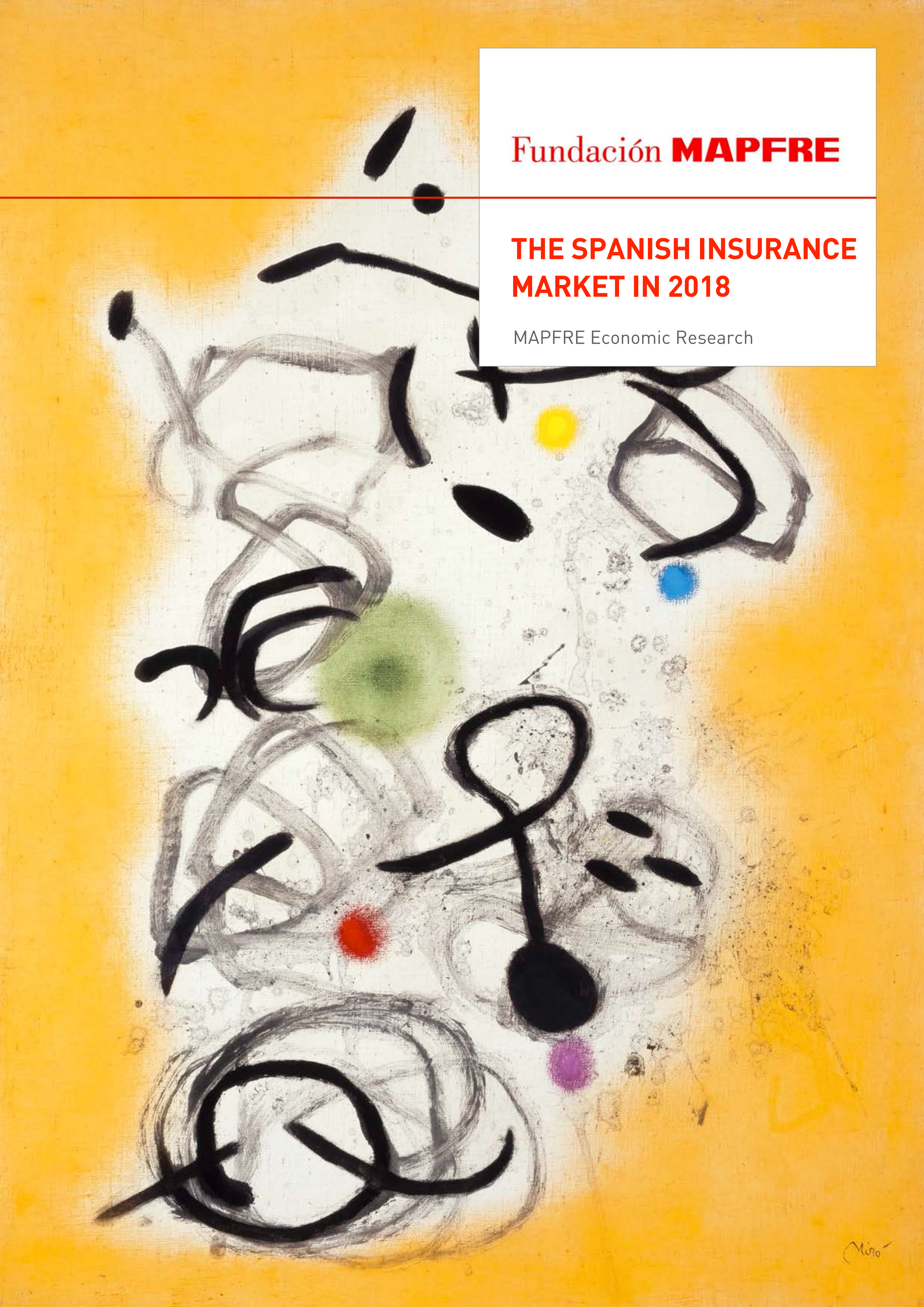

Fundación MAPFRE

THE SPANISH INSURANCE MARKET IN 2018

MAPFRE Economic Research

The Spanish Insurance Market in 2018

Joan Miró
Dans l'espace II, 1966.

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Presentation

Spain's insurance market ranks among the top 15 worldwide in terms of premium volume. That said, there is still quite a bit of road ahead for the Spanish insurance industry to grow sufficiently to be able to provide the coverage economically necessary and beneficial for society. To gain an understanding of this and all the other aspects surrounding the performance of Spanish insurance throughout 2018 and the past decade, we have issued this report, which was prepared by MAPFRE Economic Research, and once again published by the Fundación MAPFRE.

The study discusses the global economic and demographic backdrop contrasted with Spain's, and encompasses specific economy sectors which are closely linked to insurance activity. It explains the market's structure using data for concentration, transactions performed by Spanish entities in other markets, foreign capital within Spain's insurance industry, activities carried out by mutual provident societies and distribution channels, as well as an analysis of the performance of key business lines. Also featured are updates on structural growth trends in the Spanish insurance sector, an analysis of solvency ratios published for a sample of the leading insurance providers competing in this market, and conclusions covering a panoramic overview of global, European and Spanish regulatory updates.

This report is published within the framework of the Fundación MAPFRE's objectives to foster and spread awareness on insurance and social protection, and to foster research into these topics. At the utmost levels of the European Union and Spain, the relevance of becoming educated in financial and insurance matters is considered vital. Therefore, this edition of the report was designed in order to provide citizens with a clear understanding of how these matters function, so they might make informed financial decisions. This edition of the report contributes toward reaching this objective.

Fundación MAPFRE

Introduction

As in previous years, our report entitled *The Spanish insurance market* offer a birds-eye view of the performance of the insurance industry over the past year. The report is broken down as follows: the first chapter presents a general overview of the fabric of the global economy during 2018, and examines the most relevant economic trends and demographic shifts in Spain, which all exerted a primordial influence on the performance of the insurance industry.

The second chapter covers the structure and concentration of the insurance market over the past year, as well as providing information on mediation. The third chapter, the main part of the report, evaluates the performance of the main business lines during 2018, taking into account premium growth and the contribution of different business lines to sector developments, technical performance, results, profitability, and 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.

Chapter four of this study presents the key structural trends of the Spanish insurance market, encompassing market penetration performance, density, and delving into the particulars of the Spanish insurance market over the past decade. This section also includes updated estimates for the Insurance Protection Gap for the Life and Non-Life segments.

Based on the market information provided by insurance companies operating in Spain and presented in the *Solvency and Financial Condition Report*, chapter five is devoted to presenting information on capital requirements, own funds, and solvency ratios for a representative group of insurance companies. Finally, Chapter 6 summarizes key regulatory insurance trends worldwide, as well those prevalent in Spain and Europe.

As in previous editions, it also includes a statistical appendix summarizing the information used in its preparation, to thereby foster the consultation of all the main figures which reflect the performance of the Spanish insurance industry during the last decade.

We hope this report will continue to help to gain a better understanding of the insurance market, to thereby help the industry to continue to play a part in contributing to Spain's economic and social development.

MAPFRE Economic Research

Executive Summary

Subsequent to the global economy's maximum cyclical moment, 2018 signaled a new period of deceleration, characterized by the divergence in the growth trends of certain economies, many of which had clear indications of deceleration (the European Union), while others managing to sustain the relative pace (the USA and China). However, during the final months of the year, central banks in these countries initiated an approach which was clearly a move in the direction of policies featuring greater monetary laxity.

Against this backdrop, the global economy grew 3.6% during 2018. Financial conditions in emerging countries were restrictive, yet are expected to relax in upcoming years thanks to increased external financing and currencies under less depreciation pressure compared to the US dollar. Spain registered a 2.6% economic growth in 2018, with a gradual deceleration which is expected to continue in upcoming years.

For the seventh consecutive year, global insurance activity was positive, reaching 5.2 trillion US dollars in direct insurance premiums, or a growth of 1.5% in real terms vs. 2017. The Non-Life segment was the driving force behind this performance, favored by a dynamic global economy throughout the fiscal year, most notably during the first half of the year. However, the economy slowed down, so the end of the cycle might well begin to affect the growth of premiums in this segment.

Global premium volume in the Non-Life segment (which represents about 46% of total premiums) increased by 3% in real terms during the course of 2018. Growth was solid in emerging economies, chiefly Asia, with performance in China and India standing out. Latin American markets showed moderate growth. Generally speaking, the contribution to the growth of global insurance premiums from emerging countries is expected to continue during upcoming years.

The global Life insurance segment (representing 54% of total premiums) remained virtually unchanged during the year, with real growth of 0.2%. Life premiums in China, one of the world's largest insurance markets, depreciated in real terms during 2018, in large part due to the significant drop in risk-free interest along all sections of the curve, as well as reforms implemented by Chinese authorities to reduce risk and increase the stability of the finance sector. Conversely, certain advanced markets, such as the United States and Japan, posted real premium growths in this sector. The majority of Latin American markets showed increased premiums in local currencies; however, the drop in Brazil, which is the region's biggest market, was reflected in a weaker performance of this line when contrasted with countries in this area of the world.

The premium volume in the Spanish insurance market during 2018 totaled 64.4 billion euros, 1.5% higher than the previous year, thanks to the growth in the Non-Life business, as well as the excellent performance of Life Risk insurance. Life Savings insurance policies retracted, which caused the total Life segment to close out the year with a drop of -1.4% (29.0 billion euros in premiums), which is still strongly influenced by a persistent environment characterized by low interest rates, as is the case in the rest of the eurozone. Despite the above, in terms of managed savings, positive growth continued its course thanks to a 2.6% increase in technical Life insurance provisions (2017: 3.3%).

Non-Life insurance maintained a sustained growth rate of 4.0%, totaling 35.4 billion euros; for the 5th consecutive year, this segment registered premium growth of the insurance market, and continues to benefit from a hearty economic performance despite the deceleration of the Spanish economy. The combined ratio for the Non-Life insurance sector during 2018 rose slightly to 93.7% (2017: 94.0%).

The Automobile insurance line still leads in terms of the highest premium volume within the Non-Life segment, although its share continues to shrink, and is now at 31.5% (2017: 32.1%). The premium volume rose for the third consecutive year to 11.1 billion euros, with a 1.9% growth (2017: 3.4%), thanks to an increase in the number of insured vehicles, as the average premium dropped slightly to 354 euros (2017: 357 euros). The combined ratio for this business line improved in 2018, reaching 94.8% (2017: 95.6%), continuing the downward trend in recent years.

Health insurance was the second line by volume within the Non-Life insurance business, representing 24.1% of the total; it continues to improve progressively. The premium volume during 2018 amounted to 8.5 billion euros, with a 5.6% growth (2017: 4.3%). Collective health insurance policies arranged by companies for their employees continued as the main growth engine, thanks to flexible remuneration plans which offer tax breaks. The 2018 combined ratio continued to improve, attaining 92.6% (2017: 93.4%).

Multirisk insurance accounted for 20.5% of total business, which made it the third largest Non-Life line, with premium volume of 7.2 billion euros in 2018, and growth of 4.0% compared with the previous year. Homeowners is the segment with the largest market share, representing 60% of premiums in this line of business. During 2018, Homeowner and Condominium insurance showed improvement in premiums vs. the previous fiscal year (3.6% and 3%, respectively), the Industrial segment recorded a notable increase of 7.6%, while Commercial insurance (1.7%) continued on the road to growth started in 2016. The overall combined ratio continued downward to 97.3% (2016: 95.7%), to a great degree attributable to an increase in loss ratio filed in the Homeowner and Condominium segments, and created by the effects of intense natural environmental disasters taking place during the year.

The upward trend in terms of profitability remained stable in 2018, with a return on equity (ROE) of 11.4% (2017: 12.0%). Likewise, profitability measured in terms of return on assets (ROA) also showed a slight decrease of 1.5% during 2018, compared to 1.6% in 2017.

Total investments by Spanish insurance companies amounted to 295.3 billion euros at the close of 2018, representing a 1.1% increase over 2017. An analysis of the investment structure shows that the main category of assets chosen was fixed income, representing 55.1% of the investment portfolio, with sovereign fixed income as the dominant component. The percentage corresponding to corporate fixed income was 20.6% of the total portfolio.

Most industry investments' credit ratings were on the second rung of the ratings map included under Solvency II regulations (equivalent to A), in line with the Spanish sovereign risk rating at year-end 2018. In March 2018, both S&P and Fitch raised Spain's credit rating to A-, and in April Moody's changed its rating to Baa1; hence, the credit rating of the Spanish insurance industry's investment portfolio also benefited from these changes. The average profitability of financial investments was 2.8%, which is 1 percentage point under that recorded for 2017.

With regard to solvency levels in Spain, May 2019 marked the deadline for the publication of the third 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). An analysis of a sample of entities representing 68.5% of insurance premiums, and 74.3% of technical provisions for the Spanish market during the year reveals that the sector's solvency continues to reflect a generally sound position.

During 2018, the total aggregate solvency ratio for the sample of insurance entities included in this report was 238% (2017: 239%). The ratio of entities chiefly operating in the Life business line was 221% during 2018 (2017: 233%). In the eventuality of companies operating in both the Life and the Non-Life insurance business (Composites), the aggregate total solvency ratio attained 228% in 2018 (compared with 208% in 2017). Finally, companies operating either totally or mainly in Non-Life insurance business had an aggregate total solvency ratio of about 269% in 2018 (2017: 275%). It should be highlighted that practically all the own funds from the universe of the companies analyzed was of the highest quality (99% Tier 1 on aggregate for the sample taken into account).

2018 was noteworthy in that the volatility adjustment calculated for a representative portfolio of Spanish insurance company investments rose considerably with regard to the previous year, due to increasingly unstable financial markets, especially during the second half of the year. This behavior lead to increased application of volatility adjustments and the matching process when calculating technical provisions and solvency capital requirements (SCR) when determining solvency ratios. The above manifests the relevance of adjustment measures incorporated dating back to the implementation of the Solvency II Directive, which perform against cycle when occasional volatility arises in market assessments.

An analysis of the structural growth trends for the Spanish insurance industry reveals that the performance of the Spanish insurance market in 2018 seems to have slowed down and further separated from the trend toward strong growth which began in 2014. This behavior was underlined by the fact that indices reflecting penetration, density, and depth registered slight falls vs. the previous year, remaining below average for the 15 top economies in the European Union.

Spanish insurance penetration (premiums/GDP) reached 5.33% at year-end 2018 (2017: 5.44%), once again quite a distance from the historic maximum reached in 2016. The declining penetration rate of 2.40% is attributable to the Life segment, which is 0.12 pp below last year's, while the Non-Life insurance indicator was 2.93%, in line with 2017.

The density of Spain's insurance (premiums per capita) totaled 1,369.5 euros in 2018 (2017: 1,357.8 euros), arising as a result of a drop in the Life segment, at 616.8 euros per capita (2017: 629.4), and a 752.7 euros per capita increase in Non-Life (2017: 728.3).

Finally, the depth rate (i.e. the proportion of direct Life insurance premiums to the total of direct premiums on the market) was 45% in 2018, 1.3 pp under the figure registered the previous year. This is the indicator's second consecutive drop (which shrank -2.4 pp in 2016 and 2017), registering market penetration levels nearly identical to those reflected a decade ago. This behavior confirms the relative decline of the Life segment within the market dating back to its maximum historic level in 2016.

Meanwhile, the Insurance Protection Gap (IPG) was estimated at 29 billion euros for 2018 (0.8 billion euros over 2017). In structural terms, the composition of the IPG continues to demonstrate the scope for further development of the Life insurance segment. In 2018, 96.1% of the IPG (27.8 billion euros) corresponded to the Life insurance sector (2017: 1.1 billion euros); the Non-Life sector IPG (1.1 billion euros) represented the remaining 3.9% (-0.3 billion euros less than the preceding year).

From the competition's structural and dynamics standpoint, during the past decade the Spanish insurance industry experienced a slow concentration process which is evident in the drop of the number of entities operating, as in the Herfindahl and CR5 indices. However, concentration levels continue to reflect a serious amount of competition in the Spanish insurance industry, based on the above-mentioned indicators.

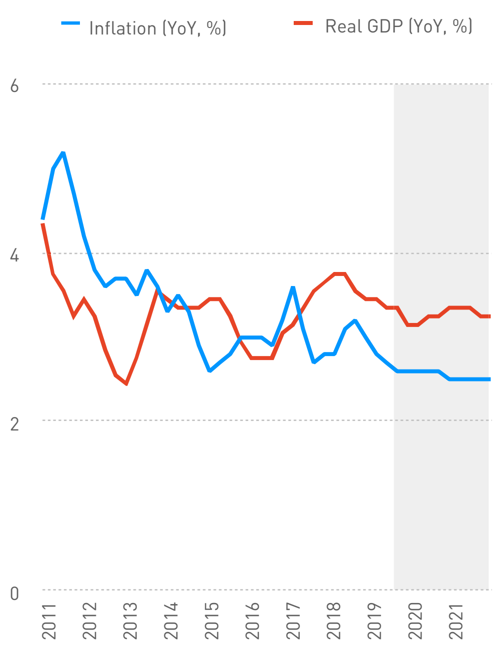
1. Economic and demographic context

1.1. Economic aspects

Global and economic backdrop

The global economy grew 3.6% during 2018, emerging from a maximum cycle and heading down the road to deceleration leading to its growth potential, which might be situated at 3.3% on average during 2019 and 2020 (See Chart 1.1-a). This stage of deceleration was characterized by the divergence between the growth rates of certain economies, many of which were clearly slowing down (European Union), while others maintained a relative pace (USA and China). Central banks, which initially seemed out of step (with Japan and the eurozone still immersed in the stimulus phase, while the USA and some emerging countries remained in the restrictive phase), are now rapidly converging toward an increased monetary laxness.

Chart 1.1-a
Global: growth and inflation, 2009-2019



Source: MAPFRE Economic Research (using Haver data)

The European Central Bank (ECB) postponed the potential interest rate hike, and the United States Federal Reserve no longer has plans to reach a neutral interest rate during the cycle; the market is beginning to indicate other possibilities in addition to dropping interest rates or other additional stimulus measures. As a result, the financial conditions in emerging countries (restrictive during 2018) are expected to loosen in upcoming years thanks to increased external financing and currencies suffering less depreciation pressure compared to the US dollar.

The global deceleration experienced in 2018 occurred within a context market by two events. First of all, global financial conditions are tightening due to the course change of the Federal Reserve (interest rates higher than inflation and weaker balance sheets), obliging many emerging economies to join them in raising their own interest rates to stabilize monetary flows and exchange rates. Secondly, this cycle change has exposed certain latent risks in unbalanced economies like Turkey and Argentina, with consequences for their exchange rates and for the price of their assets. This situation flipped entirely subsequent to the beginning of 2019.

The US economy maintained its impetus, with an average increase of 2.9% in 2018 and the lowest unemployment since the 1960s. The above was accompanied by a core inflation rate hovering around 2%, the fruits of the Federal Reserve's success in achieving its dual (implicit) mandate of activity and inflation, imparting to it the credibility to justify future interest-rate hikes designed to cool off the economy without prematurely exhausting the cycle. The cycle is already the longest in recent history, and appears to be in step with the objective of the Federal Reserve to control a smooth transition to more sustainable growth rates without creating new imbalances. China attempted to foster leveraging policies during 2018, as well as to reduce tax and quasi-tax effects in order to mitigate any imbalances or possible risks, although finally they were reversed at year-end. The entry into effect of US trade and export policies, as well as deceleration of the global economy are forces which at the moment are being successfully offset by renewed tax stimuli and private sector growth focused on stimulating internal demand.

At the same time, the trade dialectic between the United States and the rest of the world is already showing its first effects on global trade, especially via the expectations channel, which affects investment and exchange rate. The temporary truce between the USA and China during the G20 Summit held in Argentina temporarily smoothed tensions; however, the issue seems to have worsened, extending to other regions including Europe and Mexico.

In Europe, 2018 was marked by important events, including among others the first phase of the change of government in Spain, the elections in Italy and the challenges to its budgetary stability, and the ensuing unrest among creditors and the increase in its bond yields. Germany's economy plateaued at 1.5%, and with it, the eurozone's activity at 1.8% overall for the year. Hence, during its June 6 meeting, the ECB announced that interest rates would remain unchanged until the first half of 2020, and that the principal on matured bonds will be reinvested until well after monetary easing, which will be some time coming. This *lower for longer* spirit is evident, and will be until Mario Draghi is replaced at the ECB in October of this year.

Spain recorded a 2.6% growth during 2018, and estimated 2.3% for 2019. However, a loss of momentum in exports and investment has already been noted, and a gradual deceleration is predicted for the next two years, which might be aggravated by both internal and external factors. Internal factors may arise from uncertainty and fiscal tightening measures implemented by the government; external factors could occur in the form of less investment, less exports caught in the middle of a trade war, or financial flows to economies with better growth prospects and higher interest rates (i.e. the United States). In 2018, disagreements between the parties in the governing coalition continued to hinder approval for the principal reforms that the Spanish economy needs.

The agreement posed between the United Kingdom's government and the European Union (EU) was rejected by the British Parliament in successive votes, leading to the announcement that the Prime Minister Theresa May would step down on June 7, 2019. The EU gave the UK another deadline to execute its departure: October 31. Currently the situation is once again wide open, with a possible new referendum looming.

2018 was a year in which elections were held in a key group of emerging countries (Brazil, Mexico, Colombia and Turkey), with 2019 an election year for Argentina. Turkey and Argentina suffered massive losses in earning power in their exchange rates, which was mainly caused by their vulnerable macroeconomies: the former due to private external indebtedness, and the latter due to public indebtedness (necessitating the request for emergency funding from the International Monetary Fund in the amount of 56,300 US dollars). Meanwhile, in Asia, Indonesia raised interest rates four times in 2018, from 4% to 6%, and the Philippines five times, from 3% to 4.75%. China's central bank dropped its reserve deposit ratios three times for leading banks during the year (from 17% to 14.5%), relaxing the interbank 7-day repo rates 30 bps to 2.6% during 2018, with similar movements expected for 2019.

Economic environment and demand for insurance

In general terms, the Spanish insurance market's performance was positive during 2018 thanks to the Non-Life segments. The buoyant economy was characterized by positive aspects such as an increase in the number of registered vehicles, growth of the real estate sector, or a greater number of active companies in Spain, which affected growth in this segment. The Life insurance segment performed irregularly, with a notable increase of Life risk premiums (12.3%), and a drop in Life savings (-3.7%); this effect was especially notable due to shrinking annuity insurance (-13.3%).

The close relationship between Spain's economic growth and that of the insurance sector is illustrated in a medium-term analysis (2008-2018) by Charts 1.1-b and 1.1-c. During this period, the insurance industry grew in terms of total direct premium volume of 8.7%, while the Spanish economy grew 8.1%. Accumulated growth of the sector over the decade was quite similar for the Life (9.0%) and Non-Life (8.5%) sectors, and influenced by the drop in Life over recent years, and the rise in Non-Life since 2014.

The deceleration predicted for global economic growth in 2019, the slowdown in the process of monetary easing in the United States, and the return to more accommodating monetary policies in certain major world economies point to a slowdown in insurance business growth worldwide. Monetary and tax policies adopted by certain countries could ease the impact on the economy and the insurance industry; however, currently there are expectations of a loss of dynamism.

The trend toward a smooth slowdown of the economy continues in Spain, albeit less than expected for the eurozone overall, so expectations continue to be favorable for development in Non-Life and Life risk business, although with a tendency to slow down. As for Life savings insurance and conventional annuity insurance, the low interest rate outlook persists, which will continue to weigh on this business as in the rest of the eurozone.

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

Chart 1.1-b
Spain: economic growth and demand for insurance, 2008-2018

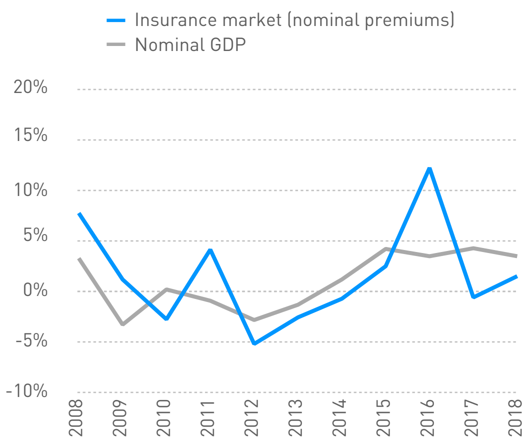
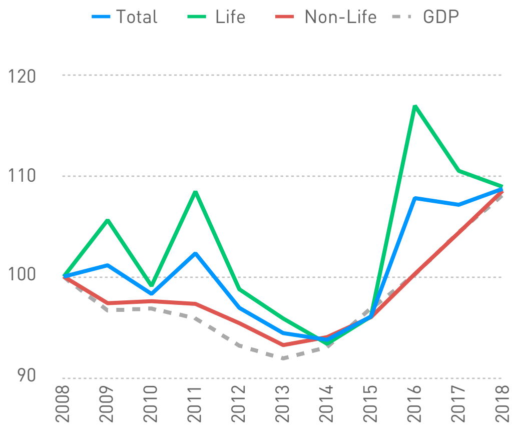


Chart 1.1-c
Spain: direct insurance trends, 2008-2018
(index 2008=100)



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

Real estate market

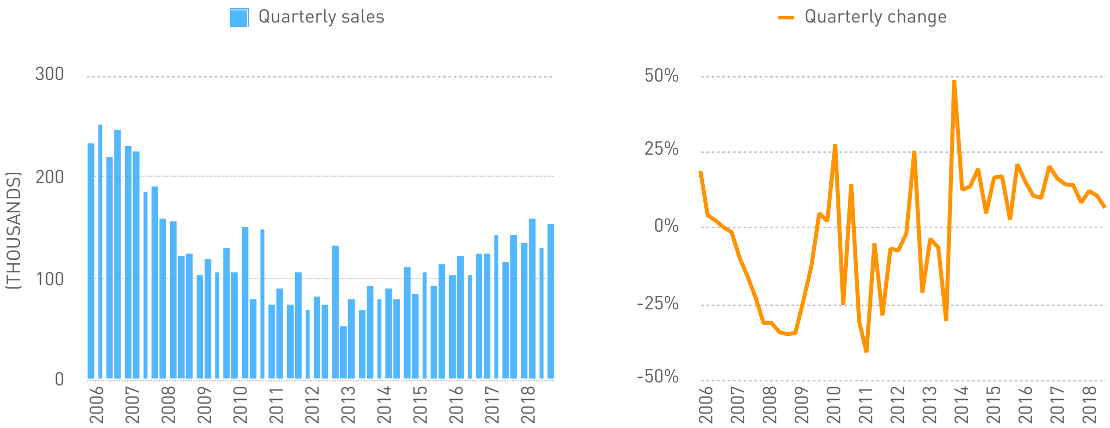
Transactions related to the real estate market (Multirisk and Life risk) stood out in the Spanish insurance market. Data provided by the Spanish Ministry of Public Works reflected an annual increase of 9.5% in the number of real estate transactions in 2018 (2017: 16.3%), which is the lowest percentage recorded in the past five years.

Chart 1.1-d reveals significant increases in the volume of real estate transactions during the final quarters of 2010-2014; these can be attributed to legislative tax changes (personal income tax withholdings and VAT) which particularly affected housing.The most notable were the rises during 2010 (a VAT increase), 2012 (the abolition of the home purchase deduction and a hike in VAT), and 2014 (elimination on January 31, 2014 of inflation amortization and abatement coefficients). Based on data published by the Ministry of Public Works, available homes estimates for 2017 totaled 25,645,100 units, which is 0.23% higher than 2016. A comparison with 2001 establishes a 22.9% increase over the past 16 years (see Chart 1.1-e). However, it is clear that subsequent to the 2008 economic crisis, inter-annual variations in housing stock dropped drastically from growths of over 2% prior to the crisis to 0.2%, with no clear indications of a recovery in the short-term.

The analysis of the trends for new home vs. second home transactions illustrated in Chart 1.1-f indicates that in recent years, the weight of new home transactions compared to the total abruptly plummeted in 2008-2013; the drop began to slow down from then until 2018, when it rose slightly (9.7% of total transactions vs. 9.5% in 2017). Both variables grew during 2018, although in the eventuality of transactions involving second-hand homes, the increase was under that of the previous year (9.2% during 2018, vs. 17.3% in 2017), which is quite different than the situation for new homes (12.1% in 2018 vs. 7% for 2017).

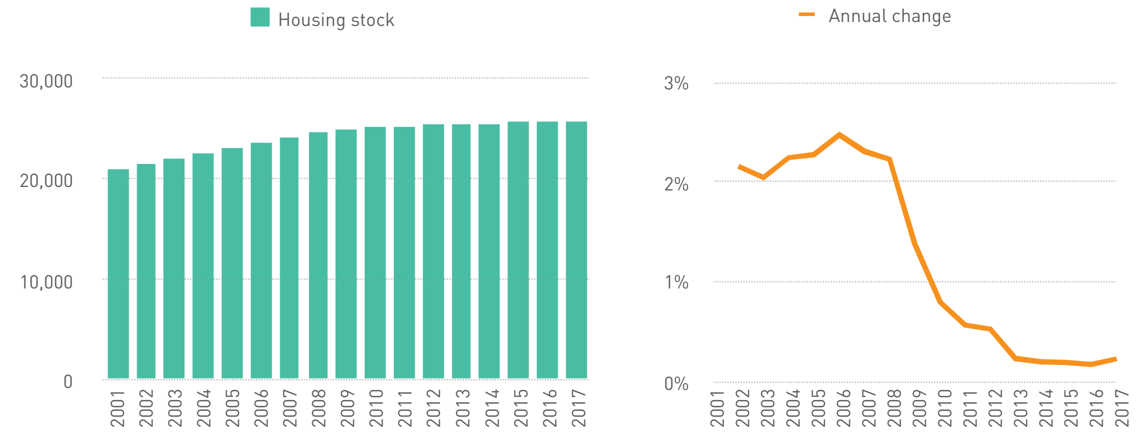
Analyzing the breakdown of housing real estate transactions by Autonomous Community, and in contrast to 2017, when all indicators were positive, during 2018 negative interannual rates were recorded in both the Balearic and Canary Island regions (-5.02% for the former, -2.32% for the latter), with positive rates for the rest; Ceuta and Melilla, and La Rioja grew the most by 24.7% and 24.3% respectively. The percentage of transactions by province as compared to the total national average during 2018 reflected Madrid at 14.6% and Barcelona at 10.4% with the highest volumes; this

Chart 1.1-d
Spain: home sales, 2006-2018.
(number of transactions, in thousands; quarterly changes, in %)



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

Chart 1.1-e
Spain: housing stock, 2001-2017.
(numbers of homes, in thousands; annual changes, in %)



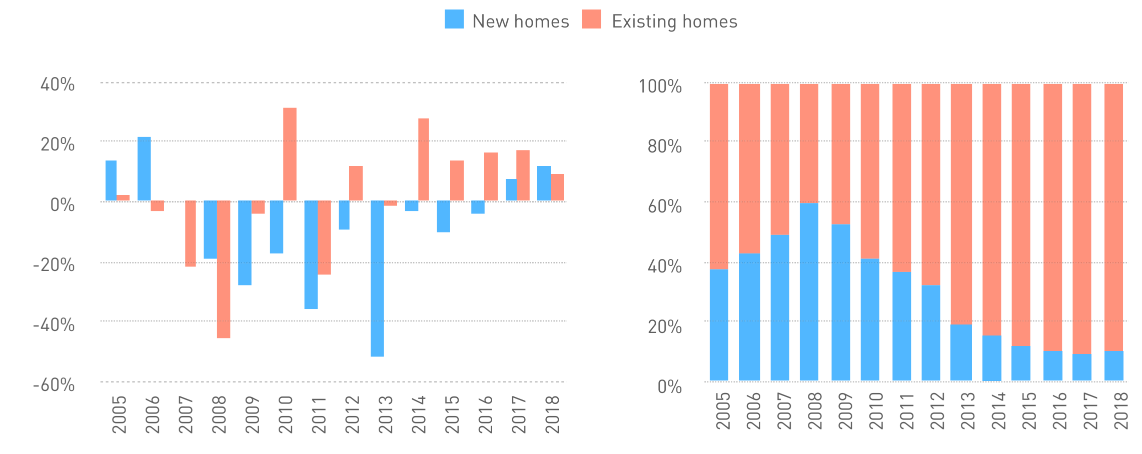
Source: MAPFRE Economic Research (using Spanish Ministry of Public Works data)

corroborates that they continue as the key spots for Spain's economic activity.

Transactions carried out by foreigners in Spain during 2018 were: 15.8% of the total (2017: 16.8%), and apart from Madrid (8.1%), the coastal areas predominated (Alicante 22.6%, Malaga 11.6%, Canary Islands 9.3%, and Barcelona 7.7%).

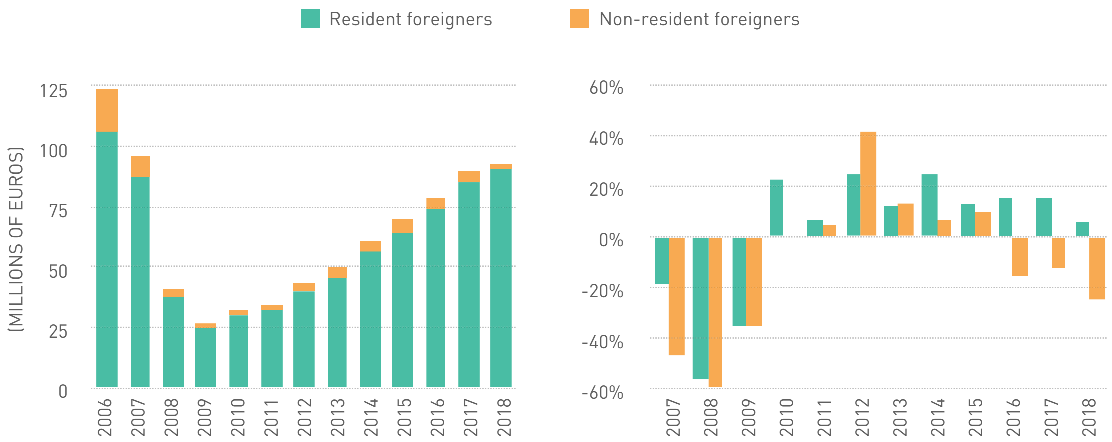
This growing trend, which has been evident since 2009, was consolidated during 2018 through purchase and sales transactions by foreigners residing in Spain (see Chart 1.1-g). Trends for non-resident foreigners were more erratic, declining from 2007 to 2009, rising from 2010 to 2015, to again fall from 2016 to 2018, which was the year with the biggest drop (-25%). However, the growth of the segment of foreigners residing in Spain continued without interruption from 2010 until 2018, although the most recent interannual figure reflected moderation of this growth trend (5.9%), which is in line with the slowdown of the Spanish economy's growth.

Chart 1.1-f
Spain: sales of new homes vs. sales of existing homes, 2005-2018
(annual change, in %; share of total, in %)



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

Chart 1.1-g
Spain: real estate transactions involving foreigners, 2006-2018
(amount, in millions of euros; annual change, in %)



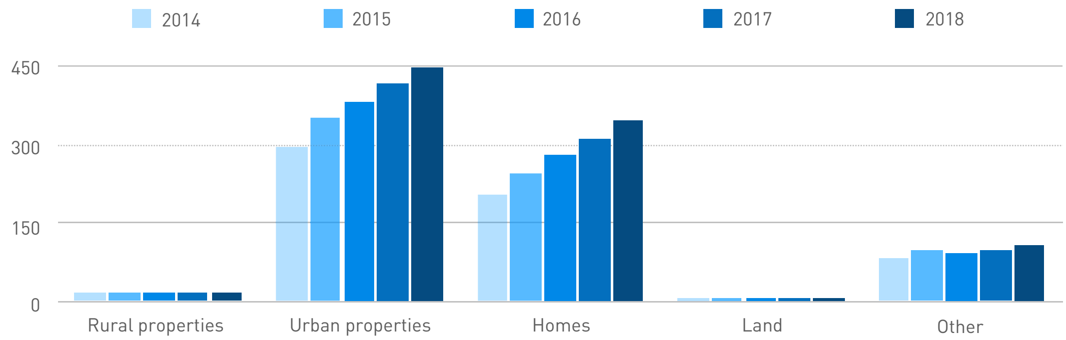
Source: MAPFRE Economic Research (using Spanish Ministry of Public Works data)

An analysis of mortgages arranged during the 2014-2018 period (see Chart 1.1-h) indicates that mortgages signed during 2018 represented 72.4% of all loans. The total interannual variation in mortgage loans over the past year was 11.4% (see Chart 1.1-i), which remains in line with the recovery noted in mortgages arranged since 2014, yet quite a distance from the volume registered during the years prior to the economic crisis unleashed in 2008.

Price indices also rose in line with the number of real estate transactions undertaken. The Housing Price Index (HPI) published by INE (the National Institute of Statistics) rose 6.6% during 2018, which is lower than 2017 (7.2%), but over the 4.5% recorded in 2016. Similar increases were registered by the HPI for new homes, at 8.0% (2017: 7.4%) and second-hand homes at 6.4% (2017: 7.2%). The above positive trend continues, as the index varied 0.9% during the last quarter of 2017, and 0.4% in 2018.

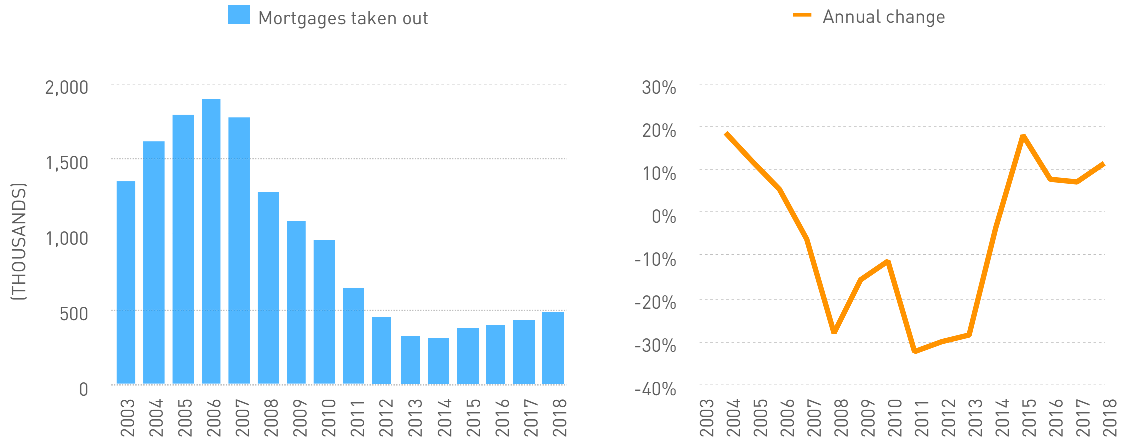
Data provided by the Ministry of Public Works and INE for the rental market reflects a continuous decrease in leasing in favor of owning a home dating back to 1950, until 2000; this is the contrary for the subsequent period lasting until 2011 (the most recently published figure), reflecting an increase in rents to the

Chart 1.1-h
Spain: trends in number of mortgages, 2014-2018
(number of mortgages, thousands)



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

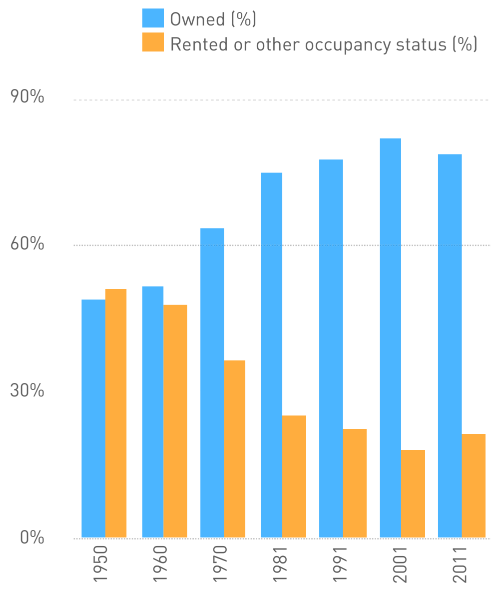
Chart 1.1-i
Mortgages compared with total properties, 2003-2018
(number of mortgages, in thousands; annual change, in %)



Source: MAPFRE Economic Research (using INE data)

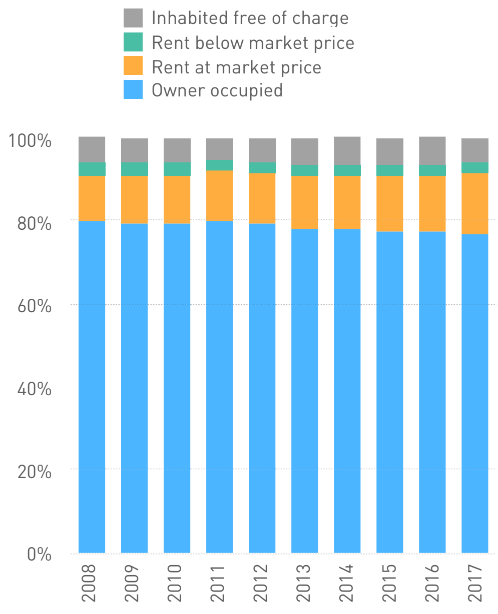
detriment of home ownership (see Chart 1.1-j). The INE's Living Conditions Survey for the past 10 years stresses a 76.7% decrease in the weight of home ownership during 2017 (the most recent data available), from 77.1% during 2016. The weight of rental properties at market rates rose 13.9% during 2017, with a 2.6% drop in homes for rent under market price (see Chart 1.1-k).

Chart 1.1-j
Spain: trends in owner occupancy of homes, rental and occupancy free of charge, 1950-2011
(%)



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

Chart 1.1-k
Spain: breakdown of homeowners by type of household occupancy, 2008-2017
(%)



Source: MAPFRE Economic Research (using INE data)

Automobile

Spain's fleet of vehicles totaled 33.7 million during 2018, which is 2.4% less than the previous year. The motorcycle segment showed the greatest growth of 4%, while cars represented 71% of the total, having risen 2.4% to 24 million. The number of vehicle registrations also grew, with a 7% increase, led by vans (16%) and motorcycles (14%). The percentage of vehicles over 10 years old as compared to the total rose 1 percentage point to 64%.

Moreover, 2018 saw a total of 416 million long-distance journeys, representing an increase of 2% over 2017. With regard to mortal accidents on inter-urban roads and victims within the first 24 hours of accidents, the year terminated with an increased number (+0.7%), although the number of deceased and hospitalized individuals dropped 1.5% and 7.6%, respectively. In total, 1,071 fatal accidents took place, in which 1,180 people died and a further 4,515 required hospitalization.

To reduce the traffic mortality rate in Spain, the Ministry of the Interior announced a series of road safety measures to be implemented in 2019. Toward the end of 2018, the Council of Ministers approved Royal Decree 1514/2018, which amended the Spanish Traffic Code, establishing a 90 km/h speed limit on all conventional roads. There are other measures still yet to be approved, such as: the introduction of changes in traffic legislation to increment the number of points removed from drivers' licenses due to certain infractions; changes to driving regulations with regard to the minimum number of onsite hours necessary to get a license; to limit city street speed limits to 30 km/h, as well as for one-way streets; and the modification of the Code to regulate the circulation of Personal Mobility Vehicles (PMV), such as electric scooters.

Companies

According to the Central Company Directory (CCD), the number of active companies in Spain rose 1.7% during 2017 (the most recent figure) to 3.3 million on January 1, 2018. This is the third consecutive positive year, after six years of consecutive drops from a maximum of 3.4 million companies in 2008; this figures is yet another indicator of the excellent performance of Spain's economy.

In this group of companies, the largest sector was "Other services" (59.0%), which grew 2.3%, followed by "Trade" (22.4%), shrinking 0.7% compared to January 1, 2017. A 4.0% rise can be observed for the "Industry" sector (6.2%), while "Construction" continues as relevant at 12.4%, representing growth of 2.4%. 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.

In accordance with this information, the overall size of Spanish companies remains small: 55.3% had no salaried employees at all. Companies with fewer than two salaried employees represented 82.6% of the total, and only 4.8% had more than 20 employees. Standing out are the autonomous communities of Catalonia, Madrid and Andalusia, concentrating a respective 18.5%, 16.1% and 15.2% of total companies.

Based on INE data for companies, during 2018 a total of 95,153 new ones were registered, which is 0.8% higher than 2017. Company dissolutions also rose compared to the previous year, by 3.5% to 22,338. In 2018, a total of 31,232 companies reflected capital increases, which is 0.7% higher than the previous year, while capital underwritten for new companies and those with increases dropped (-1.2%) and (-30.6%) respectively1. Sectors in which the most companies were formed and dissolved were "Trade," with 20.8% of total new ones and 21.6% of total dissolved, "Real estate, finance, and insurance" with 14.9% of new, and "Construction," with 15.2% of those dissolved. Madrid is the area in which the most companies were formed in 2018 (still leading the list of the greatest number of dissolved companies), followed by Catalonia.

Low interest rate environment

Our 2017 report discussed the prevailing environment of low interest rates, which continues to impact the Life savings and conventional annuity insurance businesses. Chart 1.1-l illustrates the minimum, median and maximum levels reached during 2018, as well as the most recent risk-risk-free interest rate curves for the euro published by the European Insurance and Occupational Pensions Authority (EIOPA) corresponding to December 2018 and May 2019.

