



interview to **Jesús Galeote**

Jesús Galeote, Manager of the Asia, Africa and Australasia (AAA) geographical area
MAPFRE RE



Shinjuku, Tokyo, Japan

Jesús Galeote Ferrero was born in Madrid on 7 February 1960. He graduated in 1984 from the Complutense University of Madrid, where he had studied Economics and Business Studies, specialising in Econometric Analysis and Quantitative Economics. He speaks four languages.

He started his career at MAPFRE, Servicios de Reaseguro, in October 1985 after contacting the company in response to a newspaper advertisement. *"I joined the company because they needed to replace someone who was working in facultative reinsurance. They trained me for a month and a half - and then it was down to work"*, he comments. From then on, his career would take him ever upwards; from being Assistant Underwriter for facultative business in Spain he went on to write non-proportional treaties all over the world. 1987 saw the establishment of MAPFRE XL, Compañía Internacional de Reaseguros, S.A., where he continued with this task until, in 1990, he became a non-proportional treaty underwriter for the United States, Asia, Spain and Portugal. In 1992 he was appointed Deputy Manager of the [Reinsurance] Protection and Retrocession Department.

In 1994 he was transferred to Brussels as Technical Manager of CIAR, *Compagnie Internationale d'Assurance et de Réassurance*, a MAPFRE subsidiary. Europe was his area of operation. In 1998, after MAPFRE's four reinsurance subsidiaries had been combined into a single company, MAPFRE RE, Compañía de Reaseguros, he was appointed Underwriting Manager for proportional business in "non-EPLA" countries, i.e. countries other than Spain, Portugal and Latin America. In 2002 he was moved to his current area of responsibility: Manager of the AAA (Asia, Africa and Australasia) geographical area.

“MAPFRE RE’s portfolio has not changed”

A career devoted entirely to reinsurance at MAPFRE. This could be a concise way of introducing Jesús Galeote, who started working in the area of reinsurance at MAPFRE 25 years ago. His career has been rich in variety and stories, typical of someone fully involved in his work as the Manager responsible for AAA, which comprises the geographical areas of Asia, Africa and Australasia. Knowledge, experience and personal relationships which help promoting the business of MAPFRE RE, one of the world’s top 15 reinsurers.

When you first came to MAPFRE, were there any concerns about reinsurance?

I joined in 1985, when MAPFRE Servicios de Reaseguro had already been created. There were very few of us at that time and the reinsurance we did was very basic, with some of it being arranged over the phone. We did facultative reinsurance practically only in Spain and were starting to get involved for the first time on contracts from Europe and Latin America. This was a time when in Spain even household policies were being reinsured. The people who created MAPFRE Servicios de Reaseguro came from direct business, where they had a lot of experience. They only did business in the areas they were familiar with. For many years, everything was focused on Non-Life business; we only started with Life business a relatively short time ago.



Manila, Philippines

Twenty five years ago, reinsurance was based on personal relationships



Overview of Cape Town, South Africa

You started off as a facultative underwriter and then moved into non-proportional reinsurance until 1992. How did that experience influence your knowledge of insurance techniques and your subsequent professional activities?

My best asset was being able to speak English. Right from the outset I was involved in business relating to non-Spanish-speaking countries. My first business trip was to Germany, where I spent one period of training at *Bayerische Rück* and another with the broking firm of *Jauch & Hübener*. We stepped up business with Europe by working with reinsurance brokers from London, Copenhagen and Paris. Speaking English was essential. We then started to work in the USA through the Paris correspondents of US brokers.

MAPFRE already had a calling towards Latin America. What were they doing as regards reinsurance?

I was not directly involved because I was assigned to non-Spanish-speaking markets. But MAPFRE RE did indeed begin to open up markets in Latin America, partly because we had a shared language and history. At that time, not many people were interested in reinsurance in that part of the world. My involvement did not last very long. It was the period in which the reinsurance monopoly in Argentina ended. MAPFRE RE had an office there and decided to boost its portfolio. But we had to start practically from scratch with motor programmes. When MAPFRE XL was set up in 1987, we stopped no longer were a department within MAPFRE but an independent company with other responsibilities.

