Fundación MAPFRE

THE SPANISH INSURANCE MARKET IN 2017

MAPFRE Economic Research

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Pablo Picasso
Two women running on the beach, 1922.

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MAPFRE Economic Research

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Introduction

Fundación MAPFRE is a non-profit institution created in 1975. Its main objective is to promote the well-being of society and citizens, and to improve the economic, social and cultural conditions of the population, particularly of the least privileged. One of its objectives is also to support and disseminate cultural awareness of insurance and social welfare provisions, and to meet this objective it engages in a variety of activities, ranging from explaining about insurance in schools to the publication of technical reports on aspects of current affairs.

As a part of this objective, Fundación MAPFRE now publishes once again this year the report *The Spanish Insurance Market*, prepared by MAPFRE Economic Research and dealing in this edition with the 2017 fiscal year. The report, through an analysis of multiple variables, presents an overview of the Spanish insurance market over the last year and of its development over the last decade, featuring, in addition to the statistical information most relevant to the industry and other indicators affecting its development, a review of the main structural trends and a description of the regulatory panorama governing insurance activities in Spain.

The significance of the role played by insurance in the country's economy is unquestionable. It reinforces the stability of economic activity and supports the generation of employment and wealth, exerting a major influence as an institutional investor in the channeling of savings and long-term financing. By analyzing the recent performance of the insurance industry in Spain, this report aims both to highlight its importance and to offer an analytical tool to all those interested in monitoring the various sectors of the Spanish economy from a professional or academic viewpoint, presenting them with a document that deals with a wide variety of aspects of this particular industry.

Here at Fundación MAPFRE we hope that this new edition of *The Spanish Insurance Market*, will shed further light on the key role played by insurance activity in empowering the forces directed toward increasing the well-being of our society.

Fundación MAPFRE

Introduction

As in its previous editions, the 2017 version of this report aims to offer an overview of the performance of the Spanish insurance market. In the first chapter, the report presents an analysis of the global economic situation in general and of the Spanish economy in particular, providing a backdrop to an examination of the main economic and demographic trends in Spain, which are key to understanding developments in the insurance industry.

In the second chapter, the report addresses key aspects of the structure of the insurance industry, including a review of levels of concentration, the types of company operating in the market and the workings of the distribution channels. The third chapter evaluates the performance of the main business lines during the year 2017, taking into account premium growth and the contribution of different business lines to sector developments, technical performance, results, profitability, investment and technical provisions. The analysis also features a study of the main technical and financial aspects of the most important business lines, particularly in the Life and Non-Life segments.

The report's fourth chapter focuses on the main structural trends in the Spanish insurance market. It thus presents a review of developments in terms of the market penetration, density and depth of Spanish insurance over the last decade, conducting a new estimate of the Insurance Protection Gap for both the Life and Non-Life insurance segments.

As in the previous edition of the report, the fifth chapter features a section presenting information concerning the solvency position of a group of insurance companies that are representative of the industry, and which has been made available to the market by the companies themselves through their "Solvency and Financial Condition Reports". In the same way, the sixth chapter features a section dealing with the main trends in insurance regulation at global level, as well as regulatory trends for the operation of the industry in both Spain and Europe.

Finally, the report includes a statistical appendix that summarizes the information used in its preparation, in which it is possible to consult all the main figures relating to the performance of the Spanish insurance industry during the last decade.

We trust that the information and analyses provided in this report will continue to contribute to a better understanding of the Spanish insurance market.

MAPFRE Economic Research

Executive Summary

During the course of 2017, global economic growth gained pace across the board in both emerging and developed markets, pushing back the change in the economic cycle that had previously been anticipated. Levels of activity were favored on the one hand by the maintenance of lax monetary policy in developed economies, and on the other by the momentum of the Chinese economy, both of which factors stimulated global trade and a renewed upward cycle in the price of raw materials favoring the exporting economies.

In this context, world economic growth averaged around 3.6%, compared with 3.2% in the previous year, with a combined growth rate for the developed economies of 2%, while the emerging economies enjoyed a growth rate close to 5%. Global liquidity was maintained in view of an absence of inflationary pressures, despite the cyclical conjuncture affecting some economies. This situation has now started to change, with effects that have not yet been identified but which increase the risks for certain economies that are vulnerable to this new global liquidity environment.

During 2017 the world insurance market registered an estimated growth of 1.5% in real terms, generating a total value of direct insurance premiums of 4.9 billion dollars. This growth was achieved in both the Life and Non-Life segments, although the main momentum came from Non-Life business lines, reflecting the positive situation being enjoyed by the global economy. Global premium volume in the Non-Life segment (which represents about 46% of total premiums) increased by 2.8% in real terms during the course of 2017. In general, it is anticipated that global insurance premium volume will continue to increase in the coming years, driven particularly by the emerging markets.

For its part, the Life insurance segment (which represents about 54% of total premiums), registered a slight increase in premium volume of 0.5% in real terms during the course of 2017. The significant growth enjoyed by the emerging markets did not compensate for the reductions in the advanced markets, in which the persistence of ultra-lax monetary policies continued to have a negative effect on the growth of Life insurance premium volume on aggregate, despite the positive economic conjuncture. In this respect, the cyclical position of the Eurozone differed from that of the United States economy, which is why the readjustment of monetary policy has not yet started there, despite the fact that the European Central Bank (ECB) had notified that it would apply a policy of progressive normalization over the following two years.

Spain continued to enjoy the highest growth among the large economies of the Eurozone, with economic growth of 3.1% in 2017. The main factors that contributed to this strength were domestic demand and investment, along with lax monetary conditions and the creation of employment. Consumption remained strong thanks to the increase in employment. Nevertheless, it should be emphasized that most of the consumption and investment was relying on recourse to credit, the levels of which were gradually recovering.

Premium volume for the Spanish insurance market totaled 63.41 billion euros in 2017, which was 0.7% less than the previous year, due to the fall of -5.6% registered in the Life insurance segment (with premiums valued at 29.407 billion euros), which was heavily affected by the persistence of a low interest-rate environment, among other factors. Thus the fall in premiums was caused by a fall in Life Savings insurance, given that the premium volume for Life Risk insurance remained unchanged. Nevertheless, in terms of managed savings, positive growth and a rising trend were maintained, with technical provisions for Life insurance increasing by 3.3%.

Non-Life insurance, for its part, grew by 4.0%, totaling 34.003 billion euros. This was the fourth consecutive year in which a growth in premiums was registered in this insurance market segment, which has benefited from the recovery of overall economic activity in Spain and, in particular, from the greater capacity for consumption of both companies and households. The combined ratio for the Non-Life insurance segment in 2017 was 94% (compared with 93.6% in 2016).

Automobile insurance continued to be the line accumulating the greatest premium volume within the Non-Life insurance segment, accounting for 32.1%. Premium volume increased for the third consecutive year, totaling 10.922 billion euros, representing 3.4% growth over the previous year, thanks to the increase in the number of vehicles insured, a slight rise in the average premium and an increase in new vehicle sales, which saw a greater concentration of top-end products, and therefore of higher average premiums. The combined ratio for this line improved in 2017, standing at 95.6% (compared wiht 98.9% in 2016). The average premium enjoyed a slight increase of 0.83%, reaching 357 euros.

Health insurance, for its part, was the second line by volume within Non-Life insurance business, representing 23.7% of the total. The premium volume for this business line in 2017 was 8.062 billion euros, representing growth of 4.2% compared with the previous year. The continuing growth in Health insurance has made this line attractive for new companies entering the market, relying on direct distribution through essentially digital channels. Once again this year, collective insurance has been the main driver of growth in this line, increasingly characterized by the formula of variable remuneration plans. The combined ratio improved slightly in 2017, attaining 93.4% (compared with 94.2% in 2016).

Multirisk insurance accounted for 20.2% of total business, which made it the third largest Non-Life line, with premium volume of 6.883 billion euros in 2017, and growth of 2.2% compared with the previous year. Homeowners, the modality with the highest share of Multirisk business (at 60.8%), was also the driver of growth for the line's premiums (up by 3.0%), followed by Condominium (+2.3%) and Commerce (+1.8%). Industrial Multirisk, for its part, registered a decrease in premiums for the sixth consecutive year, falling to 1,166 billion euros, a similar figure to that of 2006. Thus the overall combined ratio for the line worsened in 2017, attaining 95.7% (against 90% in 2016), due to the increase in claims.

The upward trend in terms of profitability was maintained in 2017, with return on equity (ROE) at 12% (compared with 10.7% in 2016). Likewise, profitability measured in terms of return on assets (ROA) also showed a slight increase at 1.6%, compared with 1.5% in 2016.

Total investment by Spanish insurance companies amounted to 292.064 billion euros at the close of 2017, representing a 1.4% increase over 2016. An analysis of the investment structure shows that the main category of assets chosen was fixed income, representing 52.9% of the investment portfolio, with sovereign fixed income as the dominant component. The percentage corresponding to corporate fixed income was 21.2% of the total portfolio.

The credit ratings of most of the industry's investments were to be found in the third rung of the ratings map used under Solvency II (equivalent to BBB), in line with the Spanish sovereign risk rating at the close of 2017. Nevertheless, it should be emphasized that in March 2018, both S&P and Fitch raised Spain's credit rating to A-, and Moody's followed the same trend in April by raising its rating to Baa1, with the result that the credit rating of the Spanish insurance industry's investment portfolio also benefited from these changes. The average profitability of financial investments was about 3.8%, practically the same level as that observed in 2016.

With regard to solvency levels, May 2018 marked the deadline for the publication of the second *Solvency and Financial Condition Report* (SFCR) for individual insurance companies, in accordance with the new prudential regulation based on applicable risks in force in the European Union since January 1, 2016 (Solvency II). After analyzing a sample of companies representing 68.9% of the insurance premiums and 79.4% of the technical provisions on the Spanish market in 2017, it can be inferred that, in general terms, the industry's solvency position continues to be sound.

The aggregate total solvency ratio for the analyzed sample of insurance companies operating mainly in the Life insurance business was about 233% in 2017 (compared with 250% in 2016). In the case of composite companies operating in both the Life and the Non-Life insurance business, the aggregate total solvency ratio attained 208% in 2017 (compared with 190% in 2016). Finally, companies operating either totally or mainly in Non-Life insurance business had an aggregate total solvency ratio of about 275% in 2017 (compared with 291% in 2016). With regard to shareholders' equity, it should be emphasized that practically all the admissible equity from the universe of the companies analyzed was of the highest quality (99% Tier 1 on aggregate for the sample taken into account).

In relation to the analysis of the structural growth trends for the Spanish insurance industry, it can be inferred that the performance of the Spanish insurance market in 2017 seems to have slowed down and diverged from the trend toward strong growth initiated in 2014. This behavior was underlined by the fact that the indexes for penetration, density and depth registered slight falls in relation to the previous year, remaining below the average of said indexes for the 15 main economies in the European Union. While a process of recovery developed between 2008 and 2012 after the period of stagnation that followed the financial crisis, this was followed by a slowdown in the expansion of the Spanish insurance industry until 2014, from which time onward the process of expansion took off again, characterized by increases in terms of quantity (i.e., penetration) and also in terms of the degree of sophistication and maturity of the market (i.e., depth). Nevertheless, 2017 has marked a new turning point, the significance of which will need to be evaluated in the coming years.

The behavior observed in 2017 can essentially be explained by the negative performance of Life Savings insurance business, which is starting to be severely affected by the continuing low interest-rate environment in which the Eurozone is plunged. This is a context in which the demographic trend in Spain clearly demonstrates the need for savings in order to make provision for retirement, given the progressively increasing pressure that will be brought to bear on public funds in order to maintain the current replacement rates for pensions.

The penetration of Spanish insurance in the economy (i.e., premiums as a proportion of GDP) stood at 5.45% at the end of 2017 (compared with 5.71% in 2016, when it reached a historic maximum). As has been mentioned, the fall in the penetration rate was due to the Life insurance segment with its penetration rate of 2.53%, lower than that registered one year previously by 0.26 percentage points, while the figure for Non-Life insurance in the year under analysis stood at 2.92%, remaining unchanged in relation to 2016.

For its part, the density of insurance in Spain (i.e., premiums per capita) stood at 1,357.8 euros in 2017 (compared with 1,370.6 in 2016), a fall explained by the contraction of the Life insurance segment to 629.7 euros per capita (set against 668.6 in 2016), while for Non-Life insurance the figure was 728.1 euros per capita (compared with 702 in 2016).

The depth rate (i.e., the proportion of direct Life insurance premiums to the total of direct premiums on the market) stood at 46.4% in 2017, 2.4 percentage points less than the figure registered the previous year. As in the case of the penetration and density figures, the depth rate failed to reach the historic maximum registered in 2016. Nevertheless, the depth rate for the Spanish insurance market has risen by 4.4 percentage points over the last decade.

Meanwhile, the Insurance Protection Gap (IPG) has been estimated at 25.3 billion euros for 2017 (2 billion euros more than the 2016 figure). In structural terms, the composition of the IPG continues to demonstrate the scope for further development of the Life insurance segment. The proportion of the IPG corresponding to the Life insurance segment amounted to 96.7% in 2017 (1.1 percentage points more than in 2016), while the IPG for Non-Life insurance (0.8 billion euros) stood at 3.3%.

Finally, it is important to emphasize that 2017 witnessed an increase in claims arising from catastrophic events causing worldwide economic damage. It will take considerable time to assess the final cost involved, given the severity of the damage and the impact of the cover for loss of business, which will doubtless make 2017 one of the costliest years ever in terms of natural disasters. This has had a major impact on the accounts and balance sheets of many reinsurers, and it is estimated that there will be increased pressure to recover acceptable levels of technical profitability, which could lead to a rise in the cost of reinsurance.

1. Economic and demographic context

1.1. Economy

Global and economic backdrop

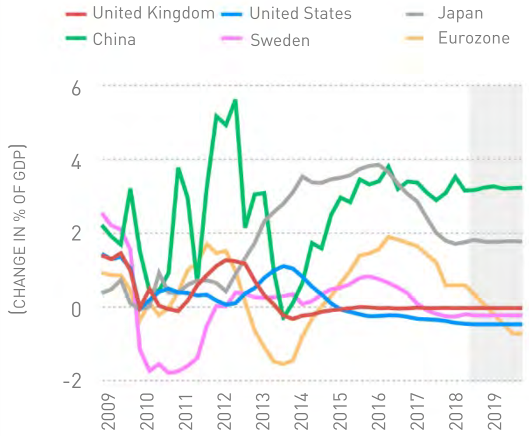
Global economic growth in 2017 (3.6%) gained pace across the board, pushing back the change in the economic cycle that had previously been anticipated. Both developing and emerging markets contributed to this growth in economic activity, but the performance of China and of the Eurozone was particularly surprising, while at the same time, expectations were confirmed concerning the cycical situation of the United States economy.

Global economic growth had two main drivers. On the one hand, the worldwide maintenance of lax monetary policy (particularly in the developed markets), and, on the other, the momentum of the Chinese economy, both combined to stimulate global trade and lead to a renewed upward cycle in the price of raw materials favoring the exporting economies (particularly in Latin America). Likewise, global liquidity levels were maintained in view of the virtual absence of inflationary pressures, despite the cyclical conjuncture of certain economies, a situation that is now starting to change, with effects on the global liquidity environment that are still to be defined.

For 2018, a certain continuity with the previous year's trends is expected, although set in a context of orderly deceleration and more restricted global liquidity overall. In this context, it is expected that the global economy will grow by about 3.7%, with developed markets at nearly 2% and emerging markets at about 4.9%.

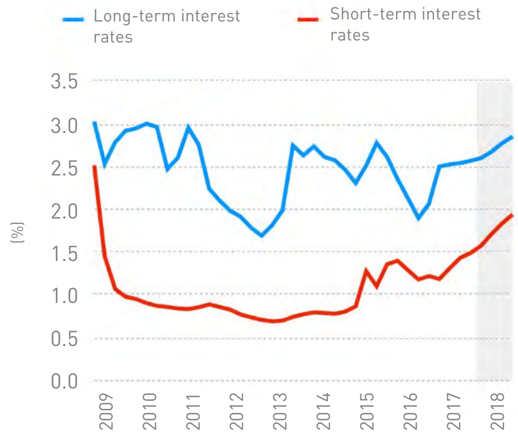
It is important to emphasize that the growth of the global economy will be accompanied by a certain disparity in monetary policy. On the one hand, the Federal Reserve of the United States will continue with an orderly withdrawal of monetary stimuli and will gradually raise interest rates, while the European Central Bank (ECB) will still maintain quantitative easing (QE) at least during 2018 and the first half of 2019 (see Chart 1.1-a). The emerging markets, for their part, will maintain a disparate monetary policy depending on global and local factors.

Chart 1.1-a
Global: assets in the balance sheets of central banks, 2009-2019



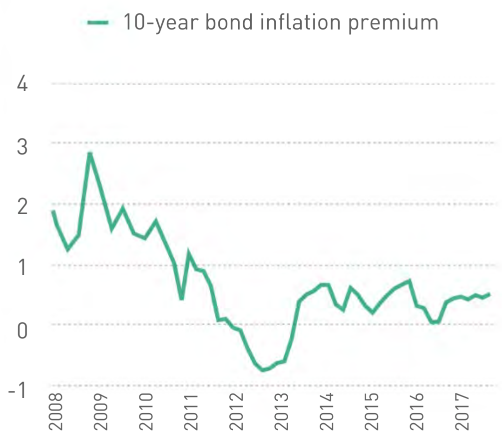
Source: MAPFRE Economic Research (with Haver Analytics data and information from central banks)

Chart 1.1-b
Global: short- and long-term interest rates, 2009-2018.



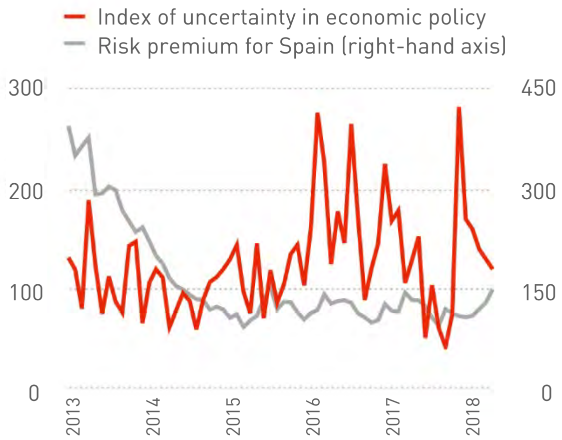
Source: MAPFRE Economic Research (with Oxford Economics data)

Chart 1.1-c
United States: inflation expectations, 2008-2017



Source: MAPFRE Economic Research (with Haver Analytics data and Federal Reserve information)

Chart 1.1-d
Spain: uncertainty and financing costs, 2013-2018



Source: MAPFRE Economic Research (with Haver Analytics data and Bank of Spain information)

Inflation will continue to be restrained although oriented toward central bank objectives, and with long-term interest rates rising with timid improvements in their term premiums (see Charts 1.1-b and 1.1-c). Forecasts indicate that the official United States interest rate will be in the region of 2% at the end of 2018, almost double that registered one year previously, while the ECB rate will stay at 0%, which will result in new gains in the interest rate curve profile in the United States and a situation very similar to that of 2017 in the Eurozone over the same period. The dollar finished 2017 very close to $1.20 against the euro, and short- and long-term factors may foreseeably keep the euro-dollar exchange rate in the $1.15 – $1.25 range during 2018. The dollar maintained varying degrees of attractiveness against certain emerging currencies, but will consolidate and extend its performance during the course of 2018.

Given the strength of the global outlook, the risk assessment at the end of 2017 was clearly positive despite the fact that tail risks had gained in envisageability. The danger was nevertheless identified of emerging risks such as the possible absorption of liquidity in a context of vulnerability for emerging markets reliant on the dollar, risks arising from economic policy in general (especially those linked to the renegotiation of NAFTA) and global geopolitical problems. Thus not only has the outlook for 2018 remained unchanged, but some of these risks now loom larger: the expected decisions of the Federal Reserve point toward a stronger dollar; global trade policy faces the prospect of new protectionist initiatives led by the US administration; and global geopolitical risks are as present as ever thanks to tensions in the Middle East and with North Korea. Furthermore, a range of elections looms in numerous emerging countries, which means that a more volatile context than that of 2017 can be anticipated.

European backdrop

For its part, Europe has been (and will continue to be in 2018) the developed region with the highest growth not accompanied by tax incentives, and its cyclical position is a couple of years away from that presented by the United States economy. For this reason the readjustment of monetary policy has not yet started here, despite the fact that the ECB has already explained the sequence that it will follow (fewer purchases, a rise in the deposit rate, a rise in overall rates and the sale of assets). This has taken place in a context of the highest economic growth in a decade, while undergoing difficulties in terms of converting growth into inflation.

In 2018 a somewhat lower level of growth than in 2017 is expected (around 2%), which is still above the long-term trend. Inflation, for its part, will still remain below the ECB objective, and the intervention rate will remain flat. The Eurozone long-term interest rate (the Bund) will continue to be restrained and will not narrow its differential with that of the United States, maintaining an exchange rate that is slightly higher than that estimated in order to ensure a balanced outcome.

Spain

Spain continues to lead growth among the major Eurozone economies. During the fourth quarter of 2017, the Spanish economy once again grew 3.1% (YoY), taking economic growth for the whole of 2017 to 3.1%. The main factors that contributed to this strength were domestic demand (+3.2%) and investment (+5.6%) along with lax monetary conditions and the creation of employment (unemployment dropped to 16.3% in January 2018, adjusted for seasonality).

Exports remain dynamic with growth of 4.4%, but imports too, up 5.6%. Consumption remained strong through employment gains, but for now, there is no salary pressure in Spain yet. Most of the consumption and investment is being carried out using receivables that, in fact, are gradually recovering and heading back into neutral territory. Newly-conceded mortgage loans are currently enjoying visible growth.

For 2018, it is hoped that the economy will close the year with growth of 2.8%, slowing on the 3.1% registered in 2017. Although the balance of risk against growth fell slightly (due to the political context), growth in activity will remain robust (see Chart 1.1-d).

Economic environment and demand for insurance

With regard to the effect of the economic environment on the insurance market, the good performance of the Spanish economy in 2017 was particularly favorable to growth in the Non-Life business lines. In an analysis of mid-term (2007-2017) trends, it can be observed that economic growth and the growth of Non-Life business are closely linked, as consumption capacity of households and businesses increases. A similar conclusion can be reached from an analysis of the behavior of Life business during the last decade, although in this case the behavior of interest rates also plays a major role, causing them at certain periods to react temporarily in an anti-cyclical way (see Charts 1.1-e and 1.1-f).

During the period 2007-2017, the insurance industry achieved an increase in total direct premium volume of 15.5%, while the Spanish economy enjoyed growth of 7.7%. The

Chart 1.1-e
Spain: economic growth and demand for insurance, 2007-2017

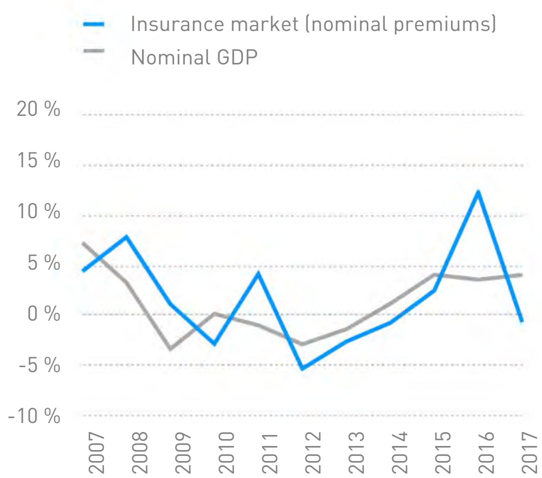
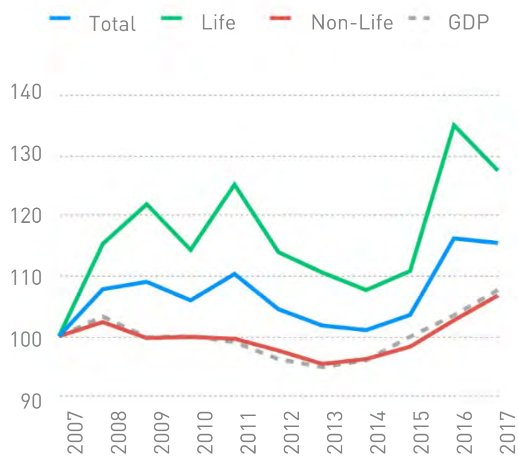


Chart 1.1-f
Spain: variations in direct insurance, 2007-2017 (2007 index = 100)



Source: MAPFRE Economic Research (with INE data)

accumulated growth during the 2007-2017 period was particularly marked by the growth in Life insurance business (up by 27.5%), while Non-Life insurance grew by only 6.8% (Chart 1.1-f).

In addition to the influence exerted by changes in the economic cycle on a greater or lesser capacity for consumption, there are various specific factors that may be related to the performance of the insurance industry. Some of the most relevant of these factors are analyzed below.

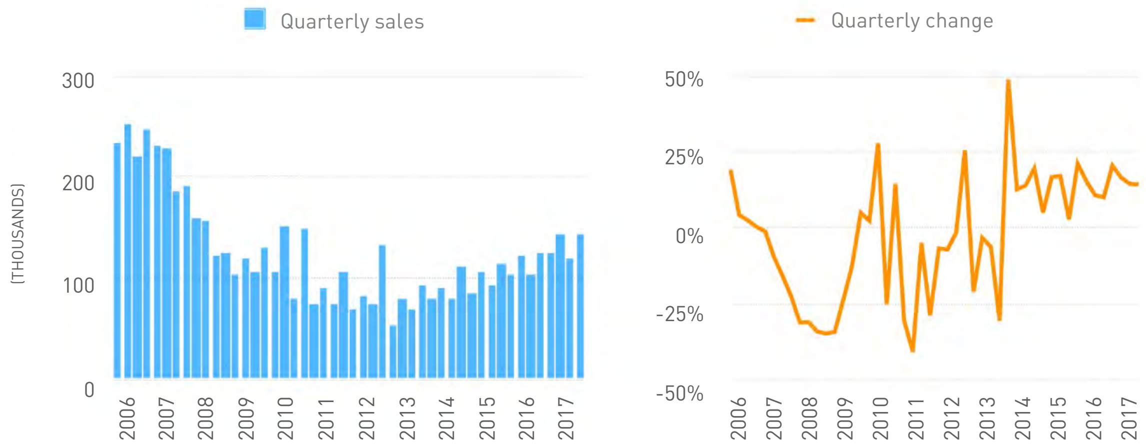
Real estate market

Real estate transactions (i.e., sales transactions and mortgage loans) undertaken by the relevant economic players have considerable importance in the performance of the Multirisk and Life risk insurance lines. Data from the Spanish Ministry of Public Works show an increase in the number of real estate transactions, which rose by 16.3% in 2017 (compared with 13.9% in 2016), making 2017 the year with the largest number of transactions undertaken since 2010, although still far behind the figures prior to the crisis of 2007 (see Chart 1.1-g).

It should be noted that since 2014, every quarterly change has been positive, thus marking a turning-point in the performance of the Spanish real estate market. An analysis of Chart 1.1-g referred to above shows that each of the four quarters of each year showed increases in the number of real estate transactions, some encouraged by legislative changes to the tax regime in force from the following year onward, and others for real estate investment reasons depending on the economic environment at the time. The following were among the most noteworthy cases:

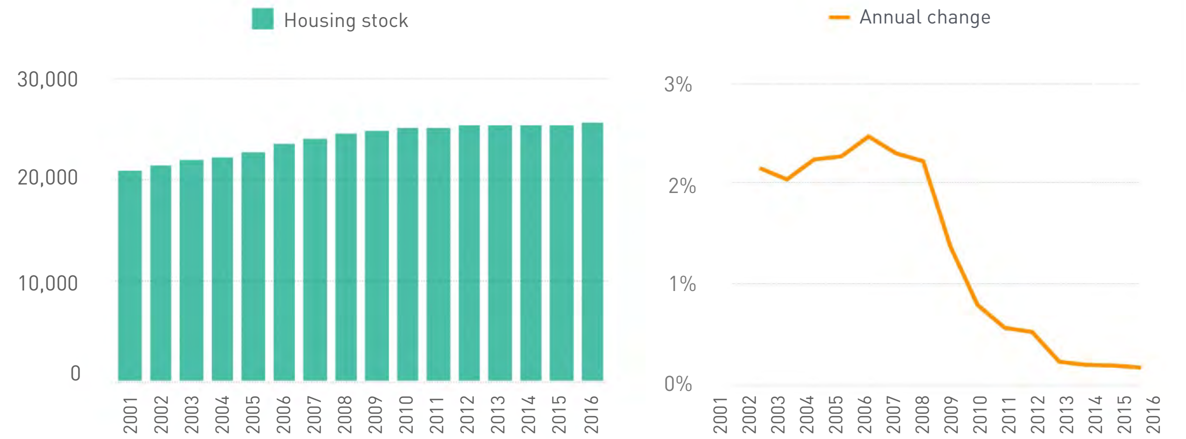
- The last quarter of 2012, when purchases of homes showed the advance effects of tax measures introduced from January 1, 2013 onward (the elimination of income tax rebates for principal residences and the increase in VAT from 4% to 10% on new homes).
- The last part of 2015, due to the elimination from January 1, 2015 onward of inflation-linked compensatory measures and tax abatements.
- A particular case was 2010, when the increase from 7% to 8% in the rate of Value Added Tax (VAT) on the purchase of new homes applied from July 1, combined with the elimination of the deduction on building accounts until December 31 of the same year, led to an upsurge in real estate transactions at these respective dates.

Chart 1.1-g
Spain: sale of homes, 2006-2017
(number of transactions, in thousands; quarterly changes, in %)



Source: MAPFRE Economic Research (with Spanish Ministry of Public Works data)

Chart 1.1-h
Spain: housing stock, 2001-2016
(numbers of homes, in thousands; annual changes, in%)

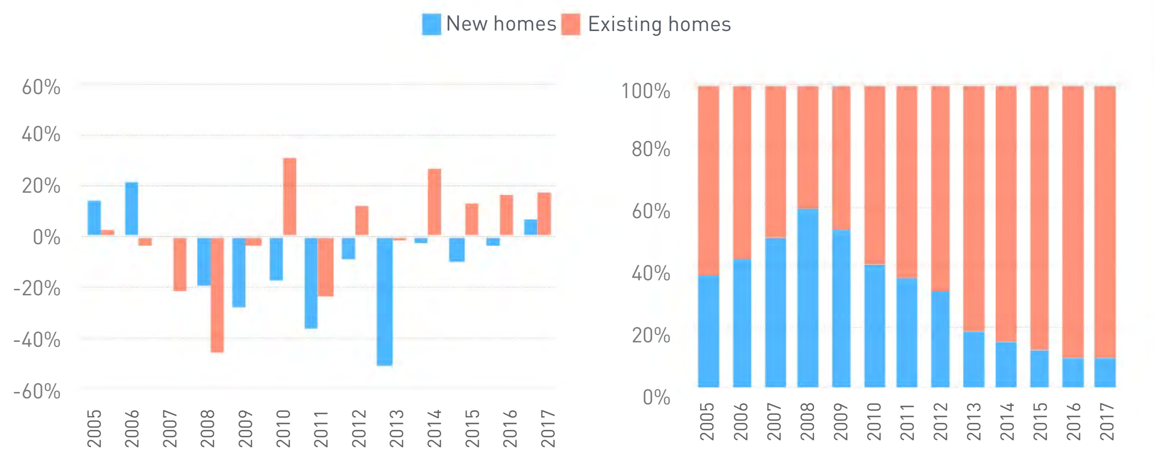


Source: MAPFRE Economic Research (with Spanish Ministry of Public Works data)

With regard to the housing *stock*, Spanish Ministry of Public Works data show a total in 2001 of 21,033,759 units, while the estimated figure for 2016 was 25,586,279 units, indicating the construction of over four million homes in the last fifteen years (see Chart 1.1-h).</ The largest increase in the housing *stock* took place in 2006, prior to the economic crisis (with 566,390 units registered), showing an annual change of 2.5%. From that year onward, the growth rate of the housing *stock* has consistently decreased.

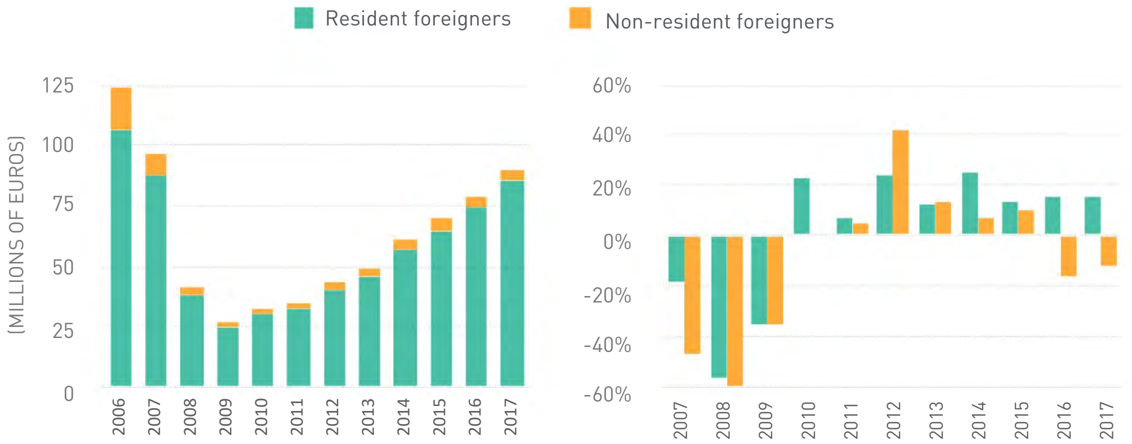
With regard to the number of sales of new homes compared with the sales of existing homes, Chart 1.1-i shows how in the last four years the annual change in the purchases of existing homes has been continuously positive, unlike the change in the purchases of new homes, which has been largely negative over the last ten years and only returned to positive figures in 2017 (up by 7%). This observation is reinforced when we analyze the respective weighting in the total sales of homes. In this respect, since 2008 the percentage of purchases of new homes has fallen in comparison with the purchases of existing homes.

Chart 1.1-i
Spain: sales of new homes vs sales of existing homes, 2005-2017
(annual change, in%; share of total, in%)



Source: MAPFRE Economic Research (with Spanish Ministry of Public Works data)

Chart 1.1-j
Spain: real estate transactions involving foreigners, 2006-2017
(amount, in millions of euros; annual change, in %)



Source: MAPFRE Economic Research (with Spanish Ministry of Public Works data)

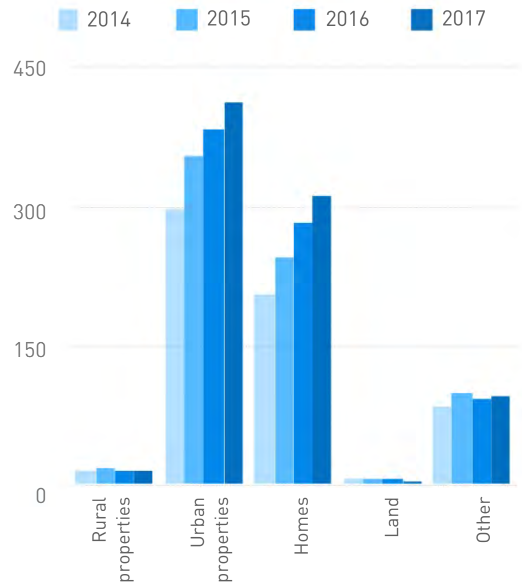
In terms of the distribution of real estate transactions for homes by autonomous region in 2017, all regions enjoyed positive annual changes, as in 2016, and in 2017 the Castile-La Mancha region had the highest growth with 27%, while Ceuta-Melilla saw the lowest growth, with 4.3%. In terms of provinces, the highest growth rates were enjoyed by Madrid and Barcelona, with increases of 15% and 10.2% respectively.

In relation to real estate transactions undertaken by foreigners in Spain in 2017, these represented 16.8% of the total throughout the country (compared with 17.1% in 2016), of which, except in the case of Madrid (with 8.3%), the coastal areas continue to be those most in demand (Alicante 22%, Malaga 11.9%, the Canary Islands 10.9%, Barcelona 8.4%, the Balearic Islands 7.2%).

On examining the changes over time during the last ten years (Chart 1.1-j), a marked fall in transactions involving foreigners (both resident and non-resident) can be seen in the first few years of the economic crisis (2007-2009), before recovering from 2010 onward. Nevertheless, annual changes show differences in the numbers of transactions undertaken by resident and non-resident foreigners from 2010 onward, given that the annual changes continue to be positive for resident foreigners, the figures for non-residents become negative for the last two years of the period analyzed.

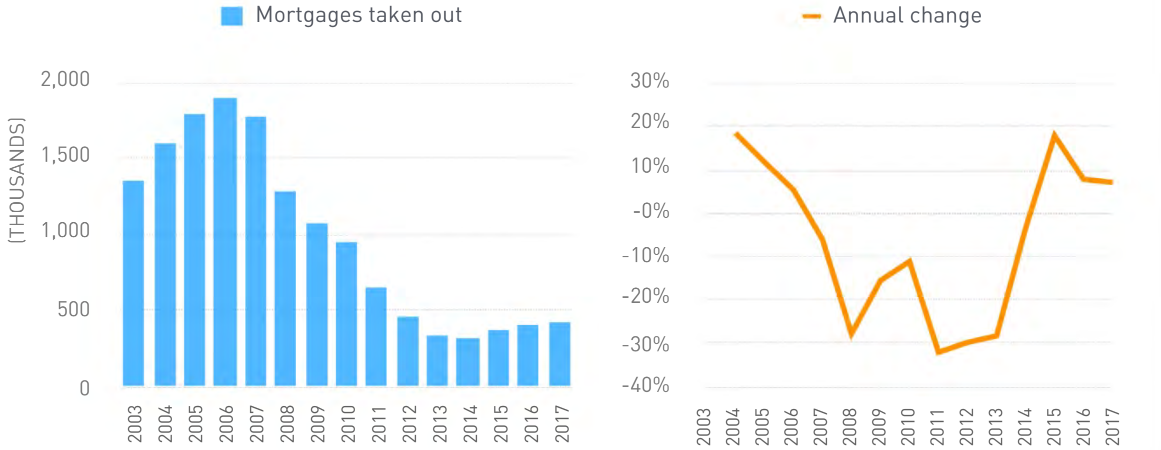
Meanwhile, mortgage loans taken out during 2017 increased by 7.1% compared with the previous year, 72.3% of which consisted of mortgages on homes (Chart 1.1-k), with a recovery also being observed in percentage changes from 2014 onward.

Chart 1.1-k
Spain: change in the number of mortgages, 2014 - 2017
(number of mortgages, thousands)



Source: MAPFRE Economic Research (with Spanish Ministry of Public Works data)

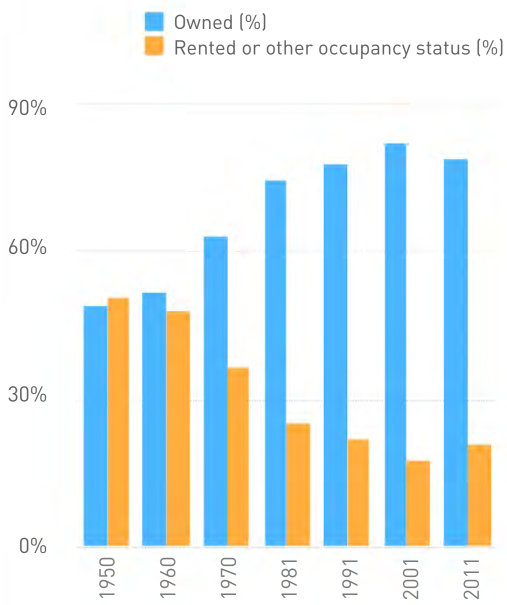
Chart 1.1-l
Spain: mortgages compared with total properties, 2003-2017
(number of mortgages, in thousands; annual change, in %)



Source: MAPFRE Economic Research (with INE data)

Finally, the change in the last fifteen years in the number of mortgage loans taken out shows the significant reduction in volume over this period, with 2017 still a long way behind the figures registered in 2003 (see Chart 1.1-l).

Chart 1.1-m
Spain: changes in occupancy of homes owned, rented or inhabited free of charge, 1950-2011 (%)



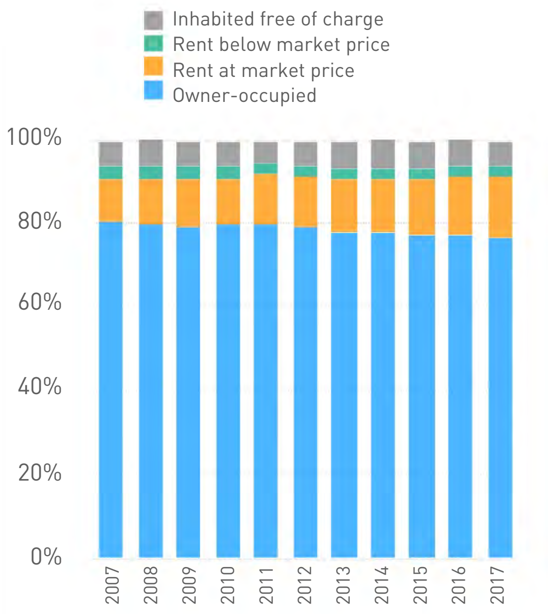
Source: MAPFRE Economic Research (with Spanish Ministry of Public Works data)

Price indexes also show an increase in line with the number of real estate transactions undertaken. Thus the Home Price Index (IPV) increased by 7.2% in 2017, much more than the 4.5% registered in 2016. Similar increases were registered in the IPV for new homes, with 7.4% (against 4.3% in 2016), and in the IPV for existing homes, with 7.2% (compared with 4.5% in 2016). This positive trend continues to increase, since the change in the index in the last quarter of 2017 was 0.9%.

In a brief reference to the residential rental market, the data of the Spanish Ministry of Public Works and the Spanish National Institute of Statistics (INE) show a continuous reduction in the number of rentals in favor of owner occupancy from 1950 to the year 2000. From 2002 onward, the trend was reversed and rental recovered ground (see Chart 1.1-m).

The INE's Survey of Living Conditions for the last ten years (see Chart 1.1-n) also highlights that the number of homes in owner occupancy stood at 76.7% in 2017, with homes rented at market prices accounting for 14.3% and homes rented below market prices representing 2.6% of the total in 2017.

Chart 1.1-n
Spain: distribution of homes by occupancy status, 2007-2017
(%)



Source: MAPFRE Economic Research (with INE data)

Automobile

In 2017, the vehicle fleet in circulation in Spain totaled 33 million, with an increase of 2.6% over 2016. The number of private automobiles, which represents 72% of the fleet, increased by 3.3%, reaching a total of 23.6 million. For their part, new registrations also turned in a positive performance, with growth of 12.4%, closing the year at 1.8 million.

Moreover, overall mobility also increased in 2017, with a total of 408.5 million long-distance journeys, representing an increase of 4.2% over 2016. With regard to fatal accidents on inter-city trunk roads, the year ended with an increase both in the number of accidents (+3%) and in the number of fatalities (+3%), although the number of hospitalized injuries fell (down by -6%) In total, 1,067 fatal accidents took place, in which 1,200 people died and a further 4,837 required hospitalization.

According to the data published by the Spanish Directorate-General for Traffic (DGT), in 2017 there was an increase in the average age of the vehicles involved in fatal accidents. The main factors leading to accidents were loss of concentration, inappropriate speed, consumption of drugs and alcohol, and tiredness or falling asleep.

Companies

According to the latest data available from the Central Companies Directory (DIRCE), the number of companies active in Spain increased by 1.4% in 2016, totaling 3.28 million as at January 1, 2017. This confirms the previous year's positive result, when for the second time an increase was registered in the number of active companies in Spain, after six years of decline from its peak of 3.4 million companies in 2008. This statistic is an additional indicator of the good performance of the Spanish economy.

The largest sector was "Other Services" (58.78%), which grew by 2.7%, followed by "Trade" (23%), which contracted by 0.5% compared with January 1, 2016. An expansion of 1.6% can be observed in the "Industry" sector, while the "Construction" sector, which continues to have significant weight at 12.3%, underwent a slight contraction of 0.9%. It should be noted here that the National Classification of Economic Activities (CNAE 2009) employs a broad definition of the "Construction" sector, which includes real estate promotion activities, among others.

The overall size of Spanish companies remains small: 55.5% had no salaried employees at all. Companies with fewer than two wage-earners represented 82.8% of the total, and only 4.6% had more than twenty employees. The regions of Catalonia and Madrid accounted for 18.6% and 16% respectively of the total number of companies, followed by Andalusia with 15.3%.

According to company statistics used by INE as a measurement of business dynamism, there were 94,382 new company registrations in 2017, down by 6.6% on 2016. Company dissolutions also rose by 1.6% to 21,554. In 2017 a total of 31,007 companies increased their capital, 1.6% fewer than in the previous year, while paid-up capital for new company registrations fell (-14.5%), but rose in those increasing their capital (+17.8%)[1].

The sectors with most companies created and dissolved were "Trade", with 22.1% of creations and 20.9% of wind-ups, "Real estate, finance and insurance" with 13.6% of creations, and "Construction" with 18.2% of company dissolutions. Meanwhile, the region with the largest number of companies created in 2017 was Madrid, followed by Catalonia. Madrid also topped the table for the number of companies dissolved.

Low interest rate environment

The persistence of the low interest rate environment has continued to have an adverse effect on the Life Savings and traditional life annuities business lines. The upturn in risk-free interest rates at the long end of the curve (see Chart 1-1-o), supported by negligible or non-existent returns on bank deposits (which remain subject to a negative marginal deposit facility imposed by the ECB), has helped to maintain positive growth figures in previous years, but lost its momentum in 2017, and accordingly Life insurance premium volumes registered a fall of -5.6%, totaling 29.407 billion euros.

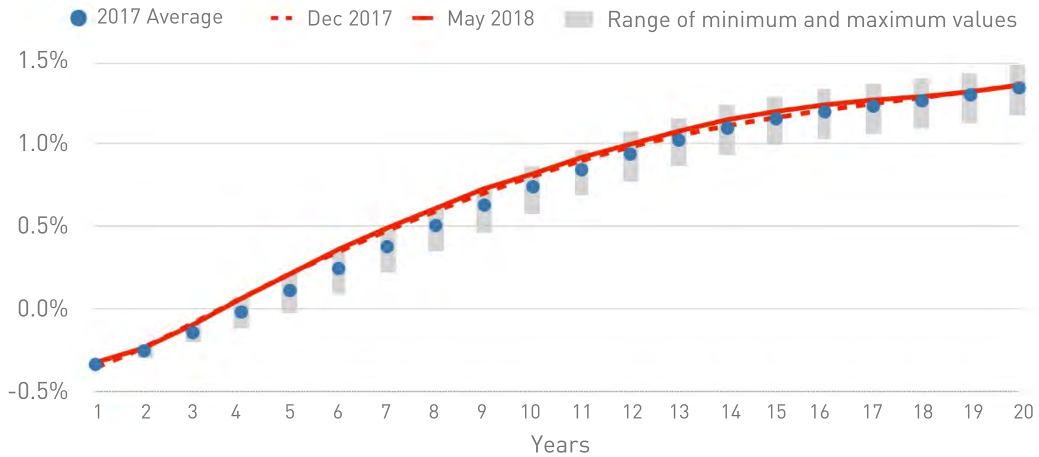
1.2. Demography

Demographic trends

The population pyramids constructed on the basis of the 2017 updating of United Nations (UN) data and forecasts continue to point to the generalized problem of the aging of the population in developed countries and, increasingly, in some emerging countries also. In particular, in countries such as Spain or Germany, the combination of high birth rates in the 1950s and 60s (known as the "baby-boom") followed by a dramatic decline in birth rates, as well as low mortality rates and an increase in life expectancy, make the aging problem particularly severe and more acute than in the average developed economy (see Chart 1.2-a).