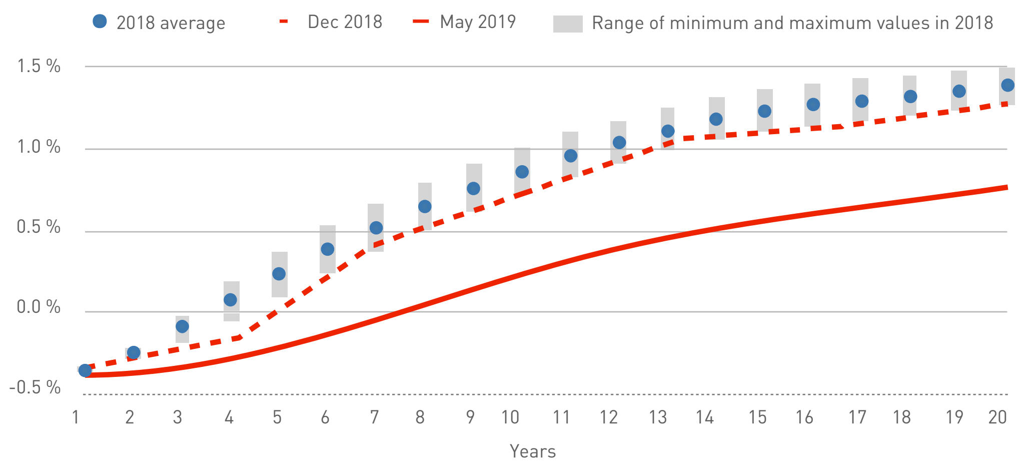
Interest rates began to rise during the first two months of the year, at which point they reversed course across all periods; the plateau effect of the curve is accentuating during 2019. The first tranche of the curve continues to reflect negative values; in May 2019, it spread to all the curve sections under eight years. The ECB has postponed any expectations of monetary easing, which is pushing the slight impulse commencing at the start of 2018 downward.

1.2. Demographic aspects

Demogra phic trends

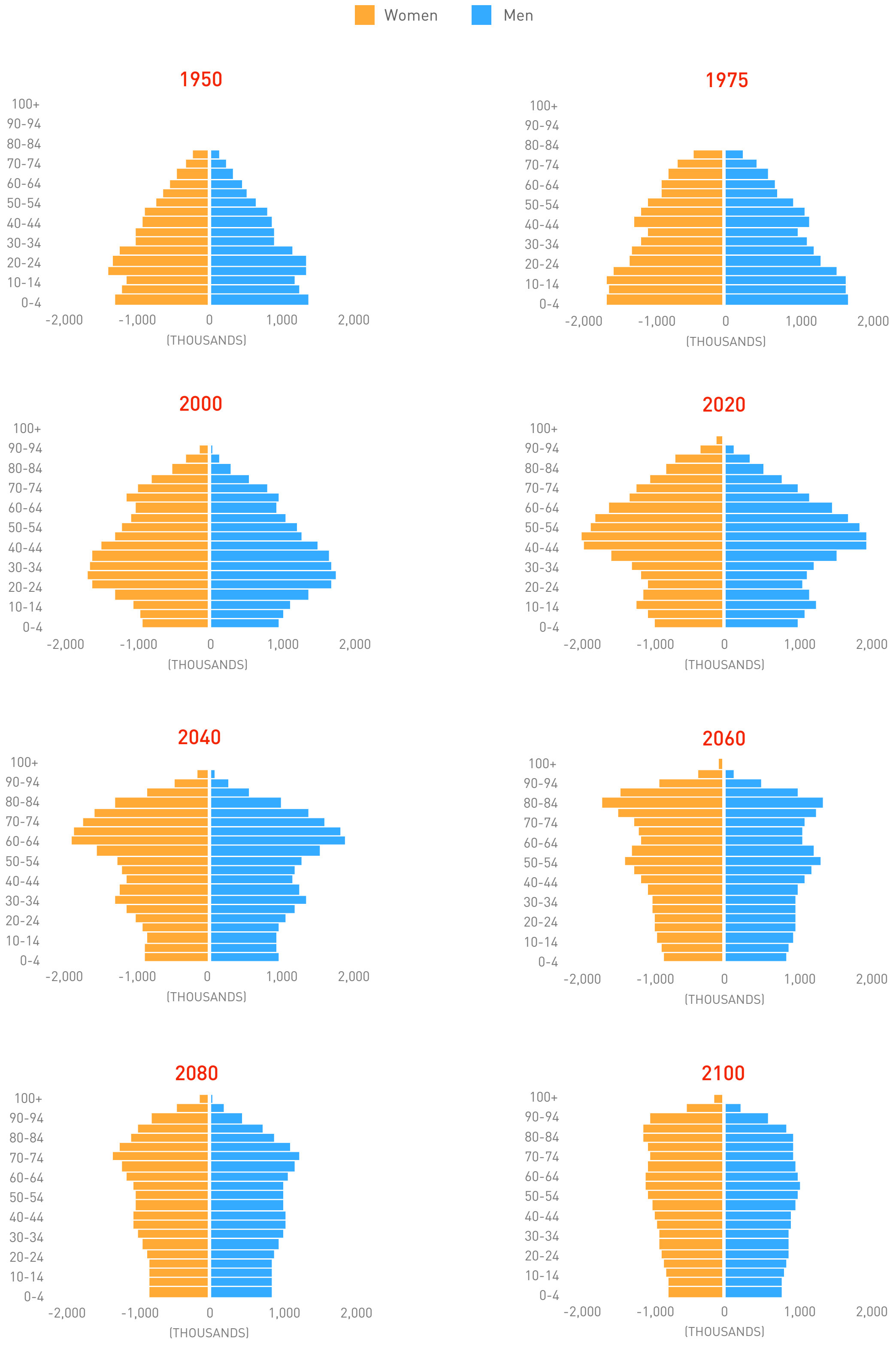
Population pyramids (constructed based on the most recent 2018 data update available, and forecasts published by the United Nations) reveal a clear problem with the aging Spanish population, as shown in Chart 1.2-a.

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



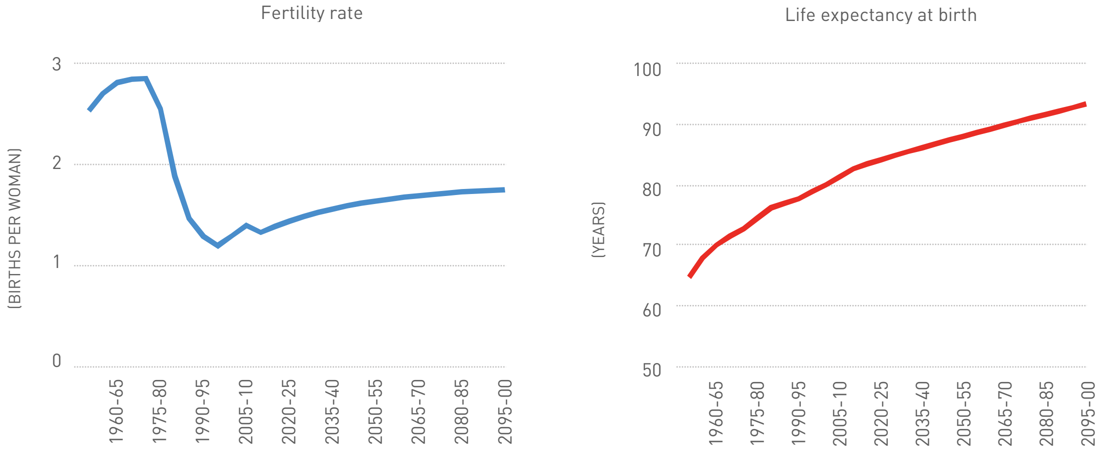
Source: MAPFRE Economic Research (using EIOPA data)

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



Source: MAPFRE Economic Research (updated using UN data)

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



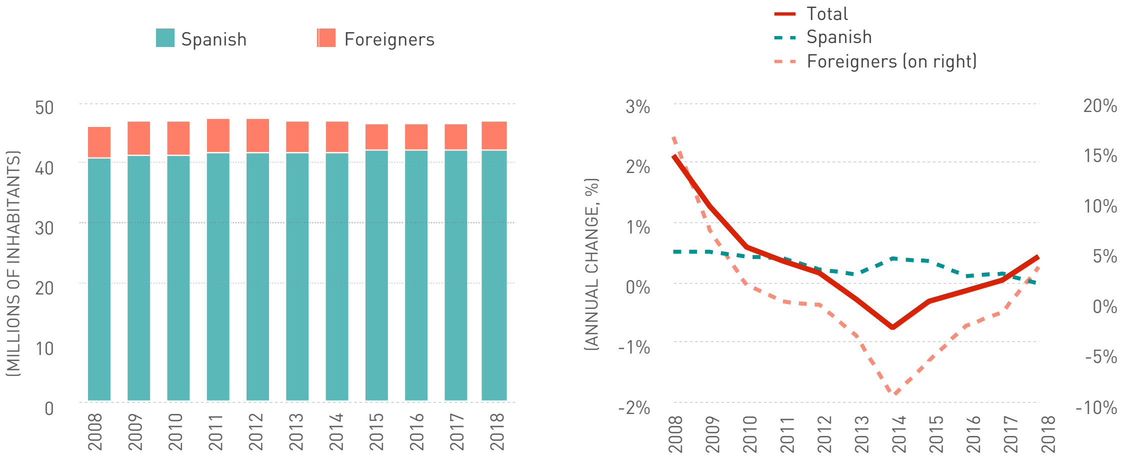
Source: MAPFRE Economic Research (updated using UN data)

The combination of high birth rates in the 1950s and 1960s (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.

By 2020, life expectancy at birth in Spain will be over the age of 83, a gain of five years over the last two decades (2000: 78 years). 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).

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) also in the long-term (until just before the end of the century). The

Chart 1.2-c
Spain: population changes, 2008-2018
(distribution, millions; annual change, %)



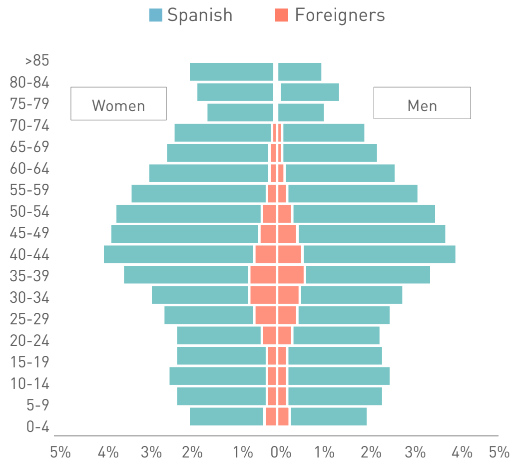
Source: MAPFRE Economic Research (using INE data)

population dynamics reflected in the Spanish pyramid point to a progressive deepening of the aging population over the next 25 years, with consequent fiscal pressures on the State as baby-boomers approach retirement age. Spain's life expectancy at birth is approximately 83 years, one of the world's highest.

Events during 2018

According to the most recently available INE data, the Spanish population reached 47 million during 2018, of which 89.3% corresponded to Spaniards, and the remaining 10.7% to foreigners (see Chart 1.2-c). During the year, the average age of the population registered in the Municipal Census2 was 43.4; the average age of Spaniards was 44.2, and 36.1 for foreigners (see Chart 1.2-d). During 2017-2018, the number of expatriates in Spain rose to 290,573.

Chart 1.2-d
Spain: breakdown of the population by age and gender, 2019
(structured in five-year cohorts, %)



Source: MAPFRE Economic Research (using INE data)

2. Structure of the insurance industry

2.1. Market concentration

During this past decade, the Spanish insurance industry became slowly more concentrated in terms of the smaller number of entities and under Herfindahl and CR5 analyses. However, as indicated in reports for previous years, the degree of concentration in the Spanish insurance market continues to reflect a serious amount of competition.

During 2008, the Herfindahl Index hovered near 503 points, and by 2018 it had risen to 570 points, albeit still below the theoretical threshold (1,000-1,500 points) associated with early signs of concentration in the industry (see Chart 2.1). Nonetheless, this indicator has dropped slightly since 2016, a period of significant growth, attributable to decreased premiums for the leading Life insurance groups over recent years.

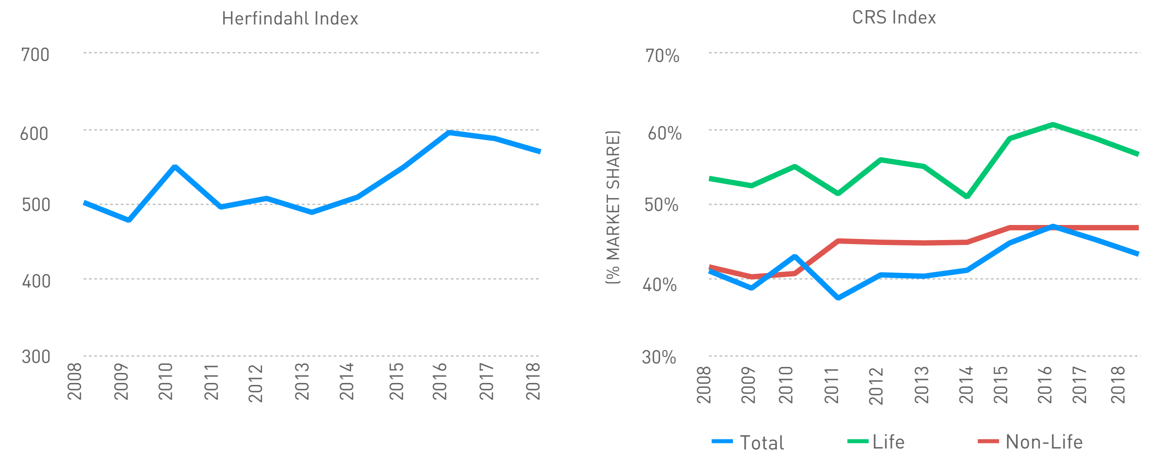
The CR5 index reflects a concentration increase over the 2008-2018 decade, which was essentially thanks to the Life business line. It also clearly reflects a slight drop in premium revenue over the past two years in the five groups with the greatest share of the segment, resulting in a 4 pp drop since 2016 to 56.6%. The five main Non-Life groups also maintained an unaltered share of 46.9% during the past four years.

2.2. Company ranking

Total market

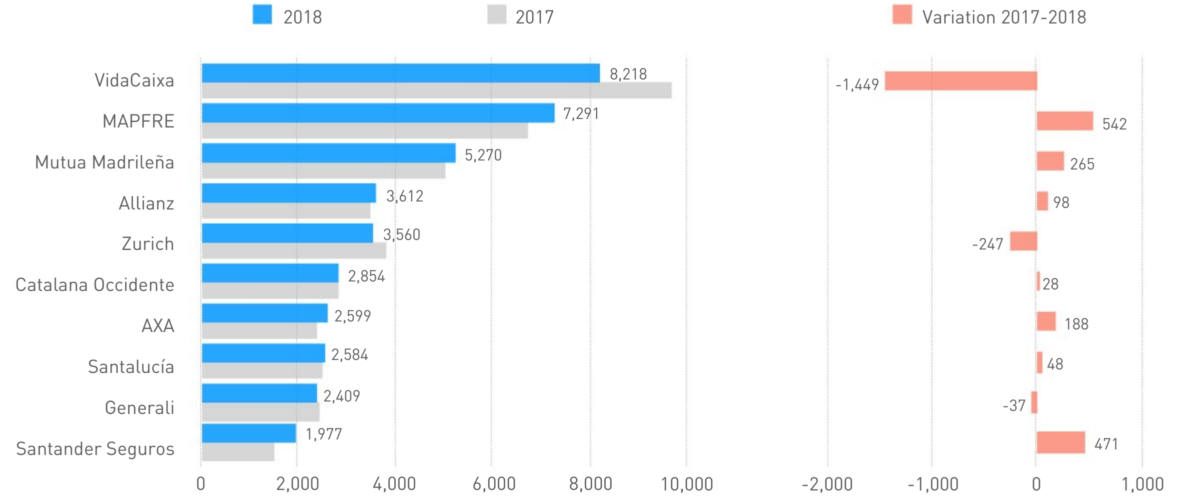
Chart 2.2-a shows the ranking in 2018 of the 10 largest insurance groups in the Spanish market based on the criterion of premium volume in this market. This date confirms that VidaCaixa once again leads the ranking in terms of total insurance groups, with a premium volume totaling 8.2 billion euros, and a 12.8% market share, representing a 2.4 pp drop vs. 2017.

Chart 2.1
Spain: concentration indices, 2008-2018



Source: MAPFRE Economic Research (using ICEA data)

Chart 2.2-a
Spain: total ranking of insurance groups by premium volume, 2017-2018.
(millions of euros)



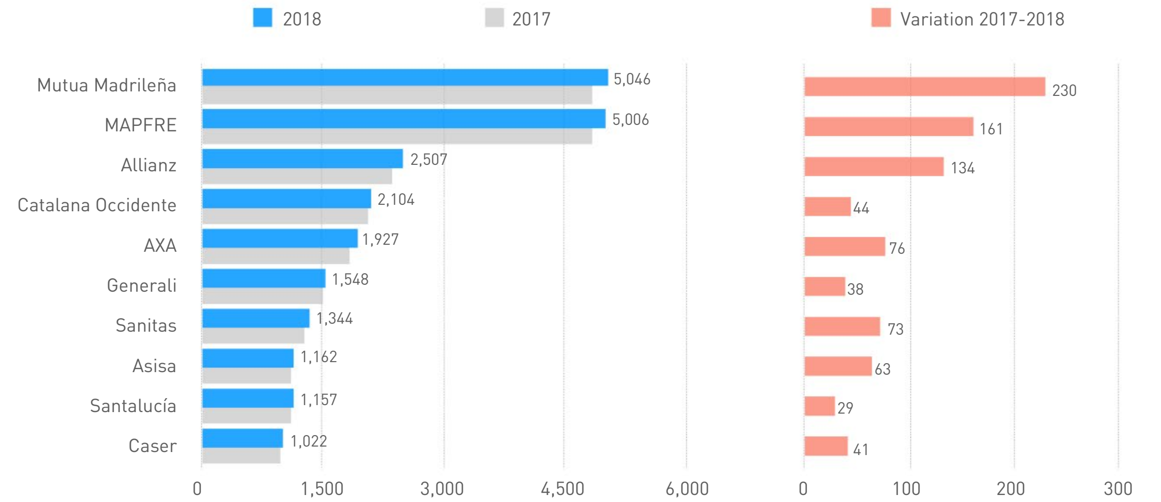
Source: MAPFRE Economic Research (using ICEA data)

MAPFRE and Mutua Madrileña remain in their respective second and third positions, both with increased market shares. Allianz moved up a spot in the ranking to 4th position, pushing Zurich down to 5th place as a result of its drop in premiums. AXA also rose from 9th to 7th position, while Santander Seguros joined the ranking to replace BBVA in 10th position.

Non-Life Market

Chart 2.2-b provides the 2018 ranking of the 10 largest Non-Life groups in Spain, again using the criterion of premium volume. The Mutua Madrileña group grew 4.8% in terms of premiums, and with a 14.3% market share led this ranking for the first time. MAPFRE now ranks in 2nd position as a result, with a market

Chart 2.2-b
Spain: total ranking of Non-Life insurance groups by premium volume, 2017-2018
(millions of euros)



Source: MAPFRE Economic Research (using ICEA data)

share of 14.2%. There were no further changes, apart from the last three positions: Asisa passed Santalucía and Caser to join the list in the place of Zurich.

Life Market

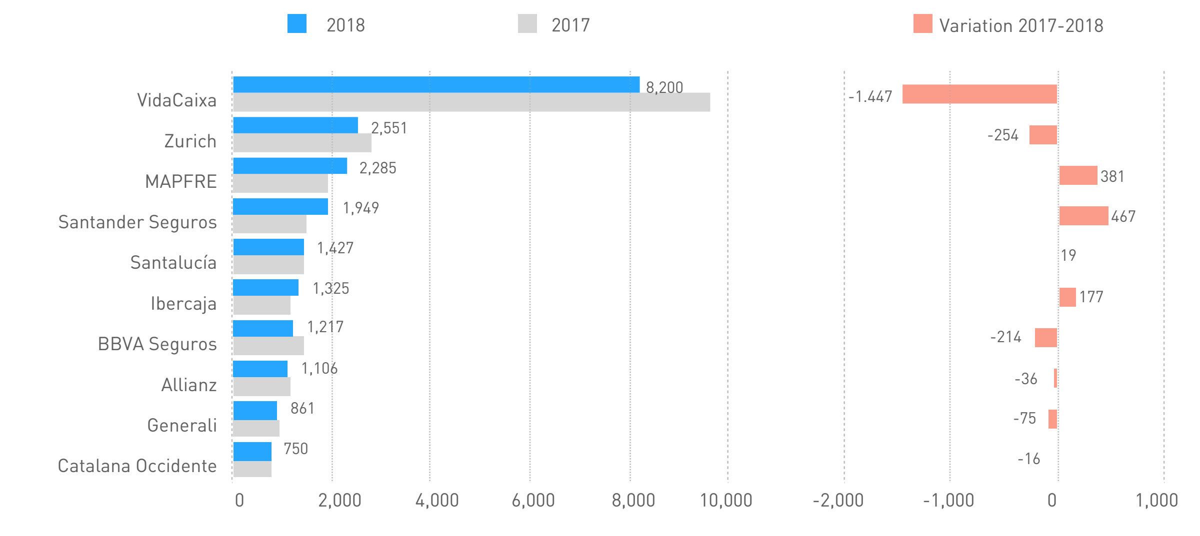
The 2018 ranking of the 10 largest Life groups by premium volume in Spain is presented in Chart 2.2-c. The top four places remained unchanged vs. 2017, with VidaCaixa in first place of the ranking and a share having dropped 4.5 pp vs. the previous year to 28.3%. BBVA dropped 15% in premium terms, from 5th to 7th place. Santalucía took over Pelayo Vida thanks to the acquisition of 50% of the company in October 2018, and ascended to 5th position. There were no further changes in the ranking.

2.3. Insurance market structure

National insurance companies

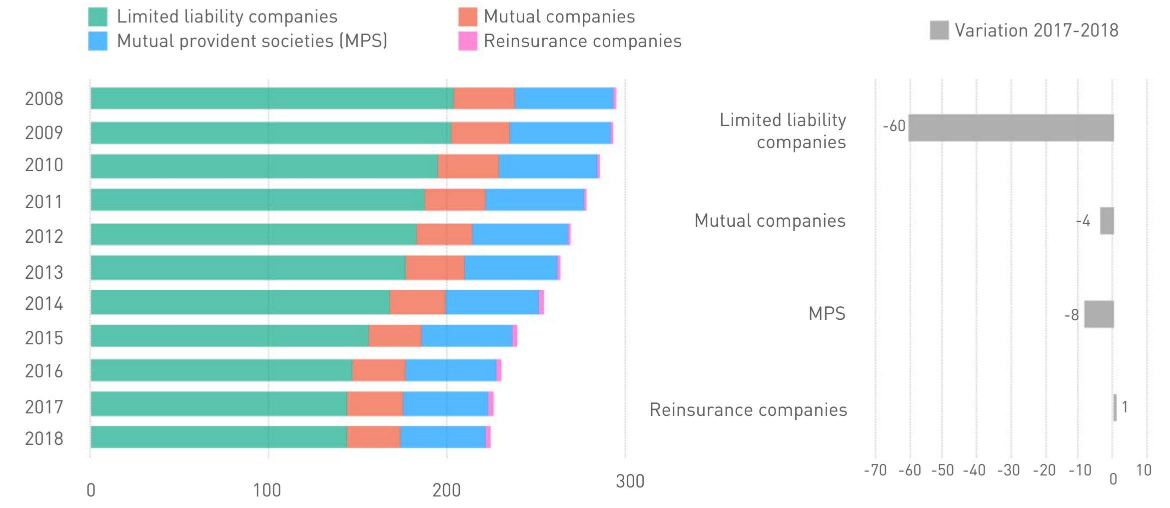
Chart 2.3 indicates that, at year-end 2018, the Administrative Register of Insurance Companies listed 225 Spanish insurance entities, which is two less than the previous year. This performance confirms the trend observed over recent years toward a smaller group of insurance entities. Its legal structure can be broken down as follows: 144 limited liability companies, 31 mutual companies, and 47 mutual provident societies (under the control of the General Directorate for Insurance and Pension Funds), as well as three specialized reinsurance providers. According to information published by the General Directorate for Insurance and Pension Funds (DGSFP), during 2018 it revoked the administrative authorization for operating two insurance entities and terminated their participation in the ARIC. Another four companies were also removed from the Register as a result of their approved for takeover mergers.

Chart 2.2-c
Spain: total ranking of Life insurance groups by premium volume, 2017-2018
(millions of euros)



Source: MAPFRE Economic Research (using ICEA data)

Chart 2.3
Spain: number of operating entities by legal structure 2008-2018
(number of companies)



Source: MAPFRE Economic Research (using DGSFP data)

Company movements during 2018 included the reorganization processes for bancassurance arrangements within certain banking entities as a result of mergers taking place with other credit entities. BMN absorbed Bankia, thereby representing the end to the bancassurance alliances held by the former with Aviva: it purchased a 50% investment in Caja Granada Vida Compañía de Seguros y Reaseguros, and Caja Murcia Vida y Pensiones de Seguros y Reaseguros, in July 2018. In this manner, the British insurer retired from the Spanish market. Subsequently, in April 2019, Bankia terminated its bancassurance business reorganization, closing the sale of 51% of Caja Granada Vida and Caja Murcia Vida y Pensiones to MAPFRE. Apart from the above agreement with MAPFRE, Bankia also signed an agreement with Caser to maintain its *joint venture* in the Life and Pensions segment in the Balearic Islands.

Also during July, the Banco Santander reached an agreement with Aegon by virtue of which it is now the bank's go-to "insurance partner" in the Life risk segment, as well as several general P&C insurance lines. Subsequent to the purchase of Banco Popular, Santander was met with two insurance providers, Aegon and Allianz, and therefore saw the need to restructure its bancassurance business. The final terms of the agreement are subject to those reached by Santander with the German group, which owns 60% of Allianz Popular.

In January 2019, MAPFRE España and Santander Spain signed an agreement by virtue of which the bank plans exclusive distribution of the following insurance policies until December 2037: Automobile, Commercial Multirisk, SMEs Multirisk, and third-party liability insurance, all under the auspices of a new company in which MAPFRE will own 50.01% of the share capital, with Santander Seguros owning the remaining 49.99%. This new company, the creation of which is hinged on receiving approval from the pertinent authorities, will likely begin operations during the fourth quarter of 2019.

International presence of Spanish insurers

During 2018, there were no changes in the Spanish insurance companies with direct investments in Latin America, which continue as follows: AMA, BBVA, Catalana Occidente, CESCE, MAPFRE, Mutua Madrileña and Santander. However, at year-end the Santalucía Group announced plans to enter Mexico's funeral business through the acquisition of a significant investment in the non-insurance company Aeternitas Memorial, which is the first step toward developing a network of funeral services in the country. AMA Seguros, Agrupación Mutual Aseguradora, began operations in Ecuador during 2015 through its subsidiary AMA America. The company earned 1.5 million US dollars (1.3 million euros) in premiums during 2018, vs. 0.6 million US dollars the previous year.

The BBVA Group chiefly conducts its insurance business in Spain and Latin America (primarily Mexico). Group companies in Mexico (Seguros BBVA Bancomer, BBVA Bancomer Seguros Salud, and Pensiones BBVA Bancomer) recorded business totaling 46.6 billion pesos in premiums (2.4 billion US dollars). BBVA is also present in Argentina, Colombia and Venezuela. In July 2018, BBVA terminated the sale of its investment in Banco Bilbao Vizcaya Argentaria, Chile (BBVA Chile) to the Bank of Nova Scotia, as well as the other group companies in Chile involved in the banking business (including BBVA Seguros Vida).

The Catalana Occidente Group maintains its global credit insurance transactions through Atradius y Atradius Re. Acquired premiums during 2018 in this line totaled 1.6 billion euros, of which 20.1% arose in Spain and Portugal, and the rest from remaining markets, which are chiefly European. The Spanish Export Credit Insurance Agency (CESCE) operates on its own behalf in its own name to cover short-term trade risks in the Credit and Surety business lines. CESCE's insurance activity takes place directly in Spain, and through branches, and in France and Portugal under the right of establishment regime. It is also the reinsurer for part of the risks covered by its Latin American insurance subsidiaries. CESCE's Latin American subsidiaries reported aggregate profits of 2.4 million euros during 2018, which is the second-highest until now.

The MAPFRE Group operates in a total of 45 countries worldwide. Accepted direct insurance and reinsurance premiums totaled 22.5 billion euros during the year, of which 7.5 billion euros corresponded to the business in Spain. The agreement reached in June 2018 with the Banco de Brasil to update and renew the alliance was a relevant matter for the year. According to the terms of the agreement, MAPFRE now owns 100% (it previously controlled 50%) of BB MAPFRE's Non-Life business, as well as the Life business for products distributed through the agency channel.

Banco Santander moved forward with its strategic agreements reached with numerous insurance companies, such as those with Zurich in Latin America, Aegon in Portugal, and CNP. In-house company data indicates that the Banco Santander's agreement with Zurich in Latin America generated profit totaling 194 million euros during 2018 (2017: 241 million euros).

The Mutua Madrileña Group bolstered its presence in Chile in 2018 through the acquisition of 40% of Auxilia, the leading technical assistance firm there. The combined business, including the participation of the Chile insurer, led to 2018 revenue of 700.8 million euros, and net result of 41.2 million euros, of which 40% were attributable to the Group.

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

According to the most recent information available from the DGSFP, on December 31, 2017, there were a total of 54 Spanish entities operating under the right of establishment principle in the European Economic Area (EEA), which is three less than the previous year. The country with the largest number of branches was Portugal (12), followed by Italy (7) and the United Kingdom (5). At the same date, there were 55 Spanish companies operating under the free provision of services regime in the EEA, one less than in 2016, with Portugal and the United Kingdom still leading with the most entities, followed by France and Germany.

Accepted direct insurance and reinsurance gross premiums arising as a result of these transactions totaled 2.8 billion euros during 2016 (the most recent data available), which represents a 32.7% increase vs. the previous year thanks to the boost provided by the Non-Life segment of the Spanish branches operating in the EEA (69%). Revenue from Non-Life premiums from branches and companies operating under the free provision of services regime showed reflective drops of 15% and 26%, respectively. The largest markets in terms of total business were, consecutively, the United Kingdom, France, Italy and Germany.

Foreign investment in the Spanish insurance industry

According to the latest DGSFP data, 28 companies in Spain had foreign capital in 2017, one less than the previous year. The amount of capital underwritten by foreign investors totaled 1.2 billion euros (compared to 1.1 billion in 2016), representing 12.81% of the sector's total capital (12.43% in 2016). The ranking of companies operating in Spain reflected in part 2.2 of this section of the report provides an indication of the importance of the presence in Spain of the large international insurance groups.

Based on date available on December 31, 2017 (the most recently available), operating data in Spain for 72 company branches in the EEA reflects two branches in third-party countries, and 785 entities set up to operate in Spain under the free provision of services regime. The premium volume of direct insurance and accepted reinsurance premiums totaled 4.5 billion euros during 2016 (the most recent data available), which is 24.1% higher than the preceding year, and increased premiums issued by entities operating under the free provision of services regime and branches (19.7% and 27.5%, respectively).

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 for a total of 280 of its members, at the end of 2018 these companies earned premium revenues of 3.6 billion euros, equivalent to a 2.9% YoY growth. The volume of managed assets totaled 45.9 billion euros, compared to 45.2 billion euros in 2017.

2.4. Distribution channels

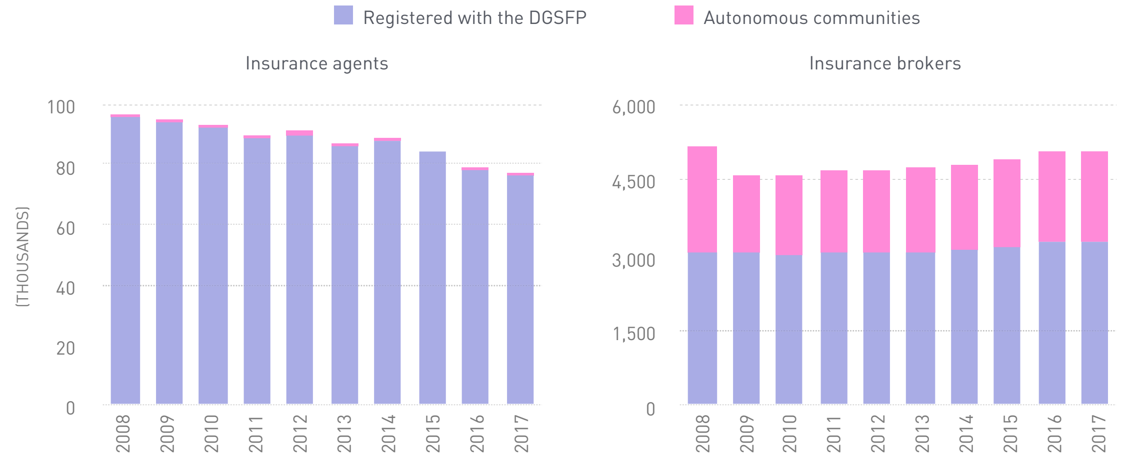
According to the latest information available from the DGSFP, there were a total of 82,135 insurance agents and brokers in Spain at December 31, 2017 (2.1% less than in 2016); 96.7% of these companies were registered with the DGSFP, with the remaining 3.3% with the Autonomous Communities (see Chart 2.4-a). Of these, 76,491 were exclusive agents and operators; 541 were agents and operators linked to bancassurance, and 5,038 were insurance brokers. At the end of 2017, there were a total of 65 reinsurance brokers.

From a perspective of a channel breakdown from 2008-2016 (the period available with such detailed information), the performance of the brokering segment is illustrated in Charts 2.4-b and 2.4-c. Based on an analysis of the above data, for the Non-Life insurance segment, the channels predominating in recent years were exclusive agents and brokers, and sales through company offices. Emerging channels (such as online sales) represent a very small portion of the Non-Life insurance distribution channel.

The most relevant part of the Life insurance segment was channeled through exclusive and related bancassurance operators, which thereby increased their market share in recent years. The chief channels, in the following order, are: exclusive agents, company offices, brokers and associated agents. The online sales business line still just a residual one.

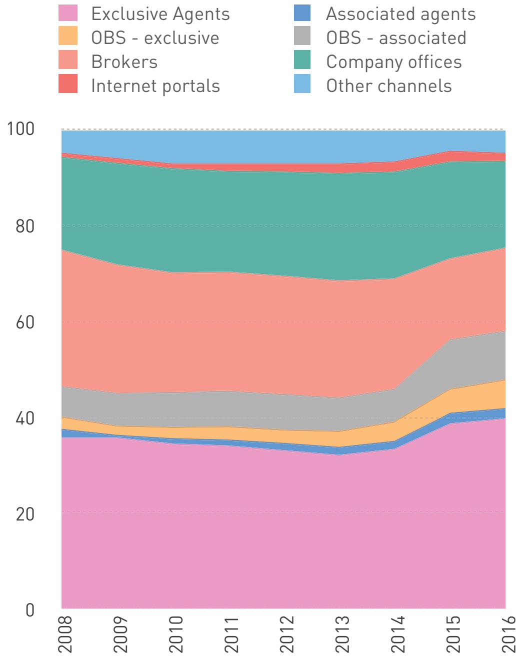
Finally, Tables 2.4-a and 2.4-b provide the latest available data for the above-mentioned period on the structure of distribution of products by channel in the Spanish insurance industry, for both the Non-Life and Life segments. Draft legislation is currently being passed on private Insurance and Reassurance Distribution, which is covered in detail in section 6 of this report.

Chart 2.4-a
Spain: number of insurance brokers, 2008-2017
(agents and insurance brokers)



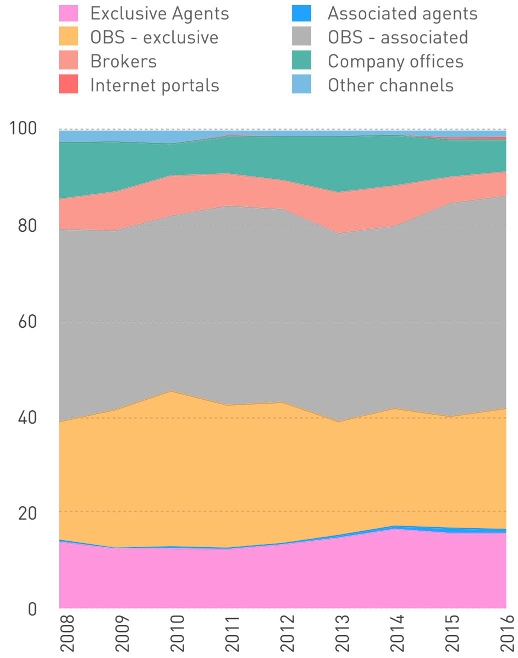
Source: MAPFRE Economic Research (using DGSFP data)

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



Source: MAPFRE Economic Research (using DGSFP data)

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



Source: MAPFRE Economic Research (using DGSFP data)

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

Channel	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exclusive agents	35.7	35.7	34.4	34.0	33.0	32.0	33.3	38.6	39.7
Associated agents	1.8	0.6	1.1	1.3	1.6	1.7	1.7	2.2	2.1
OBS - exclusive	2.6	1.9	2.4	2.8	2.8	3.4	4.1	5.1	6.1
OBS - associated	6.3	6.9	7.3	7.4	7.3	7.0	6.8	10.3	10.2
Brokers	28.5	26.7	25.0	24.8	24.8	24.4	23.0	16.9	17.3
Company offices	19.4	21.3	21.7	21.1	21.7	22.5	22.4	20.3	18.1
Internet portals	0.8	0.9	1.1	1.5	1.7	1.9	2.1	2.2	1.6
Other channels	5.1	5.9	7.1	7.1	7.2	7.1	6.7	4.6	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MAPFRE Economic Research (using DGSFP data)

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

Channel	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exclusive agents	13.9	12.5	12.5	12.4	13.4	14.8	16.6	15.8	15.7
Associated agents	0.4	0.2	0.5	0.3	0.3	0.5	0.7	1.0	0.9
OBS - exclusive	24.7	28.9	32.5	29.9	29.4	23.8	24.6	23.4	25.3
OBS - associated	40.2	37.4	36.5	41.5	40.4	39.3	38.0	44.5	44.4
Brokers	6.3	8.1	8.4	6.7	5.9	8.6	8.4	5.4	4.9
Company offices	11.9	10.4	6.7	7.8	9.2	11.6	10.6	7.9	6.7
Internet portals	0.0	0.0	0.0	0.2	0.0	0.1	0.1	0.4	0.6
Other channels	2.7	2.6	2.8	1.2	1.4	1.4	1.2	1.6	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MAPFRE Economic Research (using DGSFP data)

3. The insurance market in 2018: An analysis of the main business lines

3.1. Total market

Global insurance business 2018

For the 7th consecutive year, global insurance activity was positive, amounting to 5.2 trillion US dollars in direct insurance premiums in 2018, or a growth of 1.5% in real terms vs. 2017. The Non-Life segment was the driving force behind this performance, favored by a dynamic global economy throughout the fiscal year, most notably during the first half of the year. The slowdown of the main economies and the exhaustion of the cycle might well begin to affect the growth of premiums in this segment.

Non-Life insurance premium volume totaled 2.4 trillion US dollars, which is 3.0% higher than 2017 in real terms. Growth was solid in emerging economies, chiefly Asia, with performance in China and India standing out. Latin American markets showed moderate growth.

Life insurance premiums remained virtually unchanged during 2018, with a 0.2% growth in real terms, and a premium volume of 2.8 trillion US dollars. Life premiums in China, one of the world's largest insurance markets, depreciated in real terms during 2018, in large part due to the significant drop in risk-free interest along all sections of the curve, as well as reforms implemented by Chinese authorities generally aimed at reducing risk and increasing the stability of the finance sector, and the insurance industry in particular. Conversely, certain advanced markets, such as the United States and Japan, posted real premium growths in this sector. The majority of Latin American markets showed increased premiums in local currencies; however, the drop in Brazil, which is the region's biggest market, was reflected in a weaker performance of this line when contrasted with countries in this area of the world.

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 2018

Growth in insurance industry premium volume

The premium volume in the Spanish insurance industry during 2018 totaled 64.4 billion euros, 1.5% higher than the previous year, thanks to the growth in the Non-Life business lines (4%). The segment breakdown on Table 3.1-b indicates that most Non-Life insurance business lines experienced positive growth.

The Life insurance segment dropped -1.4% to 29.0 billion euros in premiums (see Chart 3.1-a). Several factors have continued to foster the growth of the Non-Life business, such as sustained economic activity as well as the increased consumption power of businesses and homes; however, the persistence of low interest rates has colored the negative performance of the Life business line.

Table 3.1-a
Size of the world's largest insurance markets, 2018
(indicators)

Country	Premiums (billions of US dollars)	Premiums per capita (US dollars)	Premiums / GDP (%)
United States	1,469.4	4,481	7.1%
China	574.9	406	4.2%
Japan	440.6	3,466	8.9%
United Kingdom	336.5	4,503	10.6%
France	258.0	3,667	8.9%
Germany	241.5	2,908	6.0%
South Korea	179.0	3,465	11.2%
Italy	170.3	2,754	8.0%
Canada	127.9	3,457	7.5%
Taiwan	121.9	5,161	20.9%
India	99.8	74	3.7%
The Netherlands	84.3	4,890	9.2%
Australia	79.1	3,160	5.6%
Spain	74.1	1,588	5.2%
Brazil	72.8	345	3.9%
World	**5,193.2**	**663**	**5.9%**

Source: MAPFRE Economic Research (using Swiss Re data)

Automobile insurance accumulated the largest premium volume in the Non-Life segment, with a share of 31.5%. Its share remained over 30%, although it has been in progressive continual decline since the last decade, from 37.8% in 2008. The premium volume for the business line totaled 11.1 billion euros during the year, with a 1.9% growth over the previous year (2017: below 3.4%). This increase was thanks to the number of insured vehicles, as the average premium dropped slightly.

Conversely, Health insurance progressively carved out a bigger market share, and is 24.1% today, which places this segment as the second largest line after Non-Life as of 2009. Premium volume for this business line in 2018 was 8.5 billion euros, representing a growth of 5.6% compared with the previous year. This fiscal year also confirmed the upward trend in Collective Health insurance, which now represents 28.9% of this total line.

Multirisk insurance is the third-ranked Non-Life business line in terms of premium volume, with a 20.5% share, up 4.0% compared with the previous year. During 2018, Homeowner and Condominium insurance showed improvement in premiums vs. the previous fiscal year, the Industrial segment recorded a notable increase of 7.6%, while Commercial insurance (1.7%) continued its growth which began in 2016.

Burial insurance was once again this year the fourth most important business line, registering a 4% increase in premium volume in 2018 to reach a total of 2.4 billion euros. Unaffected by the economic flows which affect other business lines to a greater or lesser extent, this business line continues to grow thanks to its ongoing structure.

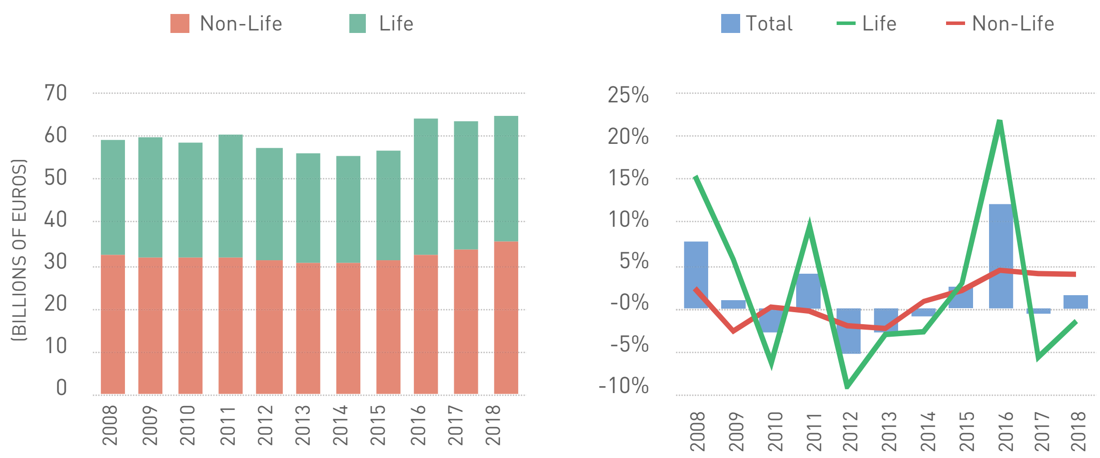
The total amount of Life insurance premiums in Spain in 2018 (totaling 29.0 billion euros) dropped -1.4% vs. 2017 (see Chart 3.3-a below).