Between 1992 and 1994 you were on the other side of the table, working for the Outwards Retrocessions Department. The people you



were talking to then were reinsurance brokers and other reinsurers. What were the challenges of that period?

The view changes, depending on whether you are a reinsurer or a cedant, because the individual objectives are different. But certainly, you do have a different point of view. This was very useful to me for dealing with other reinsurers and brokers. It was also a bad time, just after hurricane Andrew, the biggest loss that MAPFRE RE had had to deal with up to that point.

Did the international market give credibility to MAPFRE as a reinsurer?

Twenty-five years ago, reinsurance was based on personal relationships, starting with those established by the then Chairman of MAPFRE, Ignacio Hernando de Larramendi, and other important Directors such as José Manuel Martínez, the current Chairman, or Andrés Jimé-

nez, the current Deputy Chairman, amongst others. Business was produced above all through the trust generated by the MAPFRE name. The company did not have that much capital, nor did it have extensive experience. It is true that MAPFRE RE was the only international Spanish reinsurer and could be considered rather exotic. But new goals were sought and in 1989 the company opened an office in London to serve the market.

Any personal anecdote?

When I went to Brussels they asked me to look after France and I did not even speak French, which then I learnt in Brussels. That is why, initially, I didn't achieve great results on my visits to France. Later, once I had mastered the language, I did. I visited many companies and also the small mutuels. We never tried to exceed our capabilities and it worked well for us.

If it has sometimes been necessary to be flexible, this has been done with technical support



Shanghai, China

How would you sum up your stint in Brussels?

When I arrived there, MAPFRE RE already held 51 per cent of CIAR, *Compagnie Internationale d'Assurance et de Réassurance*. The plan was that CIAR would become the branch office for certain markets in Europe. It had to undergo changes because, although its underwriting standards were similar, it was a different company and did business in a way that was not necessarily the same as that at MAPFRE RE. CIAR is still in existence today, because it was involved in direct business, but is no longer active. Things were not so easy at the outset but that has totally changed.

MAPFRE RE had the idea of promoting business with local reinsurers. In those years we relied on *Caja Reaseguradora de Chile*, *Reaseguradora Hemisférica* in Colombia, CIAR in Belgium and MAPFRE RE in Madrid. That was when the rating requirements began. MAPFRE RE decided that instead of having four small rein-

surers it could be one large one. My job in Brussels was to transfer what CIAR was for Europe to MAPFRE RE. When we went to negotiate on behalf of CIAR, we had to mention that we were part of the MAPFRE Group, because CIAR's capital was reduced. Companies like Ecclesiastical, Vaudoise, Cattolica and Shelter had a stake in CIAR. All of them were invited to participate in MAPFRE RE's capital and they accepted. This process of concentration took place in 1998.

Was that what turned you into one of the world's top 50 reinsurers at the time?

That and the real change that occurred. Operations in such distant markets (at that time) as Japan and Australia were intensified. With the capital we had and the new ratings, we became a reinsurer to be reckoned with.

Besides Europe and Latin America, when did the company start to work with the USA?



The company started to do business with the USA primarily from 1987, when MAPFRE XL was set up. The business was written from Madrid and mainly through European brokers. Later, the New Jersey office was opened and we acquired Chatham, a reinsurer belonging to the Ecclesiastical Group. They had a licence to operate in every state, which made it more interesting, and that is how MAPFRE Reinsurance Corporation (MRC) -which was MAPFRE RE in the USA- came into being. Although it was a local reinsurer, its capital was not as high as MAPFRE RE's, which is why it was subsequently decided to have a single entity and operate as MAPFRE RE with a Trust Fund for the USA.

The commercial side of things is considerably influenced by relationships...

