

**PRESENT SITUATION AND FORESEEABLE
DEVELOPMENT OF INSURANCE DISTRIBUTION
CHANNELS IN SPAIN**

by

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ABSTRACT

A great transformation is happening in the Spanish insurance distribution due to the influence of the foreign intermediaries and the Union Market, and also is derived from the introduced changes in the legal regulation.

We have noticed factors which stand out in the recent Spanish regulation, Law 9/1992 of April 30th, about the intercession of private insurances, such as it tries to modify old habits and liberalizes the distribution system, likewise the Supervision Insurance Law, of which is in the phase of proyect with the Spanish Administration.

About the European Union legislation, through it's Directives, (specially the Freedom to Provide Services), tries to make the liberalization of distribution outside of the national territory. However, in order to obtain it's complete liberalization, it will be most likely necessary to promulgate a Director for the Insurance Intermediaries, which contemplates the establishment of a single licence.

On the other hand, and in reference to the training requirements mentioned in the Recommendation 92/48/CEE of December 18th, 1991 it's adaption period finishes on December 31st, 1994.

Contemplating all the aforementioned factors, of which we consider to be the determinate of the development of the distribution of insurances in Spain, it will be specified in the different channels, to know, Intermediaries, Banks, Saving Bank, Department Stores, Mail-Order sales, etc. analysing their present situation and foreseeable development.

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I. PRESENT SITUATION.

The present situation of the Insurance market in Spain relating to the intercession and distribution is still distinguished by determinate factors derived from it's situation in the last decades.

However, as from the progressive internationalism of the economy experienced by our market, specially in the financial field, the Underwriter sector is progressively developing, and as a consequence the intercession and distribution sectors can not escape the influence of said tendencies.

In the decade of the eighty's, the juridical framework of which ruled the Underwriter sector turned essentially around the Ordination Law of 1984 and the Production Law of 1985, of which practically limited the insurance distribution for the denominated Assigned Agents, on one hand, and on the other the Free Agents, leaving very little margin of use for other distribution channels (Financial Institutions, Department Stores, etc.) of which were acting with strong limitations and within an unspecified legal framework, supporting themselves in any case on the inexactness of the contents of the aforementioned legislation.

As from here, that in 1988 the market quote displayed by the Agents reached in general terms 76% of which 63% corresponded to Assigned Agents and 13% to Free Agents, except in the reference of Industrial Insurance, where heavily the Free Agents represented practically a 20% against a 47% of the Assigned Agents.

In this same context, the market quote of the banking offices did not reach a 3% and the corresponding 17% of the direct action of the own Underwriters, leaving a limited 4% for the rest of the network (Direct Sales, Department Stores, etc.).

On the other hand to the traditional presence in Spain a large part of the main International Underwriters have added during this period a progressive implantation of the main Worldwide Underwriting Groups, through the acquisition of the already established Companies.

Said phenomenon had their base essentially in the consideration (with better or worse judgement) of that the Spanish market had a potential growth much superior than other countries of it's economic surrounding due to it's low

level in insuring, and of which has also been seen strengthened by the strong concentration experienced by the Underwriter sector at Worldwide level, of which has reached it's highest altitude in the decade of the ninety's, causing a foreseeable situation in which a reduced number of Companies will practically dominate the sector.

In the present decade of the ninety's, with the promulgation of the Directives of the European Union of second and third generation and it's necessary adaption to the National legislations, the Spanish insurance market, and specifically the distribution sector with the promulgation of the Intercession law, has started to experience important changes which without doubt are going to influence in an essential form in it's development towards new models, in line with the existing ones in other countries of our economic surrounding.

In Section II we analyze the factors which to our understanding are conditioning and are going to be decisive in the development of the distribution channels of insurance in Spain, with the surroundings of the present Spanish legislation and likewise the foreseeable modifications that without doubt should be experienced as a consequence of those that are taking place in the European Union level.

Therefore as we have already mentioned, of the development within the surrounding specific legislative, it is forming a new framework of which we will analyze in Section III.