Table 3.1-b
Business segment breakdown, 2017-2018
(earned direct insurance premiums, millions of euros)

Lines	2017	2018	% Δ s/2017	% s/ Total
Total	**63,434**	**64,377**	**1.5%**	**100.0%**
Life	**29,407**	**28,995**	**-1.4%**	**45.0%**
Non-Life	**34,027**	**35,382**	**4.0%**	**55.0%**
Automobile	10,923	11,135	1.9%	17.3%
Automobile TPL	5,717	5,850	2.3%	9.1%
Automobile Other Guarantees	5,207	5,285	1.5%	8.2%
Health	8,069	8,524	5.6%	13.2%
Healthcare assistance	7,101	7,532	6.1%	11.7%
Illness	968	991	2.4%	1.5%
Multirisk	6,965	7,244	4.0%	11.3%
Homeowner	4,196	4,346	3.6%	6.8%
Commercial	585	596	1.9%	0.9%
Condominium	872	898	3.0%	1.4%
Industrial	1,234	1,327	7.6%	2.1%
Other	78	76	-1.7%	0.1%
Burial	2,277	2,368	4.0%	3.7%
Third-party liability	1,508	1,537	1.9%	2.4%
Accident	1,114	1,152	3.4%	1.8%
Other Damage to P&C	1,082	1,198	10.8%	1.9%
Credit	570	584	2.5%	0.9%
Transport	459	461	0.3%	0.7%
Hull	229	216	-5.9%	0.3%
Goods	230	245	6.5%	0.4%
Assistance	403	447	10.9%	0.7%
Pecuniary Losses	351	377	7.3%	0.6%
Fire	118	146	23.0%	0.2%
Legal Defense	101	106	5.8%	0.2%
Surety	63	79	24.9%	0.1%
Theft	24	25	4.2%	0.0%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.1-a
Trends in direct insurance in Spain, 2008-2018.
(earned direct insurance premiums, billions of euros; annual change, %)



Source: MAPFRE Economic Research (using ICEA data)

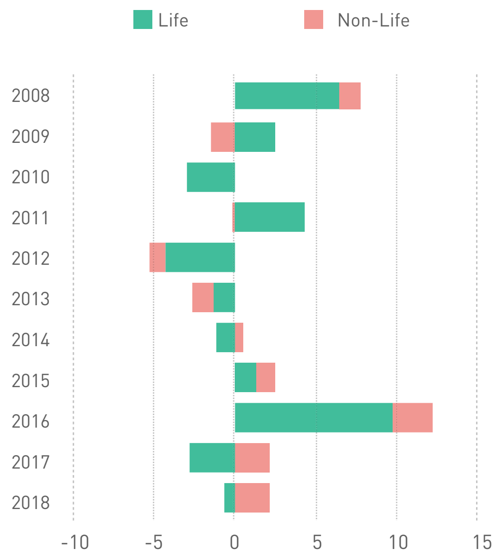
mainly due to the drop in individual policies (with a much more relevant weight, shrinking -2.6%), and despite the fact the collective insurance premiums rose 10.3%. Life insurance segment premiums had a notable increase (12.3%), while Life savings dropped (-3.7%); However, technical provisions rose 2.6% to 188.5 billion euros during 2018, despite the drop in premiums in this segment.

Contribution to growth from different business lines

An analysis of the medium-term (2008-2018) indicates that the Life insurance sector contributed the most to growth in the insurance industry over the last decade, which explains the 65.6% accumulated growth in the insurance industry. Growth during the year for the Spanish insurance industry (1.5 pp) was determined by the negative contribution of -0.6 pp from Life insurance policies, and a positive contribution of 2.1 pp from the Non-Life business lines (see Chart 3.1-b and Table 3.1-c).

The structure of the negative contribution of the Life insurance sector during 2018 was specifically affected by the negative contribution from the Life Savings line (-1.5 pp); Life Risk insurance contributed 0.8 pp This marks the second consecutive year that the Life segment has made a negative contribution to the Spanish insurance market (the first occurred during the 2012-2014 period as a result of the economic crisis, and dropping interest rates). However, throughout the 2008-2018 period, 85.8% of the momentum for growth in this market was due to the dynamism of the Life Savings insurance business (see Table 3.1-d).

Chart 3.1-b
Contribution to insurance market growth, 2008-2018
(percentage points, pp)



Source: MAPFRE Economic Research (using ICEA data)

Table 3.1-c
Contribution to insurance market growth, 2008-2018
(percentage points, pp)

Year	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
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	-0.6	-2.7	2.1
2018	1.5	-0.6	2.1

Source: MAPFRE Economic Research (using ICEA data)

Turning to Non-Life insurance, in 2018 all the lines comprising this market sector made positive contributions to growth (see Table 3.1-d). Respective contributions from the Health and Multirisk lines were 0.7 and 0.4 pp, while the Automobile insurance segment added 0.3 pp. Other segments comprising the Non-Life insurance business lines made overall positive contributions to growth of 0.6. pp. The line making the biggest contribution to the growth of the Non-Life sector was Health, which was responsible for 89.5% of total growth during 2008-2018. Multirisk insurance also made positive growth contributions (50.6%); the Automobile line posted negative growth (-41.6%).

Technical performance: aggregate combined ratios

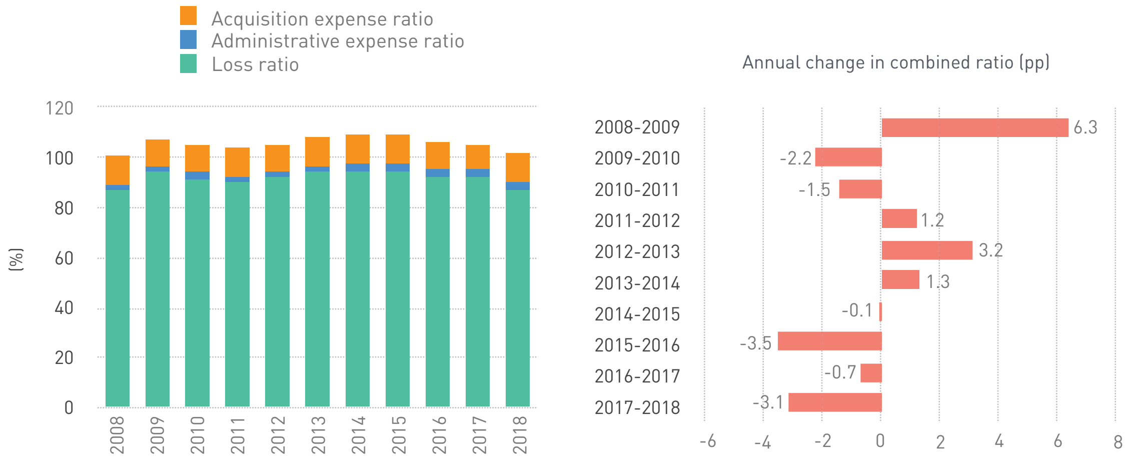
Notwithstanding the greater detail shown below for the various business lines, Chart 3.1-c depicts the aggregate technical performance of the Spanish insurance industry over the period 2008-2018, on the basis of the developments in the total combined ratio.

Table 3.1-d
Contribution to growth in the Life and Non-Life insurance market, 2008-2018
(percentage points, pp)

Year	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
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	0.4	0.5	0.6
2018	-0.6	0.8	-1.5	2.1	0.3	0.4	0.7	0.6

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.1-c
Trend of the total combined ratio, 2008-2018
(total combined ratio, %; annual change in combined ratio, pp)

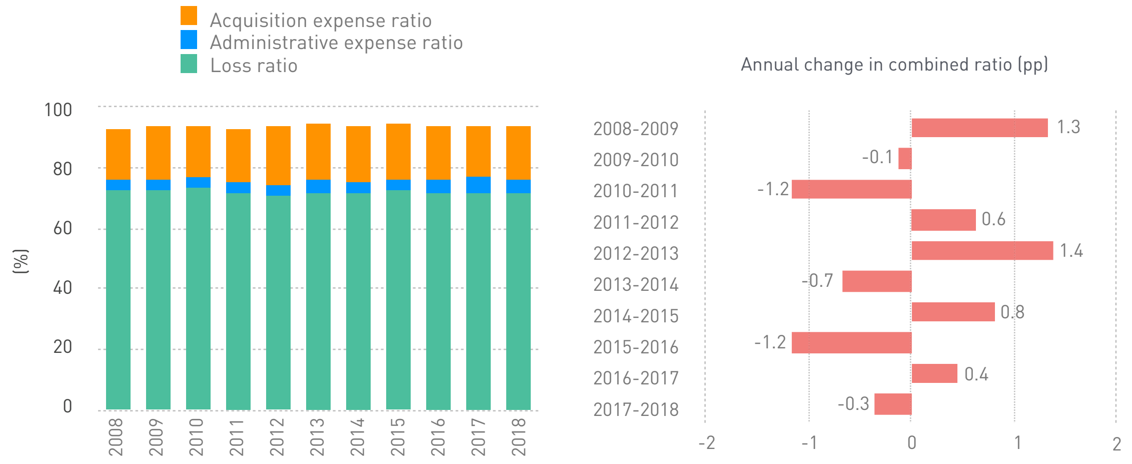


Source: MAPFRE Economic Research (using ICEA data)

Viewing the insurance market as a whole, its combined ratio was 101.7% during 2018, which is a 3.1 pp drop on the 2017 value (104.9%), with a loss ratio of 86.9% (2017: 91.8%), administration expense ratio of 3.2% (2017: 3,0%), and acquisition expense ratio of 11.7% (2017: 10.1%). The combined ratio continued with values well over 100%; however, 2018 was the fourth consecutive year of improvement, which on this occasion was thanks to a drop in the loss ratio.

The combined ratio for the Non-Life insurance segment during 2018 was 93.7%, which is 0.3 pp under the figure registered for 2017 (94.0%), thanks to an improved loss ratio of 0.45 pp at 71.5%. The acquisition expense ratio remained stable, while the administration expense ratio dropped a decimal point (see Chart 3.1-d).

Chart 3.1-d
Performance of the Non-Life combined ratio, 2008-2018
(total combined ratio, %; annual change in combined ratio, pp)



Source: MAPFRE Economic Research (using ICEA data)

Profitability and results

The Spanish insurance industry totaled a result of 4.7 billion euros during 2018, a 7.1% drop vs. last fiscal year's figure. Technical account results dropped 9.4% as a result of a 23.7% drop in the Life business line (see Table 3.1-e).

The Non-Life segment technical account during 2018 totaled a result of 3.1 billion euros, which is 5.0% over the previous year, in contrast to the -5.0% drop registered in 2017. The improved combined ratio resulting from the excellent performance of the Non-Life insurance loss ratio had a positive effect on technical account results. The financial result dropped 0.4 pp to 3.1%, with the technical-financial result declining 0.1 pp to 9.4% (see Table 3.1-f).

The technical account result for Life insurance totaled 2.3 billion euros, 23.7% below last year. Accompanied by a decrease in financial results, this drop caused the technical-financial result to fall from 1.7% for technical provisions during 2017 to 1.2% in 2018. Life insurance technical provisions totaled 188.5 billion euros during 2018, representing a YoY growth of 2.6% (see Table 3.1-g).

Table 3.1-e
Spanish insurance industry results, 2017-2018
(results, millions of euros)

Year	2017	2018	Percentage change
Technical account	5,998	5,434	-9.4%
Life	3,011	2,298	-23.7%
Non-Life	2,988	3,136	5.0%
Result for the period	5,084	4,725	-7.1%

Source: MAPFRE Economic Research (using ICEA data)

The performance of insurance activity during 2018 reflected a break in the upward performance of sector capital, with an 11.4% ROE which is 0.58 pp less than 2017 (see Chart 3.1-e). Likewise, profitability measured in terms of return on assets (ROA) showed a slight decline of (-0.14 pp), with 1.5% during 2018 vs. 1.6% during 2017 (see Chart 3.1-f).

Table 3.1-f
Basic Non-Life insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	34,027	35,382
Change in premiums	4.1%	4.0%
Retention	84.9%	84.9%
Gross loss ratio	71.0%	69.8%
Gross expenses	22.3%	22.4%
Net loss ratio	72.0%	71.5%
Net combined ratio	94.0%	93.7%
Financial result	3.5%	3.1%
Technical-financial result	9.5%	9.4%

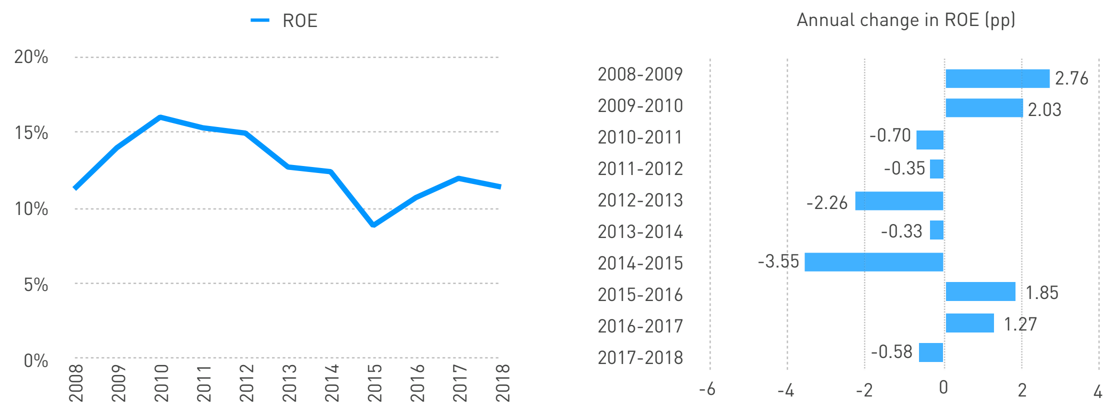
Source: MAPFRE Economic Research (using ICEA data)

Table 3.1-g
Basic Life insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	29,407	28,995
Change in premiums	-5.6%	-1.4%
Technical provisions (millions of euros)	183,606	188,467
Net expenses (over provisions)	0.6%	1.0%
Financial result (over provisions)	4.3%	2.9%
Technical-financial result (over provisions)	1.7%	1.2%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.1-e
Performance of return on equity (ROE), 2008-2018
(return on equity, %; annual change in ROE, pp)



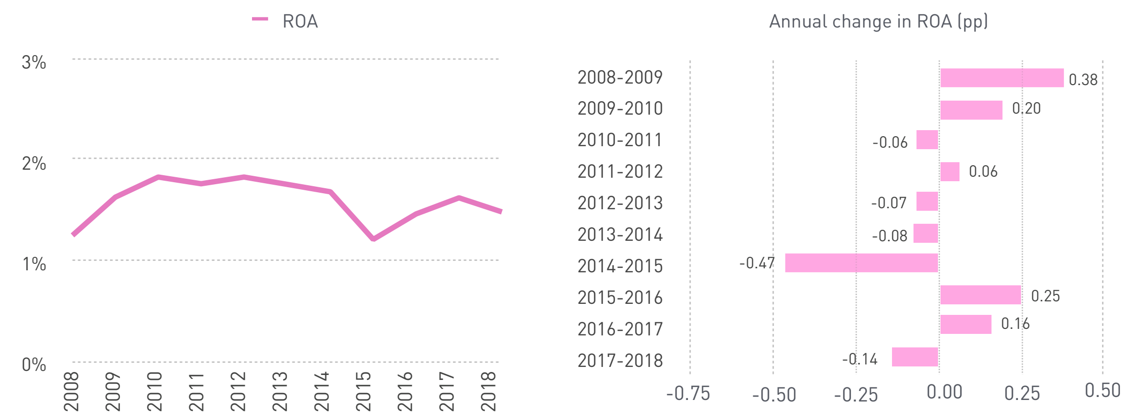
Source: MAPFRE Economic Research (using ICEA data)

Investments

Total investment by Spanish insurance companies amounted to 295.3 billion euros in 2018, representing a 1.1% increase over 2017. From an analysis of the investment portfolio breakdown by type of assets, fixed income securities have increased their relative weight over the 2008-2018 period from percentages of about 62% in 2008 to 76% in 2018. The percentage of held-for-sale assets and cash balances decreased 7.6% in 2018, from 16.1% in 2008. The percentage of equity investments had dropped 1.7 pp between 2008 and 2012, yet seem to be back on track to recovery at 5.2% in 2018, which is slightly higher than 2008 with 4.2% of the portfolio, the decade's highest (see Chart 3.1-g).

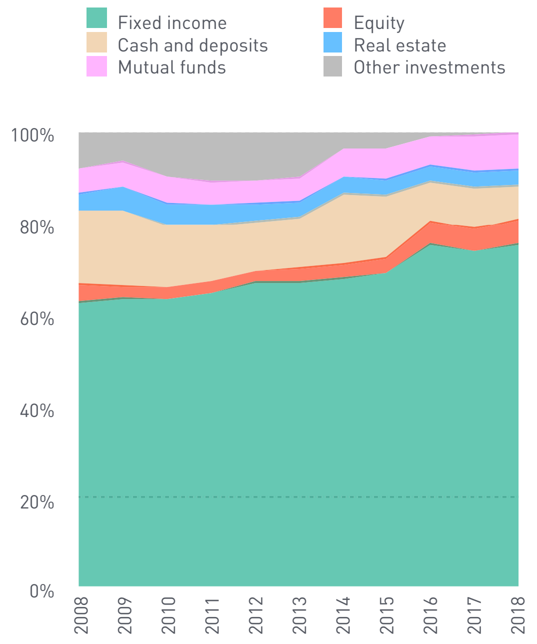
The investment structure breakdown at year-end is detailed in Chart 3.1-h. Fixed income securities predominate within the sovereign fixed income investments category with 55.1% of the investment portfolio.

Chart 3.1-f
Performance of return on assets (ROA), 2008-2018
(return on assets, %; annual change in ROA, pp)



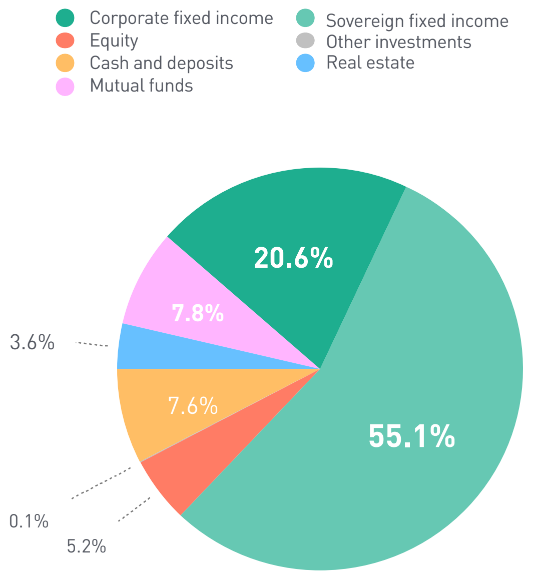
Source: MAPFRE Economic Research (using ICEA data)

Chart 3.1-g
Trends in the structure of insurance market investment, 2008-2018
(%)



Source: MAPFRE Economic Research (using ICEA data)

Chart 3.1-h
Structure of investments relating to technical provisions, 2018
(%)



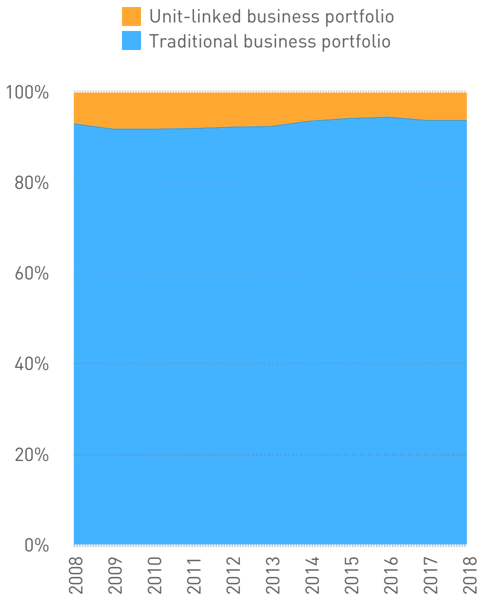
Source: MAPFRE Economic Research (using ICEA data)

Corporate fixed income represented 20.6% of the portfolio. These average percentages also varied according to the sub-sections into which total investment portfolio 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. Within portfolios linked to Life insurance commitments, fixed income accounted for 81% of investments, while in Non-Life portfolios represented around 41%. There are also significant variations in the percentage of investments in real estate and equities, which in Life portfolios represented around 2.1% and 2.2% respectively, far below the equivalent percentages in Non-Life portfolios (14.5% and 14.4% respectively). Finally, the percentage of investments managed through mutual funds was also significantly lower in Life portfolios, where it represented around 5.8%, compared to 18.6% in Non-Life.

In terms of the overall risk profile of the investment portfolios related to Life and Non-Life obligations, the duration of assets in the Life portfolio is notably higher than in the Non-Life portfolio. Around 35% of assets in the former had a duration of over eight years, compared to 9.8% for Non-Life assets. In both cases, most industry investments' credit ratings were on the second rung of the ratings map included under Solvency II regulations, in line with the Spanish sovereign risk rating at year-end 2018 (A-).

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. The average rating of Life portfolios rose to levels similar to Non-Life portfolios, with a percentage of around 52.5% over BBB for the first, vs. 54.4% for the second. A large part of issuers were Spanish, approximately 69% for all portfolios.

Chart 3.1-i
Trends in the Life insurance business portfolio, 2008-2018*
(%)



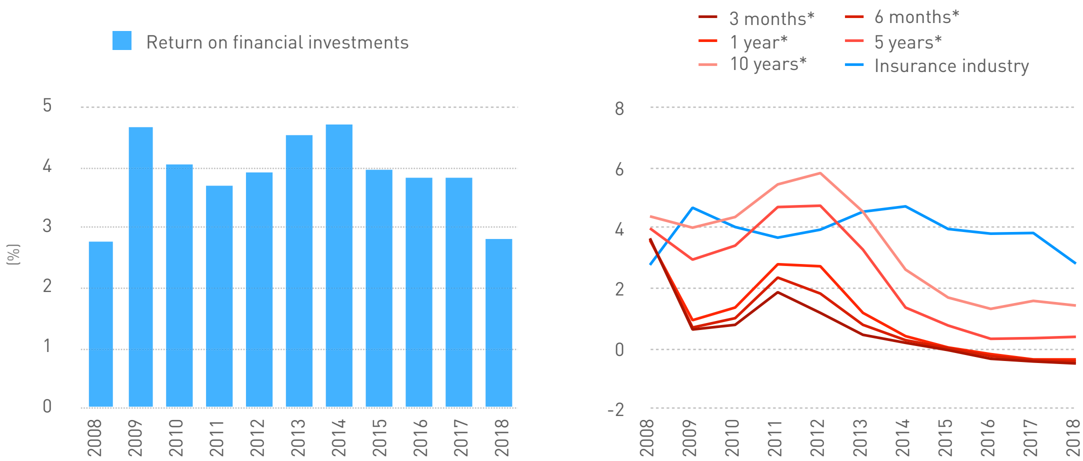
Source: MAPFRE Economic Research (using EIOPA data)
*Data for the third quarter of the year (most recently available data)

Spain's insurance market presents a lower unit-linked investment portfolio among other eurozone competitors. The proportion has remained stable during the past decade (see Chart 3.1-i).

The profitability of financial investments in the insurance industry was 2.8%, 1 percentage point below 2017; however, as in previous years, it is still above the risk-free interest rates (See Chart 3.1-j).

The medium-term performance of investment portfolios was marked by the entry into force of the Solvency II Directive in 2016, which changed the capital requirements for investments based on implicit risk. The entry of new capital requirements brought a change in perceptions regarding investment portfolios, which until 2015 had only included assets used to hedge technical provisions, to widen the scope to other portfolios commencing that year onward, as the new requirements became applicable to all investments, including the asset portfolio corresponding to insurance companies' equity.

Chart 3.1-j
Return on the insurance industry's financial investments, 2008-2018
(financial income / average investment, %; risk-free interest rate, %)



Source: MAPFRE Economic Research (using 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 2.6% in 2018, amounting to 188.5 billion euros, with sustained growth over the last 10 years. Life insurance technical provisions represented 81.2% of total technical provisions, while provisions for outstanding claims represented 9.7%, and those for unearned premiums and risk in progress were 6.7% of the total.

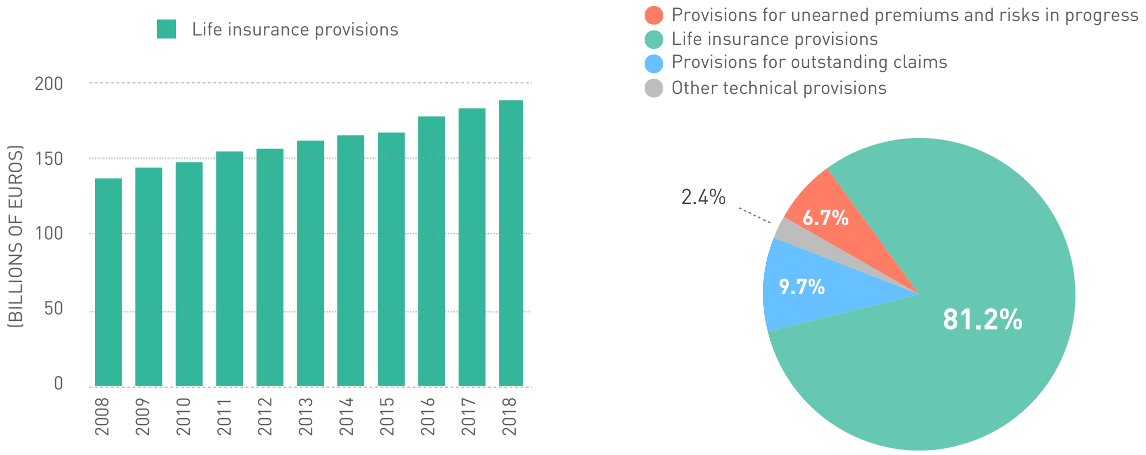
In specific terms, deferred income and capital products total 73% of provisions; during the fiscal year under analysis, their performance was positive with respective hikes of 1.3% and 3.2%, However, the product that grew the most in terms of technical provisions was asset transformation into life annuities (+41.7%), covering 26,711 policyholders by the end of 2018. This is an indication that increasingly more people chose the above savings option, representing a 51% hike over the previous year. Tax breaks are available for people over the age of 65 who have purchased this product, which are implemented dating back to January 2015, as the capital gains earned through the transfer of equity are tax-exempt. "Unit-linked" are the only products reporting a drop in technical provisions (5.6%).

Insurance developments in the Autonomous Communities

Premium revenue in Catalonia dropped 4.2% in 2018 to 10.8 billion euros, with the Community of Madrid topping the ranking in terms of premium volume totaling 10.9 billion euros, which is 4.7% higher than the previous year. Andalusia recorded 7.3 billion euros in premiums, and continues in third place with a 13.7% share.

As can be seen in Table 3.1-h, the 10 communities boasting the largest market share accumulated 88.2% of premiums, with the biggest growth recorded in Aragon (5.1%), Madrid (4.7%), and Castile-La Mancha (4.1%). Conversely, those with the most notable drop in premium terms were the Balearic Islands (-36.4%) and Navarre (-19.1%). In terms of premiums per capita, Madrid still ranks at the top (1,631 euros), followed by Catalonia (1,409 euros) and Aragon (1,435 euros).

Chart 3.1-k
Life insurance technical provisions, 2008-2018
(billions of euros)



Source: MAPFRE Economic Research (using ICEA data)

Reinsurance

2018 saw a marginal decline in reinsurance rates and conditions vs. the previous year, with slight rebounds in some markets, but without resulting in a clear improvement in margins for the industry. There are still signs of concentration movements, with mergers and acquisitions seeking non-organic growth to complement businesses which are not sufficiently diversified.

The strong capitalization of the conventional reinsurance industry continues to resist the impact of the decreasing profitability of the previous fiscal years. The main catastrophic events during 2017 continued to exert an effect on the financial position for the fiscal year for many insurers. The catastrophic loss ratio remained high in 2018, although still under the previous year, with the most noteworthy events taking place the second half of the year in the United States with Hurricanes Florence and Michael, forest fires in California and Typhoons Jebi and Trami in Japan. However, despite recent years, the reinsurance industry is still solidly capitalized.

Tensions in the reinsurance industry to improve technical margins are expected to continue in 2019. Efforts are being increasingly focused on enhancing customer loyalty and services to existing clients as well as identifying opportunities to provide innovative solutions to meet new requirements.

Insurance Compensation Consortium

Spain's Insurance Compensation Consortium is a public business entity which is under the auspices of the Ministry of Economics and Business, and through the DGSFP, it carries out numerous key functions in the Spanish insurance industry. These include extraordinary risk coverage, obligatory automobile insurance, combined agricultural insurance, and the liquidation of insurance companies.

The Consortium's two main concerns (coverage of extraordinary and traffic risks involved in direct Third-party Liability Insurance for Automobile and the Guarantee Fund), premiums and surcharges from these activities totaled 844.0 billion euros during 2018, which is 0.8% less than 2017 due to the decrease in the amount of surcharges applied by the Consortium to cover extraordinary risks.

Table 3.1-h
Premium volume by Autonomous Community, 2018
(millions of euros)

Autonomous Community	2018	% Chg. 2018/2017	% share 2018	Premiums per capita
Community of Madrid	10,865	4.7%	20.5%	1,631
Catalonia	10,809	-4.2%	20.4%	1,409
Andalusia	7,276	-1.3%	13.7%	865
Valencia Community	4,497	1.0%	8.5%	899
Castile-Leon	2,805	2.0%	5.3%	1,170
Galicia	2,647	1.9%	5.0%	981
Basque Country	2,499	-1.9%	4.7%	1,132
Aragon	1,892	5.1%	3.6%	1,435
Castile-La Mancha	1,796	4.1%	3.4%	884
Canary Islands	1,583	-0.3%	3.0%	736
Total top 10	46,669		88.2%	

Source: MAPFRE Economic Research (using ICEA data)

Table 3.1-i
Activity of the Insurance Compensation Consortium (CCS), 2016-2017
(millions of euros)

General activity	Premiums and surcharges attributed		Loss ratio (direct and accepted)	
	2016	2017	2016	2017
Extraordinary risks	**745.7**	**753.4**	**223.2**	**196.3**
P&C	673.3	677.7	218.7	190.7
People	18.6	19.8	0.8	1.5
Loss of profits	53.8	55.9	3.7	4.1
Traffic risks	**106.7**	**93.3**	**58.6**	**57.6**
SOA Guarantee Fund	98.1	84.6	49.0	49.9
Private vehicles	0.5	0.5	0.4	0.5
Official vehicles	8.0	8.2	9.2	7.3

Source: Annual Report of the Insurance Compensation Consortium

2017 figures (the most recently published data) indicate that guarantee fund premiums dropped 13.8% due to the decrease of the 25% surcharge on obligatory automobile insurance in 2016; its inclusion in renewed policies was extended until July 2017. Private vehicle insurance not covered by private insurers continued to drop, and in 2017, reflected a 10% revenue adjustment. Premiums on official vehicle insurance rose 2.4% (see Table 3.1-i).

The Consortium estimated that a total of 16,600 indemnification requests were filed for floods taking place between October 8 and 10 on the island of Mallorca and the provinces of Tarragona and Malaga as a result of storm Leslie, which had an especially negative effect in Catalonia, as well as flooding which occurred between October 17 and 21 in Malaga, Castellón, Valencia, Tarragona, and the western part of Andalusia, chiefly Seville. The CCS calculates that it can pay approximately 80 million euros to the policyholders affected by said events. Throughout 2018, several atypical cyclone storms occurred in different areas of mainland Spain, as well as in the Balearic and Canary Islands.

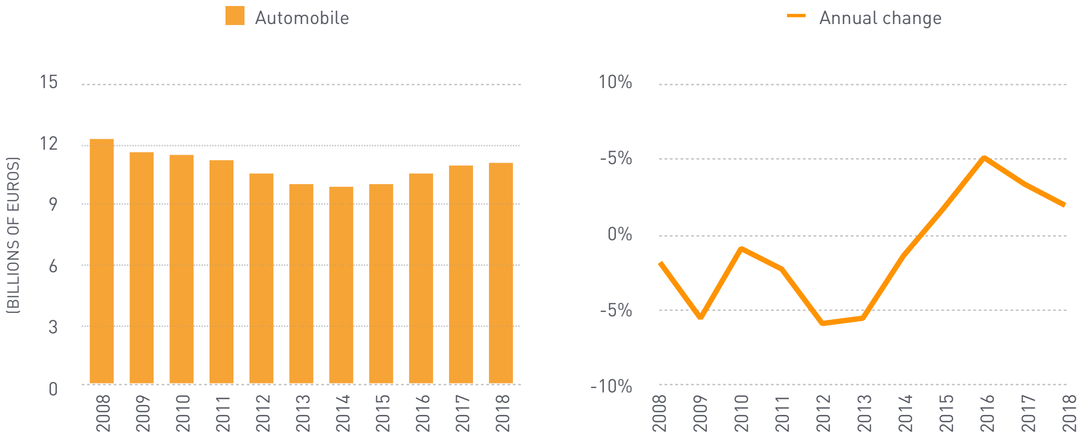
3.2. Non-Life business lines

Automobile

Within Spain's Non-Life insurance segment, the Automobile insurance line continues to have accumulated the largest premium volume, with a 2018 share of 31.5%. The amount of issued premiums for this business line rose 1.9% during 2018 vs. the previous year, totaling 11.1 billion euros (Chart 3.2-a).

The average premium dropped in a contained way by -0.83% to 354.3 euros; the sector's growth momentum was mainly thanks to an increase in the number of insured vehicles, which rose 2.7% to 31.5 million (see Table 3.2-a). The sale of new vehicles represented 5.3% during 2018, with more top-range products purchased, with higher average premiums, although the percentage has dropped when compared to previous years.

Chart 3.2-a
Trends in direct Automobile insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-b and Table 3.2-b illustrate an 0.8 pp in the combined ratio between 2017-2018, thanks to a drop in the loss ratio; management costs rose slightly during the period (0.3 pp). The financial result dropped a point in 2018. The combined ratio in 2018 was 94.8%, following the downward trend in recent years.

The frequency of claims dropped slightly during the year: a small decrease in personal/material damages (-0.1% and -0.2%, respectively), with a more pronounced drop in the coverage of own damage (-1.0%). There was a rise in the average cost of the coverage of own damages (3.2%) and window breakage (4.1%) as a result of all-risk products with deductibles (see Chart 3.2-c).

2019 Outlook

Aspects to consider when discussing the future of Automobile insurance are related to connected vehicles, and in a much more distant future, self-driving vehicles, using Big Data technology. Novel mobility options arising from the sharing economy must also be taken into account, and finally, hybrid and electric vehicles are annually consolidating sales increases, arising in new insurance needs.

In line with the slow decline in economic activity, during the first months of 2019 the Automobile insurance segment performed slightly under par when compared to the same period a year previous, recording a 1.9% increase in premiums until March (March 2018: 2.9%), which was under the total increase in the Non-Life segments (2.8%). Premiums grew in both Third-Party Liability (2.0%) and other Guarantee (1.8%) types.

Health

The Health insurance segment performed very well during the year, boasting the biggest increment in the sector of 5.6%. This line has been on a continuous upward trend during the past decade, with a premium volume totaling 8.5 billion euros in 2018 (see Chart 3.2-c). Broken down by type, Healthcare assistance accumulated 88% of line premiums, and a 6.1% growth, while Illness rose 2.4%.

A growing trend was noted during the year, in which collective insurance policies in the Health business line now represent 28.9% of the total, while this year's growth was 6.7% in the volume of policyholders, and 6.8% in terms of charged

Table 3.2-a
Trend in Automobile insurance average premium, 2008-2018
(million euros, annual change, %)

Year	Insured vehicles [1] (millions)	Insured vehicles [1] Annual change	Direct insurance premiums [2] (millions of euros)	Direct insurance premiums [2] Annual change	Average premium In euros	Average premium % variation Year	Average premium % variation (millions)
2008	28.8	1.7%	12,357	-1.9%	428.5	-3.5%	-4.9%
2009	28.8	-0.2%	11,662	-5.6%	405.2	-5.4%	-6.2%
2010	28.7	-0.3%	11,553	-0.9%	402.5	-0.6%	-3.5%
2011	28.9	0.8%	11,285	-2.3%	390.1	-3.1%	-5.4%
2012	28.7	-0.7%	10,622	-5.9%	369.8	-5.2%	-7.9%
2013	28.6	-0.4%	10,033	-5.5%	350.8	-5.1%	-5.4%
2014	28.8	0.7%	9,891	-1.4%	343.4	-2.1%	-1.1%
2015	29.1	1.1%	10,061	1.7%	345.4	0.6%	0.6%
2016	29.8	2.4%	10,574	5.1%	354.4	2.6%	1.0%
2017	30.6	2.6%	10,932	3.4%	357.1	0.8%	-0.3%
2018	31.5	2.7%	11,144	1.9%	354.3	-0.8%	-2.0%

Source: MAPFRE Economic Research (using FIVA, ICEA and Insurance Compensation Consortium data)

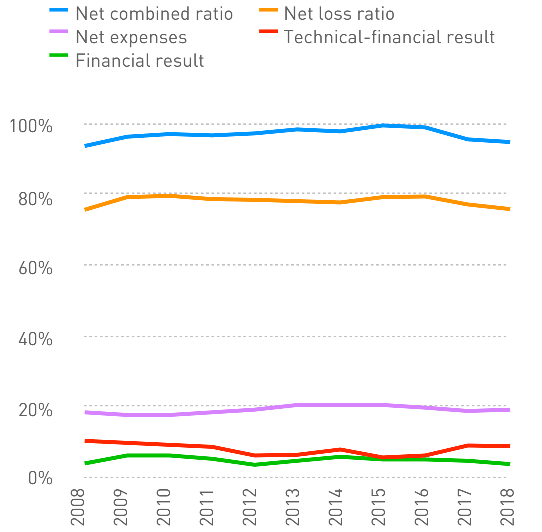
(1) Information Database for Insured Vehicles (FIVA)
(2) Direct Insurance premiums for insurance companies & CCS

Table 3.2-b
Basic Automobile insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	10,923	11,135
Change in premiums	3.4%	1.9%
Retention	89.5%	89.1%
Gross loss ratio	76.4%	74.7%
Gross expenses	18.8%	19.1%
Net loss ratio	77.0%	75.8%
Net combined ratio	95.6%	94.8%
Financial result	4.4%	3.4%
Technical-financial result	8.7%	8.6%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-b
Trend in the result of the Automobile business line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-c
Average frequencies and costs by guarantee in Automobile insurance, 2017-2018
(frequency, %; average cost, euros)

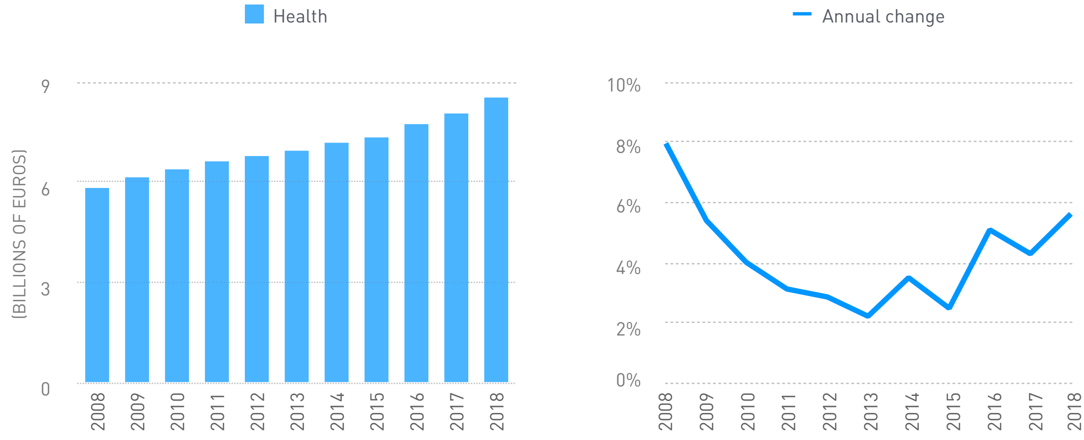
Guarantees	Frequency (%)			Average cost (euros)		
	2017	2018	% difference	2017	2018	% variation
Third-party liability	8.6%	8.4%	-0.16%	1,820	1,744	-4.2%
Bodily injury	1.9%	1.8%	-0.09%	4,856	4,790	-1.4%
Goods	7.4%	7.2%	-0.18%	879	879	-0.1%
Damage to own vehicle	30.4%	29.4%	-1.01%	734	758	3.2%
Broken windows	6.4%	6.7%	0.31%	291	303	4.1%
Theft	0.8%	0.7%	-0.06%	968	958	-1.1%
Legal defense	1.7%	1.6%	-0.05%	278	276	-0.7%
Occupants	0.3%	0.2%	-0.02%	1,249	1,227	-1.7%
Fire	0.1%	0.1%	0.00%	3,023	3,060	1.2%
Withdrawal of driver's license	0.0%	0.0%	0.00%	805	694	-13.9%

Source: MAPFRE Economic Research (using ICEA data)

premium volume; individual policies rose 4.0% for insured vehicles and 5.0% in allocated premiums. Collective insurance policies arranged by companies as employee perks continue upward, with the added assistance of flexible remuneration plans which offer notable tax cuts for workers, as they are discounted from their gross salary.

The number of insured in the Subsidy and indemnities sector (12.4%) in 2018 is also of note, which was without a doubt assisted by the economy, as this type of product is generally quite popular with freelance workers. The decrease of -1.1% in the number of insured in the Public Administrations sector was noteworthy, although not in terms of premiums, which rose 4.6%.

Chart 3.2-c
Trends in direct Health insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



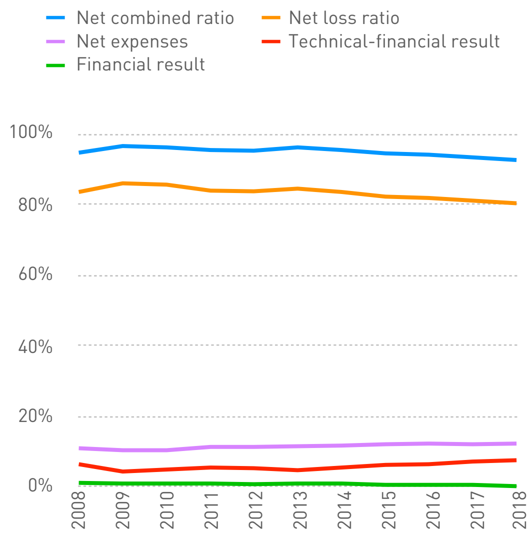
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-d
Basic Health insurance indicators 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	8,069	8,524
Change in premiums	4.3%	5.6%
Retention	97.4%	97.4%
Gross loss ratio	79.9%	79.0%
Gross expenses	12.2%	12.3%
Net loss ratio	81.2%	80.3%
Net combined ratio	93.4%	92.6%
Financial result	0.6%	0.3%
Technical-financial result	7.3%	7.7%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-d
Trend in the result of the Health insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

By business line, as illustrated by Table 3.2-d and Chart 3.2-d, this showed a slight improvement as paid benefits (4.6%) were inferior to allocated premiums (5.6%). This resulted in an improvement in the combined ratio of this business line, which is at its lowest in recent years (92.6%). The outlook for 2019 is for an increase in the cost of benefits caused by a number of factors, despite better results. Factors behind the above include a increase in the rates collected by suppliers from insurance providers as a result of the recent concentration of leading hospital groups, thanks a greater power to negotiate; the effect will become clear in this fiscal year's results. The gradual incorporation of new, more efficient diagnostic and therapeutic techniques, specifically related to genetics, will exert further pressure on costs.

2019 Outlook

Similarly, all signs point to the fact that insurance providers will extend their service offers to clients as "digital health" in a wide array of approaches in 2019, including (i) fostering the use of mobile apps so that policyholders may automatically take advantage a number of services (authorization of tests or admission, invoice reimbursement, video consultations, chats with physicians; (ii) the use of digital healthcare cards so that policyholders may use their ID on their cellphone; (iii) digital medical histories through which policyholders are able to consult their information online or using mobile devices, thereby also allowing for temporary personal authorization from the doctor treating the patient; (iv) use of wearables to offer improved premiums to policyholders who can prove healthy lifestyles, and in general; (v) novel business models which are not necessarily insurance-based, through "pay as you go" healthcare services (companies are now beginning to participate in these types of service offerings, generally through non-insurance subsidiaries).

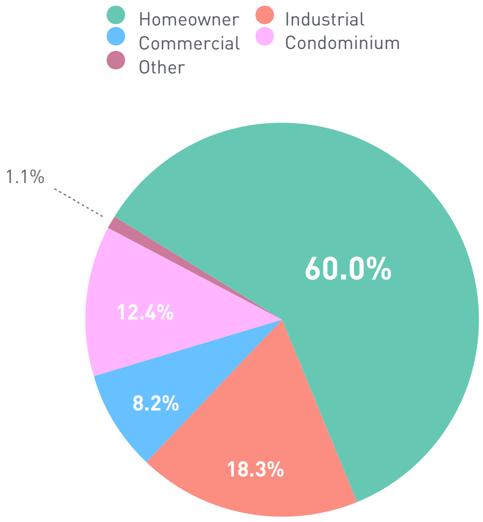
We are still in the early stages of the inexorable digitalization in this sector; to the extent that insurance providers are able to use these new technologies in order to be increasingly efficient, they should have a positive effect on sector results. In this aspect, it will be fundamental to focus on the internal management processes of these companies, as well as digitalized customer services.