It has been hard work, by which I mean to say that penetrating the European market has taken time. But it helped me learn the com-

mercial side of things. You have to have some idea of what it will take to get the business and of the actual client as a business unit. We are quite strict. If it has sometimes been necessary to be flexible, this has been done with technical support.

When you came back from Belgium your geographical area of responsibility was very big. How did you ensure the continuity of the work done by your predecessors at MAPFRE RE in such far-off markets as Japan, the Philippines and Southeast Asia? What do you think of the opportunity of starting to do business in the Chinese market?

We started operating in the Middle East and Asia in the late 1980s. The Manila office was in fact set up in 1987. When I took charge of this geographical area, MAPFRE RE was much bigger and had far greater possibilities than it had had at the outset. It was a MAPFRE with a good capital base and a satisfactory rating. I had gone to Japan, accompanied by my predecessors, who had been visiting that market for years. I learnt a lot from them. When I started to travel on my own, I was representing a serious reinsurer with higher solvency levels, which allowed us to take on shares that were more in line with our capacity. Markets opened up and it is true that our rating was a big help. MAPFRE RE currently has an AA rating from Standard & Poor's and an A+ rating from AM Best, and has managed to keep these for the last seven or eight years. Despite the September 11 attacks and what that meant for the economy, MAPFRE RE's portfolio has not changed.

But does Spanish insurance and reinsurance have a good image in markets like Japan, the Philippines and China?

As far as MAPFRE RE is concerned, yes, but the Spanish market is also of interest to them, particularly institutions like the Consorcio de Compensación de Seguros (Insurance Compensation Consortium) and Agroseguro (Spanish agricultural insurance pool).

China is a market with major natural hazards. Earthquakes, climate disasters and typhoons occur quite frequently.

The earthquakes that have happened in China have not yet been a major problem for reinsurance. Mass risks do not include earthquake

Penetrating the European market has taken time

In times of crisis like the current one, reinsurance represents a source of additional capital and tends to be used more



cover, and the level of insurance penetration is not that high. When people buy insurance, they go for the most basic cover, but this does not include earthquake cover, because it is very expensive. The last heavy snowfall did, however, prove more costly because it affected companies and Transmission and Distribution lines (T&D lines).

In relation to insurance overall, the share of reinsurance is falling. It used to account for 10% of insurance business but this share has fallen to approximately 5% in recent years. Is this trend going to continue?

Well, it is likely to, but that does not mean that

reinsurance will disappear, because there will always be new companies being set up. There are still a lot of markets left. In times of crisis like the current one, reinsurance represents a source of additional capital and tends to be used more.

With the different time zones, how are work operations implemented at MAPFRE RE's representative offices?

In our area we have offices in Manila, Peking and Athens. I am mainly in touch with the offices early in the morning. Most of my colleagues, who take care of Latin America, are in contact in the afternoon.



Your move to Brussels basically coincided with Spain's incorporation into the EU and European integration. What did this mean for you?

It was a very enriching period. Professionally, it did me a lot of good. It allowed me to better know the European markets, something which could have been done from Madrid, but on paper. I got a lot out of visiting the markets and also from taking part in big meetings: the Rendez-Vous de Monte Carlo, Baden-Baden, etc. It allowed me to become involved in commercial management. Up until then, due to my training, I had always been a technician or underwriter. What I liked was analysing the business and managing the figures. I was never very directly involved in the commercial side of things, except when I moved to the retrocession department, which had to deal with reinsurers and brokers.

Is there anything that attracts you professionally? What would you like to investigate?

You are always learning. I always say that I was lucky when I joined MAPFRE RE and was able to be involved in the creation of MAPFRE XL, when there were only four or five of us, and how much this contributed to today's MAPFRE RE. I went through every area: facultative, XL reinsurance, ceded reinsurance, proportional, markets, and now other markets. I was on the technical side as Technical Manager of all the non-commercial side and I am privileged to have gained a global view of what reinsurance entails. What would I like to do? Any new challenge would interest me immediately.