Finally, and in base of all, we will explain in Section IV a series of conclusions about the development, that to our understanding and to great features, are going to be experienced within the Spanish insurance distribution in the near future.

II. BASIC FACTORS WHICH CONDITION THE DEVELOPMENT OF THE DISTRIBUTION CHANNELS.

Exist a number of complex factors which condition and will condition the development of the distribution channels, but between them emphasize should be made on the following factors:

- Legislation

- Training
- European Union

II.1 LEGISLATION.

The Law 9/92 of April 30th, of Intercission in Private Insurances, recollects the commencements of which inform, the classification, identification and control of the intermediaries, likewise aspects of training.

- A. General Commencements
- B. Classification of Intermediaries

A.- GENERAL COMMENCEMENTS.

The Law rules the activity of insurance distribution with the base of the following general commencements:

1º Control adjustment of the intercession in the insurance contracts.

The Law concedes special protection, for the contracting parties and insureds in their activity during preparatory and posterior of the insurance contract which protects their employees and assets.

2º Separation of the insurance intermediaries in two separate catagories: insurance agents and insurance brokers.

The Agents acts in the subscription of the insurance contracts in quality of assigneds to an Insurance Company or, disposes of the relevant authorization in the Contract Agency of Insurances which is accepted, by various of them and offering coverages of said Companies.

The Insurance Brokers practice their activity free of entailment which assumes the respective rights to one or various Insurance Companies, and should offer a professional advice based on their independence and explain the possible contracting party the coverages that, within the existing ones in the market, in their professional opinion, for the needs of whom is found exposed to a risk.

3º Liberalization of the agency network of the Insurance Companies.

The Insurance Companies can accept agency contracts with anyone or juridicals of whom have legal capacity for business practice, starting by the means of the possibility of using the distribution network of, Banks or Financial Institutions, Department Stores, etc. The freedom of which is offered to the Underwriter to select, those which they consider most favourable in involving their responsibility of conduct of those whom distribute their coverages.

4^o Submission of the Insurance Brokers to financial and professional requirements in order to accede in the activity and practice of the same.

The Insurance Broker, must be free of whatever entailment of which assumes the respective rights of the same. The present law has chosen by the establishment of combined norms of which guarantee the independence and of which permits to give the adequate clarity in front of the contracting party and the insured.

To have the knowledge and to dispose of the necessary infrastructure in order to offer the contracting party their professional and impartial advice.

It establishes financial and professional requirements and an infraction system with administrative sanctions.

It opens the possibility of that the Insurance Brokers can use different systems of sales, under their responsibility.

5^o Fixing of two different centres of attribution of administrative responsibility.

Firstly it centres in the Insurance Companies, as the most responsible of the selection of personal of their agency network and of the technical training of them; therefore, the Insurance Companies will be subject to the infraction system and administrative sanctions responding likewise to the irregularities caused by those - agents - whom form an integrant part of their distribution network

Secondly is the Insurance Broker or the Insurance Broker Society and their representatives.

The control corresponds to the General Insurance Board of the Ministry of Economics and Finance, circumscribing the Schools of Titled Intermediary of Insurances, to the training assignments of the Insurance Brokers. Emphasizing the voluntary character with which it forms membership of the Association.

6º Liberalization and flexibility in the activity of distribution of Private Insurances.

The possibility of accepting contracts between Insurance Companies for the exchange of their Agency Networks of distribution, under the principle responsibility administrative of the Underwriter that, uses the distribution of another Company.

B- CLASSIFICATION, IDENTIFICATION AND CONTROL OF THE INTERMEDIARIES

1. AGENTS

a) It is understood that an Agent is: personal in charge, according to one or various contracts, or authorized in order to act in name of and in benefit, or only in benefit, of one or various Insurance Companies in order to present, propose or realize a preparatory work for the company of, or the signing of insurance contracts, or in collaboration in the administration and execution of such contracts, specially in the case of a claim.

b) The identification of the Insurance Agents.

