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S P A I N

I am sure that these chronicles repeat very regularly. We are now going to give you again the 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 with no substantial dramatic changes.

The following table shows the volume and growth of the main groups of our market:

	1980 growth	1980 premium income	Rank		% Group	
			1980	1979	1980	1979
Union y 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	471	4.160	15	14	13	18

It is remarkable that in this year "La Union y el Fenix" has recovered the first place for maximum absolute growth that in other years had MAPFRE, and also that METROPOLIS, which was number 17 in 1977, number 11 in 1979 has reached number 8 this year 1980. Anyway, 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 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	3.763	17.0
Credit and Bond	5.605	4.244	32.0
Liability	5.361	3.935	36.2
Burglary	4.005	2.898	34,0
Miscellaneous	7.616	5.623	35,4
Hail	672	780	-
Boiler and Machinery	2.130	1.853	14.9
TOTAL	266.863	216.637	23.2

The market's growth has been of 23%, mainly because the Automobile insurance, that in 1979 only reached 17%, as a consequence of a rates increase that took place during this fiscal year, has passed to an increase rate of 28.6%.

The figures of higher increases correspond to special insurances of very little volume of premiums, like the credit and bond, general liability, burglary and miscellaneous.

It is remarkable the slight importance of General Liability Insurance 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 combined policies of Home Owners and Multiple Commercial Risk are included in Spain within this branch although they are much less important than in U.S.A.

For 1981 a more reduced growth in the Automobile Branch is expected 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 probably during 1981 will be of about 15%, this means that the insurance market has effective profits and not simply because of a money deterioration.

A few days previous to the preparation of this chronicle, in the month of september, an event that may have important repercussions in the future of the insurance, although it does not affect it directly, has happened.

In Spain, within the Insurance Department's area of responsibility, there are a special type of Savings Society (Special Saving Banks) different to the General Savings Banks. This is an anachronistic situation in which practically there were only one company, called FIDECAYA, that a few days ago has been set into liquidation, with probably important losses for the depositors. This has given place to the order of liquidation of all the entities of this kind.

This fact may have some political repercussions but fortunately, 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 the Parliament came closer.

It has already been submitted to the Parliament and precisely the day of the preparation of this chronicle, 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 that the Insurance Department grows harder towards the insurance market in which, unfortunately, there are a good deal of companies that would not suffer 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 as a market.

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