

# The attractions of Spain as an insurance market

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CORPORACIÓN **MAPFRE**



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Navigating the Sea of Change  
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Section I Overview of the present environment

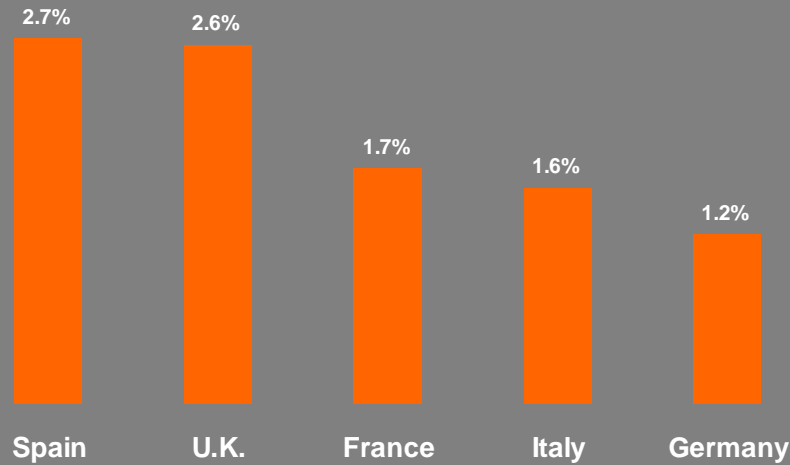
Section II Scope for growth



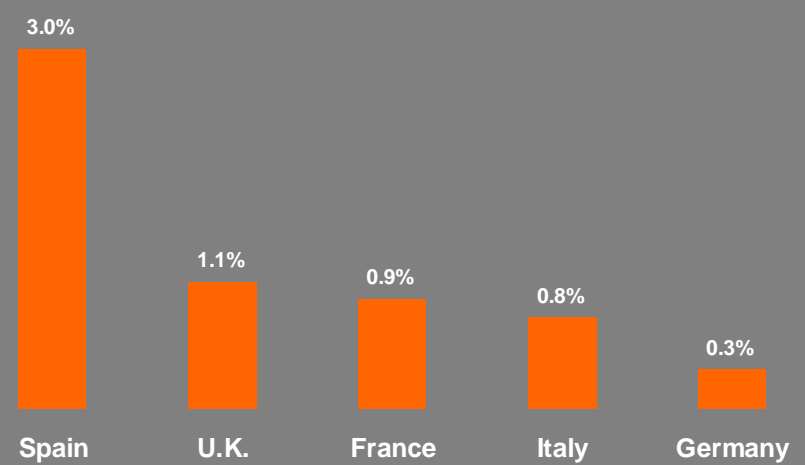
# Spain: an economic success story

Strong growth...

Average real per capita GDP growth 1994-2004

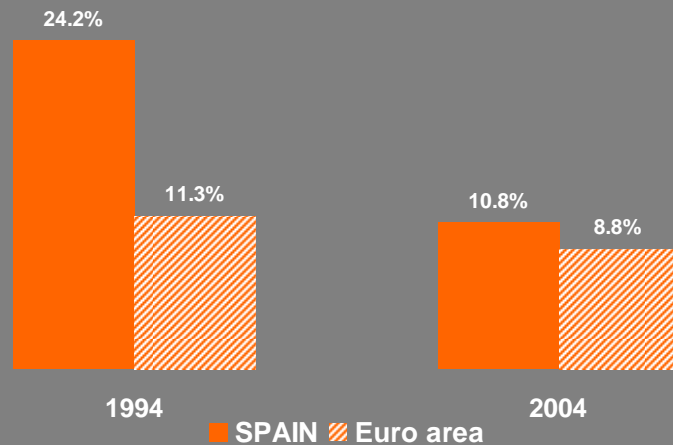


Average employment growth 1994-2004

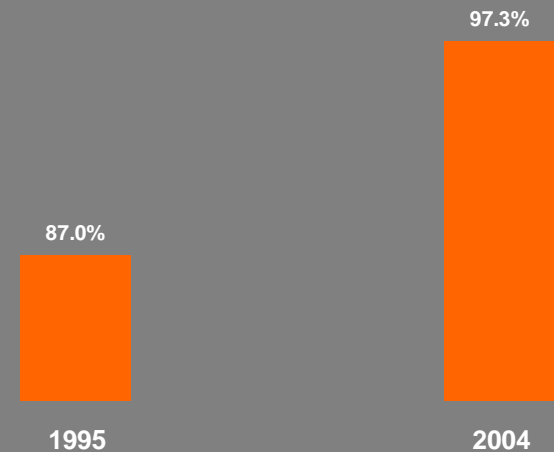


... has sped up convergence with the EU

Unemployment rate



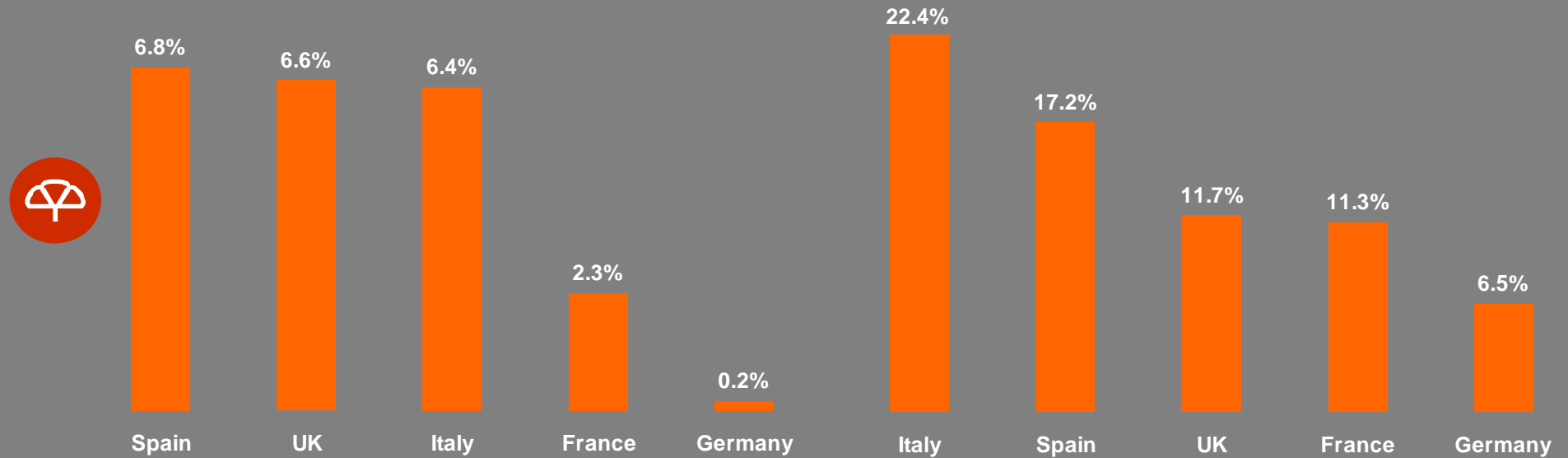
GDP per capita as a % of the EU average



# Economic growth has spurred the development of the insurance market

Non-life insurance premiums  
1995-2003 CAGR

Life technical reserves  
1995-2003 CAGR

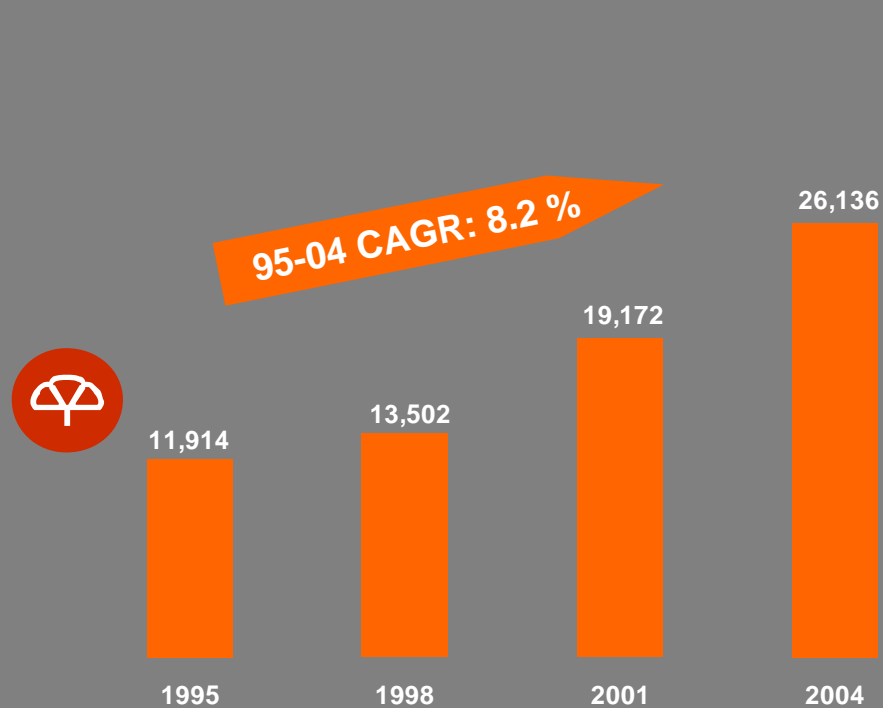


Source: national insurance associations and SIGMA.