Multirisk

In 2018, premium volume in the Multirisk insurance line totaled 7.2 billion euros, representing growth of 4.0% compared to the previous year (see Charts 3.2-e and 3.2-f). Thanks to this excellent performance, its market share in the Non-Life segment rose three decimal points to 20.5%; it held its position as the third-ranked business line in terms of premium volume. Apart from "Other Multirisk," all the other types grew in premium terms during 2018, with a 7.6% hike in Industrial Multirisk insurance. Homeowner, with the largest share (60%) also had a very positive performance, with a 3.6% increase in premium revenue, followed by Condominium (3.0%) and Commercial insurance (1.9%).

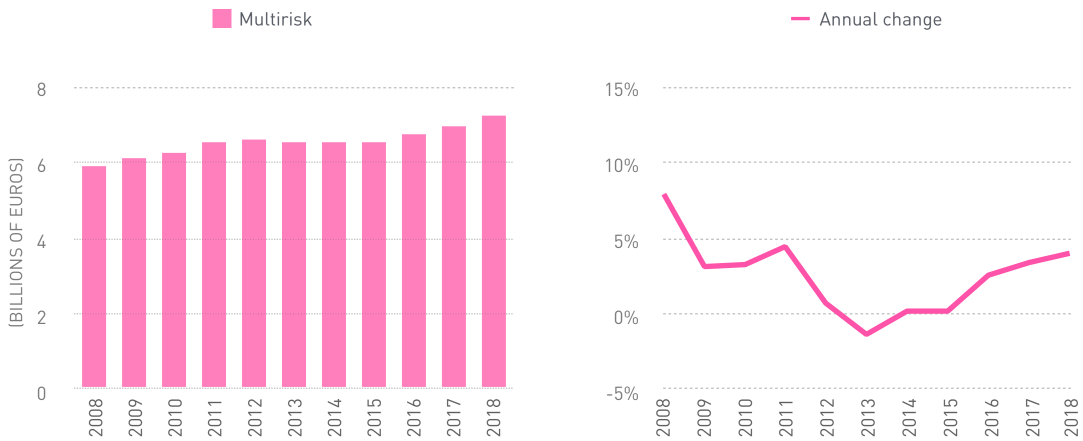
The combined ratio of the technical result was 97.3% (see Table 3.2-e and Chart 3.2-g), a 1.6 pp rise as a result of the declining loss ratio in Homeowner and Condominium business lines resulting from the impact of intense atmospheric phenomena occurring this year, as well as an increase in expenses in Industrial. Practically all obtained combined ratios fell under 100%, apart from Industrial Multirisk insurance (110.6%), which is the only one with a negative technical-financial result. The remaining Multirisk sub-segments had positive results, with Commercial Multirisk leading with 14.4%.

Chart 3.2-f
Distribution of Multirisk premiums by type, 2018
(percentage of premiums issued)



Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-e
Direct Multirisk Insurance Trends in Spain. 2008-2018
(earned direct insurance premiums, billions of euros, annual change, %)



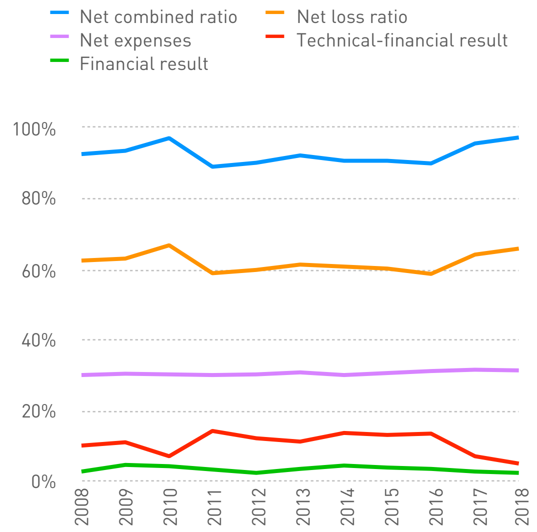
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-e
Basic Health insurance
indicators 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	6,965	7,244
Change in premiums	3.4%	4.0%
Retention	78.5%	78.2%
Gross loss ratio	69.3%	66.3%
Gross expenses	28.4%	28.4%
Net loss ratio	64.1%	66.0%
Net combined ratio	95.7%	97.3%
Financial result	2.8%	2.4%
Technical-financial result	7.1%	5.1%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-g
Trend in the result of the Multirisk insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

2019 Outlook

Multirisk insurance continued to grow positively during the first quarter of 2019, with a 3.5% increase in premium revenue, which is over the growth of all the Non-Life segments (2.9%). All the types grew, apart from Other Multirisk which had a decrease of 6.7%.

Homeowner Multirisk

The Homeowner Multirisk business line performed irregularly during 2018. The premium increase was maintained and even improved, with expenses contained during the year; that said, 2018 was a year affected by meteorological phenomena. Intense and diverse atmospheric events caused the gross loss ratio to rise 2.9 pp, in parallel to the combined ratio of 96.1%. It should be noted that the financial result declined compared with the previous year. The above indicates that the technical-financial result dropped 3.6 pp to 5.7% (see Table 3.2-f and Chart 3.2-h).

2019 started off with calm weather during the first quarter, which could foster good results for the year.

Industrial Multirisk

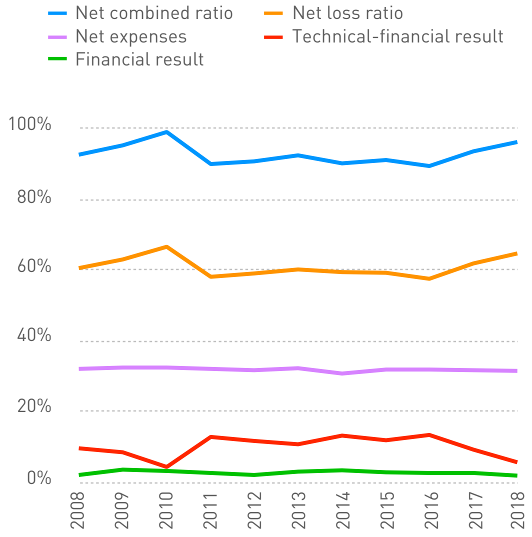
Premiums in the Industrial Multirisk insurance segment during 2018 totaled 1.3 billion euros, representing a 7.6% increase vs. the previous year. Nevertheless, indicators reflect a 0.7 pp drop in the net combined ratio as a result of rising expenses (see Table 3.2-g and Chart 3.2-i). The above declining trend has been evident since 2016. Financial results rose nearly three points to 4.5%, which pushed the technical-financial result upward to a little over two points; however, the result was negative (-6.1%). Loss ratio growth dating back to 2016 has remained stable in 2018, with a 0.5 pp improvement. There is still a huge amount of competition exerting negative downward pressure on prices; to combat this, the focus is on plans based on strict portfolio rearrangement and a more rigorous approach to risk selection and inspection when contracting new policies.

Table 3.2-f
Basic Homeowner Multirisk insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	4,196	4,346
Change in premiums	3.4%	3.6%
Retention	90.3%	90.1%
Gross loss ratio	61.2%	64.1%
Gross expenses	31.5%	31.4%
Net loss ratio	61.8%	64.6%
Net combined ratio	93.4%	96.1%
Financial result	2.7%	1.8%
Technical-financial result	9.3%	5.7%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-h
Trend in the result of the Industrial Multirisk insurance line, 2008-2018
(indicators over premiums)



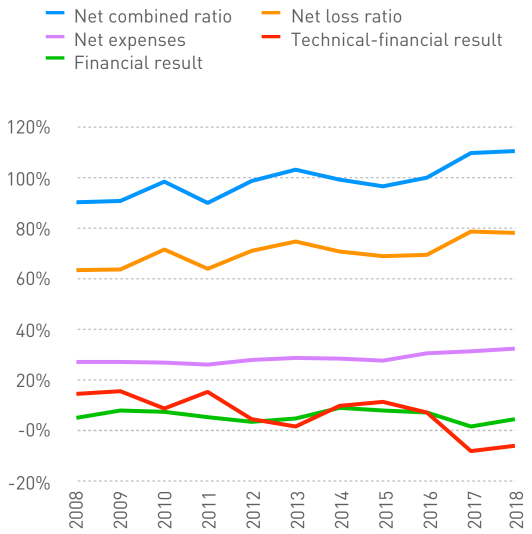
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-g
Basic Industrial Multirisk insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	1,234	1,327
Change in premiums	5.5%	7.6%
Retention	48.5%	47.3%
Gross loss ratio	94.3%	76.0%
Gross expenses	20.2%	20.9%
Net loss ratio	78.7%	78.2%
Net combined ratio	109.9%	110.6%
Financial result	1.6%	4.5%
Technical-financial result	-8.4%	-6.1%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-i
Trend in the result of the Industrial Multirisk insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Coverage and services include new benefits related to cyberrisk, data protection and the environment, as well as providing risk advisory services to management for company clients. The outlook for 2019 is in line with the previous year, with attempts made to improve the loss ratios based on appropriate underwriting policies and cost control, so that the sector can attain positive combined ratios.

Commercial Multirisk

During 2018, the premium volume in Commercial Multirisk insurance totaled 596 million euros, or a 1.9% rise on the previous year in line with growth commencing in 2016 (1.7%) after a long period of decreases. Figures reflect a substantial 7.5 pp improvement in the combined ratio as a result of a drop in net loss ratio and management fees. The technical-financial result also improved more than 6 pp, with a positive 14.4% result; its financial result remained at 2.5% (see Table 3.2-h and Chart 3.2-j).

The Commercial Multirisk segment has stabilized, with a clear acceleration of economic activity in this market. With regard to products, work is under way to create the appropriate advanced-tariff models, and others designed to retain clients, simple contracting and processes, the use of technology (thanks to automatic offer generation and digital risk verification), and being digitally connected to clients.

The outlook for 2019 includes improving issue increases arising from positive inflation using specific products/coverage, in synergy with traditional and digital strategies, to thereby resolve claims with the help of technology, while also working to detect fraud.

Condominium Multirisk

The situation for this segment is nearly identical to the Homeowner business line. The sector grew in terms of premiums issued in 2018, although the gross loss ratio also rose nearly 5 pp, which affected the combined ratio of 94.1%. Financial results also dropped vs. the previous year, with a technical-financial result of 9%, representing a drop of over 38% vs. 2017 (see Table 3.2-i and Chart 3.2-k).

Other Non-Life lines

Burial

The Burial segment rose 4% in premium volume terms during the year, totaling 2.4 billion euros (see Chart 3.2-l). Data reflects that this business line has reflected continuous growth over the years (with annual oscillations), unaffected by the economic flows which tend to affect others to varying degrees; however, thanks to its ongoing structure, there is little impact for Burial insurance.

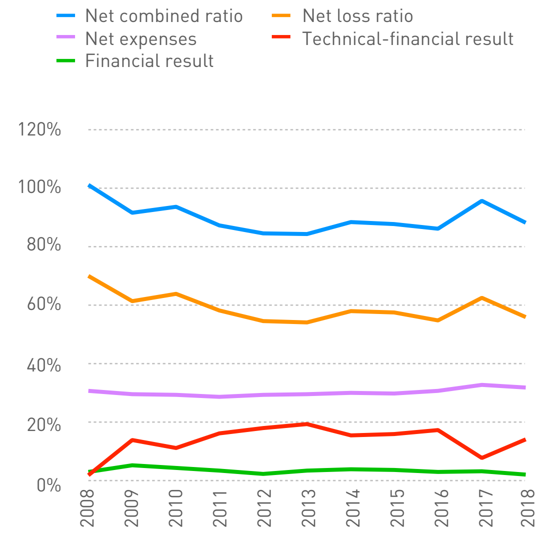
As discussed in previous editions of this report, during recent years, this business line has witnessed a rise in the single premium. Today this product represents 6.6% of issued premiums, and 59% of new ones. The product provoked a loss ratio increase in this business line, as it combined loss ratio and a higher age of contracting. However, in recent a shift has occurred in regular premium products sold in the sector. There is an increasing amount of mixed products with leveled structures, which are very attractive to clients.

Table 3.2-h
Basic Commercial Multirisk insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	585	596
Change in premiums	1.8%	1.9%
Retention	84.1%	83.4%
Gross loss ratio	60.5%	55.3%
Gross expenses	32.7%	31.7%
Net loss ratio	62.6%	56.1%
Net combined ratio	95.6%	88.1%
Financial result	3.6%	2.5%
Technical-financial result	8.0%	14.4%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-j
Trend in the result of the Commercial Multirisk insurance line, 2008-2018
(indicators over premiums)



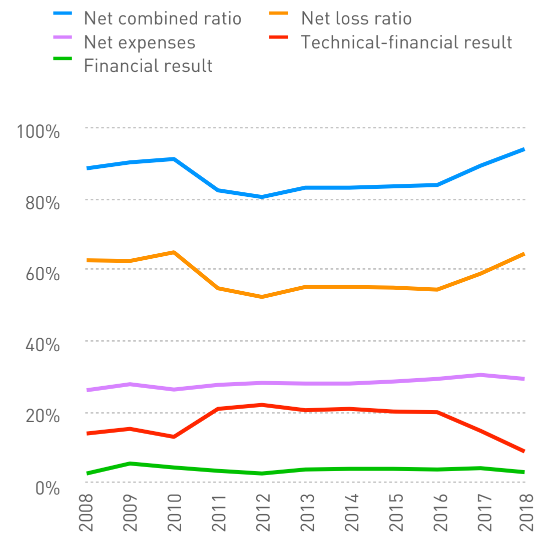
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-i
Basic Condominium Multirisk insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	872	898
Change in premiums	2.3%	3.0%
Retention	86.1%	87.0%
Gross loss ratio	58.5%	63.3%
Gross expenses	29.7%	29.0%
Net loss ratio	59.1%	64.7%
Net combined ratio	89.5%	94.1%
Financial result	4.2%	3.1%
Technical-financial result	14.7%	9.0%

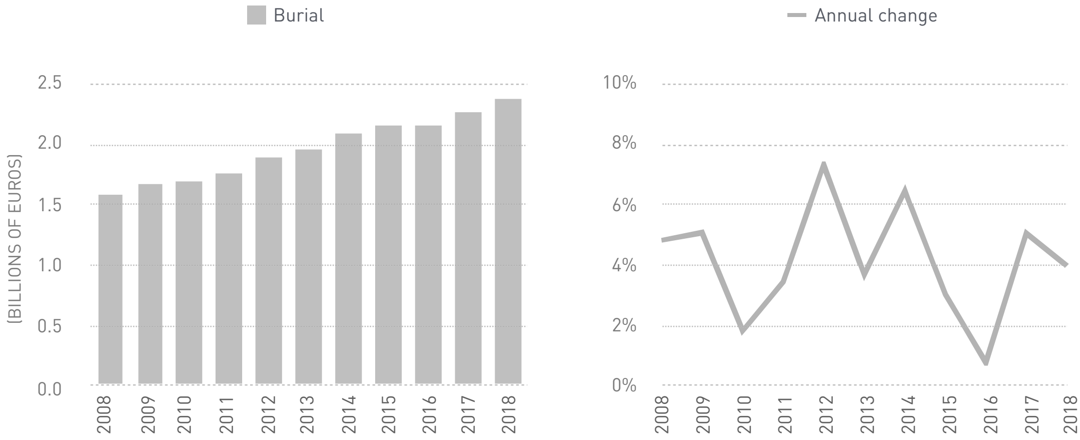
Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-k
Trend in the result of the Condominium Multirisk insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-l
Trends in direct Burial insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



Source: MAPFRE Economic Research (using ICEA data)

The net loss ratio rate was 65.3% in 2018; this includes changes in burial provisions (see Table 3.2-j and Chart 3.2-m). Dating back to 2011, the sector has been forced to set aside sizable provisions each year due to low interest rates, which has had a negative effect on the income statement. To the extent that interest rates eventually tend to bounce back, the effect would be the opposite, leading to adjusted technical provisions; however, today's environment is characterized by the sizable provisions set aside every year.

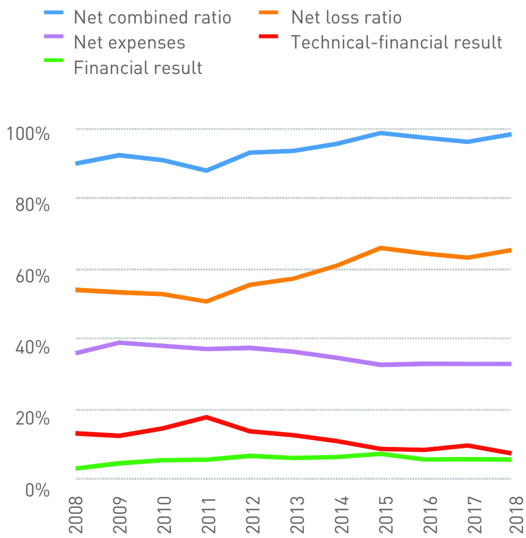
The relevance of the financial result stands out in the technical account analysis. This was the result of the volume of technical provisions

Table 3.2-j
Basic Burial insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	2,277	2,368
Change in premiums	5.1%	4.0%
Retention	98.4%	98.3%
Gross loss ratio	62.6%	64.5%
Gross expenses	33.0%	33.0%
Net loss ratio	63.1%	65.3%
Net combined ratio	96.1%	98.2%
Financial result	5.8%	5.7%
Technical-financial result	9.8%	7.5%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-m
Trend in the result of the Burial insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

managed in this line, which surpassed 4.6 billion euros at year-end 2017, or over twice the premiums issued for the business line. Profitability remained stable yet another year.

With regard to distribution channels, bancassurance operators are making headway into this business line. Up until a few years ago, this channel was not present in the sale of burial insurance, but in recent years, its main players have gained entry into this line of business through their own entities, or through insurance mediation.

Viewed from a competition standpoint, this is a very mature line which is quite present in society (nearly half of Spain's population has this type of insurance). Competition is most evident in novel segments, such as the single premium, which are insurance policies tailored to a very specific client (uninsured older individuals), as until very recently, there were no products available to meet these coverage needs.

Third-party liability

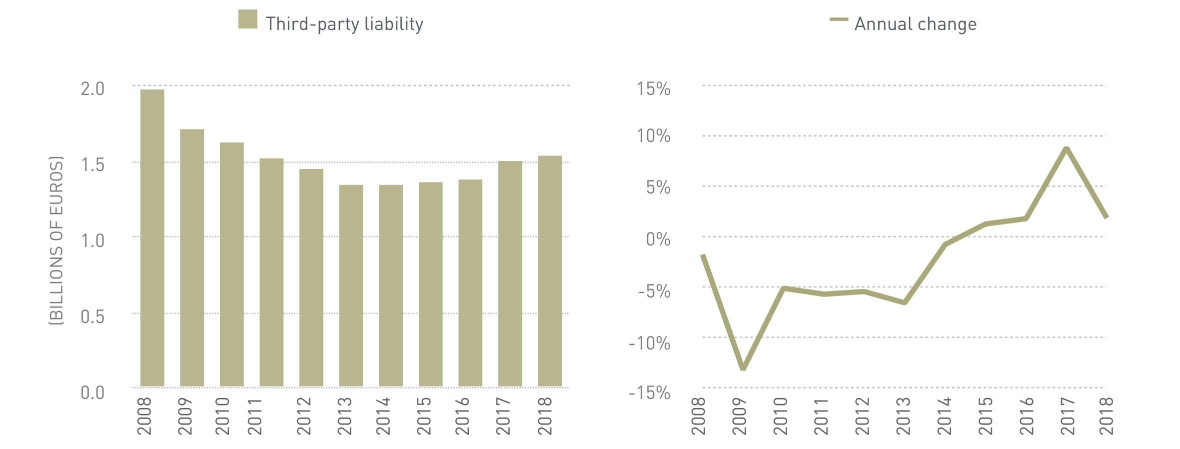
Premiums in the third-party liability business line grew 1.9% during 2018, or 7 pp under last year's growth; there was a clear improvement in the loss ratio of nearly 20 pp, while the combined ratio rose nearly 17 pp, showing a technical-financial result of 24% of premiums, vs. 9.3% during 2017 (see Table 3.2-k, and Charts 3.2-p, and 3.2-o).

A sentence was handed down by the Supreme Court on April 26, 2018, more than 20 years after the *claims-made* crisis and amendments made to Insurance Contract Law, which reflected on the nature of this clause, highlighting the discrepancies in the double basic system of limiting policy time frames according to the legal framework.

Two interesting sentences were handed down affecting insurance coverage for directors and executives. The first, dated June 28, dealt with the appropriateness of implementing mandatory regulatory compliance programs for insurance entities for underwriting this type of insurance. The second was handed down on January 29, 2019 on the duty to assume company tax debts arising from administrator responsibilities.

With regard to the obligatory environmental guarantee, although the regulation was from the previous year, in 2018 it was required for companies working with content classified as Priority 1 (i.e. the Seveso Directive for Serious Accidents), large fuel installations and hazardous waste treatment plants. Within this same scope, a Resolution was handed down on

Chart 3.2-n
Trends in direct Third-Party Liability insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



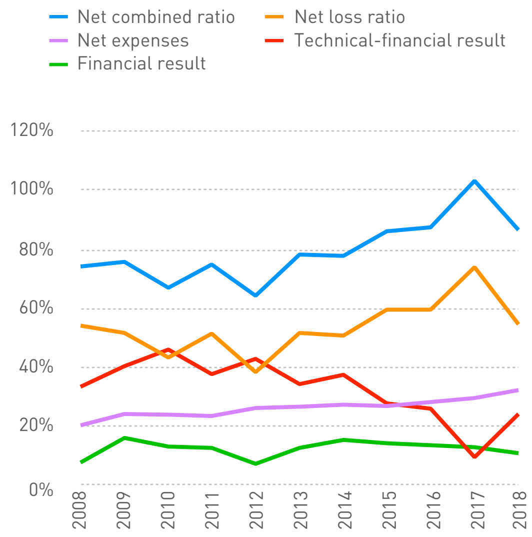
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-k
Basic Third-Party Liability insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	1,508	1,537
Change in premiums	8.9%	1.9%
Retention	69.5%	70.3%
Gross loss ratio	69.3%	55.1%
Gross expenses	27.2%	28.2%
Net loss ratio	73.9%	54.5%
Net combined ratio	103.4%	86.7%
Financial result	12.7%	10.6%
Technical-financial result	9.3%	24.0%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-o
Trend in the result of the Third-Party Liability insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

October 31, 2018 by the President of the Insurance Compensation Consortium enacting the surcharge models for the Environmental Damages Compensation Fund, establishing declaration and reimbursement procedures, and on the same date, another Resolution was handed down approving the fees for contributing to the Fund.

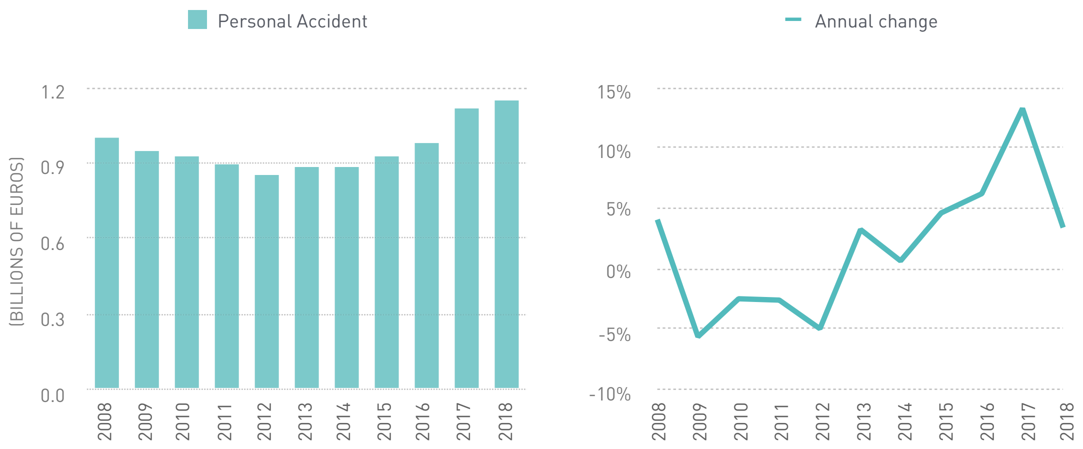
Spain's public healthcare system still does not fully cover its citizen's needs; as a matter of fact, certain bidding processes were forced to close due to a dearth of offers, or unattainable premium amounts. There has been a certain amount of public outcry regarding Personal Mobility Vehicles (PMV): they are not actually vehicles, and as such are not covered by obligatory automobile insurance requirements. Therefore, until regulations are implemented, coverage will necessarily come from third-party liability insurance for both individual use as well as by rental companies. Local companies are now making it necessary for the above to underwrite insurance with a sum insured up to 1 million euros per claim.

Personal accident

The sustained growth rate in the Personal accident business line dating back to 2012 dropped, as is evidenced in Chart 3.2-p. Certain products within this business line are closely linked to the country's economic climate (collective bargaining agreements and company insurance), which makes it difficult to keep growth over 13%.

The environment will be characterized by ever-increasing competition in which premium averages are rising progressively, with an increase in the net loss ratio and resulting in a slight upturn in the combined ratio despite a drop in the amount of expenses. In any event, the combined ratio still shows positive movements (see Table 3.2-l and Chart 3.2-q).

Chart 3.2-p
Trends in direct Personal Accident Insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



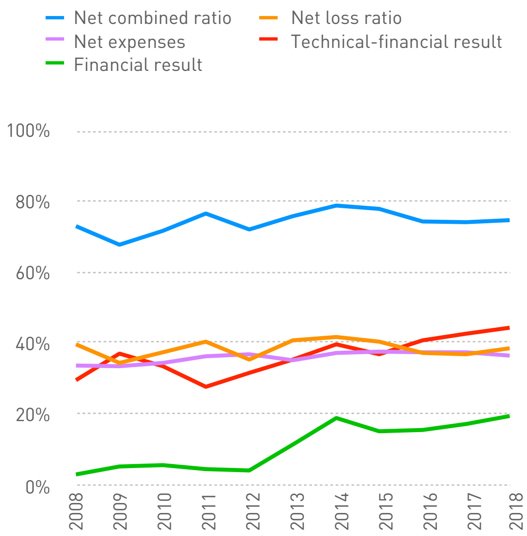
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-l
Basic Personal Accident insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	1,114	1,152
Change in premiums	13.3%	3.4%
Retention	87.4%	87.6%
Gross loss ratio	38.3%	38.8%
Gross expenses	36.9%	36.1%
Net loss ratio	36.9%	38.5%
Net combined ratio	74.3%	74.9%
Financial result	17.0%	19.4%
Technical-financial result	42.7%	44.5%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-q
Trend in the result of the Personal Accidents insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Credit

The past nine years were characterized by consecutive drops; however, the premium volume for credit insurance reflected a 2.5% growth during the year (see Chart 3.2-r). The factors pushing this upward include the growth of client portfolio insurance sales, as well as a slight impairment in defaulting companies, making way for the entry of new clients onto the scene.

The loss ratio remained low, although it begun to rise for the second consecutive year, consolidating the trend which began in 2017. Despite this, the net combined ratio dropped 66.7% thanks to the good performance of expenses (see Table 3.2-m and Chart 3.2-s).

Provisional data for sector premiums at the end of March 2019 reflected a 2% growth. This market shift consolidated during the first months of the year, chiefly due to the GDP growth during 2018, and the economic uncertainty surrounding the arrangement of credit insurance. This rebound in the loss ratio among key sector players boosted growth rates, or at least stability, with the soft market in recent years coming to an end.

Surety

The premium volume for Surety insurance during 2018 amounted to 79 million euros, representing an increase of 25% over the previous year (see Chart 3.2-t). This rise was greatly attributable to a hike in renewable energy projects, which demand sizable guarantees to carry them out. The increase in the number of market operators also contributed to premium growth, reaching levels similar to prior to the crisis.

The gross loss ratio rose 15 pp vs. 2017 to 15.7%. The net loss ratio also improved to a lesser degree from 38.4% during 2017 to 31.9% in 2018. The combined ratio was five points higher than 2017, which is likely due to a rise in acquisition costs. In any case, the observed performance is quite satisfactory, and seems to confirm this line's return its historic profitability rates, after quite a few challenging years during the economic crisis (see Table 3.2-n and Chart 3.2-u).

Issue data for the first three months of 2019 reflect a premium increase of 34.5%. The renewable energy sector is the engine driving this continuous growth trend. New market players are gaining in market protagonism, and will likely obtain significant premium volume at year-end.

Transport

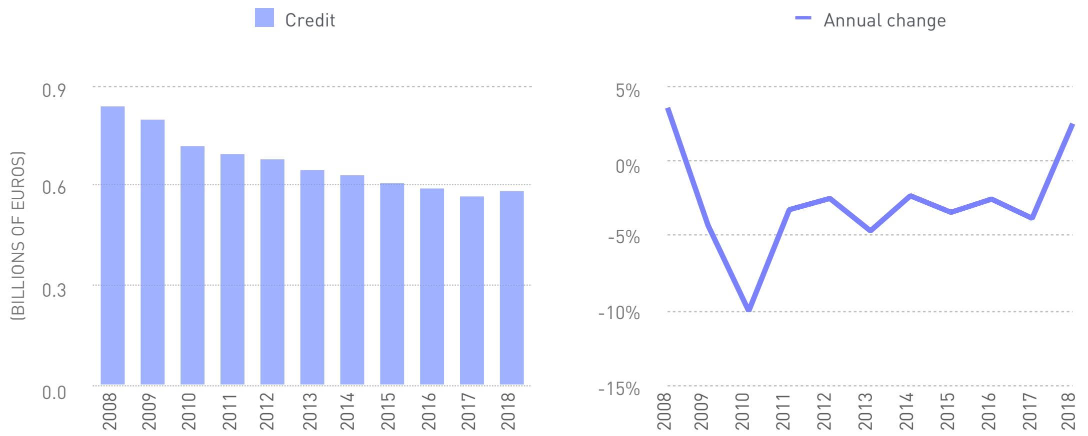
Premium volume for the the Transport lines during 2018 totaled 461 million euros, which is practically a plateau growth when compared to 2017. Figures held over growth in Goods in Transit, while Hull insurance clearly receded (see Chart 3.2-v). The increase in the loss ratio compared to the last two years is common to both business areas. This trend runs parallel to the situation for European insurance markets both on the Continent as well as in the UK market (Lloyd's), where serious losses were registered, with contracting limits and restrictions in place by powerful syndicates.

From January to March 2019, premiums in the Transport business line rose 5.9% thanks to the positive performance of Goods in Transit, which grew 9.7%, while Aviation fell by 14.7% and Maritime insurance displayed a small increase of 2.1%.

Hull

Premiums in this segment dropped nearly 6 pp during 2018, resulting in a premium volume of 216 million euros (see Table 3.2-o). This decline was chiefly due to the refurbishment of quite a few fleets, and the excellent claims performance in previous fiscal years, and focusing the business on Spanish interests rather than those from the EU.

Chart 3.2-r
Trends in direct Credit insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



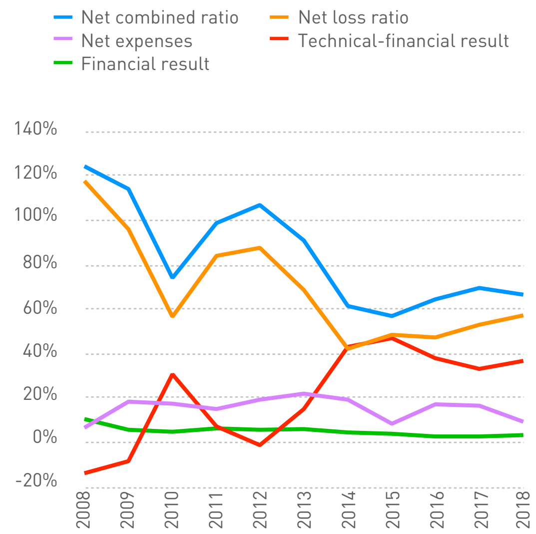
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-m
Basic Credit insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	570	584
Change in premiums	-3.8%	2.5%
Retention	34.4%	36.2%
Gross loss ratio	48.0%	49.6%
Gross expenses	30.4%	29.7%
Net loss ratio	53.1%	57.3%
Net combined ratio	69.6%	69.7%
Financial result	2.6%	3.3%
Technical-financial result	33.0%	36.6%

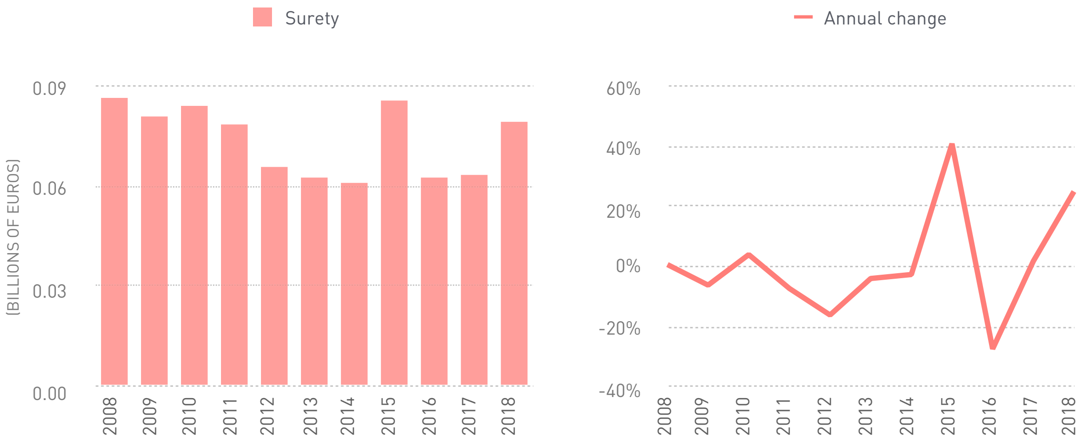
Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-s
Trend in the result of the Credit insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-t
Trends in direct Surety insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



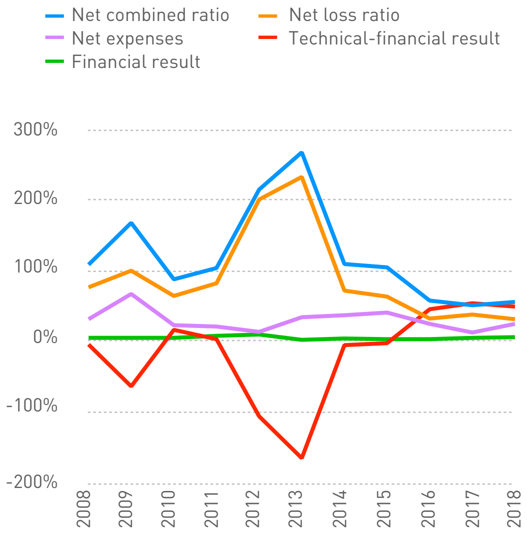
Fuente: Servicio de Estudios de MAPFRE (con datos de ICEA)

Table 3.2-n
Basic Surety insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	63	79
Change in premiums	1.6%	24.9%
Retention	36.4%	34.8%
Gross loss ratio	30.4%	15.7%
Gross expenses	27.4%	33.6%
Net loss ratio	38.4%	31.9%
Net combined ratio	51.5%	56.8%
Financial result	5.8%	6.2%
Technical-financial result	54.3%	49.4%

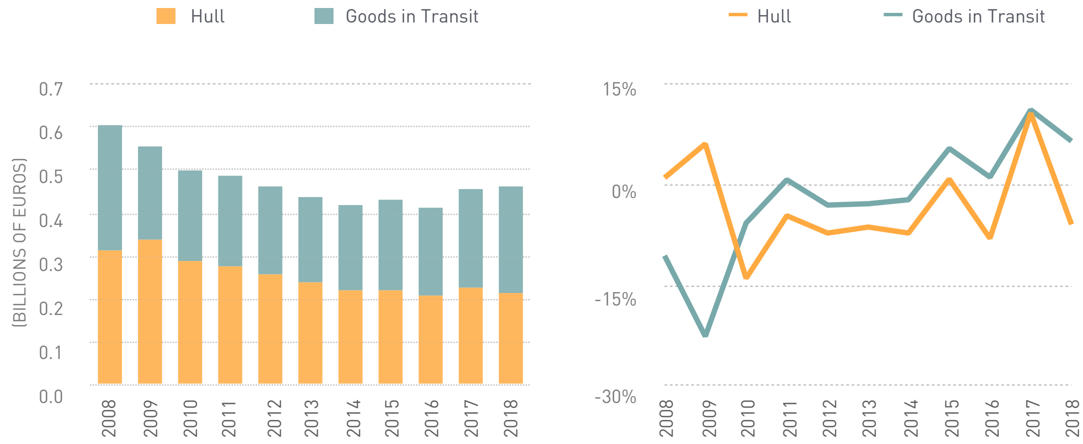
Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-u
Trend in the result of the Surety insurance line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-v
Trends in direct Transport insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



Source: MAPFRE Economic Research (using ICEA data)

During 2018, the gross loss ratio rose more than 25 pp to 95%, although expenses remained nearly the same. The combined ratio has been clearly affected in this regard, with financial results producing the only positive figure (see Chart 3.2-w). The outlook will clearly involve more stringent renewal clauses and a Hull portfolio write-down so as to obtain better ratios.

Goods in Transit

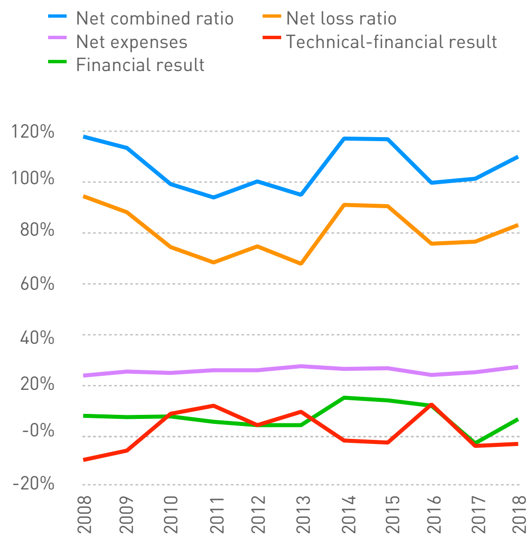
Premiums in the Goods in Transit line rose 6.5% in terms of premiums during 2018, thereby offsetting the decline in the Hull segment. Exports and imports continue to rise, and therefore this business line has been growing solidly in recent years. The loss ratio has been

Table 3.2-o
Basic Hull Transport insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	229	216
Change in premiums	10.7%	-5.9%
Retention	52.2%	49.4%
Gross loss ratio	68.5%	94.9%
Gross expenses	18.4%	18.6%
Net loss ratio	76.1%	82.8%
Net combined ratio	101.1%	109.8%
Financial result	-3.2%	6.5%
Technical-financial result	-4.3%	-3.3%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-w
Trend in the result of the Hull Transport line, 2008-2018
(indicators over premiums)



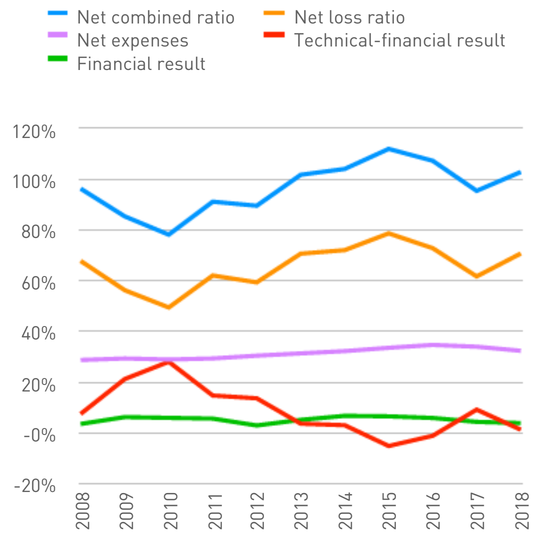
Source: MAPFRE Economic Research (using ICEA data)

Table 3.2-p
Basic Goods in Transit
insurance indicators, 2017-2018
(premiums, millions of euros; ratio over premiums, %)

	2017	2018
Premium volume issued (millions of euros)	230	245
Change in premiums	11.2%	6.5%
Retention	62.0%	63.2%
Gross loss ratio	58.8%	76.1%
Gross expenses	27.4%	26.1%
Net loss ratio	61.4%	70.4%
Net combined ratio	95.2%	102.6%
Financial result	4.1%	3.6%
Technical-financial result	8.9%	1.1%

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-x
Trend in the result of the
Goods in Transit line, 2008-2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

strongly affected by the claim filed by the cargo ship Maersk Honam, alleged to be from a serious failure, and market estimates in Spain of between 8-10 million euros. This caused the loss ratio to rise over 15 pp, affecting the combined ratio which rose over 100%.

This circumstance has yet again cause refurbishments to rise, with portfolio writedowns specific to cargo carriers.

Engineering

The premium volume of Engineering totaled 286.8 million euros in 2018, or a 16.3% YoY increase, thereby confirming the positive outlook forecast in recent years (see Table 3.2-q).

The above trend is mainly a reflection of the reactivated home construction sector seeing a more accentuated rise in certain segments, such as 10-year insurance (+14.4%), Construction insurance (+23%), and Machinery breakdown (+17.9%).

Assembly increased 39.1%, also a key figure percentage-wise, yet not in absolute terms (see Chart 3.2-y). The Electronic equipment line ranks in last place, yet remains stable with a slight increase of 3.4%.

3.3. Life business line

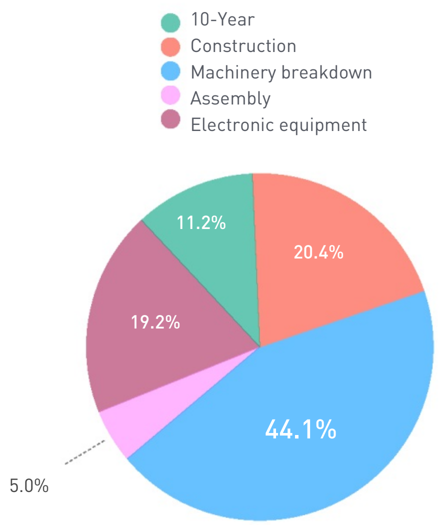
Spain's Life insurance business grew 2.6% during 2018 to 188.5 billion euros in technical provisions. Total premiums (29.0 billion euros) represented a small drop of -1.4%, which is mainly attributable to a drop in individual insurance with a greater weight yet a -2.6% decline, despite the fact that collective insurance premiums rose 10.3% (see Chart 3.3-a).

Table 3.2-q
Breakdown of Engineering insurance
by type, 2018
(premiums, millions of euros; change, %)

Type	2018	Variation
10-Year	32.3	14.4%
Construction	58.6	23.0%
Machinery breakdown	126.5	17.9%
Assembly	14.4	39.1%
Electronic equipment	55.0	3.4%
Total engineering	**286.8**	**16.3%**

Source: MAPFRE Economic Research (using ICEA data)

Chart 3.2-y
Breakdown of Engineering insurance premiums
by type, 2018
(indicators over premiums)



Source: MAPFRE Economic Research (using ICEA data)

Types

Table 3.3-a indicates that Life risk insurance premiums grew a significant 12.3% during 2018; Life savings, meanwhile, dropped -3,7%; this negative impact fundamentally arose as a result of declining annuity insurance (-13.3%) as well as the overall relevance of savings; conversely, there are observable shifts in positive growth in deferred capital and unit-linked products (7.4% and 4.6%, respectively). A small upturn is evident for overall insured, representing a total increase of 0.5% (see Table 3.3-b).

Individual and collective breakdowns for the Life segment by premium revenue reveal a negative trend for individual policies, and a positive one for those which are collective (-2.6% and 10.3% respectively). Technical provisions reflected the opposite trend, with an increase in individual and a drop in collective policies (3.8% and -1.8%, respectively).

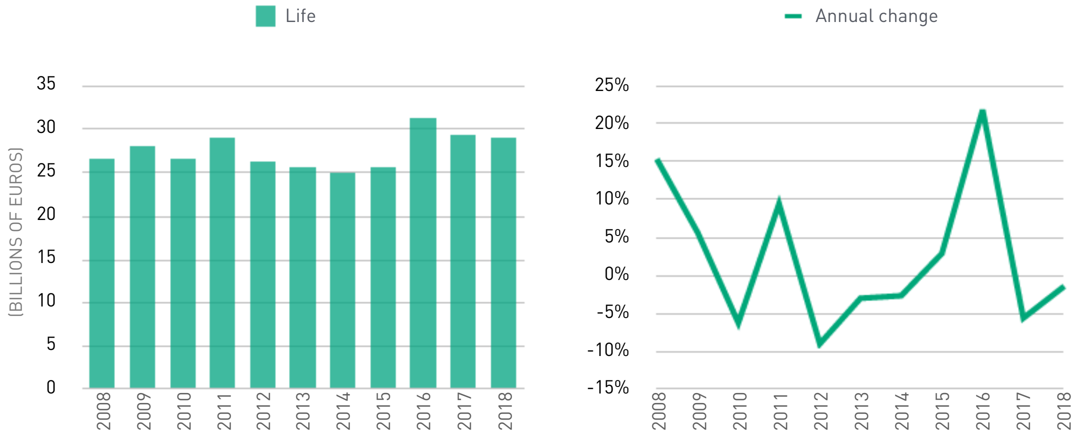
Pension Plans and Pension Funds

Pension funds in Spain during 2018 amounted to 107.0 billion euros in active volumes, a -3.7% drop (see Chart 3.3-b). The number of unitholder accounts dropped 89,892 compared with 2017, with 9,630,952 total at year-end 2018 (see Chart 3.3-c).