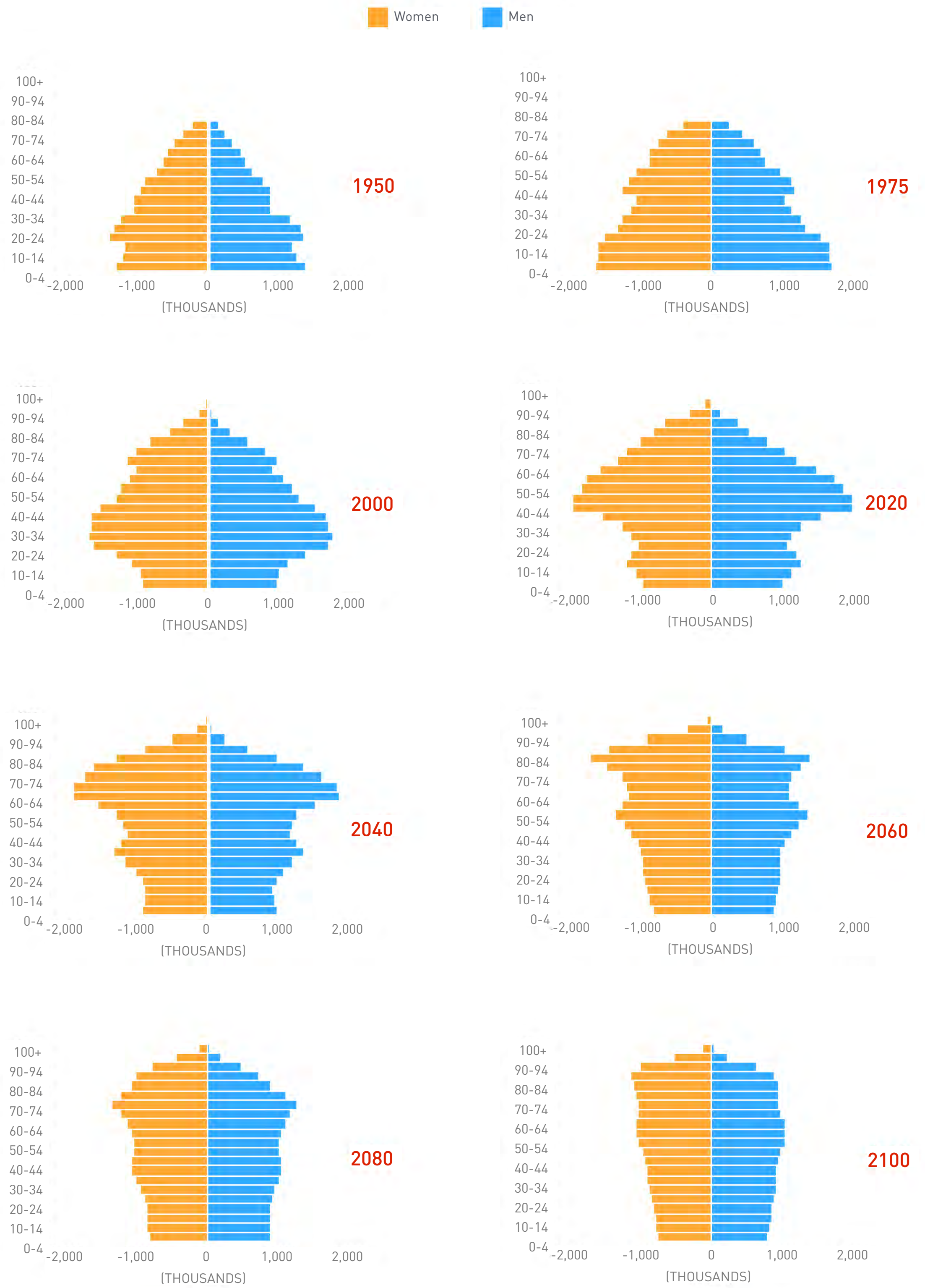
In the Spanish case, life expectancy at birth (which stood at 78 years in 2000) is set to reach over 83 by around 2020, a gain of five years over a period of two decades. According to UN forecasts, life expectancy at birth of the Spanish population is forecast to exceed 87 by 2050 and 93 in 2100 (see Chart 1.2-b).

Chart 1.1-o
Eurozone: risk-free yield curve
(%)



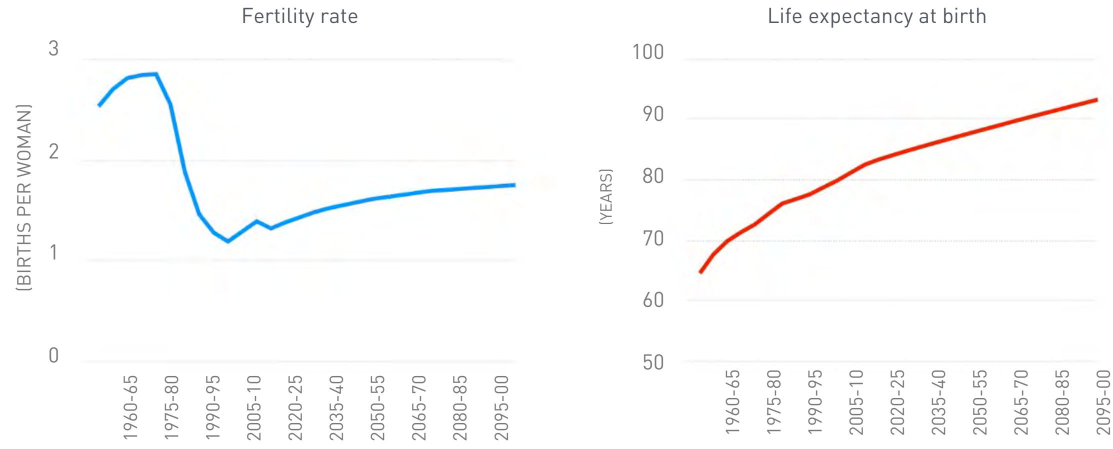
Source: MAPFRE Economic Research (with EIOPA data)

Chart 1.2-a
Spain: changes in the populations pyramid, 1950-2100



Source: MAPFRE Economic Research (with UN data)

Chart 1.2-b
Spain: fertility rate and life expectancy at birth, 1950-2100



Source: MAPFRE Economic Research (with UN data)

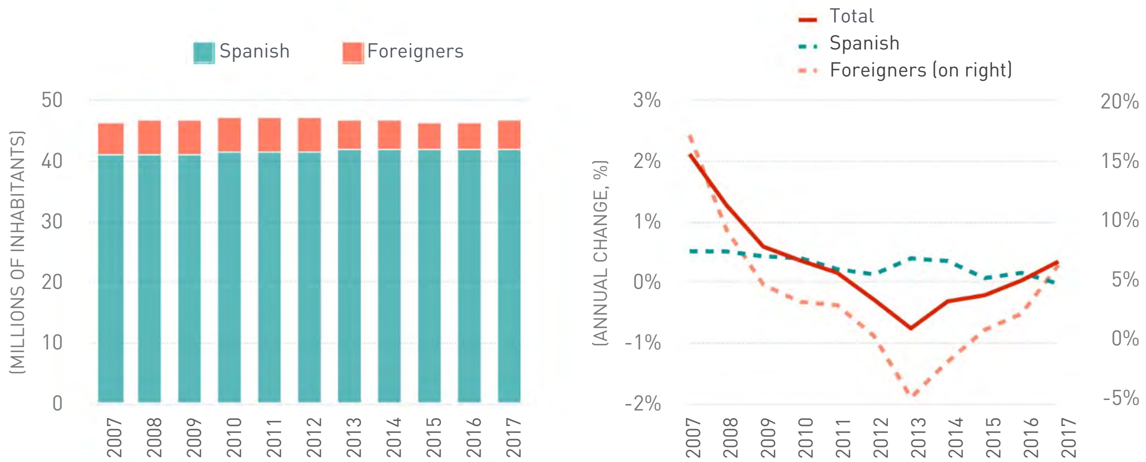
The problem of the aging of the population has thus become more pronounced in Spain, giving rise to a constrictive type of population pyramid, with no expectations that this trend can be reversed (creating a stationary type of population pyramid) until just before the end of the century.

The dynamics arising from this pattern suggest that the Spanish population pyramid faces a progressive aggravation of the problem of the aging of the population over the next 25 years, with all the consequent budgetary tensions for the Spanish government in terms of its commitment to paying pensions, as a result of the arrival at retirement age of the "baby-boomer" generation.

State of play in 2017

With regard to the demographic situation in 2017, the Spanish population consisted of 46.7 million inhabitants, of whom 89.9% were Spanish nationals, and 10.1% were foreign residents. This represented a 0.3% increase over the population in 2016, principally

Chart 1.2-c
Spain: population changes, 2007-2017
(Distribution, millions; annual change, %)



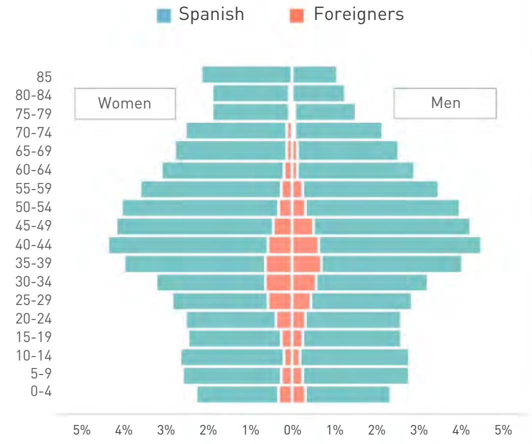
Source: MAPFRE Economic Research (with INE data)

accounted for by a higher growth rate on the part of the foreign population. Thus, during the period 2016-2017 the number of foreign nationals increased by 169,560 (see Chart 1.2-c).

Furthermore, as shown in Chart 1.2-d, in 2017 the average age of those registered in the Municipal Census[2] was 43.9 years, that of Spanish residents being 43.9 years and with 36 years for foreign nationals.

Finally, it should be highlighted that life expectancy for those born in Spain stood at 83 years, one of the highest figures in the world. All the above, combined with the performance of the fertility rate (Chart 1.2-b), has led to the maintenance of a population pyramid of a constrictive nature.

Chart 1.2-d.
Spain: distribution of the population by age and gender, 2017
(structured in five-year cohorts, %)



Source: MAPFRE Economic Research (with INE data)

2. Structure of the insurance industry

2.1. Market concentration

As had been noted in previous reports, the Spanish insurance market continues to be characterized by a high degree of competition. This is the case despite a mid-term trend toward a greater concentration of activity due to inorganic company growth arising from the various commercial transactions that had taken place, due to companies' own organic growth, and due to the particularly strong development of the online Life insurance segment resulting from the rationalization of the banking sector after the crisis of 2012.

As shown in Chart 2.1., while in 2007 the Herfindahl index stood at 458.4 points, by 2017 it had risen to 587 points, albeit still below the theoretical threshold (1,000 - 1,500 points) associated with levels of concentration in the insurance industry that could affect competition.

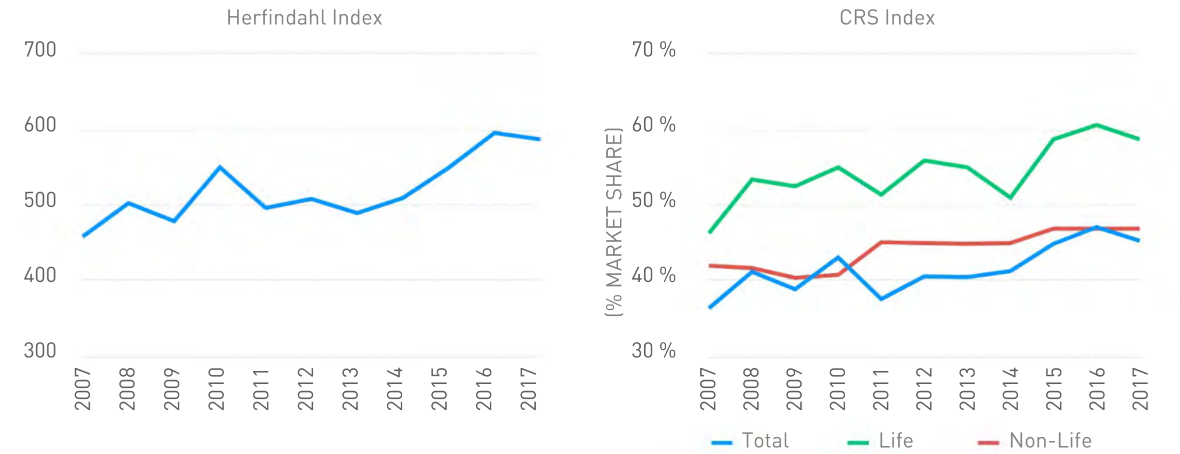
In the analysis of the performance of the CR5 index (representing the market share of the five largest insurers) the same trend can be seen toward increasing concentration over the period 2007-2017, particularly in the Life insurance segment. Nevertheless, in 2017 it decreased slightly, given that the five groups with the largest share of the Life insurance market experienced a 7.7% reduction of premiums, which means that their joint market share decreased by almost two percentage points to 58.7%. For their part, the five leading groups for Non-Life insurance business maintained their market share at 46.9% in 2017.

2.2 Ranking of companies

Overall market

Chart 2.2-a shows the ranking in 2017 of the ten largest insurance groups in the Spanish market based on the criterion of premium volume in this market. VidaCaixa led the overall ranking of insurance groups with total premium volume of 9.666 billion euros and a market share of 15.2%, three tenths higher than that of the previous year. MAPFRE and Mutua Madrileña occupied second and third positions respectively. The latter company rose by one place in the ranking compared with the previous year, relegating into fourth position

Chart 2.1
Spain: concentration indexes, 2007-2017



Source: MAPFRE Economic Research (with ICEA data)

Zurich, a group that registered a 31.7% reduction in premiums, basically due to the reduction in premiums in its joint business with BanSabadell. Also worthy of note was the significant rise of Santalucía from twelfth to the seventh position in the 2017 ranking, after the acquisition of Aviva Vida y Pensiones and of the bancassurance agreements with Unicaja Banco and its subsidiary EspañaDuero.

Non-Life market

Chart 2.2-b presents the 2017 ranking of the ten largest groups in the Non-Life market segment, again using the criterion of premium volume in Spain. This ranking remains unchanged with regard to the previous year, both in relation to the groups concerned and the positions they occupy. MAPFRE remained at the head of the Non-Life ranking, with a market share of 14.25%, followed by Mutua Madrileña (14.16%) and Allianz (7.0%).

Life market

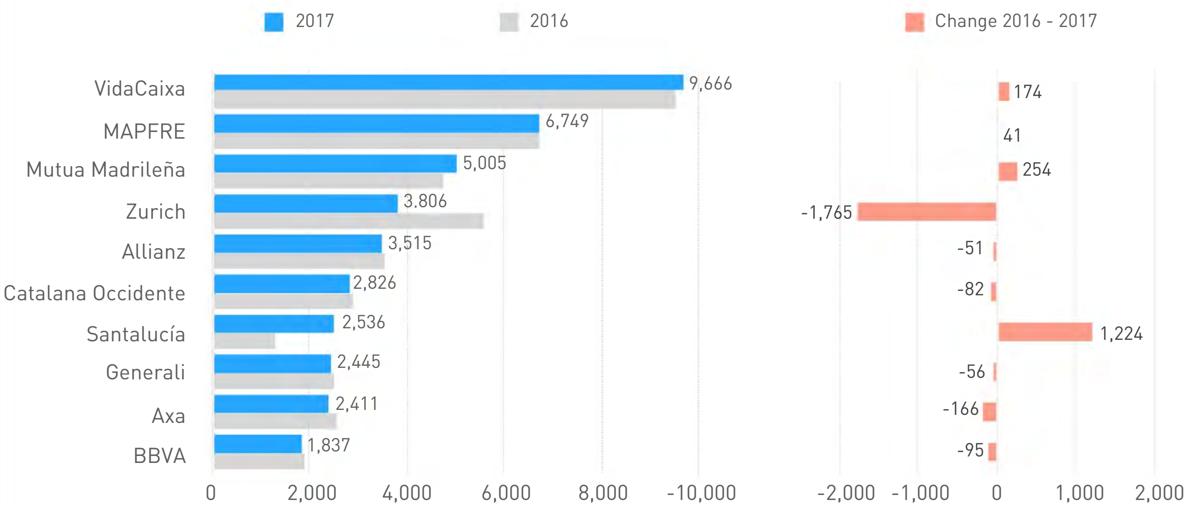
Finally, Chart 2.2-c shows the 2017 ranking of the ten largest Life groups by premium volume in Spain. The first three positions in this ranking remain unchanged against 2016, with VidaCaixa in the top position, increasing its market share by 2.4 percentage points to 32.8%. Zurich stayed in second place, despite a five-point fall in its market share to 9.5%. Third place was occupied by MAPFRE, with a share of 6.5%, followed by the Santander Group, which, thanks to a 24.6% increase in premium volume, rose three positions in the ranking to replace BBVA Seguros in fifth place. This rise on the part of Santander Seguros, combined with Santalucía's entry into the ranking in sixth position (after its above-mentioned acquisition of Aviva Vida y Pensiones and bancassurance agreements with Unicaja Banco), led to a fall in table rankings for the groups coming after them.

2.3 Classification of companies

National insurance companies

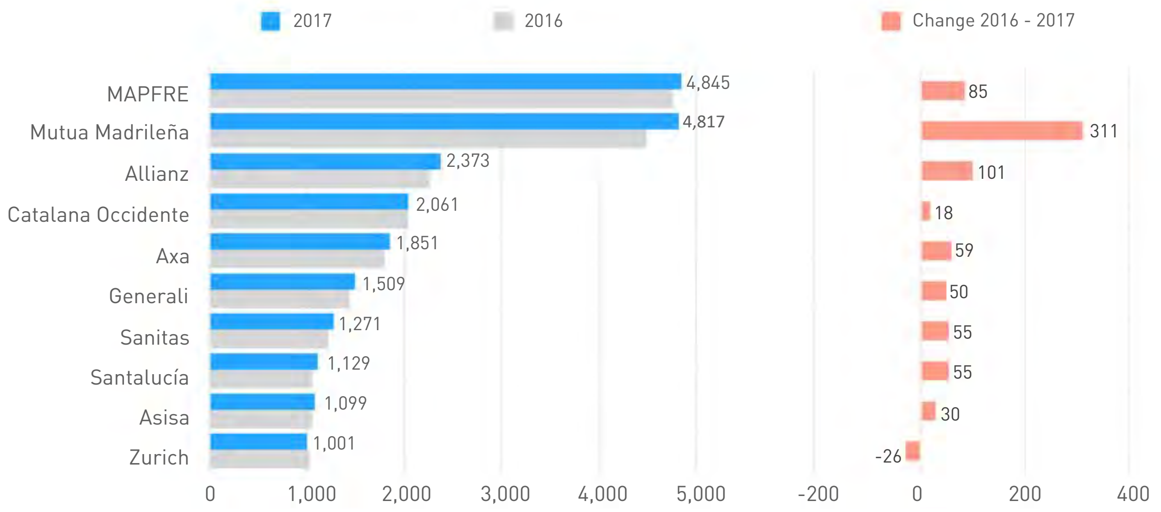
With regard to the structure of the Spanish insurance market, 228 insurance companies were registered in the Administrative Register of Insurance Companies as at December 31, 2017. This was three fewer than the previous year, thus continuing the trend observed in recent years toward a decline in the number of insurers, particularly led by limited companies, the total number of which fell from 206 in 2007 to 145 in 2017 (see Chart 2.3).

Chart 2.2-a
Spain: overall ranking of insurance groups by premium volume, 2016-2017
(millions of euros)



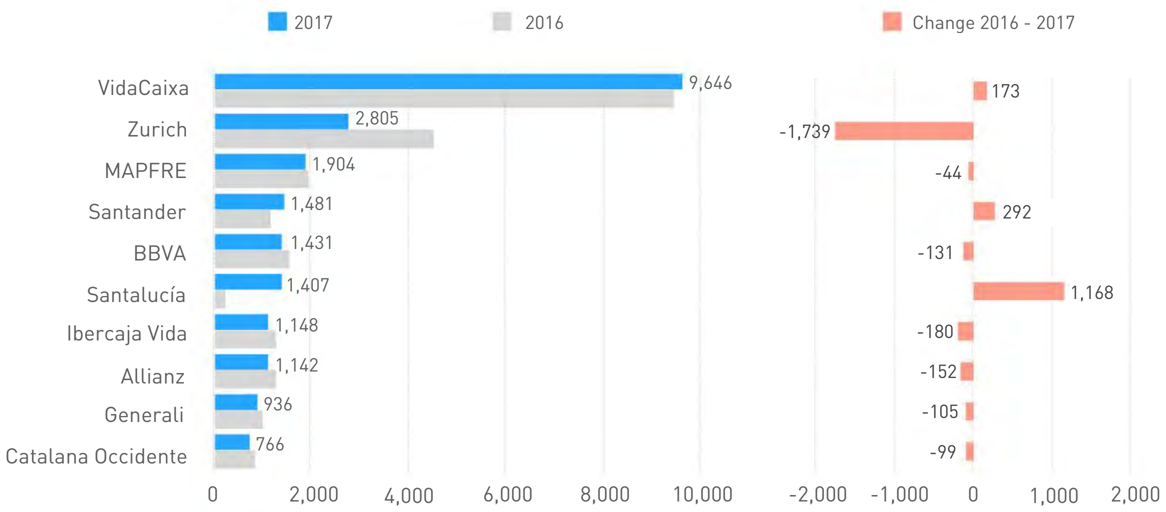
Source: MAPFRE Economic Research (with ICEA data)

Chart 2.2-b
Spain: overall ranking of Non-Life insurance groups by premium volume, 2016-2017
(millions of euros)



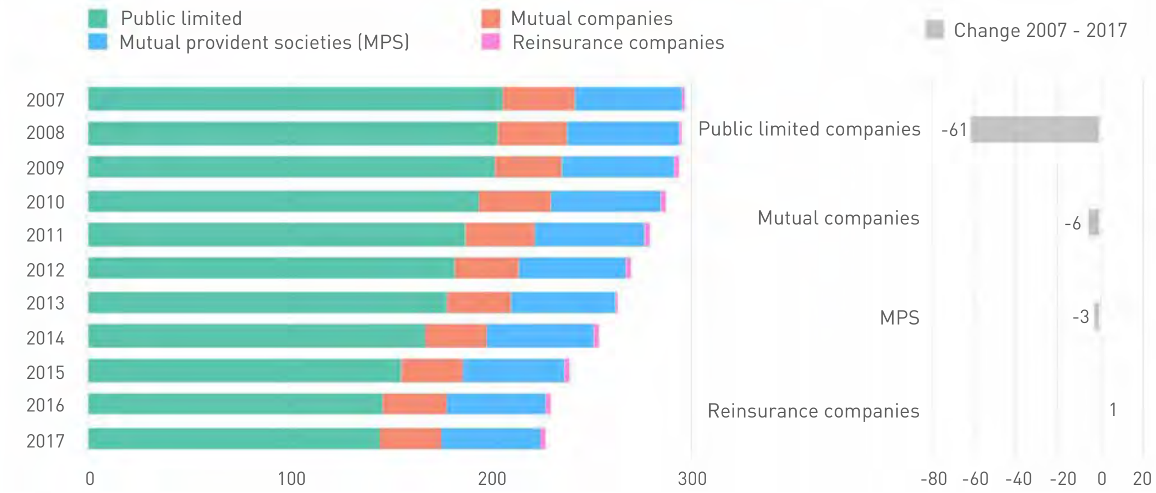
Source: MAPFRE Economic Research (with ICEA data)

Chart 2.2-c
Spain: overall ranking of insurance groups by premium volume, 2016.2017
(millions of euros)



Source: MAPFRE Economic Research (with ICEA data)

Chart 2.3
Spain: number of companies by legal structure, 2007-2017
(number of companies)



Source: MAPFRE Economic Research (with DGSFP data)

As highlighted in previous reports, a major factor in the decline in the number of insurance companies in recent years has been the reorganization of Spain's banking sector, a process that has led to the disappearance of a large number of financial institutions (mainly savings banks), forcing a renegotiation of the bancassurance agreements that were in force at the time.

In terms of legal status, as shown in Chart 2.3 referred to above, in 2017 there were 145 public limited liability companies, 31 mutual companies, 49 Mutual Provident Societies (subject to oversight by the Directorate General of Insurance and Pension Funds - DGSFP), and 3 specialized reinsurance companies.

In terms of the M&A movements taking place during 2017, particularly noteworthy was the acquisition by Santalucía of the bulk of the business of the Aviva insurance company in Spain, which included the following: Aviva Vida y Pensiones, Aviva Gestión, its share in Aviva Servicios Compartidos, 50% of Unicorp Vida (not including its share in Caja Granada Vida) and 50% of Caja España Vida, the remaining 50% shares of which continue to be held by Unicaja Banco and EspañaDuero, respectively. Furthermore, Santalucía became the new partner of the Unicaja Banco group and its subsidiary EspañaDuero with regard to Life insurance and pension schemes. Prior to this, Caja EspañaDuero (owned by Unicaja) had acquired from MAPFRE a 50% holding in the companies Duero Vida and Duero Pensiones.

In terms of strategic agreements, it should be noted that Barclays transferred its portfolio of Life insurance and pension schemes to VidaCaixa in March 2017, a transaction involving the transfer of 25,000 policies.

Spanish insurers' international footprint

With regard to the international presence of Spanish insurance companies, according to 2017 data there were seven Spanish insurance groups with direct investment overseas in the insurance industry: AMA, BBVA, Catalana Occidente, CESCE, MAPFRE, Mutua Madrileña and Santander.

Agrupación Mutual Aseguradora (AMA Seguros) began to operate in Ecuador in 2015 in the Occupational Third-Party Liability insurance market, through its subsidiary AMA América, and more recently has started to offer Automobile insurance policies. The company took in nearly USD 600,000 (EUR 496,000) in premiums during the 2017 fiscal year. This Spanish mutual company has announced that it has plans to expand in Colombia that are currently at a very advanced stage.

For its part, BBVA is engaged in insurance business mainly in Spain and Latin America, essentially in Mexico (its businesses in Spain and Mexico represent approximately 85% of its insurance activity). At the end of 2017, BBVA announced its acceptance of a binding offer made by the Bank of Nova Scotia Group ("Scotiabank") to purchase its shares in the BBVA Chile company and other BBVA Group companies in Chile, including its Life insurance arm BBVA Seguros Vida. The bank also has insurance subsidiaries in Colombia and Venezuela.

The Catalana Occidente group, through the Atradius and Atradius Re brands, maintains its position as one of the leaders in credit insurance at a global level, with activity in over fifty countries. Over 30% of its revenue comes from outside Spain, mainly from other European markets. The Spanish Export Credit Insurance Agency (CESCE) operates on its own behalf and on its own account to cover short-term trade risks in the Credit and Guarantee business. It also acts as Spain's Export Credit Agency (ECA) managing export credit insurance on behalf of the Spanish State, and operating in ten countries. It has branches in France and Portugal, and subsidiaries in the leading Latin American markets (Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela). With regard to its Latin American subsidiaries, in 2017 CESCE maintained the aggregate volume of its business at the same level as in the previous year, for both the Credit and Guarantee lines, and the aggregate financial result for the year was also positive, although lower than in 2016.

MAPFRE is a global insurance company operating in over 100 countries around the world, and occupies a benchmark position in the main global markets. In 2017, premiums issued by the Group amounted to 23.481 billion euros. An idea of the importance of MAPFRE's international presence can be gained from the fact that approximately 64% of gross premiums issued (i.e., excluding Consolidation Adjustments) originated outside Spain.

Banco Santander undertakes its international insurance business through strategic agreements signed with various insurance companies, such as the agreement with Zurich for Latin America, Aegon in Portugal and with CNP (which distributes its products exclusively to Santander Consumer Finance clients in a number of countries where it operates). According to information provided by the company, its alliance with Zurich in Latin America brought it a profit of 241 million euros in 2017, an 8% increase over 2016. Moreover, gross premiums issued by the Aegon Santander Portugal Vida and Aegon Santander Portugal No Vida companies amounted to 67.3 and 32.7 million euros for Life and Non-Life insurance business lines respectively.

Finally, the Mutua Madrileña group's president has expressed his satisfaction with the performance of its alliance in Chile with BCI, which generated a profit of nearly 10.8 million euros in 2017. It has also announced its intention to continue exploring new markets to expand its international presence, as and when good opportunities arise.

Spanish companies active in the European Economic Area via branches or under the free provision of services regime

As on December 31, 2016, the date at which the latest data were issued by the General Directorate of Insurance and Pensions Funds (DGSFP), 57 Spanish companies were operating under the right of establishment in the countries of the European Economic Area (EEA), representing 20 more than the previous year. The country with the largest number of branches was Portugal (14), followed by Italy (8) and the United Kingdom (5). At the same date, there were 56 Spanish companies operating under the free prevision of services regime in the EEA, the same number as in 2015, with Portual and the United Kingdom as the countries with the largest number of Spanish companies, followed by France and Germany.

Gross premiums from direct insurance and accepted reinsurance resulting from these transactions totaled 2.078 billion euros in 2015 (the latest available data). This represented an increase of 7.1% on the previous year, thanks to the momentum of Life insurance business, which grew both for companies operating under the free prevision of services (36%) and those operating under the right of establishment (26%). On the other hand, revenue from Non-Life premiums from branches and companies operating under the free prevision of services regime decreased by 1% and 10% respectively. For overall business, the largest markets were the United Kingdom, Italy and France (in that order).

Foreign investment in the Spanish insurance industry

Based on the latest available DGSFP data, in 2016 there were 29 foreign-capital companies in Spain, two fewer than the previous year. The amount of capital held by foreign investors totaled 1.143 billion euros (compared to 1.233 billion in 2015), representing 12.4% of the sector's total capital (13.5% in 2015). The ranking of companies operating in Spain that is shown in part 2.2 of this section of the report provides an indication of the importance of the presence in Spain or the large international insurance groups.

At the end of 2016, there were 77 branches of EEA companies operating in Spain, one branch of a company from outside the EEA, and 781 companies authorized to operate in Spain under the free provision of services regime. Premium volume for direct insurance and accepted reinsurance totaled 3.638 billion euros (16.7% less than the previous year), with a 3.6% reduction in premiums issued in 2015 (the latest available data) by companies operating under the free provision of services regime, which registered a decrease in the Non-Life segment (-14.3%) but increased in the Life (10.9%) segment. With regard to business from branches, Non-Life insurance (which accounted for 83% of premiums written by these companies) fell by -27.2%, accompanied by a fall of -6.7% in the Life segment.

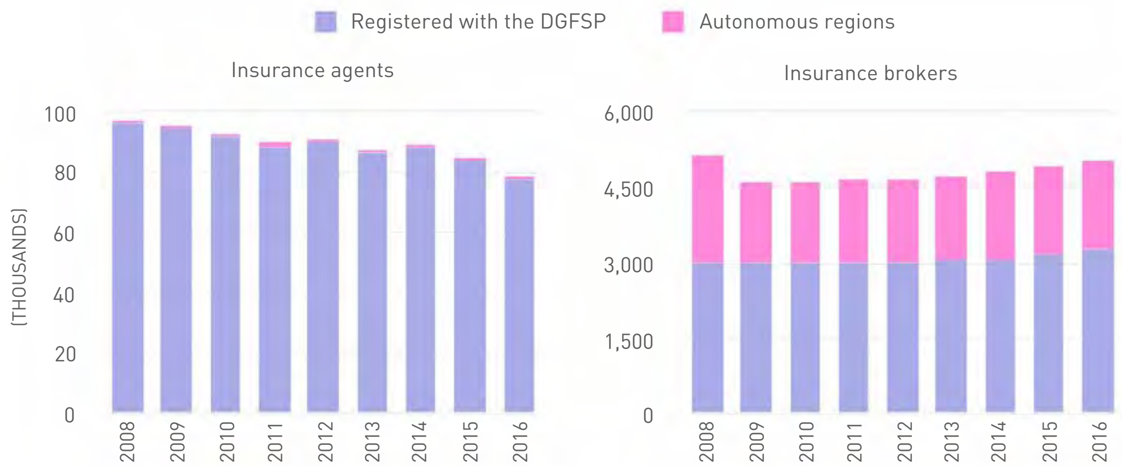
Mutual provident societies

Mutual provident societies are non-profit private insurance companies that offer a voluntary insurance modality, complementary to the compulsory Social Security system, and can also act as alternatives to the Social Security regime for self-employed workers. According to data from the Spanish Confederation of Mutual Provident Societies relating to a total of 285 mutual provident societies, to the end of 2017 these companies earned premium revenues of 3.460 billion euros, equivalent to 2% growth on the previous year. The volume of managed assets totaled 45.152 billion euros, compared to 40.666 billion euros in 2016.

2.4 Distribution channels

According to the latest information available from the DGSFP, as at December 31, 2016 there were a total of 83,875 insurance agents and brokers in Spain (6.4% fewer than in 2014), of which 96.8% were registered with the DGSFP itself, and the remaining 3.2% with the Spanish autonomous regions (see Chart 2.4-a). Of the above, 78,213 were exclusive agents and operators; 555 were agents and operators linked to bancassurance; and 5,041 were insurance brokers.

Chart 2.4-a
Spain: number of insurance brokers, 2008-2016
(thousands of insurance agents and brokers)



Source: MAPFRE Economic Research (with DGSFP data)

It should be added, finally, that at the end of 2016 there were a total of 66 reinsurance brokers.

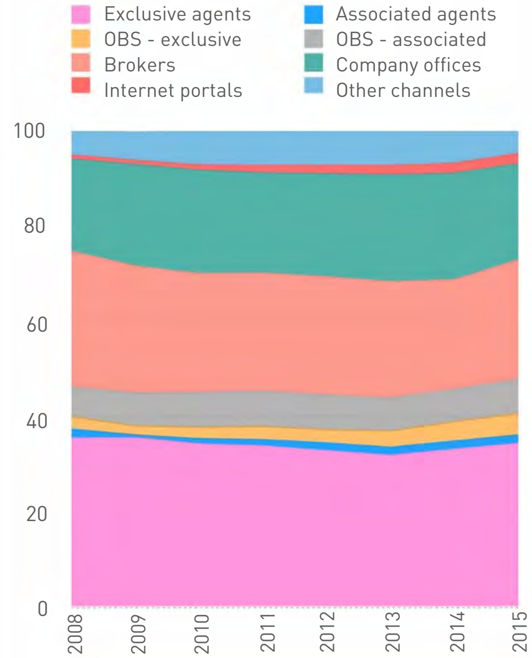
Providing a more detailed breakdown by channels, Chart 2.4-b and 2.4-c show changes in the intermediation business between 2008 and 2015 (the latest year for which data are available at this level of detail). In the case of the Non-Life insurance segment, the dominant channels over the years have been, on the one hand, exclusive agents and brokers and, on the other, sales through companies' own offices. Emerging channels (such as online sales) still represent only a very small proportion of Non-Life insurance distribution, although the trend is becoming more established with the passage of time.

In the Life insurance segment, the traditional channels (exclusive agents, brokers and sales through company offices) have also represented a significant share of the distribution of insurance products. Nevertheless, the key part of the business is channeled through bancassurance operators (OBS), both exclusive and associated, which at the same time highlights the growing importance of Life insurance products with saving components, the advent of which has boosted growth in the Life segment in the Spanish market.

Finally, Tables 2.4-a and 2.4-b provide the latest available data on the structure of distribution of products by channel in the Spanish insurance industry for both the Non-Life and Life segments.

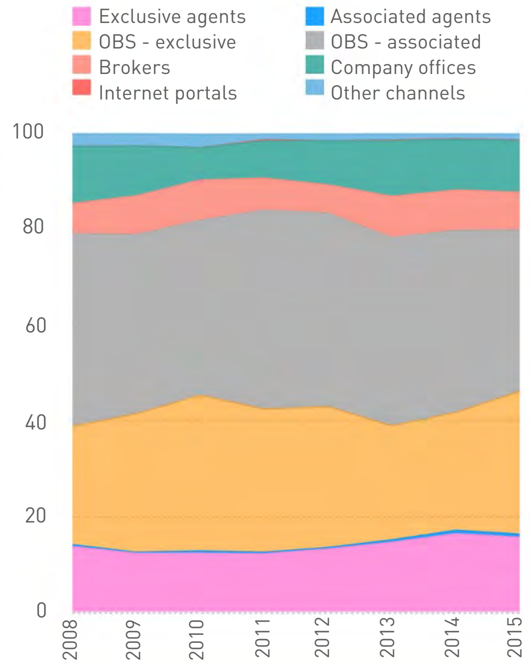
It should also be noted that a Draft Law is currently being examined by the Spanish Parliament concerning Private Insurance and Reinsurance Distribution. This could have a significant effect on the future development of distribution channels, and is analyzed in Chapter 6 of this report.

Chart 2.4-b
Spain: percentage distribution of the portfolio of Non-Life business by channel (%)



Source: MAPFRE Economic Research (with DGSFP data)

Chart 2.4-c
Spain: percentage distribution of the portfolio of Life business by channel (%)



Source: MAPFRE Economic Research (with DGSFP data)

Table 2.4-a
Non-Life: business distribution structure by channel
(%)

Channels	2008	2009	2010	2011	2012	2013	2014	2015
Exclusive agents	35.7	35.7	34.4	34.0	33.0	32.0	33.3	34.5
Associated agents	1.8	0.6	1.1	1.3	1.6	1.7	1.7	1.8
OBS - exclusive	2.6	1.9	2.4	2.8	2.8	3.4	4.1	4.5
OBS - associated	6.3	6.9	7.3	7.4	7.3	7.0	6.8	7.2
Brokers	28.5	26.7	25.0	24.8	24.8	24.4	23.0	25.1
Company offices	19.4	21.3	21.7	21.1	21.7	22.5	22.4	20.1
Internet portals	0.8	0.9	1.1	1.5	1.7	1.9	2.1	2.2
Other channels	5.1	5.9	7.1	7.1	7.2	7.1	6.7	4.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MAPFRE Economic Research (with DGSFP data)

Table 2.4-b
Life: business distribution structure by channel
(%)

Channels	2008	2009	2010	2011	2012	2013	2014	2015
Exclusive agents	13.9	12.5	12.5	12.4	13.4	14.8	16.6	15.8
Associated agents	0.4	0.2	0.5	0.3	0.3	0.5	0.7	0.7
OBS - exclusive	24.7	28.9	32.5	29.9	29.4	23.8	24.6	29.8
OBS - associated	40.2	37.4	36.5	41.5	40.4	39.3	38.0	33.7
Brokers	6.3	8.1	8.4	6.7	5.9	8.6	8.4	7.9
Company offices	11.9	10.4	6.7	7.8	9.2	11.6	10.6	10.8
Internet portals	0.0	0.0	0.0	0.2	0.0	0.1	0.1	0.1
Other channels	2.7	2.6	2.8	1.2	1.4	1.4	1.2	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MAPFRE Economic Research (with DGSFP data)

3. The insurance market in 2017: An analysis of the main business lines

3.1. Overall market

The global insurance business in 2017

During 2017 the world insurance market registered estimated growth of 1.5% in real terms, generating a total value of direct insurance premiums of 4.9 trillion dollars. This growth was achieved in both the Life and Non-Life segments, although the main momentum came from Non-Life business lines, reflecting the positive situation being enjoyed by the global economy. In general, it is anticipated that global insurance premium volume will continue to grow both in nominal terms and in real terms in the coming years, driven particularly by strong growth in the emerging markets as a result of the insurance gap effect that is one of their characteristic features.

Global premium volume in the Non-Life segment (which represents about 46% of total premiums) increased by 2.8% in real terms during the course of 2017. The emerging markets have been the drivers of growth in this segment, particularly in Asia, highlighting the performance of the two largest markets in this region, China and India.

For its part, the Life insurance segment (which represents about 54% of total premiums) registered a slight increase in premium volume of 0.5% in real terms during the course of 2017. The emerging Asian countries continued to enjoy significant growth, with China predominating thanks to its greater volume. Meanwhile Latin America registered a nominal growth of premium volume of 9.3%, despite the poor growth in this line in Brazil, one of the largest markets in the region. With regard to the advanced markets, sales of Life Savings insurance decreased in the two largest markets, Japan and the United States. Thus the significant increase observed in the emerging markets was not able to compensate for the decline registered in the advanced markets, many of which still felt the negative effects of the low interest rate environment.

In order to provide a general overview of the comparative size of the main insurance markets, Table 3.1-a shows comparative premium volume, density (premiums per capita) and penetration (premiums/GDP) in the main international insurance markets.

The Spanish insurance business in 2017

Growth in insurance industry premium volume

The Spanish insurance market registered premium volume of 63.410 billion euros in 2017, a 0.7% reduction on the previous year. This was due to a decrease of -5.6% in the Life insurance business, since Non-Life insurance grew by 4.0% to attain 34.003 billion euros (see Chart 3.1-a). This was the fourth consecutive year in which growth was registered in Non-Life insurance premiums, which have benefited from the recovery of overall economic activity in Spain and, in particular, from the greater capacity for consumption of both companies and households. Table 3.1-b shows that, at a disaggregated level, most Non- Life insurance business lines experienced positive growth in 2017.

Automobile insurance remained the most significant line in terms of Non-Life premium volume, with a market share of 32.1 percent in this segment. The premium volume increased for the third consecutive year, totaling 10.922 billion euros, representing 3.4% growth over the previous year, thanks to the increase in the number of vehicles insured, a slight rise in the average premium and an increase in the sales of new vehicles, meaning a greater concentration of top-end products, and therefore of higher average premiums.

Table 3.1-a
Size of the world's largest insurance markets, 2017
(indicators)

Country	Premiums (billions of US dollars)	Premiums per capita (US dollars)	Premiums / GDP (%)
United States	1,377.1	4,216	7.1%
China	541.4	384	4.6%
Japan	422.1	3,312	8.6%
United Kingdom	283.3	3,810	9.6%
France	241.6	3,446	8.9%
Germany	223.0	2,687	6.0%
South Korea	181.2	3,522	11.6%
Italy	155.5	2,660	8.3%
Canada	119.5	3,260	7.2%
Taiwan	117.5	4,997	21.3%
India	98.0	73	3.7%
Brazil	83.3	398	4.1%
Australia	80.1	3,247	5.8%
The Netherlands	79.0	4,631	9.6%
Spain	70.5	1,519	5.4%
World	**4,891.7**	**634**	**6.0%**

Source: MAPFRE Economic Research (with Swiss Re data)

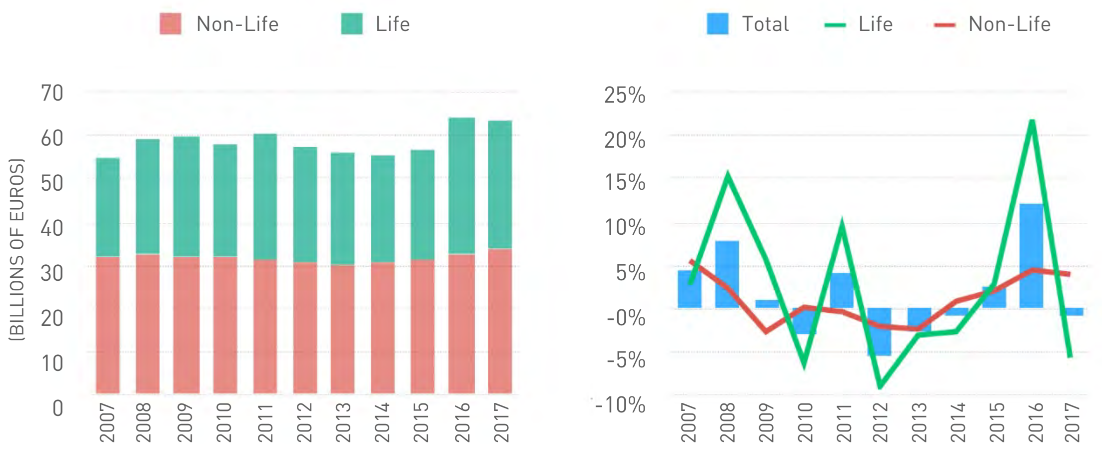
Health insurance was the second largest line by volume within the Non-Life insurance business, representing a proportion of 23.7%. Premium volume for this business line in 2017 was 8.062 billion euros, representing growth of 4.2% compared with the previous year. Once again this year, collective insurance was the main driver of growth in this line, increasingly characterized by the formula of variable remuneration plans.

Multirisk insurance accounted for 20.2% of total business, which made it the third largest Non-Life line in terms of premium volume, with growth of 2.2% compared with the previous year. Burial insurance was once again this year the fourth most important business line, registering a 4.9% increase in 2017 to reach a total of 2.272 billion euros.

With regard to Life insurance, in aggregate terms, premium volume decreased in 2017 by 5.6%, totaling 29.407 billion euros. Nevertheless, the volume of technical provisions continued to enjoy an upward trend, with an increase of 3.3% compared with the previous year.

Unlike the previous year, the overall Savings/Retirement modalities business underwent a reduction in the issuing of premiums of 6.4%, a performance heavily affected by the persistence of the low interest rate environment. Premium volume for Life Risk insurance, however, remained unchanged. These changes in the business line during 2017 resulted in the weight of Life insurance in the Spanish insurance industry declining slightly to 46.4% of the total (compared with 48.8% in 2016).

Chart 3.1-a
Spain: Trends in direct insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



Source: MAPFRE Economic Research (with ICEA data)

Contribution to growth from different business lines

In 2017 the contraction registered by the Spanish insurance industry of -0.7 percentage points (pp) was influenced by a negative contribution from Life insurance business of 2.7 pp and a postiive contribution from Non-Life lines of 2.1 pp (see Chart 3.1-b and Table 3.1-c).

A medium-term analysis (2007-17) shows that Life insurance continues to be the segment that has made the largest contribution to overall insurance industry growth over the last ten years, accounting for 65.3% of cumulative growth in the Spanish insurance industry, a percentage that is somewhat lower than that of the previous year (68.8%) because of the fall experienced in this business line during the course of 2017.

The decrease observed in the Life segment in 2017 was entirely due to the Life Savings insurance line (-2.7 pp), while the Life Risk line remained stable. Thus, after two years of positive contribution to growth, there has been a return to a situation of contraction, similar to that of the 2012-2014 period, due to the major impact on the business of the economic crisis and the fall in interest rates. Despite this, throughout the 2007-2017 period, 88.7% of the momentum for growth in this market was due to the dynamism of the Life Savings insurance business (see Table 3.1-d).l

With regard to Non-Life insurance business, in 2017 all the business lines that make up this market segment made positive contributions to its growth (Table 3.1-d). The

Chart 3.1-b
Contribution to growth in the insurance market, 2007-2017
(percentage points, pp)

Source: MAPFRE Economic Research (with ICEA data)

Table 3.1-b
Distribution of business by lines, 2016-2017
(accrued direct insurance premiums, millions of euros)

Lines	2016	2017	% Δ s/2016	% subtotal
Total	**63,832**	**63,410**	**-0.7%**	**100.0%**
Life	**31,139**	**29,407**	**-5.6%**	**46.4%**
Non-Life	**32,693**	**34,003**	**4.0%**	**53.6%**
Automobile	10,566	10,922	3.4%	17.2%
Automobile TPL	5,509	5,717	3.8%	9.0%
Automobile Other Guarantees	5,057	5,206	2.9%	8.2%
Health	7,736	8,062	4.2%	12.7%
Healthcare Assistance	6,761	7,094	4.9%	11.2%
Health	974	968	-0.7%	1.5%
Multirisk	6,734	6,883	2.2%	10.9%
Homeowners	4,059	4,182	3.0%	6.6%
Commercial	575	585	1.8%	0.9%
Condominium	853	872	2.3%	1.4%
Industrial	1,170	1,166	-0.3%	1.8%
Other	78	78	-0.3%	0.1%
Burial	2,167	2,272	4.9%	3.6%
Third-Party Liability	1,385	1,497	8.1%	2.4%
Accident	984	1,113	13.1%	1.8%
Other P&C Damages	1,026	1,058	3.2%	1.7%
Credit	593	570	-3.9%	0.9%
Transport	414	458	10.8%	0.7%
Hulls	207	228	10.1%	0.4%
Goods	207	231	11.5%	0.4%
Assistance	365	402	10.2%	0.6%
Pecuniary Losses	336	355	5.8%	0.6%
Fire	207	221	7.0%	0.3%
Legal Defense	97	104	7.8%	0.2%
Surety	62	61	-2.6%	0.1%
Theft	22	24	9.9%	0.0%

Source: MAPFRE Economic Research (with ICEA data)

Table 3.1-c
Contribution to growth in the insurance market, 2007-2017
(percentage points, pp)

Years	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2007	4.4	1.2	3.2
2008	7.8	6.4	1.4
2009	1.1	2.6	-1.4
2010	-2.8	-2.9	0.1
2011	4.1	4.3	-0.2
2012	-5.3	-4.3	-1.0
2013	-2.6	-1.4	-1.2
2014	-0.7	-1.2	0.5
2015	2.5	1.3	1.2
2016	12.3	9.8	2.5
2017	-0.7	-2.7	2.1

Source: MAPFRE Economic Research (with ICEA data)

Automobile and Health lines contributed 0.6 and 0.5 pp to growth, respectively, while the Multirisk insurance line contributed 0.2 pp. The other Non-Life insurance lines made an overall contribution to growth of 0.8 pp. During the last decade (2007-2017), the line that has most contributed to growth in the Non-Life insurance segment has been Health, accounting for 78.9% of total growth. It should be pointed out that, among the lines that contributed positively to growth during this period were the Multirisk lines and the other lines that make up this segment of the market.