The law requires that the Insurance Agents identify themselves always with the expression "Insurance Agent" or "Insurance Agency", to which should always follow the social denomination of the Insurance Company and the register number of which was given when entering their books, and of which the Insurance Companies are responsible.

c) Insurance Agent's Register

The law has transferred to the Insurance Companies the obligation of controlling the register of their agents, as a logical consequence of the elimination of specific requirements in order to accede the activity of an Insurance Agent.

So, the amount of all the registers controlled by each one of the Insurance Companies constitutes, in fact, the "Official Register of Insurance Agents" which, according to the European Committee Recommendation of December 18th, 1991, should exist in each State Member of the European Union.

2. BROKERS.

a) It is understood that a Broker is: personal that, acting with complete freedom in such as their choice of companies, getting in contact, with views of the risks of insurance and reinsurance, for clients of whom seek in obtaining insurance or reinsurance with Insurance Companies or Reinsurers, realize a preparatory work for the company of insurance contracts and reinsurance and, when proceeding, collaborate in the administration and execution of such contracts, specially in the case of a claim.

b) The identification of the Insurance Brokers.

3. MULTICOMPANY AGENTS.

The General Insurance Board emphasizes their special concern by the distortions that in the insurance market provokes the proliferation of the figures customly known by the name "multicompany agents" and "Assigned Brokers".

The possibility of which an insurance agent can realize their activity assigning themselves to various Insurance Companies by a simultaneous way prevents, certainly and as already mentioned, in the law; but contemplates as an exception, not as a general rule, and, also, as an exception to legal prohibition, but of which requires that the Insurance Company is submitted to a strict control and strategic planning of which concedes the exceptional authorization.

It would be the contrary to the Intercission in Private Insurances's Law that the Insurance Companies promoted in a conscious way or, even, without repairing it, the proliferation of intermediaries that, because of their multiple assignments, finish causing doubts in their practice near of oneself, basically, act as agents or as brokers.

The authorizations of which the Insurance Companies concede to an

insurance agent in order that they can work with another company will have, with adjustment to the law, exceptional form; it would be decided, as a consequence, by the management of the Insurance Companies, never by the regional or peripheral organization; and should mention, with adjustment to the Article 11, in their Insurance Agents's Register, indicating the dates of the authorization, the company of which extends the authorization and the fields in which it refers to.

II. 2. TRAINING.

A.- AGENTS

The training of the Insurance Agents is controlled by the Insurance Companies of whom they collaborate with, of whom decide the necessary measurements for the training of their agents. To such an extent establishes training programmes in which indicate the requirements of which have to be complied with by the insurance agents of whom designate and the means of use for their execution.

The corresponding documentation of the training programmes and the execution of the same, should be approved by the Council of Administration, and will be also at the disposition of the General Insurance Board of whom can require that they effect modifications of which result necessary within the contents of the programme and the necessary measurements for their organization and execution in order to adequate the use of the training to which is referred in the anterior number of this Article.

One of the aspects in which the General Insurance Board feels convenient to have a bearing on more insistently is in the obligation of which the Insurance Companies have in giving specialized technical training to their insurance agents.

B. BROKERS

The Intercission Law in Private Insurances realizes the necessity of preparation and technical training of the Insurance Brokers as an indispensable requirement in order to comply suitably their role as professional independent advisers of the Insurance Companies.

In order to practice the activity of an Insurance Broker, it is necessary to

obtain previous authorization from the General Insurance Board, of whom concedes always when one accredits the fulfillment of the required valuations in the law and in which assigns to be in possession of the Titled Intermediary of Insurance certificate. That's to say, one has to demonstrate in possessing a level of knowledge that is accredited by means of the Titled Intermediary of Insurance certificate, in which exist three ways in obtaining:

a) To realize a course approved by the General Insurance Board.

The most important course is the Superior Course of Insurance, approved by the General Insurance Board at CECAS, training instrument of the Council. Consists of nine months and a total of 500 teaching hours, of which requires an assistance of 80% in order to be able to examine. Also requires practices realized in Insurance Companies or with Brokers and a resumen.

