

THE SPANISH INSURANCE MARKET IN 2010

INTRODUCTORY REMARKS

In 2010, insurance and reinsurance premium totaled 58.37 billion €, showing a 5.74% decrease over the previous year. The acute economic crisis the country is undergoing is at the base of these results. The inflation rate for the insurance industry was up by 3.1%.

Life business slipped 8.15%. However, managed assets grew by 2.28%. Non-life business dropped by 3.51%. Most branches continued the decreasing trend of the previous year. Motor insurance premiums fell by 6.01% due to the sharp competitive scenario. Prices are still one of the main tools for companies to win new clients and, therefore, are going down together with car purchases, that keep on falling.

In global terms, general return measured in ROE terms reached 14.83%. Overall profits increased by 5.95% in life business though they fell by -6.19% in non-life. Net financial results were 1,75 billion Euros in life and 2,89 billion Euros in non-life.

As for the insurance density and penetration ratios, the figure remains stable compared to the previous year. Premiums per capita reached 1,257.06 Euros, showing a 3.63 decrease% over 2009. The insurance industry's share in the gross domestic product was 5.56%, percentage that represents a small decrease compared to the 2009 figure (5.89%).

Companies operating in the Spanish insurance market were reduced in seven: 287 companies present against 294 in 2009. The 10 largest insurance groups had a 62% market share, while the 20 largest reached over 80%.

PREMIUMS 2010			
Branch	2009	2010	% Variation
Life	29,830	27,400	-8.15
Non Life	32,101	30,973	-3.51
Total	61,931	58,373	-5.74

Source: DGSFP. Million €

LIFE INSURANCE

Assets managed by life insurance companies increased by 2.28% and amounted 130,652 million Euros according to DGSFP, but Icea provides different figures according to which these assets reached 141,761 million Euros, representing an increase of 2.13% compared to 2009. However, saving and retirement policies registered a deep decrease in premiums (-10%) according to Icea.

Deferred capital and rent policies –which constitute the two biggest groups within life insurance- performed badly, with -18.31% and -20.32% decreases respectively. Unit linked products, on the other hand, were up by 9.8%, overcoming the sharp fall of the previous year (-26%). Insured provisional plans performed the best and managed to rise over 25%, though their weight in the overall branch is still small.

LIFE INSURANCE RESULTS 2010				
TYPE	NET PREM.	Δ	ASSETS MNGD.	Δ
Death risk policies	3,691,922,330.46	2.79%	4,867,089,457.0	-2.31%
PPA (insured provisional plans)	2,349,789,649.13	25.25%	6,266,188,897.07	32.77%
Deferred capital	7,374,293,039.34	- 18.31%	42,572,290,189.56	-5.29%
Rents	6,751,832,815.84	- 20.32%	73,129,611,567.71	4.29%
PIAS (individual plans for systematic saving)	1,181,589,081.57	2.58%	2,128,214,893.54	24.65%
Unit linked	4,416,080,547.26	9.84%	17,664,969,701.15	1.69%
Total Pension/saving insurance	22,073,585,133.14	- 10.00%	141,761,275,249.04	2.13%
TOTAL LIFE	25,767,928,273.50	-8.36%	146,632,722,712.96	1.98%

Source: Icea. Premiums and assets in €

People owning a life policy almost reached 33 million, most of them (nearly 24 million) having death-risk insurance, and the remaining 9 million, saving and retirement insurance.

NON LIFE INSURANCE

Non life insurance branches have been affected by the crisis in an irregular way. Overall result showed a decrease of -3.51% in premiums, but the split show big differences from branch to branch. Health Insurance had a 5.51% increase according to DGSFP figures, reaching 6,330 million Euros in premiums, while motor insurance decreased by 6.01%, with premiums drawing back to 10,731

million €. Strong competition and a continuous decline in prices are responsible of this bad result. Multi-peril policies have performed very differently depending on the specialty. Home owners maintained a small increase of 1.86%; condominium remained flat (0.28%) while the rest registered decreases ranging from -6.1% for Commerce multi-peril to 8,2% for Industrial policies or 8,8% for other multi-risks.

NON LIFE INSURANCE 2010			
Branch	Premiums 2010	% Variation	% Non Life market share
Motor insurance	10,731	-6.01	33.84
Multi-peril insurance	6,330	-1.78	19.96
Health Insurance	6,330	5.51	22.42

Source: DGSFP. Premiums in million €

DISTRIBUTION CHANELS

According to DGSFP figures, there were 3,006 brokers working nationwide, and around 1,563 within regional scope.

As for tied agents, it is estimated that, in 2009, nearly 91,604 of these professionals were working in the insurance industry, though they continue to be small sized. Over 76% of them had portfolios under 30,000 € in 2009 (last figure available), and only 2.2% of them dealt with premiums over 300,000 €.

During 2009, there were 125 linked agents and 24 bankinsurance operators.

With 2010 data related to distribution channels still not available, bankinsurers continue to rule the sales of life insurance, with 72.4% market share. Tied agents and brokers have maintained their share of 19.15%. Insurance companies, on their side, distribute a mere 5.6% directly, while other channels, as Internet (0.02%) are almost nonexistent. In non life, the scene is quite different. Agents and brokers sell 64% of the total, while banks (9.2%), company offices (19.1%), Internet (0.9%) and other (6.5%) remain in the back.

COMPANIES

As in previous years, Mapfre led the Spanish ranking with almost 8,457 million € in written premiums. Vidacaixa, Zurich, Axa and Allianz followed in the list.

TOTAL INSURANCE - TOP TEN GROUPS 2010				
RK	Groups	Premiums (000 €)		
		Premiums	Mkt share %	Variation (%)
1	MAPFRE	8,457,638	15.21	5.53
2	GRUPO VIDACAIXA	5,615,939	10.10	22.93
3	ZURICH	4,649,213	8.36	-14.07
4	GRUPO AXA	3,117,198	5.61	-5.12
5	ALLIANZ	2,943,417	5.29	0.83
6	CASER	2,565,557	4.61	7.02
7	GENERALI	2,282,252	4.10	-11.66
8	SANTANDER SEGUROS	2,158,646	3.75	-38.11
9	CATALANA OCCIDENTE	2,043,596	3.88	-38.07
10	AVIVA	1,791,988	3.22	-1.90

Source: INESE

The ranking by branch and company (not group) differs a little. On the life side, the first company to appear is Vidacaixa, followed by Bansabadell Vida, Santander Seguros, Caser and Ibercaja Vida. Five out of five are bank owned.

LIFE INSURANCE - TOP FIVE COMPANIES 2010				
RK	Company	Premiums (000 €)	Mkt share	% Var.
1	VIDACAIXA	3,695,347	14.50	25.47
2	BANSABADELL VIDA	2,452,347	9.63	-21.06
3	SANTANDER SEGUROS	2,003,083	7.86	-39.88
4	CASER	1,427,656	5.60	18.34
5	IBERCAJA VIDA	1,139,385	4.47	-0.44

Source: INESE

As for the non life ranking, the first company to appear is Mapfre Familiar, followed by Axa, Allianz, Vidacaixa-Adeslas, and Generali.

NON LIFE - TOP FIVE COMPANIES 2010				
RK	Company	Premiums (000 €)	Mkt share	% Var.
1	MAPFRE FAMILIAR	3,987,719	13.24	-1.50
2	AXA SEGUROS GENER.	2,143,753	7.12	-6.44
3	ALLIANZ	1,948,748	6.47	2.31

4	VIDACAIXA ADESLAS	1,854,416	6.16	17.89
5	GENERALI SEGUROS	1,332,562	4.42	-6.81
Source: INESE				