Technical performance: aggregate combined ratios

Chart 3.1-c depicts the aggregate technical performance of the Spanish insurance industry over the period 2007-17, on the basis of the developments in the combined ratio. However, greater detail on each of the different business lines will be provided later in the report.

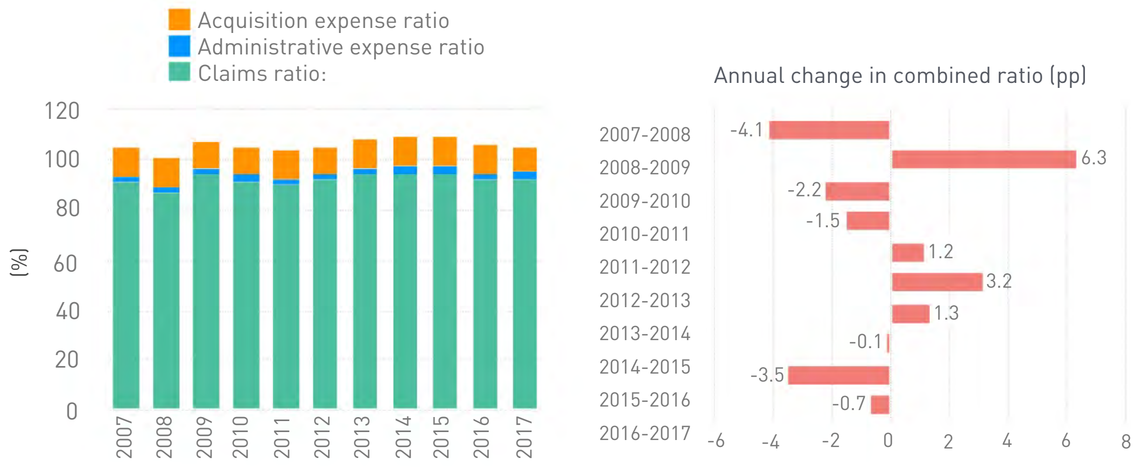
The total combined ratio amounted to 104.9% in 2017 for the insurance market as a whole, representing a fall in relation to the 2016 total (105.6%), and broken down as follows: the loss ratio stood at 91.8% (91.7% in 2016); the administrative expense ratio was at 3.0% (2.8% in 2016); and the acquisition expense ratio was 10.1% (11.0% in 2016).

Table 3.1-d
Contribution to insurance market growth from Life and Non-Life insurance, 2007-2017
(percentage points, pp)

Years	Contribution of Life to market growth (pp)	Contribution to growth (pp)		Contribution of Non-Life to market growth (pp)	Contribution to growth (pp)			
		Life Risk	Life Savings		Automobile	Multirisk	Health	Other
2007	1.2	0.7	0.5	3.2	0.6	0.8	0.9	0.9
2008	6.4	-0.2	6.7	1.4	-0.4	0.8	0.8	0.2
2009	2.6	-0.1	2.6	-1.4	-1.2	0.3	0.5	-1.1
2010	-2.9	0.3	-3.2	0.1	-0.2	0.3	0.4	-0.5
2011	4.3	-0.3	4.6	-0.2	-0.5	0.5	0.3	-0.5
2012	-4.3	-0.2	-4.1	-1.0	-1.1	0.1	0.3	-0.3
2013	-1.4	-0.3	-1.1	-1.2	-1.0	-0.2	0.3	-0.3
2014	-1.2	0.2	-1.4	0.5	-0.2	0.0	0.4	0.3
2015	1.3	0.5	0.8	1.2	0.3	0.0	0.3	0.5
2016	9.8	0.8	9.0	2.5	0.9	0.3	0.7	0.6
2017	-2.7	0.0	-2.7	2.1	0.6	0.2	0.5	0.8

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.1-c
Trends in the total combined ratio, 2007-2017
(total combined ratio, %; annual change in combined ratio, pp)



Source: MAPFRE Economic Research (with ICEA data)

While the combined ratio remained above 100% in 2017, for the third consecutive year, it experienced an improvement (-0.7 pp) deriving on this occasion from the improvement in the acquisition expense ratio.

Meanwhile, the combined ratio for the Non-Life insurance segment stood at 94.0% in 2017, equivalent to 0.4 pp above the value registered in 2016 (93.6%), due to an increase in the loss ratio, which rose from 71.3% in 2016 to 72.0% in 2017. For their part, the acquisition expense ratio and the administration expense ratio improved slightly, each falling by one tenth of a point (see Chart 3.1-d). Despite the worsening of the combined ratio for Non-Life insurance during the last year, it maintains values under 100%, which indicates that the technical performance of the Spanish insurance industry remains in sound health.

Results and profitability

The Spanish insurance industry's results for the 2017 fiscal year were an improvement on the previous year. The non-technical account posted results of 5.084 billion euros (up 12.6% on the 2016 fiscal year), while the technical account showed an improvement of 7.7% relative to the previous year, amounting to 5.998 billion euros. As can be seen from Table 3.1-e, the improvement in the technical account primarily comes from the Life insurance business (24.1%), while the Non-Life business decreased by 5.0%.

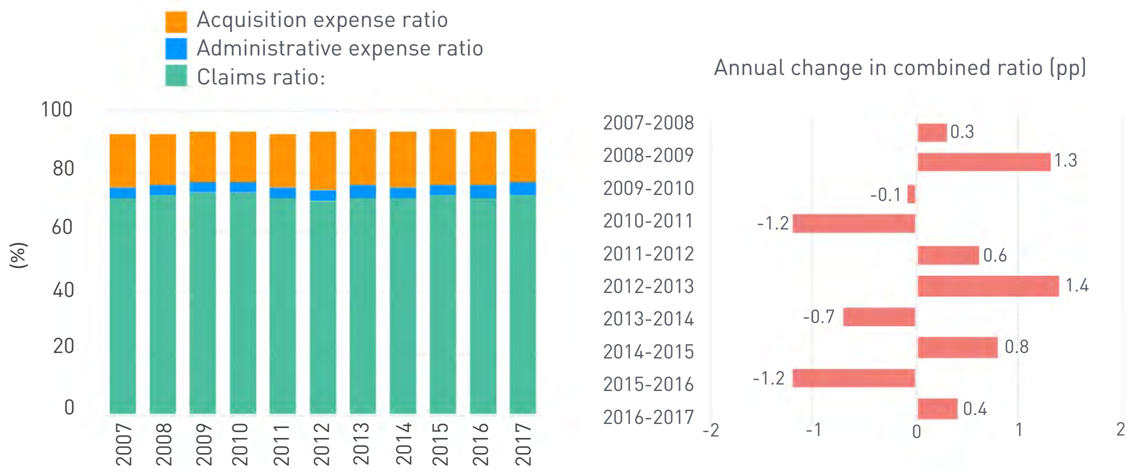
The technical account in the Non-Life insurance segment posted a result of 2.988 billion euros in 2017, representing a fall of 5.0% on the previous year. This contrasts with the increase of 12.7% registered in 2016. Basic Non-Life insurance indicators show an increase of 0.4 pp in the net loss ratio and a worsening of the combined ratio. The financial result deteriorated by 0.4 pp to 3.5%, meaning that in the end the technical-financial result fell 0.8 pp to 9.5% (see Table 3.1-f).

Table 3.1-e
Spanish insurance industry results, 2016-2017
(Results, millions of euros)

Years	2016	2017	Percentage change
Technical account	5,570	5,998	7.7%
Life	2,426	3,011	24.1%
Non-Life	3,144	2,988	-5.0%
Non-technical account	4,517	5,084	12.6%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.1-d
Trends in the Non-Life combined ratio, 2007-2017
(total combined ratio, %; annual change in combined ratio, pp)



Source: MAPFRE Economic Research (with ICEA data)

The technical account for the Life insurance segment posted a result of 3.011 billion euros in 2017, up 24.1% on the previous year. This means that, despite a slight fall in the financial result, the technical-financial result improved from 1.4% of technical provisions in 2016 to 1.7% in 2017. Life insurance technical provisions totaled 183.606 billion euros, representing growth of 3.3% on the previous year (see Table 3.1-g).

Finally, 2017 maintained the upward trend in return on equity (ROE) in the industry initiated in 2015, with an ROE rate of 12.03%, equivalent to 1.3 pp higher than in 2016 (see Chart 3.1-e). Likewise, profitability measured in terms of return on assets (ROA) also showed a slight increase at 1.6%, compared with 1.5% in 2016 (see Chart 3.1-f).

Table 3.1-f
Basic Non-Life insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of euros)	32,693	34,003
Change in premiums	4.5%	4.0%
Retention	84.8%	84.9%
Gross loss ratio	68.9%	71.0%
Gross expenses	22.6%	22.3%
Net loss ratio	71.3%	72.0%
Net combined ratio	93.6%	94.0%
Financial result	3.9%	3.5%
Technical-financial result	10.3%	9.5%

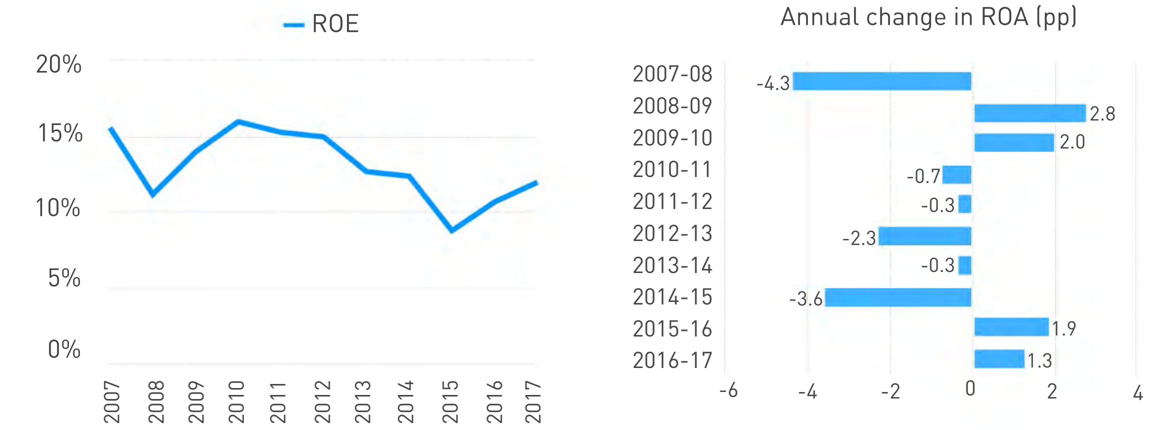
Source: MAPFRE Economic Research (with ICEA data)

Table 3.1-g
Basic Life insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of euros)	31,139	29,407
Change in premiums	21.8%	-5.6%
Technical provisions (millions of euros)	177,818	183,606
Net expenses (over provisions)	1.0%	0.6%
Financial result (over provisions)	4.4%	4.3%
Technical-financial result (over provisions)	1.4%	1.7%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.1-e
Performance of return on equity (ROE), 2007-2017
(return on equity, %; annual change in ROE, pp)



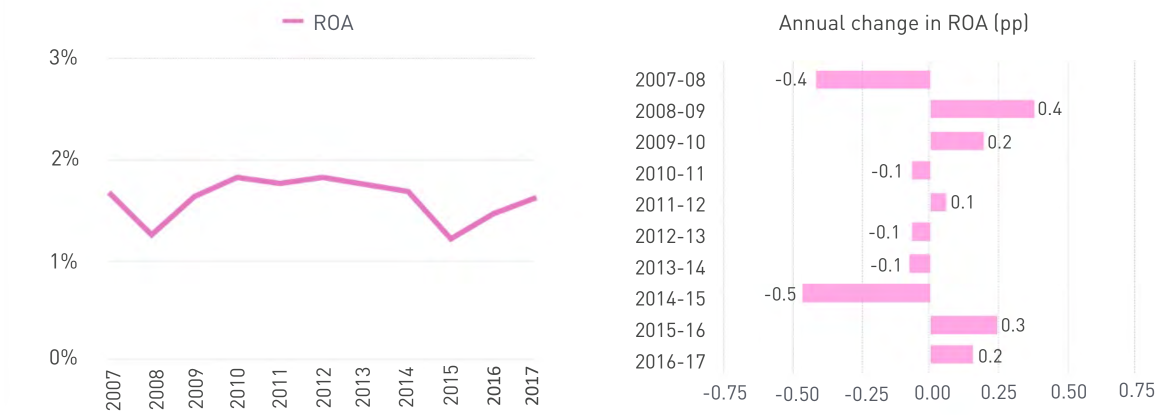
Source: MAPFRE Economic Research (with ICEA data)

Investment

Total investment by Spanish insurance companies amounted to 292.064 billion euros at the close of 2017, representing a 1.4% increase over 2016, according to the latest ICEA data3. From an analysis of the development of the breakdown of the investment portfolio by type of assets, it can be seen that fixed income securities have increased their relative weight over the 2007-2017 period from percentages of about 62% in 2007 to 74% in 2017 (see Chart 3.1-g).

As an explanation for the change in the distribution of assets in the portfolio, it should be noted that in 2016 the Solvency II harmonized regulatory system came into force, altering the capital requirements for investments according to their implicit risks. The coming into force of the new capital requirements brought with it a change in the conception of investment portfolios, which until 2015 had only included those assets used to hedge technical provisions, widening their scope to other portfolios from that year onward, as the new requirements became applicable to all investments, including the

Chart 3.1-f
Performance of return on assets (ROA), 2007-2017
(return on assets, %; annual change in ROA, pp)



Source: MAPFRE Economic Research (with ICEA data)

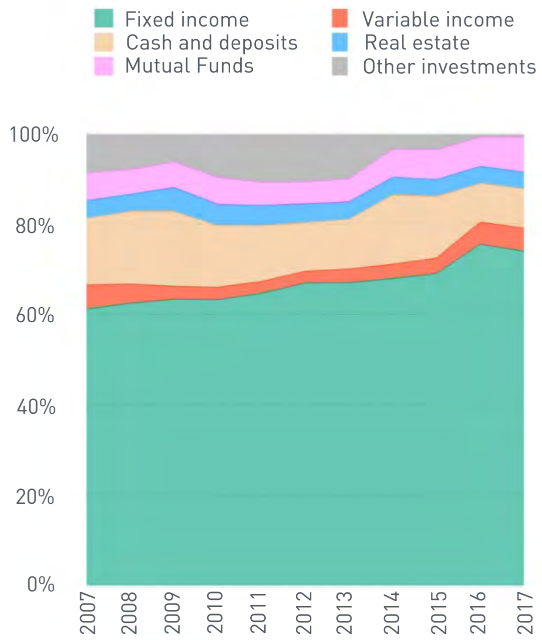
portfolio of assets corresponding to the shareholders' equity of the insurance companies.

Also to be noted is the reduction in the percentage of assets conserved as deposits and cash on hand, which have fallen to 5.1% in 2017, from 14.8% in 2007. After falling by 2.8 pp between 2007 and 2012, equity investments have for their part embarked on a recovery process, attaining 5.1% in 2017, a level close to that of 2007, when they represented 5.3% of the portfolio.

An analysis of the investment structure at the end of 2017 is shown in Chart 3.1-h. In the category of fixed income assets it can be seen that sovereign fixed income is predominant, representing 52.9% of the investment portfolio. Corporate fixed income for its part represented 21.2% of the portfolio. These average percentages also varied according to the sub-sections into which total investment portfolios can be subdivided. In such sub-portfolios, investment decisions differed depending on the different requirements in relation to their liquidity and the matching of flows between assets and liabilities. Thus, in portfolios linked to Life insurance obligations, fixed income accounted for 80% of investment, while in Non-Life portfolios it represented around 39%. There are also significant variations in the percentage of investments in property and equities, which in Life portfolios represented around 2.07% and 2.05% respectively, far below the equivalent percentages in Non-Life portfolios (14.39% and 15.17% respectively). Finally, the percentage of investments managed through mutual funds was also significantly lower in Life portfolios, where it represented around 6.25%, compared to 19.94% in Non-Life.

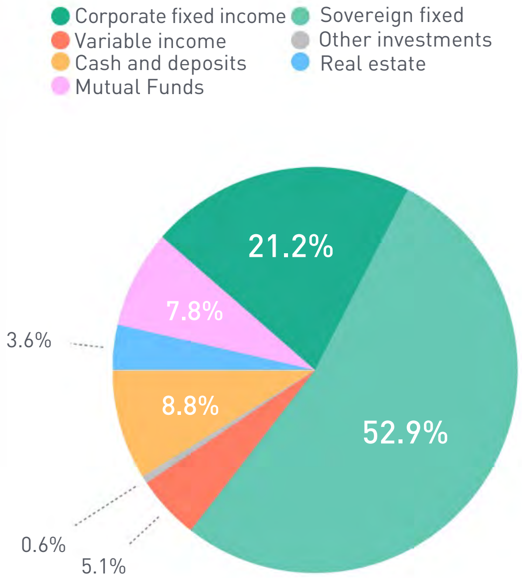
As an aid to forming a general overview of the different risk profiles of investment portfolios linked to Life and Non- Life obligations, it can be observed that the duration of assets in Life portfolios is notably higher than in Non-Life portfolios. Around 41% of assets in the former had a duration of over eight years, compared to 11.6% for Non-Life assets. In both cases, the majority of the investments had a credit rating in the third rung of the *ratings* map

Chart 3.1-g
Trends in the structure of insurance market investment, 2007-2017
(%)



Source: MAPFRE Economic Research (with ICEA data)

Chart 3.1-h
Structure of investments relating to technical provisions, 2017
(%)



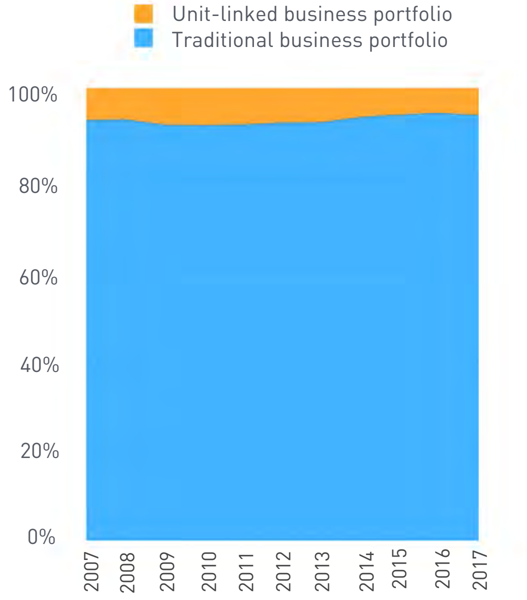
Source: MAPFRE Economic Research (with ICEA data)

used in Solvency II (equivalent to BBB), in line with the Spanish sovereign risk rating as at the end of 2017. Nevertheless, it should be emphasized that in March 2018 both S&P and Fitch raised Spain's credit rating to A-, and Moody's followed the same trend in April by raising its rating to Baa1.

In 2017, the average *rating* of Life portfolios remained below that for Non-Life portfolios, with around 21% of assets above BBB in the case of the former, compared with 33.8% of assets for the latter. The percentage of BBB rated investment was 76.9% and 63.7% respectively. It should be pointed out that a large part of the issuers were Spanish, around 69% for all portfolios.

On the other hand it is important to emphasize that the Spanish insurance market has one of the lowest shares of unit-linked investment portfolios in the Eurozone. Furthermore, this proportion has remained stable in Spain throughout the last decade, as can be observed from the data shown in Chart 3.1-i, prepared from information provided by EIOPA[4].

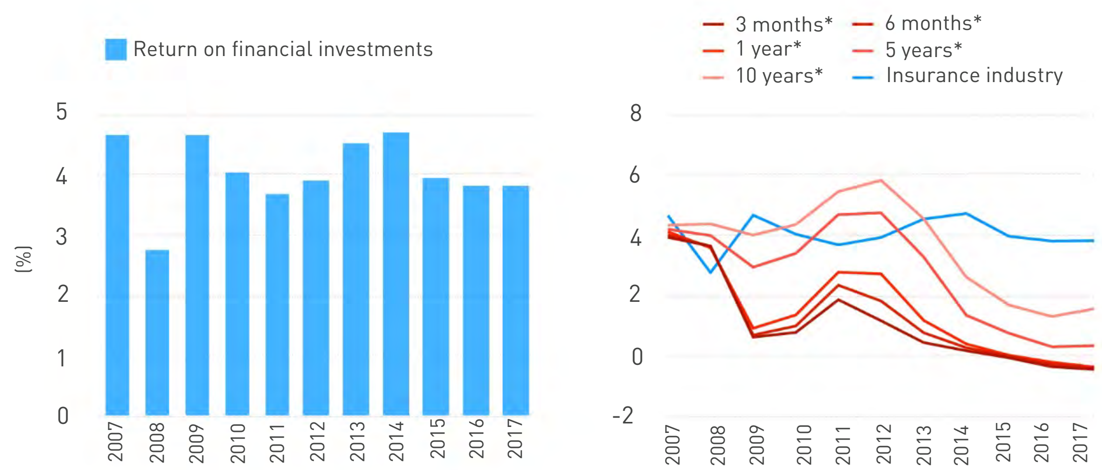
Chart 3.1-i
Trends in the Life segment trading portfolio, 2007-2017*
(%)



Source: MAPFRE Economic Research (with EIOPA data)
*Data at the third quarter of the year

Finally, insurance industry financial investment profitability in 2017 stood at 3.8%, practically the same level as observed in 2016, while, as in previous years, remaining above the curves of risk-free interest rates (see Chart 3.1-j), which demonstrates the insurance industry's capacity for financial management.

Chart 3.1-j
Return on the insurance industry's financial investments, 2007-2017
(financial income/average investment, %; risk-free interest rate, %)



Source: MAPFRE Economic Research (with DGSFP data)
*Average annual Spanish Government bond yield of specified tenor.

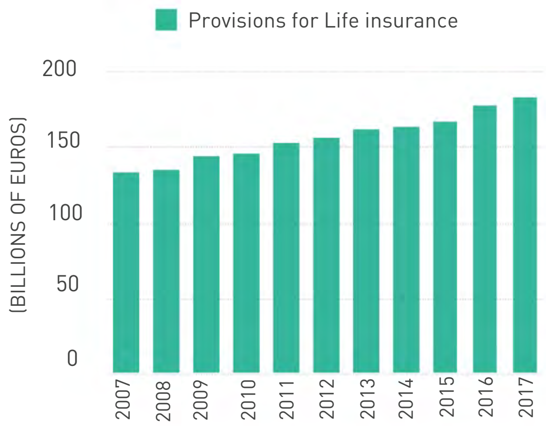
Technical provisions

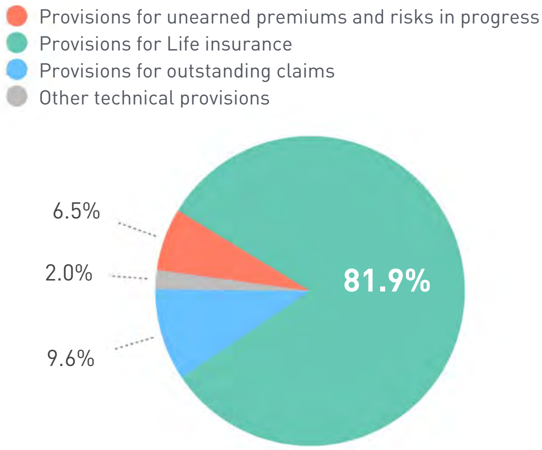
The volume of Life insurance technical provisions in the Spanish market grew by 3.3% between 2016 and 2017, attaining 183.606 billion euros, reflecting the sustained growth that has occurred over the last ten years (see Chart 3.1-k). Thus, Life insurance provisions in 2017 represented 81.9% of total technical provisions, while provisions for outstanding claims represented 9.6%, and provisions for unearned premiums and risk in progress were 6.5% of the total.

Insurance developments in the Spanish autonomous regions

Catalonia and Madrid once again led the ranking of premium volumes this year, with shares of 21.3% and 19.8% respectively. Premium revenue in 2017 remained stable in Catalonia at 11.345 billion euros, while the Community of Madrid enjoyed a slight rise in premiums of 1.0%, totaling 10.570 billion euros. Andalusia, with premium revenue at 7.394 billion euros, occupied the third position in the ranking with a share of 13.9% (see Table 3.1-h).

Chart 3.1-k
Life insurance technical provisions, 2007-2017
(in billions of euros)





Source: MAPFRE Economic Research (with ICEA data)

Table 3.1-h
Premium volume by Autonomous Region, 2017
(millions of euros)

Autonomous region	2017	% Change 2017/2016	% share 2017	Premiums per capita
Catalonia	11,345	0.2%	21.3%	1,494
Community of Madrid	10,570	1.0%	19.8%	1,607
Andalusia	7,394	5.5%	13.9%	882
Community of Valencia	4,556	2.4%	8.5%	919
Castile-Leon	2,758	3.4%	5.2%	1,146
Galicia	2,614	3.9%	4.9%	968
Basque Country	2,524	1.4%	4.7%	1,148
Aragon	1,808	-5.7%	3.4%	1,382
Castile-La Mancha	1,743	-0.2%	3.3%	860
Canary Islands	1,602	-2.9%	3.0%	753
Total top 10 regions	46,915		87.9%	

Source: MAPFRE Economic Research (with ICEA data)

In 2017, the the ten autonomous regions with the highest market shares accounted for 87.9% of the premiums, and the strongest growth took place in Andalusia (5.5%) and Galicia (3.9%). On the other hand, Aragon and the Canary Islands were the regions that underwent the largest reduction in premiums, at -5.7% and -2.9% respectively. The highest figures for premiums per capita were attained in Madrid (1,607 euros), Catalonia (1,494 euros) and Aragon (1,382 euros).

Reinsurance

In 2017, the international reinsurance sector turned in an uneven performance that can be broken down into two phases. During the first - which lasted just over half a year - intense competition continued, along with the impairment of the technical margin as a result of the accumulated worsening of rates and conditions experienced over the last few years. The industry's loss of technical profitability has been partly offset by reduced catastrophic losses, as in previous years.

In the second phase, the outlook was radically changed by the occurrence of a number of natural disasters on the American continent during the third quarter of the year. These events (Hurricanes Harvey, Irma and María and, to a lesser extent, the earthquake in Puebla, Mexico) are estimated to render 2017 one of the costliest years ever for insured losses from natural disasters.

This significant rise in claims, along with persistently low financial returns, are causing an increase in reinsurance prices at the end of the year, although the sector is far from overcoming the soft market cycle it is currently experiencing. It is expected that in 2018, pressure will continue in the sector to obtain positive underwriting results.

The strong capitalization existing in the reinsurance sector has to date compensated for the deterioration in profitability seen in successive years. However, it cannot be hoped that this support will continue indefinitely. The 2017 disasters - of which the final cost is not yet known, given the severity of the damages and impact in terms of interruption to business - have had a major impact on the accounts and balance sheets of a great many reinsurers and will increase pressure to recover acceptable levels of technical profitability.

Inurance Compensation Consortium

The Insurance Compensation Consortium (CCS) plays a key role in the Spanish insurance market, not only with regard to the coverage of extraordinary risks, but also in relation to traffic risks, direct third- party liability automobile insurance and its Guarantee Fund. These activities still generate the bulk of the institution's business, some 85% of the total. According to the information available, the premiums and surcharges corresponding to the above activities in 2017 amounted to 846.8 million euros, down by -0.7% on 2016.

Table 3.1-i
Activity of the Insurance Compensation Consortium (CCS), 2015-2016
(millions of euros)

General activity	Premiums and surcharges attributed		Claims rates (direct and accepted)	
	2015	2016	2015	2016
Extraordinary risks	727	746	227	223
P&C	662	673	217	219
Persons	17	19	1	1
Loss of profits	48	54	10	4
Traffic risks	106	107	68	59
SOA Guarantee Fund	97	98	59	49
Private vehicles	1	1	1	0
Official vehicles	9	8	8	9

Source: Annual Report of the Insurance Compensation Consortium

As in previous years, in 2017 the main cause of claims came from extraordinary risk insurance. In the first eight months of the year there were numerous cases of atypical cyclonic storm (ACS) in various areas of the Iberian Peninsula and/or of the Balearic and Canary Islands. The most extreme of these was the windstorm that occurred on February 1 and 8 (both dates inclusive) and known as Kurt, which affected different regions of Spain particularly intensely. In the case of Galicia, Cantabria, Asturias and the Basque Country, all the municipalities forming part of the above regions were included as areas affected by this ACS. The Atypical Cyclonic Storm Kurt generated over 50,000 claims payable by the CCS, for a value of 71.90 million euros.

A number of storms also occurred in December 2017, of which the most extreme was that which took place on December 10 and 11, known as Storm Ana, which affected different regions of Spain with particular force. The CCS considers that ACS Ana generated claims for which it is liable that may well surpass 30,000 in number.

It is important to point out that the CCS is also liable for compensation for the claims covered by insured individuals affected by the terrorist attacks that occurred in Barcelona, Cambrils and Alcanar on August 16, 17 and 18, 2017.

Meanwhile, third-party liability insurance for motor-vehicle traffic has registered a fall in recent years in terms of the portfolio of individual vehicles not covered by private insurers, which, according to the latest available data (2016) covered around 1,065 vehicles, equivalent to 249 fewer than in the previous year. The loss ratio for individual third-party liability automobile insurance totaled 90.9% of premiums (with a combined ratio of 103.8%), while Guarantee Fund activity for automobile insurance amounted to 49.9%.

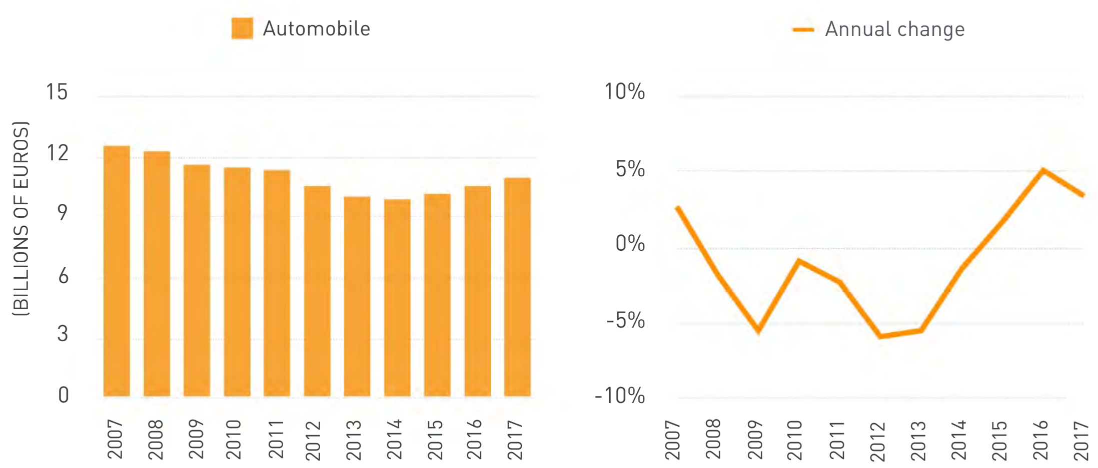
Finally, it should also be noted that CCS has a 10% stake in the coinsurance framework for Combined Agricultural Insurance managed by Agroseguro.

3.2 Non-Life business lines

Automobile

Automobile insurance remained the line with the largest Non-Life premium volume, with a market share of 32.1% in this segment. The volume of premiums issued in this line increased by 3.4% in 2017 over the previous year, totaling 10.922 billion euros.

Chart 3.2-a
Spain: Trends in direct Automobile insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)
(in billions of euros)



Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-a
Trends in average Automobile insurance premium, 2007-2017
(millions of euros; annual change, %)

Year	Insured vehicles [1] (millions)	Annual change	Direct insurance premiums [2] (millions of €)	Annual change	Average premium: In euros	Average premium: % change Nominal	Average premium: % change Real
2007	28.3	4.7%	12,593	2.7%	444	-1.9%	-5.8%
2008	28.8	1.7%	12,357	-1.9%	428	-3.6%	-4.9%
2009	28.8	-0.2%	11,662	-5.6%	405	-5.5%	-6.2%
2010	28.7	-0.3%	11,553	-0.9%	403	-0.6%	-3.5%
2011	28.9	0.7%	11,285	-2.3%	390	-3.0%	-5.3%
2012	28.7	-0.7%	10,622	-5.9%	370	-5.3%	-7.9%
2013	28.6	-0.4%	10,033	-5.5%	351	-5.1%	-5.4%
2014	28.8	0.7%	9,888	-1.5%	343	-2.1%	-1.2%
2015	29.1	1.0%	10,054	1.7%	346	0.6%	0.6%
2016	29.8	2.4%	10,566	5.1%	354	2.3%	0.7%
2017	30.6	2.7%	10,922	3.4%	357	0.8%	-0.3%

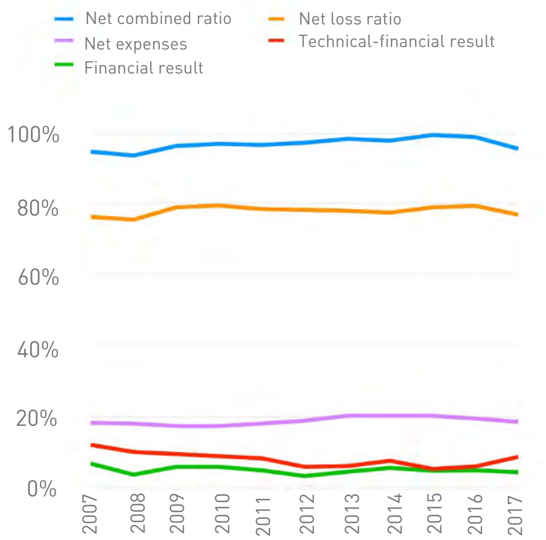
Source: MAPFRE Economic Research (with FIVA, ICEA and CCS data)
(1) Information Database for Insured Vehicles (FIVA)
(2) Direct Insurance premiums for insurance companies & CCS

Table 3.2-b
Basic Automobile insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	10,566	10,922
Change in premiums	5.1%	3.4%
Retention	89.5%	89.5%
Gross loss ratio	79.0%	76.4%
Gross expenses	19.5%	18.8%
Net loss ratio	79.5%	77.0%
Net combined ratio	98.9%	95.6%
Financial result	4.9%	4.4%
Technical-financial result	6.0%	8.7%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-b
Results performance in the Automobile business line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-c
Average frequencies and costs by guarantee in Automobile insurance, 2016-2017
(frequency, %; average cost, euros)

Guarantees	Frequency (%)			Average cost (euros)		
	2016	2017	% difference	2016	2017	% change
Third-party liability	8.6%	8.6%	0.04%	1,871	1,820	-2.7%
Bodily injury	2.0%	1.9%	-0.08%	4,970	4,856	-2.3%
Material	7.4%	7.4%	0.04%	872	879	0.9%
Own damage	31.5%	30.3%	-1.20%	713	734	3.0%
Broken windows	6.4%	6.4%	0.00%	290	291	0.3%
Theft	0.8%	0.8%	-0.02%	916	968	5.7%
Legal defense	1.7%	1.7%	0.01%	279	278	-0.3%
Occupants	0.2%	0.3%	0.06%	1,265	1,249	-1.3%
Fire	0.1%	0.1%	0.05%	2,977	3,023	1.5%
Withdrawal of driver's license	0.0%	0.0%	-0.02%	940	805	-14.3%

Source: MAPFRE Economic Research (with ICEA data)

Taking into account that the average premium increased slightly by 0.83% to 357 euros, it can be concluded that the momentum for growth in the sector came mainly from the increase in the number of insured vehicles, which rose by 2.7% to 30.6 million (see Table 3.2-a). Finally, it should also be borne in mind that new vehicle sales rose by 6.3% in 2017, which meant the contracting of a higher number of high-end products with higher average premiums.

The frequency of claims remained stable in 2017, with a slight decrease in personal damage (-0.1%) and a larger fall in own damages (-1.2%), where the weight of products with deductibles is making itself increasingly felt (see Table 3.2-c). The average cost of personal damage fell by 2.3%.

With regard to the new Fees Scale, which has now been in force for two years, although some reservations persist, it can be concluded that it has now been successfully implemented. This process was helped by the Guide to Good Practices, the role of the Evaluation System Monitoring Commission and the coming into force of the SDP LEX Information System Communication Platform.

The improvement of 3.3 pp in the combined ratio for Automobile insurance corresponds to a lower loss ratio and, to a lesser extent, to a reduction in management expenses (-0.8 pp) thanks to improved efficiency. On the other hand, the financial result fell by half a point in 2017. After several years close to 100%, the combined ratio in 2017 stood at 95.6% (see Chart 3.2-b and Table 3.2-b).

2018 outlook

During 2018, the performance of the Automobile line will essentially be influenced by three factors. In the first place, the expected increase in new vehicle sales will lead to the contracting of insurance products with higher cover, including own damages. A second relevant factor will be that new automobiles will gradually incorporate more safety systems (ADAS), which will lead to a reduction in the number of claims and, therefore, in the insurance premium relating to similar vehicles that are not equipped with these safety systems. Thirdly, another trend for 2018 will be the increase in sales of vehicles using electricity as their energy source, with a demand for specific cover.

In the first four months of 2018, growth in Automobile insurance was 2.2%, below that registered over the same period the previous year (4.1%). Growth occurred both in Public Liability coverage (2.6%) and in Other Guarantees (1.8%).

Health

Premiums for Health insurance grew to 8,062 billion euros in 2017, representing an increase of 4.2% over the previous year. The continuing growth in Health insurance has made this line attractive for new companies entering the market, relying on direct distribution through essentially digital channels (see Chart 3.2-c).

Once again this year, collective insurance was the main driver of growth in the Health line, increasingly characterized by the formula of variable remuneration plans. Through such plans companies offer their staff the opportunity to dedicate part of their salary to the taking out of health insurance for themselves and their families, usually with highly advantageous conditions, and with a significant tax gain since they are deducted from the gross salary.

The combined ratio for the line fell by 0.8 pp to 93.4%, due both to a fall in the loss ratio and in expenses, giving rise to a similar improvement in the technical-financial result, while the financial result remained practically unchanged (see Table 3.2-d).

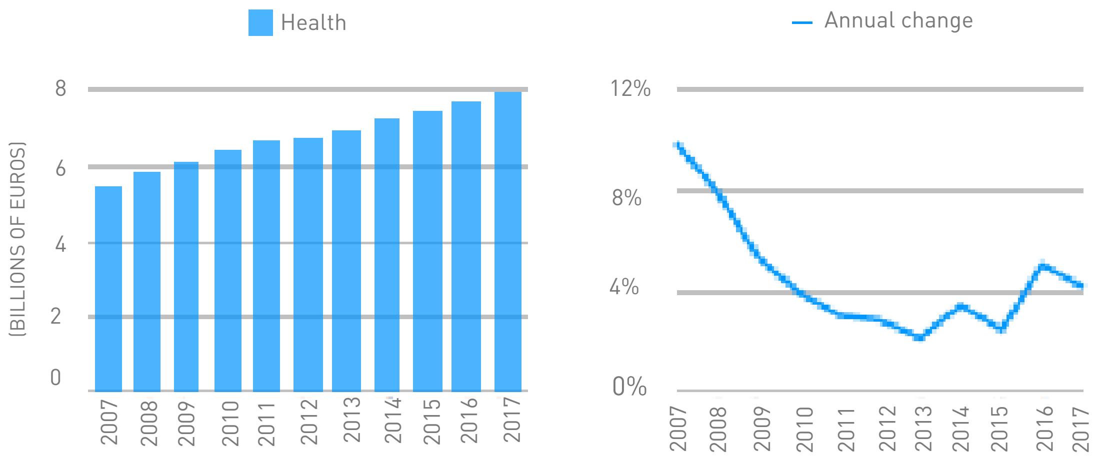
As can be seen in Chart 3.2-d, the profitability of the sector continues to improve every year, despite the fact that the main healthcare providers have continued to advance during this year with a process of concentration of resources that could give them greater bargaining power in dealings with insurers, which would lead to an increase in health costs in the near future.

2018 outlook

With regard to 2018, the main factors that will mark the performance of this insurance line are as follows:

- Pressure leading to an increase in costs for a variety of reasons, including the following: (I) the concentration of the main providers of hospital care, which may lead to an increase in the rates that the said providers receive from insurance companies, due to their increased bargaining power; (ii) the appearance of new techniques for diagnosis or treatment, which will need to be included in policy covers, and the cost of which is usually high, especially in fields linked to genetics, and (iii) the general aging of the population, which usually leads to an increase in health costs for insurance companies.

Chart 3.2-c
Trends in direct Health insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



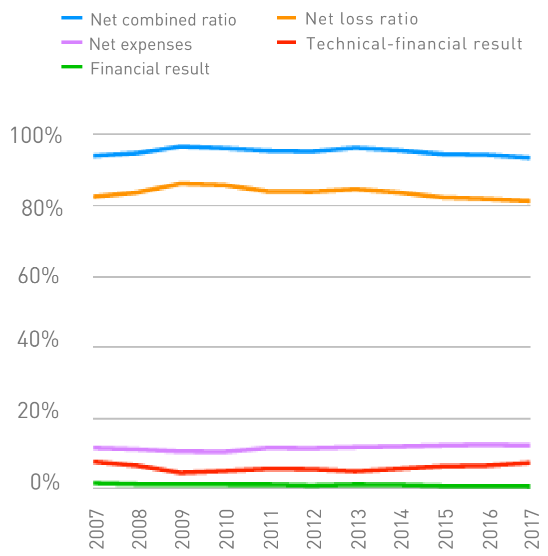
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-d
Basic Health insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	7,736	8,062
Change in premiums	5.1%	4.2%
Retention	97.4%	97.4%
Gross loss ratio	80.6%	79.9%
Gross expenses	12.4%	12.2%
Net loss ratio	81.8%	81.2%
Net combined ratio	94.2%	93.4%
Financial result	0.7%	0.6%
Technical-financial result	6.5%	7.3%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-d
Results performance in the Health insurance line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

- The entry of new competitors in this segment that are not necessarily insurance companies, which means that they can attract clients who up to now had relied exclusively on insurers. For example, "pay-as-you-use" formulas are becoming increasingly popular, allowing clients to use healthcare services at reduced prices without needing to take out an insurance policy.

- The continuing digitalization of private health insurance. The adoption of new technology by companies in the industry is still very slow, in terms of both management practices and new insurance services. During the present year significant progress should be perceived in this respect on the part of the main companies in the industry. To the extent that the companies are capable of taking advantage of digitalization to increase their levels of efficiency, this will have a positive effect on their profitability.

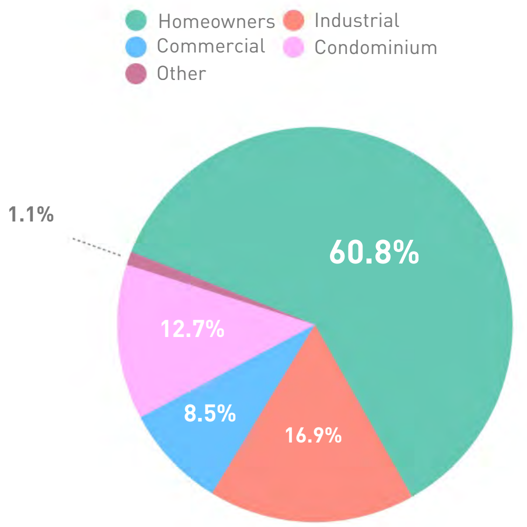
- The growth of collective insurance in companies as a social benefit for employees, either by direct involvement in paying for these benefits, or by offering tax advantages in terms of variable remuneration schemes.

Health insurance continues with its upward trend in 2018, attaining in the first four months a 5.7% increase in premium volume, above the 4.5% that it registered in the same period the previous year, which makes it the main driver of growth of the Non-Life lines in the Spanish insurance market. It should be noted that it is Healthcare Assistance cover that has enjoyed the highest growth, up 6.1% compared with the previous year.

Multirisk

Multirisk insurance remained the third most important line in Non-Life insurance, with a market share of 20.2%, bettered only by Automobile and Health. In 2017, premium volume in the Multirisk line totaled 6.883 billion euros, representing growth of 2.2% on the previous year (see Charts 3.2-e and 3.2-f). Home, the modality with the highest share of Multirisk business (at 60.8%), was also the driver of growth for the line's premiums (3.0%), followed by Condominium (2.3%) and Commercial (1.8%). Industrial Multirisk, for its part, registered a decrease in premiums for the sixth consecutive year, falling to 1.166 billion euros, a similar figure to that of 2006.

Chart 3.2-e
Distribution of Multirisk premiums by modality, 2017
(percentage of premiums issued)



Source: MAPFRE Economic Research (with ICEA data)

With regard to the technical result, the combined ratio stood at 95.7%, representing an increase of 5.7 pp, due to the worsening of the loss ratio. Practically all the modalities achieved combined ratios lower than 100%, with the exception of Industrial Multirisk (109.9%). Nevertheless, all the Multirisk lines registered positive results, the highest being that of Condominium insurance at 14.7% (see Chart 3.2-e and subsequent charts).

2018 outlook

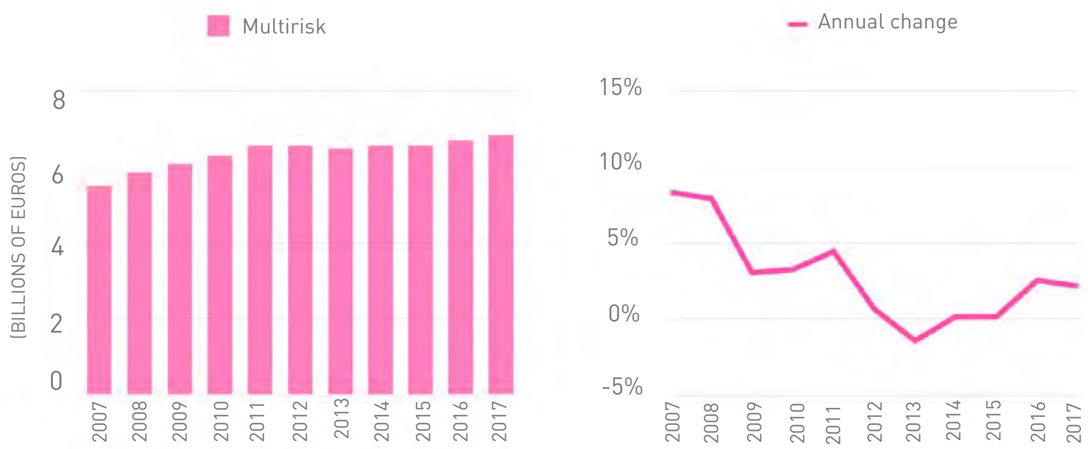
In the first four months of 2018, Multirisk insurance has experienced growth of 2.9%, a figure slightly higher than that registered in the first four months of 2017 (2.2%), although lower than that shown by all the Non-Life lines combined (3.6%). All the modalities grew with the exception of Other Multirisk lines, which decreased by 2.7%.

Homeowners Multirisk

The performance of Homeowners Multirisk insurance in 2017 was marked by the maintenance of growth in premiums above that of the Consumer Price Index, which shows the definitive recovery of this line after the economic crisis. Premium volume increased by 3.0% with respect to the previous year (see Table 3.2-f), reaching 4.182 billion euros.

One of the main aspects that most marked the year 2017 was the strong impact made by natural events and atmospheric phenomena on the loss ratio and on results.

Chart 3.2-f
Trends in direct Multirisk insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



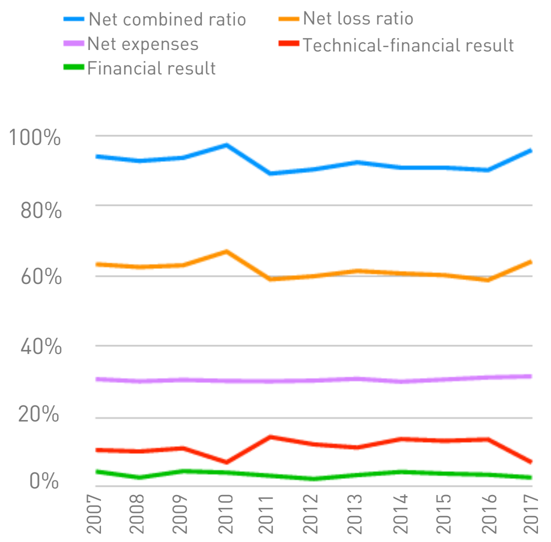
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-e
Basic Multirisk insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	6,734	6,883
Change in premiums	2.6%	2.2%
Retention	78.4%	78.5%
Gross loss ratio	57.8%	69.3%
Gross expenses	28.4%	28.4%
Net loss ratio	58.8%	64.1%
Net combined ratio	90.0%	95.7%
Financial result	3.6%	2.8%
Technical-financial result	13.6%	7.1%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-g
Results performance in the Multirisk line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

The atypical cyclonic storm "Kurt", which took place in the first week of February 2017 and mainly affected the Cantabrian coast, was the start to a year plagued by this type of phenomenon, which increased the gross loss ratio by 4.5 pp. Expenses remained stable, as did the financial result, which led to the increase in claims being almost directly converted into a fall in the result (see Table 3.2-f and Chart 3.2-h).