Gross contributions during 2018 totaled 4.9 billion euros for the total of Plans, of which 3.6 corresponded to the Individual system. Gross benefits were 5.1 billion euros, with a net outflow during the year of 202 million euros. Individual Plans recorded net contributions totaling 585 million.

Rights consolidated under the Individual system during 2018 amounted to 9.7 billion euros, or 13.2% of average annual equity of the Individual Plans. Portfolio structure trends in recent years changed, as the relevance of equity products within Pension funds dropped slightly

Chart 3.3-a
Trends in direct Life insurance in Spain, 2008-2018
(earned direct insurance premiums, billions of euros; annual change, %)



Source: MAPFRE Economic Research (using ICEA data)

Table 3.3-a
Breakdown of Life insurance premiums and provisions by type, 2017-2018
(premiums issued net of cancelations, annual change, %)

Type	Premiums		Provisions	
	2018	Annual change	2018	Annual change
Individual	25,992	-2.6%	152,408	3.8%
Collective	3,003	10.3%	36,059	-1.8%
Total	**28,995**	**-1.4%**	**188,467**	**2.6%**
Risk	4,714	12.3%	6,284	5.4%
Dependency	7	3.4%	22	13.7%
Savings/Retirement	24,274	-3.7%	182,161	2.6%
Insured Pension Plan	1,496	-2.4%	12,522	0.8%
Deferred Capital	7,251	7.4%	49,824	3.2%
Annuities	6,643	-13.3%	88,383	1.3%
Asset transformation into life annuities	834	-4.2%	2,282	41.7%
Individual Systematic Savings Plans (PIAS)	3,396	-8.8%	13,161	8.0%
Individual Long-Term Savings Insurance (SIALP)	1,175	-11.9%	3,769	27.3%
Asset-linked (unit-linked)	3,479	4.6%	12,220	-5.6%
Total	**28,995**	**-1.4%**	**188,467**	**2.6%**

Source: MAPFRE Economic Research (using ICEA data)

Table 3.3-b
Breakdown of Life policyholders by type, 2017-2018
(number of policyholders; annual change, %)

Type	2018	Annual change
Risk	20,328,151	0.8%
Dependency	40,801	3.3%
Savings/Retirement	9,507,246	-0.0%
Total	**29,876,198**	**0.5%**

Source: MAPFRE Economic Research (using ICEA data)

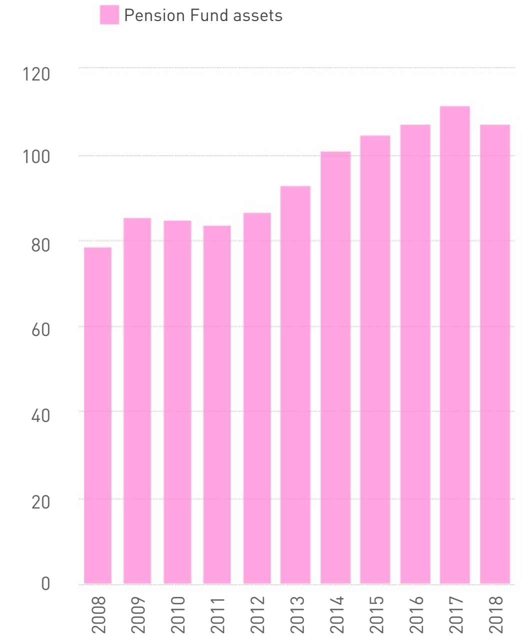
in domestic and international portfolios, now representing 32.4% of the total vs. 33.6% during 2017. Pension Plans reflected more or less dramatic negative interannual profitability during the year in all categories due to the volatile financial markets.

Mutual funds

At the end of 2018, mutual funds represented 257.6 billion euros. Spanish investors continue to focus on dynamic positions in 2018, predominantly in equity portfolios, as a result of low interest rates forcing them to seek out more profitable options, as well thanks to a more sophisticated financial savings approach by the average Spaniard seeking these options. Back in 2007, nearly 64% of mutual fund equity was conservative in nature (39% in current cash and fixed income and 25% in guaranteed income), while in December 2018, only 31% of the savings in mutual funds was cannibalized through this type of instrument (see Charts 3.3-d and 3.3-e).

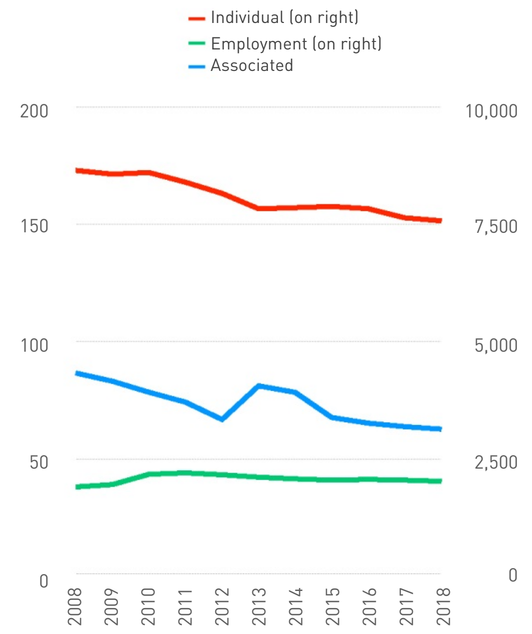
There has been an evident rise in mutual funds (which traditionally have been in the very short-term); investors now plan in the long-term. According to the "Savings barometer" published by Inverco at the end of 2017, the number of savings fund investors with a time horizon longer than three years was rising continuously over recent years, from 15% in 2011 to 35% in 2017.

Chart 3.3-b
Trends in Pension Fund assets, 2008-2018
(billions of euros)



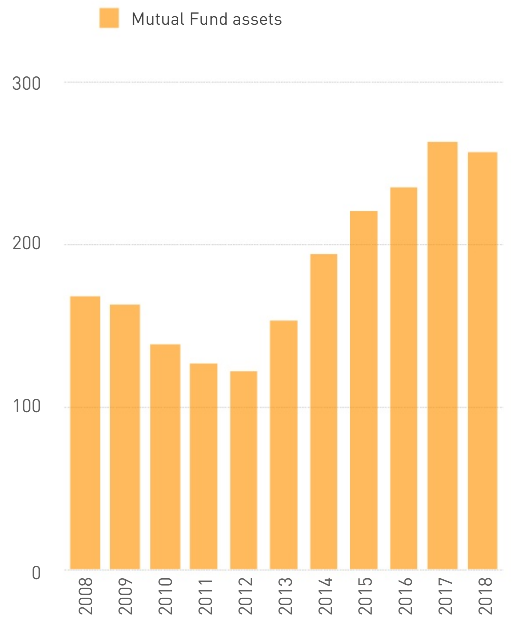
Source: MAPFRE Economic Research (using Inverco data)

Chart 3.3-c
Trends in Pension Fund Investments, 2008-2018
(thousands of unitholder accounts)



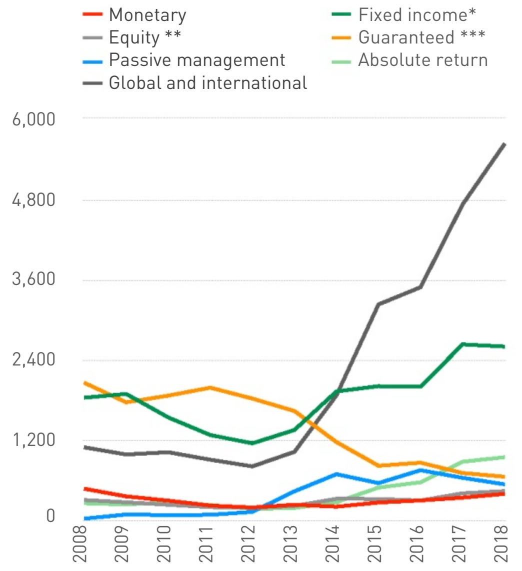
Source: MAPFRE Economic Research (using Inverco data)

Chart 3.3-d
Trends in Mutual Fund assets, 2008-2018
(billions of euros)



Source: MAPFRE Economic Research (using Inverco data)

Chart 3.3-e
Pension Fund Investments trends, 2008-2018
(thousands of unitholder accounts)



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

Conversely, those with investments maturing within the year have dropped drastically, from 33% six years ago to 15% today.

2019 Outlook

Risk insurance policies will be closely matched to consumption and loan performance, as the sale of this type of insurance is largely inherent on loans.

Conversely, interest rate trends will be conditioned by a growth in savings insurance policies. Due to the deceleration of the global economy, it seems that neither the ECB nor the United States Federal Reserve intend to hike interest rates. The persistent background of low interest rates will force those interested in saving to seek improved profitability in exchange for greater risk, and invest in these types of savings alternatives, such as unit-linked products.

Outlook for Mutual Funds and Pension Funds

Activities performed by central banks will be decisive for the performance of financial markets during 2019. Messages from the United States Federal Reserve are heartening with regard to relaxing interest rate policies, and are generating optimism in variable income markets, which started the year off with large improvements in all indices. ECB advisories on a possible deceleration of the eurozone have increased market expectations regarding possible delays in unleashing its monetary easing policies.

The International Monetary Fund recently published its world economy perspectives update: it slashed growth forecasts for 2019 and 2020, with a special focus on Europe due to the downward growth trends for its leading economies, with special attention on the uncertainty surrounding sale tensions as well as the possibility of a no-deal Brexit between the United Kingdom and the EU. Although at the beginning of the year, financial markets behaved positively, there are certain hints of risk which could lead to high volatility during certain points this year.

4. Structural growth trends

4.1. Penetration, density and depth

Penetration

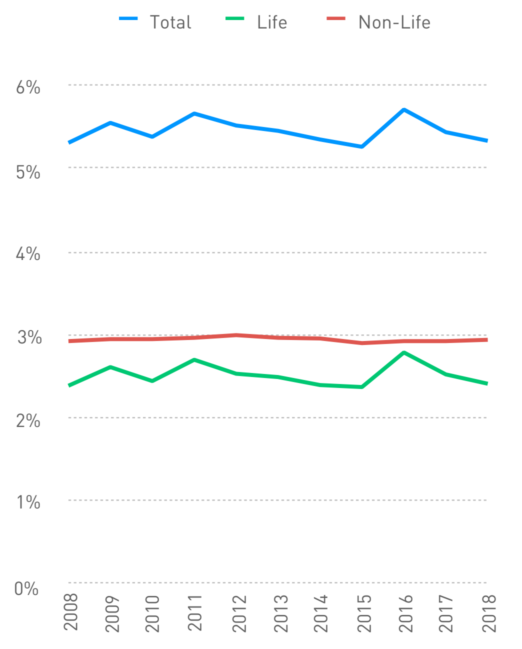
Insurance penetration in the Spanish market during 2018 (i.e. the ratio of premiums to the GDP) was 5.33%, representing a 0.10 pp drop when compared to figures for 20173. This is the second consecutive annual drop in this indicator (0.27 pp between 2016 and 2017), after having reached a historic maximum in 2016 (see Charts 4.1-a and 4.1-b).

As was the case in 2017, the decrease in penetration of the Spanish insurance market in 2018 can be attributed to the behavior of Life insurance, with 2.40% penetration of the market, which is less than the 0.12 pp recorded a year prior. This is also the second consecutive annual decrease, as during the previous year, penetration of the Life insurance sector dropped -26 pp. The penetration index for Non-Life insurance was 2.93% during 2018 (+0.01 pp compared to 2017). Hence, penetration of Spanish insurance over the past decade barely rose 0.03 pp, with very little changes in the Life and Non-Life segments.

Below is an analysis of the contributions from the different insurance lines over recent years. Chart 4.1-c reflects the penetration performance of Life insurance policies As this information shows, the degree of penetration of this market segment in 2018 (2.40%) is an indication of the predominance of Life Savings insurance, which was 2.01% in the year in question, while the remaining 0.39% corresponded to Life Risk insurance. Regardless, for the former Life Savings insurance penetration dropped -15 pp vs. 2017, while for the latter, (Life Risk), the indicator rose 0.03 pp compared to the prior year. A review of the penetration index for this segment over the past decade (index 2008=100) clarifies the fact that while Life risk penetration rose 20.2% between 2008-2018, the figure for the Life Savings insurance segment dropped -2.3% over the same period.

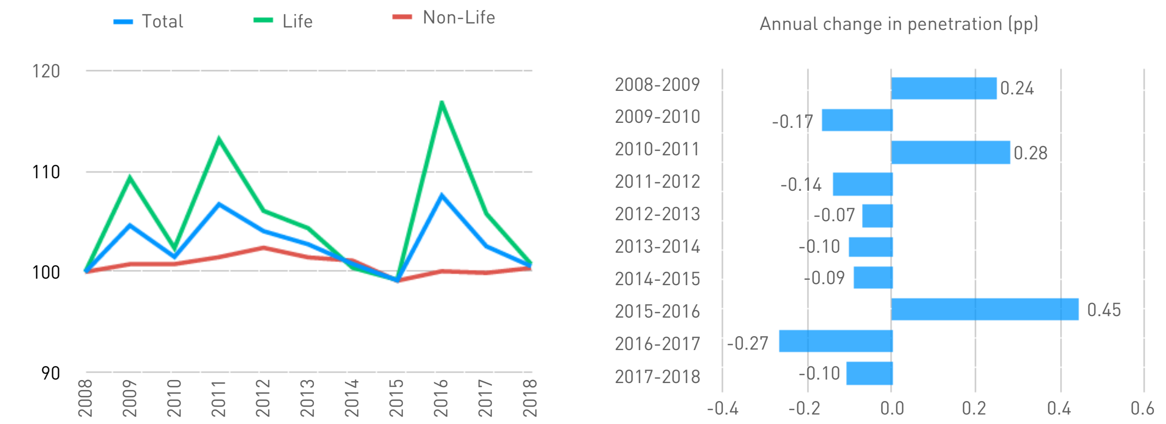
Chart 4.1-d is a penetration trend analysis for the Non-Life insurance segment over the past decade. Market penetration in this segment was 2.93% in 2018, dropping slightly 0.01 pp vs. 2017, and with marginal changes within the various insurance lines comprising it. The Automobile business line penetration during 2018 was 0.92% (2017: 0.94%), Multirisk

Chart 4.1-a
Penetration trend, 2008-2018 (premiums / GDP)



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

Chart 4.1-b
Penetration variation trends, 2008-2018
(index 2008=100; annual change, pp)



Source: MAPFRE Economic Research

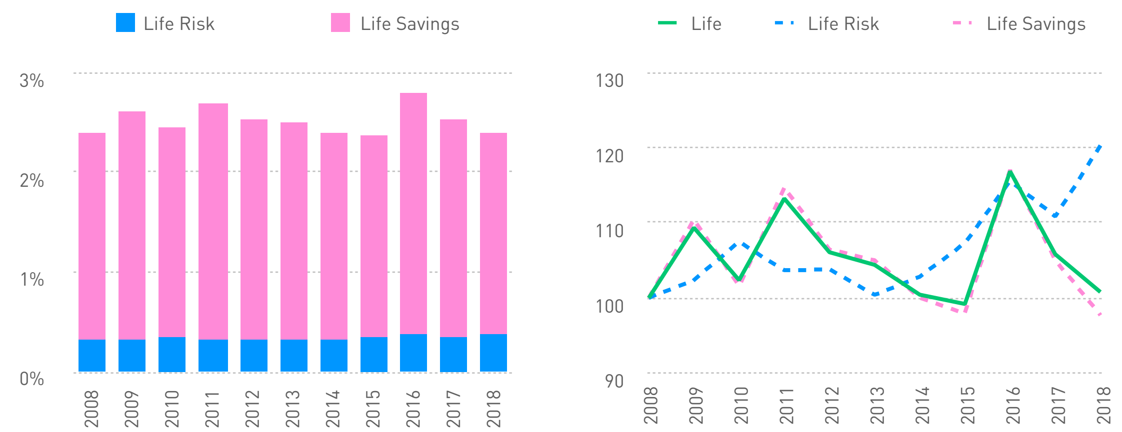
attained 0.60% (the same as the prior year), Health was 0.71% (2017: 0.69%), and the remaining Non-Life insurance line was 0.70% (2017: 0.69%).

2018 data confirm the medium-term mixed penetration trend for the Non-Life insurance segments. Penetration of the Multirisk and Health lines grew 13.3% and 35.1% respectively between and other Non-Life lines had respective drops of 16.4% and 8.0% during this period.

Density

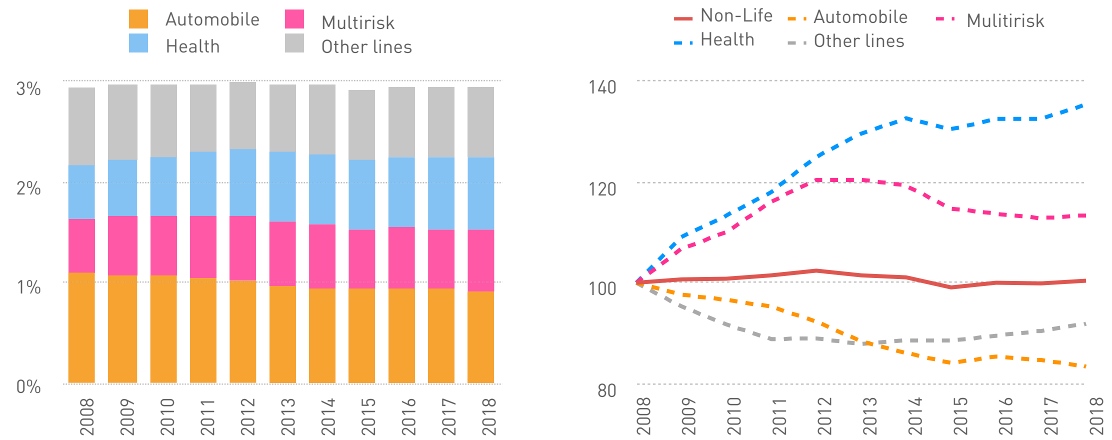
The density of Spanish insurance (premiums per capita) totaled 1,369.5 euros in 2018, or 11.9 higher than in 2017.

Chart 4.1-c
Trends in Life insurance penetration, 2008-2018
(premiums / GDP; index 2008=100)



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

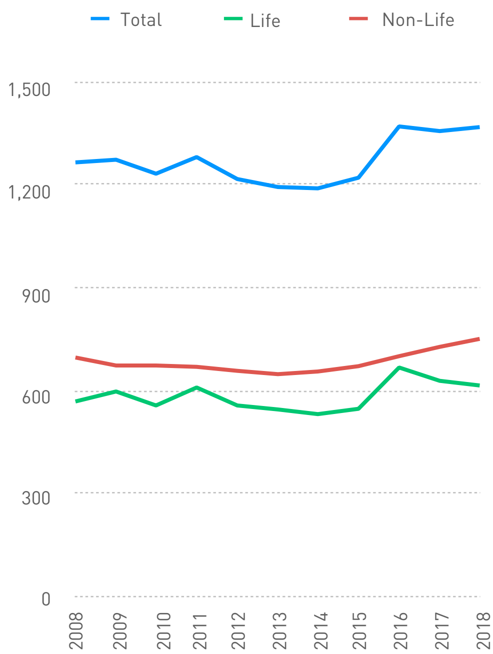
Chart 4.1-d
Trends in Non-Life insurance penetration, 2008-2018
(premiums / GDP; index 2008=100)



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

The above increase can be explained by a combination of the density of the Non-Life segment and a decrease in Non-Life insurance indicators. Density of the Non-Life segment rose from 728.3 to 752.7 euros from 2017 to 2018; the Life segment dropped from 629.4 to 616.8 euros over the same period. While the density of the Life insurance segment once again declined for the second consecutive year, that of the Non-Life segment confirmed the rising trend which started in 2013 (see Chart 4.1-e).

Chart 4.1-e
Trends in density, 2008-2018 (premiums per capita, euros)

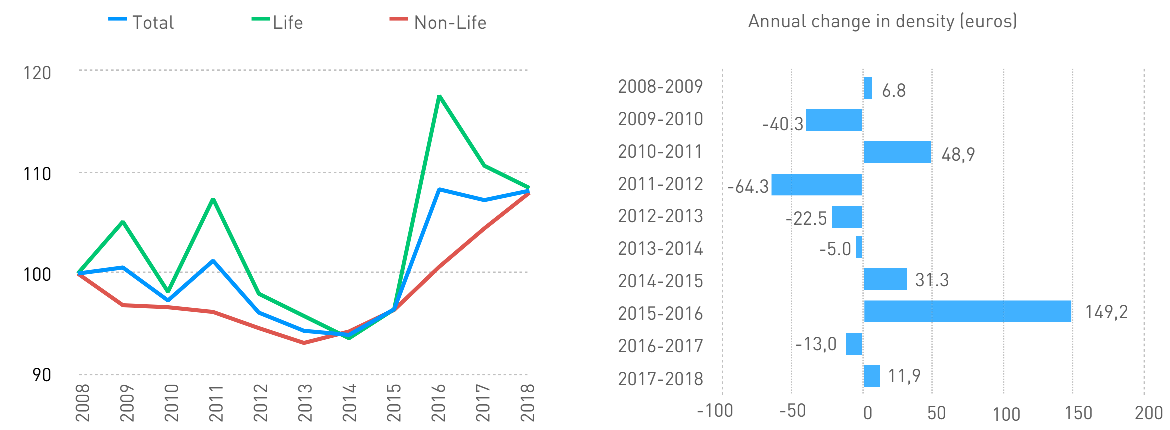


Source: MAPFRE Economic Research (using ICEA and INE data)

A review of the density of the Spanish market in the medium-term (index 2008=100) reveals 8.1% growth over 2008-2018 (a gain from 1,266.5 to 1,369.5 euros); the insurance sector figure for the Life segment was 8.4% (from 569.2 to 616.8 euros), and Non-Life insurance rose by 7.9% (from 697.3 to 752.7 euros) during this same period (see Chart 4.1-f).

Chart 4.1-g offers a more detailed analysis of the density of the Life insurance segment. As is the case for penetration, density for the Life insurance segment is determined by the behavior of Life Savings insurance, with a density of 83.7% of the total (2 pp less than the prior year). The density of Life Savings insurance was 516.4 euros during 2018 (23 euros less than the previous year), with a continuous declining trend which began in 2017 after attaining a historic maximum in 2016. Conversely, Life Risk insurance was 100.4 euros in 2018,

Chart 4.1-f
Density variation trends, 2008-2018 (index 2008=100; euros)



Source: MAPFRE Economic Research

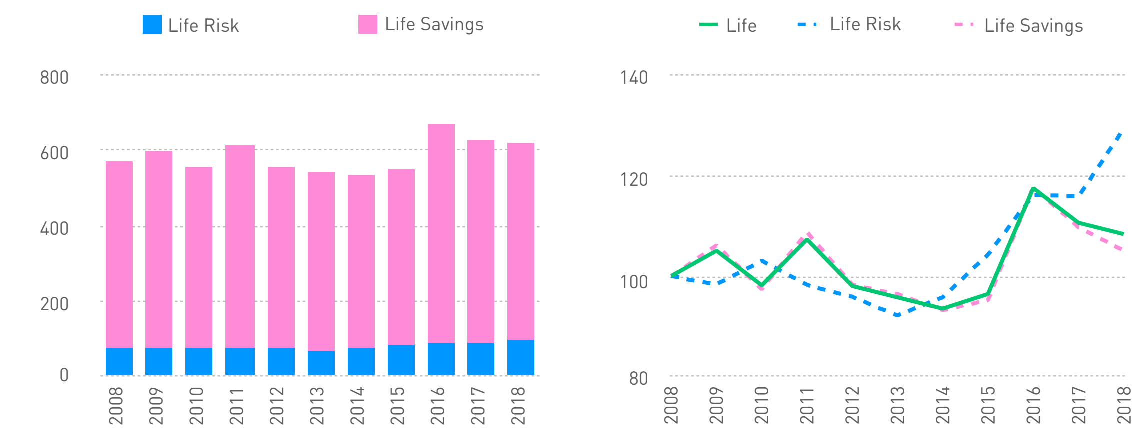
recording an increase of 10.4 euros with respect to the previous year.

From a medium-term standpoint for the period 2008-2018 under review, Chart 4.1-g illustrates a density growth in Life insurance of 8.4% over the period. The Life Savings insurance segment grew 5.1% during this period, while Life Risk insurance rose 29.3%. The above data reflect that medium-terms trends for Life Risk insurance were more dynamic than the Life Savings segment, although the latter is not as relevant within the Spanish Life insurance portfolio.

Density in the Non-Life insurance segment is more equally distributed across the different business lines (see Chart 4.1-h). 2018 data on this market segment's density are as follows: Automobile 31.5%, Health 24.1%, Multirisk 20.5%, with the remaining Non-Life insurance totaling 24%, which are all marginal differences compared to data for the 2017.

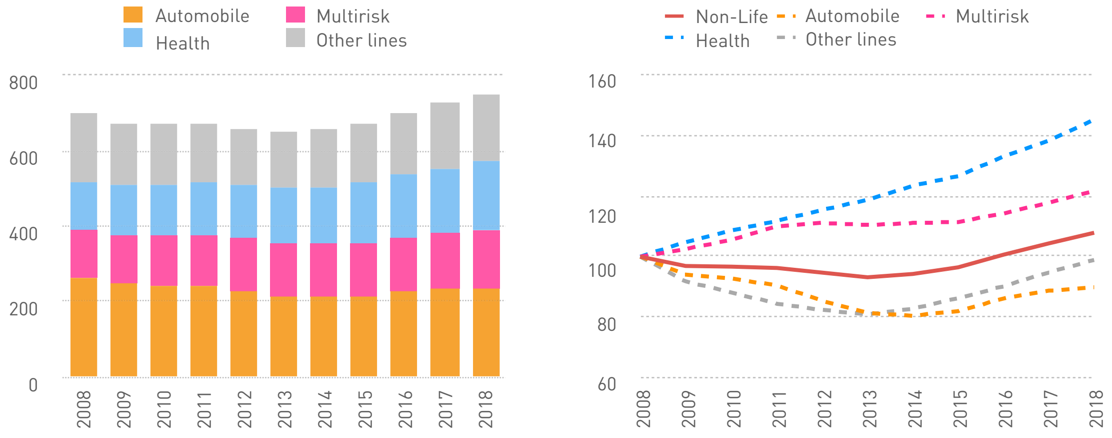
Short-term trends for 2008-2018 include a persistent density spread in each of these segments, which was also reported in previous reports. The Health and Multirisk business lines showed increasing density of 45.3% and 21.9%

Chart 4.1-g
Trends in Life insurance density, 2008-2018
(premiums per capita, euros; index 2008=100)



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

Chart 4.1-h
Trends in Non-Life insurance density, 2008-2018
(premiums per capita, euros; index 2008=100)



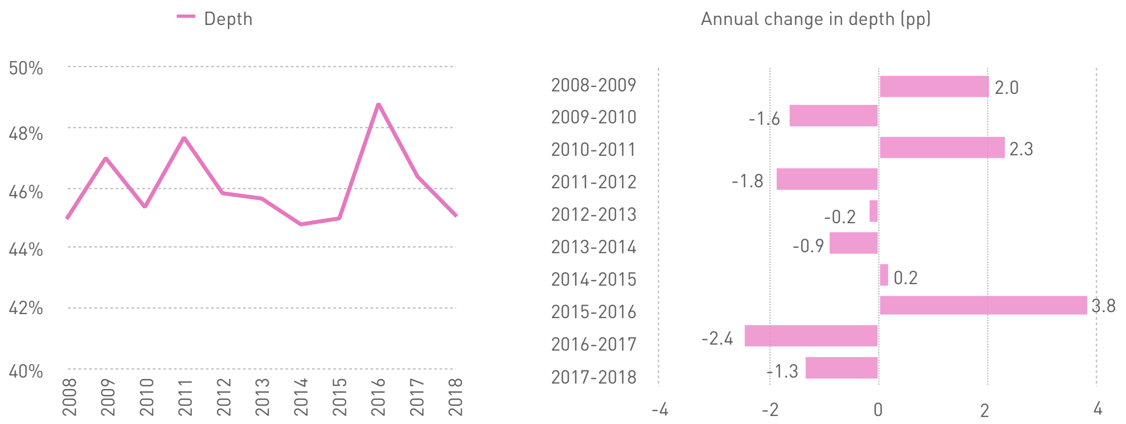
Source: MAPFRE Economic Research (using ICEA and INE data)

respectively (index 2008=100) for the Automobile segment; the other Non-Life business lines had respective density drops of 10.2% and 1.1%. However, as anticipated in last year's report, the recovery of the density of Automobile and other Non-Life insurance business lines dating back to 2015 persisted.

Depth

The percentage of direct Life insurance premiums compared to the total direct premiums of the Spanish insurance market (depth index) is illustrated in Chart 4.1-i. The depth index was 45% in 2018, which is -1.3 pp under the level registered in the previous year. This is the indicator's second consecutive drop (which shrank -2.4 pp between 2016 and 2017), registering market penetration levels nearly identical to those reflected a decade ago. This behavior confirms the relative decline of the Life segment within the market dating back to its maximum historic level in 2016.

Chart 4.1-i
Trends in depth, 2008-2018
(direct Life insurance premiums / total direct premiums,%; annual change, pp)



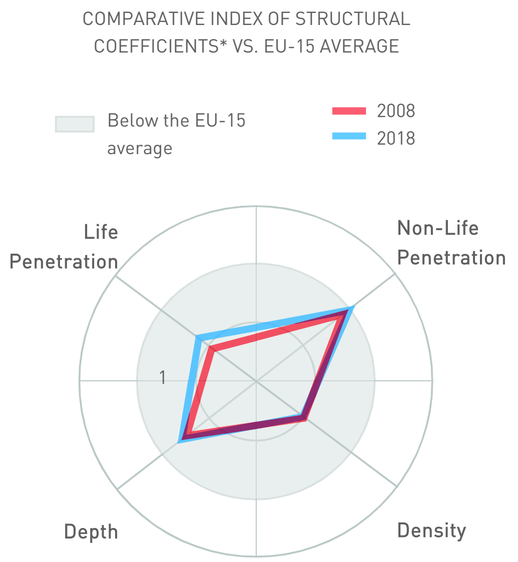
Source: MAPFRE Economic Research

4.2. The Insurance Protection Gap

Market trends

The performance of the Spanish insurance market in 2018 confirmed the slowdown beginning in 2017. It was marked by trends reflected in its density and depth indicators, which both dropped in 2017 and 2018, as well as a relative density plateau. In accordance with last year, certain key structural variables of the Spanish market performed in a manner which indicated that, despite progress registered over the past decade, they continue to languish below the average of these indicators for the top 15 economies in the European Union (see Chart 4.2-a). Market performance in 2018 seems to confirm that 2017 was a watershed moment: it veered off course from the expansion which began in 2014, to return to structural parameters similar to those reflected in 2008 (see Chart 4.2-b).

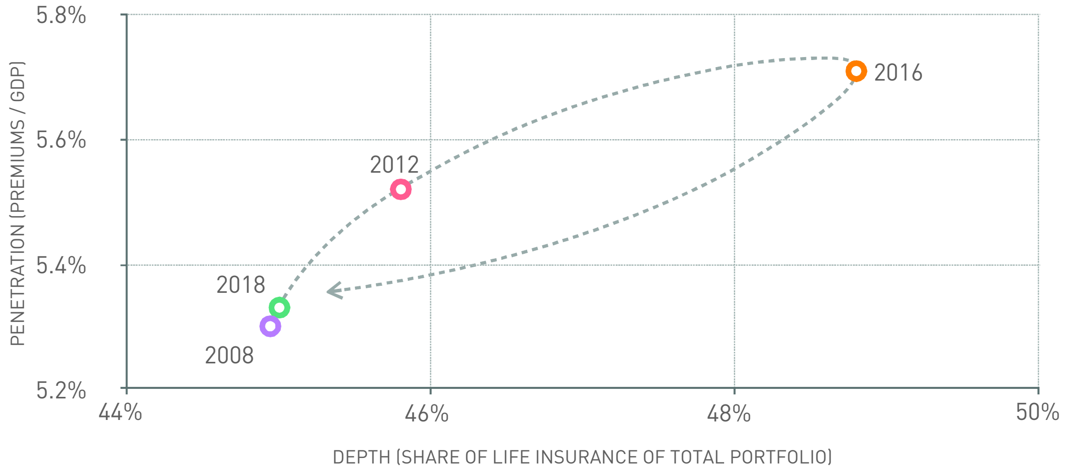
Chart 4.2-a
Spain: structural performance market aspects, 2008 and 2018



Source: MAPFRE Economic Research

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

Chart 4.2-b
Trend in Spanish insurance market, 2008-2018 (penetration vs. depth)



Source: MAPFRE Economic Research

The above behavior confirms the Market Development Index (MDI) trend4. The MDI analysis featured in Chart 4.2-c reflects a change in the development trend of the Spanish insurance market commencing in 2016. Factors behind this behavior include: the deceleration of the Spanish economy, as well as persistent low interest rates which have especially affected the Life insurance business segment.

The Insurance Protection Gap

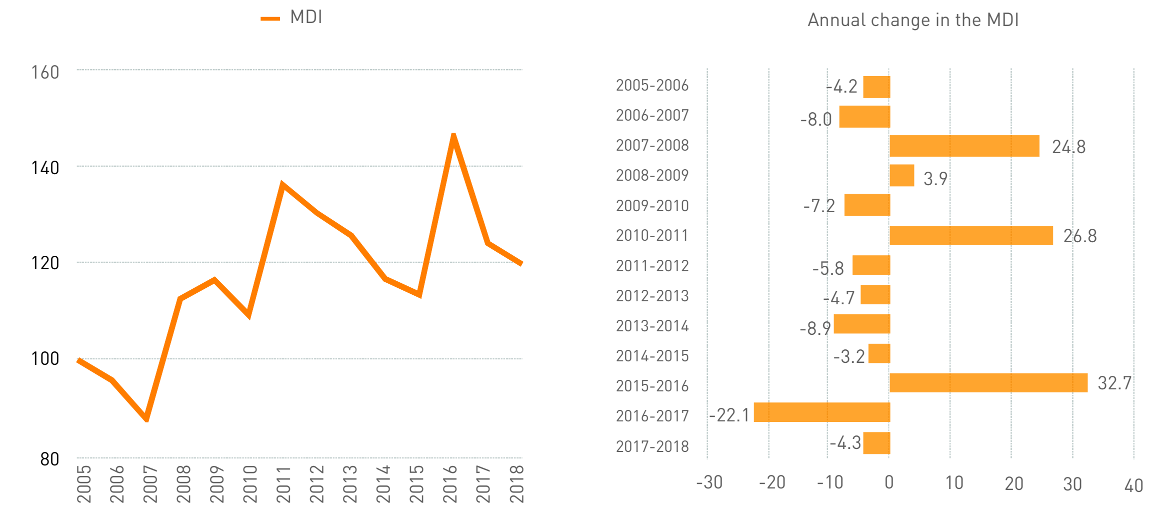
As discussed in previous reports, the Insurance Protection Gap (IPG) reflects a difference between insurance coverage considered economically necessary and beneficial to society, and the amount of coverage acquired. Estimating the IPG helps to determine the potential market for insurance, which is the attainable market size should the gap disappear. Thus, the IPG is not a static concept, but rather, evolves in accordance with the growth of a country's economy, as well as the new risks arising which are inherent to continuing economic and social development.

The IPG is negatively correlated with market growth. From a quantitative perspective, the IPG drops as the penetration index increases; from a qualitative viewpoint, it also tends to decrease as markets gain in sophistication and maturity. Hence, factors such as sustained economic growth, low inflation, an increase in personal disposable income, the general development of the financial system, an efficient regulatory framework, and the application of public policies aimed at increasing financial inclusion and education are factors unleashing a decrease in the IPG[5].

2017 Spanish market IPG calculation

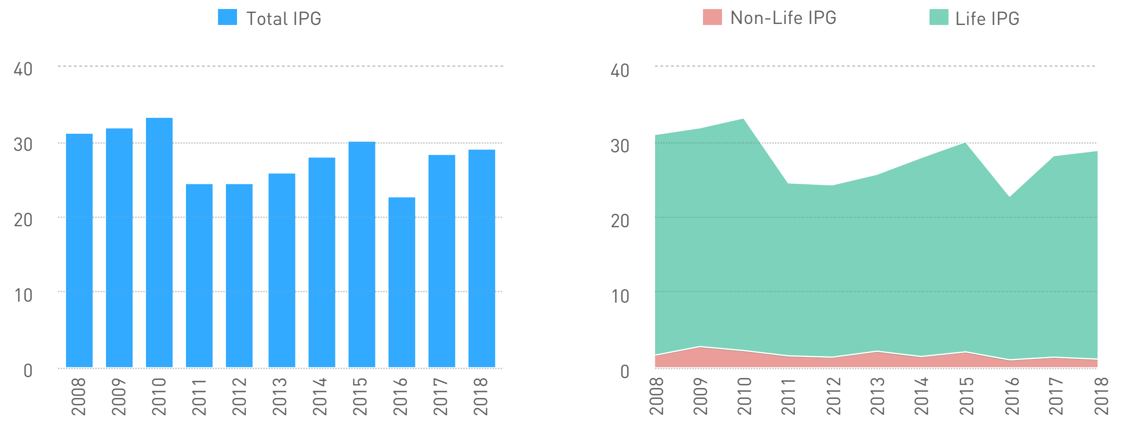
Chart 4.2-d shows an estimate of the IPG for the Spanish market over the period 2008-2018. This past year, the insurance gap totaled 29 billion euros (0.8 billion euros more than the figure for 2017). In structural terms, the IPG continues to demonstrate room for further development in the Life insurance segment. A good reflection of this is the fact that in 2018, 96.1% of the IPG (27.8 billion euros) corresponded to the Life insurance segment (1.1 billion euros higher than 2017), and the IPG for Non-Life insurance (1.1 billion euros) represented the remaining 3.9% (-0.3 billion euros less than the previous year). The growth of the Spanish market's IPG during 2018 can be explained by an increase in the Life insurance gap, which is consistent with the performance of the above-mentioned depth index.

Chart 4.2-c
Market Development Index (MDI) for Spain, 2005-2018
(index 2005=100; annual change)



Source: MAPFRE Economic Research

Chart 4.2-d
Trends in the Insurance Protection Gap, 2008-2018
(billions of euros)



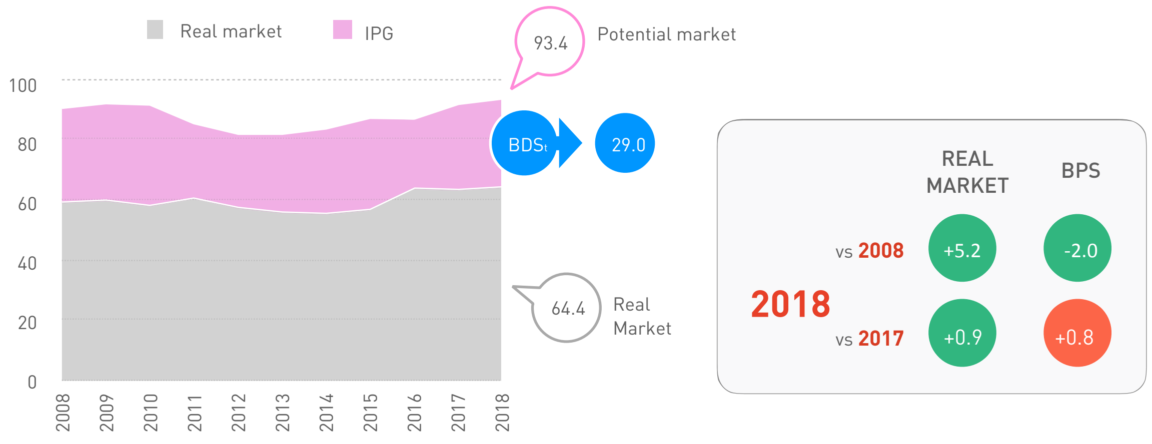
Source: MAPFRE Economic Research

Chart 4.2-e indicates the performance of the Spanish insurance market's potential; in other words, it represents the sum of the real insurance market and the IPG determined for each year. Based on this estimate, the potential market for insurance in Spain in 2018 was 93.4 billion euros, i.e. 45% above the actual premium volume achieved in that year.

IPG as a market multiple

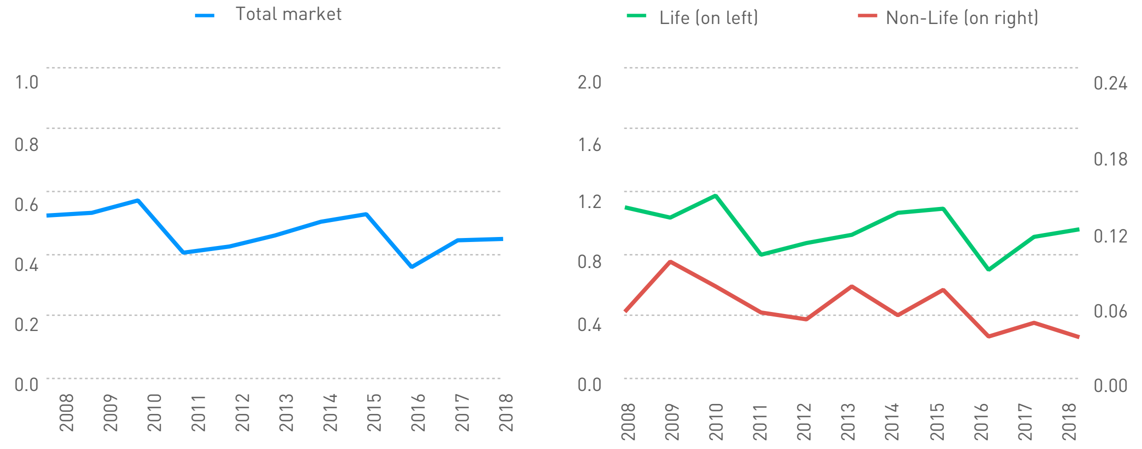
Turning away from 2018 performance, over the past 10 years, the Spanish market's insurance gap (expressed as a multiple of said market) shot downward, which is evident in both its market share overall, and in the Life and Non-Life segments (see Charts 4.2-f and 4.2-g). The

Chart 4.2-e
Insurance Protection Gap and potential market, 2008-2018
(billions of euros)



Source: MAPFRE Economic Research

Chart 4.2-f
IPG performance as real market multiple, 2008-2018
(multiplied by the real insurance market)



Source: MAPFRE Economic Researc

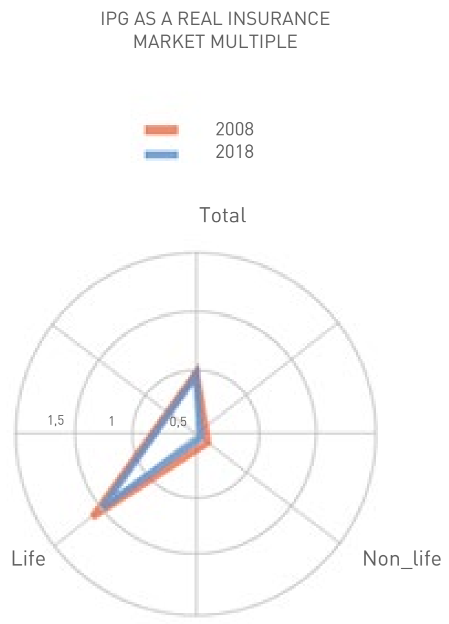
Life insurance segment's IPG during the year represented 96% of the real market (5 pp over 2017); the Non-Life segment's insurance gap was 3.2% of the real market in 2018 (-1.1 pp under 2017).

Chart 4.2-h reflects the new estimate for the Spanish insurance market's capacity to close the insurance gap within the medium-term. As in previous reports, an updated comparative analysis is provided for the growth trends observed in the Spanish market throughout the past decade (2008-2018), indicating the growth rates necessary to close the 2018 IPG during the upcoming 10-year period.

The growth of Spain's insurance market on average was 0.8% (-0.6 pp under the previous figure) for the 2008-2018 period, thanks to an average annual growth of 0.9% in the Life insurance segment (-1.6 pp under the previous figure), while the Non-Life insurance segment's annual average was 0.8% (0.2 pp over 2017). Thus, if the same growth dynamic were to be maintained during the upcoming 10 years, the market as a whole would represent 3 pp under the amount needed to cover the IPG for 2018. In other words, the Spanish insurance market would need an average growth rate of 3.8% over the next decade in order to close the estimated IPG for the past year.

