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CHRONICLE FROM SPAIN

As in previous years, this article refers to the Spanish market premiums volume and growth data of 1980, which do not show very important changes with regard to the situation of other years and that make clear that Spanish insurance has a relatively firm situation without any dramatic upheaval.

The following table shows the premium income and growth of the main groups of our market

	1980 growth	1980 premium income	Rank		% Growth	
			1980	1979	1980	1979
Union y el Fenix	2.271	13.032	1	1	21	18
MAPFRE	2.044	10.330	2	2	25	27
Catalana	1.565	8.648	3	3	22	24
Mutua Madrileña	1.667	7.489	4	5	29	16
Sanjurjo	1.572	7.436	5	4	27	22
Zurich	946	6.422	6	6	17	19
Banco Vitalicio	1.054	5.700	7	7	23	21
Metropolis	1.499	5.648	8	11	36	13
Plus Ultra	903	5.489	9	8	20	14
Santa Lucia	722	5.261	10	9	16	20
Assicuratrice	909	4.955	11	12	22	15
El Ocaso	726	4.955	12	10	17	25
Generali	809	4.836	13	13	20	10
Bilbao	598	4.273	14	15	16	11
La Estrella	479	4.160	15	14	13	18

It may be remarkable that in 1980 "La Unión y el Fenix" has got the maximum absolute growth, that in other years had MAPFRE, and also that Metropolis, which for premium income was number 17 in 1977 and number 11 in 1979, has reached number 8 of the ranking this year 1980. I must be noticed, anyway, that this company is specialized in big groups life insurance and has a different situation with regard to the rest of the first companies of the market.

The following table shows the premium income growth of the different branches of insurance:

	1980	1979	%increase
Automobile	94.197	73.270	28.6
Life	33,277	27.824	19.6
Fire	27.896	23.898	16.7
Sickness	29.565	24.056	22.9



Personal Accident	21.287	17.868	19.1
Ocean and Inland Marine	17.443	15.070	15.7
Burial	12.345	10.600	16.5
Legal Costs	4.404	4.763	17.0
Credit and Bond	5.605	4.244	32.0
Liability	5.361	3.935	36.2
Burglary	4.005	2.989	34.0
Miscellaneous	7.616	5.623	35.4
Hail	672	780	--
Aviation	1.060	864	22.7
Boiler and Machinery	2.130	1.853	14.9
TOTAL	266.863	216.637	23.2

The market's premium income growth has been of 23.2% mainly because Automobile insurance, that in 1979 only reached a 17 % of increase, has passed in 1980 to an increase rate of 28.6% as a consequence of a tariff increase that was autorised during this year.

The figures of higher relative increases correspond to special insurances of very little volume of premiums, like Credit and Bond, General Liability, Burglary and Miscellaneous.

It is worth a special remark about the slight importance that General Liability insurance has still in the Spanish market. It represents 2% of the total premium income and 20% of Fire insurance income, while in the American market it reaches higher figures than those of Fire insurance; nevertheless, we have to say that the data we have pointed out about General Liability in Spain are a little lower than the real ones, because the combined policies of Home Owners and Multiple Commercial Risk are included in the Fire Insurance data. Anyway, they are much less important than in the United States.

A more reduced growth in Automobile is expected for 1981, and in general, in other insurance branches. It does not seem probable to exceed 20% of growth, but, as the inflation rate during 1980 and the previsible one during 1981 are of about 15%, this means that the insurance market has effective profits and not a simple growth because of the money deterioration.

Only a few days ago, in September, an event has taken place that may have important repercussions in the future of the insurance although it does not affect it directly.

In Spain, the control area of the Insurance Department, includes a special type of Savings society (Special Savings Banks) different to the General Savings Banks. In this anachronical situation there was only one important company, called "FIDECAYA", that a few days ago has been set into liquidation, with probably important losses for the depositings. This event has given place to the order of extinction of all the entities of this sort and has compelled the Government to guarantee, with some limits, the deposits of the clients of this kind of companies.

The performance of the Insurance Department may give way to some critics and have some political repercussions, although it is not easy that it prevents the approval of the already famous Insurance Law, that has always found a political obstacle when the moment of its approval by the Government or by the Parliament came closer.

It has already been submitted to the Parliament, and precisely the day of the preparation of this article, the term for the introduction of amendments is over. It seems that the Government is very interested in its approval within the present year.

The situation of FIDECAYA makes also previsible a hardening of the Insurance Department towards the Insurance market in which, unfortunately, there are a good deal of companies that would not resist a deep analysis of their solvency.

If this prevision is confirmed, 1982 and 1983 will see a strong revulsion in the insurance market that will create some direct or indirect problems to all the insurers, but that will simultaneously be very healthy in order to prepare Spanish Insurance for the moment of its entrance into the Common Market, as well as for its institutional full age.

Very soon, a legal disposition will be published, that adapts and puts up to date, the regulations of Life Insurance in Spain. I shall talk about it in my next article.

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