Industrial Multirisk

The premium volume for Industrial Multirisk insurance amounted to 1.166 billion euros in 2017, which represents a decrease of -0.3% compared with the previous year. The performance was similar to that seen in 2016 (-0.5%).

The indicators for this insurance line show a significant worsening of 9.8 pp in the combined ratio to 109.9%, essentially as a result of an increase of the net loss ratio. The technical-financial result registered an impairment of over fifteen points to -8.4%, while the financial result fell by 5.5 points to 1.6% (see Table 3.2-g and Chart 3.2-i).

This increase in the loss ratio, which had already occurred to a lesser extent in 2016, resulted mainly from an increase in specific claims during the year, and from the maintenance of intense competition in terms of prices, with a significant reduction of portfolio and new production premiums.

Covers and services particularly worthy of note include the new benefits relating to cyber-risk and facilities for the contracting of cover for Business Interruption Losses.

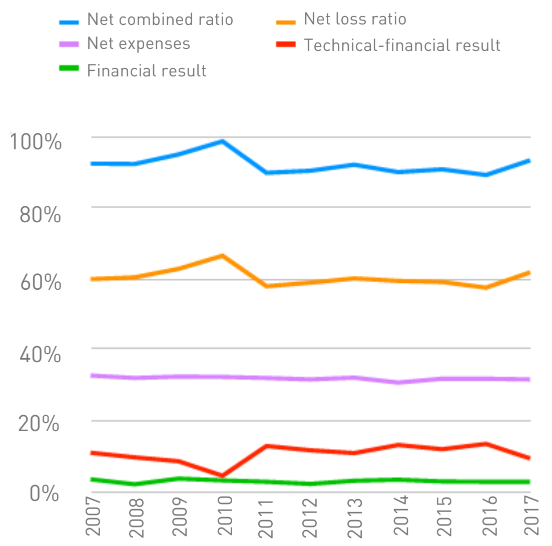
In terms of the 2018 outlook, the increase in the previous year's loss ratio may result in the companies active in this market segment adopting measures to improve their loss ratios. This could be done by the stricter application of restructuring plans in the portfolio, and by applying greater rigor in the selection and inspection of risks for the contracting of new policies, combined with efforts to improve the expense ratio that could bring them positive combined ratios.

Table 3.2-f
Basic Homeowners Multirisk insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	4,059	4,182
Change in premiums	3.6%	3.0%
Retention	90.0%	90.3%
Gross loss ratio	56.7%	61.2%
Gross expenses	31.4%	31.5%
Net loss ratio	57.5%	61.8%
Net combined ratio	89.3%	93.4%
Financial result	2.7%	2.7%
Technical-financial result	13.4%	9.3%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-h
Results performance in the Home Multirisk line, 2007-2017
(indicators over premiums)



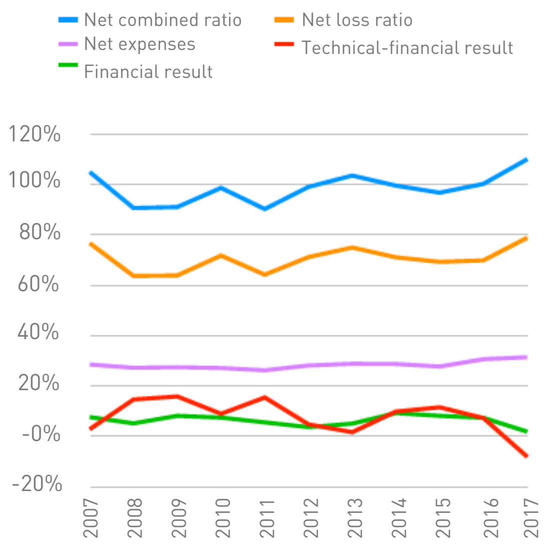
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-g
Basic Industrial Multirisk insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	1,170	1,166
Change in premiums	-0.5%	-0.3%
Retention	47.9%	48.5%
Gross loss ratio	63.7%	94.3%
Gross expenses	20.5%	20.2%
Net loss ratio	69.7%	78.7%
Net combined ratio	100.1%	109.9%
Financial result	7.1%	1.6%
Technical-financial result	7.0%	-8.4%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-i
Results performance in the Industrial Multirisk indicators, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Commercial Multirisk

Commercial Multirisk premiums rose to 585 million euros in 2017, up by 1.8% on the previous year and thus maintaining an increase similar to that of 2016 (1.7%). The indicators show a worsening of 9.6 pp in the combined ratio, which stood at 95.6%, as a consequence of the increase in the net loss ratio and management expenses. The financial result remained practically unchanged (3.6%), and consequently the technical-financial result fell by 9.5 points, although it remains positive at 8% (see Table 3.2-h and Chart 3.2-j).

The outlook for 2018 points to the possibility of further increasing the issuing of policies due to positive Consumer Price Index data, combined with the country's good economic situation, which may continue to generate the creation of new businesses by entrepreneurs and independent workers in addition to the continuation of those already existing.

Condominium Multirisk

After years struggling to increase the number of premiums, the premium volume for Condominium Multirisk insurance increased by 2.3% in 2017, reaching 872 million euros, as a reflection of the overall improvement in the Spanish economic situation.

The line continued to be heavily focused on the distribution channel via agents and on agreements between insurance companies and property administrators. Competition remains fierce between companies and their networks, especially in relation to large owners' associations.

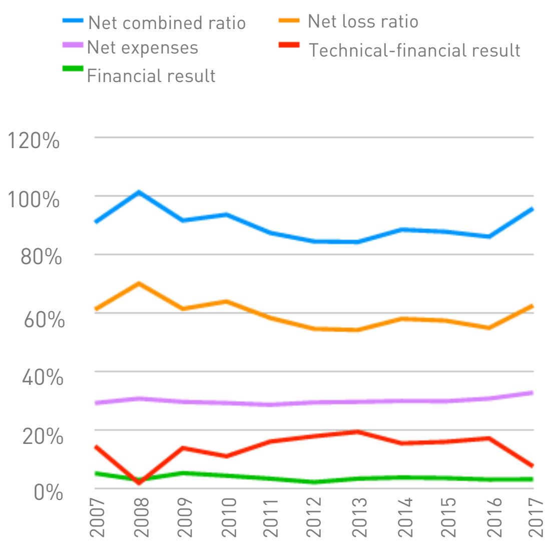
With regard to the result of the technical account, the performance of this line is very similar to that of Homeowners Multirisk. The impact can also be observed of the atmospheric phenomena that took place in 2017 in the increase in the loss ratio, and the practically constant maintenance of expenses and the financial result. The latter is converted in its entirety into a reduction of the technical-financial result, which fell by 5.3 pp. Despite the above observations, profit margins for Condominium Multirisk were better than for Home Multirisk (see Table 3.2-i and Chart 3.2-k).

Table 3.2-h
Basic Commercial Multirisk insurance indicators 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	575	585
Change in premiums	1.7%	1.8%
Retention	83.9%	84.1%
Gross loss ratio	53.4%	60.5%
Gross expenses	31.2%	32.7%
Net loss ratio	55.0%	62.6%
Net combined ratio	86.0%	95.6%
Financial result	3.5%	3.6%
Technical-financial result	17.5%	8.0%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-j
Results performance in the Commercial Multirisk line, 2016-2017
(indicators over premiums)



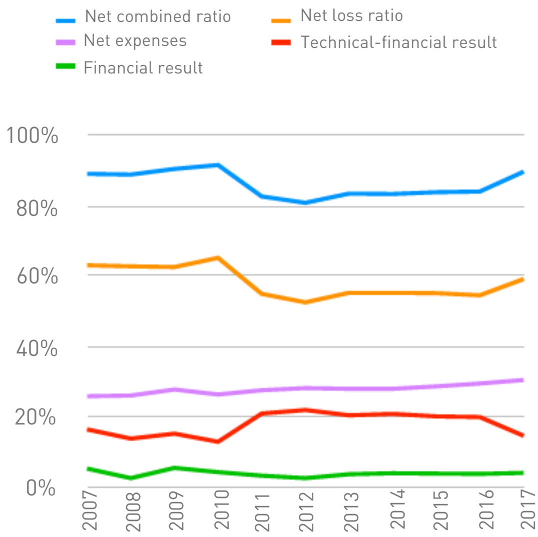
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-i
Basic Condominium Multirisk insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	853	872
Change in premiums	2.0%	2.3%
Retention	85.3%	86.1%
Gross loss ratio	53.4%	58.5%
Gross expenses	29.2%	29.7%
Net loss ratio	54.5%	59.1%
Net combined ratio	83.9%	89.5%
Financial result	3.9%	4.2%
Technical-financial result	20.0%	14.7%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-k
Results performance in the Condominium Multirisk line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Other Non-Life lines

Burial

In 2017, Burial insurance premiums totaled 2.272 billion euros, up by 4.9% on the previous year. The influence of the single premium on this line explains the variations in its performance, since in its absence, the modality would show more stable performance (see Chart 3.2-t).

The management ratios show a positive performance, in an overall context of low interest rates that once again this year necessitates augmented endowments that penalize the loss ratio. Despite this, the combined ratio improved by more than one point to 96.1%, thanks to a fall in the loss and expenses ratios. For its part, the financial ratio remained stable at 5.8%, leading to a technical-financial result of 9.8%, an improvement of 1.3 pp compared with 2016.

Third-party Liability

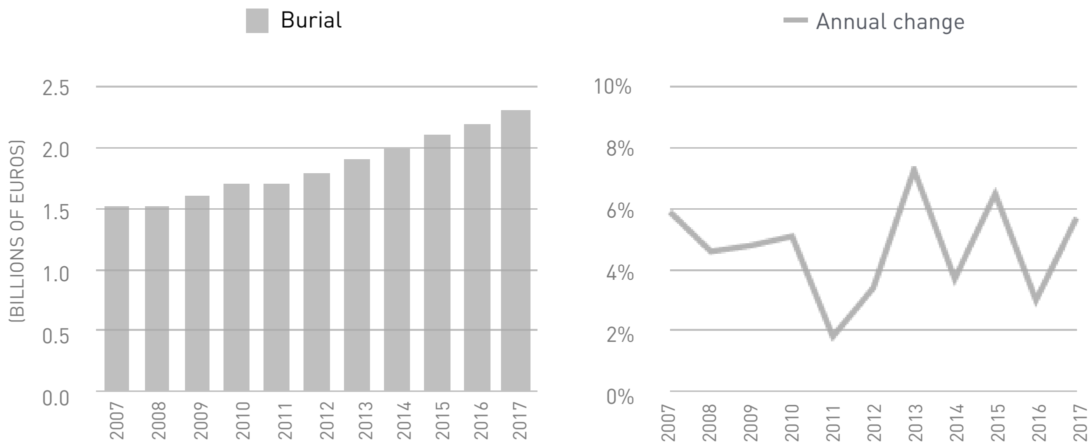
Premiums in the Third-party Liability line grew by 8.1% to 1.497 billion euros (see Chart 3.2-n).

The technical-financial result registered a significant fall from 25.9% to 9.3%. The main cause was the significant increase in the net loss ratio (up by 14.3 pp), which increased the combined ratio to 103.4%. This worsening of the technical result was combined with a reduction of the financial result by 0.8 pp (see Table 3.2-k and Chart 3.2-o).

Meanwhile, the reduced number of insurance companies that underwrite third-party liability policies for the public health service are reconsidering the renewal of these insurance policies due to profitability problems, in some cases refusing to continue to underwrite this kind of business. This brings to bear increased pressure to create a specific fees scale that can take into account the specific features of the injuries and suffering resulting from medical negligence, when there is often a failure to handle correctly injuries caused by traffic accidents.

With regard to compulsory insurance, in 2017 more than fifty provisions were introduced to establish or review the requirement to take out an insurance policy, although many of these consist of either the revision of already existing standards or the adoption of laws passed by the autonomous regions relating to pets, entertainment or sport.

Chart 3.2-l
Trends in direct Burial insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



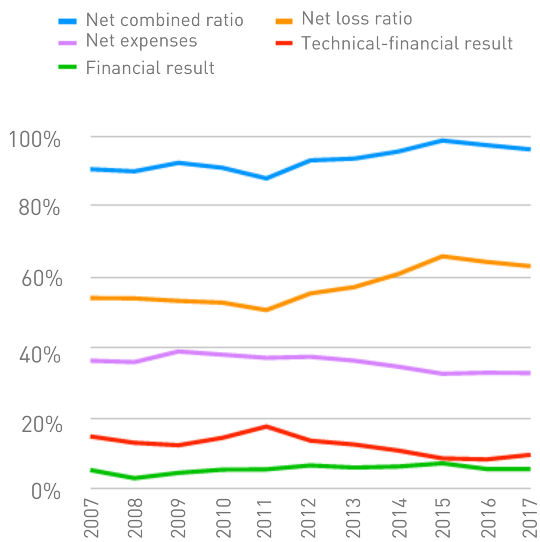
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-j
Basic Burial insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	2,167	2,272
Change in premiums	0.8%	4.9%
Retention	98.6%	98.4%
Gross loss ratio	63.7%	62.6%
Gross expenses	33.1%	33.0%
Net loss ratio	64.3%	63.1%
Net combined ratio	97.3%	96.1%
Financial result	5.8%	5.8%
Technical-financial result	8.5%	9.8%

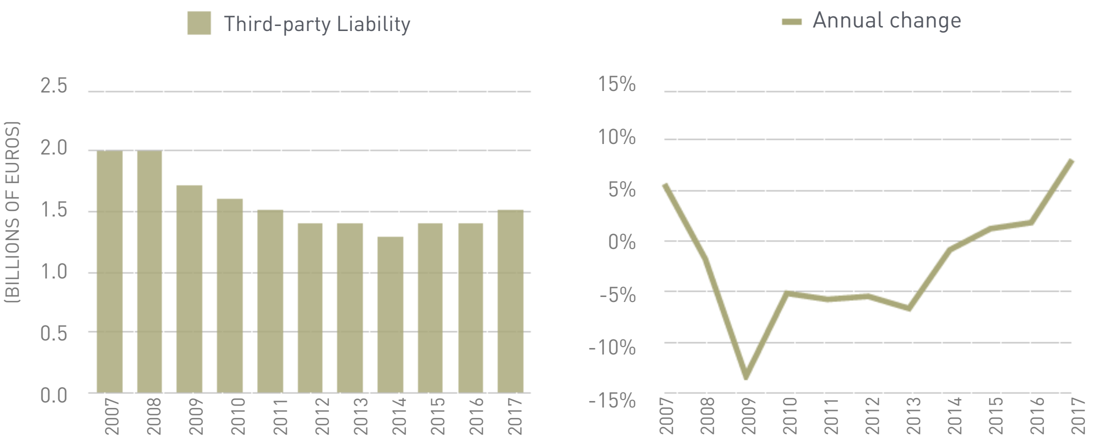
Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-m
Results performance in the Burial line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-n
Trends in direct Third-party Liability insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



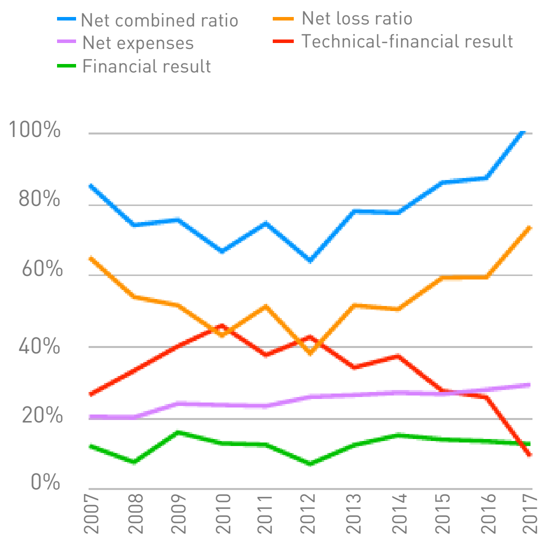
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-k
Basic Third-party Liability insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	1,385	1,497
Change in premiums	1.9%	8.1%
Retention	69.9%	69.5%
Gross loss ratio	67.7%	69.3%
Gross expenses	26.5%	27.2%
Net loss ratio	59.6%	73.9%
Net combined ratio	87.6%	103.4%
Financial result	13.5%	12.7%
Technical-financial result	25.9%	9.3%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-o
Results performance in the Third-party Liability line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

In relation to these standards attention should be drawn to the new Explosives Regulation, the latest Regulation for fire protection installations, and the renewed regulation covering vehicle technical inspection centers.

Moreover, it should also be remembered that the Spanish Law for the Coordination, Supervision and Solvency of Insurance and Reinsurance Companies (LOSSEAR) conferred on the Insurance Compensation Consortium (CCS) the task of listing compulsory insurance in accordance with information provided by both the autonomous regions and the central government, as a response to the requirement to transmit this information to the European authorities in keeping with the provisions of Directive 2009/38/EC of the European Parliament and Council dated November 25, 2009 (the Solvency II Directive), which in its Article 179 establishes this obligation to transmit information on the part of the Member States. Accordingly, it is now possible to access this information on the website of this organism.

Personal Accident

In 2017, the growth shown in previous years by the Personal Accidents line was accentuated thanks to an increase in the volume of business of over 13%, attaining 1.113 billion euros (see Chart 3.2-p). This growth was accompanied by an improvement in the main management, claims and expense ratios, improving even further the line's excellent combined ratio. Thus in 2017 the combined ratio improved by three decimal points to 74.3%, helped by a reduction in the claims and expense ratios. This fact, combined with an improvement in the financial result, gave rise to an excellent technical-financial result of 42.7%, bettered only by Surety insurance (see Table 3.2-l and Chart 3.2-q).

Credit

For the ninth consecutive year, Credit insurance premium volume fell in 2017, totaling 570 million euros, down by -3.9% compared with the previous year (see Chart 3.2-r). Despite this, once again this year the favorable performance of the collection of overdue payments activity was maintained, which led to successfully restrained loss ratio data. In this soft market context, the sector continued to register a significant reduction in premium rates, which was not compensated for by the increase in insured sales (see Table 3.2-m and Chart 3.2-s).

Despite undergoing a slight rise in relation to 2016, the loss ratio remained throughout 2017 at historically low levels for the Spanish Credit insurance market, which explains the increase in the combined ratio, which closed 2017 at 69.9%, equivalent to 5 pp above that registered in the previous year.

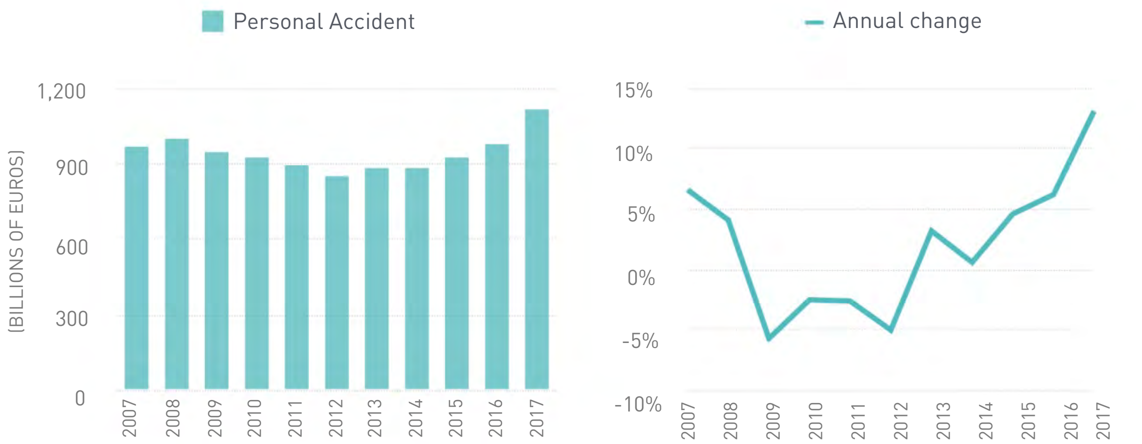
Provisional premium data for this market segment at the end of April 2018 point to a growth of 3.2%. Although it is still early days to confirm a possible change in market trend to return to growth after nine years, the economic situation may favor a rise in sales on the part of insurable companies, which could lead to an increase in premiums in the sector. By the same token, the greater dynamism of the Spanish export market may have a positive impact leading to a rise in Credit insurance premiums, since this is a product habitually used by exporters.

Surety

During the course of 2017, the premium volume for Surety insurance totaled 61 million euros, representing a reduction of 2.6% on the previous year (see Chart 3.2-t). This reduction occurred despite the fact that public tenders increased by 39% in 2017, and the real estate sector shows obvious signs of recovery, both of which are factors that are usually positive for the performance of this business line.

The gross loss ratio has worsened by over seven points compared with 2016, but remains at 30.4%, which is still a satisfactory figure. The net loss ratio was 38.4% compared with 33.1% for 2016. However, the combined ratio improved from 58.2% to 51.5% (see Table 3.2-n and Chart 3.2-u).

Diagram 3.2-p
Trends in direct Personal Accident insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



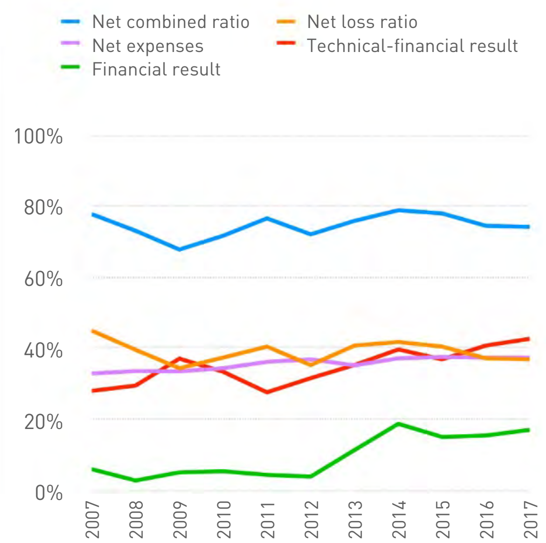
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-l
Basic Personal Accident insurance Indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	984	1,113
Change in premiums	6.2%	13.1%
Retention	87.9%	87.4%
Gross loss ratio	37.2%	38.3%
Gross expenses	37.1%	36.9%
Net loss ratio	37.2%	36.9%
Net combined ratio	74.6%	74.3%
Financial result	15.4%	17.0%
Technical-financial result	40.8%	42.7%

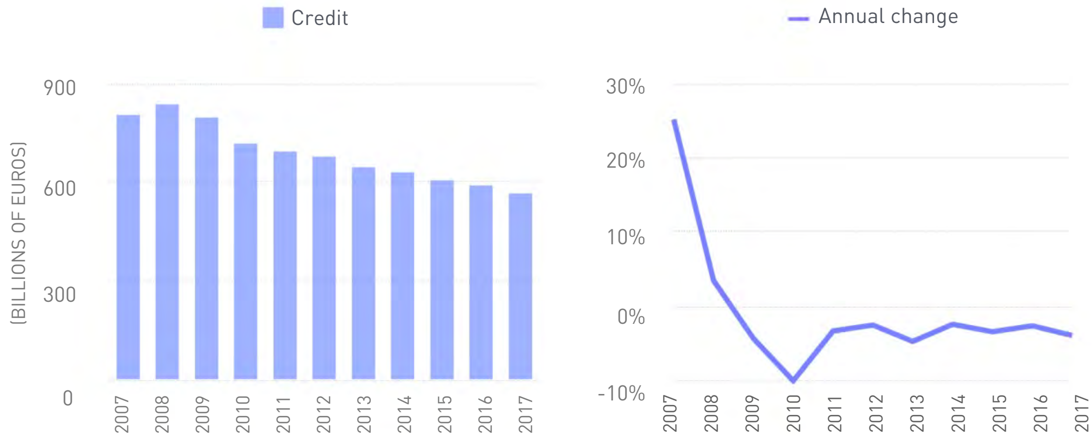
Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-q
Results performance in the Personal Accident line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-r
Trends in direct Credit insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



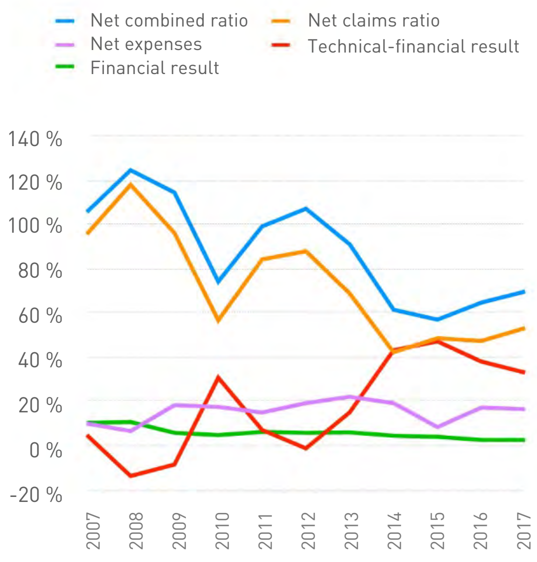
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-m
Basic Credit insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	593	570
Change in premiums	-2.6%	-3.9%
Retention	34.4%	34.4%
Gross loss ratio	45.0%	48.0%
Gross expenses	31.3%	30.4%
Net loss ratio	47.3%	53.1%
Net combined ratio	64.6%	69.6%
Financial result	2.6%	2.6%
Technical-financial result	38.0%	33.0%

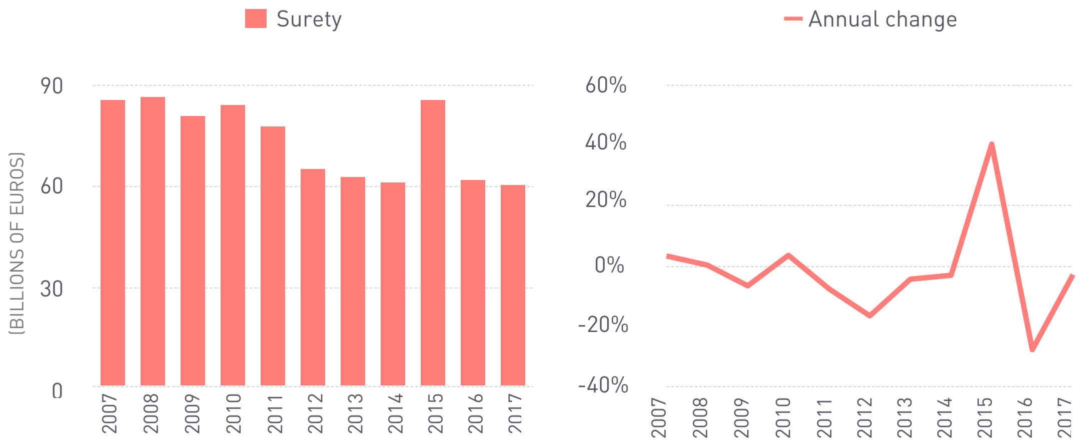
Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-s
Results performance in the Surety insurance line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-t
Trends in direct Surety insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



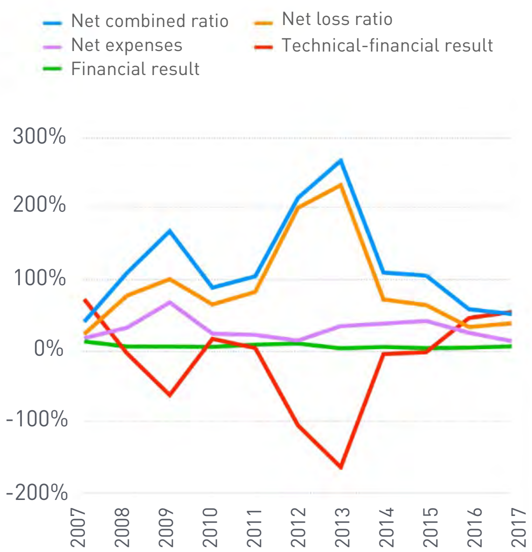
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-n
Basic Surety insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volumes issued (millions of €)	62	61
Change in premiums	-27.4%	-2.6%
Retention	35.1%	36.4%
Gross loss ratio	22.9%	30.4%
Gross expenses	32.4%	27.4%
Net loss ratio	33.1%	38.4%
Net combined ratio	58.2%	51.5%
Financial result	4.1%	5.8%
Technical-financial result	45.9%	54.3%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-u
Results performance in the Surety insurance line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

The problems that brought the line extremely negative results from 2012 to 2015 seem to have been overcome, and there has been a return to traditional levels of profitability in the sector.

Issuing figures up to April 2018 show growth of 33.6%. Although the increased number of public tenders experienced in 2017 did not give rise to many new premiums during the last year, this may perhaps be the case in 2018. As long as the economic situation continues to develop favorably, the line will enjoy a positive performance in terms of increased premiums and profitable results.

Transport

Premiums for Transport insurance rose to 458 million euros in 2017, representing an increase of 10.8% over the previous year. The Goods line continued its upward trend with an excellent performance in terms of both issuing and results, in step with the current trend in the Spanish economic environment. The Hull line, however, worsened in terms of both issuing and results. It should be remembered that the loss ratio for 2016 was qualified as exceptional in both lines, so that any comparative analysis needs to take this circumstance into account (see Chart 3.2-v).

From January to April 2018, Transport insurance premiums decreased by 2.1% due to the Hull line (-9.7% for Aviation and -2.7% for Marine), since the Goods line has remained unchanged.

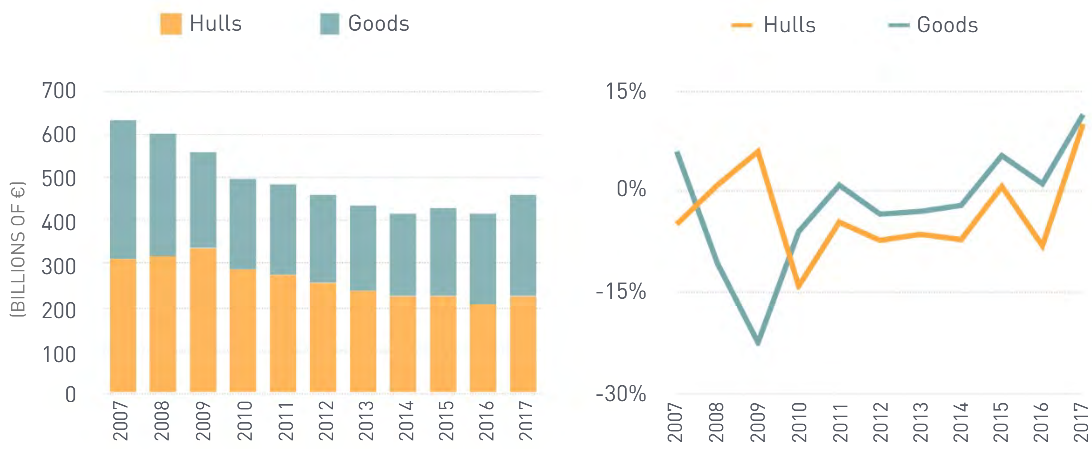
Hulls

Direct Hull insurance premium volume totaled 228 million euros in 2017, representing an increase of 10.1% on the previous year (see Table 3.2-o). Within this rise the momentum provided by Marine business attracted most notice as the highest volume, although the biggest growth came from Aviation insurance, up by 53.9%.

Meanwhile the premiums issued in the Marine line, which represent 35% of Transport insurance business, closed the year with a fall in issuing and a negative result due to an upturn in claims. In general terms, renewals were on a downward trend compared with the acceptable results from the previous year. There was a little more activity in shipbuilding, and also in marine responsibilities. Despite the fact that there was plenty of capacity on the market, retention fell, given that the risks arising in the market involved greater exposure.

The combined ratio for Hulls increased during 2017 by nearly two percentage points to 101.1%, due to a deterioration by 1.2 pp in expenses and by 0.5 pp in the loss ratio. The line's result was also affected by the negative financial result, which fell from 11.6% to -3.2% (see Table 3.2-o and Chart 3.2-w),

Chart 3.2-v
Trends in direct Transport insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)



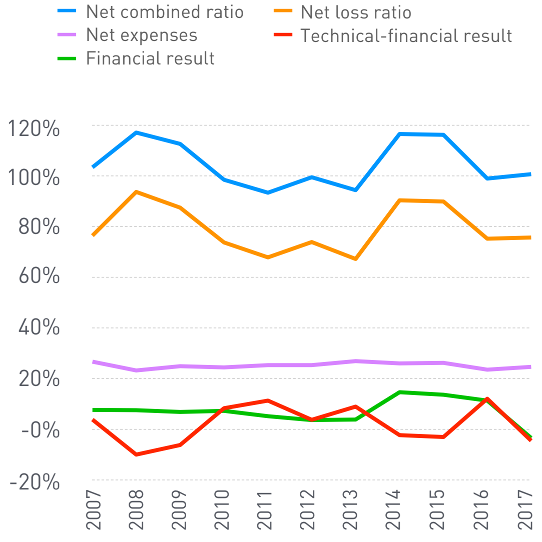
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-o
Basic Hull Transport insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	207	228
Change in premiums	-8.0%	10.1%
Retention	53.6%	52.2%
Gross loss ratio	66.2%	68.5%
Gross expenses	18.9%	18.4%
Net loss ratio	75.6%	76.1%
Net combined ratio	99.4%	101.1%
Financial result	11.6%	-3.2%
Technical-financial result	12.3%	-4.3%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-w
Results performance in the Hull Transport line, 2007-2017
(indicators over premiums)



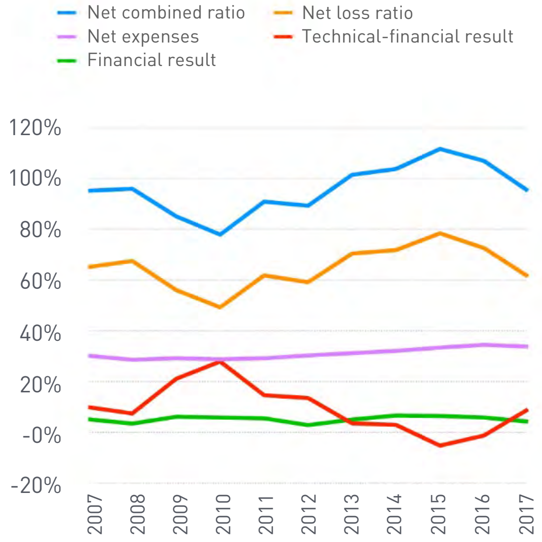
Source: MAPFRE Economic Research (with ICEA data)

Table 3.2-p
Basic Goods in Transit insurance indicators, 2016-2017
(premiums, millions of euros; ratio over premiums, %)

	2016	2017
Premium volume issued (millions of €)	207	231
Change in premiums	1.2%	11.5%
Retention	65.0%	62.0%
Gross loss ratio	75.4%	58.8%
Gross expenses	28.7%	27.4%
Net loss ratio	72.6%	61.4%
Net combined ratio	107.0%	95.2%
Financial result	5.7%	4.1%
Technical-financial result	-1.4%	8.9%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-x
Results performance in the Goods in Transit line, 2007-2017
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

Goods in Transit

The premium volume for the Goods in Transit line continued to grow in 2017, doing so by 11.5% on the previous year to attain 231 million euros. Goods represented over 50% of the premiums issued in the Transport line, and its performance has been very stable over the three previous years.

Its claims performance and result accompanied this bonanza of premium issuing. There were no major claims or incidents in the line, and the loss ratio fell by over eleven points. Gross expenses maintained their level, but unlike what happened in the Hulls line, the combined ratio improved, as did the line's financial result (see Table 3.2-p and Chart 3.2-x).

Engineering

Premium volume in 2017 in the Engineering line rose to 246 million euros, representing a slight 1.3% increase over the previous year, maintaining the upward trend of recent years (see Table 3.2-q).

Ten-Year insurance and Electronic Equipment were the lines that drive growth; the former experienced a significant rise of 17.1%, and the latter achieved a more moderate increase of 8.1%, although its weight in the line is greater. Other lines underwent falls in premium volume. The most important line continued to be Machinery Breakdown, which accumulated 43.1% of premiums (see Chart 3.2-y).

3.3 Life insurance business

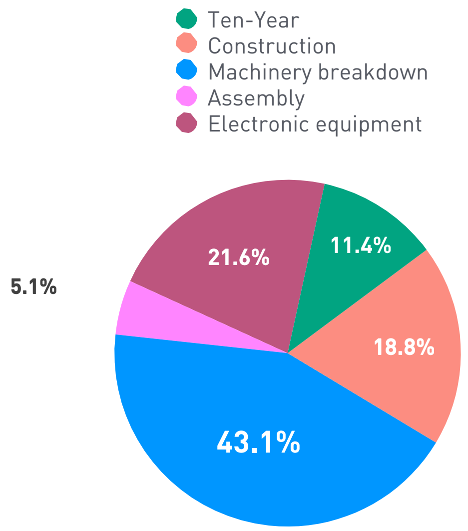
During 2017, Life insurance business in Spain achieved a total premium volume of 29.407 billion euros, representing a -5.6% fall on the previous year. This contrasts with the significant increase of 21.8% registered in 2016 (see Chart 3.3-a). Nevertheless, the volume of technical provisions continued on an upward trend, with a 3.3% increase in 2017, totaling 183.606 billion euros (see Table 3.3-a).

Table 3.2-q
Breakdown of Engineering insurance by modality, 2017
(premiums, millions of euros; change, %)

Modality	2017	Change
Ten-Year	28.2	17.1%
Construction	46.2	-2.9%
Machinery breakdown	106.2	-2.2%
Assembly	12.6	-8.7%
Electronic equipment	53.2	8.1%
Total engineering	246.4	1.3%

Source: MAPFRE Economic Research (with ICEA data)

Chart 3.2-y
Breakdown of Engineering insurance premiums by modality, 2007
(indicators over premiums)



Source: MAPFRE Economic Research (with ICEA data)

With regard to the line's market penetration level, the number of policyholders remained at 29.7 million, with a slight increase of 2.0% in Life Risk insurance, the modality that has the largest number of policyholders (68% of the total), and a 3.8% decrease in Savings insurance (see Table 3.3-b).

Chart 3.3-a
Trends in direct Life insurance in Spain, 2007-2017
(accrued direct insurance premiums, billions of euros; annual change, %)

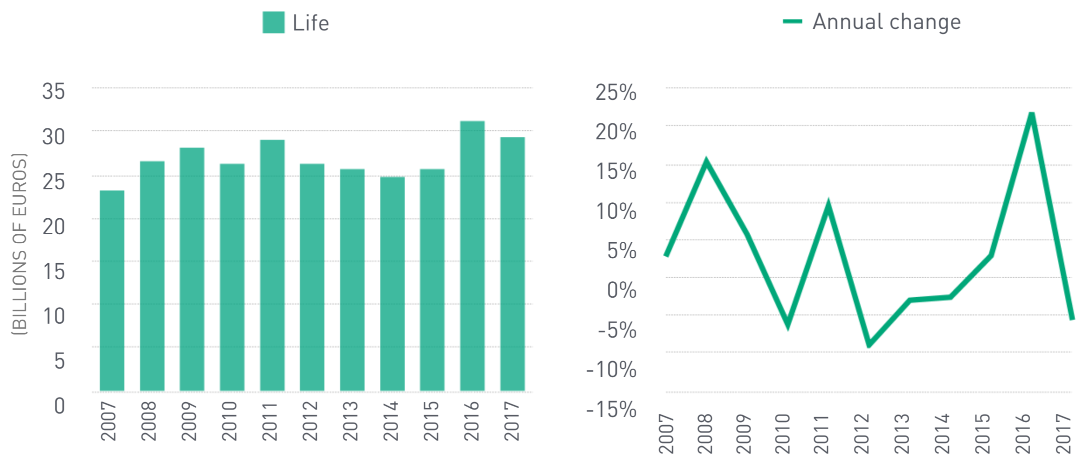


Table 3.3-a
Breakdown of Life insurance premiums and provisions by modality, 2016-2017
(premiums issued net of cancellations, annual change, %)

Method	Premiums		Provisions	
	2017	Change	2017	Change
Individual	26,628	-6.0%	146,366	4.5%
Collective	2,779	-1.4%	37,239	-1.3%
Total	29,407	-5.6%	183,606	3.3%
Risk	4,199	0.0%	5,964	-1.4%
Dependency	7	6.3%	20	-5.6%
Savings / Retirement	25,201	-6.4%	177,622	3.4%
Insured Pension Plans	1,533	-14.1%	12,416	-4.0%
Deferred Capital	6,734	-28.1%	48,237	-0.6%
Annuity	7,672	-6.8%	87,259	3.0%
Conversion of equity into life annuities	872	48.7%	1,611	109.6%
Individual Systematic Savings Plans (PIAS)	3,726	7.2%	12,189	19.2%
Individual Long-Term Savings Insurance (SIALP)	1,335	4.8%	2,962	48.8%
Asset-linked (unit-linked)	3,330	50.6%	12,948	2.6%
Total	29,407	-5.6%	183,606	3.3%

Source: MAPFRE Economic Research (with ICEA data)

With regard to other alternative forms of savings and provision, 2017 data confirm the trend toward growth registered in recent years by Mutual Funds and Pension Funds. Both showed a very positive performance in 2017, especially the former, with equity increasing by 11.7%. Pension Funds' assets increased by 4.0%.

Modalities

The premium volume of Life Risk insurance stood at 4.199 billion euros in 2017, a similar figure to that of 2016. Unlike the previous year, the overall Savings/Retirement modalities business underwent a reduction in the issuing of premiums of -6.4%, a performance heavily affected by the persistence of the low interest rate environment, among other factors. With regard to the technical provisions for this type of insurance, Annuities represented the predominant insurance formula, with a total of 87.259 billion euros (see Table 3.3-a).

Table 3.3-b
Breakdown of Life insurance policyholders by modality, 2016-2017
(number of policyholders; annual change, %)

Method	2017	Change
Risk	20,176,155	2.0%
Dependency	39,544	5.2%
Savings / Retirement	9,531,463	-3.8%
Total	29,747,162	0.1%

Source: MAPFRE Economic Research (with ICEA data)

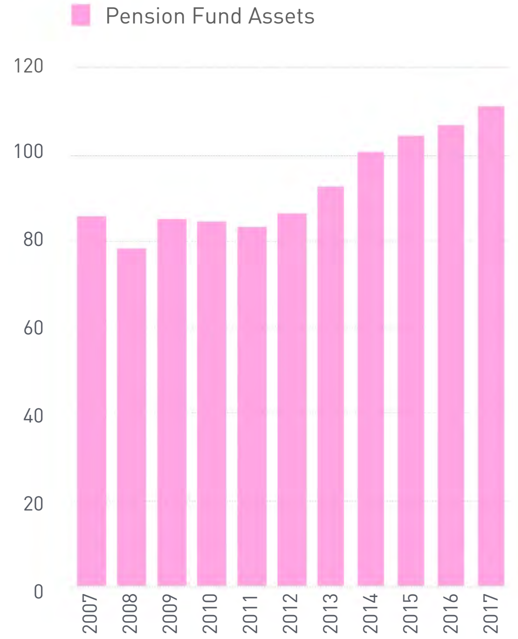
Meanwhile, Insured Benefit Plans (PPA), Deferred Captial insurance and Annuities underwent falls in the issuing of premiums that were not compensated for by the increases in modalities such as Asset Transformation into Life Annuities (48.7%), Individual Systematic Savings Plans-PIAS (7.2%), Individual Long-Term Savings Insurance-SIALP (4.8%) and unit-linked insurance (50.6%). The volume of redemptions increased by 2.146 billion euros in relation to 2016.

Finally, while a distinction can be made between individual and group Life insurance business, the performance was negative for both modalities in relation to premium revenue: -6.0% for individual insurance and -1.4% for group insurance, With regard to the technical provisions, there was an increase for individual business (4.5%) and a decrease for group business (-1.3%).

Pension Plans and Pension Funds

Pension Plans closed 2017 with an increase of 4.0%, with managed assets totaling 111.077 billion euros, as can be seen in Chart 3.3-b. However, the number of unitholder accounts remained below 10 million, with a slight decrease of 2.1% on the previous year, and with none of the plans performing positively (see Chart 3.3-c). The average age of unitholders was around 50 years.

Chart 3.3-b
Trends in Pension Fund assets, 2007-2017
(in billions of euros)



Source: MAPFRE Economic Research (with Iverco data)

Once again this year, favorable financial market performance allowed Pension Plans to close the year with positive returns across all terms and categories (with the exception of Short-Term Fixed Income). For Individual System Plans overall, profitability over the year was 2.6% and Employment Plans were revalued by 3.2%.

Net accumulated contributions in 2017 totaled 427 million euros, almost double that of the previous year. The Individual System stood out for its plans accumulating positive net contributions of 1.039 billion euros, while the Employment System saw a fall in net contributions, as has been the case in recent years (down by -588 million euros in 2017). Since 2012 the Individual System has maintained positive net contributions every year, while the Employment System has based its growth on the yields generated by investment, since its volume of net contributions has been negative throughout this period.

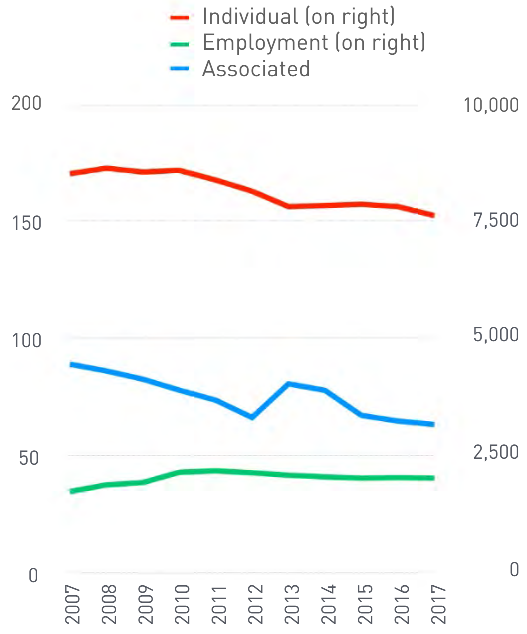
Mutual Funds

In 2017, the Mutual Funds increased their volume of assets to 262.847 billion euros, equivalent to 11.7% more than the previous year, and surpassing the best historic asset level attained in May 2007. In recent years savers have acted as investors with a higher risk profile, moving toward more dynamic positions, which has favored the recovery referred to. Some 10.3 million unitholders invested in this type of product (see Charts 3.3-d and 3.3-e).

Thanks to the positive performance in 2017 of the international equity markets, Mutual Funds achieved positive returns. Overall annual average profitability for all funds was 2.6%, much higher than the 1.1% figure for 2016, with satisfactory values for the vast majority of modalities, and particularly so for Emerging International Equity Funds, with a total of 16.7%.

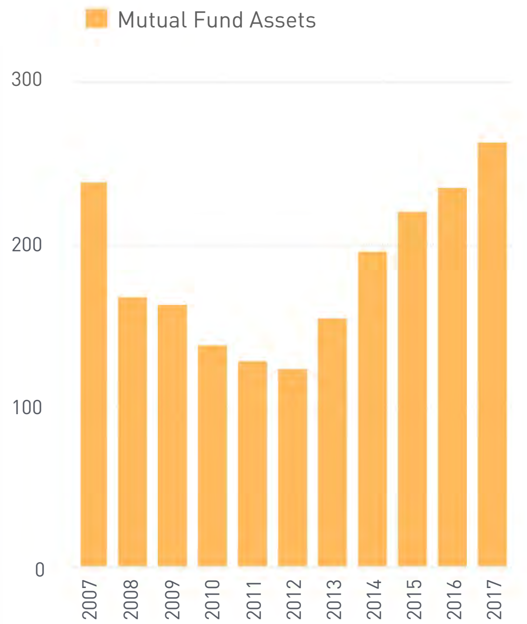
Throughout the course of 2017, Mutual Funds experienced net underwriting for a total of 21.410 billion euros, which shows that, for the fifth consecutive year, unitholders pension funds do not help encourage the marketing of complementary savings insurance policies for retirement.