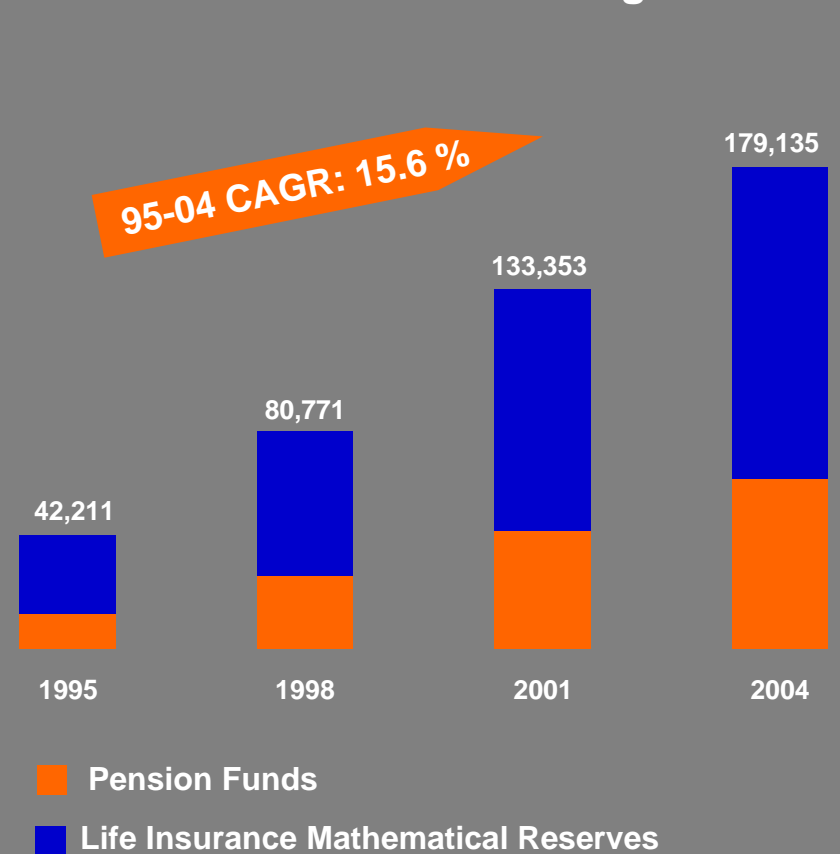


# Spain: Non-life insurance and private retirement savings growth

## Non-life premiums



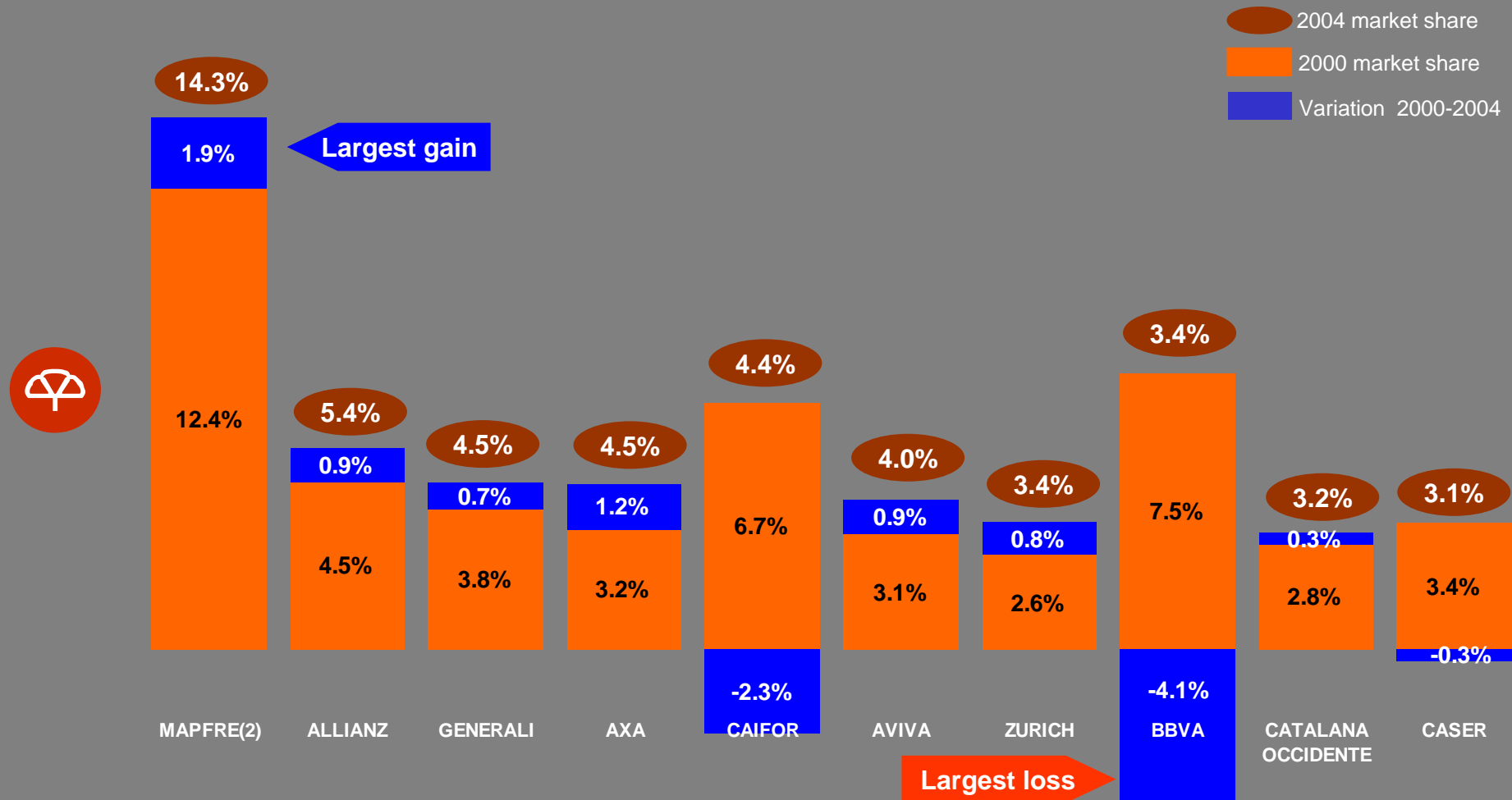
## Private retirement savings



Source: own calculations using ICEA data.



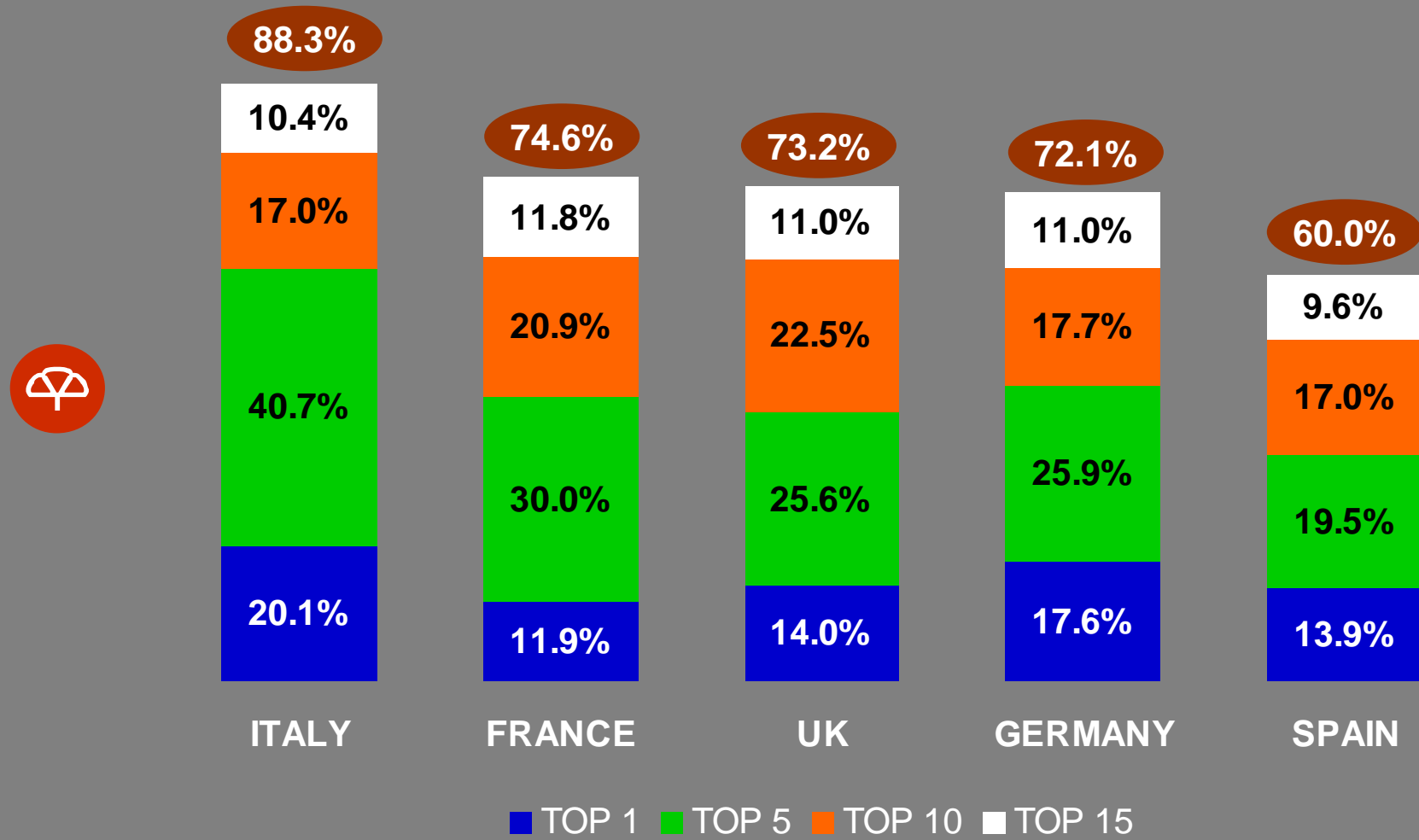
# Top 10<sup>(1)</sup> direct insurance players in Spain: Development of market shares between 2000 and 2004



1) The 2000 figures are calculated on the basis of the companies consolidated in each group at the close of 2004, to show the actual gain in market share  
 2) Figures for MAPFRE as a whole. Between 2000 and 2004, CORPORACIÓN MAPFRE raised its market share by 0.4% to 9.3%  
 Source: own calculations using ICEA data.



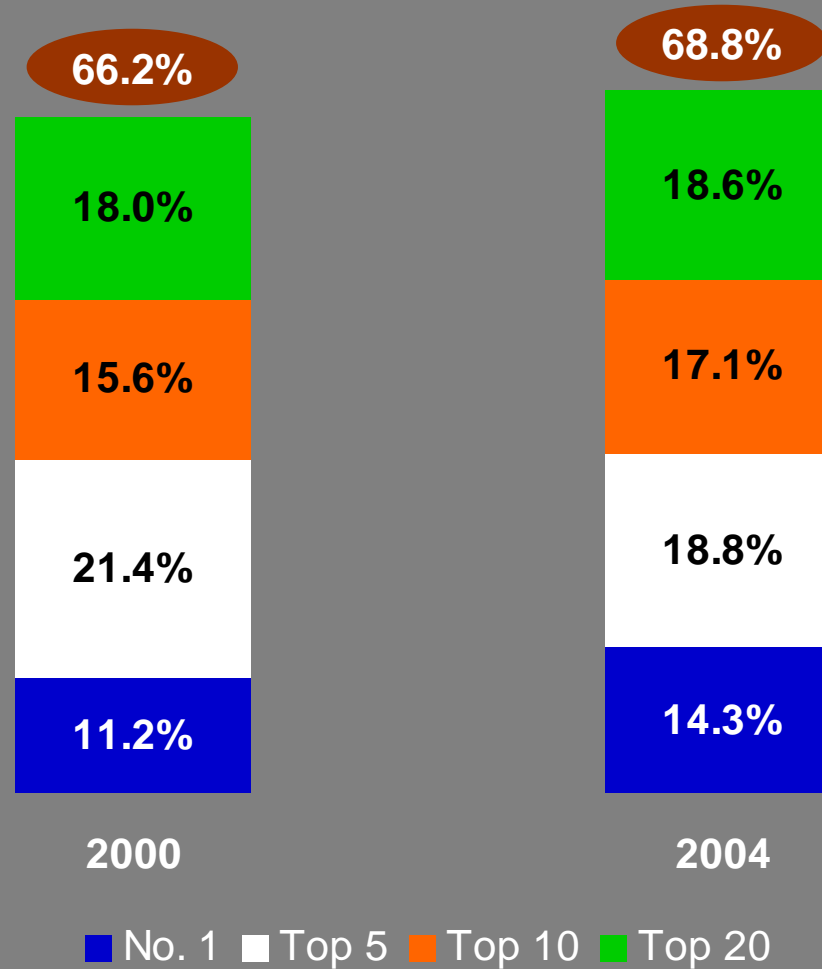
# Concentration in the largest EU insurance markets in 2003