The Studying Programme includes different material relating to the theory and technique of the insurance contract, field and types, legal system of the Insurance Companies and of the distribution of private insurances, Spanish insurance and EEC, commercial law, organization, management and commercial techniques in the Underwriting territory, oral and written expression, financial and commercial accounting.

b) To overcome ability tests which take place yearly the General Council.

The organization of the selective tests of ability in order to obtain the "Titled Intermediary of Insurance" certificate. In this assumes the General Insurance Board in which corresponds the approval of said selective tests, likewise the supervision, of the acceptance of the same through the appointment of representatives in the board of examiners of whom judge them, if they feel necessary.

The courses are directed to overcome the ability tests.

For those whom can not attend with normality the classes of the Superior Course, CECAS offers two ways in order to obtain the official Titled Intermediary of Insurance certificate; a correspondence course and the other a crash course, preparing for the ability tests, of which for the two options must present themselves in the examine which the General Council convokes.

The correspondence course provides a manual to the students and a notebook of practical exercises. Also disposes of a telephone "on line", of which the students can consult their doubts with a teacher of the Centre.

The crash course consists of approximately one month and 45 teaching hours.

c) Revalidation by several universities degrees valued by law.

C. THE CONTINUED TRAINING OF THE INTERMEDIARIES AND THEIR EMPLOYEES.

In reference to the approved courses, intervened in the academic course of 1992-1993 of the Centre of Studies of the General Council of the Titled Intermediary of Insurance School (CECAS), Unespa and Icea, with a participation of 633 students of which 579 passed the course.

In the academic course of 1993-1994 registered the abandon of Icea - of whom has chosen to focus in the specific training of Agents in the Insurance Companies, activity which they considered more consonance with the aims of the association, the participation of 685 students.

Finally, the programmed training directed specifically to employees and collaborators of brokers and brokerage, has shone by their absence in 1993, apart from an initiative of the Centre of Studies of the General Council, of a flexible implantation and of basic level.

II.3. EUROPEAN UNION MARKET.

A. LEGISLATION IN THE INTERNATIONAL CONTEXT.

All the countries of whom are members of the European Union, with the exception of Germany and Denmark, counted on the date of the publication of the Recommendation of the Committee of December 18th, 1991 with the arrangement of rules of the activity of Intercission in private insurances (Public Register of brokers, training, financial guarantee, policy of Professional Liability, etc.).

B. COUNCIL DIRECTIVE OF DECEMBER 13TH, 1976.

The directive established basically equivalently and acknowledgement of titles.

All the State Members transferred correctly the 1976 directive to their National legislation. Nevertheless, in practice, it is still difficult to identify the capable authorities or organizations of each country with responsibility in order to extend to their citizens or receive foreign citizens the certificates of professional capacity and other required documents within the directive context. Also the State Members are still free of regulating the access to the profession or the exercising of the same according to what they consider appropriate.

This only applies to the brokers and agents activity, excluding other channels of intercession.

From the consumer's point of view, this development could plant indefinite problems in such as position and professionalism of the intermediary of insurances.

Nevertheless, the traditional intermediaries, brokers and agents could be exposed to disloyal rivalry if they have to fulfill determined conditions of professional qualification in order to accede in this activity and practice it, in the meantime until such conditions are not imposed directly to the new competitors of whom offer identical products.

C. RECOMMENDATION OF THE COMMITTEE OF DECEMBER 18TH, 1991 ON THE INTERMEDIARIES OF INSURANCE (92/48/EEC).

In 1989, BIPAR adopted a "General plan for a Intermediary European Law", which was sent to the Committee of the European Union. The Committee based in a large way this document for the Recommendation.

The Committee recommended that the 12 State Members introduce in their National legislation basic conditions and effective applications to those whom wish to practice the intercession of insurance activity.