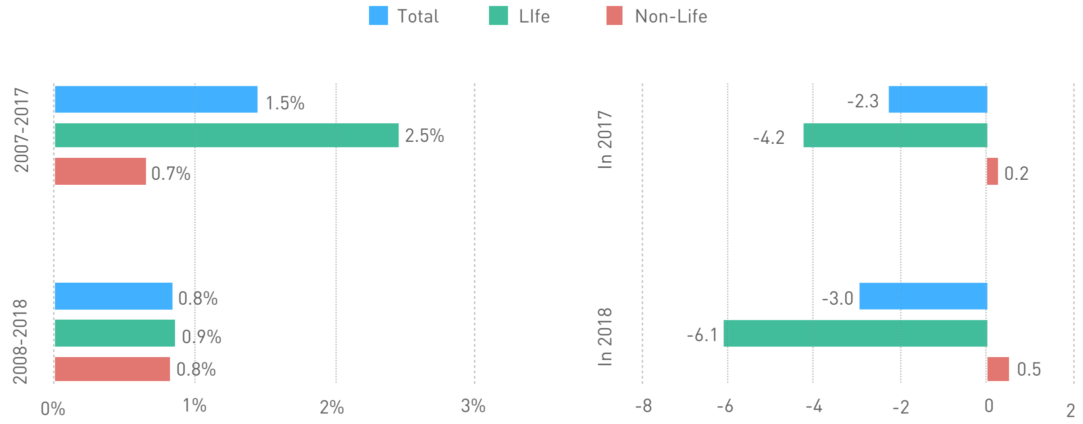
The insurance gap is once again determined by the performance of Life insurance, where the greatest efforts are made to close the IPG. The above percentage is 6.1 pp under requirements for closing the relative gap in the next 10 years: in order to do so during this period, the Life insurance segment must reflect a sustained annual average growth of 7% in the decade to come.

Chart 4.2-g
Spain: Mid-term IPG trends, 2008 and 2018



Source: MAPFRE Economic Research

Chart 4.2-h
Capacity to close the Insurance Protection Gap, 2008-2018
(annual growth rate,%; sufficiency or insufficiency, pp)



Source: MAPFRE Economic Research

The growth insufficiency requirements for closing the IPG rose in 2018 in the Spanish insurance market, thereby confirming the general slowdown mentioned throughout this report. The shortfall for closing the total insurance gap between 2017 and 2018 rose 0.7 pp, while the Life insurance segment jumped 1.9 pp during the period, a reflection of the trend for 2016 and 2017 (see Chart 4.2-g).

5. Capital requirement, own funds and solvency ratio analysis

5.1. 2018 Solvency and Financial Condition Report

Solvency II requirement regulations applicable to insurance companies operating in the European Union establish a system based on three fundamental pillars: Pillar 1 is focused on determining the quantitative aspects which maintain company solvency, Pillar 2 oversees the appropriate company governance/supervision, and Pillar 3 was conceived to pass transparency and reporting requirements on to the market. This regulatory framework intends to create incentives for insurance companies to be able to appropriately manage risks so as to protect policyholder interests, and thereby ensure that the insurance industry contributes to economic and social development, and as a result, to stability of the financial system.

Pillar 3 regulations state that insurance providers must publish annual information on their financial and solvency position, providing consistent, comparable, detailed information on the market disclosed in a *Solvency and Financial Condition Report*, (SFCR). To the extent that the interested economic agents provide information which assists in comprehending each company's implicit risk, these regulations make it possible to gain a better understanding of the risk assessment and management procedure, the sufficiency of technical provisions and own funds, and therefore, the solvency position of a certain company.

During April and the beginning of May 2019, insurance companies operating on the Spanish market published their 2018 Solvency and Financial Condition Report (SFCR), the third in total. Based on published information, the following is an analysis of ratios published for a sample of leading insurance providers operating in the Life segment, those operating in both Life and Non-Life (*Composites*), and those mainly devoted to the Non-Life insurance business line. There is also a comparison of these companies' positions at the end of the previous year[6].

In an effort to boost transparency, Pillar 3 establishes that insurance companies must obligatorily disclose any effects of not applying transitional and adjustment measures (LTG) to their solvency ratios in their SFCRs. The above LTG measures were introduced by the Directive to offset any potential damages to businesses with long-term guarantees arising as a result of Solvency II. The most relevant are:

a) Technical provision transitional measure. The above measure makes it possible to gradually determine the difference between estimated technical provisions under Solvency II parameters vs. those calculated using previous Solvency I regulations within an initial 16-year period, until January 1, 2032 (once three years have passed).

b) Volatility adjustment measure. Thanks to the above adjustment, the discounted interest rate on technical provisions may be revised to offset any effects from occasional volatility in investment portfolio spreads.

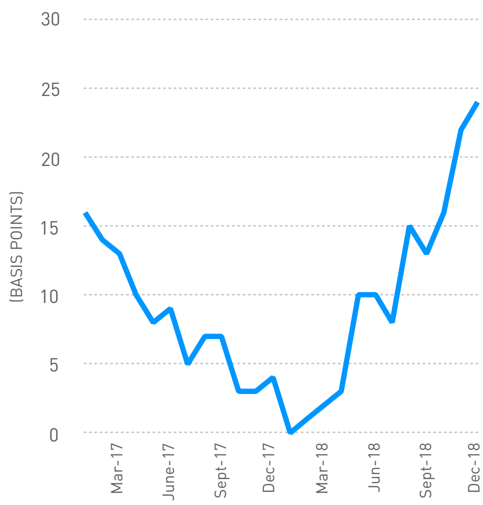
c) Matching adjustment measure between assets and liabilities. When certain requirements are met, this measure makes it possible to adjust the discount curve for technical provisions for companies with held-to maturity investments with durations similar to their liabilities, and hence, not exposed to market spread volatility.

This commitment to transparency is especially relevant for Life and Composite insurance companies (the latter operate in both Life and Non-Life); they offer products with long-term guarantees to which the above-mentioned transitional and adjustment measures are applicable (LTG): The effects of not applying measures designed for products with long-term guarantees to companies chiefly operating in the Non-Life insurance sector are negligible.

Aside from the commentary in this section of the report, a new phenomenon became evident in 2018. As Chart 5.1 indicates (based on EIOPA data), 2018 was noteworthy in that the volatility adjustment calculated for a representative portfolio of Spanish insurance company investments rose considerably with regard to the previous year, due to increasing volatility in financial markets, especially during the second half of the year. The above information indicates that while volatility adjustments were at 4 basis points at year-end 2017, at the end of 2018 they had risen to 24 basis points.

The following analyses reflect how this behavior led to increased volatility adjustments in the matching process applied when calculating technical provisions and solvency capital requirements (SCR) when determining 2018 solvency ratios. This reveals the importance of the adjustment measures introduced with the entry of Solvency II, which perform against cycle when occasional volatility is observed in market assessments; based on their business models, insurance companies are not directly exposed to the above-mentioned fluctuations as they employ good risk-management procedures, generally focusing on held-to-maturity investments.

Chart 5.1
The Spanish market: volatility adjustment trend, 2017-2018



Source: using EIOPA data

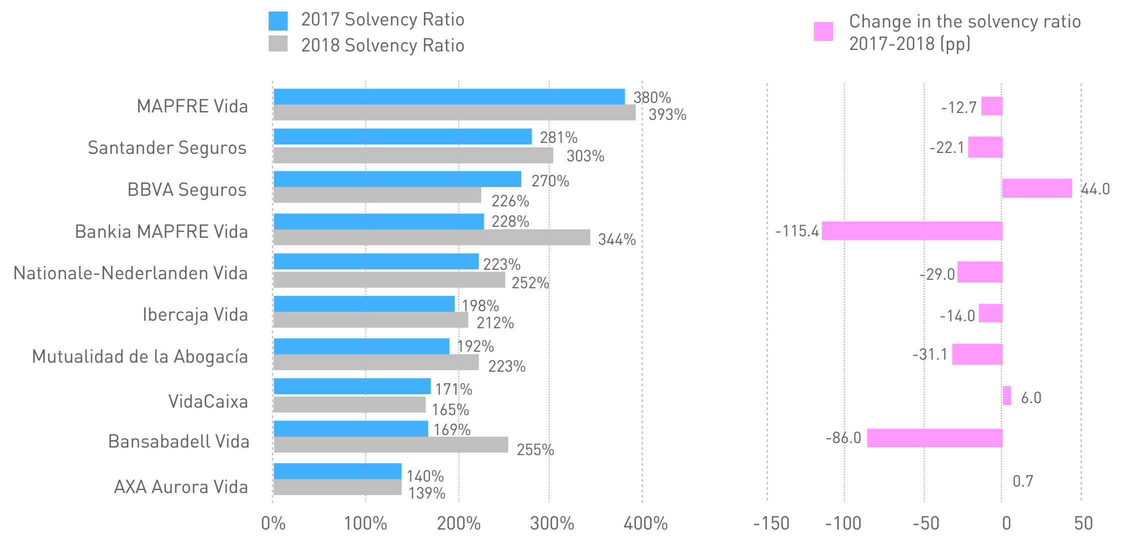
5.2. Solvency ratios

The total aggregate solvency ratio for the selected sample of insurance providers was 238% (2017: 239%). An analysis of own funds reveals that nearly the entirety of eligible own funds were of the highest quality (an aggregate of 99% were Tier 1 of the analyzed sample, which is similar to last year). Charts 5.2-a, 5.2-b, and 5.2-c show the solvency ratios published by all the selected insurance companies operating on the Spanish insurance market broken down into the above-mentioned sub-groups (representing 68.5% of insurance premiums and 74.3% of market technical provisions in 2018), accompanied by comparisons with the previous year.

The aggregate solvency ratio for the insurance companies chiefly operating in the Life business line during 2018 was 221% (2017: 233%), which represents a 12 pp drop vs. the previous year. Chart 5.2-a shows that MAPFRE Vida still boasts the highest solvency ratio in this market segment of 380% (12.7 pp under 2017). Apart from VidaCaixa (+6 pp), BBVA Seguros (+44 pp) and AXA Aurora Vida (+0.7 pp), the remainder of analyzed companies reported decreased solvency ratios when compared to the previous year. Companies with the most notable drop in this indicator were: Bankia-MAPFRE Vida (-115.4 pp), with a 228% ratio during 2018, vs. 344% in 2017, and BanSabadell Vida (-86 pp), with a 169% ratio in 2018 vs. 255% during 2017.

For the sample of companies contemplated in this report operating in the Life and Non-Life insurance sectors (Composites), the total aggregate solvency ratio was 228% (2017: 208%), a 20 pp increase vs. the previous fiscal year. Caser has the highest ratio within this group of companies, at 281% (2017: 285%) (see Chart 5.2-b). YoY variations are as follows: Santalucía (260%), Allianz (198%) and Catalana Occidente (236%) had significant respective increases (+77, +36.9, and +6.7 pp), while

Chart 5.2-a
Life: solvency ratios, 2017-2018



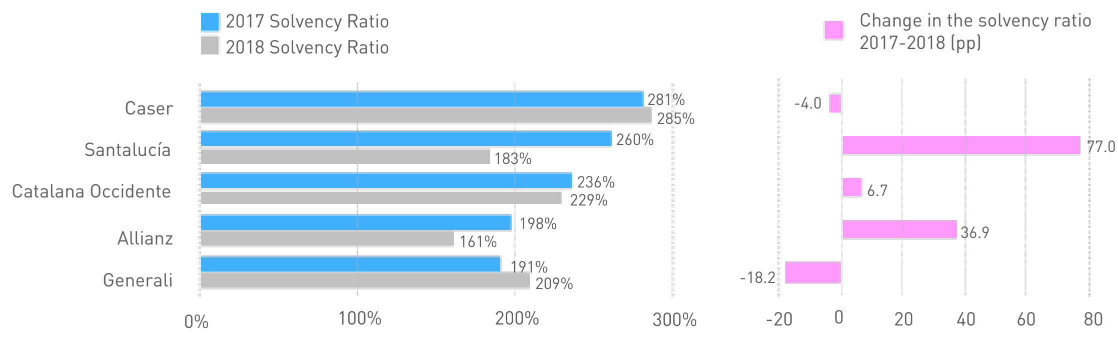
Source: SFCRs published by the indicated companies

Generali (191%) and Caser (281%) decreased vs. the prior year (-18.2 and -4 pp, respectively).

Companies analyzed herein operating solely or fundamentally in the Non-Life insurance sector had a total aggregate solvency ratio of 269% in 2018 (2017: 275%), recording a 6 pp drop when compared to the fiscal year before. Chart 5.2-c reflects irregular performance for this type of company.

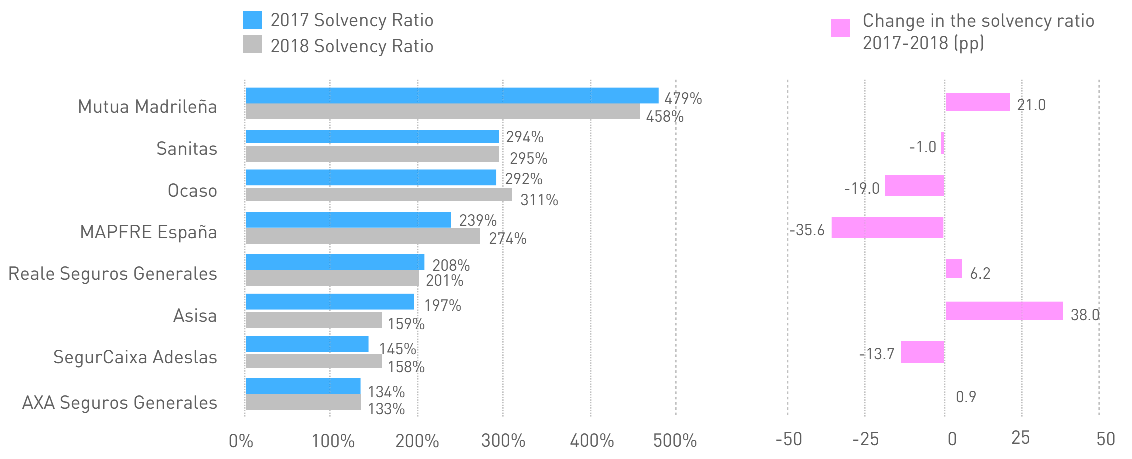
One group of companies increased their solvency margins between 2017 and 2018: Mutua Madrileña, with an indicator of 479% (+21 pp compared to 2017); Asisa, with a ratio of 197% (+38 pp compared to 2017), Reale Seguros Generales, with an indicator of 208% (+6.2 pp compared to 2017), AXA Seguros Generales, with a solvency ratio of 134% (+0.9 pp compared to 2017). The remaining companies included in the sample had reduced solvency margins: MAPFRE España, with a ratio of 239% (-35.6 pp compared to 2017);

Chart 5.2-b
Composites: solvency ratios, 2017-2018



Source: SFCRs published by the indicated companies

Chart 5.2-c
Non-Life: solvency ratios, 2017-2018



Source: SFCRs published by the indicated companies

Ocaso, with an indicator of 292% (-19 pp compared to 2017), and SegurCaixa Adeslas, with a solvency ratio of 145% (-13.7 pp compared to 2017).

5.3. Life: comparative SCR analysis and the effect of transitional and adjustment measures

Table 5.3-a is a breakdown of SCR results and the solvency ratios for each company operating in the Life segment contemplated in this analysis, along with a few other figures provided to facilitate a comparison.

Chart 5.3-a illustrates the individual weight of the measures applied for each company as compared to solvency ratios, as well as any changes in the overall benefit of these measures when compared to the previous year. Growth between 2017 and 2018 arising from the application of transitional and adjustment measures was seen for the majority of the insurance companies included in the sample. The sole exceptions were Santander Seguros and VidaCaixa, for which the margin of profit over solvency ratios dropped 19.2 and 20 pp respectively.

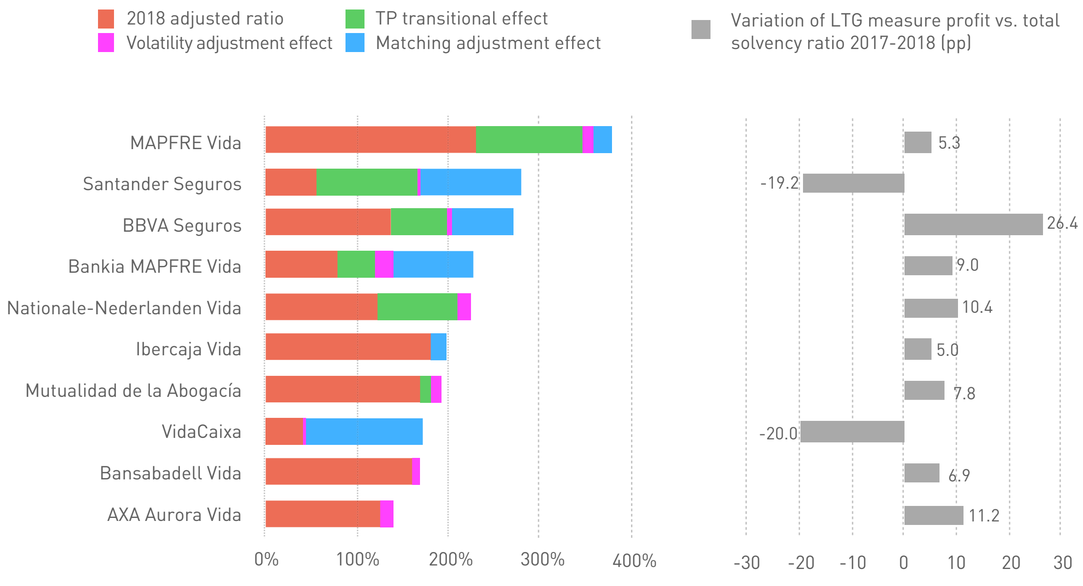
Increased volatility influenced the majority of financial markets during 2018, involving tighter adjustments to technical provisions and SCR valuations arising from the application of volatility and matching adjustments. All the companies included in this analysis presented solvency ratios over the minimum required level; however, this was where adjustments were removed from transitional measures (the only measures which are removed, based on their nature).

Table 5.3-a
Life: SCR result and solvency ratio, 2018
(thousands of euros)

Company	Technical provisions (TP)	Premiums*	Eligible own funds	SCR required	Solvency ratio	SCR over TP	Eligible own funds over assets	SCR over premiums
VidaCaixa	56,281,730	8,031,098	2,986,332	1,744,646	171%	3%	3%	22%
Santander Seguros	15,243,762	1,976,758	2,006,174	714,231	281%	5%	3%	36%
BBVA Seguros	13,203,958	1,250,398	1,638,901	606,117	270%	5%	3%	49%
MAPFRE Vida	11,687,047	1,523,205	2,267,691	596,388	380%	5%	4%	39%
BanSabadell Vida	8,939,871	2,419,590	529,518	314,193	169%	4%	3%	13%
Ibercaja Vida	7,361,324	1,324,945	557,207	281,506	198%	4%	4%	21%
Mutualidad de la Abogacía	7,044,477	621,471	1,276,604	664,959	192%	9%	8%	107%
Bankia MAPFRE Vida	6,542,774	496,898	449,511	196,931	228%	3%	2%	40%
AXA Aurora Vida	6,445,424	671,392	683,600	488,072	140%	8%	6%	73%
Nationale-Nederlanden Vida	3,501,201	501,636	403,519	181,069	223%	5%	4%	36%

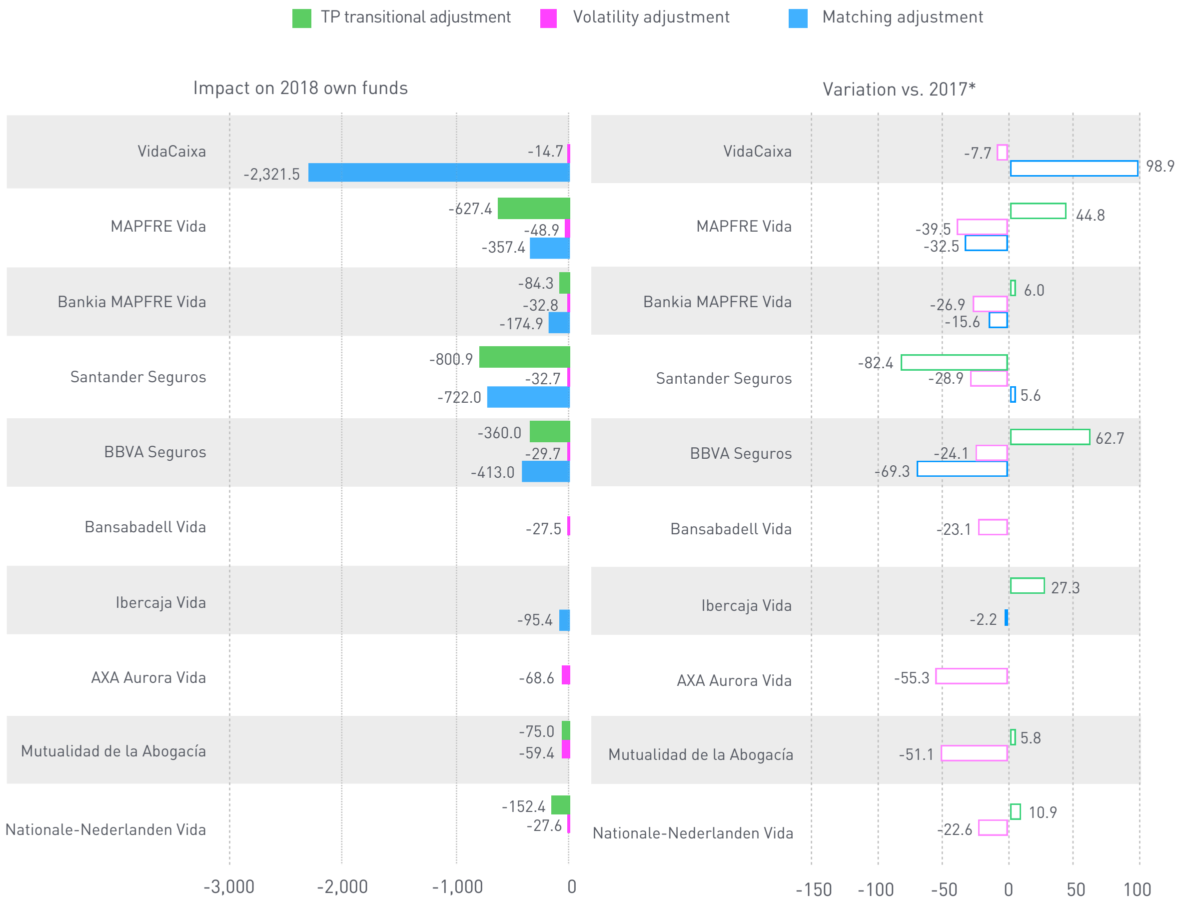
Source: SFCRs published by the indicated companies
* Taken from figures on premiums, loss ratio and expenses.

Chart 5.3-a
Life: weight of LTG measures with regard to 2018 solvency ratios and change vs. 2017



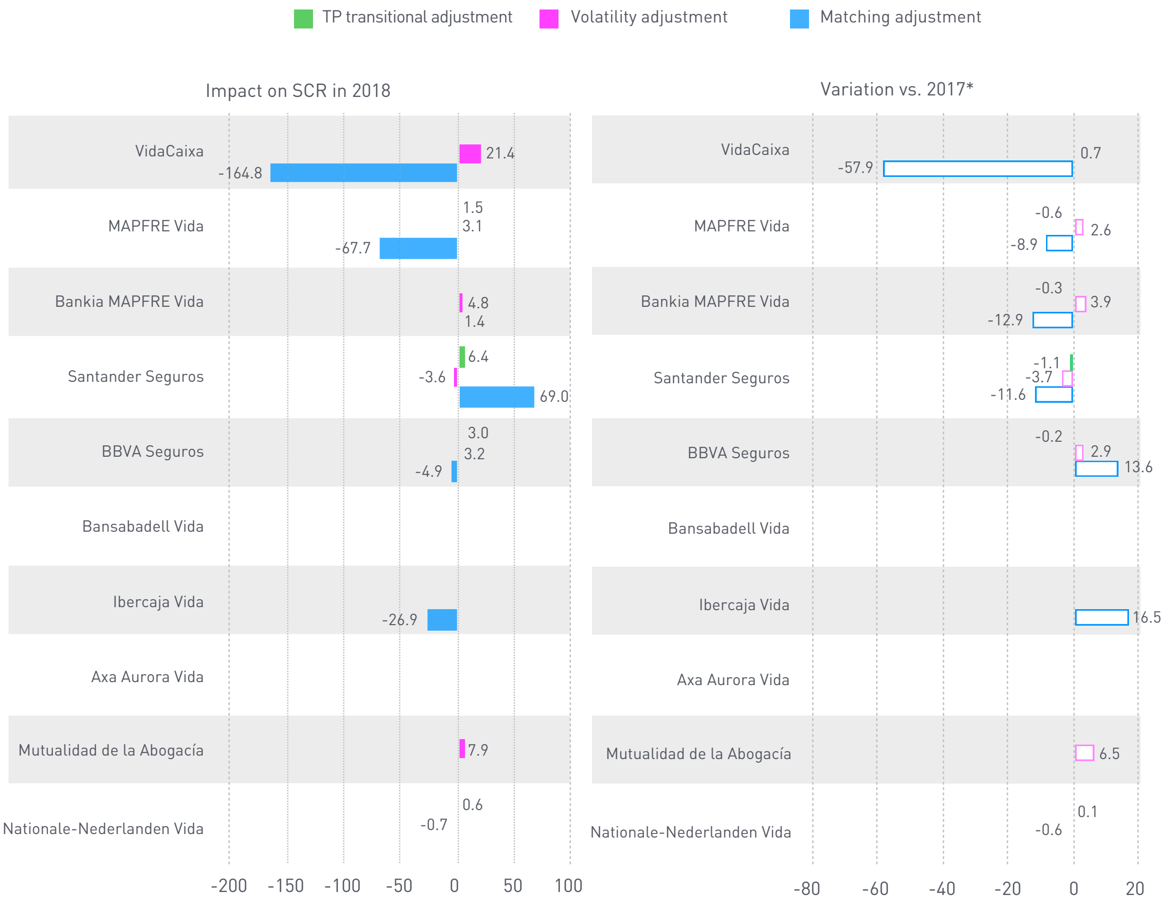
Source: SFCRs published by the indicated companies

Chart 5.3-b
Life: weight of transitional and adjustment measures with regard to own funds, 2018
(millions of euros)



Source: SFCRs published by the indicated companies
* Negative variation indicates increase in impact of adjustment.

Chart 5.3-c
Life: weight of transitional and adjustment measures in SCR, 2018
(millions of euros)



Source: SFCRs published by the indicated companies
* Negative variation indicates increase in impact of adjustment.

Table 5.3-b
Life: weight of own funds from application of Directive measures for long-term products, 2018
(thousands of euros)

Company	Eligible own funds*	Impact on own funds of the TP transitional adjustment	Impact on own funds of the volatility adjustment	Impact on own funds of the matching adjustment
VidaCaixa	2,986,332	-	-14,717	-2,321,464
Santander Seguros	2,006,174	-800,938	-32,699	-722,004
BBVA Seguros	1,638,901	-359,974	-29,742	-412,991
MAPFRE Vida	2,267,691	-627,417	-48,946	-357,371
Bansabadell Vida	529,518	-	-27,527	-
Ibercaja Vida	557,207	-	-	-95,360
Mutualidad de la Abogacía	1,276,604	-74,985	-59,384	-
Bankia-MAPFRE Vida	449,511	-84,295	-32,778	-174,858
Axa Aurora Vida	683,600	-	-68,575	-
Nationale-Nederlanden Vida	403,519	-152,438	-27,595	-

Source: SFCRs published by the indicated companies
* This Table contemplates the effects on "Eligible own funds" reported by each company in the report.

Table 5.3-c
Life: weight of the SCR when applying Directive measures for long-term products, 2018
(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	1,744,646	-	21,382	-164,840
Santander Seguros	714,231	6,432	-3,573	69,014
BBVA Seguros	606,117	2,987	3,237	-4,878
MAPFRE Vida	596,388	1,474	3,139	-67,671
Bansabadell Vida	314,193	-	-	-
Ibercaja Vida	281,506	-	-	-26,948
Mutualidad de la Abogacía	664,959	-	7,892	-
Bankia-MAPFRE Vida	196,931	-	4,778	1,418
Axa Aurora Vida	488,072	-	-	-
Nationale-Nederlanden Vida	181,069	560	-672	-

Source: SFCRs published by the indicated companies

Table 5.4-a
Composites: SCR result and solvency ratio, 2018
(thousands of euros)

Company	Technical provisions (TP)	Premiums*	Eligible own funds	SCR required	Solvency ratio	SCR over	TPSCR over premiums	Eligible own funds over assets
Allianz	8,141,803	3,244,611	1,602,260	810,752	198%	10%	25%	8%
Generali	6,952,898	2,298,902	1,705,239	893,018	191%	13%	39%	9%
Caser	4,240,273	968,376	1,629,189	579,043	281%	14%	60%	9%
Catalana Occidente	3,749,292	1,120,935	1,637,511	694,303	236%	19%	62%	11%
Santalucía	3,481,745	1,385,090	1,764,542	677,428	260%	19%	49%	11%

Source: SFCRs published by the indicated companies
* Data from figures on premiums, claims, and expenses.

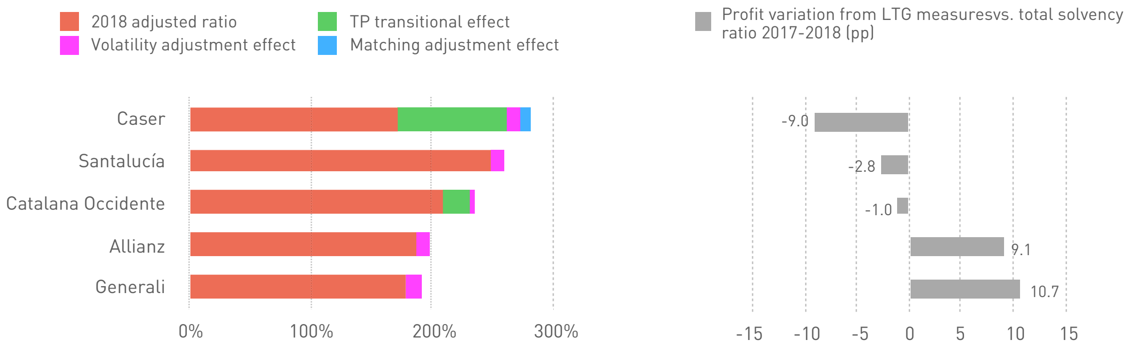
Intended as complementary information, insurance firms operating in the Life segment have published separate disclosures on the potential impact on own funds and the SCR, as they are not entitled to apply the transitional and adjustment measures that incorporate the Solvency II Directive for insurance products with long-term guarantees (See Charts 5.3-b and 5.3-c and Tables 5.3-b and 5.3-c).

5.4. Composites: Comparative analysis of SCR and the effect of transitional and adjustment measures

Table 5.4-a shows the results of SCR as well as the solvency ratios for each of the companies operating jointly in the Life and Non-Life (Composites) segment and contemplated in this analysis, along with certain figures included to foster their comparison. Chart 5.4-a illustrates the weight of the measures applied for each company compared to solvency ratios, as well as any changes int the overall benefit of these measures when compared to the previous year.

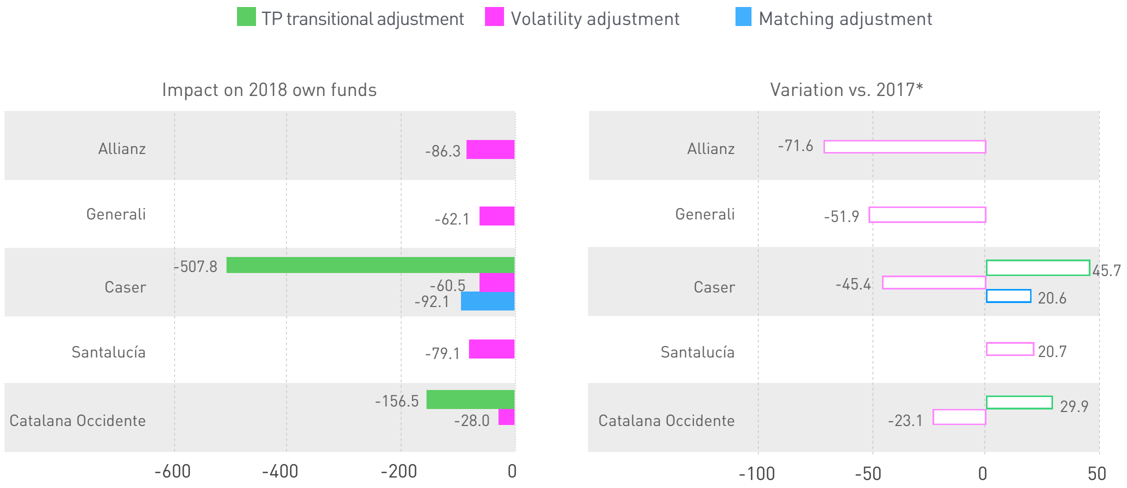
Charts 5.4-b and 5.4-c, and Tables 5.4-b and 5.4-c, include complementary data summarizing a comparative analysis of the potential impact on own funds and SCR of not being entitled to apply transitional and adjustment measures the incorporate the

Chart 5.4-a
Composites: weight of LTG measures with regard to 2018 solvency ratios and change vs. 2017



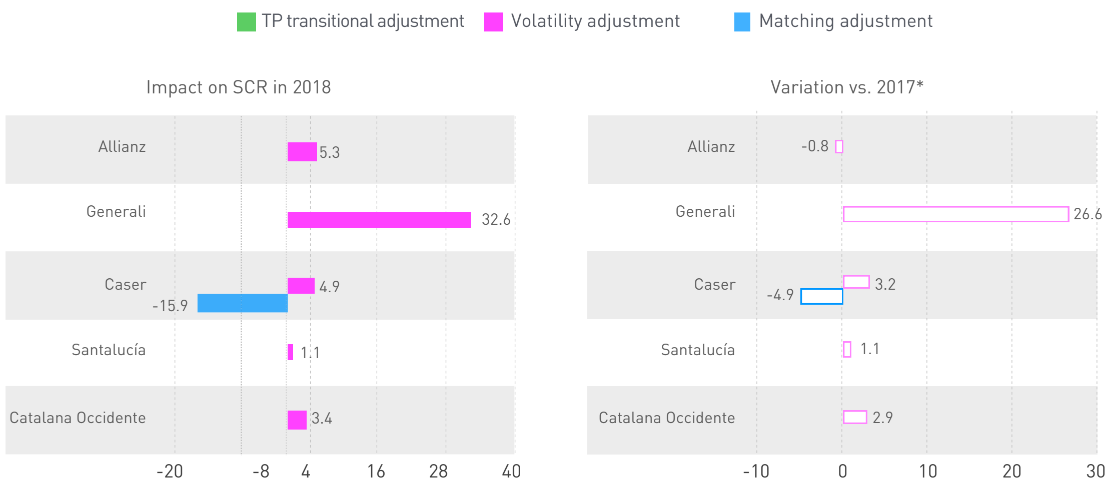
SOURCE:

Chart 5.4-b
Composites: weight of transitional and adjustment measures with regard to own funds, 2018
(millions of euros)



Source: SFCRs published by the indicated companies
* Negative variation indicates increase in impact of adjustment.

Chart 5.4-c
Composites: weight of transitional and adjustment measures in SCR, 2018
(millions of euros)



Source: SFCRs published by the indicated companies
* Negative variation indicates increase in impact of adjustment.

Table 5.4-b
Composites: weight of own funds when applying Directive measures for long-term products, 2018
(thousands of euros)

Company	Eligible own funds*	Impact of the TP transitional adjustment on own funds	Impact of the volatility adjustment on own funds	Impact of the matching adjustment on own funds
Allianz	1,602,260	-	-86,256	-
Generali	1,705,239	-	-62,128	-
Caser	1,629,189	-507,810	-60,529	-92,069
Santalucía	1,764,542	-	-79,081	-
Catalana Occidente	1,637,511	-156,503	-28,024	-

Source: SFCRs published by the indicated companies
* For the effects shown in this Table we have used the effects on the "Eligible own funds" indicated for each company in its report.

Solvency II Directive for insurance products with long-term guarantees offered by insurance companies in this segment.

5.5. Non-Life: comparative SCR analysis

Companies analyzed in this report operating solely or fundamentally in the Non-Life insurance sector are listed on Table 5.5 along with SCR results and solvency ratios in 2018. This information is combined with other figures to foster a better understanding. The analysis of the change in solvency ratio between 2017 and 2018 for the insurance companies contemplated for this segment of the Spanish market is represented in point 5.2 of this report (see Chart 5.2-c).

As mentioned previously, any effects from not being allowed to adopt measures for products with long-term guarantees (LTG) were not included as they are negligible; these measures are deemed efficient for the companies operating in the Life business line, or in Composite scenarios with significant components of this businesses type.

Table 5.4-c
Composites: weight of the SCR when applying Directive measures for long-term products, 2018
(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	810,752	-	5,282	-
Generali	893,018	-	32,632	-
Caser	579,043	-	4,880	-15,931
Santalucía	677,428	-	1,117	-
Catalana Occidente	694,303	-	3,361	-

Source: SFCRs published by the indicated companies

Table 5.5
Non-Life: SCR result and solvency ratio, 2018
(thousands of euros)

Company	Premiums*	Technical provisions (TP)	Eligible own funds	SCR required	Solvency ratio	SCR over premiums	Eligible own funds over assets	SCR over TP
MAPFRE España	4,947,779	4,245,569	2,950,476	1,235,697	239%	25%	14%	29%
SegurCaixa Adelas	3,733,136	1,324,397	745,061	514,741	145%	14%	17%	39%
Axa Seguros Generales	1,669,037	1,387,293	853,430	636,478	134%	38%	20%	46%
Mutua Madrileña	1,499,185	2,289,525	4,677,420	975,491	479%	65%	13%	43%
Sanitas	1,347,699	37,382	425,442	144,710	294%	11%	22%	387%
Asisa	1,171,109	214,660	449,568	227,760	197%	19%	30%	106%
Ocaso	1,004,252	2,047,236	1,189,517	407,876	292%	41%	12%	20%
Reale Seguros Generales	869,058	676,673	451,123	217,393	208%	25%	16%	32%

Source: SFCRs published by the indicated companies
* Data from figures for premiums, loss ratio and expenses.

5.6. Relative weight of different SCR risk modules and other relevant indicators

The relevant weight of each of the risk modules comprising the SCR (market, credit, underwriting and operational risk) during 2018 for all the insurance companies contemplated in this report is reflected in Table 5.6. Likewise, this information also shows the positive effect of diversification in each case, as well as a beneficial impact thanks to the loss-absorbing capacity (LAC) affecting deferred taxes, and technical provisions for products with profit-sharing arrangements (LAC TP).

Companies included in this analysis employ the standard formula when calculating their solvency capital requirements for all modules, with the following exceptions: VidaCaixa applies a partial internal model for longevity and mortality risks[7]; BBVA Seguros features a partial internal model for longevity risk, while SegurCaixa Adeslas and Sanitas calculate the underwriting risk for premiums covering medical expenses using specific parameters.

The relevant weight of each of the risk modules comprising the SCR (market, credit, underwriting and operational risk) within the group of insurance companies analyzed in this report is broken down by Life, Composite and Non-Life segments and detailed in Charts 5.6-a, 5.6-b, 5.6-c and 5.6-d. They also show the positive effect of diversification for each, as well as the positive impact of loss-absorbing capacity (LAC) on deferred taxes and technical provisions for products involving profit-sharing schemes. Any changes vs. 2017 in the relative weight of each module are reflected at the top of each Chart.

The Life segment rose in terms of the relative weight of underwriting risk in 2018 (+5.7 pp) when compared to the previous year, and there was a decrease in the weight of market risk (-3.7 pp) (Chart 5.6-a). There is also an evident increase in diversification benefits across the board (+1.4 pp), and a loss-absorbing capacity for deferred taxes and technical provisions for products involved in profit sharing (+2.1 pp).

Table 5.6
Relative weight of risk modules, diversification and loss-absorbing capacity, 2018

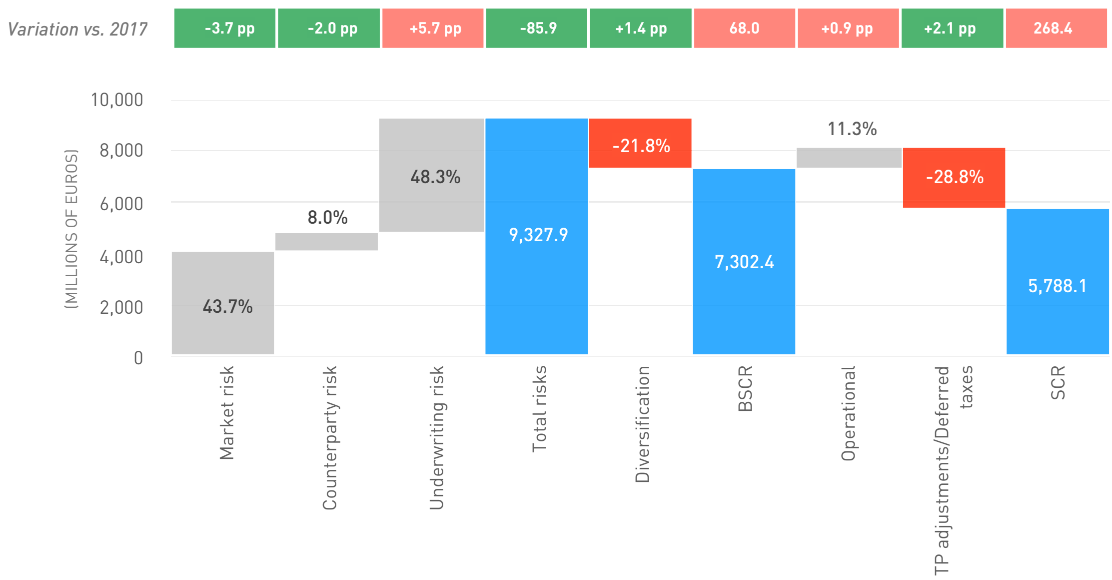
Company	Market	Credit	Underwriting	Diversification	Operational	LAC (Fiscal)	LAC (TP)
Vida Caixa	26%	6%	68%	-19%	15%	-30%	0%
MAPFRE Vida	53%	5%	42%	-24%	6%	-25%	-14%
Bankia MAPFRE Vida	45%	5%	49%	-25%	20%	-25%	-1%
Santander Seguros	56%	12%	32%	-22%	12%	-23%	0%
BBVA Seguros	25%	14%	61%	-27%	10%	-30%	0%
Bansabadell Vida	67%	8%	25%	-20%	29%	-5%	-19%
Ibercaja Vida	44%	19%	37%	-26%	16%	-30%	0%
Axa Aurora Vida	45%	2%	53%	-22%	5%	-22%	-3%
Mutualidad de la Abogacía	72%	6%	22%	-18%	3%	-25%	-8%
Nationale-Nederlander Vida	47%	11%	42%	-25%	7%	-24%	0%
Allianz	40%	5%	54%	-33%	9%	-25%	-3%
Generali España	40%	5%	54%	-33%	7%	-17%	-3%
Caser	46%	11%	43%	-29%	7%	-13%	0%
Santalucía	63%	4%	33%	-24%	6%	-25%	-1%
Catalana Occidente	59%	3%	39%	-26%	4%	-25%	0%
MAPFRE España	32%	10%	58%	-28%	10%	-25%	0%
AXA Generales	47%	7%	46%	-26%	7%	-21%	0%
Segur Caixa Adeslas	29%	7%	63%	-37%	20%	-24%	0%
Mutua Madrileña	72%	4%	24%	-17%	4%	-20%	0%
Sanitas	24%	7%	70%	-19%	30%	-16%	0%
Asisa	34%	5%	62%	-22%	13%	-25%	0%
Ocaso	41%	3%	56%	-33%	7%	-19%	-0%
Reale Seguros Generales	33%	5%	62%	-23%	10%	-24%	0%

Source: SFCRs published by the indicated companies

Companies within the Composite segment (Chart 5.6-b) reaped the benefits of deferred tax adjustments and loss-absorbing capacity (1.1 pp) in 2018 when compared to 2017, as well as a slight increase within the underwriting risk module (+0.2 pp). Insurance companies chiefly competing in Non-Life insurance (Chart 6-c) experienced a rise in the relative weight of underwriting and operational risk (+3 pp and 0.8 pp, respectively), as well as improved profits thanks to deferred tax adjustments (+1.8 pp), with a drop in the relevance of the market risk module (-2.4 pp) and diversification benefits (-1.4 pp).

