

Jesús Martínez Castellanos

REGIONAL CEO OF LATAM NORTH
AND CEO OF MAPFRE MEXICO

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For the Regional CEO of LATAM North and the CEO of MAPFRE Mexico, there is no doubt that “as a corporation, we are in the best position to do so.” The Group’s main strength is that it is the only insurer to operate in all countries in the region, and in many cases, with a long-standing presence, “which gives us the know-how and a very deep experience in these markets”.



Risk and Insurance Management (hereinafter, R&IM): What are the main strengths of the LATAM North region and what role does it play within the LATAM territorial area as a whole?

Jesús Martínez Castellanos (hereinafter, J.M.C.):

Our main strength is that we are the only insurer to operate in all countries in the region: Central America, the Dominican Republic and Mexico. In many countries, we have a long-standing presence, which gives us the know-how and a very deep experience in these markets.

Penetration rates for insurance is low in the region, with premiums barely exceeding 2% of GDP, which is well below the Latin American average. This means that there is a significant potential for development in the coming years.

R&IM: What goals have been set for each market in the region?

J.M.C.: First, we aim to meet all the corporate challenges in each country and, secondly, we strive to be among the top three insurers in each market. We want to hit a market share of 10% in Mexico.

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We also want to lead in each market, not only from a quantitative view but also as trend-setters, innovating in products, services, tools and client treatment. As a corporation, we are in the best position to do so.

R&IM: In general, what businesses have greater potential in your region?

J.M.C.: Given the low level of insurance penetration, all businesses have major potential for growth. However, I would say that the Automobile line has the greatest upside, although we need regulatory and fiscal support from governments.

“Given the low penetration of insurance in the region, all businesses have a great potential for growth”

Secondly, I would say we have upside in insuring risks associated with corporate clients, both in terms of small and medium-sized enterprises, which have very low insurance penetration rates, and the major risks of corporate groups in certain strategic sectors.

Lastly, I would say the retirement industry, given the lack of development to date and the future needs that these companies will have, as is the case in more advanced economies.

DISTRIBUTION MODEL: DIVERSITY

R&IM: Could you describe the current insurance distribution model in your region? How is it adapting in order to bring in more business and to facilitate client relationships?

J.M.C.: The current distribution model varies by country. In Mexico, we have a multi-channel model, with multi-company agents having a greater weight. In Central America, the distribution base comprises brokers and the bancassurance channel. In the Dominican Republic, we have an agreement with Banco BHD León, which puts us in a very prominent position in this market.

The main strategy for the coming years is to develop a proprietary network in each country, under the MAPFRE model. We will also remain abreast of new opportunities that arise for bancassurance agreements and for developing the distribution of mass insurance.

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R&IM: What efforts are underway in your region in terms of product and service innovation?

J.M.C.: Firstly, we are adapting the products, services and Group-wide success practices for our particular region. Secondly, the digital transformation is a key aspect setting us apart from our peers while also improving customer service, both for consumers and distributors. For example, in Mexico, we have a multi-platform tool that has garnered market praise and innovation awards.

R&IM: How do you collaborate with the other two regions that make up the LATAM territorial area?

J.M.C.: In addition to the relationship and coordination with the LATAM Management Area, we are in contact with major clients, strategic partners and international brokers, and participate in joint transversal corporate projects.

MEXICO, A KEY ROLE

R&IM: As CEO of MAPFRE Mexico, can you tell us what Mexico means for the Group's growth in the coming years?

J.M.C.: Mexico is an opportunity-rich country, although with its equal share of difficulties. However, I believe that as a strategic country, both in terms of premiums and profits, Mexico should have a greater weight in MAPFRE's business structure. We aim to achieve this weight in the coming years.

“As a strategic country, Mexico should have a greater weight in MAPFRE's business structure. We aim to achieve this weight in the coming years”

R&IM: How is the Territorial Expansion Plan, implemented to shore up your position in this market, coming along?

J.M.C.: The Territorial Expansion Plan entails the development of an agency network through direct service to agents. That is, without the figure of the insurance promotor or agent grouping, which is so

ubiquitous in the Mexican market. The project was launched in May 2015. At present, we are right on track with the timeline established. We currently have 12 new direct offices and 586 new agents.