The recommendation recognizes that the advice of a qualified intermediary of insurance guarantees the necessary protection of the consumer, to which will be offered a large range of competitive products within the context of the European Union.

With the intention of avoiding simulations, the recommendation invites the State Members to introduce transparent conditions of which permits to determine the grade of independence.

BIPAR proposes to subordinate the register as independent intermediary to the condition of that the physical person or juridical involved can, in whatever moment, present to the designated competent organization by a State Member, the proof being of not realizing more than a 35% of their business volume in commissions and/or life insurance premiums, nor more than a 35% of business volume in commission or insurance premiums different to those of life with the same Insurance Company during the last year.

III.- PARTICIPATION OF THE DIFFERENTS DISTRIBUTION CHANNELS IN THE PRESENT MOMENT MARKET.

With great features, and based on the study realized by ICEA for the year 1992, we could say that the Underwriter's business is held in the hands of two types of existing intermediaries, agents and insurance brokers, since they possess the 61% of the total premiums and the 72% of the total policies. If we divide the different fields the result is different due to the fact of their channels (specially the banking offices network and the direct sale) of which acquire a great relevance.

	BUSINESS VOLUME		NEW PRODUCTION	
	POLICY %	PREMIUM %	POLICY %	PREMIUM %
ASSIGNED AGENTS	54,5	44,6	55,5	45,2
BROKERS	18,1	16,3	21,6	21,6
FINAN. INST.	9,2	10,6	11,4	14,2
DIRECT SALE	15,9	20,3	9,2	15,2

As from the aforementioned study (ICEA), based on a representative sample of the sector, 43 Insurance Companies which represents approximately 55% of the premiums of the sector in the year 1992, we observe the specific weight of which the different distribution channels of Insurance in Spain have:

DISTRIBUTION FOR FIELDS
 DATA OF ALL THE COMPANIES (TOTAL OF THE SAMPLE)

BUSINESS VOLUME

	ASSIGNED AGENTS	BROKERS	FINANC. INSTIT.	DIRECT SALE	OTHERS
LIFE					
Pol.	43,13	6,24	42,85	4,92	2,86
Prem.	35,04	5,96	31,76	6,54	20,70
MULTIRR.					
Pol.	66,70	14,80	9,25	5,96	3,27
Prem.	63,27	20,70	5,93	6,75	3,35
AUTOMOBILE					
Pol.	53,58	18,89	0,53	25,22	1,78
Prem.	51,24	19,42	0,62	26,53	2,19
INDUSTR.					
Pol.	46,01	38,54	2,08	10,41	2,96
Prem.	32,56	42,72	1,97	15,83	6,92
HEALTH					
Pol.	50,32	11,82	0,00	34,67	3,19
Prem.	28,55	10,03	0,15	58,60	2,47
OTHERS					
Pol.	52,38	27,98	7,61	10,31	1,52
Prem.	43,05	28,23	6,69	14,96	7,07
TOTAL					
Pol.	54,54	18,12	9,16	15,92	2,26
Prem.	44,61	16,31	10,61	20,26	8,21

NEW PRODUCTION

	ASSIGNED AGENTS	BROKERS	FINANC. INTITU.	DIRECT SALE	OTHERS
LIFE					
Pol.	38,03	5,08	46,39	8,07	2,43
Prem.	38,92	5,06	43,23	10,50	2,29
MULTIRR.					
Pol.	60,91	15,22	17,94	3,45	2,48
Prem.	61,91	20,19	7,46	5,25	5,19
AUTOMOBILE					
Pol.	58,07	25,41	0,53	13,69	2,30
Prem.	54,31	25,40	0,62	17,11	2,56
INDUSTR.					
Pol.	38,98	43,61	6,63	8,69	2,09
Prem.	19,05	55,04	2,37	16,75	6,79
HEALTH					
Pol.	51,58	9,65	0,00	35,61	3,16
Prem.	30,64	14,53	1,30	49,11	4,42
OTHERS					
Pol.	50,30	35,75	5,49	5,88	2,58
Prem.	31,23	36,17	5,14	17,70	9,76
TOTAL					
Pol.	55,45	21,64	11,39	9,17	2,35
Prem.	45,19	21,59	14,18	15,16	3,88

Of the anterior chart it release that the assigned agents maintain as the first distribution channel, with a participation of 44,6% on the total premiums, followed by the Insurance Companies (direct sale) with a 20,3%

However, in reference to the new contracting, the channel of agents maintains in first place, followed by the channel of brokers with a participation of 21,59% against the 15,16% of the Insurance Companies direct sales.