Chart 3.3-c
Trends in Pension Fund unitholders, 2007-2017
(thousands of unitholder accounts)



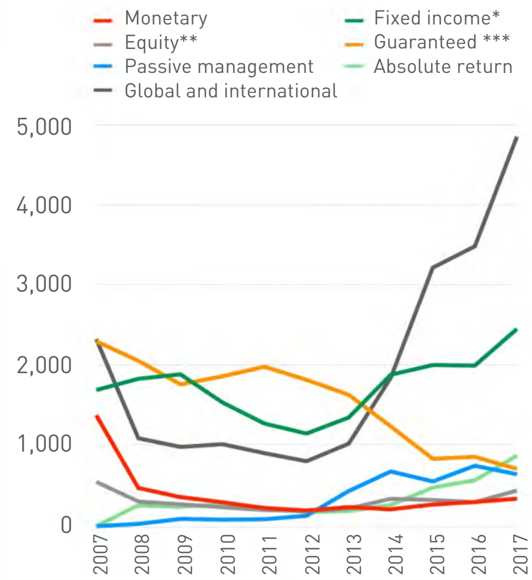
Source: MAPFRE Economic Research (with Iverco data)

Chart 3.3-d
Trends in Pension Fund assets, 2007-2017
(in billions of euros)



Source: MAPFRE Economic Research (with Iverco data)

Chart 3.3-e
Trends in Mutual Fund unitholders, 2007-2017
(thousands of unitholder accounts)



Source: MAPFRE Economic Research (with Inverco data)
* Composed of s/t fixed income, l/t fixed income & mixed fixed income
** Composed of equity and mixed
*** Composed of fixed, mixed & equity performance

continue to believe in Mutual Funds as a method of saving.

2018 Outlook

With data as in May 2018, it is already anticipated that Life Risk business may attain an annual growth in premiums of nearly 8% by the end of 2018. The recovery of credit and an increase in consumption may be behind these figures. In Life Savings, the figures at the same date do not anticipate the same results, and the fiscal year could close with falls in premiums of over 5%.

The reduced interest rate levels and the highly changeable volatility of the equity markets makes it difficult to create innovative savings products with underlying equity elements and an adequate balance in relation to term, risk and expectations of profitability, with a view to making such products attractive in an environment of conservative savers.

With regard to complementary social prevision, the contradictory messages being sent to savers prevent the establishment of the culture of prevision savings that is in fact required, but the need for which is never adequately explained. The persistence of the low interest-rate environment and falls in the profitability of

Outlook for Mutual Funds and Pension Funds

For 2018, it is hoped that the economy will close the year with growth of 2.8%, slowing on the 3.1% registered in 2017. In any case, growth in activity remains strong. In this framework, household spending should continue to contribute in a positive way as a driver of growth, in a context of inflation that is moderately on the rise and with job creation that should continue to bring positive news.

At the same time, changes in monetary policy are expected and it is likely that the European Central Bank (ECB) will begin to change its message in such a way as to orientate markets toward future interest rate rises. Be that as it may, the monetary conditions laid down by the ECB will continue to be highly expansionary in the short term, and interest rates on bank deposits will continue to be restrained.

In such a context, households are likely to keep increasing the weight of collective investment products in their savings portfolios. In the latest report on the subject of Families' Financial Savings it is observed that only 10.3% of savings are placed in mutual funds and around 5.7% in pension funds, figures that are much lower than the average for other European countries, thus reflecting the potential for growth latent in these products. In relative terms with regard to GDP, Mutual Funds in Spain represent only 25%, while the European Union average stands at 101%. The gap is also very wide in terms of Pension Funds, which have a weight of 9.5% in Spain, compared with 36% in the EU.

A well conceived and diversified product offer will continue to be the key to attracting these potential savings. Faced with increasingly specialized financial markets, dependent on a multitude of factors and subject to ongoing uncertainty, the tax break provided by Mutual Funds allowing savers to refine their risk profile and the orientation of their investments, should be among the drivers for an expansion of collective investment. The coming into force of the European MiFID II Directive, which aims to provide greater transparency and protection for investors, should have a positive effect on demand for this type of product in the medium term. In addition, the tendency of the major distribution networks to develop more open structures will be in favor of investors, who will thus have access to a wider and more varies range of offers.

In terms of welfare prevision, the increasing budgetary pressures on public spending on pensions and current demographic trends make it increasingly clear that these is a need to supplement public pensions with contributions to complementary systems. Increasing life expectancy, changes in the demographic pyramid and prolongation of retirement age mean it is almost essential to begin planning long-term savings well in advance. It is becoming ever more necessary to educate society on the need to engage in systematic saving throughout the year to avoid market fluctuations and convert saving into a routine which guarantees a satisfactory future income.

As was emphasized in previous reports, solving the public pension problem over the coming years is only part of the problem. The overall solution involves further development of pillars II and III. Specifically, the current system of intergenerational solidarity needs to be complemented with savings policies generated over the course of peoples' working lives. Therefore, it will be necessary to create some kind of mandatory or quasi-mandatory system in pillar II (saving linked to employed), set aside for the provision of future income as a complement to public pensions. Such systems have already been put in place in a number of European countries and Spain cannot afford to fall behind. It is therefore essential that tax measures favor retirement savings and that some aspects of regulation be clarified. Historical positive returns in a context of moderate expected global inflation should serve as an incentive for the development of this sector.

4. Structural growth trends

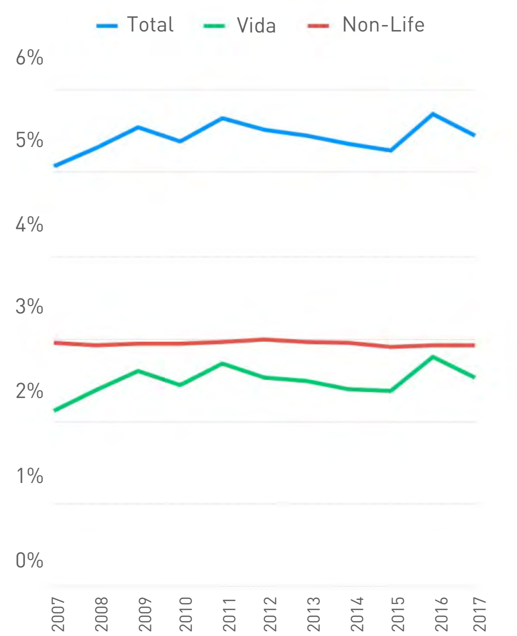
4.1. Penetration, density and depth

Penetration

Insurance penetration in Spain, i.e., the relationship of premiums to gross domestic product, was 5.45% at the close of 2017. This meant a reduction of 0.26 percentage points (pp) compared with the value it had achieved at the close of the previous year, in which it had attained a historic high point (see Chart 4.1-a).

The reduction in the level of penetration in the Spanish insurance market in 2017 can essentially be explained by the performance of the Life insurance segment, which attained a penetration of 2.53% in 2017, lower by 0.26 pp than that registered the previous year (see Chart 4.1-b). For its part, the penetration indicator for Non-Life insurance in the year under study (2.92%) remained unchanged compared with 2016. Nevertheless, when its performance is analyzed over the entire last decade (using an index based on 2007), Spanish insurance had an increased penetration rate of 7.2% during this period, prominent features being the growth in the penetration rate of Life insurance (18.4%) and the slight contraction of the indicator in the case of Non-Life insurance (-0.8%).

Chart 4.1-a
Trends in penetration, 2007-2017
(premiums / GDP)

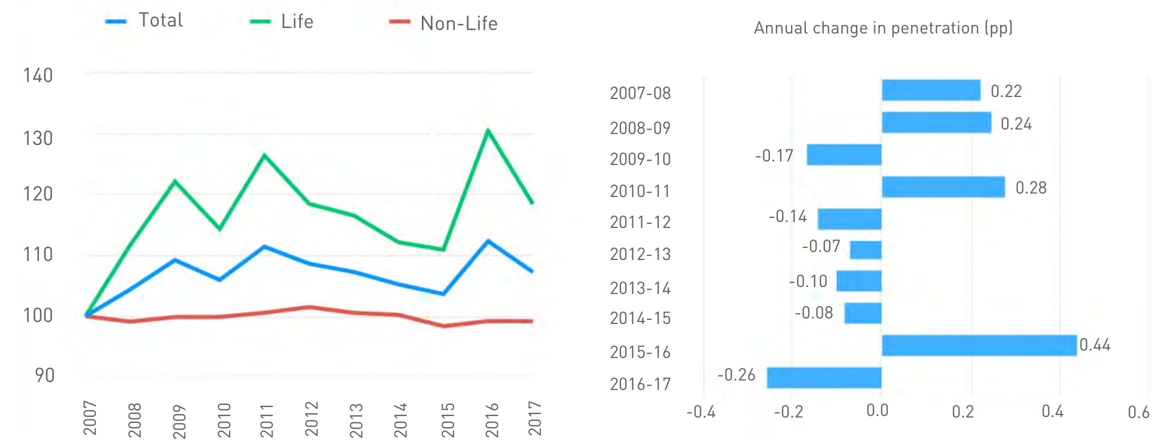


Source: MAPFRE Economic Research (with ICEA and INE data)

The performance of the penetration of Spanish insurance is best explained by analyzing the way in which the different lines of insurance business have made their contribution in recent years. In this sense, Chart 4.1-c summarizes the analysis of trends in the penetration of Life insurance. In the level of penetration attained in this market segment in 2017 (2.53%) we can continue to highlight the predominance of Life Savings insurance, the penetration of which stood at 2.17% in the year in question, while the remaining 0.36% corresponded to Life Risk insurance. Nevertheless, it is important to emphasize that in both cases penetration fell in relation to the previous year, by 0.24 pp in the case of Life Savings insurance, and by 0.01 pp for Life Risk insurance. Despite this, the analysis of penetration in this segment over the last decade (with an index of 2007 = 100) shows an improvement in penetration of 18.4%, with positive aggregate performances in both Savings Life insurance (which saw penetration increase by 21.2% over this period) and Life Risk insurance (up by 3.7% over the same period).

In the case of the Non-Life insurance segment, Chart 4.1-d shows an analysis of trends in its penetration throughout the last decade. Overall, the penetration of this market segment in 2017 stood at 2.92%, without changes compared with that registered in 2016. For their part, in the main business lines no relevant changes were observed in relation to those observed in 2016.

Chart 4.1-b
Trends in changes of penetration, 2007-2017
(Index 2006=100; annual change, pp)



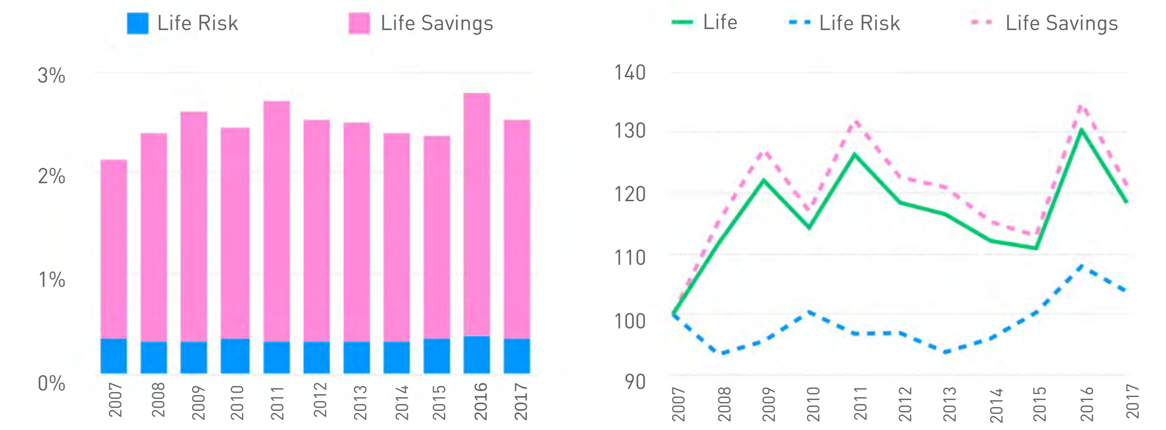
Source: MAPFRE Economic Research

In relation to the Automobile line, penetration in 2017 was 0.94% (0.01 ppt less than the previous year); in the Multirisk line, the indicator stood at 0.59% (0.01 ppt less than the previous year); in Health, penetration was 0.69% (the same value as in 2016), and finally, in the case of other Non-Life insurance lines, penetration stood at 0.70% (0.01 ppt more than the previous year).

Nevertheless, as highlighted in previous reports, the Non-Life insurance line has had a mixed performance over the medium-term.

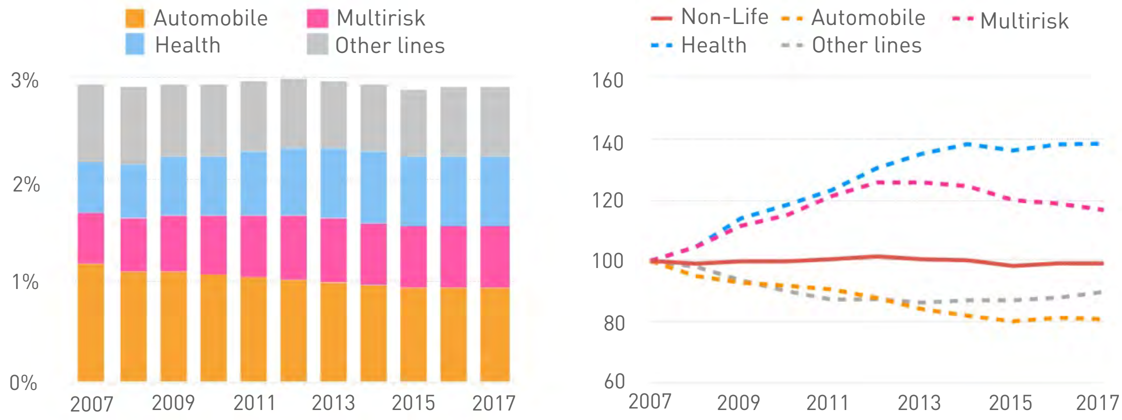
On the one hand, Multirisk and Health insurance lines posted growth of 16.8% and 38.6% respectively over the period 2007-2017 (index 2007=100), while on the other, the Automobile line and other Non-Life lines saw reductions of 19.9% and 10.2% respectively over the period.

Chart 4.1-c
Trends in Life insurance penetration, 2007-2017
(Premiums / GDP; index 2006=100)



Source: MAPFRE Economic Research (with ICEA and INE data)

Chart 4.1-d
Trends in Non-Life insurance penetration, 2007-2017
(premiums / PIB; index 2006=100)



Source: MAPFRE Economic Research (with ICEA and INE data)

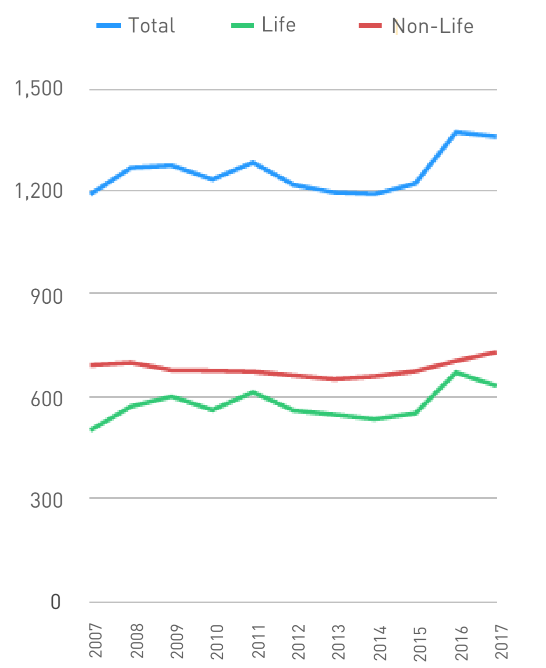
Density

Insurance density in Spain (i.e., premiums per capita) in 2017 stood at 1,357.80 euros, or 0.93% less than in 2016, with 728.10 euros of expenditure per capita on Non-Life insurance and 629.70 euros for Life insurance. In terms of trends over time, the density of the Spanish insurance market in 2017 has interrupted the trend toward recovery initiated in 2015 after a prolonged period of contraction since 2011. This rupture has been caused by the fall in the density of Life insurance, which fell by 5.8% this year, unlike Non-Life insurance, which increased by 3.7% and continues on an upward trend (see Chart 4.1-e).

In a medium-term analysis (index 2007=100), Spanish market density achieved growth of 14.1% over the period 2007-2017 (rising from 1,189.90 to 1,357.80 euros), with growth in the indicator for Life insurance of 26% (from 499.90 to 629.70 euros), and of 5.5% for Non-Life insurance (from 690 to 728.10 euros) over the same period (see Chart 4.1-f).

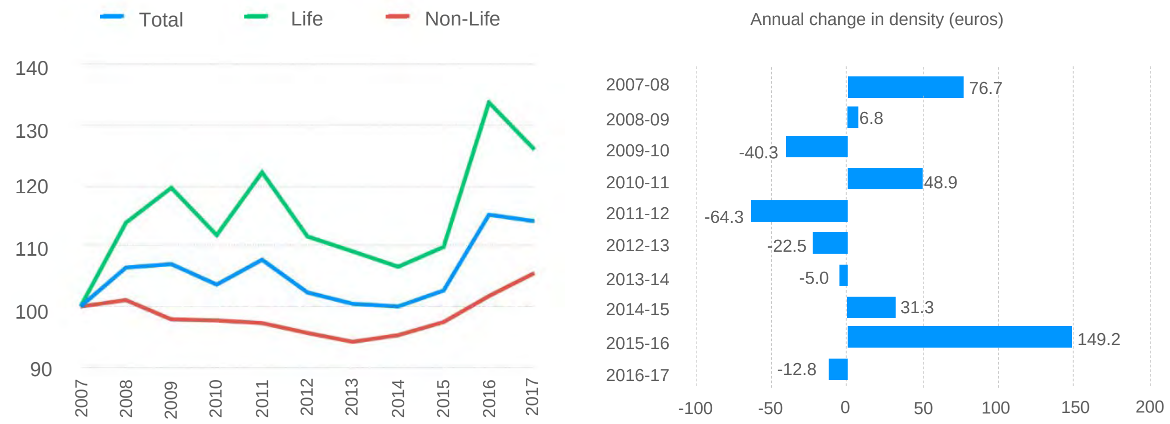
The analysis of density for the different modalities of Life insurance is shown in Chart 4.1-g. Analagously to the penetration indicator, density in the Life insurance segment is strongly influenced by Life Savings insurance, the density of which represented 85.7% of the total (0.8 ppt less than in 2016). The performance of Life Savings insurance density in 2017 did not surpass that attained in 2016 (which was a historic high point), and stood at 539.70 euros, equivalent to 6.7% less than the previous year.

Chart 4.1-e
Trends in density, 2007-2017
(premiums per capita, euros)



Source: MAPFRE Economic Research (with ICEA and INE data)

Chart 4.1-f
Trends in changes of density, 2007-2017
(index 2006=100; euros)



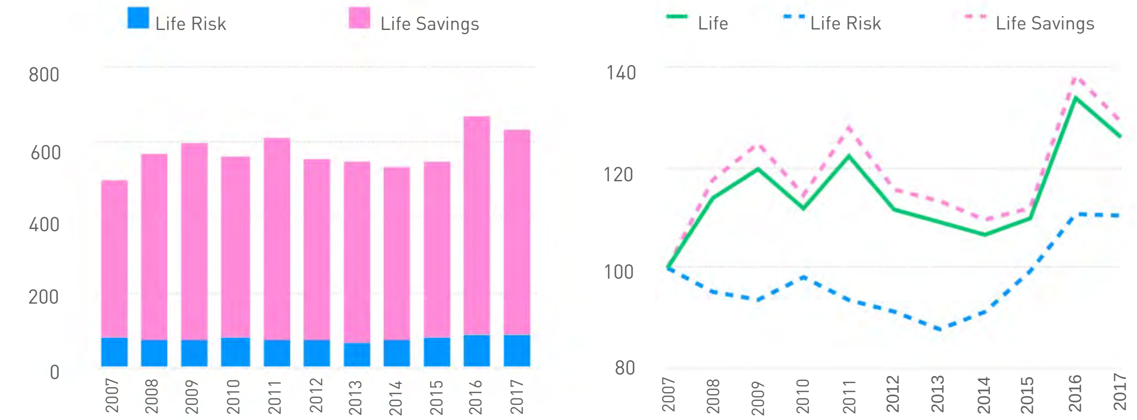
Source: MAPFRE Economic Research

In the analysis of the trends over the 2007-2017 period, shown in Chart 4.1-g, we can however observe an increase of 29% in the density of Life Savings insurance over the period (index 2007=100), while for Life Risk insurance the indicator grew by 10.4%.

As had already been highlighted in previous reports, the density of the Non-Life insurance segment can be broken down in a more balanced manner between the various different lines of which it is composed (see Chart 4.1-h). In 2017, this was broken down as follows: 32.1% corresponded to the Automobile line; 23.7% to the Health line; 20.2% to the Multirisk line; and 23.9% to the other lines in the Non-Life insurance segment, with no significant changes in relation to the structure observed the previous year.

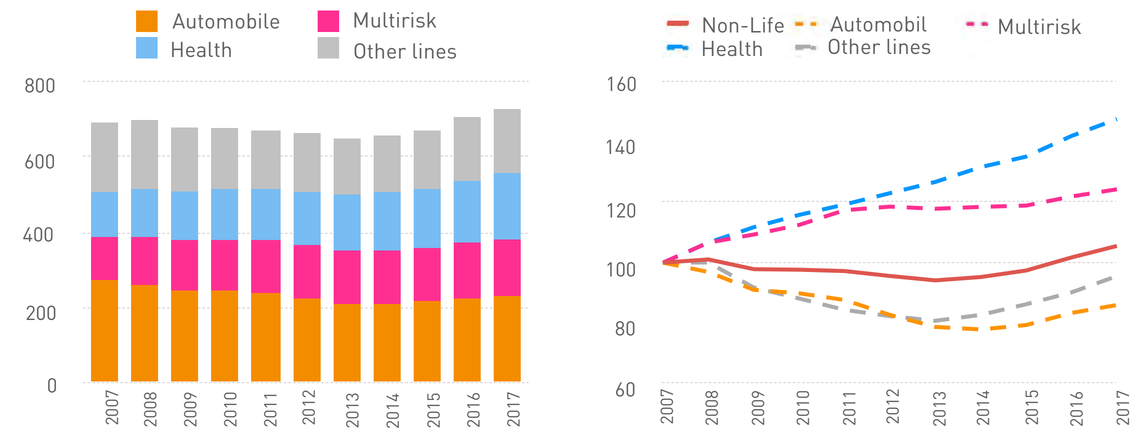
An analysis of the trends over the 2007-2017 period nevertheless shows that a distinction can be observed in the performance of density in each insurance line. On the one hand, the Health and Multirisk lines registered over this period increases in density of 47.5% and 24.3%,

Chart 4.1-g
Trends in Life insurance density, 2007-2017
(premiums per capita, euros; Index 2006=100)



Source: MAPFRE Economic Research (with ICEA and INE data)

Chart 4.1-h
Trends in Non-Life insurance density, 2007-2017
(premiums per capita, euros; Index 2006=100)



Source: MAPFRE Economic Research (with ICEA and INE data)

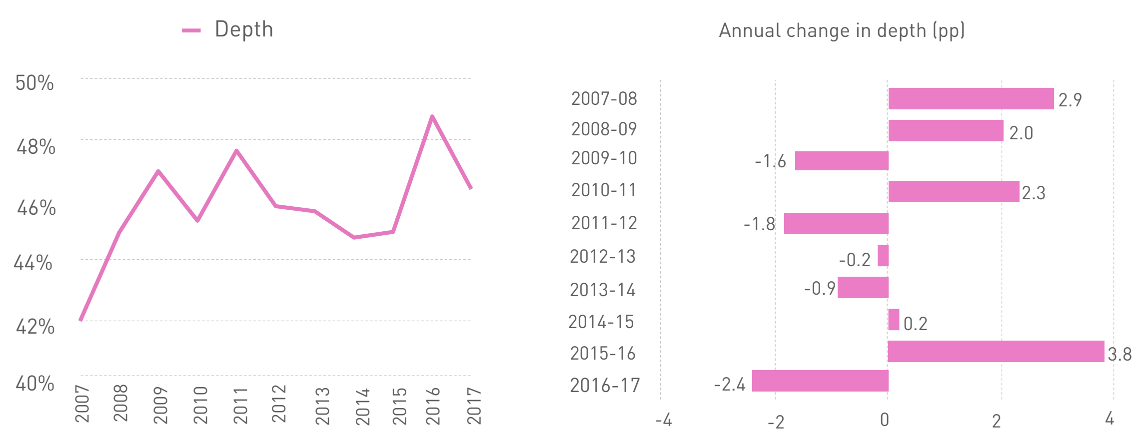
respectively (index 2007=100), while the Automobile line and other Non-Life lines underwent decreases in density of 14% and 4.4%, respectively. Nevertheless, it is important to highlight the trend toward recovery of the indicator for the Automobile line and other Non-Life insurance lines initiated in 2015.

Depth

The trend in insurance depth in the Spanish market (i.e., the share of direct Life insurance premiums relative to total market direct premiums) is shown in Chart 4.1-i. According to this information, the depth index stood at 46.4% in 2017, or 2.4 pp less than the figure registered the previous year, and interrupting the trend toward recovery initiated in 2014.

As occurred with the penetration and density indicators, the depth indicator did not surpass the figures achieved in 2016, the year in which it had attained its historic high point. Nevertheless, in a medium-term analysis the overall depth rate for the Spanish market has risen by 4.4 pp over the last decade.

Chart 4.1-i
Trends in depth, 2007-2017
(direct Life insurance premiums / total direct premiums, %; annual change, pp)



Source: MAPFRE Economic Research

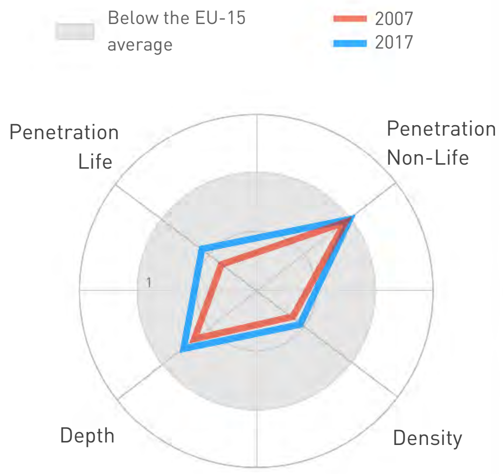
4.2. The Insurance Protection Gap

Market trends

The performance of the Spanish insurance market in 2017 seems to have slowed and to have moved away from the rhythm of vigorous expansion taken up in 2014. This behavior was underlined by the fact that the indexes of penetration, density and depth registered slight falls in relation to the previous year, remaining below the average of the said indexes for the 15 main economies in the European Union (see Chart 4.2-a).

Chart 4.2-a
Spain: elements of structural performance of the market, 2007 and 2017

COMPARATIVE INDEX OF STRUCTURAL COEFFICIENTS* VS EU-15 AVERAGE



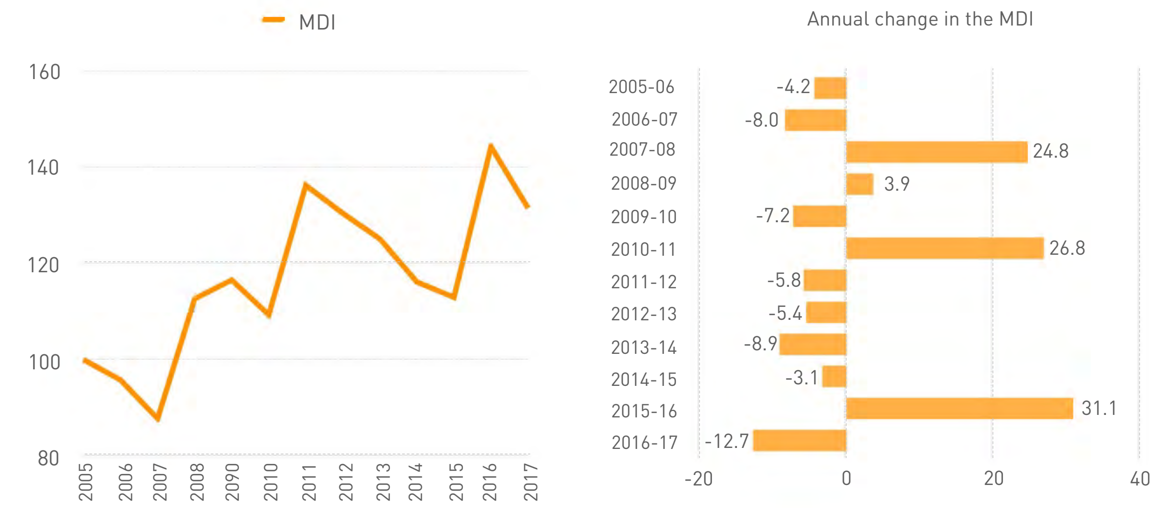
Source: MAPFRE Economic Research

* Indexes calculated as the quotient between the values of the country of the structural coefficient concerned and the average values for the overall EU-15 market in the year indicated. The unit represents a performance equivalent to the EU-15 average.

In this way, after the period of stagnation that followed the financial crisis, a process of recovery developed between 2008 and 2012, which was then followed by a slowdown in the expansion of the Spanish insurance industry until 2014, from which time onward the process of expansion took off again, characterized by increases in terms of quantity (i.e., penetration) and also in terms of the degree of sophistication and maturity of the market (i.e., depth). Nevertheless, 2017 has marked a new turning point, the significance of which will need to be evaluated in the coming years.

The Market Development Index (MDI) appears to confirm this trend[6]. An analysis of the MDI (which is shown in Chart 4.2-b based on an estimate with 2005=100) also reveals a change in the performance of the Spanish insurance market since 2015, marked by a return to the trend that had developed from 2011 onward. Nevertheless the prolonged environment of low

Chart 4.2-b
Market Development Index (MDI) for Spain, 2005-2017
(index 2005=100; annual change)



Source: MAPFRE Economic Research

interest rates is having a negative impact on the performance of Life Savings insurance and have led to a new fall in this indicator in 2017.

The Insurance Protection Gap

The *Insurance Protection Gap* in a region or country represents the difference between the insurance coverage that is economically necessary and beneficial to society and how much of that coverage is effectively acquired. Estimating the IPG helps to determine the potential market for insurance, which is the market size that could be achieved if the gap were to disappear. In this way, the Insurance Protection Gap is not a static concept, but rather it evolves in accordance with both a country's economic growth and the emergence of new risks inherent to continuing economic and social development.

By definition, the IPG is thus negatively correlated with market growth. Firstly, from a quantitative perspective, the IPG falls as the penetration index increases. And secondly, from a qualitative viewpoint, it also tends to decrease as markets become more sophisticated and mature. Accordingly, factors such as sustained economic growth, control of inflation, increases in personal disposable income, the general development of the financial system, an efficient regulatory framework and the applicatin of public policies aimed at increasing financial inclusion and education, are all elements which reduce the IPG[7].

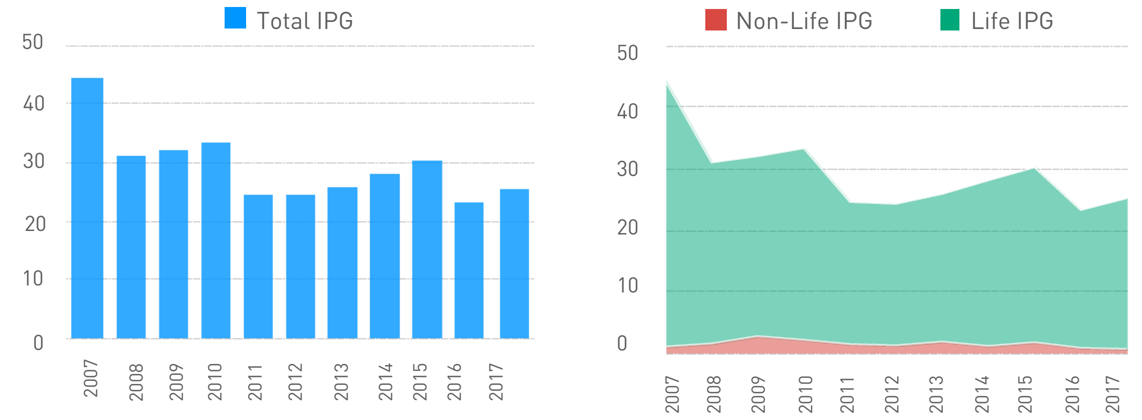
Estimate of the IPG for the Spanish market in 2017

Chart 4.2-c shows an estimate of the IPG for the Spanish market over the period 2007-17. According to this analysis, the IPG stood at 25.3 billion euros in 2017 (2 billion euros more than the figure for 2016).

In fact, from a structural viewpoint, the composition of the IPG continues to demonstrate the insufficient current level of development of the Life insurance segment. The proportion of the IPG corresponding to the Life insurance segment totaled 24.4 billion euros in 2017, representing 96.7% (1.1 percentage points more than in 2016), while the IPG for Non-Life insurance (0.8 billion euros) represented the remaining 3.3%.

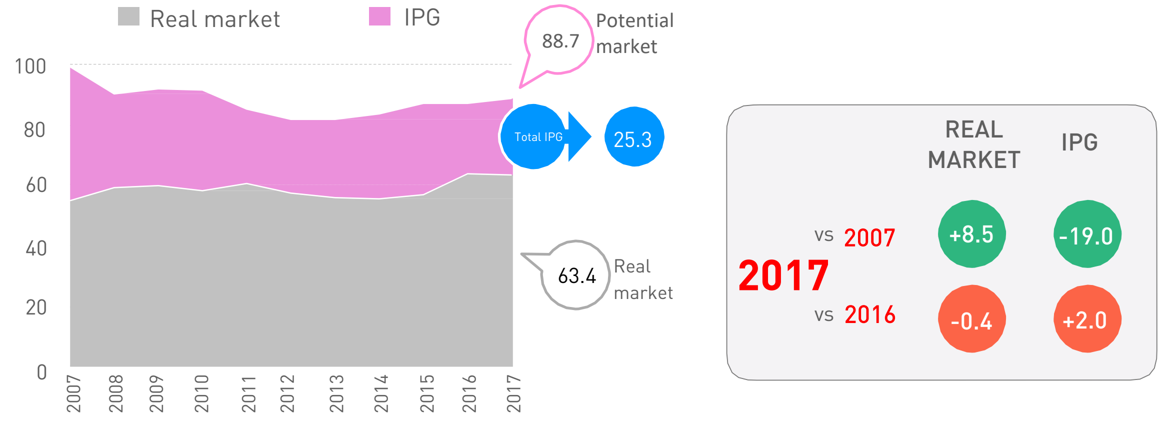
With regard to the two components of the IPG in 2016-2017, it is worth highlighting the increase in the Life insurance segment of 9.4% in absolute terms (2.1 billion euros), while the Non-Life insurance segment fell by 17.8% (0.2 billion euros).

Chart 4.2-c
Trends in the Insurance Protection Gap, 2007-2017
(billions of euros)



Source: MAPFRE Economic Research

Chart 4.2-d
Insurance Protection Gap and potential market, 2007-2017
(in billions of euros)



Source: MAPFRE Economic Research

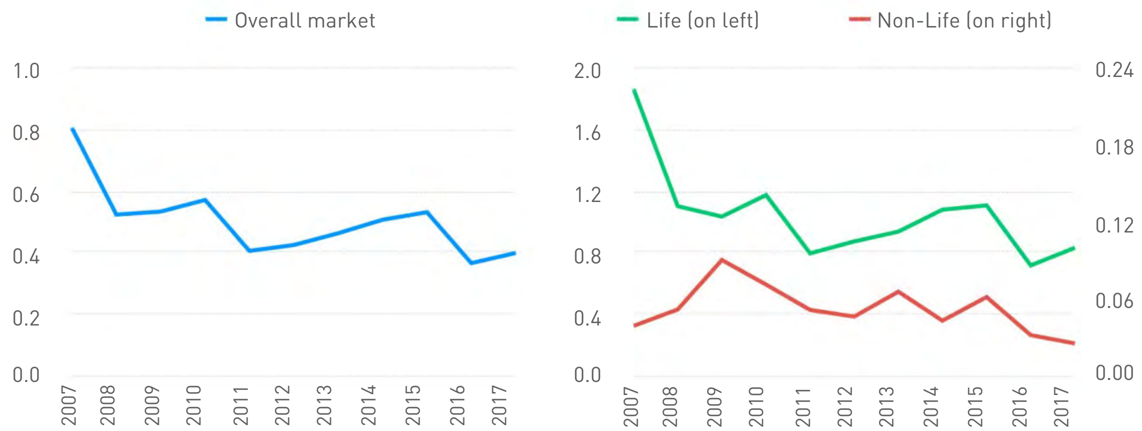
Complementary to this, Chart 4.2-d shows the change in the potential insurance market in Spain based on the calculation of the IPG (i.e., the sum of the actual insurance market plus the IPG as calculated for each year). This is the amount of premiums the market would be able to achieve if the insurance gap were to be totally eliminated. Based on this estimate, the potential market for insurance in Spain in 2017 was 87.7 billion euros, i.e., 40% above the actual premium volume achieved during the year.

IPG as a market multiple

One way of assessing the trend in the IPG is to compare it with the actual insurance market size. In general, the IPG will be following a positive trend to the extent that it represents a smaller proportion of the real insurance market.

In the case of the Spanish market over the 2007-2017 period, the trend followed by the IPG as a multiple of the insurance market has been decreasing, both in terms of an overall view and

Chart 4.2-e
Trends in the IPG as real market multiple, 2007-2017
(number of times real insurance market)



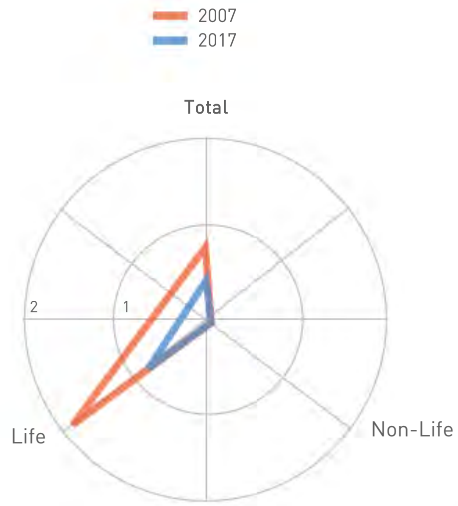
Source: MAPFRE Economic Research

also separately for the Life and Non-Life segments (see Charts 4.2-e and 4.2-f). In the case of the trend for Life insurance, the performance of the market in 2017 was not sufficient to maintain the decreasing trend of recent years, with the result that the IPG represented 83% of the real market for the year. Meanwhile, in the case of the Non-Life insurance segment, the performance of the market in 2017 made it possible to confirm the decreasing trend initiated in 2009, so that the insurance gap for this segment represented scarcely 2% of the real market in 2017.

Finally, Chart 4.2-f provides a new assessment of the Spanish insurance market's capacity to close the IPG in a mid-term perspective. This has been achieved, as had been the case in previous reports, by updating a comparative analysis of growth rates observed in the Spanish market over the last ten years (2007-2017), in relation to the growth rates that would be required to close the 2017 IPG over the next decade.

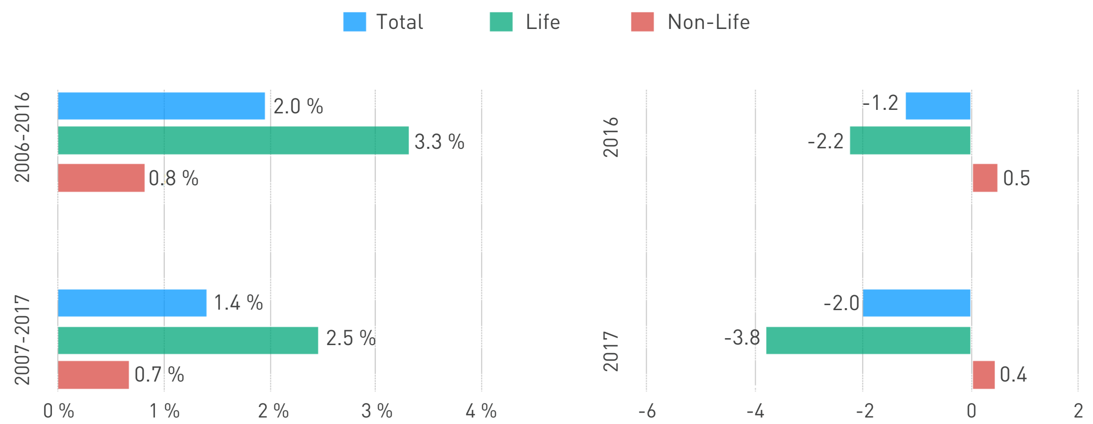
Over this period, Spain's insurance market posted average annual growth of 1.4%; with average growth of 2.5% in Life insurance and 0.7% in the Non-Life insurance segment. Thus, if the same growth dynamic were to be maintained over the next ten years, the growth rate for the market as a whole would be 2 percentage points beneath the rate required to cover the IPG identified in 2017. This means that the Spanish insurance market would need average growth of 3.4% over the next ten years in order to close the estimated 2017 IPG.

Chart 4.2-f
Spain: mid-term trends in the IPG, 2007 - 2017



Source: MAPFRE Economic Research

Chart 4.2-g
Capacity to close the Insurance Protection Gap, 2007-2017
(annual growth rate, %; sufficiency or insufficiency, ppts)



Source: MAPFRE Economic Research

However, since the IPG for the Spanish market is primarily determined by the performance of the Life insurance industry, this segment is where the growth effort should be focused in order to close the insurance gap. In this sense, the observed rate of growth in this sector is 3.8 percentage points short of the growth rate required to close the relative gap in the next ten years. In other words, the Life insurance industry would need to register sustained annual growth rate of 6.2% in order to eliminate the gap in the next ten years.

Finally, it should be highlighted that despite the significant growth needed to substantially reduce the IPG, the performance of the Spanish insurance market in 2017 has increased the necessary level of growth required to achieve this. As shown in Chart 4.2-f, between 2016 and 2017 the shortfall for closing the overall insurance gap increased by 0.8 pp, while it declined by 1.6 pp in the Life insurance segment over this period.

5. Analysis of capital requirements, equity and solvency ratios

5.1. Solvency and Financial Condition Report

May 7, 2018 marked the deadline for the (*Solvency and Financial Condition Report*, SFCR) for 2017 to be presented by individual insurance companies operating in the Spanish insurance market; this is the second such report since the new Solvency II regulations came into force in 2016.

Within the context of Solvency II (the harmonized solvency regime for insurance companies and their groups operating in the European Union), the regulatory framework based on three pillars designed to create suitable incentives for the appropriate management of insurance companies in order to protect the interests of insured parties, to guarantee the sector's contribution to economic and social development, and thus to maintain the stability of the financial system. This regulatory framework is based on a three pillar approach. Pillar 1, aimed at determining the quantitative aspects maintaining companies' solvency position. Pillar 2, focused on ensuring appropriate governance of these companies. And Pillar 3, targeted at increasing transparency and information disclosure to the market

In accordance with the standard applicable to Pillar 3, the regulation requires insurers to publish annual information on their financial and solvency position, providing coherent, comparable and high quality information to the market through the transmission of the SFCR. The regulation thus stems from the idea that providing interested economic agents with access to information enabling them to understand the implicit risk in each company will enable them to better assess the nature of processes for risk assessment and management, the level of sufficiency of technical provisions and equity and, by extension, the solvency position of a given company operating in the market.

5.2. SFCR and transitional and adjustment measures

The following sections collect together the solvency ratios and their implementation, after their publication by the main insurers operating in the Spanish market. For the purpose of facilitating a comparison, the said information is presented gathered into three sub-groups. First, those companies that operate in the Life business; second, the companies that operate in both the Life and Non-Life businesses (the "*Composites*"), and, thirdly, companies that operate essentially in the Non-Life line.

A key aspect of these reports is that they present the effect of the transitional measures introduced by the Directive, aimed at softening the potential damage involved in the coming into force of Solvency II for certain roles played by insurers, due to the presence in portfolios of products with long-term guarantees (LTG measures). The said measures can be summarized as follows[8]:

a) Transitional measure for technical provisions This measure allows companies to apply a transitional deduction based on the difference in the calculation of technical provisions estimated under Solvency II parameters (at the date of first application of the new regime) and previous Solvency I rules. This transitional measure will apply over a period of 16 years.

b) Volatility adjustment measure. This adjustment makes it possible to correct the discount interest rate applied to valuing technical provisions. This measure therefore cushions the impact resulting from occasional excess volatility on credit spreads on investment portfolios.

c) Matching adjustment for assets and liabilities This measure allows insurance companies to adjust the discount curve on technical provisions for those companies holding fixed income assets to maturity with similar durations to their liabilities, and which are therefore not exposed to market volatility in spreads on credit.

5.3. Solvency ratios and transitional and adjustment measures

It is important to highlight that in order to en-hance transparency, insurance companies are required to disclose within their SFCR the impact on their solvency position should these measures not have been applied.

This transparency obligation is mainly relevant for Life and Composite insurance companies (the latter operate in both Life and Non-Life), which offer products with long-term guarantees (LTG measures).

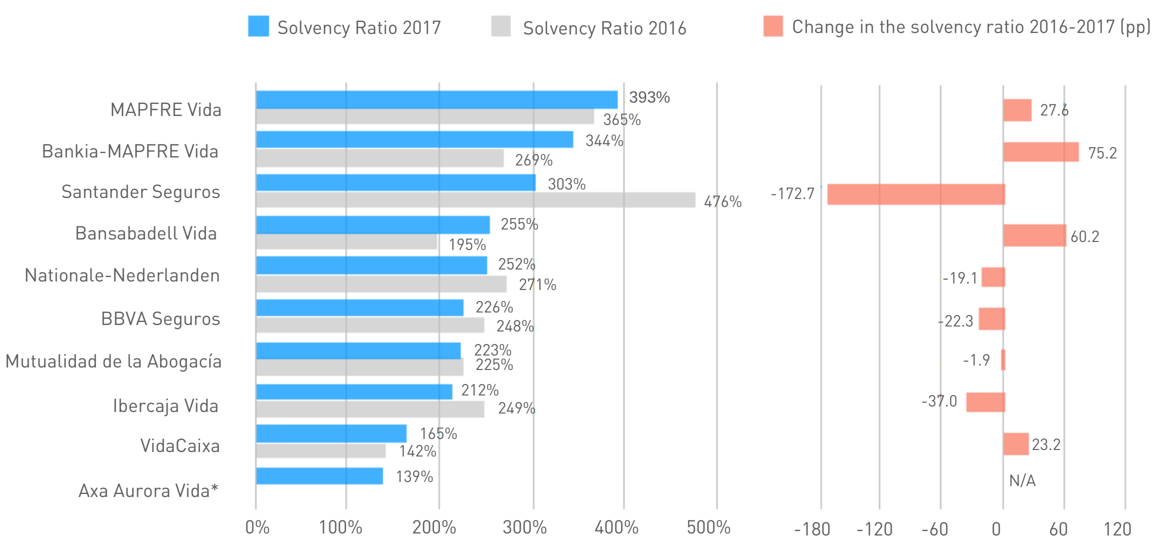
In the case of companies that operate essentially with Non-Life insurance, this fiscal year does not show the impact of not being able to apply the measures to products with long-term guarantees since the said impact is nil or negligible.

Charts 5.3-a through to 5.3-g provide an overview of the solvency information published by a group of selected insurance companies operating in the Spanish insurance market[9] (representing 68.9% of insurance premiums and 79.4% of technical provisions in the market in 2017).

In particular, and for the three defined sub-groups under analysis (Life, Composite and Non-Life), the charts referred to show the performance of the solvency ratios of the companies analyzed for 2017 (Charts 5.3-a, 5.3-d and 5.d-g), the impact of the transitional and adjustment measures on shareholders' equity (Charts 5.3-b and 5.3-e) and on the Capital Solvency Requirement (Charts 5.3-c and 5.3-f). Idnetifying in each case the change compared with 2016.