Source: national insurance associations



# Concentration in the Spanish insurance market

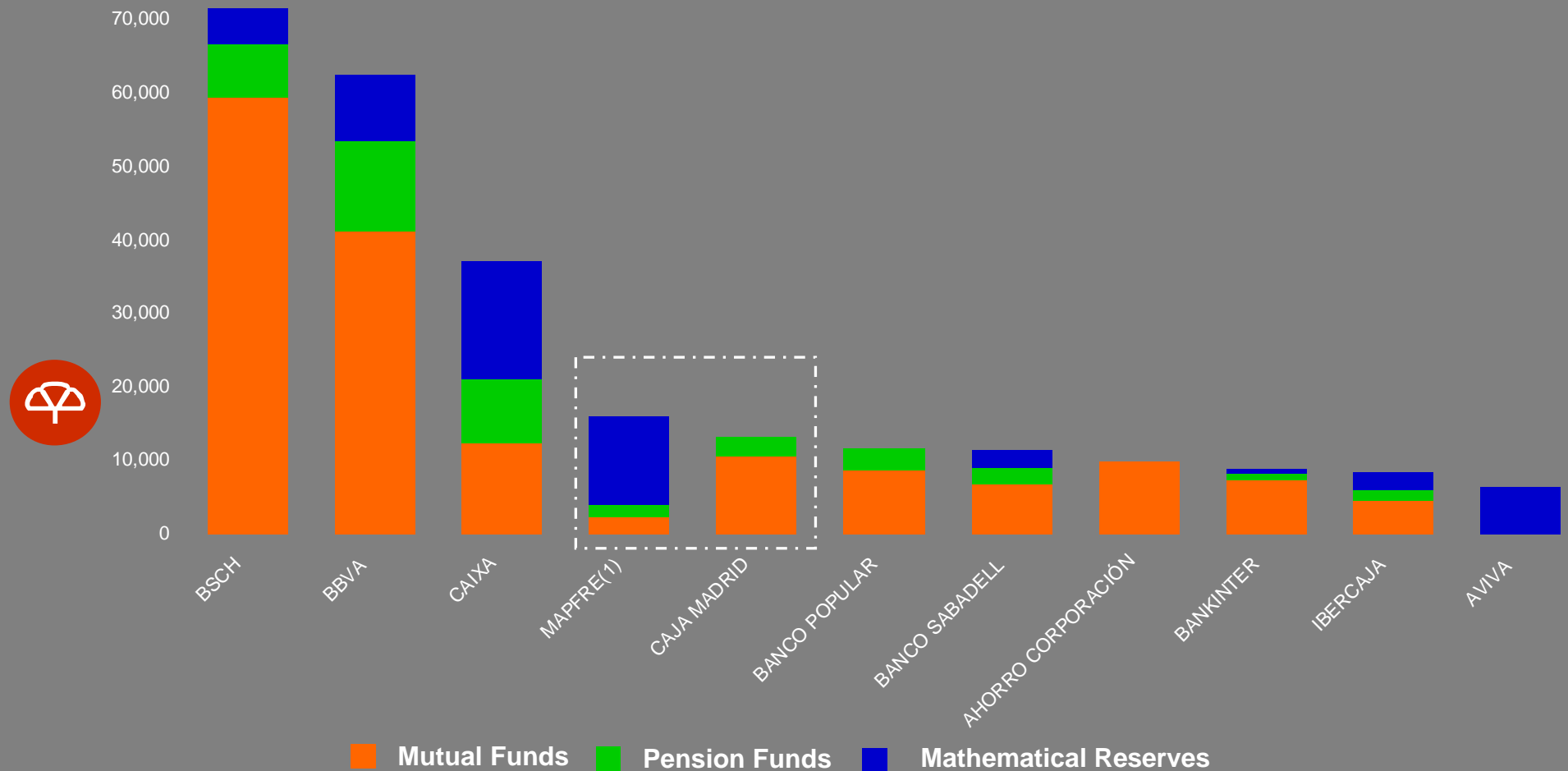


Source: own calculations using ICEA data.





# Spain: Ranking of groups by funds and life insurance reserves in 2004



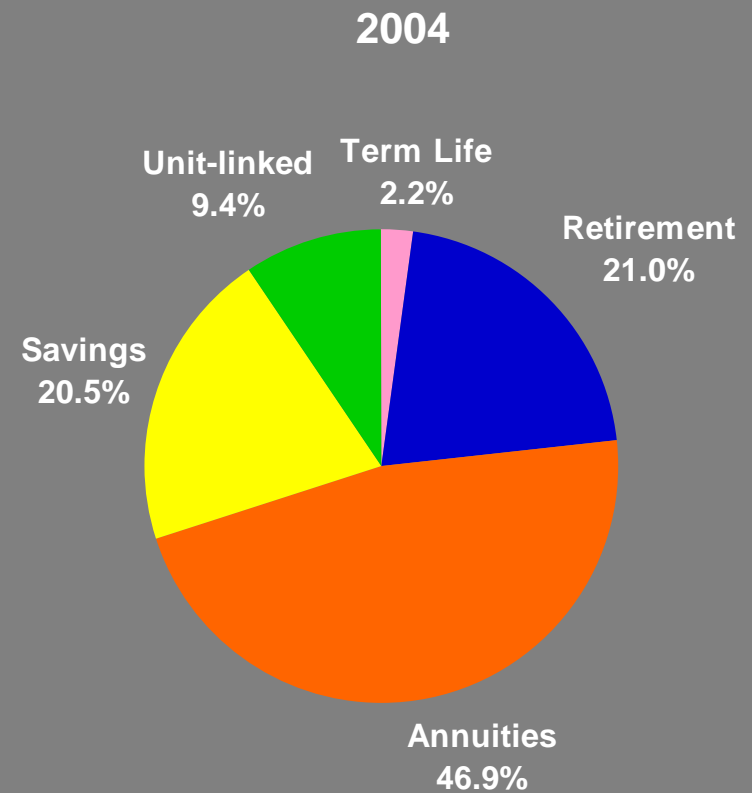
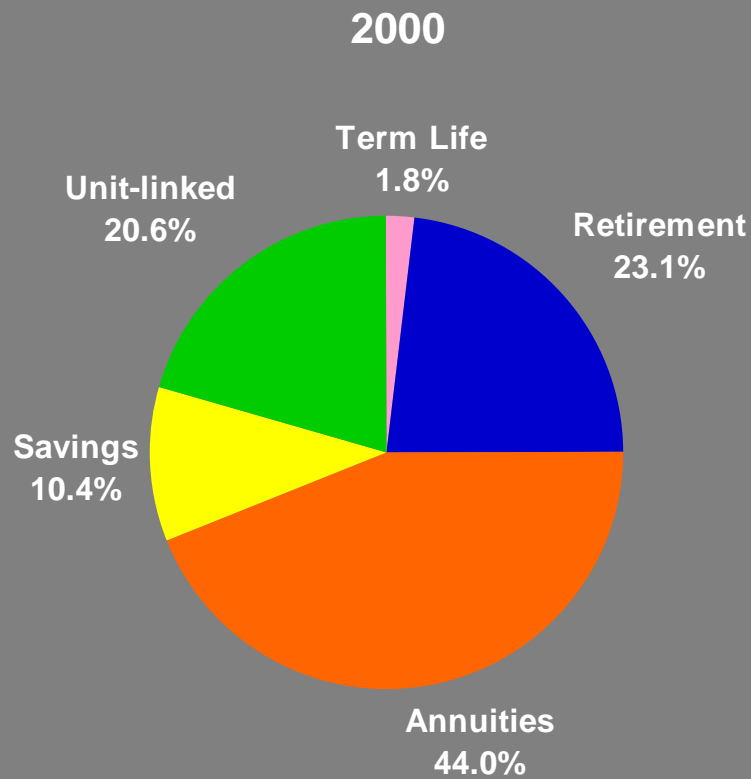
1) CORPORACIÓN MAPFRE has an indirect 51% stake in MAPFRE VIDA and its asset management subsidiaries and a direct 30% stake in CAJA MADRID's asset management subsidiaries

Source: own calculations using ICEA and INVERCO data.

Million euros



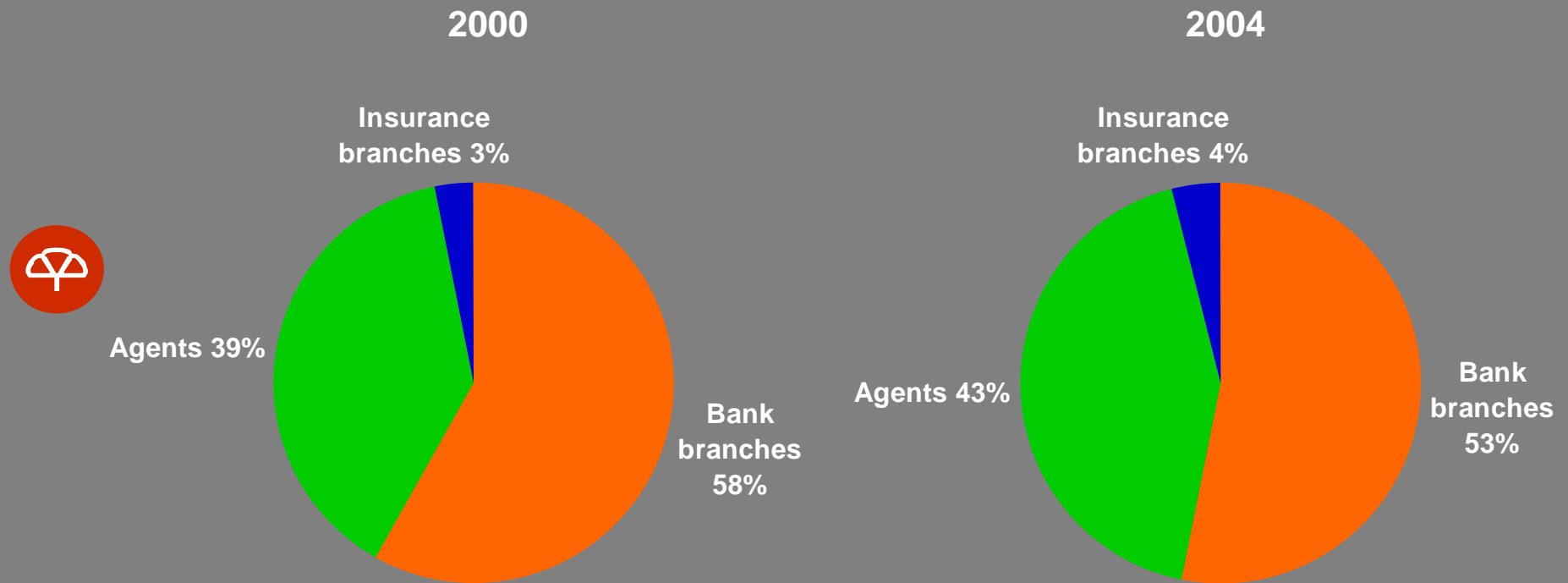
# Spain: Breakdown of Life technical reserves by product



Source: ICEA



# Spain: Breakdown of Life technical reserves by distribution channel



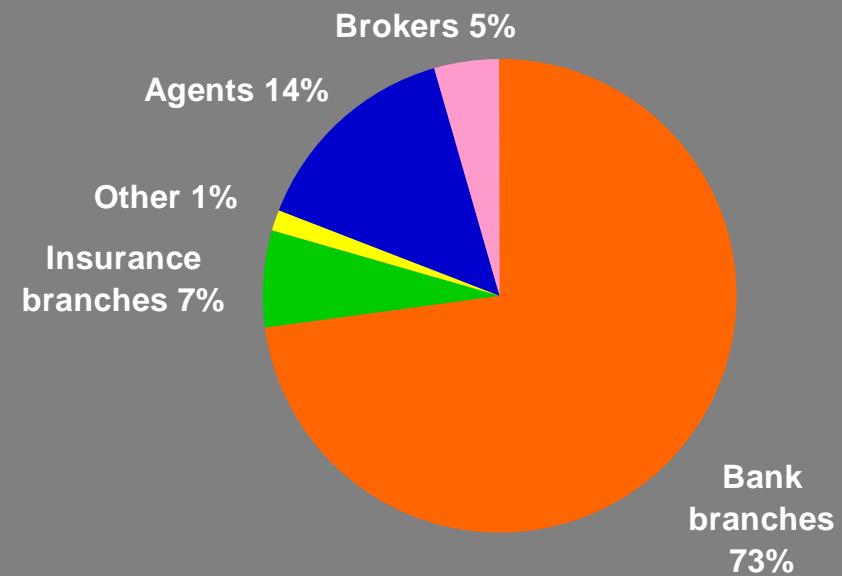
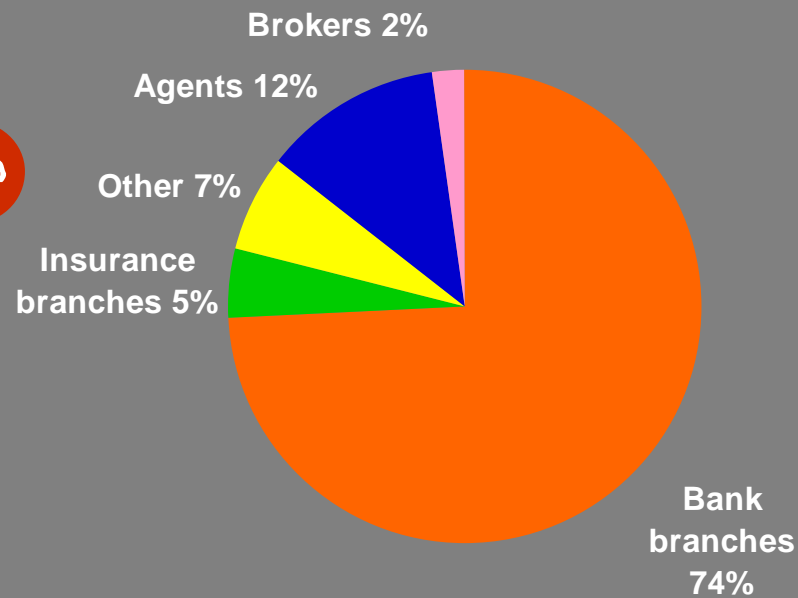
Source: ICEA.



