



Interview with José Luis Moncada, General Secretary of FIDES

«We would like to increase our contribution
towards Latin America's development»

«The Federación Interamericana de Empresas de Seguros (FIDES) is passing through one of the most fruitful periods in its history under the auspices of a new chairman. Some of the points that characterise it are: a modernisation of bylaws and structures, an increase in the number of members, a movement towards the principles of international institutions and an attempt to gain acknowledgement for the important work that insurance carries out in respect to the development of the economy.»



José Luis Moncada was born on August 11, 1960 in Tegucigalpa, Honduras. He has degrees in law, international relations and marketing. He studied law in Honduras, international relations in Costa Rica and marketing in Brazil. Before assuming the management of the Honduran Chamber of Insurers, a position that he occupied for 12 years, he worked in the field of diplomacy and also in the tourism sector. He was stationed in Brazil, Italy and Costa Rica as civil servant of the Honduran Chancellery. He has been general secretary of FIDES since October 2001.



Question: A new executive team for FIDES was elected under the chairmanship of the Panamanian Carlos Rabat in Lima in Autumn of 2001, what have this new executive team's priorities been?

Answer: The chairman's and the secretary general's teams have set ourselves a very clear and specific working agenda. Our priority was to regain the drive and philosophy of the first Hemispheric Conference which was held in New York in 1946, but applying this to a dynamic, technologically sophisticated and globalised world. The priorities of FIDES's agenda arise from the identification of a strategic map and the formulation of a plan of action. In order to know what was expected of us we went to an international consulting agency which, after carrying out a survey among the members of FIDES, set the areas where we should concentrate our activities.

The first point was to reform the bylaws of FIDES in order to produce a more dynamic organisation, with a more focussed management structure, and to reorganise the management committee, which is now composed of representatives of the four regions that make up FIDES – north, centre, south and the Andean region – plus the chairman. In total a group of five people, along with the technical committees on various subjects. The governing guidelines for these committees in each of their areas of activity: property and casualty, life, reinsurance, marketing etc. were approved at the last meeting that was held in October in Chile. The only important matter still pending is to obtain a more stable head office for FIDES, and then to have a more permanent administrative staff and an executive director, that would allow us to undertake

more ambitious activities and to carry out monitoring.

Q: Has any concrete proposal been made as to the location of the permanent head office?

A: The present chairman has proposed Panama, but the important thing is to find a place where we feel comfortable.

Q: It would seem that that is not an easy task.

A: No, because Miami, for example, is somewhere that offers all kinds of advantages. In any case, the important thing is to have a head office that would allow us to carry out permanent monitoring of this activity to the benefit of the sector, of its modernisation, of its global reserves. Although Latin America only represents 2% of world insurance it has a great potential for development.

Q: The new executive team's plans include the incorporation of new members into FIDES. What advances have been made with respect to this, and which countries at present make up the various areas?

A: FIDES is made up of 19 countries, 16 of Latin America, the USA, Spain and, from January 1, Portugal. We also hope that shortly, as a result of negotiations that we have been having, Canada will join. At the present time, by area, the north area is made up of the USA, Mexico and the Iberian peninsula. It is important to point out that with the reform of the bylaws Spain has become a full member, which means that it has the possibility to assume the chairmanship the next time that it is the turn of the countries of the north area. This is something that it deserves due to the stimulus that it has given to insurance in Latin America. The


central region encompasses the countries of Central America. We would like the English-speaking countries of the area to join since their insurance objectives are the same. Belize is on the point of joining, as is Puerto Rico. The Andean area is composed of Venezuela, Colombia, Bolivia, Ecuador and Peru and the south region is made up of Uruguay, Brazil, Paraguay, Argentina and Chile.

Q: What are the cornerstones behind this drive to give FIDES a new focus and energy?

A: One of the first has been communication and increasing awareness. We set up our web site just four months after taking the position of secretary general and this is bringing very good results. We are promoting a process so that the FIDES web site becomes an information channel for the whole of Latin America in an immediate, up-to-date and dynamic way with great future perspectives. We use our web pages to organise courses. Another initiative that we have approved in our meeting held in Chile is an image contest. We hope to give prizes for the companies' best newspaper, radio and television advertisements at the subsequent Hemispheric Conference that will be held next year, to this aim we have asked each organisation to collect examples. In this initiative we wish to motivate companies to improve their image and that of insurance and to produce creative, high quality publicity.

Q: What is the second cornerstone?