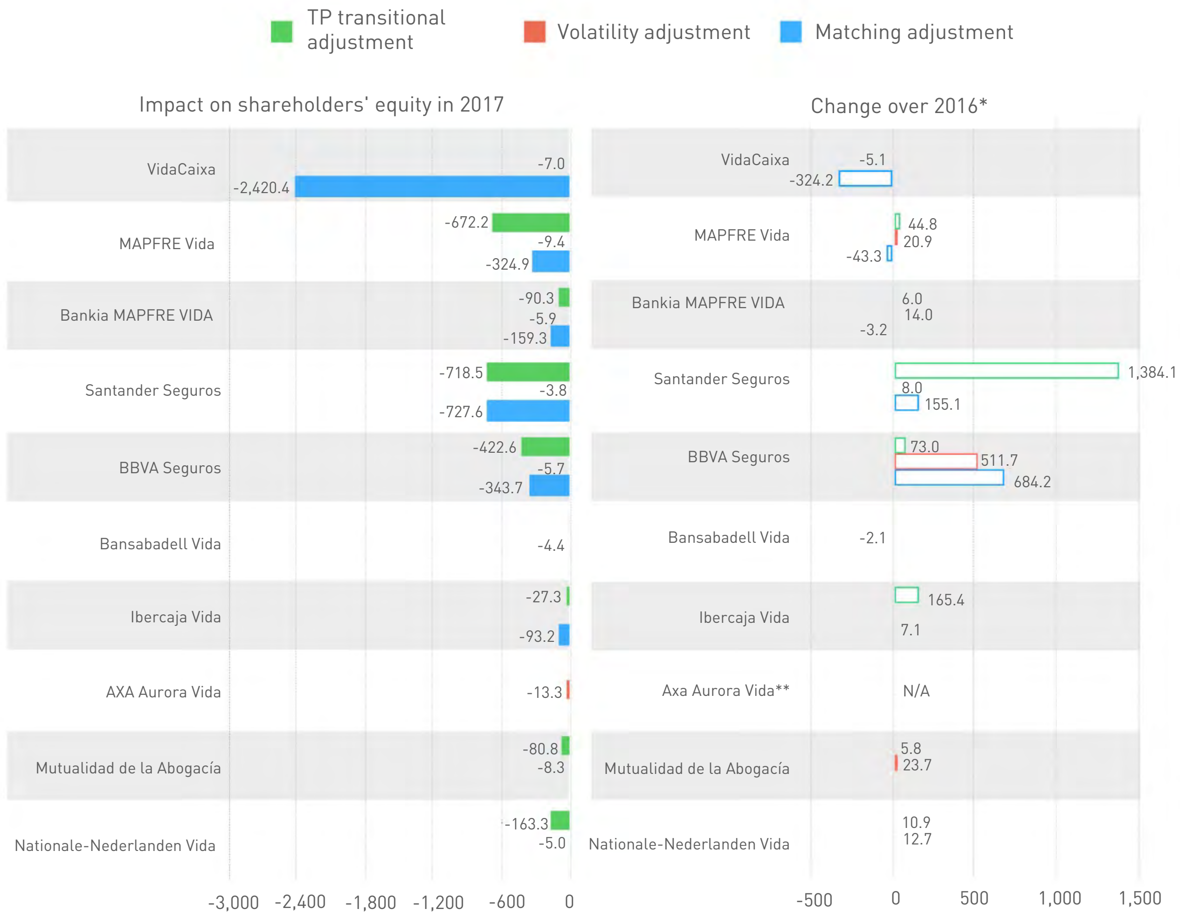
Finally, with regard to shareholders' equity, it should be emphasized that practically all the admissible equity from the universe of the companies analyzed was of the highest quality (99% Tier 1 on aggregate for the sample taken into account).

Chart 5.3-a
Life: Solvency ratios, 2016-2017



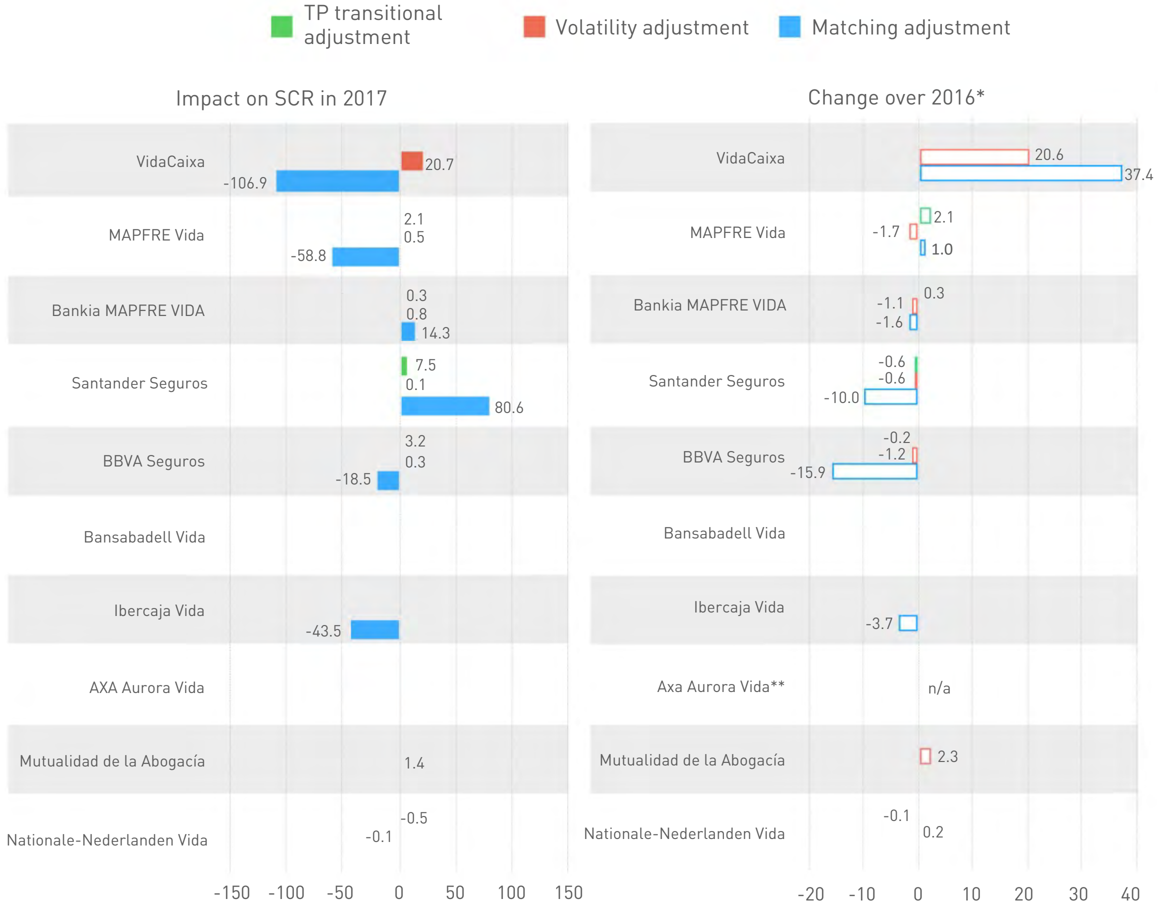
Source: SFCRs published by the companies indicated
*The comparison with 2016 is not applicable, as a result of the merger between AXA Vida and AXA Aurora Vida

Chart 5.3-b
Life: Impact of transitional and adjustment measures on shareholders' equity, 2017
(millions of euros)



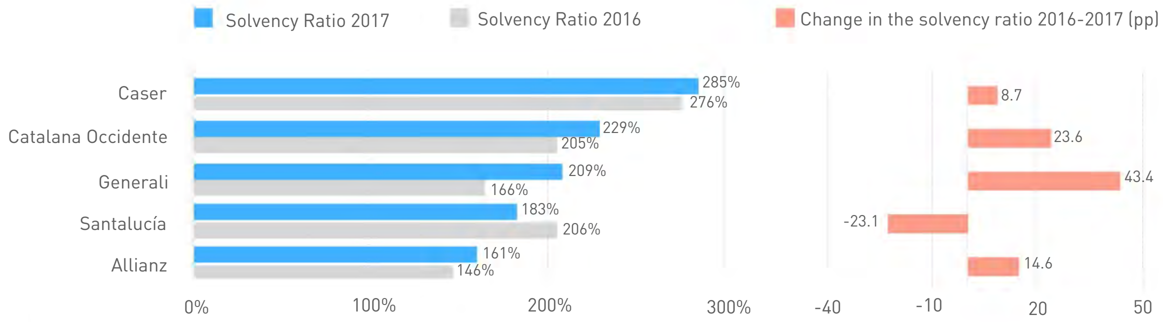
Source: SFCRs published by the companies indicated
*The negative change means an increase in the impact of the adjustment.
**The comparison with 2016 is not applicable, as a result of the merger between AXA Vida and AXA Aurora Vida.

Chart 5.3-c
Life: Impact of transitional and adjustment measures on SCR, 2017
(millions of euros)



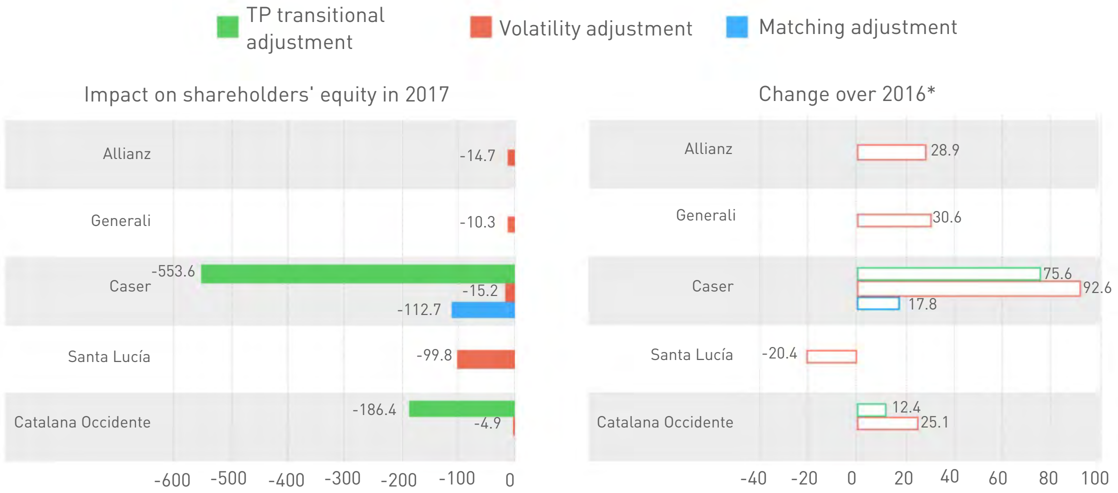
Source: SFCRs published by the companies indicated
*The negative change means an increase in the impact of the adjustment.
**The comparison with 2016 is not applicable, as a result of the merger between AXA Vida and AXA Aurora Vida

Chart 5.3-d
Composites: Solvency ratios, 2016-2017



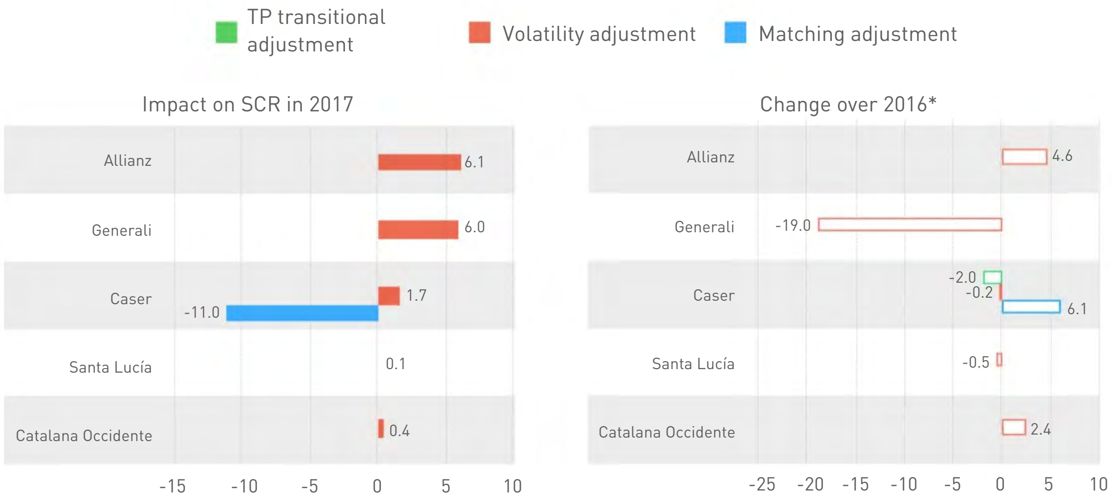
Source: SFCRs published by the companies indicated

Chart 5.3-e
Composites: Impact of transitional and adjustment measures on shareholders' equity, 2017 (millions of euros)



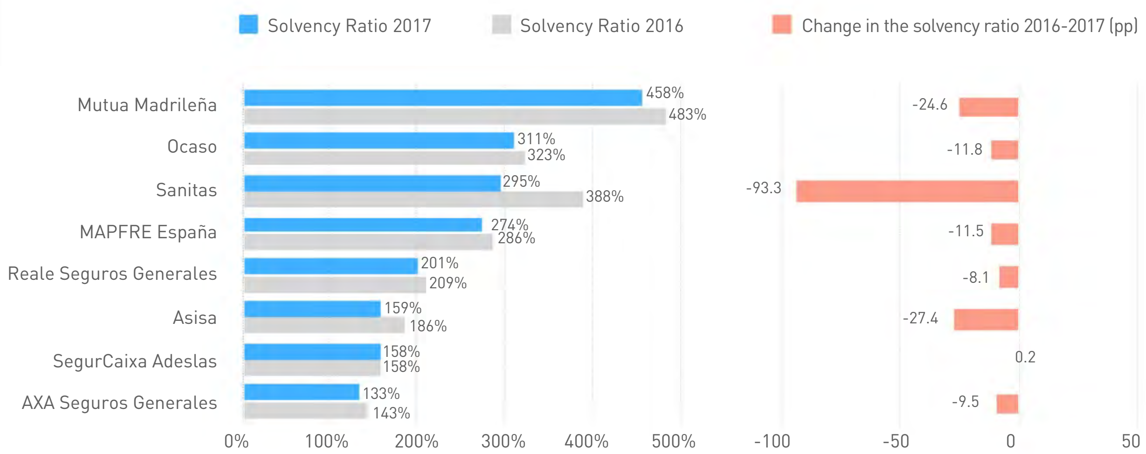
Source: SFCRs published by the companies indicated
*The negative change means an increase in the impact of the adjustment.

Chart 5.3-f
Composites: Impact of transitional and adjustment measures on SCR, 2017
(millions of euros)



Source: SFCRs published by the companies indicated
*The negative change means an increase in the impact of the adjustment.

Chart 5.3-g
Non-Life: Solvency ratios, 2016-2017



Source: SFCRs published by the companies indicated

5.4. Comparative analysis of the SCR of the main insurance companies in the Life business

For the sample considered in this report, the total aggregate solvency ratio for the insurance companies operating primarily in the Life business stood at 233% in 2017 (250% in 2016), as a result of the reduction in the relative profit obtained from the application of the transitional and adjustment measures in 2017.

Table 5.4-a shows the result of the Solvency Capital Requirement (SCR) and the solvency ratio in 2017 for each of the companies analyzed, together with certain values (technical provisions, premiums and eligible shareholders' equity) that make it possible to facilitate the comparision.

Meanwhile, Table 5.4-b provides an overview of the comparative analysis of the hypothetical impact on equity in 2017 from being unable to apply the transitional and adjustment measures included in the Solvency II Directive for insurance products with long-term guarantees.

In the same way, Table 5.4-c provides a comparative analysis of the hypothetical impact on SCR from being unable to apply the transitional and adjustment measures included in the Solvency II Directive for insurance products with long-term guarantees.

5.5. Comparative analysis of the SCR of the main companies operating in Life and Non-Life (Composites)

In the case of the sub-group of companies operating in both the Life and the Non-Life insurance business (the Composites), the aggregate total solvency ratio attained 208% in 2017 (compared with 190% in 2016). Table 5.5-a shows the result of the Solvency Capital Requirement (SCR) and the solvency ratio for each Composite company in the sample considered in 2017, together with certain values (technical provisions, premiums and eligible shareholders' equity) that make it possible to facilitate the comparision.

Table 5.4-a
Life: SCR result and solvency ratio, 2017
(thousands of euros)

Company	Technical provisions (TP)	Premiums*	Eligible shareholders' equity	SCR required	Solvency Ratio (SR)
VidaCaixa	54,532,043	9,454,406	2,650,272	1,603,803	165%
MAPFRE Vida	11,786,702	1,395,129	2,371,665	603,593	393%
Bankia-MAPFRE Vida	6,584,220	334,971	695,256	202,331	344%
Santander Seguros	14,575,289	1,506,101	1,875,958	619,183	303%
BBVA Seguros	13,972,262	1,462,726	1,602,484	709,232	226%
Bansabadell Vida	8,409,886	2,669,366	618,563	242,383	255%
Ibercaja Vida	6,832,710	1,147,517	608,471	286,343	212%
AXA Aurora Vida	6,581,811	559,689	647,014	464,358	139%
Mutualidad de la Abogacía	6,405,439	605,177	1,427,486	639,940	223%
Nationale-Nederlanden Vida	3,598,722	542,698	478,384	189,847	252%

Source: SFCRs published by the companies indicated
*Taken from figures over premiums, claims ratio and expenses.

Table 5.4-b
Composites: impact on shareholders' equity from the application of measures in the Directive for long-term products, 2017
(thousands of euros)

Company	Eligible shareholders' equity*	Impact on shareholders' equity of the TP transitional adjustment	Impact on shareholders' equity of the volatility adjustment	Impact on shareholders' equity of the matching adjustment
VidaCaixa	2,650,272	-	-7,047	-2,420,408
MAPFRE Vida	2,371,665	-672,232	-9,437	-324,898
Bankia-MAPFRE Vida	695,256	-90,316	-5,907	-159,304
Santander Seguros	1,875,958	-718,520	-3,830	-727,635
BBVA Seguros	1,602,484	-422,647	-5,671	-343,669
Bansabadell Vida	618,563	-	-4,406	-
Ibercaja Vida	608,471	-27,266	-	-93,198
AXA Aurora Vida	633,747	-	-13,267	-
Mutualidad de la Abogacía	1,427,486	-80,753	-8,266	-
Nationale-Nederlanden Vida	478,384	-163,326	-5,008	-

Source: SFCRs published by the companies indicated

*For the effects shown in this Table we have used the effects on the "Eligible Shareholders' Equity" indicated for each company in its report.

Table 5.4-c
Composites: impact on SCR from the application of measures in the Directive for long-term products, 2017
(thousands of euros)

Company	SCR required	Impact on SCR of the TP transitional adjustment	Impact on SCR of the volatility adjustment	Impact on SCR of the matching adjustment
VidaCaixa	1,603,803		20,676	-106,925
MAPFRE Vida	603,593	2,121	495	-58,817
Bankia-MAPFRE Vida	202,331	270	842	14,279
Santander Seguros	619,183	7,491	143	80,591
BBVA Seguros	709,232	3,217	306	-18,483
Bansabadell Vida	242,383			
Ibercaja Vida	286,343			-43,487
AXA Aurora Vida	464,358			
Mutualidad de la Abogacía	639,940		1,428	
Nationale-Nederlanden Vida	189,847	498	-111	

Source: SFCRs published by the companies indicated

Table 5.5-a
Composites: SCR result and solvency ratio, 2017
(thousands of euros)

Company	Technical provisions (TP)	Premiums*	Eligible shareholders' equity	SCR required	Solvency Ratio (SR)
Allianz	8,513,686	3,157,666	1,395,308	868,249	161%
Generali	7,164,320	2,224,956	1,725,303	824,827	209%
Caser	4,285,089	938,156	1,584,745	555,858	285%
Santalucía	4,074,832	1,366,381	1,233,482	672,668	183%
Catalana Occidente	3,744,064	1,084,400	1,539,345	671,983	229%

Source: SFCRs published by the companies indicated

*Taken from figures over premiums, claims ratio and expenses.

Table 5.5-b
Composites: impact on equity from the application of measures in the Directive for long-term products, 2017
(thousands of euros)

Company	Eligible shareholders' equity	Impact on shareholders' equity of the TP transitional adjustment	Impact on shareholders' equity of the volatility adjustment	Impact on shareholders' equity of the matching adjustment
Allianz	1,395,308	-	-14,675	-
Generali	1,725,303	-	-10,275	-
Caser	1,584,745	-553,551	-15,178	-112,654
Santalucía	1,233,482	-	-99,754	-
Catalana Occidente	1,539,345	-186,400	-4,937	-

Source: SFCRs published by the companies indicated

Table 5.5-c
Composites: impact on SCR from the application of measures in the Directive for long-term products, 2017
(thousands of euros)

Company	SCR required	Impact on SCR of the TP transitional adjustment	Impact on SCR of the volatility adjustment	Impact on SCR of the matching adjustment
Allianz	868,249	-	6,097	-
Generali	824,827	-	5,986	-
Caser	555,858	-	1,670	-11,031
Santalucía	672,668	-	58	-
Catalana Occidente	671,983	-	440	-

Source: SFCRs published by the companies indicated

In a complementary way, Table 5.5-b shows a comparative analysis of the impact on equity of not being able to apply in 2017 the transitional and adjustment measures foreseen in the Solvency II Directive for insurance products with long-term guarantees. Similarly, Table 5.5-c provides a comparative analysis of the hypothetical impact on the SCR of not being able to apply the transitional and adjustment measures for insurance products with long-term guarantees.

5.6. Comparative analysis of the SCR of the main insurance companies in the Non-Life business

Finally, companies operating either totally or mainly in Non-Life insurance business had an aggregate total solvency ratio of about 275% in 2017 (compared with 291% in 2016).

Similarly, for this sub-group of insurance companies in Chart 5.6 we see the result of the SCR and the solvency ratio, together with certain values (technical provisions, premiums and eligible shareholders' equity) that make it possible to facilitate the comparison. The impact of not being able to apply the transitional and adjustment measures for products with long-term guarantees is not shown since the impact is nil or negligible, given these measures are intended for institutions operating in the Life insurance business, or in Composite companies with significant components of this type of business.

5.7. Relative weight of the different SCR risk modules

Table 5.7 illustrates the relative weight of each of the risk modules forming the SCR (market risk, credit risk, underwriting risk and operational risks) for the group of insurance companies under analysis in this report. The Table referred to also shows the positive effect of diversification in each case, as well as the positive impact derived from loss-absorbing capacity both for deferred taxes (Fiscal LAC) and technical provisions for products with a discretionary share in profits (TP LAC).

It should be mentioned that all companies considered in this analysis employ the standard formula in the calculation of their mandatory solvency in all their modules, with the following exceptions: VidaCaixa, which applies a partial internal model for longevity and fatality risks; BBVA Seguros, which has a partial internal model for the longevity risk; and SegurCaixa, Adeslas and Sanitas, which calculate their underwriting risk for premiums for medical expenses insurance using specific parameters.

Table 5.6
Non-Life: SCR result and solvency ratio, 2017
(thousands of euros)

ratio	Premiums*	Technical provisions (TP)	Eligible shareholders' equity	SCR required	Company Solvency
MAPFRE ESPAÑA	4,498,861	3,367,580	2,973,708	1,083,675	274%
AXA Seguros Generales	3,560,294	1,647,202	847,084	534,920	158%
SegurCaixa Adeslas	1,635,982	1,530,756	856,994	643,748	133%
Mutua Madrileña	1,299,171	2,123,815	4,601,376	1,005,699	458%
Sanitas	1,292,995	39,597	383,561	130,209	295%
Asisa	1,101,002	213,140	405,046	253,955	159%
Ocaso	980,889	2,004,812	1,206,071	387,405	311%
Reale Seguros Generales	853,952	679,307	455,063	226,021	201%

Source: SFCRs published by the companies indicated
*Taken from figures over premiums, claims ratio and expenses.

Finally, Charts 5.7-a to 5.7-d illustrate the relative weight of each of the risk modules forming the SCR (market risk, credit risk, underwriting risk and operational risks) for the group of insurance companies under analysis in this report in 2017. Likewise, the charts also show the positive effect of diversification in each case, as well as the positive impact derived from loss-absorbing capacity (LAC) both for deferred taxes and technical provisions for products with a share in profits. In the same way, in the upper part of each of the said charts we find indicated the change registered in the relative weight of each module in relation to the values observed in 2016.

From this analysis it can be highlighted that in the case of the Life segment there was an increase in 2017 of the relative weight of the counterparty risk, and a slight reduction in the benefits deriving from diversification. In the case of the Composite companies segment, we can also observe a reduced benefit through diversification, together with an increase in the relative weight of the market risk module; this is a similar situation to that presented in companies that operate predominantly in Non-Life insurance.

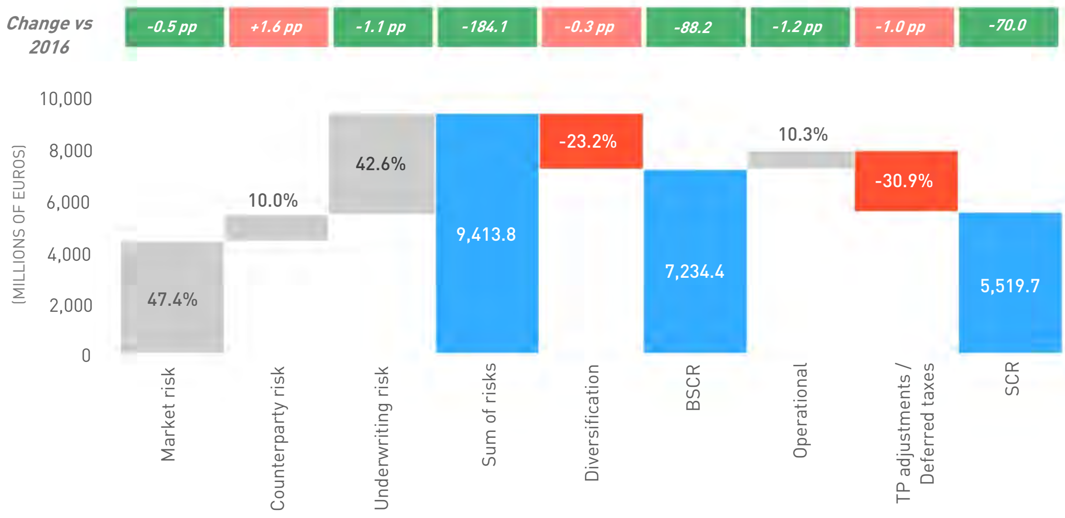
Finally, Charts 5.7-e., 5.7-f and 5.7-g show a comparision of the relative weight represented by eligible shareholders' equity in the insurance companies considered in this analysis with regard to certain values representing their size, such as the technical provisions (Chart 5.7-e), premiums (Chart 5.7-f) and total asset volume (Chart 5.7-g).

Table 5.7
Relative weight of the risk modules, of diversification and of the capacity of loss absorption, 2017

Company	Market	Credit	Underwriting	Operational	Diversification	LAC (Fiscal)	LAC (TP)
Vida Caixa	29%	10%	61%	-22%	16%	-30%	0%
MAPFRE Vida	60%	5%	34%	-23%	5%	-25%	-18%
Bankia MAPFRE VIDA	49%	5%	46%	-22%	12%	-25%	-1%
Santander Seguros	60%	10%	30%	-23%	10%	-31%	0%
BBVA Seguros	38%	17%	45%	-29%	8%	-30%	0%
Bansabadell Vida	71%	15%	13%	-19%	30%	-10%	-25%
Ibercaja Vida	44%	23%	33%	-25%	13%	-30%	0%
AXA Aurora Vida	48%	2%	49%	-22%	4%	-25%	-6%
Mutualidad de la Abogacía	70%	6%	24%	-19%	3%	-25%	-6%
Nationale-Nederlanden Vida	43%	12%	45%	-26%	7%	-25%	0%
Allianz	41%	6%	53%	-33%	9%	-23%	-5%
Generali España	37%	6%	57%	-34%	7%	-20%	-5%
Caser	48%	7%	45%	-27%	8%	-14%	0%
Santalucía	69%	3%	27%	-21%	6%	-25%	-2%
Catalana Occidente	57%	5%	38%	-27%	4%	-25%	0%
MAPFRE España	35%	9%	56%	-28%	10%	-25%	0%
SegurCaixa Adeslas	46%	5%	49%	-26%	6%	-25%	0%
AXA Seguros Generales	22%	19%	59%	-37%	17%	-25%	0%
Mutua Madrileña	78%	2%	20%	-14%	3%	-23%	0%
Sanitas	24%	8%	69%	-20%	30%	-18%	0%
Asisa	27%	4%	69%	-19%	11%	-25%	0%
Ocaso	55%	2%	43%	-27%	7%	-23%	0%
Reale Seguros Generales	35%	5%	60%	-23%	9%	-25%	0%

Source: SFCRs published by the companies indicated

Chart 5.7-a
Life: relative weight of the different SCR components for the sample under analysis



Source: SFCRs published by the companies indicated

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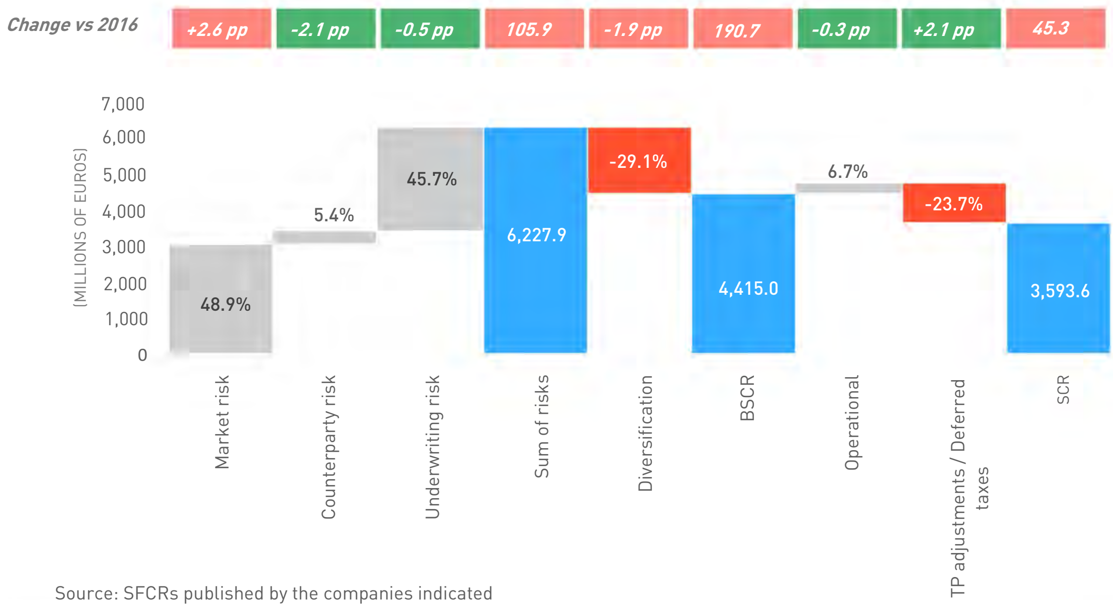
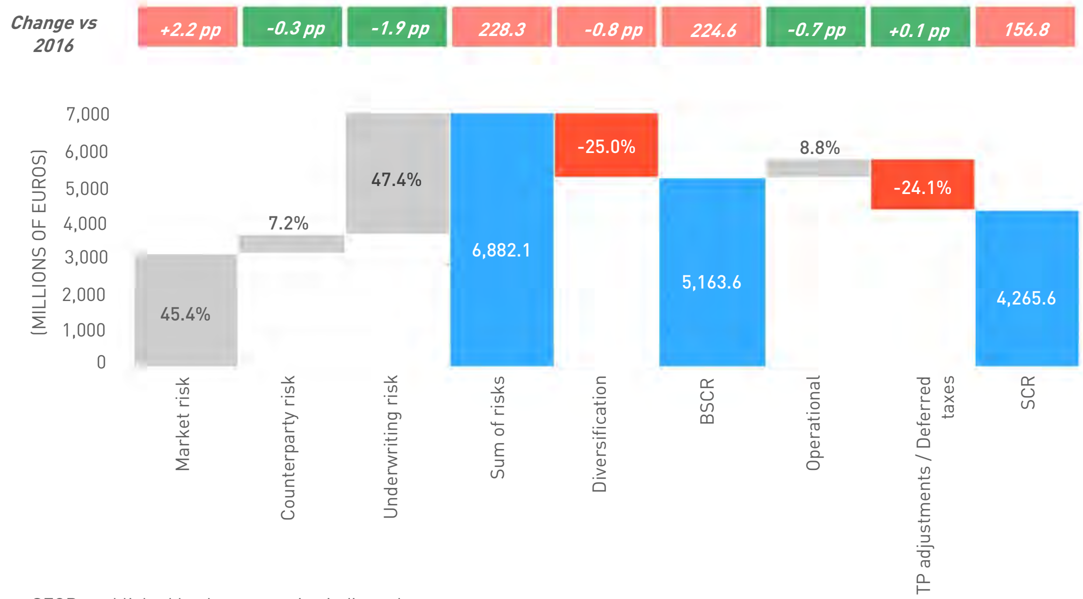
Chart 5.7-b
Composites: relative weight of the different SCR components for the sample under analysis, 2017



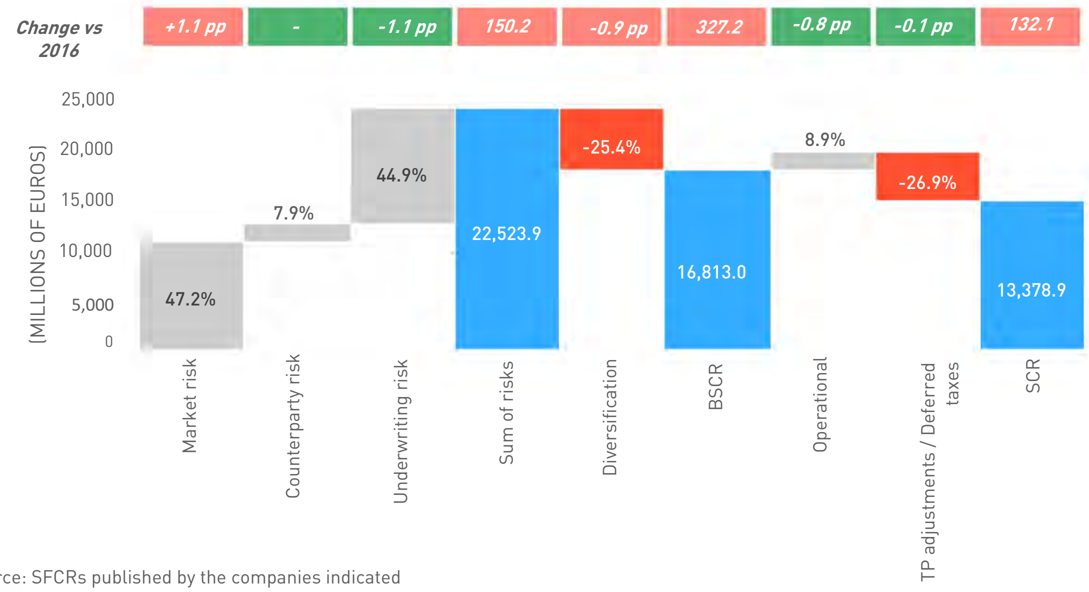
Source: SFCRs published by the companies indicated

Chart 5.7-c
Non-Life: relative weight of the different SCR components for the sample under analysis, 2017



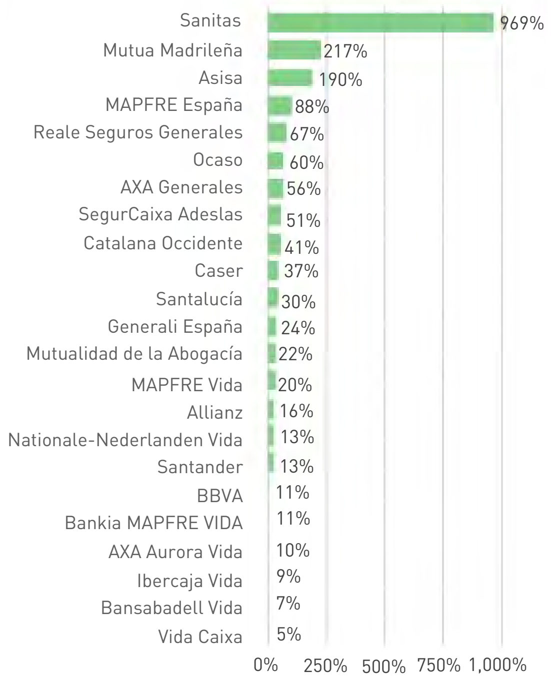
Source: SFCRs published by the companies indicated

Chart 5.7-d
Total market: relative weight of the different SCR components for the sample under analysis, 2017



Source: SFCRs published by the companies indicated

Chart 5.7-e
Relative weight of shareholders' equity vs technical provisions, 2017

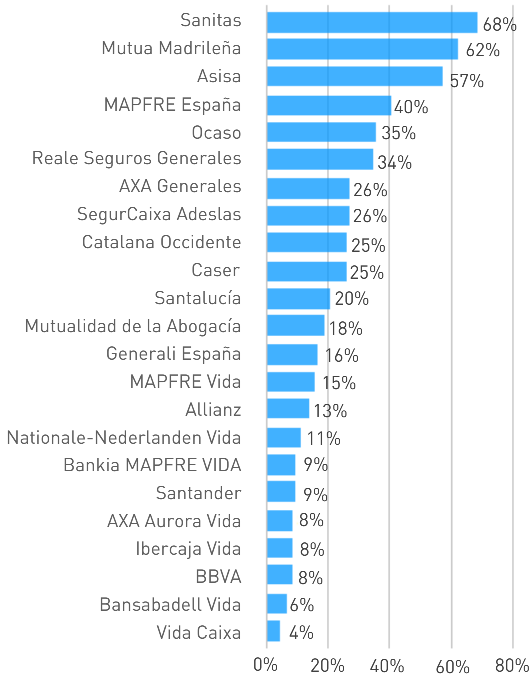


Source: SFCRs published by the companies indicated

Chart 5.7-f
Relative weight of shareholders' equity vs premiums, 2017

Source: SFCRs published by the companies indicated

Chart 5.7-g
Relative weight of shareholders' equity vs assets, 2017



Source: SFCRs published by the companies indicated

6 Regulatory outlook

6.1. Global trends

Regulation of accounting aspects: IASB - IFRS 17

On May 18, 2017, the International Accounting Standards Board (IASB) published the *International Financial Reporting Standard* concerning Insurance Contracts (IFRS 17), replacing the current IFRS4, and which will be applicable to listed insurance companies or those that issue in official secondary securities markets for the preparation of consolidated accounts in 2021. In those countries that have adapted their national accounting standards to the IFRS (as is the case of Spain), the change will also have an impact in terms of individual accounts. The cost and effort for its implementation will nevertheless be substantial, especially for insurance groups with a major component of Life insurance business.

The effective dates of application of IFRS 17 and IFRS 9 (concerning financial instruments) have been fixed for January 1, 2021 for those insurance companies that would have opted to defer the application of IFRS 9. Companies that would not have deferred the application of the said standard will be able to apply IFRS 17 in advance.

So that it will be considered obligatory to comply with by the large European insurance groups, the IFRS 17 standard will need to be adopted by a Regulation of the European Commission, published in the Official Journal of the European Union, after consultation with the European Consultative Group in relation to Financial Information (EFRAG). EFRAG plans to issue its technical advice at the end of 2018, although this may be delayed until 2019[10].

The international capital standard for the IAIS

In November 2017, the International Association of Insurance Supervisors (IAIS) reached an agreement about a route for convergence toward an "*International Capital Standard*" (ICS) for internationally active insurance groups (ICS Version 2.0), as a prior step to reaching their ultimate objective of applying a single *international capital standard,* for which there is as yet no specific date of application.

Meanwhile, in late March 2018, the IAIS published its reply to the comments received during the public consultation carried out during the process of the revision of part of the Insurance Core Principles applicable to the supervision of insurance companies and their groups (ICP)[11]. These *Insurance Core Principles* (ICP) are part of the "ComFrame" or common framework for the supervision of *Internationally Active Insurance Groups* (IAIGs) and the related *Global Systemically Important Insurers* (GSIIs). The ultimate objective is the adoption of the revised principles, together with the common supervisory framework (ComFrame), which includes the International Capital Standard (ICS), version 2.0, at the Annual IAIS Conference to be held in November 2019.

It should be highlighted that the ICS will be applicable to internationally active insurance groups that have a minimum volume of international acitvity, in accordance with three criteria: (I) that have at least USD 50 billion of assets or USD 10 billion of premiums; (ii) that operate in at least three different jurisdictions; and (iii) that underwrite at least 10% of their premiums outside their original jurisdiction.

The adoption of ICS Version 2.0, prepared on the basis of ICS Versión 1.0[12], still contains certain options that will be subjected to a field analysis before taking a definitive decision[13]. After being adopted, its implementation will be carried out in two phases: a first monitoring phase lasting five years, which would take place between 2020 and 2025, to be followed by an implementation phase from 2016 onward (see Chart 6.1).

Finally, it is important to point out that the United States members of the Executive Committee of the IAIS announced the development of an aggregated calculation of group capital for that country. The data gathered during the monitoring phase will make it possible to analyze whether the said calculation provides results comparable to those of the ICS[14].

6.2. European Union and Spanish market

Solvency II

On February 28, 2018, the European Insurance and Occupational Pensions Authority (EIOPA) submitted to the European Commission the second technical consultation for the revision of the parameters and factors applicable to the calculation of regulatory capital according to the standard formula. This technical consultation responds to the request made by the European Commission as a basis for a future reform, with the aim of updating some of the said parameters and factors in 2018 and introducing simplifications, if applicable, to the Delegated Regulation (EU) No. 2015/35 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

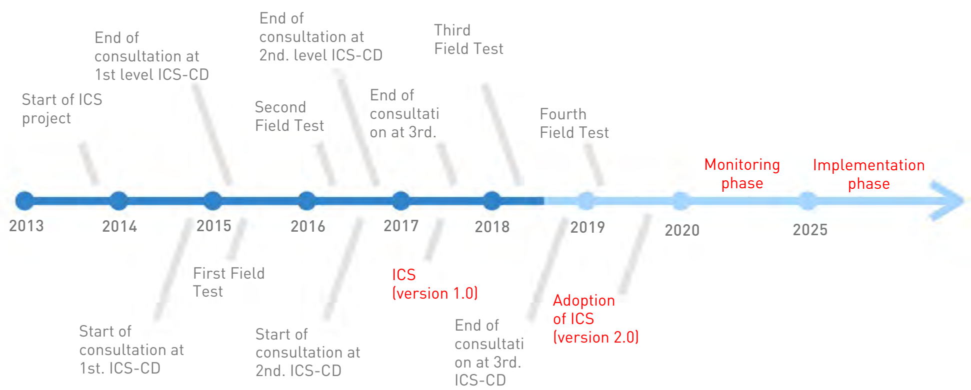
The greatest impact in quantitative terms of the measures proposed by EIOPA is that relative to the calibration of the factors applicable to the interest rates risk module, which it understands is important and must be considered in the current interest rate context (with negative rates in some segments of the euro curve). In this sense, it proposes that this measure should come into force progressively over a period of three years.

Once it has received this technical advice[15], the European Commission must now continue with the legislative process and prepare a text that must be submitted to the European Parliament and Council for its consideration.

Distribution of insurance policies and consumer protection

On March 14, the European Parliament and Council approved a Directive that modifies the terms for the transposition of the new insurance distribution Directive, extending them until October 1, 2018. It is important to highlight that, since this is not a Directive subject to maximum harmonization (which seeks to adapt to the idiosyncrasies of existing distribution models

Chart 6.1
Time schedule of the ICS of the IAIS



Source: MAPFRE Economic Research (with IAIS data) in the various markets), its transposition may give rise to different regimes in the different member countries.

In Spain, on May 21 the Committee of the Chamber of Congress of the Spanish parliament published in the Official Journal of the Spanish Parliament the Draft Law for the Distribution of Insurance and Reinsurance, which starts its examination by Parliament[16]. The Preliminary Draft strengthens the protection of the insured party by means of transparency and behavioral obligations on insurance distributors. One of the main new features is that it extends its scope of application to include all insurance distribution channels. Insurance and reinsurance distributors shall therefore include insurance and reinsurance intermediaries, insurance and reinsurance companies, other participants in the market that distribute auxiliary insurance products, such as travel agencies or automobile rental companies and which shall be considered as complementary insurance intermediaries (unless they meet the conditions for exemption) and the activity carried out by insurance buyers.

As a result of the inclusion of the insurance companies as a channel of distribution, a management organ is created to supervise the activity of distribution, which will need to be made up of individuals who carry out in the insurance distribution company the highest positions of executive management of the activity of insurance distribution, under the direct or indirect supervision of its administrative organ, executive committees or managing director. Thus an internal register is created in the insurance companies subject to the control of the General Management of Insurance and Pension Funds, naming all employees directly involved in distribution activities, as well as the person responsible for distribution and the persons forming part of the management body responsible for distribution.

Moreover, the latter are obliged to be registered with the administrative register.

It is important to also point out that the new regulation lays down additional requirements for information when the insurance distribution refers to the marketing of Insurance-Based Investment Products (IBIPs). The client must be informed by insurance companies and insurance intermediaries of all costs, expenses and risks it assumes in the insurance-based investment products and must have access to a regular assessment of suitability, thereby guaranteeing that the insurance product is fit for the client, among other matters, with respect to risk tolerance level and capacity to withstand losses.

The Preliminary Draft Law includes all external collaborators of insurance intermediaries in its scope of application, but only when developing or directly participating in the distribution of insurance policies. For bank insurance operators, the current restriction will be eliminated whereby the banks can only make its distribution network available to a single bank insurance operator. It also introduces the item of non-banking sales, establishing the obligation for the insurance policy distributor to inform the client, when the insurance contract also includes auxiliary services or products, if the various components can be purchased separately and the corresponding explanations of the costs and expenses of each component.

The infractions and sanction system is strengthened, fixing pecuniary sanctions that are appropriate and in line with the general framework established by Directive 2016/97 on Insurance Distribution.

The text is currently being examined by the Parliament.

Index of charts and tables

Tables

Charts

References

1/ http://www.ine.es/daco/daco42/daco424/sm1217.pdf

2/ http://www.ine.es/prensa/pad_2018_p.pdf (data from INE, provisional for 2017)

3/ ICEA has adjusted the 2016 figure from 286.848 to 288.138 billion euros, in the latest report on 2017 investment by insurance companies.

4/ The 2017 data correspond to the third quarter, the latest available to date.

5/ The data relating to the measurement of the penetration, density and depth indexes, together with that of the measurement of the Insurance Protection Gap (IPG) for 2016 and previous years, may show small differences compared with those presented in our prior report (MAPFRE Economic Research, "The Spanish Insurance Market in 2016", Madrid, Fundación MAPFRE, 2017). The above discrepancies may arise due to updates in the figures for insurance premiums in the Spanish market reported by ICEA, adjustments in the data for the gross domestic product of Spain published by the National Institute of Statistics, and adjustments to the parameters for penetration in European insurance markets used for the estimation of the IPG as a result of updates to the figures for insurance premiums and the gross domestic product.

6/ The Market Development Index (MDI), which has been used in our previous reports, aims to summarize the trends in the development and maturity of the insurance markets, and has been constructed on the basis of four individual indexes (with 2005 as base): the penetration index (premiums/GDP); the depth index (Life insurance premiums compared with total market premiums); an index for the evolution of the IPG (an index of the inverse of the IPG as a market multiple); and an index of the development of the Life insurance IPG (index of the inverse of the IPG for Life insurance as a multiple of the said market).

7/ As has been specified in previous reports, from a methodological viewpoint, the IPG can be measured in two ways. The first, in an ex-post focus, is based on observed losses. In this case, the IPG is the difference between economic recorded losses at a specific period and the portion of the said losses that were covered through the mechanism of insurance compensation. The second, in an ex-ante focus, involves analyzing the optimum levels of protection, estimated as the difference between the socially and economically appropriate level of risk cover compared with the real level of protection. For the fiscal year shown in this report we have employed the second focus, idenifying the differential between the optimum level and the real level of protection, as the difference in indexes of penetration in Spain in relation to the fifteen largest economies in the European Union.

8/ Within this package were included *measures of a transitional nature* (to distribute gradually the impact of the evaluation of the technical provisions with the new curves of risk-free interest rates), and *measures of adjustment of a permanent nature* (as the methodology for the extrapolation of the relevant curves for risk-free interest rates, the volatility adjustment and the matching adjustment for the evaluation of the technical provisions) In addition, there is another transitional measurement referred to as "transitional interest rate-type", which has practically not been applied in the Spanish insurance market in either 2016 or 2017.

