do it?” we were asked. Not only did we launch it in the midst of the crisis, but we believe that the crisis helped us learn and develop this model to export it later to China and the United States.

Having seen MAPFRE's first quarter results, could Brazil be a problem in future?

Two years ago we grew 16% and now we are growing 1% in local currency, but that is normal.

In Spain we have seen decreases for three or four years. It does not scare us. We are told: "If Spain goes down, MAPFRE will no longer be MAPFRE". No, Spain is simply not going to go down. This is very clear to us.

Brazil will not go down, but it needs an important adjustment. It needs to make its labour structures more flexible. It needs to be much more competitive in productivity and it has to gain efficiency. That requires political measures from the government.

We are aware that, along with international investors, they do not like the current reality but it is a great country with a significant capacity for productivity.

With a huge population and favourable demographics, it can do whatever it sets out to do. Moreover, it has a plentiful natural resources, energy resources, and local market resources. As a result of all that, Brazil should not have a problem.

MAPFRE's three-year global strategic plan is called Focus on Profitable Growth.

Growth and profitability are linked. If there is no profitability, we do not want growth. This year we don't mind sacrificing growth in exchange for maintaining levels of profitability because that is what gives us the capacity to continue to grow without getting nervous when markets go wrong. It allows you to act naturally to tackle problems because you know that the business you have is very safe, and that you can still have some room to manoeuvre with the margin and negotiate with intermediaries and clients so that we can all cope with the most difficult problems.

So we have to have confidence in Brazil in the same way that we do in Spain. In Spain, politicians did their work and they also have to do it in Brazil. Not everything is in the hands of the company and society.

What do we have to do to prevent a crisis like the one we had from happening again?

Society, education, values, a culture of effort, fighting to live in a fairer and more balanced society are all concepts that are essential for society's stability. If we lose that, crises appear. And it's not an economic crisis but the economic part is a consequence.

We could not have imagined the harshness of the final consequences that countries such as Spain and Portugal suffered, but we undoubtedly knew that we were losing elements of social trust that we have to recover.

I think that we have to go further and demand from society and companies that education, training and development must be based on merits, learning, patience and a long-term commitment. This is the main moral lesson that I have seen, personally and in my company.



MAPFRE headquarters in Madrid.

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Fundación MAPFRE has an important role. It is a constant and is MAPFRE's largest shareholder. This gives us a long-term confidence because the main shareholder shares our business interests and carries out an activity based on giving back to society. It helps to improve what we consider basic in a community – education, health, culture and improved living conditions.

How can MAPFRE help?

Maintaining this policy of standing by our word. We have redefined our values. The first one is solvency and the second is integrity. We said before “integrity is everything; it is any behaviour that involves being respected in the long-term by all stakeholders, supervisors, administrations, everyone”. And we have to be honest at all levels.

What is the role of Fundación MAPFRE? What is its contribution to MAPFRE, as well as to society in general?

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Our commitment is to return, or to give back to society. For example, when we talk about accident prevention, private or professional, as well as accident prevention on the road to improve road safety, we are making a huge contribution. We have done this in Spain for 30 years and are now bringing it to all the Latin American countries. In road safety, each little step we take avoids hundreds and hundreds of traffic accident deaths in Latin America.

With regard to training, we have general insurance and finance training. We understand that people have made wrong decisions due to lack of training during the crisis. People bought products they should not have due to bad advice but also due to lack of knowledge.

We have just created a game, we call it “PlayPension”, similar to Monopoly, and it helps you learn to make financial decisions in your life.

We want to provide it for free to educational centres all over America and Spain so that children can learn that basic financial knowledge is important in order to make appropriate decisions.

Culture is very important, too. We know that societies which do not have interest in culture end up losing their personality and their values. Knowing our history helps us avoid future mistakes. In every country, we are working with teachers and local historians who have a slightly more neutral overview of what evolution has been like from the time of Latin American countries’ independence up to modern times.

We have our own important art collections that we take all over the world. In Spain and in Brazil, we are staging exhibitions of masterpieces and getting involved in sponsorships so as to be able to help to show these works of art.

We are also promoting our healthy lifestyle. We have developed an app with FIFA which is becoming very successful because we presented it with football players.

It tries to show, in a few steps, how to save the life of a child who has suffered a sudden cardiac arrest. In Spain alone, more than 200 teenagers have died because they play football at weekends in fields without a medical service. There are many children with heart problems that have not been diagnosed.

We are taking this app all over the world where football is huge. Trying to avoid cardiovascular diseases, trying to avoid obesity – we are very involved in this.

Then we collaborate with a lot of institutions that do research. For example, the Pro CNIC Foundation led by Doctor Valentín Fuster, one of the world’s most preeminent authorities in cardiovascular research. We are doing a project in Spain called *Women for the Heart*. This social commitment and an understanding that we have to devote time to help, is important to us.

An experience has come from America – that is not very developed here in Spain – the concept of volunteering.