# Spain: Breakdown of Life premiums (new business) by distribution channel

2000

2003



Source: ICEA.



## Spain: tax treatment of savings

- Over the medium to long term, Life insurance provides the best tax-adjusted returns compared to the other savings instruments, as can be seen in the example provided below.

	Tax treatment of gains earned over:			
	Less than 1 year	1 year	2 years	5 years
Life insurance	Marginal rate	Marginal rate	Marginal rate x (1 - 0.4)	Marginal rate x (1 - 0.75)
Bank deposits	Marginal rate	Marginal rate	Marginal rate x (1 - 0.4)	Marginal rate x (1 - 0.4)
Shares and mutual funds	Marginal rate	15%	15%	15%
Bonds	Marginal rate	Marginal rate	Marginal rate	Marginal rate

### Example:



Amount invested: €1000  
 Gain over a period of 5 years: €100

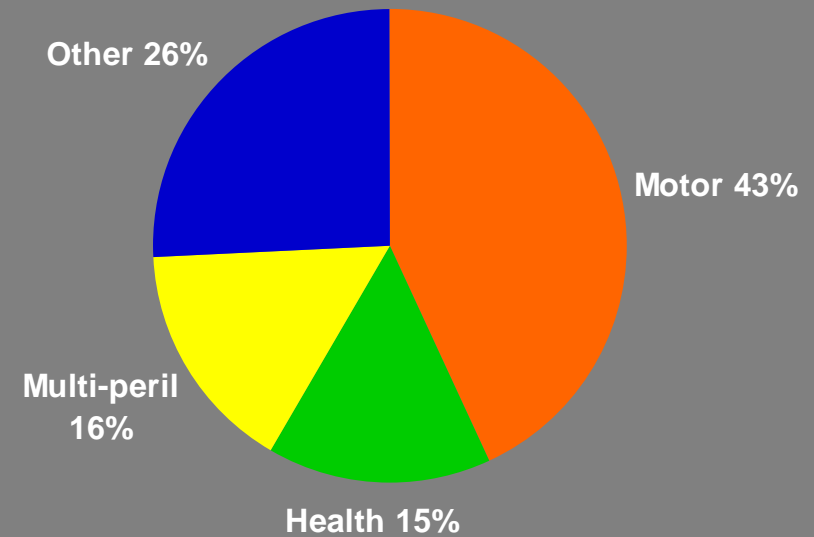
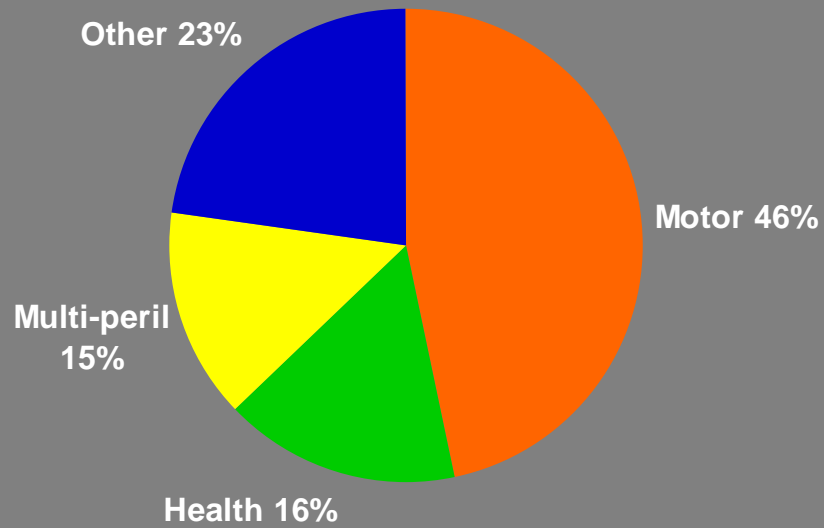
Tax paid vs. Life insurance	Lowest bracket 15%	Middle bracket 28%	Highest bracket 45%
Life insurance	€4	€7	€11
Shares and mutual funds	+ €11	+ €8	+ €4
Bank deposits	+ €5	+ €10	+ €16
Bonds	+ €11	+ €21	+ €34



# Spain: Breakdown of Non-life written premiums by line of business

2000

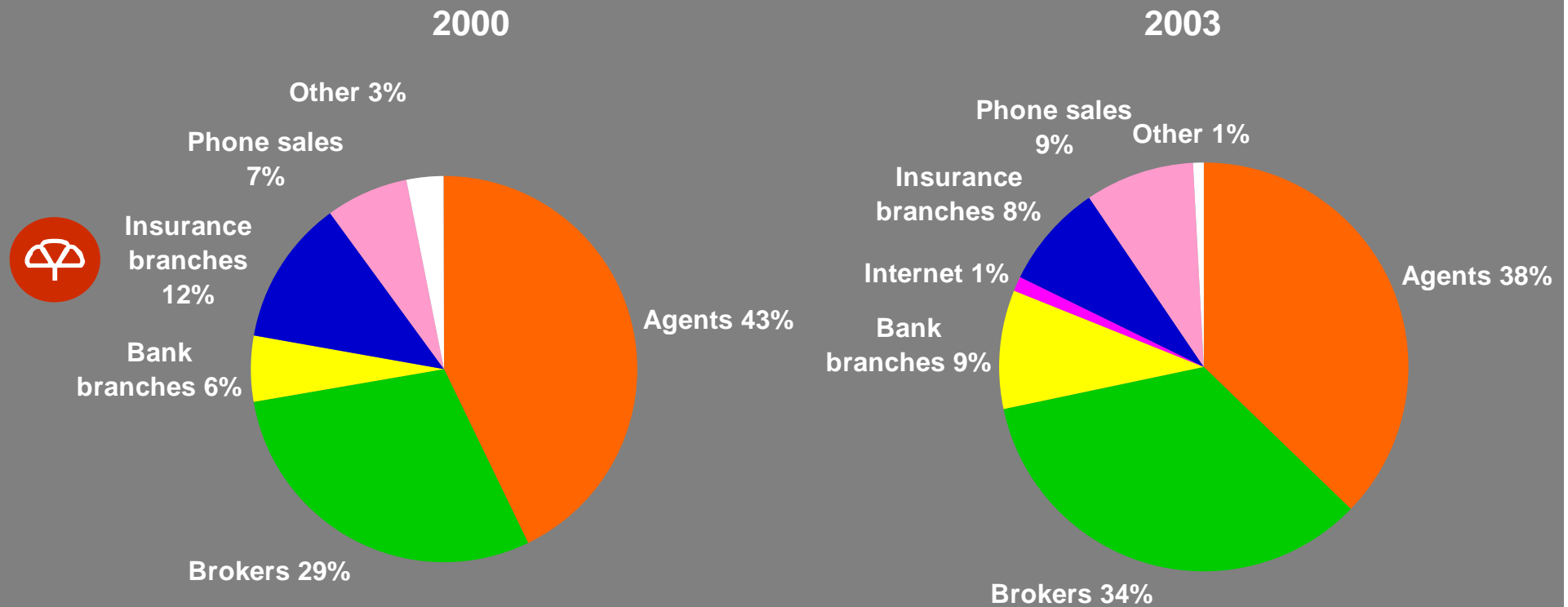
2004



Source: ICEA.



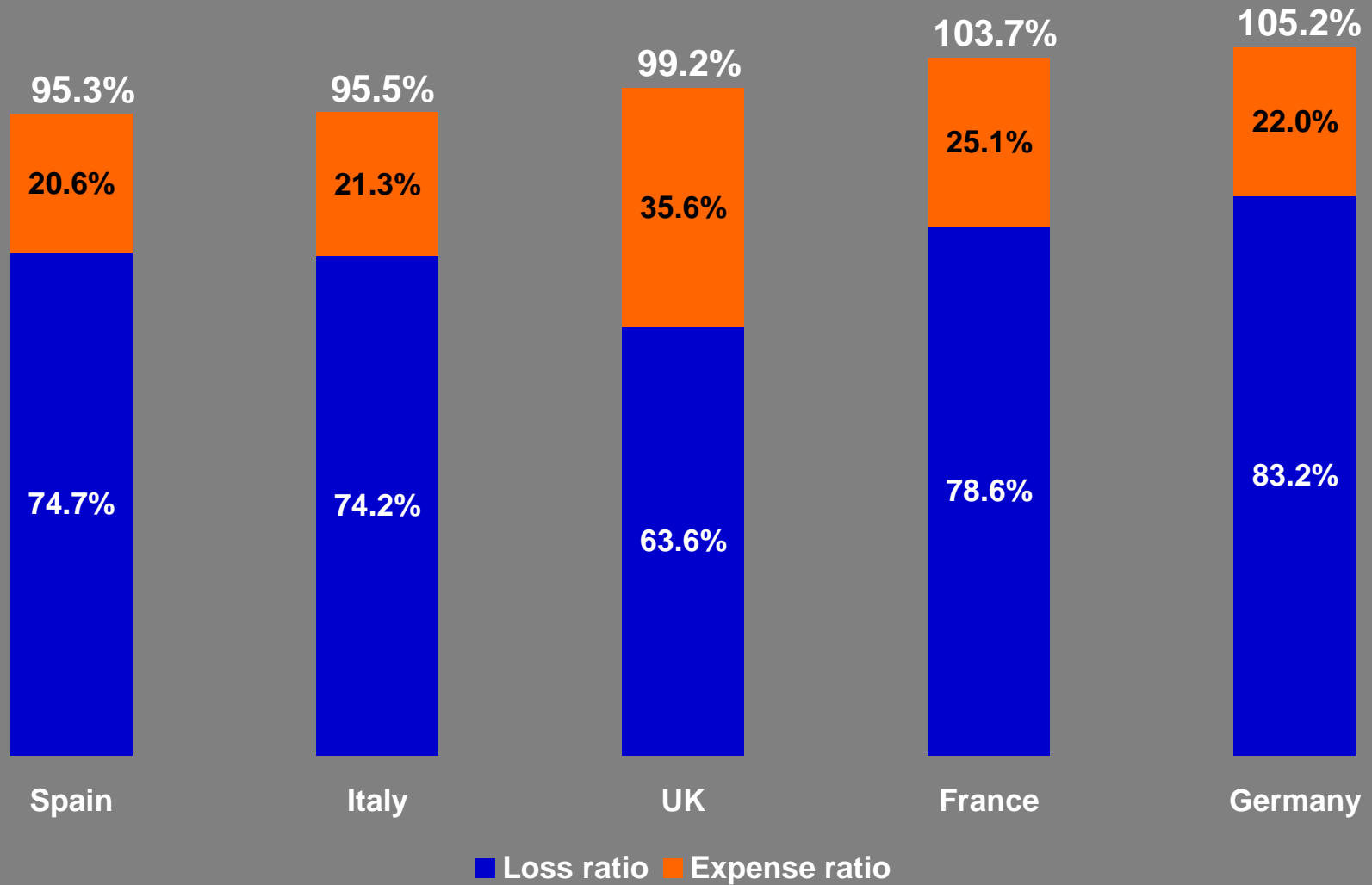
# Spain: Non-life premiums (new business) by distribution channel



Source: ICEA.



