

Capacity, solvency and something more

Lorenzo Garagorri

MAPFRE RE. Cía. de Reaseguros, S. A.

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We believe that the changes which relations between cedants and reinsurers have gone through in the last few years are well known. In the Eighties, in general, what cedants required from their reinsurers was reinsurance capacity. This situation continued until that notorious period, 1988-1992, when the great catastrophes which affected insurers

and reinsurers caused the appearance of another concept, solvency. Many insurers were affected by delays in the payment of balances and claims and even payment defaults in some important cases, as a consequence of the disappearance of some reinsurers. From that moment on, a large proportion of insurers began to consider a “rating” given by a specialised international agency to be very important in the choice of their portfolio of reinsurers. This is now general practice. Clearly, the regulatory authorities also made a move towards this approach, and countries such as Mexico, El Salvador, Colombia, Ecuador and Argentina recently introduced the requirement into their respective legislations that reinsurers which wish to operate in their countries should prove that they reach a minimum rating certified by international agencies.

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In our experience, the area with the greatest demand is training. Technical and administrative training for employees. As reinsurers, we have a global vision which affords us a broad vision of the technological development of the industry which has generated new risks and covers. In this sense, apart from the information itself, we are in a position to be able to collaborate in the prevention and control of risks, training in the sales and marketing area, etc. In the administrative area, we advise on management control, systems etc.

It is not only the local insurers who have these requirements, but also subsidiaries of large international insurance groups with their own training departments, but in which, on many occasions - mainly due to language difficulties - they have problems in reaching and providing training to the middle management and staff of these subsidiaries.

Sistema MAPFRE has always been characterised by its service orientation, both towards its clients and, institutionally, towards the whole of society. It was the pioneer in Spain in setting up an Insurance Ombudsman, it created the first road safety and prevention centre, CESVIMAP, for vehicle repair research and experimentation. This centre is today present in Mexico, Brazil and Argentina, and will shortly also be present in Colombia, this was done with the support and collaboration of local insurers. MAPFRE RE, as part of Sistema MAPFRE, shares this business approach, and, since its very beginnings promoted technical courses and seminars. In 1996, and with the aim of strengthening services to our cedants, MAPFRE RE acquired IT-SEMAP, SERVICIOS TECNOLÓGICOS MAPFRE S.A., and using its technology and that of the technical personnel of the reinsurance unit, during 1997 we were able to systematically carry out a programme of 60 activities comprising conferences, seminars and courses in 18 countries which were attended by 1,744 managers, experts and technicians from our ceding companies. FUNDACIÓN MAPFRE ESTUDIOS, amongst others, also collaborated in these activities.

The achievements of 1997 will spur us on to do even more in 1998, and we hope that the programme which has been prepared for this year will serve to further strengthen our relations with our cedants.