In Europe, we traditionally have not been very developed in this field. Society has evolved so much that we sometimes think that everything will be given

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We have ambition to grow, but what is important is to continue to be a solid and stable company, with continuity in the long-term. And from a social point of view, to continue to maintain and increase our social responsibility commitment.

to us by the State. In Spain, the family has become more active again because we had to help each other.

A volunteering plan, approved by MAPFRE and developed by Fundación MAPFRE, is based on the fact that the company gives extra holidays to those workers who want to do volunteering.

Not only do they contribute with their time, but if employees want to use a week of their holidays to do volunteering in a project from Fundación MAPFRE, MAPFRE will give them extra holidays.

The social element is very important, as you can see, and we have to make it compatible not only from the Fundación MAPFRE’s perspective but also from that of the company, what we traditionally call Corporate Social Responsibility. In this regard, we have just approved two social commitment objectives.

In Spain there is a legal obligation that at least 2% of the staff must be people with disabilities. Few companies comply with this. But we are going to ensure that within

three years at least 2% of our workforce worldwide will comprise people with disabilities.

Our other social objective is to take action to facilitate gender equality. We do not discriminate, but we have to take positive actions. All our human resources departments around the world have a commitment that, in the strategic plan, at least 40% of employees in positions of responsibility must be women.

We really think we must always do more than the law currently imposes; it is our own concept of helping to improve equality and the balanced development of the company and of society.

In addition to this, we must sell insurance and make money and we must continue to grow. This is the part we, traditionally, know how to do well.

What legacy would you like to leave, both in MAPFRE and in the market as a whole?

That it is a healthy and solvent company. We have ambition to grow, but what is important is to continue to be a solid and stable company, with continuity in the long-term. And from a social point of view, to continue to maintain and increase our social responsibility commitment.

MAPFRE has a mutual origin, which means that it is in our nature to help each other. Our owners have historically been mutualists. When we demutualised, the objective was to continue to maintain the spirit of mutuality, even as a limited and listed company. We have transferred this spirit to the Fundación MAPFRE and it is the Fundación MAPFRE which helps us understand which social situations to have a commitment to and which to develop, as previously mentioned.

My greatest wish is that we continue to be a better company, but become more involved in improving people's quality of life. We do not have to give up one thing for the other – it's not only NGOs working for social improvement and companies just doing business. I think that it is an obligation we have at MAPFRE. It has always done that but now I think this is more organised and more visible and has a greater strategic focus. This is my great aspiration for the years I will be in charge of the company.

When you are not leading MAPFRE, what do you do to relax?

Many things. Nowadays, with technology, we work even when we do not want to so we have to make time for leisure. The truth is that work absorbs me a lot and I have to try to disconnect occasionally.

I am very aware that balancing work and family is important – not only because your family should see you more, but also because you need to have free time.

I try to get away in the afternoon at a reasonable time, whenever I can. I never organise late meetings so I can go home or go to the gym and do a bit of exercise.

I like reading, walking, and going to the cinema. What I do on any trip, if I have time, is to walk quietly for an hour in any city and get to know it at a street level. If you are stuck in a car you do not actually see what happens in the city.

My hobbies are very simple – I like mountain biking with my friends at weekends. I am also tremendously competitive, and I do not like to lose! I try to finish first, although I don't get there most times. It is a big thrill because it allows you to be very motivated. Having an activity is good because it allows your mind and body to be more balanced. My life is being with my family and my friends.

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We have developed an app with FIFA which is becoming very successful because we presented it with football players. It tries to show, in a few steps, how to save the life of a child who has suffered a sudden cardiac arrest.

If you retired today, how would you spend your spare time?

I would do exactly what I do now with a little difference, which is when I travel, I would really get to know the places I visit. I would continue to travel, but I would take more advantage of it.

I did not change my personal life when I became an executive, or when I became chairman and CEO. I continued to do exactly the same things like going to the cinema and walking around my neighbourhood in Madrid to look for the little restaurants that have opened recently.



Enrique Schoch and Paula Rios of MDS Group with Antonio Huertas.

If you had to organize a sporting event to raise funds for a good cause, which sport and which charitable cause would you choose?

I would choose a sport where teamwork is involved, because it gets across all the values that we normally promote.

Sometimes, when you see certain sporting behaviours, even in professional team sports, you say “that shouldn’t be like that”. But any sport, which does not involve revenge, helps get across values.

I was recently in Brazil, watching one of the campuses that Fundación MAPFRE has with both FC Barcelona and Real Madrid.

In this case, I went to see one of the Barcelona teams and they showed me how they taught children from favelas – slum areas in Brazil.

They taught them not to win, that is, not to celebrate a victory. When a child scored a goal and had the impulse to celebrate it, he was expelled from the field. It was not the team which scored more goals that won, but the one which passed the ball most.

Different methods to understand what teamwork is really like – that is important. And for what cause? I think that we always have to help the weakest, and the weakest is always a child. If our children are well taken care of, and well-educated, they have the chance to create a better life. This will certainly help society as a whole. •

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