## A comparison of Non-life combined ratios



2003 figures. Source: CEA, Goldman Sachs Equity Research, ICEA



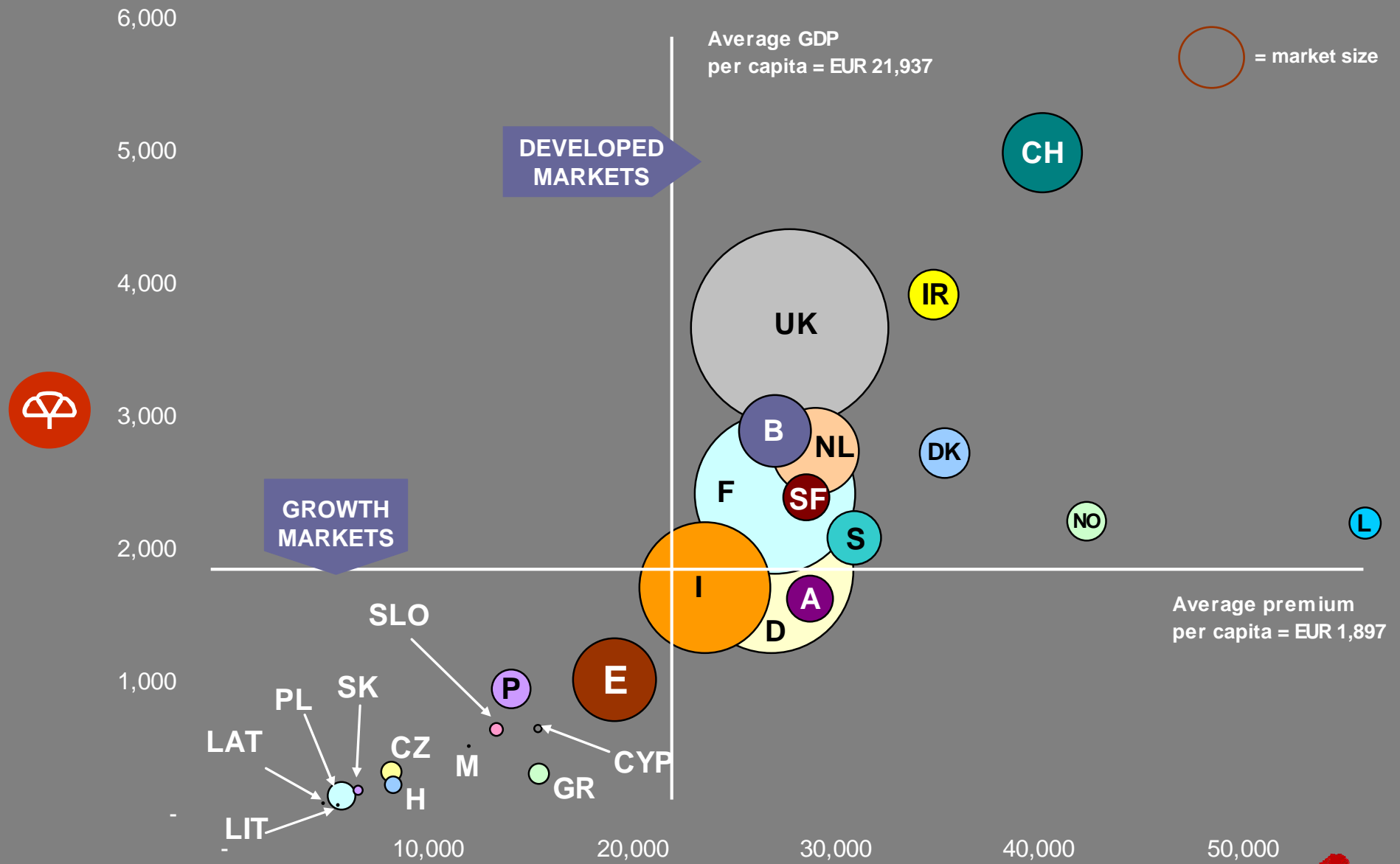


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Section II Scope for growth



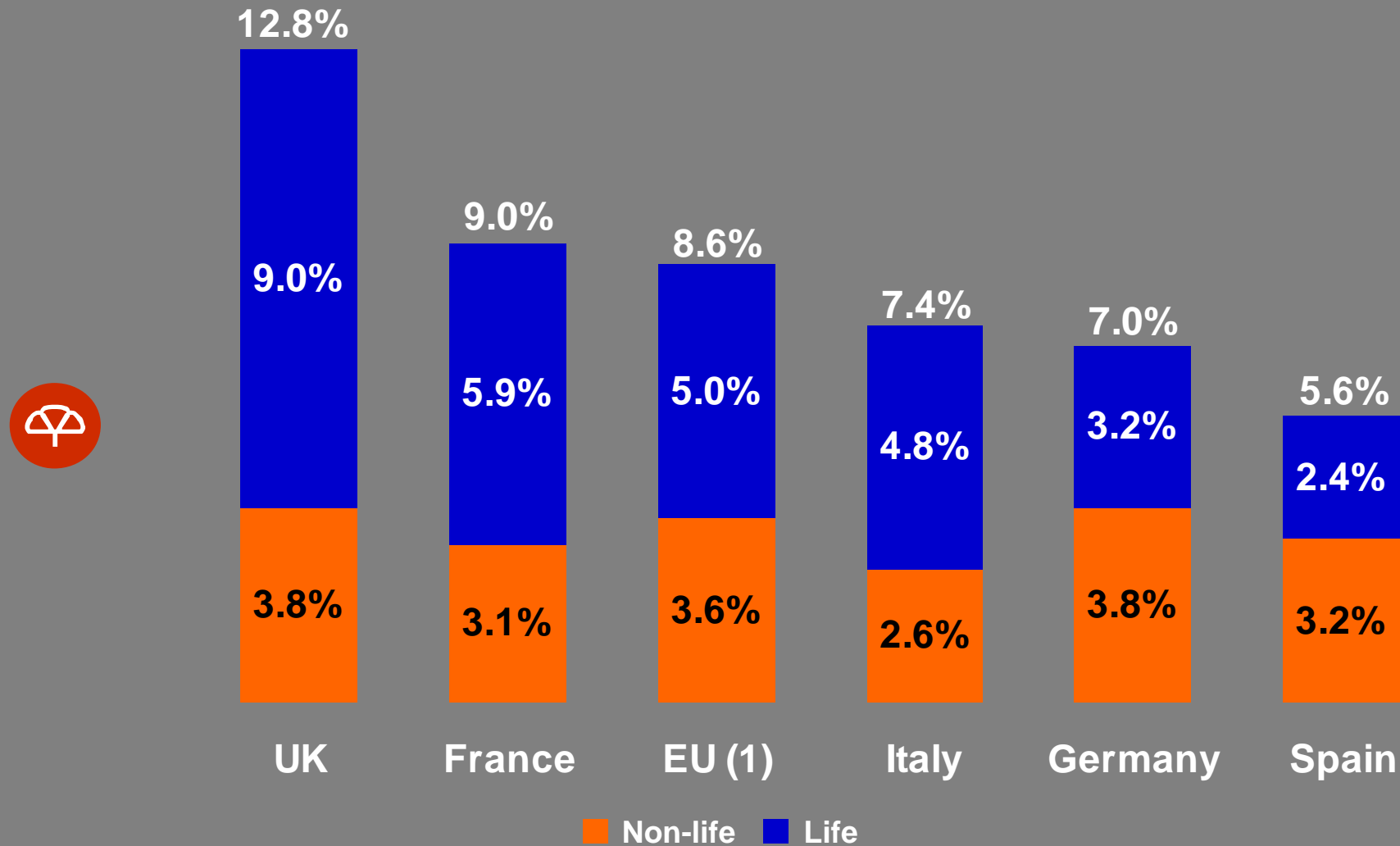
# A comparison of the European insurance markets



Scope for growth



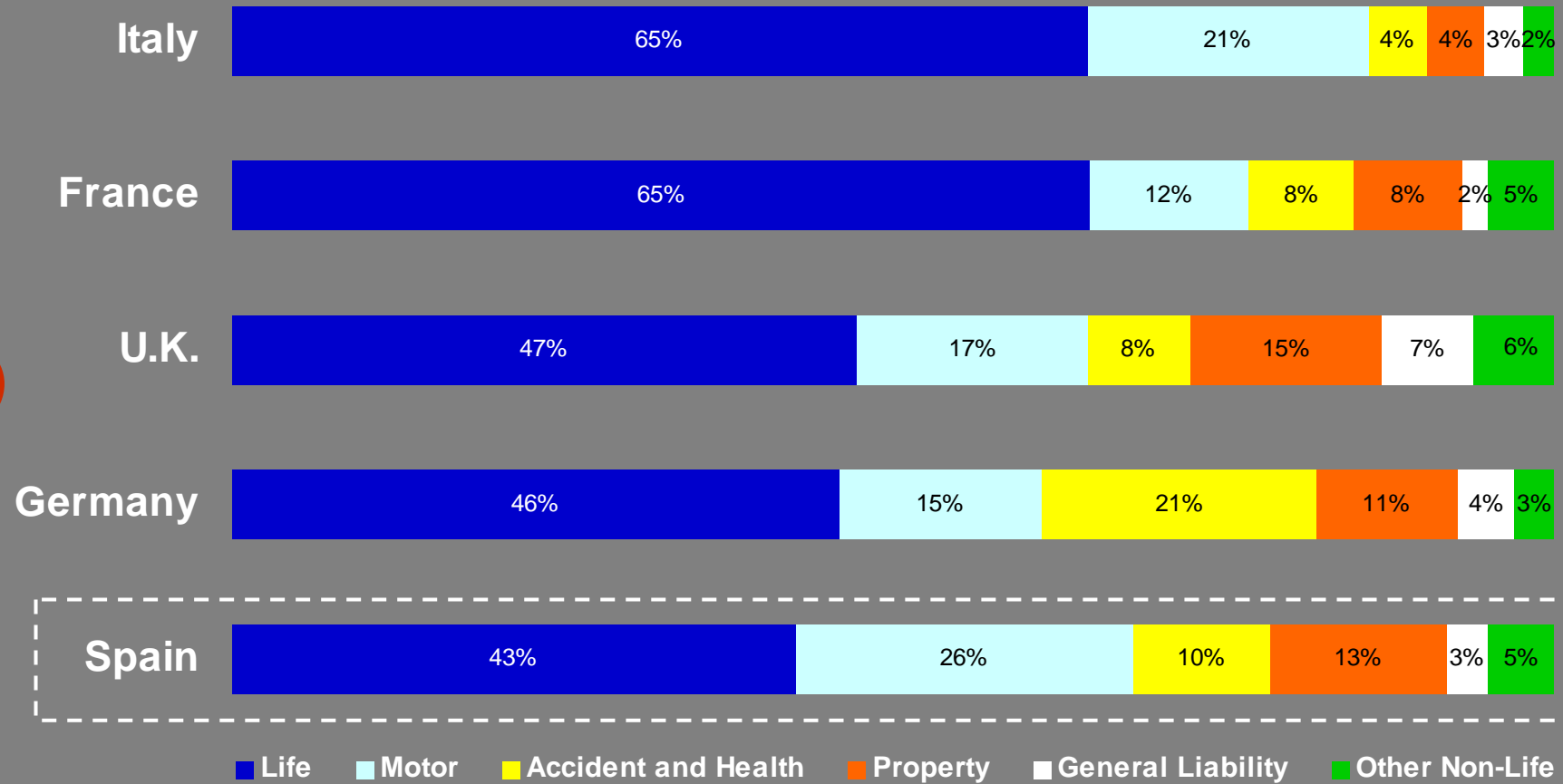
# Insurance penetration in 2003



1) All EU countries except Estonia, whose figures are not available  
 Source: SIGMA. Penetration measured as % of Total Premiums on GDP