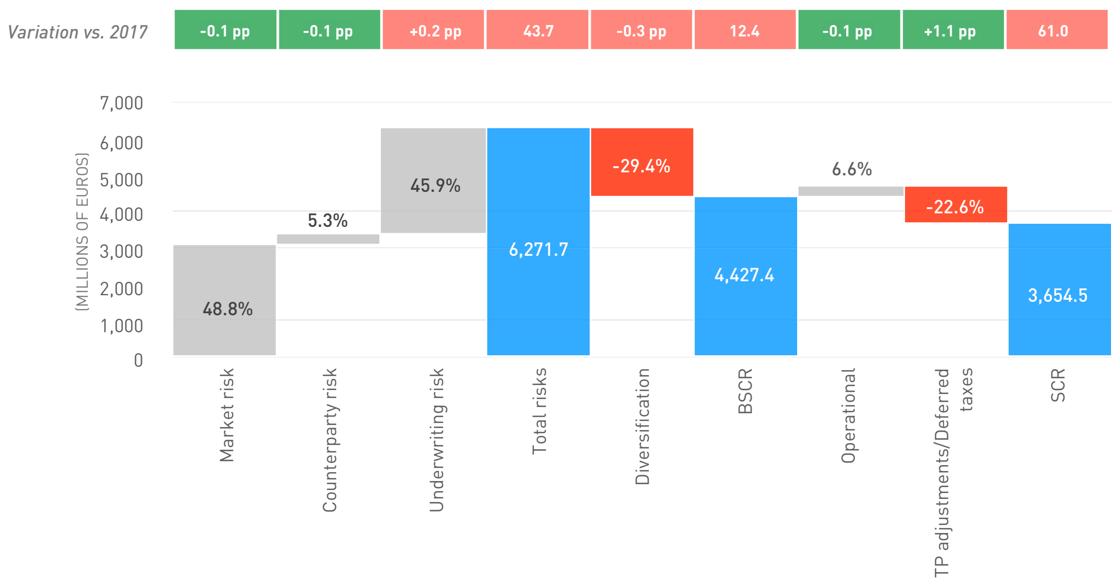
A decrease in the weight of market risk (-2.3 pp) and rise in underwriting risk (+3.4 pp) were seen from 2017 to 2018 for the market overall (Chart 5.6-d). During this period, any benefits arising from diversification hardly changed (+0.1 pp), with a slight improvement noted in the loss-absorbing capacity of deferred taxes and technical provisions (+1.7 pp).

Chart 5.6-a
Life: relative weight of the different
SCR components for the sample under analysis, 2018



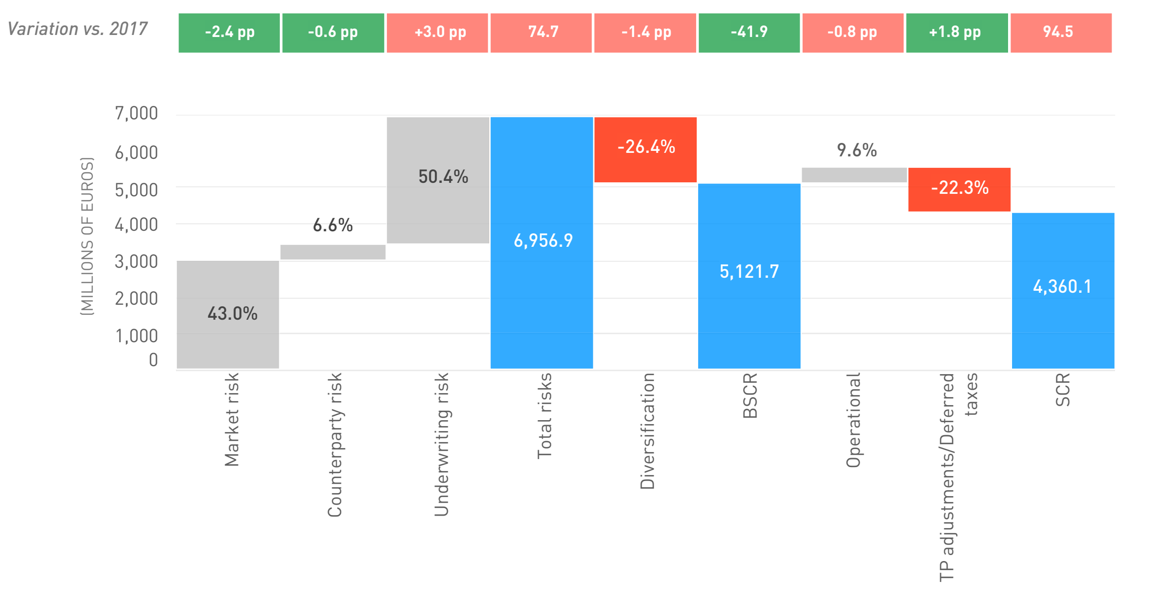
Source: SFCRs published by the indicated companies

Chart 5.6-b
Composites: relative weight of the different
SCR components for the sample under analysis, 2018



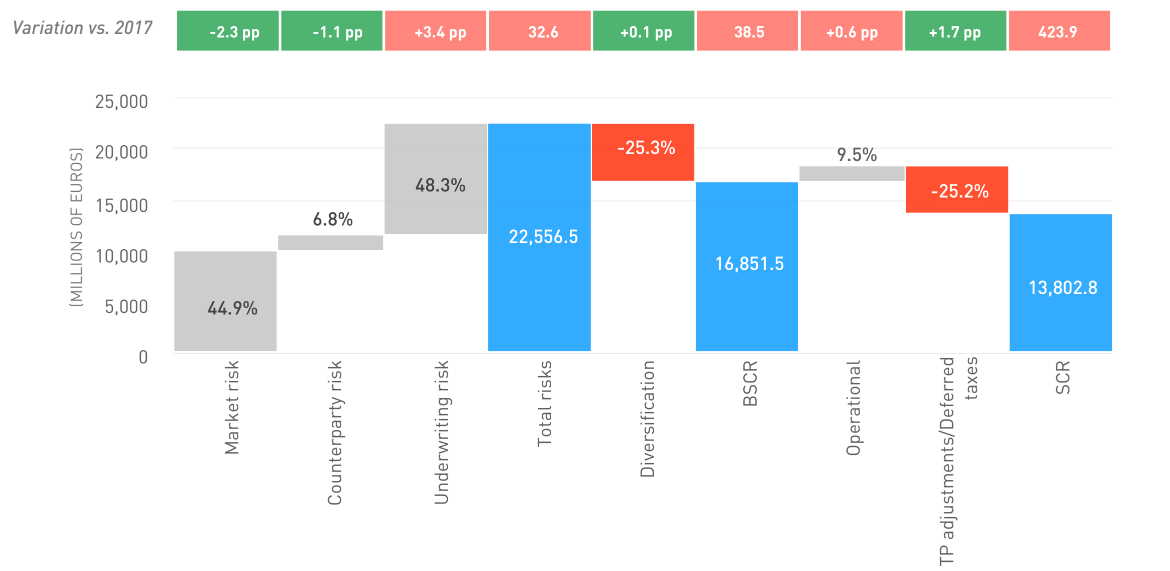
Source: SFCRs published by the indicated companies

Chart 5.6-c
Non-Life: relative weight of the different SCR components for the sample under analysis, 2018



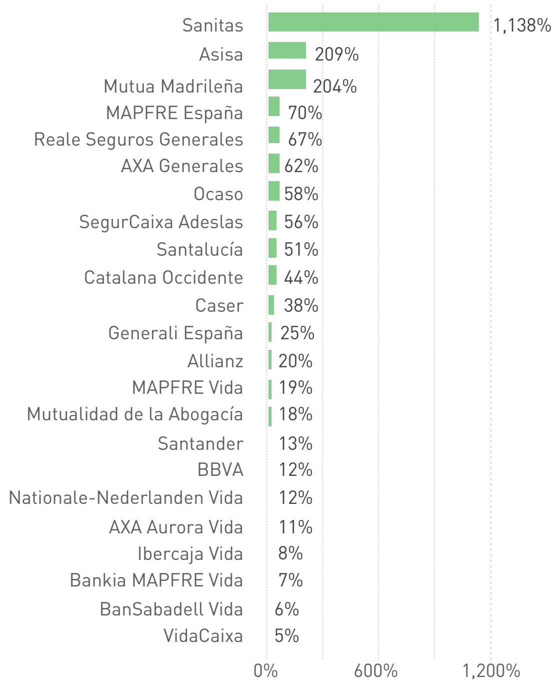
Source: SFCRs published by the indicated companies

Chart 5.6-d
Total market: relative weight of the different SCR components for the sample under analysis, 2018



Source: SFCRs published by the indicated companies

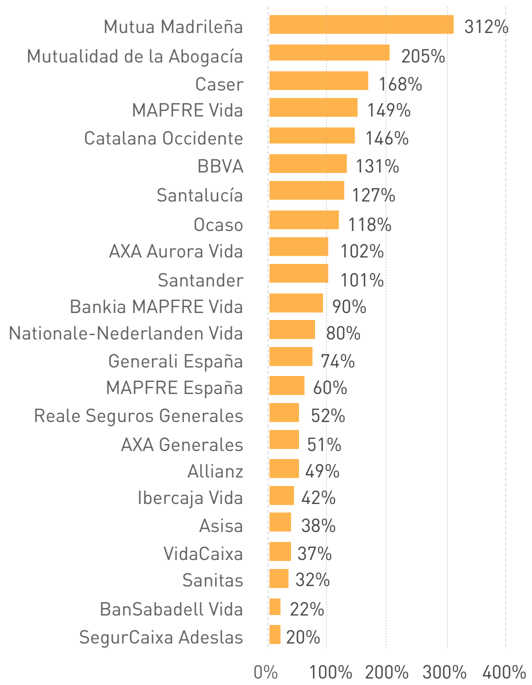
Chart 5.6-e
Relative weight of own funds vs. technical provisions, 2018



Source: SFCRs published by the indicated companies

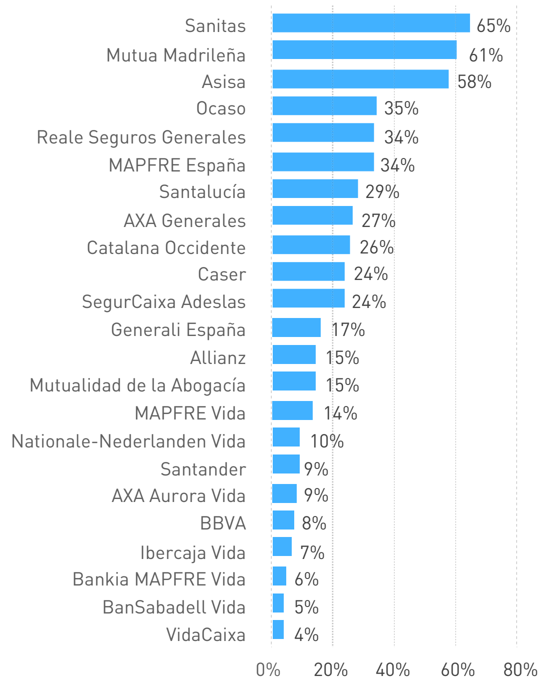
Following is a comparison of the relative weight of the eligible own funds for insurance companies considered, based on certain representative figures on size and total volume of assets, technical provisions and premiums (see Charts 5.6-e, 5.6-f , and 5.6-g).

Chart 5.6-f
Relative weight of own funds vs. premiums, 2018



Source: SFCRs published by the indicated companies

Chart 5.6-g
Relative weight of own funds vs. assets, 2018



Source: SFCRs published by the indicated companies

6. Regulatory outlook

6.1. Global trends

IAIS global capital standard

During 2018, *the International Association of Insurance Supervisors*, IAIS, moved a step further in its International Capital Standard (ICS) for insurance groups with international presence (ICS version 2.0), with the third field test related to this standard coming to an end. During April of last year, the IAIS launched a new, more updated field analysis prior to its adoption to evaluate different options and matters still under discussion, including asset and liability assessments[8], the consideration of diversification benefits within aggregate capital charges[9], and the related tax treatment[10], among others. The submission deadline for participating insurance groups this fiscal year is July 31, 2019. Adoption of "ICS Version 2.0"[11] is set for November 2019.

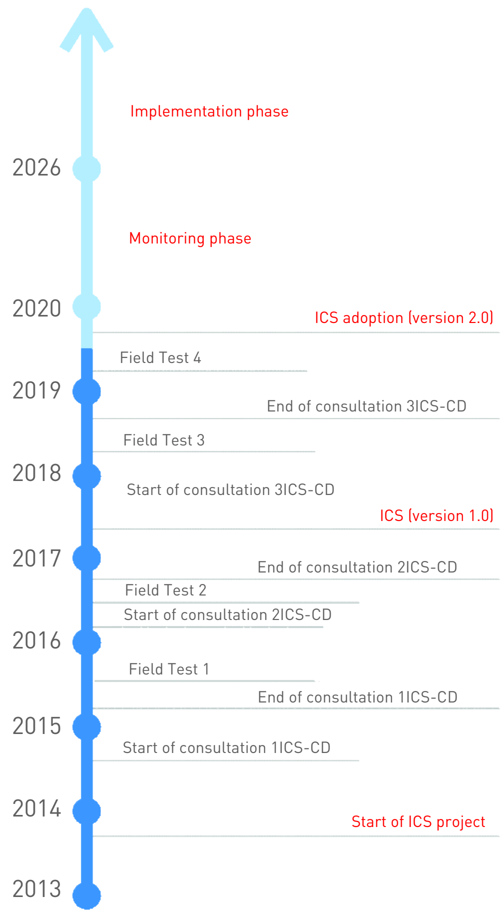
After its adoption, the design of this global capital standard launched in 2013, and will be rolled out in two stages: the first involving monitoring over the five-year period from 2020-2025, followed by the implementation phase commencing in 2026 (see Chart 6.1).

The ICS is a standard designed for *Internationally active Insurance Groups* (IAIGs) with a minimum volume of international activity based on the following three criteria: (i) at least 50 billion US dollars in assets or 10 billion US dollars in premiums; (ii) activities are carried out in at least three jurisdictions; and (iii) at least 10% of premiums are underwritten outside their jurisdiction of origin.

During 2018, the IAIS moved forward with its review of part of the Insurance Core Principles (ICP)[12] applicable to the supervision of insurance companies and groups. These key principles form the "ComFrame," or common market for supervising IAIGs, as well as *Global Systemically Important Insurers, GSIIs.* Its main objective is to adopt the reviewed principles in conjunction with the ComFrame, which includes the International Capital Standard (ICS), version 2.0, during the Annual IAIS Conference to be held in November 2019.

At year-end 2018, IAIS launched an ongoing consultation on developing the insurance industry's *Holistic Framework for Systemic Risk*[13], which falls under the auspices of the Financial Stability Board (FSB) as well as the G20; its adoption by the IAIS is also scheduled to take place during the upcoming Annual Conference.

Chart 6.1
Timeline for designing and implementing IAIS ICS



Source: MAPFRE Economic Research (using IAIS data)

6.2. European Union and Spanish market

Solvency II

2019 amendment to the Delegated Regulation (EU) 2015/35 (Solvency II)

On March 8, 2019, the European Commission adopted the amendment to the Delegated Regulation (EU) 2015/35 (Solvency II), which affects certain items in the standard formula for calculating solvency capital requirements[14]. The European Parliament and the Council provide a three-month period for filing any objections, with none raised; therefore, this reform will enter into force 20 days after its publication in the Official Journal of the European Union.

Key changes contemplated affect capital risk weights in the standard formula for debt without credit ratings, and unlisted activities in which insurance companies invest, which reduce certain eligibility requirements. A specific regime has been established for certain investments with limited long-term share availability, which should benefit from the reduced capital risk weights affecting strategic holdings which meet certain asset/liability and own investment risk-management requirements.

Exclusions were introduced to the obligatory application for the transparency approach to mutual funds as proportionality measures, including exceptions to the use of external financing. Along these lines, the man-made catastrophe risk sub-module was simplified.

Certain inconsistencies with banking regulations were eliminated to the extent that their alignment is considered in proportion to the discrepancies in both types of companies' business models. The above affect the classification of own funds, the treatment of risk exposure by central counterparties, as well as that of regional governments and local authorities. They also affect the treatment of derivatives, which was adjusted subsequent to the adoption of the European Market Infrastructure Regulation (EMIR).

Certain parameters have also been updated with regard to additional data available since the most recent assessment, including premium risk, reserves, Non-Life catastrophes, and health risk, with the introduction of additional principles affecting supervisory principles, so as to level the playing field for all Member States when recognizing the loss-absorbing capacity of deferred tax which are not supported by other tax legislation.

2020 amendment to the Solvency II Directive

On February 11, 2019, the European Commission sent EIOPA a formal request for a technical consultation for preparing the Solvency II Directive review slated for the upcoming year[15]. The European Commission's request states that the Directive's fundamental principles cannot be questioned, expressly mentioning the degree of underlying reliability of solvency capital requirements and valuations in line with the market. Thanks to this qualification, the technical council should allow for comprehensive, in-depth assessments of the regulatory framework.

The Solvency II Directive pinpoints certain areas for review by the Commission in 2020. Specific reference is made to long-term guarantee measures, as well as the methods, scenarios and parameters under standard formula for calculating capital solvency requirements, minimum capital requirements, group supervision, and capital management protocols, among others.

Other Solvency II framework aspects are discussed as deserving of a new valuation, such as: supervision of cross-border activities, the need to strengthen proportionality principles, and reporting obligations.

Individual Pan-European Pension Products

On April 4, 2019, The European Parliament formally adopted the Regulation of the European Parliament and of the Council on a pan-European Personal Pension Product (PEPP)[16]. There is still a long road ahead until the above type of product will be available on the market, perhaps up to two and a half years, according the calculations of the European Commission[17].

Now that it has been adopted by Parliament, the text must now be approved by the Council, and will then be sent for publication in the Official Journal of the European Union. Once this happens, it should become applicable 20 days subsequent to publication; however, its effective application will not commence until the European Commission adopts a series of delegated acts set out in the PEPP Regulation. Once the Official Journal publishes these delegated acts, the Regulation will enter into force 12 months afterward.

Insurance distribution and consumer protection

October 30, 2018 was the deadline for transposing the Insurance Distribution Directive to Spanish legislation; however, at the date of this report, this matter was still pending. The dissolution of Spain's "Cortes Generales" in March 2019 led to the expiration of any qualified initiatives currently undergoing processing, which implies the development of a new regulatory procedure. This is not considered a maximum harmonization Directive (which endeavors to seek out similar idiosyncrasies in existing distribution models within different markets); therefore, it may be transposed to other different legislation in Member States.

Index of tables and charts

Tables

Charts

References

1/ https://www.ine.es/daco/daco42/daco424/sm1218.pdf

2/ https://www.ine.es/prensa/pad_2019_p.pdf (INE, provisional 2018 data).

3/ Data used to measure penetration, density, and depth indices, as well as figures used to determine the Insurance Protection Gap (IPG) for 2017 and previous years might reflect discrepancies when compared with information presented in last year's report (MAPFRE Economic Research, *The Spanish Insurance Market in 2017*, Madrid, Fundación MAPFRE, 2018). This is due to updated figures for the Spanish insurance market reported by ICEA, as well as: adjusted data for Spain's GDP published by INE (the Spanish National Institute of Statistics), and other adjustments made to the penetration parameters for European insurance markets employed in IPG estimates arising from a review of data for insurance premiums and the GDP.

4/ 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 a 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 (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 said market).

5/ From a methodological standpoint, the IPG may be determined in two ways (as discussed in previous reports). 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 said losses that were covered through the mechanism of insurance compensation. The ex ante approach analyzes optimal coverage amounts which are estimated as the difference between socioeconomic amounts suitable to cover risk compared to true coverage. The second approach was selected for this fiscal year's report, which involved determining the spread between the optimal and real covered amounts, contemplated as the differential between penetration indices in Spain compared to the top 15 economies within the European Union.

6/ Reports referred to in this report were consulted on the following websites: 2017 reports:

VidaCaixa: https://www.vidacaixa.es/informacion-corporativa/informe-de-situacion-financiera-y-de-solvencia

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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

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Caser: https://www.caser.es/documents/20182/2706734/ISFS+Caser2017.pdf

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

Santalucía: https://www.santalucia.es/sobre-santalucia/publicaciones.html

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

AXA Seguros Generales: https://www.AXA.es/documents/1119421/6643416/SFCR+AXA+Seguros+Generales+2017.pdf/a0a507a1-0734-4156-91bc-383e9166d31b

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Statistical appendix

Table A.1.
Size of leading global insurance markets, 2008-2018
(premiums, billions of US dollars, premiums per capita, US dollars; premiums / GDP, %)

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%**
EU 15	**1,515**	**3,598**	**8.1%**
EU 27	**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%**
EU 15	**1,444**	**3,389**	**8.5%**
EU 27	**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%**
EU 15	**1,433**	**3,325**	**8.5%**
EU 27	**1,476**	**2,733**	**8.1%**
World	**4,304**	**604**	**6.4%**

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%**
EU 15	**1,450**	**3,367**	**8.0%**
EU 27	**1,497**	**2,773**	**7.6%**
World	**4,559**	**634**	**6.1%**

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

Table A.1.
Size of the leading global insurance markets, 2008-2018 (continued)
(premiums, billions of US dollars, premiums per capita, US dollars; premiums / GDP, %)

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%**
EU 15	**1,363**	**3,124**	**7.9%**
EU 27	**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%**
EU 15	**1,434**	**3,274**	**7.9%**
EU 27	**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%**
EU 15	**1,515**	**3,408**	**8.1%**
EU 27	**1,558**	**2,806**	**7.6%**
World	**4,755**	**635**	**5.9%**

2015	Premiums	Premiums per capita	Premiums / GDP
United States	1,316	4,096	7.3%
Japan	450	3,554	10.8%
China	387	281	3.6%
United Kingdom	320	4,359	10.0%
France	231	3,392	9.3%
Germany	213	2,562	6.2%
Italy	165	2,580	8.7%
South Korea	154	3,034	11.4%
Canada	115	3,209	7.4%
Taiwan	96	4,094	19.0%
The Netherlands	81	4,763	10.7%
India	72	55	3.4%
Australia	71	2,958	5.7%
Brazil	69	332	3.9%
Spain	61	1,322	5.1%
Europe	**1,469**	**1,634**	**6.9%**
EU 15	**1,315**	**2,951**	**8.0%**
EU 27	**1,351**	**2,430**	**7.6%**
World	**4,554**	**603**	**6.0%**

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

Table A.1
Size of the leading global insurance markets, 2008-2018 (conclusion)
(premiums, billions of US dollars, premiums per capita, US dollars; premiums / GDP, %)

	2016		
	Premiums	Premiums per capita	Premiums / GDP
United States	1,352	4,174	7.3%
Japan	471	3,732	9.5%
China	466	337	4.1%
United Kingdom	304	4,064	10.2%
France	238	3,395	9.2%
Germany	215	2,548	6.1%
South Korea	171	3,362	12.1%
Italy	162	2,499	8.2%
Canada	115	3,161	7.5%
Taiwan	101	4,321	20.0%
Australia	80	3,397	6.5%
The Netherlands	82	4,717	10.4%
India	79	60	3.5%
Brazil	73	346	4.0%
Spain	69	1,482	5.6%
Europe	**1,470**	**1,620**	**6.7%**
EU 15	**1,316**	**2,911**	**7.9%**
EU 27	**1,353**	**2,401**	**7.5%**
World	**4,732**	**621**	**6.1%**

	2017		
	Premiums	Premiums per capita	Premiums / GDP
United States	1,377	4,216	7.1%
China	541	384	4.6%
Japan	422	3,312	8.6%
United Kingdom	283	3,810	9.6%
France	242	3,446	8.9%
Germany	223	2,687	6.0%
South Korea	181	3,522	11.6%
Italy	156	2,660	8.3%
Canada	120	3,260	7.2%
Taiwan	117	4,997	21.3%
India	98	73	3.7%
Brazil	83	398	4.1%
Australia	80	3,247	5.8%
The Netherlands	79	4,631	9.6%
Spain	71	1,519	5.4%
Europe	**1,479**	**1,651**	**6.5%**
EU 15	**1,315**	**2,953**	**7.6%**
EU 27	**1,357**	**2,446**	**7.2%**
World	**4,892**	**650**	**6.1%**

	2018		
	Premiums	Premiums per capita	Premiums / GDP
United States	1,469	4,481	7.1%
China	575	406	4.2%
Japan	441	3,466	8.9%
United Kingdom	337	4,503	10.6%
France	258	3,667	8.9%
Germany	241	2,908	6.0%
South Korea	179	3,465	11.2%
Italy	170	2,754	8.0%
Canada	128	3,457	7.5%
Taiwan	122	5,161	20.9%
India	100	74	3.7%
The Netherlands	84	4,890	9.2%
Australia	79	3,160	5.6%
Spain	74	1,588	5.2%
Brazil	73	345	3.9%
Europe	**1,621**	**1,794**	**6.6%**
World	**5,193**	**663**	**5.9%**

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

Table A.2.
Direct insurance premiums trends in the Spanish insurance market, 2008-2018
(millions of euros)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NON-LIFE INSURANCE	**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**	**34,027.1**	**35,382.1**
Automobile	**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**	**10,923.3**	**11,134.8**
Automobile TPL	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	5,716.6	5,849.9
Automobile Other Guarantees	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	5,206.7	5,284.9
Multirisk	**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**	**6,964.7**	**7,244.4**
Homeowner	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	4,196.3	4,346.3
Commercial	678.0	654.9	650.3	648.8	625.3	596.2	594.5	565.1	574.6	584.8	596.0
Condominium	668.9	713.8	755.1	794.2	814.5	823.4	826.6	836.0	852.8	872.1	898.5
Industrial	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	1,233.6	1,327.2
Other	74.0	70.5	58.9	59.6	78.8	73.2	72.7	71.0	78.2	77.8	76.5
Health	**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**	**8,068.7**	**8,523.7**
Healthcare assistance	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	7,100.8	7,532.2
Reimbursement	636.7	679.2	639.5	653.6	516.4	504.4	519.6	665.9	700.4	708.8	722.3
Subsidy	292.6	302.3	295.6	279.9	258.0	240.5	231.7	244.9	273.9	259.1	269.1
Other Non-Life Lines	**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**	**8,070.4**	**8,479.2**
Accident	1,002.2	945.4	921.6	897.3	852.5	880.1	885.5	926.3	983.8	1,114.3	1,151.9
Assistance	319.0	315.5	310.4	315.5	309.4	312.2	335.2	340.3	364.6	402.7	446.6
Surety	86.5	81.1	84.2	78.0	65.3	62.6	60.9	85.7	62.2	63.2	78.9
Credit	834.5	798.5	718.6	694.9	677.4	645.8	630.5	608.8	593.1	570.3	584.4
Burial	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	2,277.0	2,367.6
Legal Defense	110.0	106.5	100.2	102.7	96.7	89.6	92.2	93.1	96.7	100.5	106.4
Fire	174.3	168.1	183.2	102.2	90.6	95.9	108.8	179.9	206.8	118.4	145.7
Other Damage to P&C	1,522.1	1,190.0	1,088.5	964.2	935.2	819.8	841.2	870.8	1,047.8	1,105.7	1,223.2
Pecuniary Losses	310.0	318.9	351.2	339.7	249.4	233.3	232.3	276.1	336.0	350.9	376.7
Third-party liability	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	1,508.3	1,537.3
Transport	603.5	558.1	498.5	486.8	460.6	438.8	417.0	429.4	413.8	459.0	460.6
Aviation	94.4	118.9	87.8	75.7	61.5	55.1	47.7	46.0	43.3	67.6	46.0
Maritime	222.9	217.5	201.7	200.6	194.9	185.3	175.3	178.9	163.6	161.4	169.6
Goods	286.2	221.6	209.0	210.5	204.1	198.4	194.0	204.5	206.9	230.0	245.0
LIFE INSURANCE	**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**	**28,994.8**
Risk	**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**	**4,721.0**
Savings	**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**	**24,273.8**
TOTAL MARKET	**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**	**63,433.9**	**64,376.8**

Source: ICEA. *Historic series of direct business premiums*

Table A.3.
Direct insurance premiums trends in the Spanish insurance market, 2008-2018
(annual growth rates, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NON-LIFE INSURANCE	**2.4%**	**-2.6%**	**0.2%**	**-0.3%**	**-2.0%**	**-2.3%**	**0.9%**	**2.1%**	**4.5%**	**4.1%**	**4.0%**
Automobile	**-1.8%**	**-5.5%**	**-0.9%**	**-2.3%**	**-5.9%**	**-5.5%**	**-1.4%**	**1.7%**	**5.1%**	**3.4%**	**1.9%**
Automobile TPL	-4.3%	-7.6%	-1.2%	-1.9%	-6.2%	-5.6%	-2.9%	2.8%	6.6%	3.8%	2.3%
Automobile Other Guarantees	1.1%	-3.2%	-0.6%	-2.7%	-5.5%	-5.4%	0.2%	0.6%	3.6%	3.0%	1.5%
Multirisk	**8.0%**	**3.1%**	**3.3%**	**4.5%**	**0.7%**	**-1.4%**	**0.2%**	**0.2%**	**2.6%**	**3.4%**	**4.0%**
Homeowner	8.9%	6.0%	5.1%	4.3%	3.0%	0.4%	1.5%	2.1%	3.6%	3.4%	3.6%
Commercial	5.1%	-3.4%	-0.7%	-0.2%	-3.6%	-4.6%	-0.3%	-4.9%	1.7%	1.8%	1.9%
Condominium	10.6%	6.7%	5.8%	5.2%	2.6%	1.1%	0.4%	1.1%	2.0%	2.3%	3.0%
Industrial	6.2%	-1.7%	0.5%	7.0%	-5.4%	-5.9%	-3.6%	-3.6%	-0.5%	5.5%	7.6%
Other	5.6%	-4.7%	-16.4%	1.2%	32.3%	-7.2%	-0.6%	-2.4%	10.2%	-0.6%	-1.7%
Health	**8.0%**	**5.4%**	**4.0%**	**3.1%**	**2.9%**	**2.2%**	**3.5%**	**2.5%**	**5.1%**	**4.3%**	**5.6%**
Healthcare assistance	5.3%	5.4%	5.7%	3.7%	6.1%	3.0%	3.8%	0.3%	4.8%	5.0%	6.1%
Reimbursement	38.4%	6.7%	-5.8%	2.2%	-21.0%	-2.3%	3.0%	28.1%	5.2%	1.2%	1.9%
Subsidy	3.0%	3.3%	-2.2%	-5.3%	-7.8%	-6.8%	-3.7%	5.7%	11.9%	-5.4%	3.9%
Other Non-Life Lines	**1.3%**	**-7.8%**	**-3.6%**	**-4.1%**	**-2.7%**	**-2.6%**	**2.1%**	**4.1%**	**4.6%**	**5.4%**	**5.1%**
Accident	4.1%	-5.7%	-2.5%	-2.6%	-5.0%	3.2%	0.6%	4.6%	6.2%	13.3%	3.4%
Assistance	19.5%	-1.1%	-1.6%	1.7%	-2.0%	0.9%	7.4%	1.5%	7.1%	10.4%	10.9%
Surety	0.6%	-6.3%	3.8%	-7.3%	-16.2%	-4.1%	-2.8%	40.6%	-27.4%	1.6%	24.9%
Credit	3.5%	-4.3%	-10.0%	-3.3%	-2.5%	-4.7%	-2.4%	-3.4%	-2.6%	-3.8%	2.5%
Burial	4.8%	5.1%	1.8%	3.4%	7.3%	3.7%	6.5%	3.0%	0.8%	5.1%	4.0%
Legal Defense	2.8%	-3.2%	-5.9%	2.5%	-5.9%	-7.3%	2.9%	1.0%	3.8%	4.0%	5.8%
Fire	0.2%	-3.6%	9.0%	-44.2%	-11.4%	5.9%	13.4%	65.4%	15.0%	-42.7%	23.0%
Other Damage to P&C	-1.0%	-21.8%	-8.5%	-11.4%	-3.0%	-12.3%	2.6%	3.5%	20.3%	5.5%	10.6%
Pecuniary Losses	-1.3%	2.9%	10.1%	-3.3%	-26.6%	-6.5%	-0.4%	18.8%	21.7%	4.4%	7.3%
Third-Party liability	-1.7%	-13.3%	-5.1%	-5.7%	-5.4%	-6.6%	-0.8%	1.3%	1.9%	8.9%	1.9%
Transport	-4.8%	-7.5%	-10.7%	-2.3%	-5.4%	-4.7%	-5.0%	3.0%	-3.6%	10.9%	0.3%
Aviation	-5.6%	26.0%	-26.2%	-13.8%	-18.7%	-10.5%	-13.4%	-3.6%	-5.8%	56.1%	-32.0%
Maritime	4.1%	-2.4%	-7.3%	-0.6%	-2.8%	-4.9%	-5.4%	2.0%	-8.5%	-1.4%	5.1%
Goods	10.5%	-22.6%	-5.7%	0.7%	-3.0%	-2.8%	-2.2%	5.4%	1.2%	11.2%	6.5%
LIFE INSURANCE	**15.3%**	**5.7%**	**-6.2%**	**9.5%**	**-8.9%**	**-3.0%**	**-2.6%**	**2.9%**	**21.8%**	**-5.6%**	**-1.4%**
Risk	**-3.5%**	**-1.1%**	**5.2%**	**-4.5%**	**-2.7%**	**-4.6%**	**3.6%**	**8.7%**	**11.4%**	**0.0%**	**12.3%**
Savings	**19.0%**	**6.8%**	**-7.9%**	**11.8%**	**-9.8%**	**-2.7%**	**-3.6%**	**2.0%**	**23.6%**	**-6.4%**	**-3.7%**
TOTAL MARKET	**7.8%**	**1.1%**	**-2.8%**	**4.1%**	**-5.3%**	**-2.6%**	**-0.7%**	**2.5%**	**12.3%**	**-0.6%**	**1.5%**

Source: MAPFRE Economic Research (using ICEA data, *Historic series of direct business premiums*)

Table A.4.
Direct insurance premiums contributions in the Spanish insurance market, 2008-2018
(percentage points, pp)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NON-LIFE INSURANCE	**1.364**	**-1.425**	**0.097**	**-0.159**	**-1.029**	**-1.235**	**0.465**	**1.174**	**2.453**	**2.090**	**2.136**
Automobile	**-0.420**	**-1.155**	**-0.177**	**-0.455**	**-1.093**	**-1.021**	**-0.249**	**0.306**	**0.904**	**0.560**	**0.334**
Automobile TPL	-0.534	-0.838	-0.122	-0.199	-0.598	-0.536	-0.265	0.251	0.597	0.326	0.210
Automobile Other Guarantees	0.116	-0.318	-0.055	-0.256	-0.494	-0.485	0.016	0.055	0.306	0.234	0.123
Multirisk	**0.796**	**0.313**	**0.334**	**0.483**	**0.079**	**-0.156**	**0.024**	**0.025**	**0.299**	**0.361**	**0.441**
Homeowner	0.468	0.320	0.282	0.258	0.178	0.027	0.103	0.144	0.251	0.215	0.236
Commercial	0.060	-0.039	-0.008	-0.003	-0.039	-0.051	-0.003	-0.053	0.017	0.016	0.018
Condominium	0.116	0.076	0.069	0.067	0.034	0.015	0.006	0.017	0.030	0.030	0.042
Industrial	0.144	-0.038	0.010	0.160	-0.126	-0.138	-0.081	-0.079	-0.011	0.100	0.147
Other	0.007	-0.006	-0.019	0.001	0.032	-0.010	-0.001	-0.003	0.013	-0.001	-0.002
Health	**0.784**	**0.534**	**0.412**	**0.344**	**0.312**	**0.264**	**0.437**	**0.324**	**0.659**	**0.522**	**0.717**
Healthcare assistance	0.447	0.446	0.490	0.347	0.574	0.315	0.425	0.037	0.548	0.532	0.680
Reimbursement	0.322	0.072	-0.066	0.024	-0.226	-0.021	0.027	0.264	0.061	0.013	0.021
Subsidy	0.016	0.016	-0.011	-0.027	-0.036	-0.030	-0.016	0.024	0.051	-0.023	0.016
Other Non-Life Lines	**0.204**	**-1.117**	**-0.472**	**-0.532**	**-0.327**	**-0.322**	**0.254**	**0.518**	**0.592**	**0.648**	**0.644**
Accident	0.071	-0.096	-0.040	-0.042	-0.074	0.048	0.010	0.073	0.101	0.204	0.059
Assistance	0.095	-0.006	-0.009	0.009	-0.010	0.005	0.041	0.009	0.043	0.060	0.069
Surety	0.001	-0.009	0.005	-0.011	-0.021	-0.005	-0.003	0.045	-0.041	0.002	0.025
Credit	0.052	-0.061	-0.133	-0.041	-0.029	-0.055	-0.027	-0.039	-0.028	-0.036	0.022
Burial	0.133	0.137	0.051	0.101	0.213	0.122	0.227	0.114	0.030	0.172	0.143
Legal Defense	0.005	-0.006	-0.011	0.004	-0.010	-0.012	0.005	0.002	0.006	0.006	0.009
Fire	0.001	-0.011	0.025	-0.139	-0.019	0.009	0.023	0.128	0.047	-0.139	0.043
Other Damage to P&C	-0.027	-0.561	-0.170	-0.214	-0.048	-0.201	0.038	0.053	0.311	0.091	0.185
Pecuniary Losses	-0.007	0.015	0.054	-0.020	-0.149	-0.028	-0.002	0.079	0.105	0.023	0.041
Third-party liability	-0.063	-0.443	-0.146	-0.160	-0.137	-0.166	-0.018	0.032	0.044	0.193	0.046
Transport	-0.056	-0.077	-0.100	-0.020	-0.043	-0.038	-0.039	0.022	-0.027	0.071	0.002
Aviation	-0.010	0.042	-0.052	-0.021	-0.023	-0.011	-0.013	-0.003	-0.005	0.038	-0.034
Maritime	0.016	-0.009	-0.026	-0.002	-0.009	-0.017	-0.018	0.006	-0.027	-0.004	0.013
Goods	-0.061	-0.109	-0.021	0.003	-0.011	-0.010	-0.008	0.019	0.004	0.036	0.024
LIFE INSURANCE	**6.434**	**2.555**	**-2.911**	**4.288**	**-4.263**	**-1.357**	**-1.200**	**1.311**	**9.800**	**-2.714**	**-0.650**
Risk	**-0.243**	**-0.066**	**0.310**	**-0.291**	**-0.163**	**-0.279**	**0.217**	**0.545**	**0.759**	**0.000**	**0.813**
Savings	**6.677**	**2.620**	**-3.220**	**4.578**	**-4.099**	**-1.078**	**-1.416**	**0.766**	**9.041**	**-2.714**	**-1.462**
TOTAL MARKET	**7.798**	**1.130**	**-2.814**	**4.128**	**-5.292**	**-2.593**	**-0.734**	**2.485**	**12.253**	**-0.624**	**1.486**

Source: MAPFRE Economic Research (using ICEA data, *Historic series of direct business premiums*)

Table A.5.
Trends in the Total and Non-Life combined ratios in the Spanish insurance market, 2008-2018
(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
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
2018	**101.72**	86.88	3.16	11.68	**93.67**	71.50	4.60	17.57

Source: MAPFRE Economic Research (using ICEA data. *Economic report on the insurance industry*)

Table A.6.
Investment structure trends for the Spanish insurance industry, 2008-2018
(investments, millions of euros)

Year	Investments					
	Fixed income	Equity	Cash and deposits	Real estate	Mutual funds	Other investments
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%
2018	75.7%	5.2%	7.6%	3.6%	7.8%	0.1%

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

Table A.7.
Results and profitability of the Spanish insurance industry, 2008-2018
(results, millions of euros, profitability, %)

Year	Sector results[1] (millions of euros)	Profitability	
		ROE[2] (%)	ROA[3] (%)
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
2018	4,512,506	11.4	1.48

Source: MAPFRE Economic Research (using ICEA data, *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.
Basic Non-Life insurance indicators for the Spanish insurance industry, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

Year	Issued premiums	Key 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
2008	32,597	2.4%	86.2%	71.3%	20.8%	71.5%	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%	71.2%	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	34,027	4.1%	84.9%	71.0%	22.3%	72.0%	22.1%	94.0%	3.5%	9.5%
2018	35,382	4.0%	84.9%	69.8%	22.4%	71.5%	22.2%	93.7%	3.1%	9.4%

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

Table A.9.
Performance of number of companies operating by type of regime in the Spanish insurance industry, 2008-2018
(number of companies)

Year	Limited liability companies	Mutual companies	Mutual provident societies[1]	Reinsurance companies
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	48	3
2018	144	31	47	3

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

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

Table A.10.
Performance of number of brokers by type of regime in the Spanish insurance industry, 2007-2017[1]
(number of people and companies)

Year	Insurance brokers		Associated agents		Associated bancassurance operators		Reinsurance brokers		Exclusive agents		Exclusive bancassurance operators		Totals		
	DGSFP	Autonomous Communities	DGSFP	Autonomous Communities	DGSFP	Autonomous Communities	DGSFP	Autonomous Communities	DGSFP	Autonomous Communities	DGSFP	Autonomous Communities	Total brokers	Total DGSFP	Total Autonomous Communities
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
2017	3,272	1,766	233	272	35	1	64	1	75,811	666	14	-	82,135	79,429	2,706

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

[1] According to the DGSFP, during 2007 data from the Insurance Brokers' Administrative Register indicates that 61.3% of the total of companies operating had been processed.

Table A.11.
Premium volume by Autonomous Community, 2008-2018
(millions of euros)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Andalusia	6,024	5,900	5,966	5,982	5,717	5,824	6,045	6,237	6,949	7,394	7,276
Aragon	1,489	1,605	1,655	1,916	1,680	1,512	1,710	1,656	1,909	1,808	1,892
Principality of Asturias	725	765	787	835	866	837	956	854	871	904	907
Balearic Islands	860	886	911	1,246	1,175	1,270	1,283	1,326	1,383	1,526	1,404
Canary Islands	1,154	1,174	1,234	1,241	1,269	1,212	1,269	1,367	1,641	1,602	1,583
Cantabria	418	451	471	462	495	485	497	503	524	529	534
Castile-La Mancha	1,381	1,451	1,582	1,647	1,708	1,616	1,766	1,705	1,734	1,743	1,796
Castile-Leon	2,035	2,274	2,224	2,393	2,331	2,211	2,275	2,482	2,653	2,758	2,805
Catalonia	8,893	9,786	9,942	11,226	10,079	9,677	10,237	10,121	11,295	11,345	10,809
Valencia Community	3,944	3,837	4,061	4,222	4,096	4,373	4,305	4,059	4,406	4,556	4,497
Extremadura	654	739	736	674	773	724	696	799	898	868	878
Galicia	2,208	2,150	2,501	2,616	2,226	2,151	2,167	2,279	2,515	2,614	2,647
Community of Madrid	9,763	9,772	10,217	10,178	9,896	9,369	9,165	9,422	10,379	10,570	10,865
Region of Murcia	981	976	1,038	1,087	1,033	1,031	1,041	1,063	1,162	1,179	1,158
Chartered Community of Navarre	758	783	822	619	622	838	1,003	952	961	961	884
Basque Country	2,040	2,140	2,268	2,477	2,429	2,323	2,352	2,394	2,461	2,524	2,499
La Rioja	371	468	417	380	356	356	359	345	373	374	382
Autonomous City of Ceuta and Melilla	79	67	81	94	95	97	98	97	114	113	114

Source: ICEA, The insurance market by province.