In reference to the life field, it is observed the important growth of which the distribution channel through banking offices and financial institutions are

acquiring.

In the multirisk field, it is observed that it is principally in the hands of Intermediaries (the Agents represent a 63,3% and the Brokers a 20,7%).

In such as the automobile field, even though the principle distributors are the Agents (51,2% of the premiums), the direct sale is acquiring a specific important weight (26,5%).

If we analyze the Industrial fields, we see that the brokers constitute the first distribution channel (42,7% of the premiums and 38,5% of the policies).

Finally, in the section of the health field, the Assigned Agents constitute the first distribution channel (50% of the policies) even though in premium volume only represents a 28,5%. On the other hand, the direct sale represents a 58,8% of the premiums with only a 34,7% of the policies.

The Brokers in this field, represent a sensibly inferior percentage (10% of the premiums and 11,8% of the policies). Nevertheless, in reference to new production, the weight of the Brokers has increased up to a 14,5% of the premiums inspite of only representing a 9,65% of the policies.

In general terms and to end this section, we see in synthesis what is the portfolio composition for the analyzed different distribution channels:

Agents:

Predominance in the automobile field (superior to the 50%) with a tendency to growth in relation to 1990.

Increase in weight in the life field, with a total of 28%.

Brokers:

Predominance in the automobile field (51%) with a light tendency below (49% in new production) followed by multirisk and life.

Banking offices's Network:

Predominance in the life field (87%) with a tendency of increasing.

Direct Sale:

Predominance in the automobile field (56,2%) with a tendency in increasing, followed by the health field with a 23,2% of the total premiums of said channel.

DISTRIBUTION CHANNELS
DATAS OF ALL THE COMPANIES (TOTAL OF THE SAMPLE)

BUSINESS VOLUME

	ASSIGNED AGENTS	BROKERS	FINANC. INSTITUT.	DIRECT SALE	OTHERS
LIFE	22,77	10,59	86,75	9,36	73,08
MULTIRISK	13,07	11,69	5,15	3,07	3,75
AUTOMOBILE	49,24	51,04	2,51	56,16	11,43
INDUSTR.	2,33	8,34	0,59	2,49	2,68
HEALTH	5,11	4,91	0,11	23,19	2,40
OTHERS	7,48	13,43	4,89	5,73	6,66
TOTAL VOLUME OF PREMIUMS (*)	461.420	168.699	109.792	209.473	84.950

(*) Millions of pesetas.

NEW PRODUCTION

	ASSIGNED AGENTS	BROKERS	FINANC. INSTITUT.	DIRECT SALE	OTHERS
LIFE	24,80	6,74	87,79	19,96	17,01
MULTIRISK	12,53	8,55	4,81	3,17	12,23
AUTOMOBILE	49,95	48,90	1,82	46,91	27,37
INDUSTR.	2,20	13,28	0,87	5,76	9,11
HEALTH	2,06	2,06	0,28	9,93	3,50
OTHERS	8,44	20,47	4,43	14,27	30,78
TOTAL VOLUME OF PREMIUMS (*)	127.511	80.928	40.009	42.762	10.949

(*) Millions of pesetas.