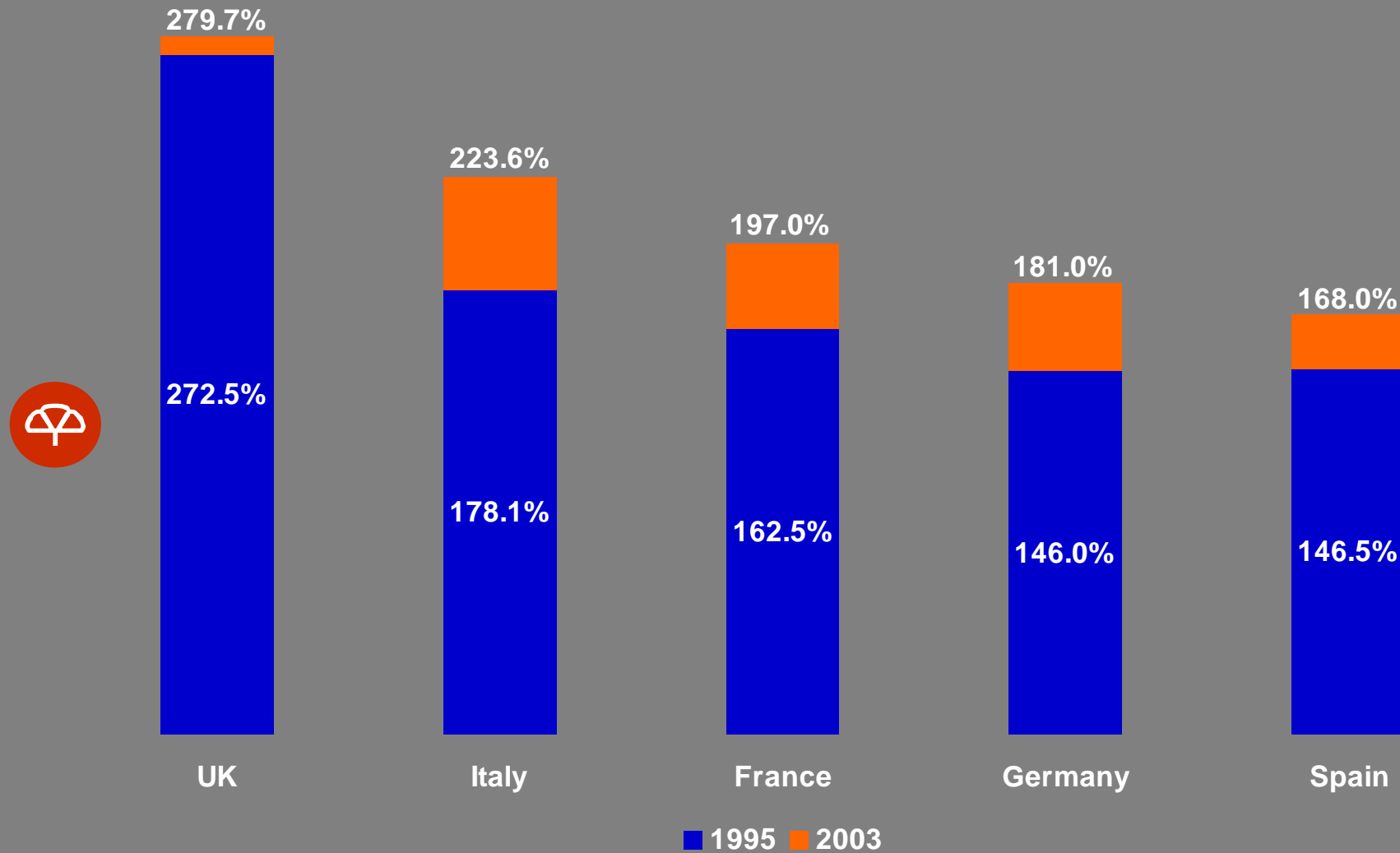
# Breakdown of insurance premiums in 2003



Source: national insurance associations



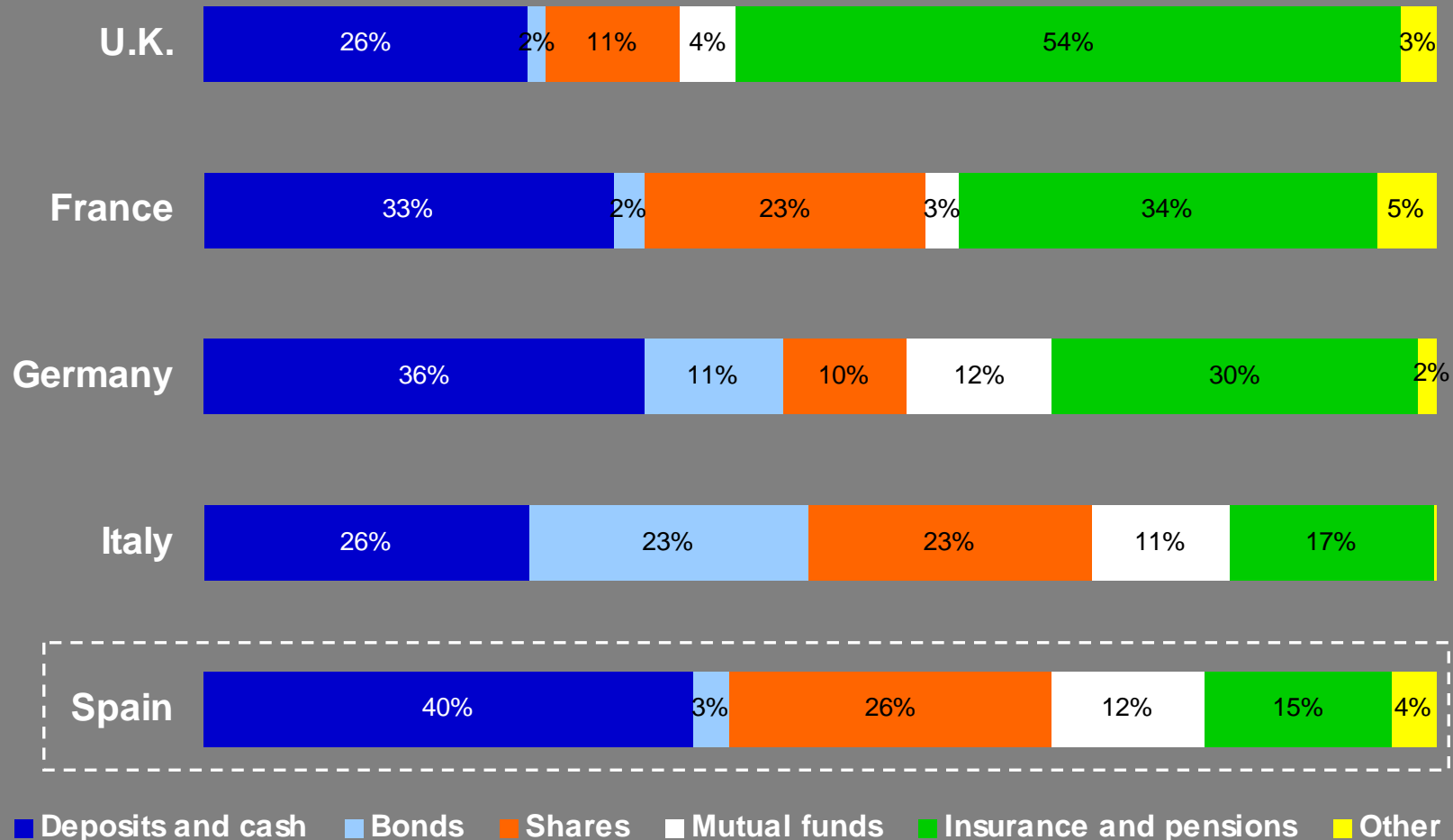
## Evolution of households' financial assets as a % of GDP



Source: central banks, national accounts.



## Europe: breakdown of households' financial assets

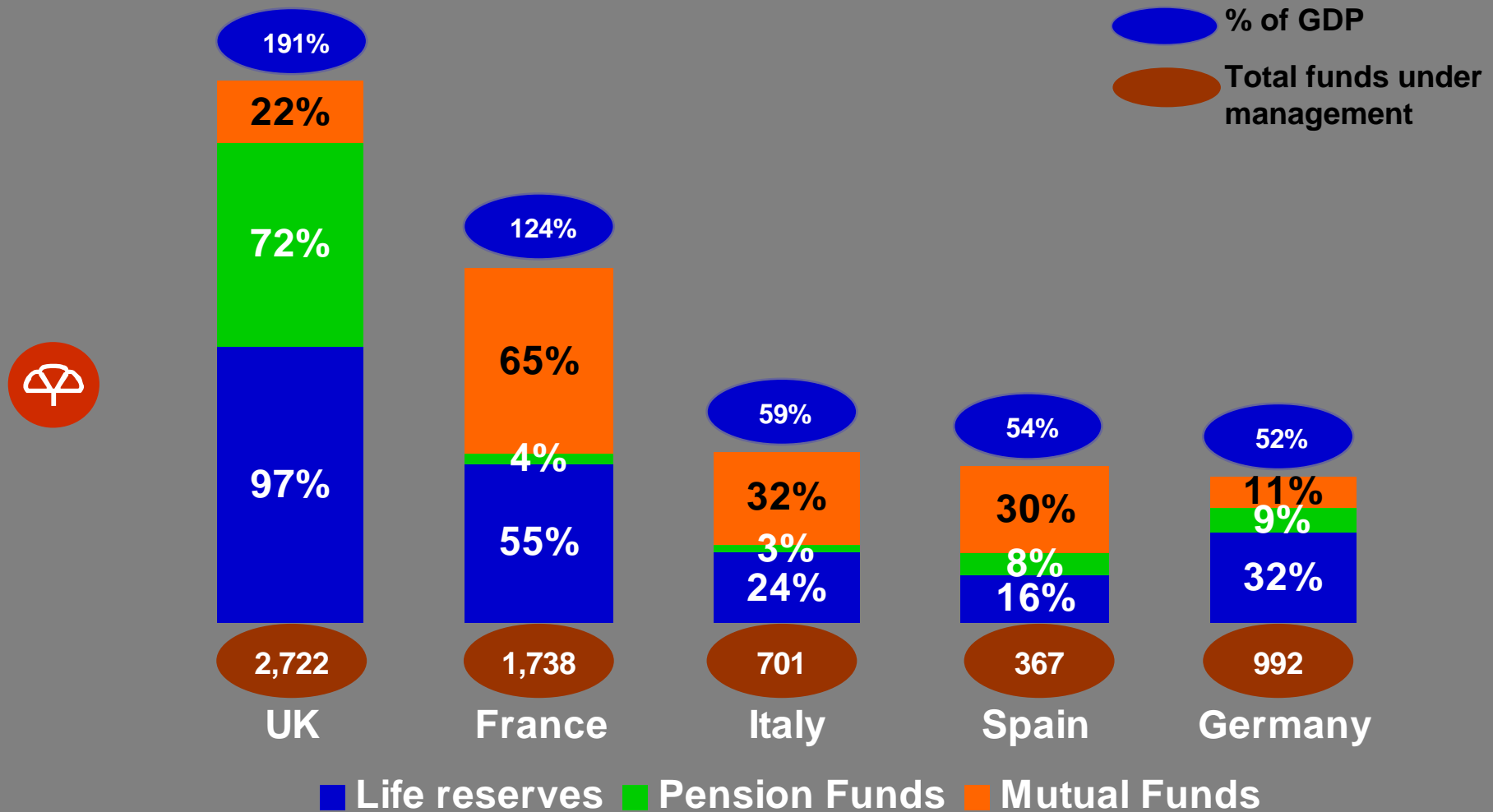


U.K. and Germany data correspond to year 2003; France and Italy data correspond to September 2004; Spain data correspond to year 2004.