9/ The *Solvency and Financial Condition Reports* corresponding to 2016 were consulted, when opportune, through the following links:

VidaCaixa: https://www.vidacaixa.es/es/informacion-corporativa/informe-sobre-situacion-finaciera-y-solvencia

MAPFRE Vida: https://www.mapfre.com/corporativo-es/accionistas-inversores/inversores/informacion-financiera/solvencia.jsp

Bankia-MAPFRE Vida: https://www.mapfre.com/corporativo-es/accionistas-inversores/inversores/informacion-financiera/solvencia.jsp

BBVA Seguros: http://www.bbvaseguros.com/informacion-societaria/situacion-financiera-y-de-solvencia/

Zurich Vida (Sabadell): https://www.zurich.es/es-es/conocenos/grupo-zurich/informes

Santander Seguros: Obtained in accordance with the provisions of Article 301.4 of the Delegated Regulation (EU) 2015/35 from the European Commission.

Ibercaja Vida:http://www.ibercaja.com/accionistas-e-inversores/informacion-economico-financiera/ibercaja-vida

AXA Aurora Vida: https://www.axa.es/axa-espana/informes-sfcr

AXA Vida: https://www.axa.es/axa-espana/informes-sfcr

Mutualidad de la Abogacía: https://www.mutualidadabogacia.com/wp-content/uploads/2016/11/informe-de-gestion-2016.pdf

Nationale-Nederlanden Vida: https://www.nnseguros.es/mas-info/informe-situacion-financiera-y-solvencia

Allianz: https://www.allianz.es/documents/2452567/5284656/Situaci%C3%B3n+Financiera+y+Solvencia.pdf/27a64c22-9182-495b-a9b0-b2ec3e66a9fc

Generali: https://www.generali.es/quienes-somos/espana/datos-economicos

Caser: https://www.caser.es/documents/20182/2250582/Informe+ISFS+2017+Caser+def.pdf

Catalana Occidente: https://www.seguroscatalanaoccidente.com/esp/informacion-corporativa

Santa Lucía: http://www.santalucia.es/situacion-financiera-solvencia-santalucia.pdf

MAPFRE España: https://www.mapfre.com/corporativo-es/accionistas-inversores/inversores/informacion-financiera/solvencia.jsp

AXA Seguros Generales: https://www.axa.es/axa-espana/informes-sfcr

Segur Caixa Adeslas: https://www.segurcaixaadeslas.es/es/informacion-corporativa/informe-de-solvencia

Sanitas: http://corporativo.sanitas.es/sala-de-comunicacion/informes-y-publicaciones/

Asisa: https://www.asisa.es/informacion/solvencia

Mutua Madrileña: https://www.grupomutua.es/corporativa/informes-regulatorios.jsp

Reale Seguros Generales: https://www.reale.es/es/Documents/Reale%20Seguros%20Generales%20-

Ocaso: https://www.ocaso.es/wcm/connect/www.ocaso.es17160/12acd1d6-1900-4505-9190-

In the case of the *Solvency and Financial Condition Reports* corresponding to 2017 the links consulted, when opportune, were the following:

VidaCaixa: https://www.vidacaixa.es/es/informacion-corporativa/informe-sobre-situacion-finaciera-y-solvencia

MAPFRE Vida: https://www.mapfre.com/corporativo-es/images/mapfre-vida-informe-sobre-la-situacion-financiera-y-de-solvencia-2017_tcm884-451312.pdf

Bankia-MAPFRE Vida: https://www.mapfre.com/corporativo-es/images/bankia-mapfre-vida-informe-sobre-la-situacion-financiera-y-de-solvencia-2017_tcm884-451304.pdf

BBVA Seguros: http://www.bbvaseguros.com/informacion-societaria/situacion-financiera-y-de-solvencia/
Zurich Vida (Sabadell): https://www.zurich.es/es-es/conocenos/grupo-zurich/informes
Santander Seguros: https://www.santanderseguros.es/san/sanseguros/informacion-financiera-solvencia/!ut/p/z1/jZFtT8IwEMc_zfoO2skENGnMQJkDIiE6NvbGdF3XjYwW2201fno75Y2JT00uvfvfXe6XO5jCBKaCdBUnTSUFqW28T8fPYXAVBnPPfdhMVrfI323Xi2Xw6KKJC-NfCxCC6X_60Q_P_7N_CVNey-wT1RfZaMphqljBFFPDVlm5bJqTvnaQg4wxQy4lr9mQaQfZ7I0muAGKNvgAXjBgWlGsgZatogwblgGaY3cKKMmxOhDQEls5BR3LMSJltLozB1p7KvK8p8wv4_XmUq7uk8lyJkJvXvrxPAjNzAA7CH9QOO7Id9yLRW89jCaiISJnSjPeKql7LJuy8vk7631UiUKqI6H2LoOiEkTQiiky0LLumPUtnObY33Q7YtDVltP8uGPeWI2rVy320akYfLegUuoGJl_2Ak_HKHlbs_gdtE4d6w!!/

Ibercaja Vida: https://www.ibercaja.com/accionistas-e-inversores/informacion-economico-financiera/ibercaja-vida

AXA Aurora Vida: https://www.axa.es/documents/1119421/6643416/SFCR+AXA+Aurora+Vida+2017.pdf/25a87e2d-bb2c-de9e-2f97-694c0af9c5d8

Mutualidad de la Abogacía: https://www.mutualidadabogacia.com/wp-content/uploads/2018/05/informe_gestion_2017.pdf

Nationale-Nederlanden Vida: https://www.nnseguros.es/mas-info/informe-situacion-financiera-y-solvencia

Allianz: https://www.allianz.es/descubre-allianz/allianz-seguros

Generali: https://www.generali.es/quienes-somos/espana/datos-economicos

Caser: https://www.caser.es/documents/20182/2706734/ISFS+Caser2018.pdf

Catalana Occidente: https://www.seguroscatalanaoccidente.com/esp/informacion-corporativa

Santa Lucía: http://www.santalucia.es/sobre-santalucia/quienes-somos.html

MAPFRE España: https:/https://www.mapfre.com/corporativo-es/images/mapfre-vida-informe-sobre-la-situacion- financiera-y-de-solvencia-2017_tcm884-451314.pdf

AXAguros Generales: https://www.axa.es/documents/1119421/6643416/SFCR+AXA+Seguros+Generales+2017.pdf/40a7dbc5-9377-200a-7c8e-def83c05c955

SegurCaixa Adeslas: https://www.segurcaixaadeslas.es/es/informacion-corporativa/informe-de-solvencia

Sanitas: http://corporativo.sanitas.es/sala-de-comunicacion/informes-y-publicaciones/

Asisa: https://www.asisa.es/informacion/solvencia

Mutua Madrileña: https://www.grupomutua.es/corporativa/pdf/informes/Informe_SFCR_Mutua_2017.pdf

Reale Seguros Generales: https://www.reale.es/es/quienes-somos/la-compania/informacion-economica

Ocaso: https://www.ocaso.es/wcm/connect/www.ocaso.es17160/1e86feba-8baa-415e-8922-b8a604826487/Infome+Solvencia+OCASO+%281%29.pdf?MOD=AJPERES&CVID=mcWHoay

10/ https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F1606211133536726%2F07.01%20-%20IFRS%2017%20project%20plan.pdf

11/ https://www.iaisweb.org/filelist/72367/mergefiles

12/ ICS Version 1.0: https://www.iaisweb.org/page/supervisory-material/insurance-capital-standard//file/67651/ics-version-10-for-extended-field-testing

13/ https://www.iaisweb.org/page/supervisory-material/insurancecapital-standard//file/67655/public-2017-field-testing-technical-specifications

14/ https://www.iaisweb.org/news/press-release-iais-announces-unified-path-to-convergence-on-icsversion-20

15/ https://eiopa.europa.eu/Publications/Consultations/EIOPA-18-075-EIOPA_Second_set_of_Advice_on_SII_DR_Review.pdf

https://eiopa.europa.eu/Publications/Consultations/EIOPA-BoS-17-280_First_set_of_Advice_on_SII_DR_Review.pdf

16/ http://www.congreso.es/public_oficiales/L12/CONG/BOCG/A/BOCG-12-A-22-1.PDF

Statistical appendix

Table A.1.
Size of the world's largest insurance markets, 2007-2017
(premiums, billions of USD; premiums per capita, USD; premiums / GDP, %)

2007			
	Premiums	Premiums per capita	Premiums / GDP
United States	1,238	4,109	8.5%
United Kingdom	539	8,278	17.1%
Japan	403	3,169	9.0%
France	271	4,144	9.9%
Germany	224	2,730	6.4%
Italy	142	2,290	6.1%
South Korea	109	2,237	9.6%
Canada	102	3,112	7.0%
The Netherlands	102	6,228	12.1%
China	92	70	2.6%
Spain	74	1,627	5.0%
Taiwan	61	2,640	15.3%
India	58	49	4.6%
Australia	57	2,746	6.0%
Brazil	39	204	2.8%
Europe	**1,751**	**2,050**	**7.9%**
UE15	**1,608**	**3,845**	**9.2%**
UE27	**1,648**	**3,129**	**8.8%**
World	**4,117**	**601**	**6.9%**

2008			
	Premiums	Premiums per capita	Premiums / GDP
United States	1,240	4,077	8.4%
Japan	482	3,787	9.9%
United Kingdom	396	5,878	12.9%
France	274	4,139	9.1%
Germany	241	2,952	6.3%
China	141	106	3.1%
Italy	141	2,292	5.6%
The Netherlands	115	6,959	12.2%
Canada	106	3,189	6.8%
Spain	86	1,864	5.2%
South Korea	85	1,736	9.3%
Australia	65	3,050	6.3%
Taiwan	64	2,793	15.9%
India	56	46	4.5%
Brazil	48	247	2.8%
Europe	**1,683**	**1,965**	**6.9%**
UE15	**1,515**	**3,598**	**8.1%**
UE27	**1,567**	**2,964**	**7.7%**
World	**4,193**	**605**	**6.5%**

2009			
	Premiums	Premiums per capita	Premiums / GDP
United States	1,150	3,748	8.0%
Japan	521	4,092	10.2%
China	312	4,500	12.1%
United Kingdom	284	4,265	10.2%
France	240	2,943	6.9%
Germany	169	2,800	7.6%
Italy	163	122	3.2%
South Korea	103	6,251	12.0%
Canada	102	3,038	7.4%
Taiwan	92	1,863	9.4%
The Netherlands	82	1,773	5.5%
India	64	53	4.7%
Australia	64	2,762	16.9%
Brazil	53	267	3.2%
Spain	52	2,424	5.3%
Europe	**1,591**	**1,836**	**7.4%**
UE15	**1,444**	**3,389**	**8.5%**
UE27	**1,485**	**2,778**	**8.1%**
World	**4,078**	**580**	**6.6%**

2010			
	Premiums	Premiums per capita	Premiums / GDP
United States	1,162	3,757	7.8%
Japan	570	4,479	10.2%
United Kingdom	300	4,257	11.1%
France	282	4,189	10.3%
Germany	235	2,892	6.8%
China	215	160	3.6%
Italy	174	2,852	8.0%
Canada	116	3,429	7.2%
South Korea	107	2,176	9.6%
The Netherlands	102	6,152	12.2%
Taiwan	76	3,302	17.7%
India	75	60	4.4%
Spain	73	1,558	5.1%
Australia	65	2,963	5.2%
Brazil	65	327	2.9%
Europe	**1,592**	**1,818**	**7.2%**
UE15	**1,433**	**3,325**	**8.5%**
UE27	**1,476**	**2,733**	**8.1%**
World	**4,304**	**604**	**6.4%**

Source: Swiss Re. Sigma. *World insurance in...*

Table A.1.
Size of the world's largest insurance markets, 2007-2017 (continued)
(premiums, billions of USD; premiums per capita, USD; premiums / GDP, %)

2011	Premiums	Premiums per capita	Premiums / GDP
United States	1,221	3,920	7.9%
Japan	637	5,006	10.6%
United Kingdom	320	4,509	11.0%
France	272	4,007	9.1%
Germany	246	3,022	6.5%
China	222	164	3.0%
Italy	161	2,593	6.8%
Canada	124	3,618	6.9%
South Korea	124	2,484	10.2%
The Netherlands	109	6,515	12.2%
Spain	82	1,747	5.5%
Brazil	80	396	3.0%
Taiwan	78	3,380	16.7%
Australia	75	3,372	5.0%
India	72	58	3.9%
Europe	**1,627**	**1,864**	**6.7%**
UE15	**1,450**	**3,367**	**8.0%**
UE27	**1,497**	**2,773**	**7.6%**
World	**4,559**	**634**	**6.1%**

2012	Premiums	Premiums per capita	Premiums / GDP
United States	1,272	4,052	7.9%
Japan	627	4,930	11.0%
United Kingdom	329	4,596	11.1%
China	245	181	2.9%
France	238	3,501	8.5%
Germany	232	2,850	6.5%
South Korea	153	3,059	12.3%
Italy	144	2,276	6.5%
Canada	127	3,649	6.9%
The Netherlands	96	5,719	11.6%
Taiwan	88	3,769	18.3%
Brazil	82	406	3.3%
Australia	76	3,353	4.9%
Spain	72	1,529	5.3%
India	66	52	3.6%
Europe	**1,540**	**1,745**	**6.6%**
UE15	**1,363**	**3,124**	**7.9%**
UE27	**1,407**	**2,577**	**7.5%**
World	**4,603**	**632**	**6.1%**

2013	Premiums	Premiums per capita	Premiums / GDP
United States	1,255	3,969	7.5%
Japan	498	3,926	10.4%
United Kingdom	326	4,512	10.7%
China	280	205	2.9%
France	255	3,730	8.7%
Germany	248	3,030	6.5%
Italy	169	2,672	7.6%
South Korea	146	2,905	11.0%
Canada	128	3,646	7.0%
The Netherlands	99	5,915	11.5%
Taiwan	91	3,896	18.4%
Brazil	83	406	3.4%
Australia	78	3,399	5.2%
Spain	72	1,545	5.3%
India	65	51	3.5%
Europe	**1,618**	**1,829**	**6.6%**
UE15	**1,434**	**3,274**	**7.9%**
UE27	**1,478**	**2,699**	**7.5%**
World	**4,588**	**622**	**5.9%**

2014	Premiums	Premiums per capita	Premiums / GDP
United States	1,271	3,987	7.3%
Japan	477	3,759	10.7%
United Kingdom	338	4,625	10.0%
China	328	240	3.2%
France	270	3,924	9.1%
Germany	255	3,091	6.5%
Italy	195	3,069	8.7%
South Korea	159	3,151	11.2%
Canada	127	3,579	7.1%
The Netherlands	97	5,771	11.0%
Taiwan	96	4,086	18.6%
Australia	88	3,746	6.1%
Brazil	88	426	3.6%
Spain	71	1,538	5.2%
India	68	52	3.3%
Europe	**1,695**	**1,889**	**6.8%**
UE15	**1,515**	**3,408**	**8.1%**
UE27	**1,558**	**2,806**	**7.6%**
World	**4,755**	**635**	**5.9%**

Source: Swiss Re. Sigma. *World insurance in...*

Table A.1.
Size of the world's largest insurance markets, 2007-2017 (conclusion)
(premiums, billions of USD; premiums per capita, USD; premiums / GDP, %)

	2015				2016				2017		
	Premiums	Premiums per capita	Premiums / GDP		Premiums	Premiums per capita	Premiums / GDP		Premiums	Premiums per capita	Premiums / GDP
United States	1,316	4,096	7.3%	United States	1,352	4,174	7.3%	United States	1,377	4,216	7.1%
Japan	450	3,554	10.8%	Japan	471	3,732	9.5%	China	541	384	4.6%
China	387	281	3.6%	China	466	337	4.1%	Japan	422	3,312	8.6%
United Kingdom	320	4,359	10.0%	United Kingdom	304	4,064	10.2%	United Kingdom	283	3,810	9.6%
France	231	3,392	9.3%	France	238	3,395	9.2%	France	242	3,446	8.9%
Germany	213	2,562	6.2%	Germany	215	2,548	6.1%	Germany	223	2,687	6.0%
Italy	165	2,580	8.7%	South Korea	171	3,362	12.1%	South Korea	181	3,522	11.6%
South Korea	154	3,034	11.4%	Italy	162	2,499	8.2%	Italy	156	2,660	8.3%
Canada	115	3,209	7.4%	Canada	115	3,161	7.5%	Canada	120	3,260	7.2%
Taiwan	96	4,094	19.0%	Taiwan	101	4,321	20.0%	Taiwan	117	4,997	21.3%
The Netherlands	81	4,763	10.7%	Australia	82	3,397	6.5%	India	98	73	3.7%
India	72	55	3.4%	The Netherlands	80	4,717	10.4%	Brazil	83	398	4.1%
Australia	71	2,958	5.7%	India	79	60	3.5%	Australia	80	3,247	5.8%
Brazil	69	332	3.9%	Brazil	73	346	4.0%	The Netherlands	79	4,631	9.6%
Spain	61	1,322	5.1%	Spain	69	1,482	5.6%	Spain	71	1,519	5.4%
Europe	**1,469**	**1,634**	**6.9%**	**Europe**	**1,470**	**1,620**	**6.7%**				
UE15	**1,315**	**2,951**	**8.0%**	**UE15**	**1,316**	**2,911**	**7.9%**				
UE27	**1,351**	**2,430**	**7.6%**	**UE27**	**1,353**	**2,401**	**7.5%**				
World	**4,554**	**603**	**6.0%**	**World**	**4,732**	**621**	**6.1%**	**World**	**4,892**	**634**	**6.0%**

Source: Swiss Re. Sigma. *World insurance in...*

Table A.2.
Growth of direct insurance premiums in the Spanish insurance market, 2007-2017
(millions of euros)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NON-LIFE INSURANCE	**31,848.0**	**32,597.3**	**31,753.3**	**31,811.5**	**31,718.7**	**31,095.3**	**30,386.4**	**30,646.5**	**31,297.9**	**32,693.0**	**34,002.7**
Automobile	**12,555.0**	**12,324.5**	**11,640.5**	**11,534.5**	**11,269.5**	**10,607.4**	**10,021.5**	**9,882.1**	**10,052.1**	**10,565.9**	**10,922.4**
Automobile TPL	6,826.0	6,532.8	6,036.9	5,963.8	5,847.9	5,485.3	5,177.7	5,029.6	5,169.0	5,508.8	5,716.9
Other Automobile	5,728.0	5,791.6	5,603.6	5,570.7	5,421.6	5,122.0	4,843.8	4,852.5	4,883.0	5,057.1	5,205.5
Multirisk	**5,475.0**	**5,911.9**	**6,097.4**	**6,297.4**	**6,578.7**	**6,626.8**	**6,537.1**	**6,550.4**	**6,564.5**	**6,734.3**	**6,882.6**
Homeowners	2,890.0	3,147.2	3,336.7	3,505.5	3,655.6	3,763.8	3,779.0	3,836.5	3,916.4	4,058.9	4,181.6
Commercial	645.0	678.0	654.9	650.3	648.8	625.3	596.2	594.5	565.1	574.6	584.8
Condominium	605.0	668.9	713.8	755.1	794.2	814.5	823.4	826.6	836.0	852.8	872.1
Industrial	1,265.0	1,343.8	1,321.4	1,327.6	1,420.5	1,344.4	1,265.3	1,220.0	1,176.0	1,169.8	1,166.0
Other	70.0	74.0	70.5	58.9	59.6	78.8	73.2	72.7	71.0	78.2	78.0
Health	**5,403.0**	**5,833.7**	**6,149.6**	**6,396.4**	**6,596.6**	**6,785.6**	**6,936.9**	**7,181.1**	**7,360.8**	**7,735.8**	**8,061.8**
Healthcare Assistance	4,659.0	4,904.3	5,168.1	5,461.3	5,663.1	6,011.2	6,192.0	6,429.7	6,450.0	6,761.4	7,093.9
Reimbursement	460.0	636.7	679.2	639.5	653.6	516.4	504.4	519.6	665.9	700.4	708.5
Subsidy	284.0	292.6	302.3	295.6	279.9	258.0	240.5	231.7	244.9	273.9	259.4
Other Non-Life Lines	**8,415.0**	**8,527.2**	**7,865.9**	**7,583.1**	**7,273.9**	**7,075.6**	**6,890.9**	**7,033.0**	**7,320.5**	**7,657.0**	**8,135.9**
Accident	963.0	1,002.2	945.4	921.6	897.3	852.5	880.1	885.5	926.3	983.8	1,112.9
Assistance	267.0	319.0	315.5	310.4	315.5	309.4	312.2	335.2	340.3	364.6	401.9
Surety	86.0	86.5	81.1	84.2	78.0	65.3	62.6	60.9	85.7	62.2	60.6
Credit	806.0	834.5	798.5	718.6	694.9	677.4	645.8	630.5	608.8	593.1	569.8
Burial	1,518.0	1,591.3	1,672.2	1,702.7	1,761.5	1,890.7	1,960.5	2,087.2	2,150.4	2,167.2	2,272.4
Legal Defense	107.0	110.0	106.5	100.2	102.7	96.7	89.6	92.2	93.1	96.7	104.2
Fire	174.0	174.3	168.1	183.2	102.2	90.6	95.9	108.8	179.9	206.8	221.3
Other Damage to Goods	1,537.0	1,522.1	1,190.0	1,088.5	964.2	935.2	819.8	841.2	870.8	1,047.8	1,082.3
Pecuniary Losses	314.0	310.0	318.9	351.2	339.7	249.4	233.3	232.3	276.1	336.0	355.4
Third-Party Lliability	2,008.0	1,973.7	1,711.6	1,624.1	1,531.0	1,447.8	1,352.4	1,342.1	1,359.8	1,385.0	1,496.6
Transport	634.0	603.5	558.1	498.5	486.8	460.6	438.8	417.0	429.4	413.8	458.4
Aviation	100.0	94.4	118.9	87.8	75.7	61.5	55.1	47.7	46.0	43.3	66.7
Maritime	214.0	222.9	217.5	201.7	200.6	194.9	185.3	175.3	178.9	163.6	161.1
Goods	320.0	286.2	221.6	209.0	210.5	204.1	198.4	194.0	204.5	206.9	230.6
LIFE INSURANCE	**23,073.0**	**26,606.7**	**28,119.5**	**26,376.7**	**28,871.7**	**26,288.9**	**25,509.9**	**24,839.3**	**25,566.7**	**31,139.3**	**29,406.8**
Risk	**3,765.3**	**3,632.0**	**3,593.0**	**3,778.8**	**3,609.7**	**3,510.8**	**3,350.4**	**3,471.5**	**3,773.8**	**4,205.4**	**4,205.6**
Savings	**19,307.7**	**22,975.0**	**24,526.1**	**22,597.9**	**25,261.9**	**22,778.0**	**22,159.5**	**21,367.7**	**21,793.0**	**26,933.9**	**25,201.3**
OVERALL MARKET	**54,921.0**	**59,203.9**	**59,872.8**	**58,188.2**	**60,590.3**	**57,384.2**	**55,896.3**	**55,485.8**	**56,864.6**	**63,832.2**	**63,409.6**

Source: ICEA. *Historic series of direct business premiums by lines and modalities since 2003.*

Table A.3.
Progress of growth of direct insurance premiums in the Spanish insurance market, 2007-2017
(annual growth rates, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NON-LIFE INSURANCE	**5.6%**	**2.4%**	**-2.6%**	**0.2%**	**-0.3%**	**-2.0%**	**-2.3%**	**0.9%**	**2.1%**	**4.5%**	**4.0%**
Automobile	**2.7%**	**-1.8%**	**-5.5%**	**-0.9%**	**-2.3%**	**-5.9%**	**-5.5%**	**-1.4%**	**1.7%**	**5.1%**	**3.4%**
Automobile TPL	0.0%	-4.3%	-7.6%	-1.2%	-1.9%	-6.2%	-5.6%	-2.9%	2.8%	6.6%	3.8%
Other Automobile	6.2%	1.1%	-3.2%	-0.6%	-2.7%	-5.5%	-5.4%	0.2%	0.6%	3.6%	2.9%
Multirisk	**8.4%**	**8.0%**	**3.1%**	**3.3%**	**4.5%**	**0.7%**	**-1.4%**	**0.2%**	**0.2%**	**2.6%**	**2.2%**
Home	9.0%	8.9%	6.0%	5.1%	4.3%	3.0%	0.4%	1.5%	2.1%	3.6%	3.0%
Commercial	8.8%	5.1%	-3.4%	-0.7%	-0.2%	-3.6%	-4.6%	-0.3%	-4.9%	1.7%	1.8%
Condominium	8.4%	10.6%	6.7%	5.8%	5.2%	2.6%	1.1%	0.4%	1.1%	2.0%	2.3%
Industrial	9.2%	6.2%	-1.7%	0.5%	7.0%	-5.4%	-5.9%	-3.6%	-3.6%	-0.5%	-0.3%
Other	-23.1%	5.6%	-4.7%	-16.4%	1.2%	32.3%	-7.2%	-0.6%	-2.4%	10.2%	-0.3%
Health	**9.9%**	**8.0%**	**5.4%**	**4.0%**	**3.1%**	**2.9%**	**2.2%**	**3.5%**	**2.5%**	**5.1%**	**4.2%**
Healthcare Assistance	10.0%	5.3%	5.4%	5.7%	3.7%	6.1%	3.0%	3.8%	0.3%	4.8%	4.9%
Reimbursement	10.6%	38.4%	6.7%	-5.8%	2.2%	-21.0%	-2.3%	3.0%	28.1%	5.2%	1.1%
Subsidy	7.2%	3.0%	3.3%	-2.2%	-5.3%	-7.8%	-6.8%	-3.7%	5.7%	11.9%	-5.3%
Other Non-Life Lines	**5.6%**	**1.3%**	**-7.8%**	**-3.6%**	**-4.1%**	**-2.7%**	**-2.6%**	**2.1%**	**4.1%**	**4.6%**	**6.3%**
Accident	6.6%	4.1%	-5.7%	-2.5%	-2.6%	-5.0%	3.2%	0.6%	4.6%	6.2%	13.1%
Assistance	4.7%	19.5%	-1.1%	-1.6%	1.7%	-2.0%	0.9%	7.4%	1.5%	7.1%	10.2%
Surety	3.6%	0.6%	-6.3%	3.8%	-7.3%	-16.2%	-4.1%	-2.8%	40.6%	-27.4%	-2.6%
Credit	25.2%	3.5%	-4.3%	-10.0%	-3.3%	-2.5%	-4.7%	-2.4%	-3.4%	-2.6%	-3.9%
Burial	4.6%	4.8%	5.1%	1.8%	3.4%	7.3%	3.7%	6.5%	3.0%	0.8%	4.9%
Legal Defense	10.3%	2.8%	-3.2%	-5.9%	2.5%	-5.9%	-7.3%	2.9%	1.0%	3.8%	7.8%
Fire	4.8%	0.2%	-3.6%	9.0%	-44.2%	-11.4%	5.9%	13.4%	65.4%	15.0%	7.0%
Other Damage to Goods	0.9%	-1.0%	-21.8%	-8.5%	-11.4%	-3.0%	-12.3%	2.6%	3.5%	20.3%	3.3%
Pecuniary Losses	1.3%	-1.3%	2.9%	10.1%	-3.3%	-26.6%	-6.5%	-0.4%	18.8%	21.7%	5.8%
Third-Party Liability	5.7%	-1.7%	-13.3%	-5.1%	-5.7%	-5.4%	-6.6%	-0.8%	1.3%	1.9%	8.1%
Transport	0.2%	-4.8%	-7.5%	-10.7%	-2.3%	-5.4%	-4.7%	-5.0%	3.0%	-3.6%	10.8%
Aviation	-16.7%	-5.6%	26.0%	-26.2%	-13.8%	-18.7%	-10.5%	-13.4%	-3.6%	-5.8%	53.9%
Maritime	1.9%	4.1%	-2.4%	-7.3%	-0.6%	-2.8%	-4.9%	-5.4%	2.0%	-8.5%	-1.5%
Goods	6.0%	-10.5%	-22.6%	-5.7%	0.7%	-3.0%	-2.8%	-2.2%	5.4%	1.2%	11.5%
LIFE INSURANCE	**2.8%**	**15.3%**	**5.7%**	**-6.2%**	**9.5%**	**-8.9%**	**-3.0%**	**-2.6%**	**2.9%**	**21.8%**	**-5.6%**
Risk	**10.8%**	**-3.5%**	**-1.1%**	**5.2%**	**-4.5%**	**-2.7%**	**-4.6%**	**3.6%**	**8.7%**	**11.4%**	**0.0%**
Savings	**1.3%**	**19.0%**	**6.8%**	**-7.9%**	**11.8%**	**-9.8%**	**-2.7%**	**-3.6%**	**2.0%**	**23.6%**	**-6.4%**
OVERALL MARKET	**4.4%**	**7.8%**	**1.1%**	**-2.8%**	**4.1%**	**-5.3%**	**-2.6%**	**-0.7%**	**2.5%**	**12.3%**	**-0.7%**

Source: MAPFRE Economic Research (with data from ICEA, *Historic series of direct business premiums by lines and modalities since 2003*)

Table A.4.
Contributions to growth of direct insurance premiums in the Spanish insurance market, 2007-2017
(percentage points, pp)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NON-LIFE INSURANCE	**3.218**	**1.364**	**-1.425**	**0.097**	**-0.159**	**-1.029**	**-1.235**	**0.465**	**1.174**	**2.453**	**2.052**
Automobile	**0.635**	**-0.420**	**-1.155**	**-0.177**	**-0.455**	**-1.093**	**-1.021**	**-0.249**	**0.306**	**0.904**	**0.559**
Automobile TPL	0.002	-0.534	-0.838	-0.122	-0.199	-0.598	-0.536	-0.265	0.251	0.597	0.326
Other Automobile	0.631	0.116	-0.318	-0.055	-0.256	-0.494	-0.485	0.016	0.055	0.306	0.233
Multirisk	**0.804**	**0.796**	**0.313**	**0.334**	**0.483**	**0.079**	**-0.156**	**0.024**	**0.025**	**0.299**	**0.232**
Home	0.452	0.468	0.320	0.282	0.258	0.178	0.027	0.103	0.144	0.251	0.192
Commercial	0.099	0.060	-0.039	-0.008	-0.003	-0.039	-0.051	-0.003	-0.053	0.017	0.016
Condominium	0.089	0.116	0.076	0.069	0.067	0.034	0.015	0.006	0.017	0.030	0.030
Industrial	0.203	0.144	-0.038	0.010	0.160	-0.126	-0.138	-0.081	-0.079	-0.011	-0.006
Other	-0.040	0.007	-0.006	-0.019	0.001	0.032	-0.010	-0.001	-0.003	0.013	-0.000
Health	**0.926**	**0.784**	**0.534**	**0.412**	**0.344**	**0.312**	**0.264**	**0.437**	**0.324**	**0.659**	**0.511**
Healthcare Assistance	0.806	0.447	0.446	0.490	0.347	0.574	0.315	0.425	0.037	0.548	0.521
Reimbursement	0.084	0.322	0.072	-0.066	0.024	-0.226	-0.021	0.027	0.264	0.061	0.013
Subsidy	0.036	0.016	0.016	-0.011	-0.027	-0.036	-0.030	-0.016	0.024	0.051	-0.023
Other Non-Life Lines	**0.855**	**0.204**	**-1.117**	**-0.472**	**-0.532**	**-0.327**	**-0.322**	**0.254**	**0.518**	**0.592**	**0.750**
Accident	0.114	0.071	-0.096	-0.040	-0.042	-0.074	0.048	0.010	0.073	0.101	0.202
Assistance	0.023	0.095	-0.006	-0.009	0.009	-0.010	0.005	0.041	0.009	0.043	0.058
Surety	0.006	0.001	-0.009	0.005	-0.011	-0.021	-0.005	-0.003	0.045	-0.041	-0.003
Credit	0.308	0.052	-0.061	-0.133	-0.041	-0.029	-0.055	-0.027	-0.039	-0.028	-0.037
Burial	0.127	0.133	0.137	0.051	0.101	0.213	0.122	0.227	0.114	0.030	0.165
Legal Defense	0.019	0.005	-0.006	-0.011	0.004	-0.010	-0.012	0.005	0.002	0.006	0.012
Fire	0.015	0.001	-0.011	0.025	-0.139	-0.019	0.009	0.023	0.128	0.047	0.023
Other Damage to Goods	0.025	-0.027	-0.561	-0.170	-0.214	-0.048	-0.201	0.038	0.053	0.311	0.054
Pecuniary Losses	0.008	-0.007	0.015	0.054	-0.020	-0.149	-0.028	-0.002	0.079	0.105	0.030
Third-Party Liability	0.205	-0.063	-0.443	-0.146	-0.160	-0.137	-0.166	-0.018	0.032	0.044	0.175
Transport	0.002	-0.056	-0.077	-0.100	-0.020	-0.043	-0.038	-0.039	0.022	-0.027	0.070
Aviation	-0.038	-0.010	0.042	-0.052	-0.021	-0.023	-0.011	-0.013	-0.003	-0.005	0.037
Maritime	0.008	0.016	-0.009	-0.026	-0.002	-0.009	-0.017	-0.018	0.006	-0.027	-0.004
Goods	0.034	-0.061	-0.109	-0.021	0.003	-0.011	-0.010	-0.008	0.019	0.004	0.037
LIFE INSURANCE	**1.180**	**6.434**	**2.555**	**-2.911**	**4.288**	**-4.263**	**-1.357**	**-1.200**	**1.311**	**9.800**	**-2.714**
Risk	**0.696**	**-0.243**	**-0.066**	**0.310**	**-0.291**	**-0.163**	**-0.279**	**0.217**	**0.545**	**0.759**	**0.000**
Savings	**0.484**	**6.677**	**2.620**	**-3.220**	**4.578**	**-4.099**	**-1.078**	**-1.416**	**0.766**	**9.041**	**-2.714**
OVERALL MARKET	**4.399**	**7.798**	**1.130**	**-2.814**	**4.128**	**-5.292**	**-2.593**	**-0.734**	**2.485**	**12.253**	**-0.662**

Source: MAPFRE Economic Research (with data from ICEA, *Historic series of direct business premiums by lines and modalities since 2003*)

Table A.5.
Trends in the overall and Non-Life combined ratios in the Spanish insurance market, 2007-2017
(combined ratio, %)

Year	Total combined ratio				Non-Life combined ratio			
	Total combined ratio	Loss ratio	Administrative expense ratio	Acquisition expense ratio	Total combined ratio	Loss ratio	Administrative expense ratio	Acquisition expense ratio
2007	**104.93**	90.30	2.30	12.33	**92.31**	71.56	3.37	17.38
2008	**100.80**	86.89	2.30	11.61	**92.56**	71.98	3.54	17.04
2009	**107.14**	93.73	2.28	11.13	**93.88**	72.82	3.55	17.51
2010	**104.92**	91.21	2.48	11.24	**93.76**	73.03	3.75	16.98
2011	**103.47**	90.01	2.30	11.16	**92.59**	71.25	3.56	17.78
2012	**104.70**	91.60	2.43	10.67	**93.22**	71.00	3.51	18.71
2013	**107.85**	94.01	2.60	11.25	**94.61**	71.93	3.67	19.01
2014	**109.17**	94.25	2.73	12.19	**93.93**	71.52	3.85	18.56
2015	**109.10**	94.07	2.64	12.39	**94.73**	72.28	3.81	18.64
2016	**105.58**	91.71	2.84	11.03	**93.57**	71.26	4.56	17.75
2017	**104.85**	91.83	2.97	10.05	**94.02**	71.95	4.47	17.60

Source: MAPFRE Economic Research (with ICEA data, *Economic report on the insurance industry*)

Table A.6.
Trends in the structure of Spanish insurance market investment, 2007-2017
(investment, millions of euros)

Year	Investment					
	Fixed income	Variable income	Cash and deposits	Property	Mutual Funds	Other investments
2007	61.4%	5.3%	14.8%	3.8%	6.2%	8.5%
2008	62.7%	4.2%	16.1%	3.7%	5.5%	7.8%
2009	63.6%	2.8%	16.6%	5.2%	5.7%	6.1%
2010	63.5%	2.7%	13.7%	4.6%	6.0%	9.5%
2011	64.9%	2.6%	12.4%	4.4%	5.2%	10.6%
2012	67.2%	2.5%	10.8%	4.1%	4.9%	10.5%
2013	67.2%	3.0%	11.1%	3.8%	5.1%	9.8%
2014	68.1%	3.1%	15.4%	3.8%	6.2%	3.3%
2015	69.3%	3.4%	13.7%	3.7%	6.7%	3.4%
2016	75.7%	4.8%	8.6%	3.7%	6.5%	0.7%
2017	74.1%	5.1%	8.8%	3.6%	7.8%	0.6%

Source: MAPFRE Economic Research (with ICEA data. *Insurance company investments*)

Table A.7.
Spanish insurance industry results and profitability, 2007-2017
(results, millions of euros; profitability, %)

Year	Results for the sector[1] (millions of euros)	Profitability	
		ROE[2] (%)	ROA[3] (%)
2007	3,314,306	15.6	1.67
2008	2,640,859	11.2	1.25
2009	3,636,852	14.0	1.63
2010	4,082,843	16.0	1.82
2011	4,210,777	15.3	1.76
2012	4,458,874	15.0	1.82
2013	4,575,276	12.7	1.75
2014	4,901,842	12.4	1.68
2015	3,482,377	8.8	1.21
2016	4,313,052	10.7	1.46
2017	4,873,347	12.0	1.62

Source: MAPFRE Economic Research (with data from ICEA, *Economic Report on the insurance industry*)

1 The data differ from those presented in the Report in that they refer to a representative sample and not the entire industry.
2 Net result / Equity at the end of the same year.
3 Net result / Total assets at the end of the same year.

Table A.8.
Non-Life insurance basic indicators of the Spanish insurance industry, 2007-2017
(premiums, millions of euros; percentages over premiums, %)

Year	Premiums issued	Basic indicators (% of premiums)								
		Change in premiums	Retention	Gross loss ratio	Gross expenses	Net loss ratio	Net expenses	Net combined ratio	Financial result	Technical-financial result
2007	31,848	5.6%	86.2%	70.9%	20.8%	71.6%	20.8%	92.3%	5.5%	12.6%
2008	32,597	2.4%	86.2%	71.3%	20.8%	72.0%	20.6%	92.6%	3.2%	11.1%
2009	31,753	-2.6%	85.9%	71.5%	20.8%	72.8%	21.1%	93.9%	4.9%	11.0%
2010	31,811	0.2%	85.2%	71.7%	20.8%	73.0%	20.7%	93.8%	4.6%	10.9%
2011	31,719	-0.3%	88.6%	69.1%	21.3%	71.3%	21.3%	92.6%	4.0%	11.4%
2012	31,095	-2.0%	88.6%	68.9%	22.0%	71.0%	22.2%	93.2%	2.9%	9.7%
2013	30,386	-2.3%	87.6%	70.2%	22.2%	71.9%	22.7%	94.6%	3.9%	9.3%
2014	30,647	0.9%	87.9%	69.6%	22.3%	71.5%	22.4%	93.9%	4.8%	10.8%
2015	31,298	2.1%	87.6%	70.2%	22.4%	72.3%	22.5%	94.7%	4.2%	9.4%
2016	32,693	4.5%	84.8%	68.9%	22.6%	71.3%	22.3%	93.6%	3.9%	10.3%
2017	34,003	4.0%	84.9%	71.0%	22.3%	72.0%	22.1%	94.0%	3.5%	9.5%

Source: MAPFRE Economic Research (with data from ICEA, *Economic Report on the insurance industry*)

Table A.9.
Growth in the number of companies operating in the Spanish insurance industry, by legal structure, 2007-2017
(number of companies)

Year	Public limited companies	Mutual companies	Mutual provident societies[1]	Reinsurance companies
2007	206	37	52	2
2008	204	35	55	2
2009	202	34	56	2
2010	195	35	55	2
2011	188	34	55	2
2012	183	32	53	2
2013	178	32	52	2
2014	168	31	53	3
2015	156	31	50	3
2016	147	31	50	3
2017	145	31	49	3

Source: MAPFRE Economic Research (with data from the Directorate General for Insurance and Pension Funds. *Annual report on insurance and pension funds*)

[1] Subject to control by the Directorate General for Insurance and Pension Funds.

Table A.10.
Trends in the number of brokers per type in the Spanish insurance industry, 2006-2016[1]
(number of people and companies)

Year	Insurance brokers		Tied agents		Associated bancassurance operators		Reinsurance companies		Exclusive agents		Exclusive bancassurance operators		Total		
	DGSFP	Regions	DGSFP	Regions	DGSFP	Regions	DGSFP	Regions	DGSFP	Regions	DGSFP	Regions	Total brokers	Total DGSFP	Total Regions
2006	3,116	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	3,027	1,875	5	50	43	3	20	1	87,158	683	23	-	92,888	90,276	2,612
2008	3,013	2,136	78	166	62	3	28	1	95,835	805	23	-	102,150	99,039	3,111
2009	3,015	1,563	107	162	63	3	33	1	93,938	690	24	-	99,599	97,180	2,419
2010	3,010	1,574	125	197	61	1	37	1	91,580	801	24	-	97,411	94,837	2,574
2011	3,025	1,631	163	231	59	1	38	-	88,377	959	20	-	94,504	91,682	2,822
2012	3,017	1,635	186	242	59	1	43	-	89,596	924	11	-	95,714	92,912	2,802
2013	3,046	1,673	199	258	53	1	51	-	86,027	489	15	-	91,812	89,391	2,421
2014	3,078	1,725	205	280	41	1	60	-	87,591	579	14	-	93,574	90,989	2,585
2015	3,151	1,749	224	285	38	1	63	1	83,584	483	15	-	89,594	87,075	2,519
2016	3,259	1,782	234	285	35	1	65	1	77,556	642	15	-	83,875	81,164	2,711

Source: MAPFRE Economic Research (with data from the Directorate General for Insurance and Pension Funds. *Annual report on insurance and pension funds*)

[1] According to the DGSFP, during 2007 data were processed in the Insurance Brokers' Administrative Register affecting 61.3% of the total of working companies.