A: Supervision and control. With respect to this we are in contact with the International Association of Insurance Supervisors (IAIS) and with ASSAL, which is the continental organisation of Insurance com-



missioners, in order to set intervention standards. FIDES is an observing member of IAIS. We have just taken part in the ninth conference that was held in Santiago de Chile and we are looking at all the documentation that was produced. We offer our opinion and take part through a technical committee. We are also working closely with ASSAL and are developing a working agenda, such as an initial contact with the Inter-American Development Bank, with which we have just signed a memorandum of understanding, because we wish to become a go-between organisation between the supervisors and those supervised. In the first quarter of 2003 we hope to have a first forum in Washington where we will study the advances of supervision regulations and principles, the impact of foreign investment in Latin America and the obstacles which the sector has to growth, we would like to increase contributions towards the development of insurance in Latin America.

Q: What other matters does your working agenda include?

A: The third subject is training. We are interested in organising Latin American training events with all sectors connected with this activity such as reinsurers, rating agencies, loss adjusters, consulting agencies and advanced technology companies. We wish to promote the Hemispheric Conference in all aspects of training and we have just signed an outline agreement of collaboration with Fundación MAPFRE Estudios in this context. We have started with four events this year and there are two more planned. Much interest has been generated this year by this new dynamic and FIDES's web site serves to promote all these initiatives.

We are also promoting research and study. Everything to do with the development of new products in Latin America such as agricultural insurance, export credit insurance, financial insurance, the impact of fraud, etc. We are also studying the impact of natural disasters

and the role insurance plays, with respect to reconstruction aid, this is an aspect in which many international bodies are interested, such as the World Bank (WB), the Inter-American Development Bank (IDB) and the International Monetary Fund (IMF). We should also not forget about the pension funds and the possibility for life insurers to act as administrators, which is the current trend. The country with the greatest development in this respect is Chile where this is becoming very important.

Q: What is the motivation for European insurers to invest in Latin America, a market with many opportunities, but also with many failings, above all the lack of investment security.

A: Things are changing, perhaps not as fast as we would like, but they are changing. It is clear that this is a fairly immature market with enormous development prospects. It is possible to introduce products that have already successfully been marketed in Europe. Globalisation is leading towards this. It is obvious that in order to invest it is necessary to have political and economic stability in addition to legal security. Much work needs to be done in the social field, and insurance can also help in this. Also, not all areas can be thought of as being the same. Central America has much more political stability than other areas of the continent. The stability that Europe enjoys is a point of reference and great influence for all of Latin America.

Q: How do you see the role of reinsurance in Latin America?

A: It is important. There are large amounts of business in some markets, which become opportunities for reinsurers. We are at present seeing a harde-





ning of conditions, both due to the effects of the turning point in the cycle and because of the hardening which was produced by the events of September 11, 2001. Underwriting criteria have

become relatively strict and technical, the reduction in capacity makes it necessary to be very professional. The companies can no longer rely on the financial markets for results, they

now have to turn to underwriting profits. It should be mentioned that 90% of the Latin American market is made up of five countries: Mexico, Brazil, Argentina, Chile and Colombia. ■

INTERNATIONAL PROJECTION

Q: What was the aim of the signing of a protocol of collaboration last September with the IDB?

A: We have reflected Enrique Iglesias', IDB chairman, interests in developing a working agenda that will allow an assessment of the IDB's investment in the development of the sector from the point of view of the supervisory bodies, and whether this investment is giving the results that were expected in favour of the consumer. This is a relatively wide-ranging agreement. The aim is to ascertain what the best model would be for the participation of private insurance in the management of risks that are underwritten by the state and what segment of the population does not have the means to pay for them. Another project concerns the study which is being carried out on disaster prevention in countries such as Honduras, El Salvador, Peru and Chile. The IDB is also carrying out various projects to strengthen research and the quality of the human resources used both in the public and the private sector.

Q: What matters are you handling with the IDB?

A: We are looking at the possibility of being a channel through which to assess what is happening in the Latin American markets. The WB and the IMF make country-by-country assessments of the financial markets which include banking, stock markets and insurance. Our role would be to supplement the vision offered by the public supervisors. The WB is very interested in the participation of the private sector. The international bodies wish to invest and secure their investment, becoming reinsurers on the highest level.

Q: How are the relations between FIDES and the European Union?

A: There is a good level of cooperation with the European Insurance Committee (EIC), which was represented at the last meeting that we held in Miami. Also, since our organisation contains two active members in the form of Spain and Portugal this means we have two privileged representatives when dealing with European Union bodies. This is of great importance for us since the development of Latin America also involves a diversification of the location of its investments.