Source: national accounts



# Degree of development of the savings industry - 2003



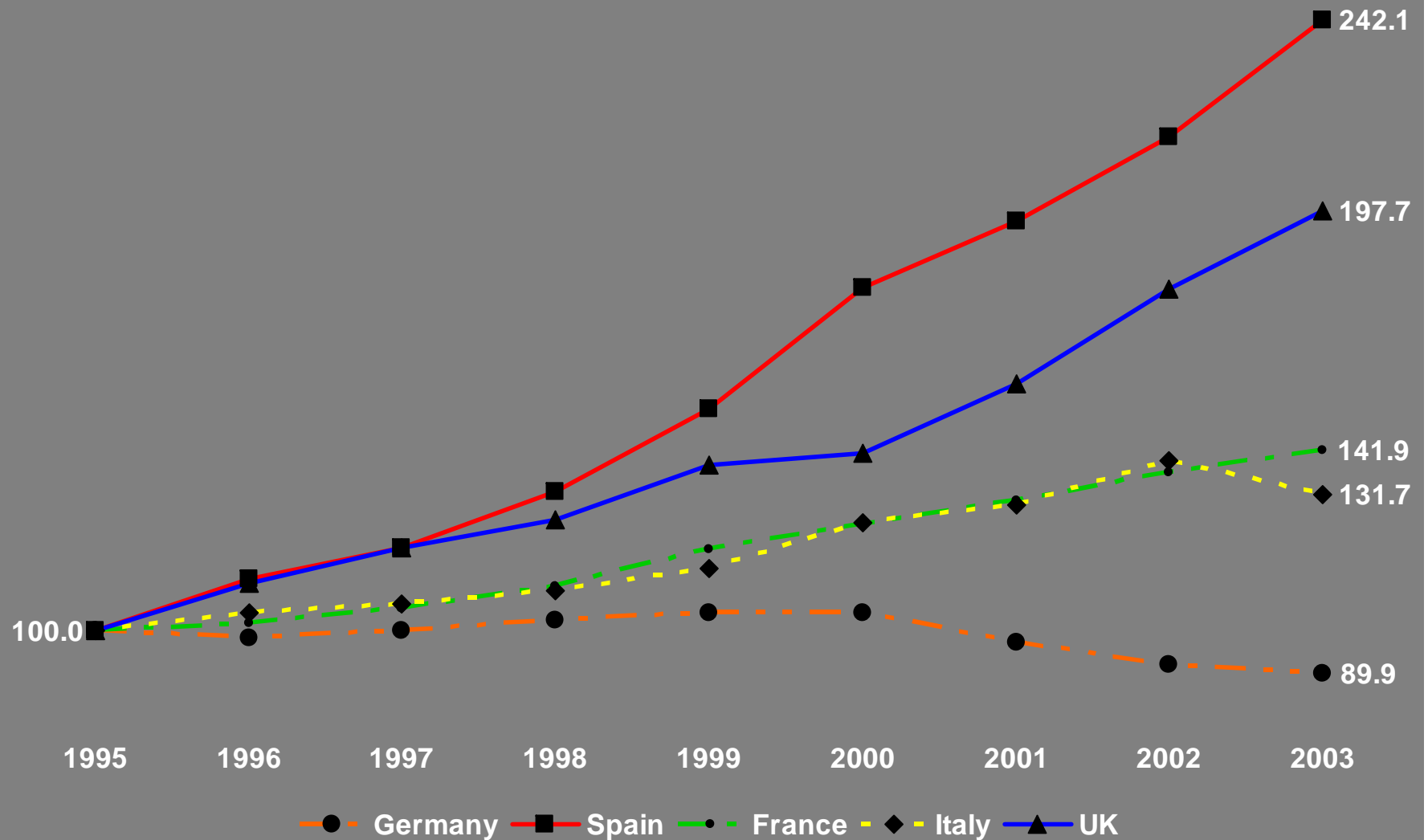
Source: national insurance associations

Scope for growth

Billion euros



# Amounts invested by households in home purchases [1995 = 100]<sup>(1)</sup>



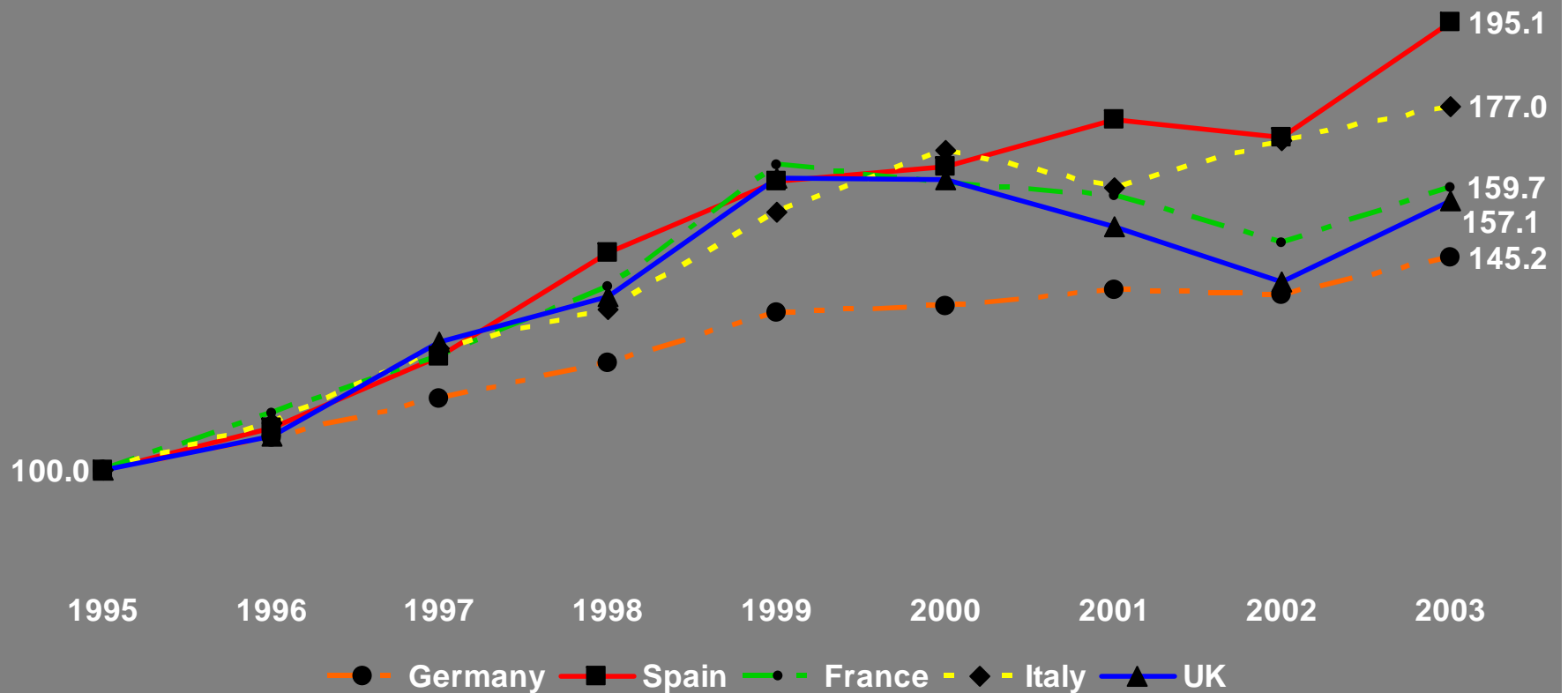
1) Gross fixed capital formation of households

Source: national accounts.





# Amounts invested by households in financial assets [1995 = 100]<sup>(1)</sup>

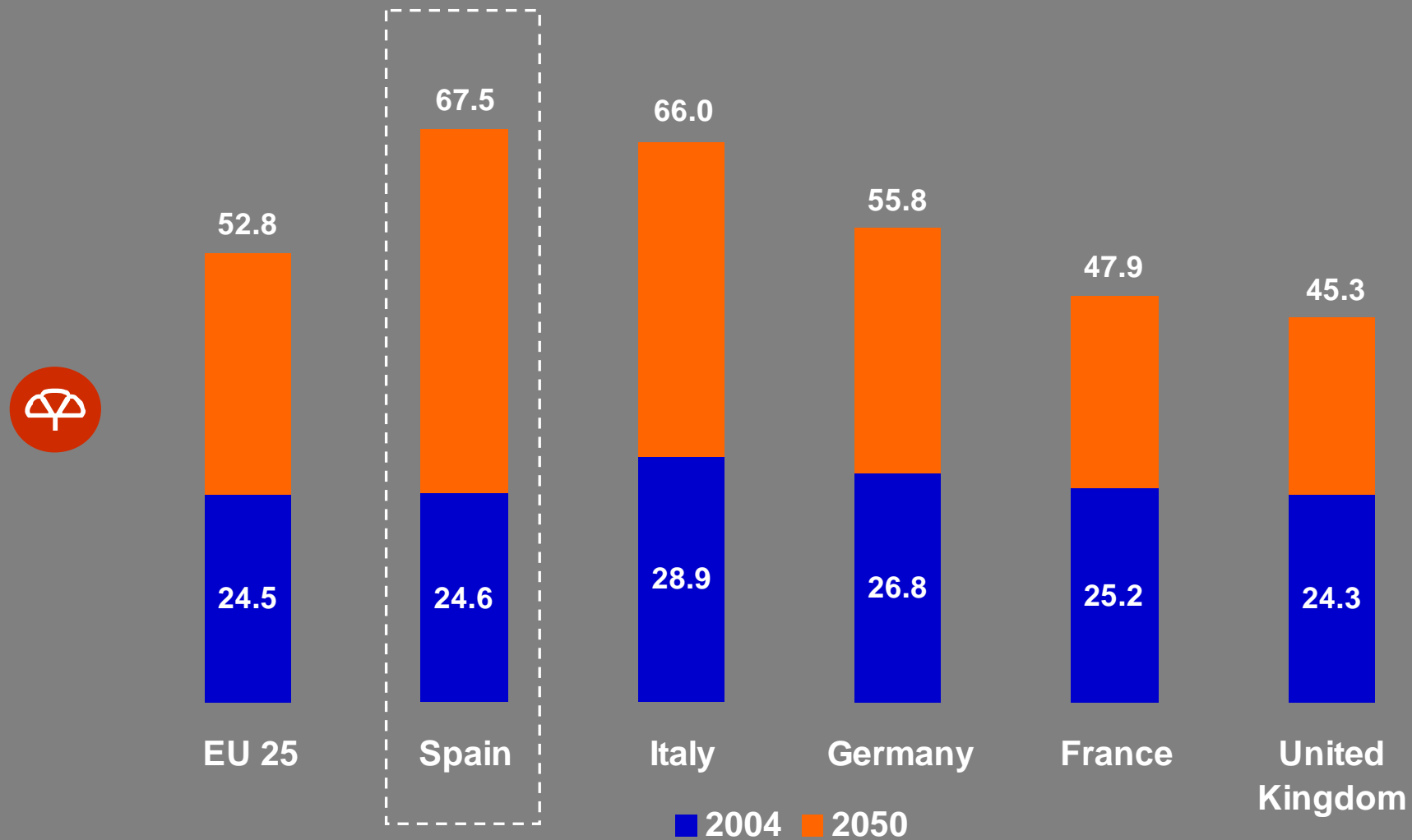


1) Net acquisition of financial assets by households

Source: national accounts.