Table A.12.
Premiums per capita by Autonomous Community 2008-2018
(euros)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Andalusia	725.5	704.8	708.2	707.9	677.4	693.2	719.8	744.1	830.2	882.4	865.1
Aragon	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	1,434.6
Principality of Asturias	667.6	705.5	727.8	775.5	810.4	788.4	909.0	819.4	841.8	878.9	887.2
Balearic Islands	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	1,222.0
Canary Islands	548.5	554.2	580.3	585.7	598.7	576.0	604.3	651.0	779.2	753.5	735.5
Cantabria	708.7	762.3	794.8	777.4	835.6	823.2	849.5	864.3	903.1	911.9	919.6
Castile-La Mancha	663.5	691.5	747.8	776.2	813.0	777.5	857.5	835.3	854.0	860.4	884.1
Castile-Leon	793.8	888.4	869.1	939.9	925.0	886.3	920.4	1,015.0	1,094.4	1,145.5	1,169.6
Catalonia	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	1,408.7
Valencia Community	774.1	750.6	793.5	823.1	801.0	873.8	864.3	819.4	892.8	918.8	899.3
Extremadura	593.2	667.4	663.4	608.2	700.4	658.8	636.7	735.2	832.1	809.8	822.9
Galicia	789.7	768.5	894.8	940.4	804.6	782.7	793.2	838.4	928.7	967.8	980.8
Community of Madrid	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	1,631.0
Region of Murcia	678.2	667.4	706.4	736.9	701.6	703.2	709.3	726.2	790.6	797.6	775.6
Chartered Community of Navarre	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	1,352.5
Basque Country	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	1,132.3
La Rioja	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	1,207.4
Autonomous City of Ceuta and Melilla	519.3	427.8	500.9	572.7	565.4	571.5	579.8	569.7	665.0	657.7	665.4

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

Table A.13.
Total ranking of the 10 largest insurance groups in Spain by premium volume, 2008-2018
(premiums, millions of euros; market share, %)

2008			2009			2010			2011		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	8,182	13.8	MAPFRE	7,786	13.0	MAPFRE	8,455	14.7	MAPFRE	8,307	13.7
SANTANDER	4,943	8.4	ZURICH	5,409	9.0	CAIXA GROUP	5,640	9.8	CAIXA GROUP	5,068	8.4
ZURICH	4,626	7.8	SANTANDER	3,488	5.8	ZURICH	4,646	8.1	MUTUA MADRILEÑA	3,472	5.7
AXA	3,633	6.1	CAIXA GROUP	3,304	5.5	AXA GROUP	3,117	5.4	ZURICH	2,943	4.9
ALLIANZ	2,982	5.0	AXA	3,285	5.5	ALLIANZ	2,962	5.1	ALLIANZ	3,001	5.0
GENERALI	2,793	4.7	ALLIANZ	3,033	5.1	CASER	2,582	4.5	SANTANDER	2,950	4.9
CASER	2,356	4.0	GENERALI	2,584	4.3	GENERALI	2,282	4.0	AXA GROUP	2,943	4.9
CATALANA OCCIDENTE	2,189	3.7	CASER	2,397	4.0	SANTANDER	2,159	3.7	CASER	2,818	4.7
CAIFOR	2,034	3.4	CATALANA OCCIDENTE	2,169	3.6	CATALANA OCCIDENTE	2,044	3.5	GENERALI	2,416	4.0
AVIVA	1,869	3.2	AVIVA	1,827	3.0	AVIVA	1,792	3.1	CATALANA OCCIDENTE	2,039	3.4
Total market	**59,178**		**Total market**	**59,898**		**Total market**	**57,587**		**Total market**	**60,592**	

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

Table A.13.
Total ranking of the 10 largest insurance groups in Spain by premium volume, 2008-2018 (continued)
(premiums, millions of euros; market share, %)

2012		
Group	Premiums	% of market
MAPFRE	7,956	13.9
CAIXA GROUP	5,165	9.0
MUTUA MADRILEÑA	3,645	6.4
SANTANDER	3,512	6.1
ALLIANZ	3,046	5.3
AXA	2,683	4.7
GENERALI	2,513	4.4
BBVA	2,109	3.7
CASER	1,997	3.5
CATALANA OCCIDENTE	1,971	3.4
Total market	**57,398**	

2013		
Group	Premiums	% of market
MAPFRE	7,060	12.7
CAIXA	5,298	9.5
MUTUA MADRILEÑA	3,873	6.9
ALLIANZ	3,199	5.7
SANTANDER SEGUROS	3,136	5.6
AXA	2,712	4.9
BBVA SEGUROS	2,300	4.1
GENERALI	2,293	4.1
CATALANA OCCIDENTE	2,014	3.6
CASER	1,713	3.1
Total market	**55,773**	

2014		
Group	Premiums	% of market
MAPFRE	7,266	13.1
CAIXA	5,538	10.0
MUTUA MADRILEÑA	4,165	7.5
ALLIANZ	3,287	5.9
AXA	2,660	4.8
ZURICH	2,507	4.5
GENERALI	2,259	4.1
CATALANA OCCIDENTE	2,162	3.9
BBVA SEGUROS	2,088	3.8
SANTANDER SEGUROS	1,903	3.4
Total market	**55,486**	

2015		
Group	Premiums	% of market
VIDACAIXA	7,189	12.6
MAPFRE	6,416	11.3
MUTUA MADRILEÑA	4,333	7.6
ZURICH	4,069	7.2
ALLIANZ	3,526	6.2
CATALANA OCCIDENTE	2,867	5.0
AXA	2,502	4.4
GENERALI	2,306	4.1
BBVA SEGUROS	2,085	3.7
SANTALUCIA	1,287	2.3
Total market	**56,905**	

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

Table A.13.
Total ranking of the 10 largest insurance groups in Spain by premium volume, 2008-2018 (conclusion)
(premiums, millions of euros; market share, %)

2016			2017			2018		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
VIDACAIXA	9,492	14.9	VIDACAIXA	9,666	15.2	VIDACAIXA	8,218	12.8
MAPFRE	6,708	10.5	MAPFRE	6,749	10.6	MAPFRE	7,291	11.3
ZURICH	5,571	8.7	MUTUA MADRILEÑA	5,005	7.9	MUTUA MADRILEÑA	5,270	8.2
MUTUA MADRILEÑA	4,751	7.4	ZURICH	3,806	6.0	ALLIANZ	3,612	5.6
ALLIANZ	3,566	5.6	ALLIANZ	3,515	5.5	ZURICH	3,560	5.5
CATALANA OCCIDENTE	2,908	4.6	CATALANA OCCIDENTE	2,826	4.5	CATALANA OCCIDENTE	2,854	4.4
AXA	2,577	4.0	SANTALUCIA	2,536	4.0	AXA GROUP	2,599	4.0
GENERALI	2,501	3.9	GENERALI	2,445	3.9	SANTALUCIA	2,584	4.0
BBVA SEGUROS	1,932	3.0	AXA GROUP	2,411	3.8	GENERALI	2,409	3.7
CASER	1,438	2.3	BBVA SEGUROS	1,837	2.9	SANTANDER SEGUROS	1,977	3.1
Total market	**63,892**		**Total market**	**63,410**		**Total market**	**64,377**	

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

Table A.14.
Total ranking of the 10 largest Non-Life insurance groups in Spain by premium volume, 2008-2018
(premiums, millions of euros; market share, %)

2008			2009			2010			2011		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	5,602	17.2	MAPFRE	5,239	16.5	MAPFRE	5,166	16.2	MAPFRE	5,136	16.2
AXA	2,718	8.3	AXA	2,540	8.0	AXA	2,402	7.5	MUTUA MADRILEÑA	3,393	10.7
ALLIANZ	2,134	6.6	ALLIANZ	2,081	6.5	ALLIANZ	2,031	6.4	AXA	2,305	7.3
CATALANA OCCIDENTE	1,578	4.8	CATALANA OCCIDENTE	1,508	4.7	CAIXA GROUP	1,921	6.0	ALLIANZ	2,032	6.4
GENERALI	1,557	4.8	GENERALI	1,456	4.6	CATALANA OCCIDENTE	1,476	4.6	CATALANA OCCIDENTE	1,439	4.5
ZURICH	1,377	4.2	ZURICH	1,295	4.1	GENERALI	1,362	4.3	GENERALI	1,365	4.3
MUTUA MADRILEÑA	1,273	3.9	MUTUA MADRILEÑA	1,256	4.0	MUTUA MADRILEÑA	1,305	4.1	ZURICH	1,170	3.7
CASER	1,263	3.9	CASER	1,191	3.7	ZURICH	1,258	4.0	CASER	1,106	3.5
ADESLAS	1,191	3.7	ADESLAS	1,291	4.1	CASER	1,137	3.6	SANITAS	1,099	3.5
SANITAS	982	3.0	SANITAS	1,041	3.3	SANITAS	1,068	3.4	SANTALUCIA	992	3.1
Total market	**32,571**		**Total market**	**31,779**		**Total market**	**31,820**		**Total market**	**31,724**	

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

Table A.14.
Total ranking of the 10 largest Non-Life insurance groups in Spain by premium volume, 2008-2018 (continued)
(premiums, millions of euros; market share, %)

2012			2013			2014			2015		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	4,973	16.0	MAPFRE	4,634	15.3	MAPFRE	4,629	15.1	MAPFRE	4,686	15.0
MUTUA MADRILEÑA	3,557	11.4	MUTUA MADRILEÑA	3,677	12.1	MUTUA MADRILEÑA	3,927	12.8	MUTUA MADRILEÑA	4,169	13.3
AXA	2,126	6.8	AXA	2,021	6.7	ALLIANZ	2,028	6.6	ALLIANZ	2,152	6.9
ALLIANZ	1,971	6.3	ALLIANZ	1,975	6.5	AXA	1,927	6.3	CATALANA OCCIDENTE	1,939	6.2
GENERALI	1,369	4.4	GENERALI	1,290	4.3	CATALANA OCCIDENTE	1,294	4.2	AXA	1,755	5.6
CATALANA OCCIDENTE	1,366	4.4	CATALANA OCCIDENTE	1,290	4.3	GENERALI	1,275	4.2	GENERALI	1,348	4.3
SANITAS	1,137	3.7	SANITAS	1,178	3.9	SANITAS	1,160	3.8	SANITAS	1,165	3.7
ZURICH	1,097	3.5	ZURICH	1,040	3.4	SANTALUCIA	1,062	3.5	ZURICH	1,072	3.4
SANTALUCIA	1,045	3.4	SANTALUCIA	1,029	3.4	ZURICH	1,055	3.4	ASISA	1,059	3.4
ASISA	1,021	3.3	ASISA	968	3.2	ASISA	1,012	3.3	SANTALUCIA	1,050	3.4
Total market	**31,116**		**Total market**	**30,268**		**Total market**	**30,647**		**Total market**	**31,338**	

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

Table A.14.
Total ranking of the 10 largest Non-Life insurance groups in Spain by premium volume, 2008-2018 (continued)
(premiums, millions of euros; market share, %)

2016			2017			2018		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
MAPFRE	4,761	14.5	MAPFRE	4,845	14.2	MUTUA MADRILEÑA	5,046	14.3
MUTUA MADRILEÑA	4,506	13.8	MUTUA MADRILEÑA	4,816	14.2	MAPFRE	5,006	14.1
ALLIANZ	2,272	6.9	ALLIANZ	2,373	7.0	ALLIANZ	2,507	7.1
CATALANA OCCIDENTE	2,043	6.2	CATALANA OCCIDENTE	2,061	6.1	CATALANA OCCIDENTE	2,104	5.9
AXA	1,793	5.5	AXA	1,851	5.4	AXA	1,927	5.4
GENERALI	1,459	4.5	GENERALI	1,509	4.4	GENERALI	1,548	4.4
SANITAS	1,216	3.7	SANITAS	1,271	3.7	SANITAS	1,344	3.8
SANTALUCIA	1,073	3.3	SANTALUCIA	1,129	3.3	ASISA	1,162	3.3
ASISA	1,069	3.3	ASISA	1,099	3.2	SANTALUCIA	1,157	3.3
ZURICH	1,027	3.1	ZURICH	1,001	2.9	CASER	1,022	2.9
Total market	**32,755**		**Total market**	**34,003**		**Total market**	**35,382**	

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

Table A.15.
Total ranking of the 10 largest Life insurance groups in Spain by premium volume, 2008-2018
(premiums, millions of euros; market share, %)

2008			2009			2010			2011		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
SANTANDER	4,747	17.8	ZURICH	4,114	14.6	CAIXA GROUP	3,719	14.4	CAIXA GROUP	5,036	17.4
ZURICH	3,248	12.2	SANTANDER	3,334	11.9	ZURICH	3,389	13.2	MAPFRE	3,171	11.0
MAPFRE	2,580	9.7	CAIXA GROUP	2,972	10.6	MAPFRE	3,289	12.8	SANTANDER	2,795	9.7
AVIVA	1,858	7.0	MAPFRE	2,538	9.0	SANTANDER	2,003	7.8	ZURICH	2,060	7.1
CAIFOR	1,772	6.7	AVIVA	1,814	6.5	AVIVA	1,779	6.9	AVIVA	1,787	6.2
GENERALI	1,237	4.6	AEGON	1,422	5.1	CASER	1,445	5.6	CASER	1,712	5.9
CASER	1,094	4.1	CASER	1,206	4.3	AEGON	1,360	5.3	BBVA	1,622	5.6
IBERCAJA	992	3.7	IBERCAJA	1,144	4.1	IBERCAJA	1,139	4.4	AEGON	1,613	5.6
AEGON	934	3.5	GENERALI	1,128	4.0	ALLIANZ	930	3.6	IBERCAJA	1,501	5.2
AXA	914	3.4	BBVA SEGUROS	1,128	4.0	GENERALI	920	3.6	GENERALI	1,051	3.6
Total market	**26,607**		**Total market**	**28,119**		**Total market**	**25,768**		**Total market**	**28,869**	

Source: MAPFRE Economic Research (using ICEA data. *Total ranking Life premiums by group*)

Table A.15.
Total ranking of the 10 largest Non-Life insurance groups in Spain by premium volume, 2008-2018 (continued)
(premiums, millions of euros; market share, %)

2012			2013			2014			2015		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
CAIXA GROUP	5,131	19.5	CAIXA	5,271	20.7	CAIXA	5,515	22.2	VIDACAIXA	7,166	28.0
SANTANDER	3,366	12.8	SANTANDER SEGUROS	3,068	12.0	MAPFRE	2,638	10.6	ZURICH	2,997	11.7
MAPFRE	2,983	11.3	MAPFRE	2,426	9.5	SANTANDER SEGUROS	1,884	7.6	BBVA SEGUROS	1,737	6.8
BBVA	1,865	7.1	BBVA SEGUROS	2,030	8.0	BBVA SEGUROS	1,799	7.2	MAPFRE	1,730	6.8
AVIVA	1,349	5.1	ALLIANZ	1,224	4.8	ZURICH	1,451	5.8	ALLIANZ	1,374	5.4
IBERCAJA	1,159	4.4	AVIVA	1,155	4.5	ALLIANZ	1,259	5.1	IBERCAJA	990	3.9
GENERALI	1,144	4.4	GENERALI	1,003	3.9	IBERCAJA	1,123	4.5	GENERALI	958	3.7
ALLIANZ	1,075	4.1	IBERCAJA	933	3.7	AVIVA	1,075	4.3	CATALANA OCCIDENTE	927	3.6
CASER	976	3.7	CASER	871	3.4	GENERALI	984	4.0	AXA	747	2.9
AEGON	924	3.5	CATALANA OCCIDENTE	724	2.8	CATALANA OCCIDENTE	868	3.5	SANTANDER SEGUROS	678	2.7
Total market	**26,282**		**Total market**	**25,505**		**Total market**	**24,839**		**Total market**	**25,567**	

Source: MAPFRE Economic Research (using ICEA data. *Total ranking Life premiums by group*)

Table A.15.
Total ranking of the 10 largest Life insurance groups in Spain by premium volume, 2008-2018 (conclusion)
(premiums, millions of euros; market share, %)

2016			2017			2018		
Group	Premiums	% of market	Group	Premiums	% of market	Group	Premiums	% of market
VIDACAIXA	9,473	30.4	VIDACAIXA	9,646	32.8	VIDACAIXA	8,200	28.3
ZURICH	4,544	14.6	ZURICH	2,805	9.5	ZURICH	2,551	8.8
MAPFRE	1,948	6.3	MAPFRE	1,904	6.5	MAPFRE	2,285	7.9
BBVA SEGUROS	1,562	5.0	SANTANDER SEGUROS	1,481	5.0	SANTANDER SEGUROS	1,949	6.7
IBERCAJA GROUP	1,328	4.3	BBVA SEGUROS	1,431	4.9	SANTALUCIA	1,427	4.9
ALLIANZ	1,294	4.2	SANTALUCIA	1,407	4.8	IBERCAJA GROUP	1,325	4.6
SANTANDER SEGUROS	1,189	3.8	IBERCAJA GROUP	1,148	3.9	BBVA SEGUROS	1,217	4.2
GENERALI	1,041	3.3	ALLIANZ	1,142	3.9	ALLIANZ	1,106	3.8
GRUPO CATALANA OCCIDENTE	865	2.8	GENERALI	936	3.2	GENERALI	861	3.0
AVIVA	856	2.7	GRUPO CATALANA OCCIDENTE	766	2.6	GRUPO CATALANA OCCIDENTE	750	2.6
Total market	**31,136**		**Total market**	**29,407**		**Total market**	**28,995**	

Source: MAPFRE Economic Research (using ICEA data. *Total ranking Life premiums by group*)

Table A.16.
Trends in Spanish insurance industry concentration, 2008-2018
(Herfindahl and CR5 indexes)

Year	Herfindahl Index	CRS Index (%)		
		Total	Life	Non-Life
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%
2018	569.7	43.4%	56.6%	46.9%

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

Table A.17.
Insurance Compensation Consortium: premiums and surcharges attributed, 2007-2017
(millions of euros)

Year	General activity: premiums and surcharges attributed							
	Extraordinary risks	P&C	People	Loss of profits	Traffic risks	SOA Guarantee Fund	Private vehicles	Official vehicles
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
2017	753.4	677.7	19.8	55.9	93.3	84.6	0.5	8.2

Source: Insurance Compensation Consortium *Annual report.*

Table A.18.
Insurance Compensation Consortium: direct and accepted loss ratio. 2007-2017
(millions of euros)

Year	General activity: direct and accepted loss ratio							
	Extraordinary risks	P&C	People	Loss of profits	Traffic risks	SOA Guarantee Fund	Private vehicles	Official vehicles
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
2017	196.3	190.7	1.5	4.1	57.6	49.9	0.5	7.3

Source: Insurance Compensation Consortium *Annual report.*

Table A.19.
Trends in Automobile insurance average premium, 2008-2018
(millions of euros; annual change, %)

Year	Insured vehicles[1]		Direct insurance premiums[2]		Average premium		
					In euros	% variation	
	(millions of euros)	% variation	(millions of euros)	% variation		Nominal	Real
2008	28.8	1.7%	12,357	-1.9%	428	-3.5%	-4.9%
2009	28.8	-0.2%	11,662	-5.6%	405	-5.4%	-6.2%
2010	28.7	-0.3%	11,553	-0.9%	403	-0.6%	-3.5%
2011	28.9	0.8%	11,285	-2.3%	390	-3.1%	-5.4%
2012	28.7	-0.7%	10,622	-5.9%	370	-5.2%	-7.9%
2013	28.6	-0.4%	10,033	-5.5%	351	-5.1%	-5.4%
2014	28.8	0.7%	9,891	-1.4%	343	-2.1%	-1.1%
2015	29.1	1.1%	10,061	1.7%	345	0.6%	0.6%
2016	29.8	2.4%	10,574	5.1%	354	2.6%	1.0%
2017	30.6	2.6%	10,932	3.4%	357	0.8%	-0.3%
2018	31.5	2.7%	11,144	1.9%	354	-0.8%	-2.0%

Source: MAPFRE Economic Research (using FIVA, ICEA and Insurance Compensation Consortium data)

[1] Information Database for Insured Vehicles (FIVA)
[2] Direct Insurance premiums for insurance companies and the Insurance Compensation Consortium

Table A.20.
Frequencies and average costs by guarantee in Automobile insurance, 2008-2018
(frequency, %; average cost, euros)

	2008		2009		2010		2011		2012		2013	
	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost
Third-party liability	11.5%	1,663	10.0%	1,857	10.0%	1,773	9.3%	1,853	9.3%	1,761	8.5%	1,888
Bodily injury	*2.1%*	*5,282*	*2.1%*	*5,275*	*2.1%*	*4,978*	*2.0%*	*5,050*	2.0%	4,939	2.0%	4,928
Material	*9.5%*	*807*	*8.8%*	*844*	*8.5%*	*828*	*8.1%*	*864*	7.6%	868	7.2%	887
Damage to own vehicle	38.8%	868	47.1%	748	43.7%	741	47.4%	704	44.2%	713	39.6%	731
Broken windows	7.4%	272	7.9%	282	8.4%	282	7.2%	292	6.7%	286	6.7%	290
Theft	1.6%	1,134	1.6%	1,064	1.5%	966	1.4%	961	1.3%	919	1.2%	896
Legal defense	2.7%	255	2.2%	288	2.1%	282	1.9%	302	1.8%	286	1.8%	310
Occupants	0.4%	1,273	0.4%	1,090	0.4%	972	0.4%	930	0.3%	1,259	0.3%	1,252
Fire	0.1%	4,912	0.1%	4,158	0.1%	3,211	0.1%	3,243	0.1%	3,075	0.1%	2,854
Withdrawal of driver's license	0.0%	1,122	0.0%	1,389	0.0%	1,930	0.0%	1,577	0.0%	1,627	0.0%	1,314

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

Table A.20.
Frequencies and average costs by guarantee in Automobile insurance, 2008-2018 (conclusion)
(frequency, %; average cost, euros)

	2014		2015		2016		2017		2018	
	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost	Frequency	Average cost
Third-party liability	8.5%	1,841	8.5%	1,816	8.6%	1,871	8.6%	1,820	8.4%	1,744
Bodily injury	*2.0%*	*4,751*	*2.0%*	*4,569*	*2.0%*	*4,970*	*1.9%*	*4,856*	*1.8%*	*4,790*
Material	*7.2%*	*875*	*7.3%*	*873*	*7.4%*	*872*	*7.4%*	*879*	*7.2%*	*879*
Damage to own vehicle	36.1%	733	34.3%	718	31.5%	713	30.4%	734	29.4%	758
Broken windows	6.4%	289	6.4%	288	6.4%	290	6.4%	291	6.7%	303
Theft	1.0%	882	0.9%	909	0.8%	916	0.8%	968	0.7%	958
Legal defense	1.8%	302	1.8%	290	1.7%	279	1.7%	278	1.6%	276
Occupants	0.2%	1,251	0.2%	1,227	0.2%	1,265	0.3%	1,249	0.2%	1,227
Fire	0.1%	2,782	0.1%	2,847	0.1%	2,977	0.1%	3,023	0.1%	3,060
Withdrawal of driver's license	0.0%	1,211	0.0%	1,108	0.0%	940	0.0%	805	0.0%	694

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

Table A.21.
Basic Automobile insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	12,324	11,640	11,535	11,270	10,607	10,021	9,882	10,052	10,566	10,923	11,135
Change in premiums	-1.8%	-5.5%	-0.9%	-2.3%	-5.9%	-5.5%	-1.4%	1.7%	5.1%	3.4%	1.9%
Retention	90.5%	90.1%	87.5%	94.5%	94.9%	92.3%	92.5%	92.2%	89.5%	89.5%	89.1%
Gross loss ratio	74.5%	77.8%	77.5%	77.2%	77.2%	77.2%	77.1%	78.1%	79.0%	76.4%	74.7%
Gross expenses	18.2%	17.4%	17.6%	18.0%	18.8%	20.0%	20.0%	20.2%	19.5%	18.8%	19.1%
Net loss ratio	75.6%	79.1%	79.6%	78.6%	78.4%	78.1%	77.6%	79.1%	79.5%	77.0%	75.8%
Net expenses	18.1%	17.4%	17.4%	18.1%	18.9%	20.3%	20.3%	20.3%	19.5%	18.6%	19.0%
Net combined ratio	93.7%	96.4%	97.0%	96.7%	97.3%	98.4%	97.9%	99.5%	98.9%	95.6%	94.8%
Financial result	3.7%	5.9%	5.9%	4.9%	3.3%	4.5%	5.6%	4.8%	4.9%	4.4%	3.4%
Technical-financial result	10.1%	9.5%	8.9%	8.3%	5.9%	6.1%	7.6%	5.3%	6.0%	8.7%	8.6%

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

Table A.22.
Basic Multirisk insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	5,912	6,097	6,297	6,579	6,627	6,537	6,550	6,565	6,734	6,965	7,244
Change in premiums	8.0%	3.1%	3.3%	4.5%	0.7%	-1.4%	0.2%	0.2%	2.6%	3.4%	4.0%
Retention	81.5%	81.6%	79.1%	81.7%	79.9%	79.6%	79.7%	79.3%	78.4%	78.5%	78.2%
Gross loss ratio	61.1%	63.9%	71.4%	57.1%	57.3%	59.0%	60.5%	57.8%	57.8%	69.3%	66.3%
Gross expenses	28.8%	28.8%	28.7%	28.4%	28.0%	28.3%	28.2%	28.4%	28.4%	28.4%	28.4%
Net loss ratio	62.5%	63.0%	66.9%	59.0%	59.9%	61.4%	60.7%	60.2%	58.8%	64.1%	66.0%
Net expenses	30.1%	30.5%	30.2%	30.1%	30.3%	30.8%	30.0%	30.6%	31.2%	31.5%	31.4%
Net combined ratio	92.6%	93.5%	97.1%	89.0%	90.2%	92.2%	90.7%	90.7%	90.0%	95.7%	97.3%
Financial result	2.8%	4.6%	4.2%	3.3%	2.4%	3.5%	4.4%	3.9%	3.6%	2.8%	2.4%
Technical-financial result	10.2%	11.1%	7.1%	14.3%	12.2%	11.3%	13.7%	13.2%	13.6%	7.1%	5.1%

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

Table A.23.
Basic Homeowner Multirisk insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	3,147	3,337	3,505	3,656	3,764	3,779	3,837	3,916	4,059	4,196	4,346
Change in premiums	8.9%	6.0%	5.1%	4.3%	3.0%	0.4%	1.5%	2.1%	3.6%	3.4%	3.6%
Retention	92.0%	92.1%	88.8%	91.5%	91.6%	90.4%	89.9%	90.2%	90.0%	90.3%	90.1%
Gross loss ratio	59.3%	64.3%	65.1%	56.8%	57.8%	59.1%	58.6%	58.2%	56.7%	61.2%	64.1%
Gross expenses	32.1%	32.1%	32.2%	31.9%	31.7%	32.0%	31.2%	31.5%	31.4%	31.5%	31.4%
Net loss ratio	60.4%	62.8%	66.5%	57.9%	58.9%	60.1%	59.4%	59.1%	57.5%	61.8%	64.6%
Net expenses	32.0%	32.4%	32.3%	32.0%	31.6%	32.1%	30.7%	31.8%	31.8%	31.6%	31.4%
Net combined ratio	92.4%	95.1%	98.8%	89.9%	90.5%	92.2%	90.1%	90.9%	89.3%	93.4%	96.1%
Financial result	2.0%	3.6%	3.1%	2.7%	2.1%	3.0%	3.3%	2.8%	2.7%	2.7%	1.8%
Technical-financial result	9.6%	8.5%	4.4%	12.8%	11.6%	10.8%	13.1%	11.9%	13.4%	9.3%	5.7%

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

Table A.24.
Basic Industrial Multirisk insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	1,344	1,321	1,328	1,421	1,344	1,265	1,220	1,176	1,170	1,234	1,327
Change in premiums	6.2%	-1.7%	0.5%	7.0%	-5.4%	-5.9%	-3.6%	-3.6%	-0.5%	5.5%	7.6%
Retention	56.8%	55.5%	56.0%	56.0%	50.4%	50.8%	52.2%	50.6%	47.9%	48.5%	47.3%
Gross loss ratio	61.5%	63.4%	94.4%	57.5%	59.2%	62.5%	68.8%	59.1%	63.7%	94.3%	76.0%
Gross expenses	22.6%	22.2%	21.6%	21.0%	19.7%	19.8%	20.5%	20.4%	20.5%	20.2%	20.9%
Net loss ratio	63.5%	63.7%	71.6%	64.0%	71.0%	74.8%	70.9%	69.1%	69.7%	78.7%	78.2%
Net expenses	27.0%	27.2%	26.9%	26.0%	27.9%	28.6%	28.5%	27.5%	30.4%	31.2%	32.3%
Net combined ratio	90.5%	90.9%	98.5%	90.1%	98.9%	103.4%	99.4%	96.6%	100.1%	109.9%	110.6%
Financial result	4.9%	7.9%	7.2%	5.3%	3.4%	4.8%	9.0%	7.9%	7.1%	1.6%	4.5%
Technical-financial result	14.4%	15.6%	8.7%	15.2%	4.5%	1.4%	9.6%	11.3%	7.0%	-8.4%	-6.1%

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

Table A.25.
Basic Commercial Multirisk insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	678	655	650	649	625	596	594	565	575	585	596
Change in premiums	5.1%	-3.4%	-0.7%	-0.2%	-3.6%	-4.6%	-0.3%	-4.9%	1.7%	1.8%	1.9%
Retention	84.2%	85.3%	81.2%	84.6%	86.1%	85.5%	84.2%	84.5%	83.9%	84.1%	83.4%
Gross loss ratio	66.9%	60.8%	62.2%	57.0%	53.6%	53.7%	56.4%	55.8%	53.4%	60.5%	55.3%
Gross expenses	31.3%	30.1%	29.7%	29.3%	30.1%	30.1%	30.7%	30.5%	31.2%	32.7%	31.7%
Net loss ratio	70.1%	61.5%	64.0%	58.4%	54.7%	54.3%	58.1%	57.5%	55.0%	62.6%	56.1%
Net expenses	31.0%	29.9%	29.5%	28.9%	29.7%	29.9%	30.2%	30.1%	31.0%	33.0%	32.0%
Net combined ratio	101.1%	91.5%	93.5%	87.3%	84.4%	84.2%	88.4%	87.7%	86.0%	95.6%	88.1%
Financial result	3.4%	5.7%	4.8%	3.8%	2.6%	3.8%	4.2%	4.0%	3.5%	3.6%	2.5%
Technical-financial result	2.3%	14.2%	11.4%	16.4%	18.2%	19.7%	15.8%	16.3%	17.5%	8.0%	14.4%

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

Table A.26.
Basic Condominium Multirisk insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	669	714	755	794	815	823	827	836	853	872	898
Change in premiums	10.6%	6.7%	5.8%	5.2%	2.6%	1.1%	0.4%	1.1%	2.0%	2.3%	3.0%
Retention	86.8%	86.4%	80.5%	86.8%	86.7%	86.4%	85.8%	86.1%	85.3%	86.1%	87.0%
Gross loss ratio	61.3%	64.4%	62.1%	53.8%	51.2%	54.5%	54.3%	53.9%	53.4%	58.5%	63.3%
Gross expenses	26.3%	27.6%	27.8%	27.6%	28.0%	28.2%	28.1%	28.8%	29.2%	29.7%	29.0%
Net loss ratio	62.7%	62.5%	65.1%	54.9%	52.5%	55.2%	55.2%	55.1%	54.5%	59.1%	64.7%
Net expenses	26.1%	27.8%	26.4%	27.6%	28.2%	28.0%	28.0%	28.7%	29.5%	30.5%	29.4%
Net combined ratio	88.7%	90.3%	91.4%	82.5%	80.7%	83.3%	83.2%	83.7%	83.9%	89.5%	94.1%
Financial result	2.7%	5.6%	4.4%	3.4%	2.7%	3.8%	4.1%	4.0%	3.9%	4.2%	3.1%
Technical-financial result	13.9%	15.3%	13.0%	21.0%	22.0%	20.5%	20.9%	20.2%	20.0%	14.7%	9.0%

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

Table A.27.
Basic Other Multirisk insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	74	70	59	60	79	73	73	71	78	78	76
Change in premiums	5.6%	-4.7%	-16.4%	1.2%	32.3%	-7.2%	-0.6%	-2.4%	10.2%	-0.6%	-1.7%
Retention	77.0%	80.8%	79.6%	89.1%	89.2%	82.8%	86.1%	85.3%	85.4%	85.0%	85.8%
Gross loss ratio	72.8%	71.6%	62.0%	84.8%	73.1%	69.1%	67.3%	70.1%	58.6%	52.9%	51.8%
Gross expenses	23.6%	22.8%	22.3%	24.2%	25.2%	30.0%	30.8%	31.2%	31.1%	28.9%	28.4%
Net loss ratio	72.2%	74.1%	67.8%	81.3%	73.8%	75.7%	71.0%	71.1%	63.3%	57.0%	54.0%
Net expenses	22.1%	21.8%	18.6%	23.6%	25.4%	31.0%	31.3%	32.3%	31.9%	29.8%	29.0%
Net combined ratio	94.3%	95.9%	86.3%	105.0%	99.2%	106.7%	102.3%	103.4%	95.2%	86.7%	83.0%
Financial result	3.6%	4.9%	4.1%	3.1%	1.1%	5.4%	6.2%	6.9%	4.8%	5.0%	2.8%
Technical-financial result	9.3%	9.1%	17.7%	-1.9%	1.9%	-1.3%	3.9%	3.5%	9.6%	18.2%	19.8%

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

Table A.28.
Basic Health insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	5,834	6,150	6,396	6,597	6,786	6,937	7,181	7,361	7,736	8,069	8,524
Change in premiums	8.0%	5.4%	4.0%	3.1%	2.9%	2.2%	3.5%	2.5%	5.1%	4.3%	5.6%
Retention	98.6%	98.5%	98.1%	97.8%	97.7%	97.6%	97.5%	97.4%	97.4%	97.4%	97.4%
Gross loss ratio	82.8%	85.4%	84.5%	82.8%	82.7%	83.1%	82.2%	80.9%	80.6%	79.9%	79.0%
Gross expenses	11.1%	10.6%	10.4%	11.5%	11.4%	11.7%	11.8%	12.2%	12.4%	12.2%	12.3%
Net loss ratio	83.6%	86.1%	85.7%	83.9%	83.8%	84.5%	83.6%	82.2%	81.8%	81.2%	80.3%
Net expenses	11.1%	10.5%	10.4%	11.5%	11.4%	11.7%	11.9%	12.2%	12.4%	12.2%	12.3%
Net combined ratio	94.7%	96.6%	96.1%	95.4%	95.2%	96.2%	95.5%	94.4%	94.2%	93.4%	92.6%
Financial result	1.2%	1.1%	1.1%	1.1%	0.8%	1.1%	1.0%	0.7%	0.7%	0.6%	0.3%
Technical-financial result	6.5%	4.5%	5.0%	5.6%	5.5%	4.9%	5.6%	6.3%	6.5%	7.3%	7.7%

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

Table A.29.
Basic Third-Party Liability insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	1,974	1,712	1,624	1,531	1,448	1,352	1,342	1,360	1,385	1,508	1,537
Change in premiums	-1.7%	-13.3%	-5.1%	-5.7%	-5.4%	-6.6%	-0.8%	1.3%	1.9%	8.9%	1.9%
Retention	70.2%	67.9%	73.5%	73.9%	72.5%	71.8%	72.1%	72.2%	69.9%	69.5%	70.3%
Gross loss ratio	55.3%	51.2%	42.8%	55.1%	39.8%	52.1%	50.9%	62.1%	67.7%	69.3%	55.1%
Gross expenses	20.3%	21.3%	22.9%	22.6%	24.6%	25.0%	25.5%	25.6%	26.5%	27.2%	28.2%
Net loss ratio	54.1%	51.7%	43.2%	51.4%	38.2%	51.7%	50.6%	59.5%	59.6%	73.9%	54.5%
Net expenses	20.2%	24.1%	23.7%	23.4%	26.0%	26.5%	27.2%	26.8%	28.0%	29.4%	32.1%
Net combined ratio	74.3%	75.8%	66.9%	74.8%	64.3%	78.2%	77.8%	86.3%	87.6%	103.4%	86.7%
Financial result	7.6%	16.0%	12.9%	12.5%	7.1%	12.4%	15.2%	14.0%	13.5%	12.7%	10.6%
Technical-financial result	33.3%	40.2%	46.0%	37.7%	42.8%	34.2%	37.4%	27.7%	25.9%	9.3%	24.0%

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

Table A.30.
Basic Hull Transport insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	317	336	289	276	256	240	223	225	207	229	216
Change in premiums	1.0%	6.1%	-14.0%	-4.6%	-7.2%	-6.3%	-7.2%	0.8%	-8.0%	10.7%	-5.9%
Retention	39.0%	42.8%	44.0%	49.4%	54.8%	53.4%	55.1%	55.8%	53.6%	52.2%	49.4%
Gross loss ratio	94.3%	79.8%	59.4%	50.9%	73.1%	55.6%	79.5%	77.9%	66.2%	68.5%	94.9%
Gross expenses	14.9%	15.7%	15.9%	17.4%	19.3%	19.5%	19.9%	20.7%	18.9%	18.4%	18.6%
Net loss ratio	94.1%	87.9%	74.1%	68.2%	74.3%	67.6%	90.8%	90.3%	75.6%	76.1%	82.8%
Net expenses	23.5%	25.2%	24.7%	25.6%	25.6%	27.2%	26.3%	26.5%	23.8%	24.9%	27.0%
Net combined ratio	117.6%	113.1%	98.9%	93.8%	99.9%	94.8%	117.0%	116.7%	99.4%	101.1%	109.8%
Financial result	7.8%	7.1%	7.5%	5.4%	3.9%	4.1%	14.9%	13.9%	11.6%	-3.2%	6.5%
Technical-financial result	-9.8%	-6.0%	8.6%	11.6%	4.0%	9.2%	-2.1%	-2.8%	12.3%	-4.3%	-3.3%

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

Table A.31.
Basic Goods in Transit insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	286	222	209	211	204	198	194	205	207	230	245
Change in premiums	-10.5%	-22.6%	-5.7%	0.7%	-3.0%	-2.8%	-2.2%	5.4%	1.2%	11.2%	6.5%
Retention	69.6%	69.9%	69.6%	69.1%	65.4%	63.7%	66.4%	65.7%	65.0%	62.0%	63.2%
Gross loss ratio	60.3%	52.2%	36.2%	54.5%	50.8%	62.0%	65.3%	71.0%	75.4%	58.8%	76.1%
Gross expenses	26.5%	25.8%	25.1%	25.1%	25.2%	25.4%	26.4%	28.1%	28.7%	27.4%	26.1%
Net loss ratio	67.5%	56.0%	49.2%	61.8%	59.1%	70.4%	71.8%	78.4%	72.6%	61.4%	70.4%
Net expenses	28.5%	29.1%	28.7%	29.1%	30.2%	31.1%	32.0%	33.3%	34.4%	33.7%	32.1%
Net combined ratio	96.0%	85.1%	77.9%	90.9%	89.3%	101.5%	103.8%	111.7%	107.0%	95.2%	102.6%
Financial result	3.3%	6.0%	5.7%	5.4%	2.7%	4.9%	6.5%	6.3%	5.7%	4.1%	3.6%
Technical-financial result	7.3%	21.0%	27.8%	14.5%	13.4%	3.4%	2.8%	-5.4%	-1.4%	8.9%	1.1%

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

Table A.32.
Basic Burial insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	1,591	1,672	1,703	1,761	1,891	1,961	2,087	2,150	2,167	2,277	2,368
Change in premiums	4.8%	5.1%	1.8%	3.4%	7.3%	3.7%	6.5%	3.0%	0.8%	5.1%	4.0%
Retention	99.1%	99.4%	99.2%	100.6%	98.9%	99.0%	98.4%	98.5%	98.6%	98.4%	98.3%
Gross loss ratio	53.5%	53.0%	52.5%	51.3%	55.2%	56.9%	60.3%	65.2%	63.7%	62.6%	64.5%
Gross expenses	35.8%	39.0%	38.1%	37.8%	37.5%	36.4%	34.8%	32.9%	33.1%	33.0%	33.0%
Net loss ratio	54.0%	53.3%	52.8%	50.7%	55.4%	57.2%	60.9%	65.9%	64.3%	63.1%	65.3%
Net expenses	36.0%	39.0%	38.1%	37.2%	37.5%	36.4%	34.7%	32.7%	33.0%	32.9%	32.9%
Net combined ratio	89.9%	92.3%	90.9%	87.9%	93.0%	93.5%	95.5%	98.6%	97.3%	96.1%	98.2%
Financial result	3.2%	4.7%	5.6%	5.7%	6.8%	6.2%	6.5%	7.4%	5.8%	5.8%	5.7%
Technical-financial result	13.2%	12.5%	14.6%	17.8%	13.8%	12.7%	11.0%	8.8%	8.5%	9.8%	7.5%

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

Table A.33.
Basic Credit insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	835	798	719	695	677	646	631	609	593	570	584
Change in premiums	3.5%	-4.3%	-10.0%	-3.3%	-2.5%	-4.7%	-2.4%	-3.4%	-2.6%	-3.8%	2.5%
Retention	52.4%	53.9%	54.3%	54.6%	53.2%	46.3%	44.4%	42.1%	34.4%	34.4%	36.2%
Gross loss ratio	143.7%	89.5%	50.9%	78.2%	81.4%	70.4%	39.6%	69.2%	45.0%	48.0%	49.6%
Gross expenses	18.2%	17.8%	19.4%	20.4%	20.9%	21.9%	24.1%	24.7%	31.3%	30.4%	29.7%
Net loss ratio	117.8%	96.0%	56.6%	84.1%	87.8%	68.7%	42.2%	48.5%	47.3%	53.1%	57.3%
Net expenses	6.6%	18.3%	17.5%	15.0%	19.2%	22.1%	19.2%	8.4%	17.2%	16.5%	9.4%
Net combined ratio	124.4%	114.3%	74.1%	99.0%	107.0%	90.9%	61.4%	56.9%	64.6%	69.6%	66.7%
Financial result	10.7%	5.8%	4.8%	6.2%	5.8%	6.0%	4.5%	4.0%	2.6%	2.6%	3.3%
Technical-financial result	-13.7%	-8.5%	30.7%	7.1%	-1.2%	15.1%	43.1%	47.1%	38.0%	33.0%	36.6%

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

Table A.34.
Basic Surety insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	87	81	84	78	65	63	61	86	62	63	79
Change in premiums	0.6%	-6.3%	3.8%	-7.3%	-16.2%	-4.1%	-2.8%	40.6%	-27.4%	1.6%	24.9%
Retention	54.7%	41.6%	44.4%	40.1%	47.1%	44.5%	48.7%	46.4%	35.1%	36.4%	34.8%
Gross loss ratio	130.1%	113.2%	124.0%	98.7%	284.4%	535.5%	159.8%	158.2%	22.9%	30.4%	15.7%
Gross expenses	28.4%	39.9%	24.1%	24.2%	24.7%	28.3%	27.8%	33.9%	32.4%	27.4%	33.6%
Net loss ratio	77.4%	100.7%	65.0%	82.7%	201.4%	233.4%	72.1%	64.0%	33.1%	38.4%	31.9%
Net expenses	32.1%	67.8%	23.7%	22.0%	14.0%	34.4%	37.9%	41.7%	25.0%	13.2%	24.9%
Net combined ratio	109.5%	168.4%	88.7%	104.7%	215.4%	267.8%	110.0%	105.7%	58.2%	51.5%	56.8%
Financial result	5.5%	5.5%	5.1%	8.2%	9.8%	3.1%	5.0%	3.3%	4.1%	5.8%	6.2%
Technical-financial result	-4.0%	-62.9%	16.4%	3.5%	-105.7%	-164.7%	-5.1%	-2.3%	45.9%	54.3%	49.4%

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

Table A.35.
Basic Personal Accident insurance indicators, 2008-2018
(premiums, millions of euros; ratio over premiums, %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Premium volume issued	1,002	945	922	897	853	880	886	926	984	1,114	1,152
Change in premiums	4.1%	-5.7%	-2.5%	-2.6%	-5.0%	3.2%	0.6%	4.6%	6.2%	13.3%	3.4%
Retention	88.9%	89.0%	89.5%	89.5%	89.7%	90.1%	89.0%	89.0%	87.9%	87.4%	87.6%
Gross loss ratio	41.6%	33.8%	36.1%	39.0%	34.2%	41.6%	40.9%	41.3%	37.2%	38.3%	38.7%
Gross expenses	32.5%	32.6%	33.5%	35.4%	36.3%	34.9%	36.7%	37.6%	37.1%	36.9%	36.1%
Net loss ratio	39.6%	34.4%	37.4%	40.5%	35.3%	40.8%	41.8%	40.5%	37.2%	36.9%	38.5%
Net expenses	33.6%	33.5%	34.4%	36.2%	36.9%	35.2%	37.2%	37.6%	37.4%	37.4%	36.4%
Net combined ratio	73.2%	67.9%	71.8%	76.7%	72.2%	76.0%	79.0%	78.1%	74.6%	74.3%	74.9%
Financial result	2.7%	5.0%	5.3%	4.3%	3.8%	11.3%	18.7%	15.0%	15.4%	17.0%	19.4%
Technical-financial result	29.5%	37.1%	33.4%	27.6%	31.6%	35.3%	39.7%	36.9%	40.8%	42.7%	44.5%

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

Table A.36.
Trends in penetration in the Spanish insurance industry, 2008-2018
(premiums / GDP, %)

Year	Total market	Life insurance			Non-Life insurance				
		Total Life Insurance	Life Risk	Life Savings	Total Non-Life insurance	Automobile	Multirisk	Health	Other lines
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	5.26%	2.36%	0.35%	2.02%	2.89%	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	5.44%	2.52%	0.36%	2.16%	2.92%	0.94%	0.60%	0.69%	0.69%
2018	5.33%	2.40%	0.39%	2.01%	2.93%	0.92%	0.60%	0.71%	0.70%

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

Table A.37.
Trends in density and depth of the Spanish insurance industry, 2008-2018
(premiums per capita, euros; direct Life 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	
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	1,357.7	629.4	90.0	539.4	728.3	233.8	149.1	172.7	172.7	46.4%
2018	1,369.5	616.8	100.4	516.4	752.7	236.9	154.1	181.3	180.4	45.0%

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

Table A.38.
Trends in the Insurance Protection Gap in the Spanish insurance market, 2008-2018
(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 insurance Life (b)	IPG insurance Non-Life (c)			Total market	Life insurance market	Non-Life insurance market
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	25.8	23.6	2.2	55.9	81.7	0.46	0.92	0.07
2014	28.0	26.5	1.5	55.5	83.5	0.50	1.07	0.05
2015	30.1	27.9	2.2	56.9	87.0	0.53	1.09	0.07
2016	22.8	21.8	1.1	63.8	86.7	0.36	0.70	0.03
2017	28.2	26.7	1.5	63.4	91.6	0.44	0.91	0.04
2018	29.0	27.8	1.1	64.4	93.4	0.45	0.96	0.03

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

Other reports from MAPFRE Economic Research

MAPFRE Economic Research (2019), *2018 Ranking of the largest European insurance groups*, Madrid, Fundación MAPFRE.

MAPFRE Economic Research (2019), *2018 Ranking of insurance groups in Latin America*, Madrid, Fundación MAPFRE.

MAPFRE Economic Research (2019), *2019 Economic and Industry Outlook: second quarter perspectives*, Madrid, Fundación MAPFRE.

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