Table A.11.
Premium volume by Autonomous Region, 2007-2017
(millions of euros)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Andalusia	5,500	6,024	5,900	5,966	5,982	5,717	5,824	6,045	6,237	6,949	7,394
Aragon	914	1,489	1,605	1,655	1,916	1,680	1,512	1,710	1,656	1,909	1,808
Asturias	682	725	765	787	835	866	837	956	854	871	904
Balearic Islands	813	860	886	911	1,246	1,175	1,270	1,283	1,326	1,383	1,526
Canary Islands	1,083	1,154	1,174	1,234	1,241	1,269	1,212	1,269	1,367	1,641	1,602
Cantabria	379	418	451	471	462	495	485	497	503	524	529
Castile-La Mancha	1,260	1,381	1,451	1,582	1,647	1,708	1,616	1,766	1,705	1,734	1,743
Castile-Leon	1,869	2,035	2,274	2,224	2,393	2,331	2,211	2,275	2,482	2,653	2,758
Catalonia	7,793	8,893	9,786	9,942	11,226	10,079	9,677	10,237	10,121	11,295	11,345
Community of Valencia	3,918	3,944	3,837	4,061	4,222	4,096	4,373	4,305	4,059	4,406	4,556
Extremadura	604	654	739	736	674	773	724	696	799	898	868
Galicia	2,185	2,208	2,150	2,501	2,616	2,226	2,151	2,167	2,279	2,515	2,614
Community of Madrid	9,262	9,763	9,772	10,217	10,178	9,896	9,369	9,165	9,422	10,379	10,570
Region of Murcia	968	981	976	1,038	1,087	1,033	1,031	1,041	1,063	1,162	1,179
Community of Navarre	690	758	783	822	619	622	838	1,003	952	961	961
Basque Country	1,910	2,040	2,140	2,268	2,477	2,429	2,323	2,352	2,394	2,461	2,524
La Rioja	242	371	468	417	380	356	356	359	345	373	374
Autonomous Cities of Ceuta and Melilla	61	79	67	81	94	95	97	98	97	114	113

Source: ICEA, *The insurance market by province.*

Table A.12.
Premiums per capita by Autonomous Region, 2007-2017
(euros)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Andalusia	670.6	725.5	704.8	708.2	707.9	677.4	693.2	719.8	744.1	830.2	882.4
Aragon	688.8	1,106.3	1,191.8	1,229.2	1,419.8	1,247.0	1,140.8	1,297.3	1,266.7	1,460.0	1,382.4
Asturias	631.4	667.6	705.5	727.8	775.5	810.4	788.4	909.0	819.4	841.8	878.9
Balearic Islands	757.8	785.1	800.7	818.5	1,113.4	1,056.7	1,151.0	1,161.8	1,198.2	1,239.8	1,352.6
Canary Islands	521.7	548.5	554.2	580.3	585.7	598.7	576.0	604.3	651.0	779.2	753.5
Cantabria	651.0	708.7	762.3	794.8	777.4	835.6	823.2	849.5	864.3	903.1	911.9
Castile-La Mancha	616.7	663.5	691.5	747.8	776.2	813.0	777.5	857.5	835.3	854.0	860.4
Castile-Leon	730.8	793.8	888.4	869.1	939.9	925.0	886.3	920.4	1,015.0	1,094.4	1,145.5
Catalonia	1,058.2	1,189.6	1,302.6	1,318.6	1,482.8	1,334.3	1,287.0	1,363.4	1,346.6	1,495.7	1,493.6
Community of Valencia	779.0	774.1	750.6	793.5	823.1	801.0	873.8	864.3	819.4	892.8	918.8
Extremadura	550.2	593.2	667.4	663.4	608.2	700.4	658.8	636.7	735.2	832.1	809.8
Galicia	784.8	789.7	768.5	894.8	940.4	804.6	782.7	793.2	838.4	928.7	967.8
Community of Madrid	1,476.8	1,528.6	1,513.0	1,574.4	1,566.3	1,523.5	1,451.5	1,423.8	1,457.6	1,595.7	1,607.4
Region of Murcia	678.8	678.2	667.4	706.4	736.9	701.6	703.2	709.3	726.2	790.6	797.6
Community of Navarre	1,112.2	1,202.1	1,228.7	1,279.7	961.1	965.5	1,307.6	1,565.5	1,487.1	1,494.8	1,485.4
Basque Country	885.4	939.2	982.3	1,038.0	1,129.3	1,108.2	1,061.2	1,074.2	1,093.7	1,122.2	1,148.0
La Rioja	760.6	1,153.2	1,451.5	1,292.7	1,175.8	1,105.9	1,114.8	1,132.7	1,092.1	1,184.3	1,184.6
Autonomous Cities of Ceuta and Melilla	407.2	519.3	427.8	500.9	572.7	565.4	571.5	579.8	569.7	665.0	657.7

Source: MAPFRE Economic Research (with INE and ICEA data. *The insurance market by province*

Table A.13.
Ranking of the ten largest insurance groups in Spain by premium volume, 2007-2017
(premiums, millions of euros; market share, %)

2007		
Group	Premiums	% of market
MAPFRE	7,889	14.5
AXA	3,514	6.4
SANTANDER	3,086	5.7
ALLIANZ	2,860	5.2
GENERALI	2,517	4.6
AVIVA	2,240	4.1
CASER	2,111	3.9
CATALANA OCCIDENTE	2,018	3.7
ZURICH	1,852	3.4
IBERCAJA	1,617	3.0
Total market	**54,536**	

2008		
Group	Premiums	% of market
MAPFRE	8,182	13.8
SANTANDER	4,943	8.4
ZURICH	4,626	7.8
AXA	3,633	6.1
ALLIANZ	2,982	5.0
GENERALI	2,793	4.7
CASER	2,356	4.0
CATALANA OCCIDENTE	2,189	3.7
CAIFOR	2,034	3.4
AVIVA	1,869	3.2
Total market	**59,178**	

2009		
Group	Premiums	% of market
MAPFRE	7,786	13.0
ZURICH	5,409	9.0
SANTANDER	3,488	5.8
CAIXA GROUP	3,304	5.5
AXA	3,285	5.5
ALLIANZ	3,033	5.1
GENERALI	2,584	4.3
CASER	2,397	4.0
CATALANA OCCIDENTE	2,169	3.6
AVIVA	1,827	3.0
Total market	**59,898**	

2010		
Group	Premiums	% of market
MAPFRE	8,455	14.7
CAIXA GROUP	5,640	9.8
ZURICH	4,646	8.1
AXA GROUP	3,117	5.4
ALLIANZ	2,962	5.1
CASER	2,582	4.5
GENERALI	2,282	4.0
SANTANDER	2,159	3.7
CATALANA OCCIDENTE	2,044	3.5
AVIVA	1,792	3.1
Total market	**57,587**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total direct insurance by group and entity*)

Table A.13.
Ranking of the ten largest insurance groups in Spain by premium volume, 2007-2017 (continued)
(premiums, millions of euros; market share, %)

2011			2012			2013			2014		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	8,307	13.7	MAPFRE	7,956	13.9	MAPFRE	7,060	12.7	MAPFRE	7,266	13.1
CAIXA GROUP	5,068	8.4	CAIXA GROUP	5,165	9.0	CAIXA	5,298	9.5	CAIXA	5,538	10.0
MUTUA MADRILEÑA	3,472	5.7	MUTUA MADRILEÑA	3,645	6.4	MUTUA MADRILEÑA	3,873	6.9	MUTUA MADRILEÑA	4,165	7.5
ZURICH	2,943	4.9	SANTANDER	3,512	6.1	ALLIANZ	3,199	5.7	ALLIANZ	3,287	5.9
ALLIANZ	3,001	5.0	ALLIANZ	3,046	5.3	SANTANDER	3,136	5.6	AXA	2,660	4.8
SANTANDER	2,950	4.9	AXA	2,683	4.7	AXA	2,712	4.9	ZURICH	2,507	4.5
AXA GROUP	2,943	4.9	GENERALI	2,513	4.4	BBVA	2,300	4.1	GENERALI	2,259	4.1
CASER	2,818	4.7	BBVA	2,109	3.7	GENERALI	2,293	4.1	CATALANA OCCIDENTE	2,162	3.9
GENERALI	2,416	4.0	CASER	1,997	3.5	CATALANA OCCIDENTE	2,014	3.6	BBVA	2,088	3.8
CATALANA OCCIDENTE	2,039	3.4	CATALANA OCCIDENTE	1,971	3.4	CASER	1,713	3.1	SANTANDER	1,903	3.4
Total market	**60,592**		**Total market**	**57,398**		**Total market**	**55,773**		**Total market**	**55,486**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total direct insurance by group and entity*)

Table A.13.
Ranking of the ten largest insurance groups in Spain by premium volume, 2007-2017 (conclusion)
(premiums, millions of euros; market share, %)

2015			2016			2017		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
VIDACAIXA	7,189	12.6	VIDACAIXA	9,492	14.9	VIDACAIXA	9,666	15.2
MAPFRE	6,416	11.3	MAPFRE	6,708	10.5	MAPFRE	6,749	10.6
MUTUA MADRILEÑA	4,333	7.6	ZURICH	5,571	8.7	MUTUA MADRILEÑA	5,005	7.9
ZURICH	4,069	7.2	MUTUA MADRILEÑA	4,751	7.4	ZURICH	3,806	6.0
ALLIANZ	3,526	6.2	ALLIANZ	3,566	5.6	ALLIANZ	3,515	5.5
CATALANA OCCIDENTE	2,867	5.0	CATALANA OCCIDENTE	2,908	4.6	CATALANA OCCIDENTE	2,826	4.5
AXA	2,502	4.4	AXA	2,577	4.0	SANTALUCIA	2,536	4.0
GENERALI	2,306	4.1	GENERALI	2,501	3.9	GENERALI	2,445	3.9
BBVA	2,085	3.7	BBVA	1,932	3.0	AXA	2,411	3.8
SANTALUCIA	1,287	2.3	CASER	1,438	2.3	BBVA	1,837	2.9
Total market	**56,905**		**Total market**	**63,892**		**Total market**	**63,410**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total direct insurance by group and entity*)

Table A.14.
Ranking of the ten largest Non-Life insurance groups in Spain by premium volume, 2007-2017
(premiums, millions of euros; market share, %)

2007			2008			2009			2010		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	5,521	17.4	MAPFRE	5,602	17.2	MAPFRE	5,239	16.5	MAPFRE	5,166	16.2
AXA	2,713	8.5	AXA	2,718	8.3	AXA	2,540	8.0	AXA	2,402	7.5
ALLIANZ	2,119	6.7	ALLIANZ	2,134	6.6	ALLIANZ	2,081	6.5	ALLIANZ	2,031	6.4
GENERALI	1,534	4.8	CATALANA OCCIDENTE	1,578	4.8	CATALANA OCCIDENTE	1,508	4.7	CAIXA GROUP	1,921	6.0
CATALANA OCCIDENTE	1,474	4.6	GENERALI	1,557	4.8	GENERALI	1,456	4.6	CATALANA OCCIDENTE	1,476	4.6
MUTUA MADRILEÑA	1,351	4.3	ZURICH	1,377	4.2	ZURICH	1,295	4.1	GENERALI	1,362	4.3
ZURICH	1,341	4.2	MUTUA MADRILEÑA	1,273	3.9	MUTUA MADRILEÑA	1,256	4.0	MUTUA MADRILEÑA	1,305	4.1
CASER	1,272	4.0	CASER	1,263	3.9	CASER	1,191	3.7	ZURICH	1,258	4.0
ADESLAS	1,085	3.4	ADESLAS	1,191	3.7	ADESLAS	1,291	4.1	CASER	1,137	3.6
SANITAS	907	2.9	SANITAS	982	3.0	SANITAS	1,041	3.3	SANITAS	1,068	3.4
Total market	**31,781**		**Total market**	**32,571**		**Total market**	**31,779**		**Total market**	**31,820**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total Non-Life by group and entity*)

Table A.14.
Ranking of the ten largest Non-Life insurance groups in Spain by premium volume, 2007-2017 (continued)
(premiums, millions of euros; market share, %)

2011		
Group	Premiums	% of market
MAPFRE	5,136	16.2
MUTUA MADRILEÑA	3,393	10.7
AXA	2,305	7.3
ALLIANZ	2,032	6.4
CATALANA OCCIDENTE	1,439	4.5
GENERALI	1,365	4.3
ZURICH	1,170	3.7
CASER	1,106	3.5
SANITAS	1,099	3.5
SANTALUCIA	992	3.1
Total market	**31,724**	

2012		
Group	Premiums	% of market
MAPFRE	4,973	16.0
MUTUA MADRILEÑA	3,557	11.4
AXA	2,126	6.8
ALLIANZ	1,971	6.3
GENERALI	1,369	4.4
CATALANA OCCIDENTE	1,366	4.4
SANITAS	1,137	3.7
ZURICH	1,097	3.5
SANTALUCIA	1,045	3.4
ASISA	1,021	3.3
Total market	**31,116**	

2013		
Group	Premiums	% of market
MAPFRE	4,634	15.3
MUTUA MADRILEÑA	3,677	12.1
AXA	2,021	6.7
ALLIANZ	1,975	6.5
GENERALI	1,290	4.3
CATALANA OCCIDENTE	1,290	4.3
SANITAS	1,178	3.9
ZURICH	1,040	3.4
SANTALUCIA	1,029	3.4
ASISA	968	3.2
Total market	**30,268**	

2014		
Group	Premiums	% of market
MAPFRE	4,629	15.1
MUTUA MADRILEÑA	3,927	12.8
ALLIANZ	2,028	6.6
AXA	1,927	6.3
CATALANA OCCIDENTE	1,294	4.2
GENERALI	1,275	4.2
SANITAS	1,160	3.8
SANTALUCIA	1,062	3.5
ZURICH	1,055	3.4
ASISA	1,012	3.3
Total market	**30,647**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total Non-Life by group and entity*)

Table A.14.
Ranking of the ten largest Non-Life insurance groups in Spain by premium volume, 2007-2017 (conclusion)
(premiums, millions of euros; market share, %)

2015			2016			2017		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	4,686	15.0	MAPFRE	4,761	14.5	MAPFRE	4,845	14.2
MUTUA MADRILEÑA	4,169	13.3	MUTUA MADRILEÑA	4,506	13.8	MUTUA MADRILEÑA	4,816	14.2
ALLIANZ	2,152	6.9	ALLIANZ	2,272	6.9	ALLIANZ	2,373	7.0
CATALANA OCCIDENTE	1,939	6.2	CATALANA OCCIDENTE	2,043	6.2	CATALANA OCCIDENTE	2,061	6.1
AXA	1,755	5.6	AXA	1,793	5.5	AXA	1,851	5.4
GENERALI	1,348	4.3	GENERALI	1,459	4.5	GENERALI	1,509	4.4
SANITAS	1,165	3.7	SANITAS	1,216	3.7	SANITAS	1,271	3.7
ZURICH	1,072	3.4	SANTALUCIA	1,073	3.3	SANTALUCIA	1,129	3.3
ASISA	1,059	3.4	ASISA	1,069	3.3	ASISA	1,099	3.2
SANTALUCIA	1,050	3.4	ZURICH	1,027	3.1	ZURICH	1,001	2.9
Total market	**31,338**		**Total market**	**32,755**		**Total market**	**34,003**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total Non-Life by group and entity*)

Table A.15.
Ranking of the ten largest Life insurance groups in Spain by premium volume, 2007-2017
(premiums, millions of euros; market share, %)

2007			2008			2009			2010		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
SANTANDER	2,875	12.6	SANTANDER	4,747	17.8	ZURICH	4,114	14.6	CAIXA GROUP	3,719	14.4
MAPFRE	2,368	10.4	ZURICH	3,248	12.2	SANTANDER	3,334	11.9	ZURICH	3,389	13.2
AVIVA	2,229	9.8	MAPFRE	2,580	9.7	CAIXA GROUP	2,972	10.6	MAPFRE	3,289	12.8
IBERCAJA	1,617	7.1	AVIVA	1,858	7.0	MAPFRE	2,538	9.0	SANTANDER	2,003	7.8
BANSABADELL VIDA	1,450	6.4	CAIFOR	1,772	6.7	AVIVA	1,814	6.5	AVIVA	1,779	6.9
CAIFOR	1,386	6.1	GENERALI	1,237	4.6	AEGON	1,422	5.1	CASER	1,445	5.6
BBVA	1,003	4.4	CASER	1,094	4.1	CASER	1,206	4.3	AEGON	1,360	5.3
GENERALI	983	4.3	IBERCAJA	992	3.7	IBERCAJA	1,144	4.1	IBERCAJA	1,139	4.4
AEGON	872	3.8	AEGON	934	3.5	GENERALI	1,128	4.0	ALLIANZ	930	3.6
CASER	839	3.7	AXA	914	3.4	BBVA SEGUROS	1,128	4.0	GENERALI	920	3.6
Total market	**22,755**		**Total market**	**26,607**		**Total market**	**28,119**		**Total market**	**25,768**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total Life premiums by group*)

Table A.15.
Ranking of the ten largest Non-Life insurance groups in Spain by premium volume, 2007-2017 (continued)
(premiums, millions of euros; market share, %)

2011		
Group	Premiums	% of market
GRUPO CAIXA	5,036	17.4
MAPFRE	3,171	11.0
SANTANDER	2,795	9.7
ZURICH	2,060	7.1
AVIVA	1,787	6.2
CASER	1,712	5.9
BBVA	1,622	5.6
AEGON	1,613	5.6
IBERCAJA	1,501	5.2
GENERALI	1,051	3.6
Total market	**28,869**	

2012		
Group	Premiums	% of market
CAIXA GROUP	5,131	19.5
SANTANDER	3,366	12.8
MAPFRE	2,983	11.3
BBVA	1,865	7.1
AVIVA	1,349	5.1
IBERCAJA	1,159	4.4
GENERALI	1,144	4.4
ALLIANZ	1,075	4.1
CASER	976	3.7
AEGON	924	3.5
Total market	**26,282**	

2013		
Group	Premiums	% of market
CAIXA	5,271	20.7
SANTANDER	3,068	12.0
MAPFRE	2,426	9.5
BBVA	2,030	8.0
ALLIANZ	1,224	4.8
AVIVA	1,155	4.5
GENERALI	1,003	3.9
IBERCAJA	933	3.7
CASER	871	3.4
CATALANA OCCIDENTE	724	2.8
Total market	**25,505**	

2014		
Group	Premiums	% of market
CAIXA	5,515	22.2
MAPFRE	2,638	10.6
SANTANDER	1,884	7.6
BBVA	1,799	7.2
ZURICH	1,451	5.8
ALLIANZ	1,259	5.1
IBERCAJA	1,123	4.5
AVIVA	1,075	4.3
GENERALI	984	4.0
CATALANA OCCIDENTE	868	3.5
Total market	**24,839**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total Life premiums by group*)

Table A.15.
Ranking of the ten largest Life insurance groups in Spain by premium volume, 2007-2017 (conclusion)
(premiums, millions of euros; market share, %)

2015			2016			2017		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
VIDACAIXA	7,166	28.0	VIDACAIXA	9,473	30.4	VIDACAIXA	9,646	32.8
ZURICH	2,997	11.7	ZURICH	4,544	14.6	ZURICH	2,805	9.5
BBVA	1,737	6.8	MAPFRE	1,948	6.3	MAPFRE	1,904	6.5
MAPFRE	1,730	6.8	BBVA	1,562	5.0	SANTANDER	1,481	5.0
ALLIANZ	1,374	5.4	IBERCAJA GROUP	1,328	4.3	BBVA	1,431	4.9
IBERCAJA	990	3.9	ALLIANZ	1,294	4.2	SANTALUCIA	1,407	4.8
GENERALI	958	3.7	SANTANDER	1,189	3.8	IBERCAJA GROUP	1,148	3.9
GRUPO CATALANA OCCIDENTE	927	3.6	GENERALI	1,041	3.3	ALLIANZ	1,142	3.9
AXA	747	2.9	GRUPO CATALANA OCCIDENTE	865	2.8	GENERALI	936	3.2
SANTANDER SEGUROS	678	2.7	AVIVA	856	2.7	GRUPO CATALANA OCCIDENTE	766	2.6
Total market	**25,567**		**Total market**	**31,136**		**Total market**	**29,407**	

Source: MAPFRE Economic Research (with ICEA data. *Ranking of total Life premiums by group*)

Table A.16.
Trends in concentration in the Spanish insurance industry, 2007-2017
(Herfindahl and CR5 indexes)

Year	Herfindahl Index	CRS Index (%)		
		Total	Life	Non-Life
2007	458.4	36.4%	46.3%	42.0%
2008	502.7	41.2%	53.4%	41.7%
2009	478.9	38.9%	52.5%	40.4%
2010	550.0	43.1%	55.0%	40.8%
2011	496.4	37.6%	51.4%	45.1%
2012	508.3	40.6%	55.9%	45.0%
2013	489.6	40.5%	55.0%	44.9%
2014	509.6	41.3%	51.0%	45.0%
2015	549.6	44.9%	58.7%	46.9%
2016	595.5	47.1%	60.6%	46.9%
2017	587.0	45.3%	58.7%	46.9%

Source: MAPFRE Economic Research (with ICEA data, *Ranking of total direct insurance by group and entity, Ranking of total Non-Life by group and entity, Ranking of total Life premiums by group*)

Table A.17.
Activity of the Insurance Compensation Consortium: premiums and surcharges allocated, 2006-2016
(millions of euros)

Year	General activity: premiums and surcharges allocated							
	Extraordinary risks	P&C	Persons	Loss of profits	Traffic risks	SOA Guarantee Fund	Private vehicles	Official vehicles
2006	578.6	521.0	23.7	34.0	237.1	194.8	28.0	14.4
2007	632.2	566.5	25.4	40.3	237.2	197.6	25.1	14.5
2008	675.9	607.5	24.6	43.8	231.7	195.8	21.2	14.7
2009	692.1	624.9	23.1	44.1	203.2	178.3	14.4	10.6
2010	656.3	591.3	23.6	41.3	147.7	129.1	9.1	9.5
2011	672.9	605.4	23.4	44.1	128.8	113.9	5.8	9.1
2012	687.6	618.8	23.5	45.3	123.4	109.0	3.5	10.8
2013	704.4	638.1	22.0	44.3	114.2	102.5	1.9	9.8
2014	709.5	648.6	16.8	44.2	107.6	98.1	1.0	8.5
2015	726.7	661.8	17.4	47.6	105.8	96.6	0.6	8.6
2016	745.7	673.3	18.6	53.8	106.7	98.1	0.5	8.0

Source: Inurance Compensation Consortium. *Annual report.*

Table A.18.
Activity of the Insurance Compensation Consortium: direct and accepted loss ratio, 2006-2016
(millions of euros)

Year	General acitivity: direct and accepted claims							
	Extraordinary risks	P&C	Persons	Loss of profits	Traffic risks	SOA Guarantee Fund	Private vehicles	Official vehicles
2006	228.8	202.9	0.0	25.8	155.6	106.9	31.8	16.9
2007	326.9	306.6	3.0	17.3	153.7	104.5	31.8	17.5
2008	294.2	294.1	1.3	-1.2	159.0	113.3	28.0	17.8
2009	677.7	671.4	2.0	4.3	131.7	97.3	17.2	17.2
2010	658.7	645.1	3.1	10.4	168.7	145.0	10.8	12.9
2011	608.9	542.3	3.1	63.4	111.5	92.5	5.6	13.4
2012	281.0	294.4	0.8	-14.2	71.3	55.4	1.9	14.0
2013	207.6	191.8	1.5	14.3	69.0	56.7	1.4	10.9
2014	208.7	205.6	0.9	2.2	57.4	47.1	0.5	9.7
2015	227.3	216.6	1.0	9.6	68.3	59.0	1.0	8.2
2016	223.2	218.7	0.8	3.7	58.6	49.0	0.4	9.2

Source: Inurance Compensation Consortium. *Annual report*.

Table A.19.
Trends in average Automobile insurance premiums, 2007-2017
(millions of euros; annual change, %)

Year	Insured vehicles[1]		Premiums, direct insurance[2]		Average premium		
					In euros	% change	
	(millions of euros)	% change	(millions of euros)	% change		Nominal	Real
2007	28.3	4.7%	12,593	2.7%	444	-1.9%	-5.8%
2008	28.8	1.7%	12,357	-1.9%	428	-3.6%	-4.9%
2009	28.8	-0.2%	11,662	-5.6%	405	-5.5%	-6.2%
2010	28.7	-0.3%	11,553	-0.9%	403	-0.6%	-3.5%
2011	28.9	0.7%	11,285	-2.3%	390	-3.0%	-5.3%
2012	28.7	-0.7%	10,622	-5.9%	370	-5.3%	-7.9%
2013	28.6	-0.4%	10,033	-5.5%	351	-5.1%	-5.4%
2014	28.8	0.7%	9,888	-1.5%	343	-2.1%	-1.2%
2015	29.1	1.0%	10,054	1.7%	346	0.6%	0.6%
2016	29.8	2.4%	10,566	5.1%	354	2.3%	0.7%
2017	30.6	2.7%	10,922	3.4%	357	0.8%	-0.3%

Source: MAPFRE Economic Research (with FIVA, ICEA and CCS data)

[1] Information Database for Insured Vehicles (FIVA)
[2] Direct Insurance premiums for insurance companies & CCS

Table A.20.
Frequencies and average costs by guarantee in Automobile insurance, 2007-2017
(frequency, %; average cost, euros)

	2007		2008		2009		2010		2011		2012	
	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost
Third-party liability	11.6%	1,785	11.5%	1,663	10.0%	1,857	10.0%	1,773	9.3%	1,853	9.3%	1,761
Bodily injury	*2.2%*	*5,605*	*2.1%*	*5,282*	*2.1%*	*5,275*	2.1%	4,978	2.0%	5,050	2.0%	4,939
Material	*10.3%*	*813*	*9.5%*	*807*	*8.8%*	*844*	8.5%	828	8.1%	864	7.6%	868
Own damages	36.1%	936	38.8%	868	47.1%	748	43.7%	741	47.4%	704	44.2%	713
Broken windows	7.6%	264	7.4%	272	7.9%	282	8.4%	282	7.2%	292	6.7%	286
Theft	1.7%	900	1.6%	1,134	1.6%	1,064	1.5%	966	1.4%	961	1.3%	919
Legal defense	2.6%	289	2.7%	255	2.2%	288	2.1%	282	1.9%	302	1.8%	286
Occupants	0.3%	1,928	0.4%	1,273	0.4%	1,090	0.4%	972	0.4%	930	0.3%	1,259
Fire	0.1%	4,095	0.1%	4,912	0.1%	4,158	0.1%	3,211	0.1%	3,243	0.1%	3,075
Withdrawal of driver's license	0.0%	941	0.0%	1,122	0.0%	1,389	0.0%	1,930	0.0%	1,577	0.0%	1,627

Source: ICEA. Automobile insurance. *Statistics as at December.*

Table A.20.
Frequencies and average costs by guarantee in Automobile insurance, 2007-2017 (conclusion)
(frequency, %; average cost, euros)

	2013		2014		2015		2016		2017	
	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost
Third-party liability	8.5%	1,888	8.5%	1,841	8.5%	1,816	8.6%	1,871	8.6%	1,820
Bodily injury	*2.0%*	*4,928*	*2.0%*	*4,751*	*2.0%*	*4,569*	*2.0%*	*4,970*	*1.9%*	*4,856*
Material	*7.2%*	*887*	*7.2%*	*875*	*7.3%*	*873*	*7.4%*	*872*	*7.4%*	*879*
Own damages	39.6%	731	36.1%	733	34.3%	718	31.5%	713	30.3%	734
Broken windows	6.7%	290	6.4%	289	6.4%	288	6.4%	290	6.4%	291
Theft	1.2%	896	1.0%	882	0.9%	909	0.8%	916	0.8%	968
Legal defense	1.8%	310	1.8%	302	1.8%	290	1.7%	279	1.7%	278
Occupants	0.3%	1,252	0.2%	1,251	0.2%	1,227	0.2%	1,265	0.3%	1,249
Fire	0.1%	2,854	0.1%	2,782	0.1%	2,847	0.1%	2,977	0.1%	3,023
Withdrawal of driver's license	0.0%	1,314	0.0%	1,211	0.0%	1,108	0.0%	940	0.0%	805

Source: ICEA. Automobile insurance. *Statistics as at December*.

Table A.21.
Basic Automobile insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	12,555	12,324	11,640	11,535	11,270	10,607	10,021	9,882	10,052	10,566	10,922
Change in premiums	2.7%	-1.8%	-5.5%	-0.9%	-2.3%	-5.9%	-5.5%	-1.4%	1.7%	5.1%	3.4%
Retention	90.2%	90.5%	90.1%	87.5%	94.5%	94.9%	92.3%	92.5%	92.2%	89.5%	89.5%
Gross loss ratio	74.8%	74.5%	77.8%	77.5%	77.2%	77.2%	77.2%	77.1%	78.1%	79.0%	76.4%
Gross expenses	18.3%	18.2%	17.4%	17.6%	18.0%	18.8%	20.0%	20.0%	20.2%	19.5%	18.8%
Net loss ratio	76.4%	75.6%	79.1%	79.6%	78.6%	78.4%	78.1%	77.6%	79.1%	79.5%	77.0%
Net expenses	18.3%	18.1%	17.4%	17.4%	18.1%	18.9%	20.3%	20.3%	20.3%	19.5%	18.6%
Net combined ratio	94.8%	93.7%	96.4%	97.0%	96.7%	97.3%	98.4%	97.9%	99.5%	98.9%	95.6%
Financial result	6.8%	3.7%	5.9%	5.9%	4.9%	3.3%	4.5%	5.6%	4.8%	4.9%	4.4%
Technical-financial result	12.1%	10.1%	9.5%	8.9%	8.3%	5.9%	6.1%	7.6%	5.3%	6.0%	8.7%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.22.
Basic Multirisk insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	5,475	5,912	6,097	6,297	6,579	6,627	6,537	6,550	6,565	6,734	6,883
Change in premiums	8.4%	8.0%	3.1%	3.3%	4.5%	0.7%	-1.4%	0.2%	0.2%	2.6%	2.2%
Retention	81.7%	81.5%	81.6%	79.1%	81.7%	79.9%	79.6%	79.7%	79.3%	78.4%	78.5%
Gross loss ratio	63.8%	61.1%	63.9%	71.4%	57.1%	57.3%	59.0%	60.5%	57.8%	57.8%	69.3%
Gross expenses	29.3%	28.8%	28.8%	28.7%	28.4%	28.0%	28.3%	28.2%	28.4%	28.4%	28.4%
Net loss ratio	63.3%	62.5%	63.0%	66.9%	59.0%	59.9%	61.4%	60.7%	60.2%	58.8%	64.1%
Net expenses	30.7%	30.1%	30.5%	30.2%	30.1%	30.3%	30.8%	30.0%	30.6%	31.2%	31.5%
Net combined ratio	93.9%	92.6%	93.5%	97.1%	89.0%	90.2%	92.2%	90.7%	90.7%	90.0%	95.7%
Financial result	4.5%	2.8%	4.6%	4.2%	3.3%	2.4%	3.5%	4.4%	3.9%	3.6%	2.8%
Technical-financial result	10.6%	10.2%	11.1%	7.1%	14.3%	12.2%	11.3%	13.7%	13.2%	13.6%	7.1%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.23.
Basic Homeowners Multirisk insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	2,890	3,147	3,337	3,505	3,656	3,764	3,779	3,837	3,916	4,059	4,182
Change in premiums	9.0%	8.9%	6.0%	5.1%	4.3%	3.0%	0.4%	1.5%	2.1%	3.6%	3.0%
Retention	93.2%	92.0%	92.1%	88.8%	91.5%	91.6%	90.4%	89.9%	90.2%	90.0%	90.3%
Gross loss ratio	59.1%	59.3%	64.3%	65.1%	56.8%	57.8%	59.1%	58.6%	58.2%	56.7%	61.2%
Gross expenses	32.5%	32.1%	32.1%	32.2%	31.9%	31.7%	32.0%	31.2%	31.5%	31.4%	31.5%
Net loss ratio	59.9%	60.4%	62.8%	66.5%	57.9%	58.9%	60.1%	59.4%	59.1%	57.5%	61.8%
Net expenses	32.7%	32.0%	32.4%	32.3%	32.0%	31.6%	32.1%	30.7%	31.8%	31.8%	31.6%
Net combined ratio	92.5%	92.4%	95.1%	98.8%	89.9%	90.5%	92.2%	90.1%	90.9%	89.3%	93.4%
Financial result	3.4%	2.0%	3.6%	3.1%	2.7%	2.1%	3.0%	3.3%	2.8%	2.7%	2.7%
Technical-financial result	10.9%	9.6%	8.5%	4.4%	12.8%	11.6%	10.8%	13.1%	11.9%	13.4%	9.3%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.24.
Basic Industrial Multirisk insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	1,265	1,344	1,321	1,328	1,421	1,344	1,265	1,220	1,176	1,170	1,166
Change in premiums	9.2%	6.2%	-1.7%	0.5%	7.0%	-5.4%	-5.9%	-3.6%	-3.6%	-0.5%	-0.3%
Retention	54.5%	56.8%	55.5%	56.0%	56.0%	50.4%	50.8%	52.2%	50.6%	47.9%	48.5%
Gross loss ratio	76.9%	61.5%	63.4%	94.4%	57.5%	59.2%	62.5%	68.8%	59.1%	63.7%	94.3%
Gross expenses	23.9%	22.6%	22.2%	21.6%	21.0%	19.7%	19.8%	20.5%	20.4%	20.5%	20.2%
Net loss ratio	76.5%	63.5%	63.7%	71.6%	64.0%	71.0%	74.8%	70.9%	69.1%	69.7%	78.7%
Net expenses	28.3%	27.0%	27.2%	26.9%	26.0%	27.9%	28.6%	28.5%	27.5%	30.4%	31.2%
Net combined ratio	104.8%	90.5%	90.9%	98.5%	90.1%	98.9%	103.4%	99.4%	96.6%	100.1%	109.9%
Financial result	7.4%	4.9%	7.9%	7.2%	5.3%	3.4%	4.8%	9.0%	7.9%	7.1%	1.6%
Technical-financial result	2.6%	14.4%	15.6%	8.7%	15.2%	4.5%	1.4%	9.6%	11.3%	7.0%	-8.4%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.25.
Basic Commercial Multirisk insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	645	678	655	650	649	625	596	594	565	575	585
Change in premiums	8.8%	5.1%	-3.4%	-0.7%	-0.2%	-3.6%	-4.6%	-0.3%	-4.9%	1.7%	1.8%
Retention	84.7%	84.2%	85.3%	81.2%	84.6%	86.1%	85.5%	84.2%	84.5%	83.9%	84.1%
Gross loss ratio	60.0%	66.9%	60.8%	62.2%	57.0%	53.6%	53.7%	56.4%	55.8%	53.4%	60.5%
Gross expenses	29.9%	31.3%	30.1%	29.7%	29.3%	30.1%	30.1%	30.7%	30.5%	31.2%	32.7%
Net loss ratio	61.3%	70.1%	61.5%	64.0%	58.4%	54.7%	54.3%	58.1%	57.5%	55.0%	62.6%
Net expenses	29.5%	31.0%	29.9%	29.5%	28.9%	29.7%	29.9%	30.2%	30.1%	31.0%	33.0%
Net combined ratio	90.9%	101.1%	91.5%	93.5%	87.3%	84.4%	84.2%	88.4%	87.7%	86.0%	95.6%
Financial result	5.6%	3.4%	5.7%	4.8%	3.8%	2.6%	3.8%	4.2%	4.0%	3.5%	3.6%
Technical-financial result	14.8%	2.3%	14.2%	11.4%	16.4%	18.2%	19.7%	15.8%	16.3%	17.5%	8.0%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.26.
Basic Commercial Multirisk insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	605	669	714	755	794	815	823	827	836	853	872
Change in premiums	8.4%	10.6%	6.7%	5.8%	5.2%	2.6%	1.1%	0.4%	1.1%	2.0%	2.3%
Retention	85.1%	86.8%	86.4%	80.5%	86.8%	86.7%	86.4%	85.8%	86.1%	85.3%	86.1%
Gross loss ratio	61.2%	61.3%	64.4%	62.1%	53.8%	51.2%	54.5%	54.3%	53.9%	53.4%	58.5%
Gross expenses	26.3%	26.3%	27.6%	27.8%	27.6%	28.0%	28.2%	28.1%	28.8%	29.2%	29.7%
Net loss ratio	63.0%	62.7%	62.5%	65.1%	54.9%	52.5%	55.2%	55.2%	55.1%	54.5%	59.1%
Net expenses	25.9%	26.1%	27.8%	26.4%	27.6%	28.2%	28.0%	28.0%	28.7%	29.5%	30.5%
Net combined ratio	88.9%	88.7%	90.3%	91.4%	82.5%	80.7%	83.3%	83.2%	83.7%	83.9%	89.5%
Financial result	5.4%	2.7%	5.6%	4.4%	3.4%	2.7%	3.8%	4.1%	4.0%	3.9%	4.2%
Technical-financial result	16.5%	13.9%	15.3%	13.0%	21.0%	22.0%	20.5%	20.9%	20.2%	20.0%	14.7%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.27.
Basic Other Multirisk insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	70	74	70	59	60	79	73	73	71	78	78
Change in premiums	-23.1%	5.6%	-4.7%	-16.4%	1.2%	32.3%	-7.2%	-0.6%	-2.4%	10.2%	-0.3%
Retention	72.9%	77.0%	80.8%	79.6%	89.1%	89.2%	82.8%	86.1%	85.3%	85.4%	85.0%
Gross loss ratio	64.6%	72.8%	71.6%	62.0%	84.8%	73.1%	69.1%	67.3%	70.1%	58.6%	52.9%
Gross expenses	25.3%	23.6%	22.8%	22.3%	24.2%	25.2%	30.0%	30.8%	31.2%	31.1%	28.9%
Net loss ratio	72.1%	72.2%	74.1%	67.8%	81.3%	73.8%	75.7%	71.0%	71.1%	63.3%	57.0%
Net expenses	23.3%	22.1%	21.8%	18.6%	23.6%	25.4%	31.0%	31.3%	32.3%	31.9%	29.8%
Net combined ratio	95.3%	94.3%	95.9%	86.3%	105.0%	99.2%	106.7%	102.3%	103.4%	95.2%	86.7%
Financial result	4.4%	3.6%	4.9%	4.1%	3.1%	1.1%	5.4%	6.2%	6.9%	4.8%	5.0%
Technical-financial result	9.0%	9.3%	9.1%	17.7%	-1.9%	1.9%	-1.3%	3.9%	3.5%	9.6%	18.2%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.28.
Basic Health insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	5,403	5,834	6,150	6,396	6,597	6,786	6,937	7,181	7,361	7,736	8,062
Change in premiums	9.9%	8.0%	5.4%	4.0%	3.1%	2.9%	2.2%	3.5%	2.5%	5.1%	4.2%
Retention	98.6%	98.6%	98.5%	98.1%	97.8%	97.7%	97.6%	97.5%	97.4%	97.4%	97.4%
Gross loss ratio	81.7%	82.8%	85.4%	84.5%	82.8%	82.7%	83.1%	82.2%	80.9%	80.6%	79.9%
Gross expenses	11.5%	11.1%	10.6%	10.4%	11.5%	11.4%	11.7%	11.8%	12.2%	12.4%	12.2%
Net loss ratio	82.4%	83.6%	86.1%	85.7%	83.9%	83.8%	84.5%	83.6%	82.2%	81.8%	81.2%
Net expenses	11.5%	11.1%	10.5%	10.4%	11.5%	11.4%	11.7%	11.9%	12.2%	12.4%	12.2%
Net combined ratio	93.9%	94.7%	96.6%	96.1%	95.4%	95.2%	96.2%	95.5%	94.4%	94.2%	93.4%
Financial result	1.5%	1.2%	1.1%	1.1%	1.1%	0.8%	1.1%	1.0%	0.7%	0.7%	0.6%
Technical-financial result	7.6%	6.5%	4.5%	5.0%	5.6%	5.5%	4.9%	5.6%	6.3%	6.5%	7.3%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.29.
Basic Third-party Liability insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	2,008	1,974	1,712	1,624	1,531	1,448	1,352	1,342	1,360	1,385	1,497
Change in premiums	5.7%	-1.7%	-13.3%	-5.1%	-5.7%	-5.4%	-6.6%	-0.8%	1.3%	1.9%	8.1%
Retention	72.7%	70.2%	67.9%	73.5%	73.9%	72.5%	71.8%	72.1%	72.2%	69.9%	69.5%
Gross loss ratio	50.8%	55.3%	51.2%	42.8%	55.1%	39.8%	52.1%	50.9%	62.1%	67.7%	69.3%
Gross expenses	19.0%	20.3%	21.3%	22.9%	22.6%	24.6%	25.0%	25.5%	25.6%	26.5%	27.2%
Net loss ratio	65.2%	54.1%	51.7%	43.2%	51.4%	38.2%	51.7%	50.6%	59.5%	59.6%	73.9%
Net expenses	20.4%	20.2%	24.1%	23.7%	23.4%	26.0%	26.5%	27.2%	26.8%	28.0%	29.4%
Net combined ratio	85.6%	74.3%	75.8%	66.9%	74.8%	64.3%	78.2%	77.8%	86.3%	87.6%	103.4%
Financial result	12.2%	7.6%	16.0%	12.9%	12.5%	7.1%	12.4%	15.2%	14.0%	13.5%	12.7%
Technical-financial result	26.6%	33.3%	40.2%	46.0%	37.7%	42.8%	34.2%	37.4%	27.7%	25.9%	9.3%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.30.
Basic Hull Transport insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	314	317	336	289	276	256	240	223	225	207	228
Change in premiums	-4.8%	1.0%	6.1%	-14.0%	-4.6%	-7.2%	-6.3%	-7.2%	0.8%	-8.0%	10.1%
Retention	37.0%	39.0%	42.8%	44.0%	49.4%	54.8%	53.4%	55.1%	55.8%	53.6%	52.2%
Gross loss ratio	77.5%	94.3%	79.8%	59.4%	50.9%	73.1%	55.6%	79.5%	77.9%	66.2%	68.5%
Gross expenses	15.6%	14.9%	15.7%	15.9%	17.4%	19.3%	19.5%	19.9%	20.7%	18.9%	18.4%
Net loss ratio	76.8%	94.1%	87.9%	74.1%	68.2%	74.3%	67.6%	90.8%	90.3%	75.6%	76.1%
Net expenses	27.0%	23.5%	25.2%	24.7%	25.6%	25.6%	27.2%	26.3%	26.5%	23.8%	24.9%
Net combined ratio	103.8%	117.6%	113.1%	98.9%	93.8%	99.9%	94.8%	117.0%	116.7%	99.4%	101.1%
Financial result	7.9%	7.8%	7.1%	7.5%	5.4%	3.9%	4.1%	14.9%	13.9%	11.6%	-3.2%
Technical-financial result	4.1%	-9.8%	-6.0%	8.6%	11.6%	4.0%	9.2%	-2.1%	-2.8%	12.3%	-4.3%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.31.
Basic Goods in Transit insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016
Premium volume issued	320	286	222	209	211	204	198	194	205	207	231
Change in premiums	6.0%	-10.5%	-22.6%	-5.7%	0.7%	-3.0%	-2.8%	-2.2%	5.4%	1.2%	11.5%
Retention	66.7%	69.6%	69.9%	69.6%	69.1%	65.4%	63.7%	66.4%	65.7%	65.0%	62.0%
Gross loss ratio	59.6%	60.3%	52.2%	36.2%	54.5%	50.8%	62.0%	65.3%	71.0%	75.4%	58.8%
Gross expenses	28.4%	26.5%	25.8%	25.1%	25.1%	25.2%	25.4%	26.4%	28.1%	28.7%	27.4%
Net loss ratio	65.1%	67.5%	56.0%	49.2%	61.8%	59.1%	70.4%	71.8%	78.4%	72.6%	61.4%
Net expenses	30.1%	28.5%	29.1%	28.7%	29.1%	30.2%	31.1%	32.0%	33.3%	34.4%	33.7%
Net combined ratio	95.2%	96.0%	85.1%	77.9%	90.9%	89.3%	101.5%	103.8%	111.7%	107.0%	95.2%
Financial result	5.0%	3.3%	6.0%	5.7%	5.4%	2.7%	4.9%	6.5%	6.3%	5.7%	4.1%
Technical-financial result	9.8%	7.3%	21.0%	27.8%	14.5%	13.4%	3.4%	2.8%	-5.4%	-1.4%	8.9%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.32.
Basic Burial insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	1,518	1,591	1,672	1,703	1,761	1,891	1,961	2,087	2,150	2,167	2,272
Change in premiums	4.6%	4.8%	5.1%	1.8%	3.4%	7.3%	3.7%	6.5%	3.0%	0.8%	4.9%
Retention	99.2%	99.1%	99.4%	99.2%	100.6%	98.9%	99.0%	98.4%	98.5%	98.6%	98.4%
Gross loss ratio	53.7%	53.5%	53.0%	52.5%	51.3%	55.2%	56.9%	60.3%	65.2%	63.7%	62.6%
Gross expenses	36.3%	35.8%	39.0%	38.1%	37.8%	37.5%	36.4%	34.8%	32.9%	33.1%	33.0%
Net loss ratio	54.1%	54.0%	53.3%	52.8%	50.7%	55.4%	57.2%	60.9%	65.9%	64.3%	63.1%
Net expenses	36.4%	36.0%	39.0%	38.1%	37.2%	37.5%	36.4%	34.7%	32.7%	33.0%	32.9%
Net combined ratio	90.5%	89.9%	92.3%	90.9%	87.9%	93.0%	93.5%	95.5%	98.6%	97.3%	96.1%
Financial result	5.5%	3.2%	4.7%	5.6%	5.7%	6.8%	6.2%	6.5%	7.4%	5.8%	5.8%
Technical-financial result	15.0%	13.2%	12.5%	14.6%	17.8%	13.8%	12.7%	11.0%	8.8%	8.5%	9.8%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.33.
Basic Credit insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	806	835	798	719	695	677	646	631	609	593	570
Change in premiums	25.2%	3.5%	-4.3%	-10.0%	-3.3%	-2.5%	-4.7%	-2.4%	-3.4%	-2.6%	-3.9%
Retention	53.4%	52.4%	53.9%	54.3%	54.6%	53.2%	46.3%	44.4%	42.1%	34.4%	34.4%
Gross loss ratio	83.7%	143.7%	89.5%	50.9%	78.2%	81.4%	70.4%	39.6%	69.2%	45.0%	48.0%
Gross expenses	20.0%	18.2%	17.8%	19.4%	20.4%	20.9%	21.9%	24.1%	24.7%	31.3%	30.4%
Net loss ratio	95.5%	117.8%	96.0%	56.6%	84.1%	87.8%	68.7%	42.2%	48.5%	47.3%	53.1%
Net expenses	10.0%	6.6%	18.3%	17.5%	15.0%	19.2%	22.1%	19.2%	8.4%	17.3%	16.5%
Net combined ratio	105.5%	124.4%	114.3%	74.1%	99.0%	107.0%	90.9%	61.4%	56.9%	64.6%	69.6%
Financial result	10.3%	10.7%	5.8%	4.8%	6.2%	5.8%	6.0%	4.5%	4.0%	2.6%	2.6%
Technical-financial result	4.8%	-13.7%	-8.5%	30.7%	7.1%	-1.2%	15.1%	43.1%	47.1%	38.0%	33.0%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.34.
Basic Surety insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	86	87	81	84	78	65	63	61	86	62	61
Change in premiums	3.6%	0.6%	-6.3%	3.8%	-7.3%	-16.2%	-4.1%	-2.8%	40.6%	-27.4%	-2.6%
Retention	53.0%	54.7%	41.6%	44.4%	40.1%	47.1%	44.5%	48.7%	46.4%	35.1%	36.4%
Gross loss ratio	19.0%	130.1%	113.2%	124.0%	98.7%	284.4%	535.5%	159.8%	158.2%	22.9%	30.4%
Gross expenses	28.6%	28.4%	39.9%	24.1%	24.2%	24.7%	28.3%	27.8%	33.9%	32.4%	27.4%
Net loss ratio	23.1%	77.4%	100.7%	65.0%	82.7%	201.4%	233.4%	72.1%	64.0%	33.1%	38.4%
Net expenses	17.5%	32.1%	67.8%	23.7%	22.0%	14.0%	34.4%	37.9%	41.7%	25.1%	13.2%
Net combined ratio	40.5%	109.5%	168.4%	88.7%	104.7%	215.4%	267.8%	110.0%	105.7%	58.2%	51.5%
Financial result	12.8%	5.5%	5.5%	5.1%	8.2%	9.8%	3.1%	5.0%	3.3%	4.1%	5.8%
Technical-financial result	72.3%	-4.0%	-62.9%	16.4%	3.5%	-105.7%	-164.7%	-5.1%	-2.3%	45.9%	54.3%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.35.
Basic Personal Accident insurance indicators, 2007-2017
(premiums, millions of euros; ratio over premiums, %)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premium volume issued	963	1,002	945	922	897	853	880	886	926	984	1,113
Change in premiums	6.6%	4.1%	-5.7%	-2.5%	-2.6%	-5.0%	3.2%	0.6%	4.6%	6.2%	13.1%
Retention	88.3%	88.9%	89.0%	89.5%	89.5%	89.7%	90.1%	89.0%	89.0%	87.9%	87.4%
Gross loss ratio	43.1%	41.6%	33.8%	36.1%	39.0%	34.2%	41.6%	40.9%	41.3%	37.2%	38.3%
Gross expenses	31.8%	32.5%	32.6%	33.5%	35.4%	36.3%	34.9%	36.7%	37.6%	37.1%	36.9%
Net loss ratio	45.0%	39.6%	34.4%	37.4%	40.5%	35.3%	40.8%	41.8%	40.5%	37.2%	36.9%
Net expenses	32.9%	33.6%	33.5%	34.4%	36.2%	36.9%	35.2%	37.2%	37.6%	37.4%	37.4%
Net combined ratio	77.9%	73.2%	67.9%	71.8%	76.7%	72.2%	76.0%	79.0%	78.1%	74.6%	74.3%
Financial result	5.9%	2.7%	5.0%	5.3%	4.3%	3.8%	11.3%	18.7%	15.0%	15.4%	17.0%
Technical-financial result	28.0%	29.5%	37.1%	33.4%	27.6%	31.6%	35.3%	39.7%	36.9%	40.8%	42.7%

Source: MAPFRE Economic Research (with ICEA data. *Economic report on the insurance industry and historic series of direct business premiums by lines and modalities since 2003*)

Table A.36.
Trends in penetration in the Spanish insurance industry, 2007-2017
(premiums / GDP, %)

Year	Overall market	Life insurance			Non-Life insurance				
		Total insurance Life	Life Risk	Life Savings	Total insurance Non-Life	Automobile	Multirisk	Health	Other lines
2007	5.08%	2.13%	0.35%	1.79%	2.95%	1.16%	0.51%	0.50%	0.78%
2008	5.30%	2.38%	0.33%	2.06%	2.92%	1.10%	0.53%	0.52%	0.76%
2009	5.55%	2.61%	0.33%	2.27%	2.94%	1.08%	0.57%	0.57%	0.73%
2010	5.38%	2.44%	0.35%	2.09%	2.94%	1.07%	0.58%	0.59%	0.70%
2011	5.66%	2.70%	0.34%	2.36%	2.96%	1.05%	0.61%	0.62%	0.68%
2012	5.52%	2.53%	0.34%	2.19%	2.99%	1.02%	0.64%	0.65%	0.68%
2013	5.45%	2.49%	0.33%	2.16%	2.96%	0.98%	0.64%	0.68%	0.67%
2014	5.35%	2.39%	0.33%	2.06%	2.95%	0.95%	0.63%	0.69%	0.68%
2015	5.27%	2.37%	0.35%	2.02%	2.90%	0.93%	0.61%	0.68%	0.68%
2016	5.71%	2.78%	0.38%	2.41%	2.92%	0.94%	0.60%	0.69%	0.68%
2017	5.45%	2.53%	0.36%	2.17%	2.92%	0.94%	0.59%	0.69%	0.70%

Source: MAPFRE Economic Research (with ICEA and INE data)

Table A.37.
Trends in Density and Depth of the Spanish insurance industry, 2007-2017
(premiums per capita, euros; Life direct insurance premiums / total direct premiums, %)

Year	Density (premiums per capita)									Depth (direct Life insurance premiums / total direct premiums, %)
	Total market density	Life Insurance			Non-Life insurance					
		Total Life Insurance	Life Risk	Life Savings	Total Non-Life Insurance	Automobile	Multirisk	Health	Other lines	
2007	1,189.9	499.9	81.6	418.3	690.0	272.0	118.6	117.1	182.3	42.0%
2008	1,266.5	569.2	77.7	491.5	697.3	263.6	126.5	124.8	182.4	44.9%
2009	1,273.3	598.0	76.4	521.6	675.3	247.6	129.7	130.8	167.3	47.0%
2010	1,233.0	558.9	80.1	478.9	674.1	244.4	133.4	135.5	160.7	45.3%
2011	1,281.9	610.8	76.4	534.5	671.1	238.4	139.2	139.6	153.9	47.7%
2012	1,217.6	557.8	74.5	483.3	659.8	225.1	140.6	144.0	150.1	45.8%
2013	1,195.1	545.4	71.6	473.8	649.7	214.3	139.8	148.3	147.3	45.6%
2014	1,190.1	532.8	74.5	458.3	657.3	212.0	140.5	154.0	150.8	44.8%
2015	1,221.4	549.1	81.1	468.1	672.2	215.9	141.0	158.1	157.2	45.0%
2016	1,370.6	668.6	90.3	578.3	702.0	226.9	144.6	166.1	164.4	48.8%
2017	1,357.8	629.7	90.1	539.7	728.1	233.9	147.4	172.6	174.2	46.4%

Source: MAPFRE Economic Research (with ICEA and INE data)

Table A.38.
Trends in the Insurance Protection Gap in the Spanish insurance market, 2007-2017
(billions of euros)

Year	Insurance Protection Gap (IPG)			Real market (d)	Potential market (e = a + d)	IPG as a multiple of real market (number of times)		
	Total IPG (a = b + c)	IPG Life insurance (b)	IPG Non-Life insurance (c)			Total market	Life insurance market	Non-Life insurance market
2007	44.3	43.0	1.2	54.9	99.2	0.81	1.87	0.04
2008	31.0	29.3	1.7	59.2	90.2	0.52	1.10	0.05
2009	32.0	29.1	2.9	59.9	91.8	0.53	1.03	0.09
2010	33.3	31.0	2.3	58.2	91.4	0.57	1.18	0.07
2011	24.6	23.0	1.6	60.6	85.2	0.41	0.80	0.05
2012	24.4	22.9	1.4	57.4	81.8	0.42	0.87	0.05
2013	25.9	23.9	2.0	55.9	81.8	0.46	0.94	0.07
2014	28.1	26.8	1.3	55.5	83.6	0.51	1.08	0.04
2015	30.2	28.3	1.9	56.9	87.1	0.53	1.11	0.06
2016	23.3	22.3	1.0	63.8	87.2	0.37	0.72	0.03
2017	25.3	24.4	0.8	63.4	88.7	0.40	0.83	0.02

Source: MAPFRE Economic Research (with data from ICEA and Swiss Re)

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