# Projected elderly dependency ratio<sup>(1)</sup>

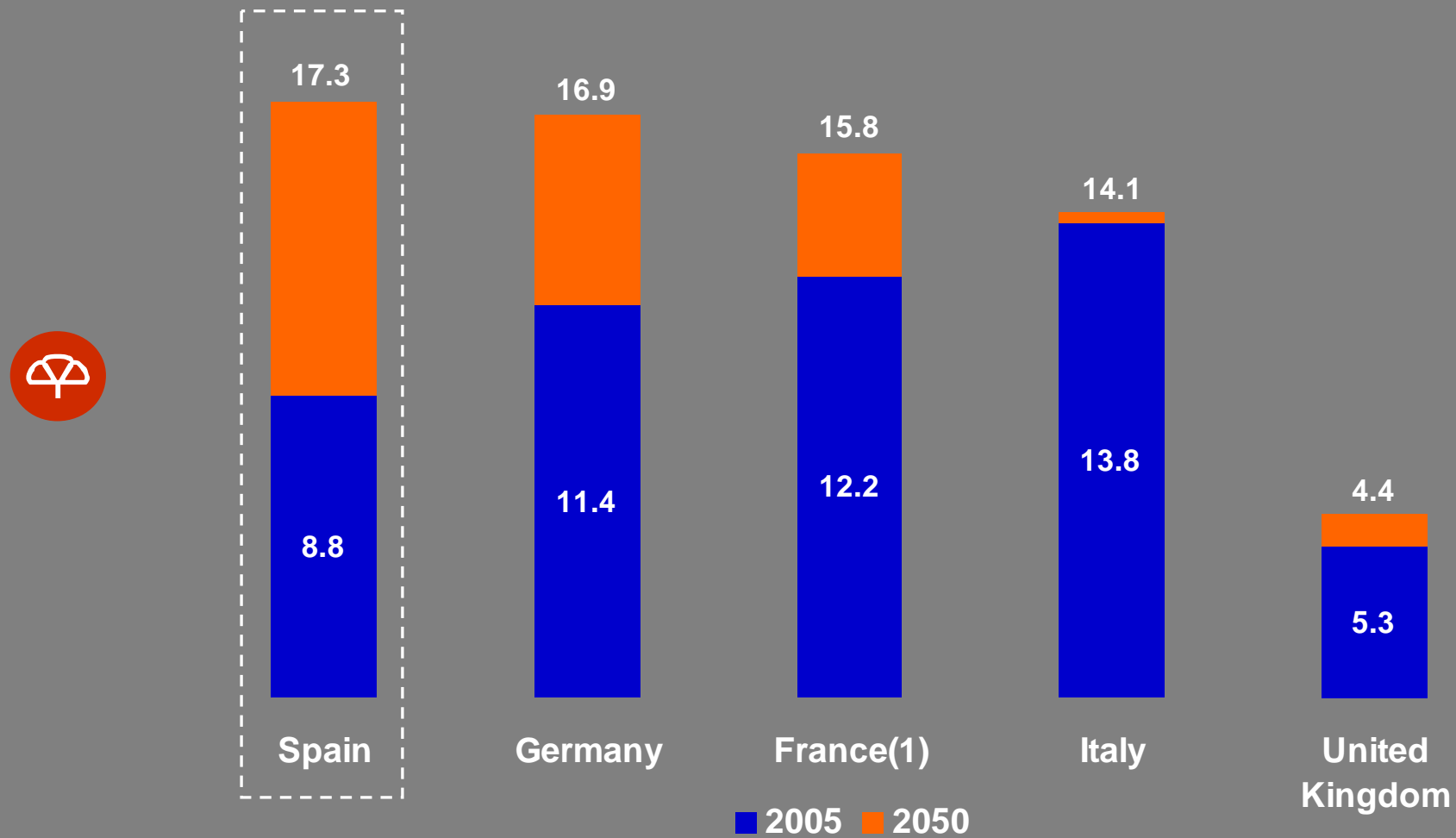


1) Population aged 65 and more as a percentage of population aged between 15 and 64

Source: EUROSTAT.



# Projected spending on public pensions as a % of GDP



1) 2005 and 2040 data.

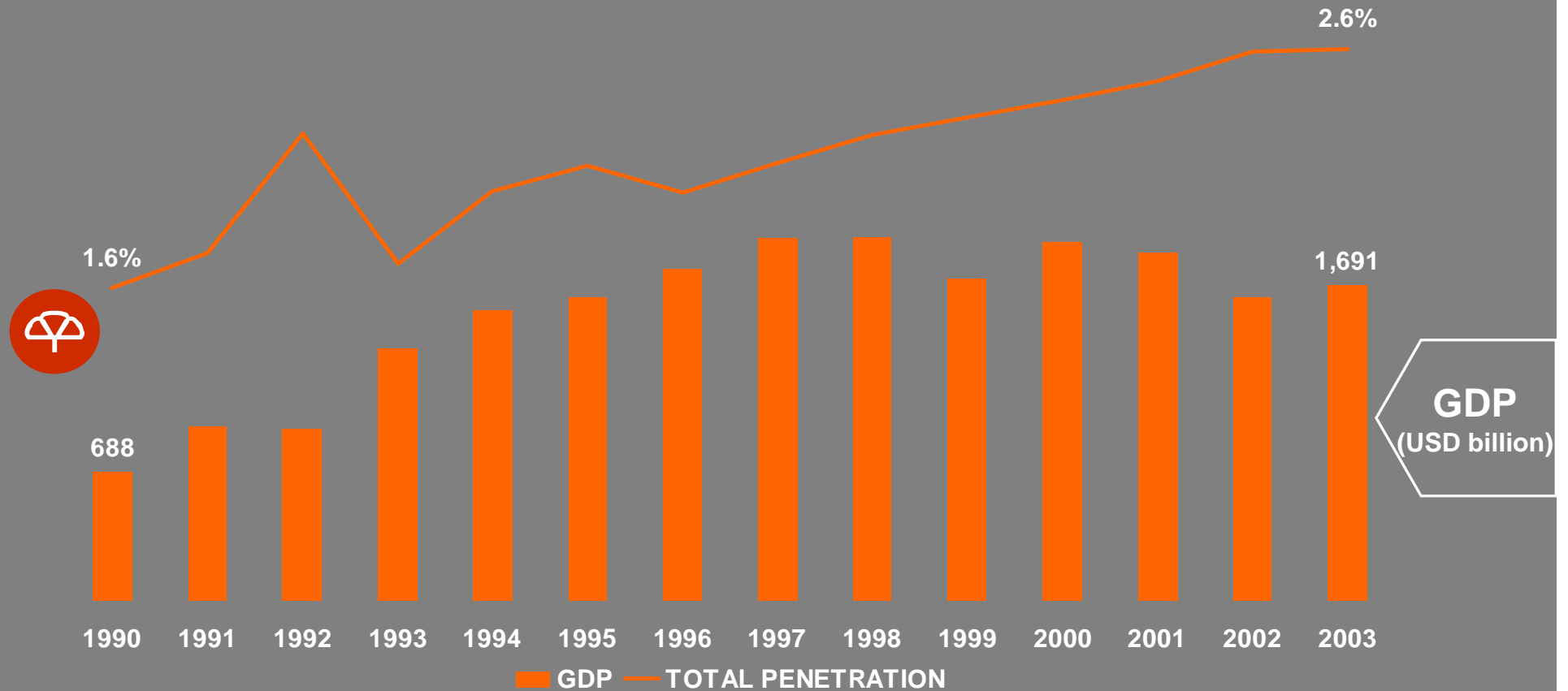
Source: EU - ECONOMIC POLICY COMMITTEE



and...don't forget that  
MAPFRE's growth also comes  
from Latin America



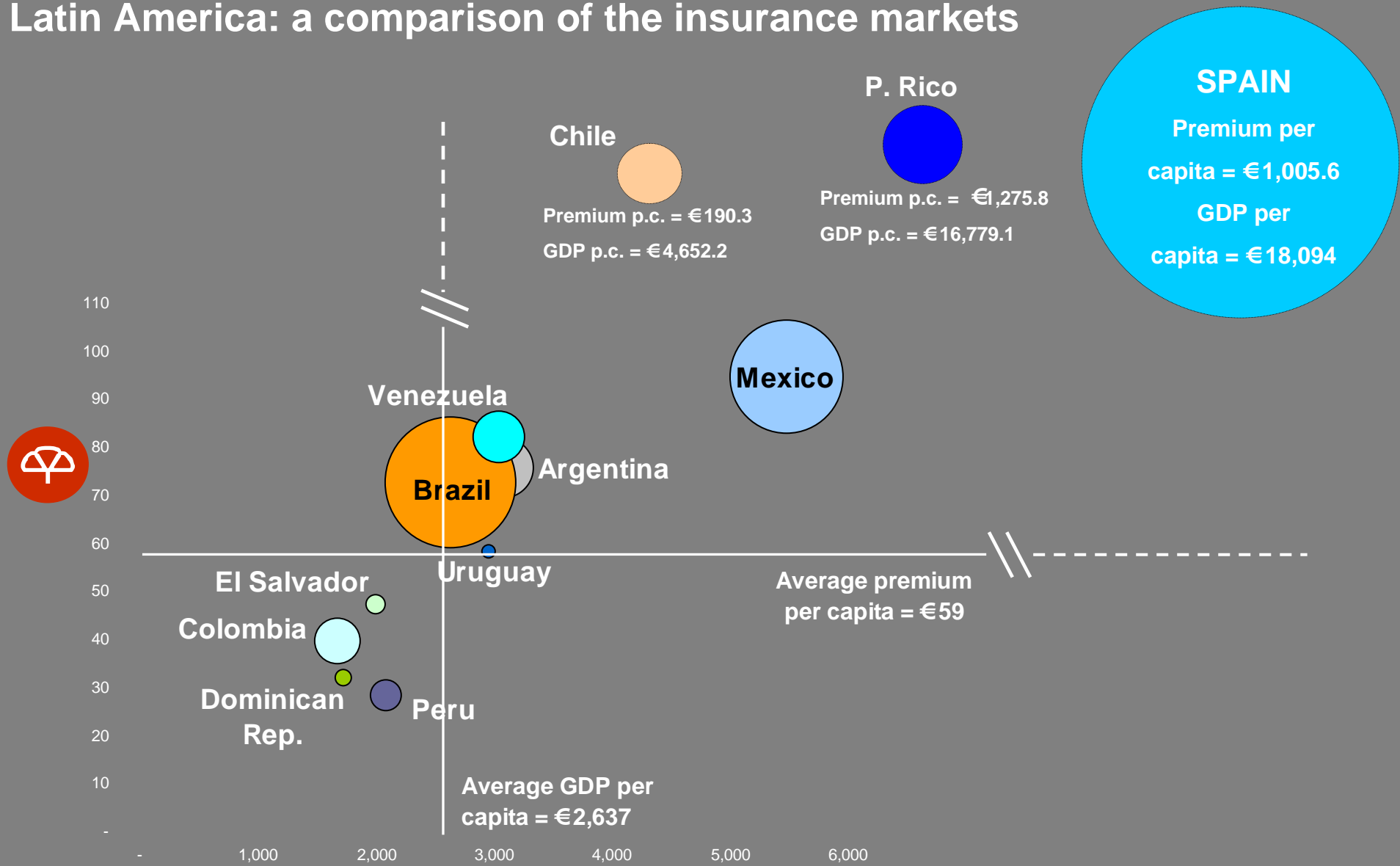
# Latin America: insurance penetration (premiums as a % of GDP)



Source: Own calculations, based on figures from Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Paraguay, Peru, Puerto Rico, Uruguay and Venezuela



# Latin America: a comparison of the insurance markets



Source: Own calculations, based on SIGMA figures  
2003 Figures



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