The plan has been extended to include a new project to bring in new associated agents and a specific network of people. In the coming years we will see the results of this project.

R&IM: Recently, MAPFRE launched its online insurance offer and Mexico was one of the selected countries. What objectives have been set in this regard?

J.M.C.: In Mexico, we have been distributing automobile insurance online since 2012. The experience is very positive, although a high percentage of the leads generated through this channel are closed by telephone. In the year to date, premium volume has risen 52% compared to the same period of the prior year.

Jesús Martínez Castellanos, CEO del Área Regional LATAM Norte y CEO MAPFRE México

R&IM: Another initiative was the “Recompensas Color Mapfre” program, through which we aimed to reach a greater number of clients. What is the take-away from this program, to date?

J.M.C.: This is a loyalty program for distributor clients, in this case for agents. It is the first loyalty program of its type in the Mexican market. With nearly one year under our belt, the take-away is very positive, especially in the multi-company agents environment, where all the loyalty elements we use are key for maintaining our sales activity.

R&IM: Another proposal is to maximize MAPFRE's presence in the US and to offer insurance that is valid on both sides of the border. What steps have been in this regard?

J.M.C.: There is a major insurance market for Mexicans that cross the border to the US and for US citizens that travel to Mexico. We have specialized brokers near the border that sell automobile policies to US drivers entering Mexico. We also sell this type of insurance online. In addition, we have incorporated certain coverages in the policies contracted in Mexico and valid in the US.

“There is a major insurance market for Mexicans that cross the border to the US and for US citizens that travel to Mexico”

R&IM: What plans do you have for insuring large risks in the Mexican market? What is MAPFRE Mexico's view of the energy sector restructuring?

J.M.C.: Large Risks is one of the most relevant businesses in the Mexican insurance market, especially for MAPFRE. This is because of the type of client, as well as the potential for insurance products and, above all, because of the competitive advantages we enjoy by having a specialized Global Risks unit within our Group.

Deregulation of the energy market has not yet affected the Mexican economy as hoped. However, I am convinced that in the coming years it will be one of the country's economic drivers.

POSITIVE RESULTS

R&IM: Overall, how do you rate MAPFRE's performance in Latin America? Is it meeting your expectations?

J.M.C.: Currently, Latin America is suffering the volatility of markets and certain international uncertainties, especially the drop in commodities prices and the resulting impact on exchange rates.

However, I believe that although this is not the best of economic times for this region, MAPFRE is bringing in profits, with growth in real terms in local currency, and is the number-one multinational insurer in Latin America.

“We are perfectly placed to be the number-one insurer in Global Risks, in each country in the region”

R&IM: In your opinion, what potential does risk management and Global Risks management have in Latin America? What role is MAPFRE called to play in Latin America with regard to these topics?

J.M.C.: We are perfectly placed to be the number-one insurer in this type of large risks, in each country in the region. Firstly, because of our presence in the region and our knowledge of both clients and the market. Secondly, because we can count on the specialization and support of the Global Risks Unit. Lastly, we have a plan to work closely with clients in the decision-making process, as we begin to have suitably-prepared local teams.

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PASSION FOR HIS WORK



With a degree in Economics and Business Studies, insurance actuary Jesús Martínez joined MAPFRE in 1989. Since then he has held several senior positions: General Manager for Business in MAPFRE VIDA, Managing Director of MAPFRE Empresas and Third Vice-Chairman of the Spain and Portugal Insurance Division, among others.

In 2014, he was appointed General Manager for Business and Clients in MAPFRE Spain and, in 2015, he became the CEO of MAPFRE Mexico. Since January 2016, Mr. Martínez has been the CEO of the LATAM North region, accepting the appointment with “great enthusiasm.” “It is thrilling to lead eight countries, to know the reality in each and to be able to work in eight different insurance markets,” he affirms.

Mr. Martínez believes that the two posts are very compatible: “An important number of initiatives and actions plans for Mexico are also valid for the rest of the countries,” he clarifies. ■