IV CONCLUSIONS

The effected analysis able to be seen at the length of this present study, we could extract a series of conclusions in reference to the foreseeable development of the Insurance distribution in Spain:

- clear difference between professional intermediaries and other distribution systems.
- within the Intercission, distinction between Agents and Brokers, being the basic differentiate element between both the independence against the Insurance Companies.
- Necessity of specialization of the Intermediaries in function of their size and in base of the definition of the market segments of which they wish to manage. By this way is foreseeable the polarization towards the large Brokers of the industrial business and of the large companies, except in the types of insurance of which require high grade of specialization, in which case the specialized Brokers of medium size can be very competitive.

Within this distribution segment (large brokers and/or Specialized Brokers), it will be each time more important to have sophisticated means of management of which permits in arriving to a added value in the service to the client of which distinguishes them from their competitors and justifies the added cost in their intervention.

WE wish to refer ourselves with this, for example, to the loaning of valuation services and riskmanagement, prevention, claims, etc.

Therefore, the competitive International by "Freedom of Services" will have influence.

On the other hand, the industrial and commercial business of medium size could be an ideal field for the Brokers of medium and small size, in rivalry with the Agents, still in this segment of clientele values the personalized service above other considerations and is prepared to pay a reasonable price for it.

It probably will happen in great size in towns of medium size where the

implantation of the large Brokers is not so important and such as the personal relationships as the specific weight in social territory constitutes an essential element in the favour of the Broker or local Agent.

Finally, the business corresponding to the domestic economy and personal lines would be an ideal segment for the distribution through the alternative channels such as Banks, Savings banks, Department stores, direct sale, mail-order, etc.

However, within this segment the Agents and the Brokers of medium and small size could continue in having an important role, in the means in which they know how to transmit the service which they loan to their clients the added value of the personalization which constitutes one of the fundamental features of the profession.

Mention apart within the segment of the personal insurances deserves automobile, of which foreseeably will follow the route already begun and similar to that of other countries, of which is the direct sale and/or through specific prescribers, principally in Motorist Clubs. It does not abandon the possible consequence of reduction in the cost of which permits these distribution channels, essentially in a product in which the component price predominates on other considerations.

Other types of insurance in which the component price has a specific important weight in those of Life; nevertheless in the case we foresee a hard rivalry between the Financial Institutions and those specialized intermediaries in the form of financial advice of which contemplates, between others, the offer of these types of products.

We can not leave unmentioned, however, the role of which could play the large Brokers in the distribution of in between products and of volume in the means that they dispose of specialized organizations, foreseeably separate from the industrial business, owned or in collaboration with Financial Institutions or other types of Companies or Associations of whom carry an adequate distribution network.

- Another of the important aspects in the future form of the distribution is that of productivity.

In this respect we can affirm that, on one side, the direct distribution systems

will have success in the way in which one knows how to transmit the necessary technological elements, specially in electronic data processing equipment. On the other hand, the Intermediaries should have necessary knowledge, by the means of his size, of all those electronic data processing means of which permits to negotiate with great possible efficiency their clients's portfolio due to the brokerage level that will be received through their negotiations is foreseeable that they are going to reduce in relative terms.

Likewise, it will be each time more necessary in reverting to the techniques of marketing, such as to realize the analysis of which permits the election of strategic arrangements such as the use of the necessary instruments for their position in practice.

- We can not leave unmentioned either another of the essential aspects that in the future is going to condition the competing of the different intermediaries in the distribution in a special way in the Intercission. We refer by this to the training.

It results obvious when we talk about professional intermediaries (Agents and Brokers) that we can not forget that, in their legitimate anxiety of the consumer's protection, the controlling Authorities are going to foreseeably request a greater level of knowledge to all those whom wish to intervene in the business.

In this respect one has to emphasize the tendency to the level of the European Union in requiring that the consumer has the possibility of access to personal with a minimum level of knowledge, whatever type of selected distribution. It would be a logical consequence of the established in the Recommendation of December 18th, 1991 and will probably recollect in a future Directive regulator of the Intercission.

If it is so, it could have a considerable incident in the distribution through Financial Institutions, always when assumes for them a notable increase in their chargeable costs to the promotion in this type of business, against the present moment situation, in which a large part of them realizes it by incurring in a marginal cost supposedly minimum.