

VI CONFERENCE TWIC

**Ignacio Hernando de Larramendi  
President of CORPORACION MAPFRE**

**Quito, June 22, 1988.**

Today, for the third time, I have the opportunity in this beautiful city of Quito, to address a TWIC audience, an institution which is deep in my heart and my professional life. Many thanks for this honor to all of you: Ecuadorans who organized this meeting, Filipinos and Argentinians who have always organized it, Moroccans and Chinese in these past years.

I am pleased to see you all once more, such old and good friends, but I wish mention very specially today, the grand lady of Philippine Insurance, Ms. Gregoria Cruz Arnoldo, who precisely this year has been awarded the John S. Bickley Founders' Gold Medal for Excellence by the International Insurance Society, maximum award of worldwide insurance.

The term Third World, is considered by some as apparently derogatory, but I don't feel that way. It describes a reality. A third world exists and grows. It is part of the present, but specially, part of the future. Progress and its antecedent, science, have particularly cruel dynamics. They help, but they also discriminate and are the cause of suffering. Although it may seem paradoxical, the "problems" of the world in which we live originate in science and technological progress. Is this the tragedy of a proud humankind?

Science and progress bring forth improvements, but they pass by those who benefit less, and each day there is an increasing number of people who are left behind with problems, not only of greater differences, but also of anguish, internal strife, and social laceration.

The problems of the Third World are varied. It is not composed of homogeneous countries, neither are their problems similar. What does Sri Lanka and Morocco have in common? Or Egypt with Costa Rica? or the countries of your continent with Asian countries? Is Spain part of the Third World? Or has it been so until recently? Are Argentina and Ecuador, Taiwan or Singapore? Frankly, I don't know and it is not that important. What I would say is it does not worry me if Spain was, since without suffering there is no hope. The future lies only with the poor, because in them there is charity and reciprocal aid, rather than in those who have everything and it is still not enough. I see this best in myself and in my country, going through a bonanza not quite deserved, and which I fear may herald an obscure future, as all that emerges from pure materialist egotism.

May 19, 1968

2

In my two TWIC experiences, Casablanca and Peking, I spoke of agrarian insurance, and now it is my turn to present the paper of the Chairman of ALASA, Mr. Manuel Torres Partida, on this same subject. But I am not an expert on the subject. My training is legal, although MAPFRE originated as strictly agricultural and until 1955 we served only farmers. I do not wish to go into this subject again, only just make some socio-economic considerations, after quoting some paragraphs from my words at previous TWIC meetings.

In Casablanca I said: "In some manner we are beholding the fall of the myth of outmost industrialization, not only in the Third World, but in many countries with a high standard of living, seeing the decadence of their great industrial structures, which they thought were the solid foundation for a long period of stability and progress, and have been the reason of profound unbalance, impossible to maintain adequately paid jobs, and the normal reaction of those who thought they were going to maintain them indefinitely".

In Peking I commented: "Most countries in the Third World have agricultural resources to cover their own needs. Their limitations are in the lacking of economic and social structures. Every consideration of aspects related to agriculture has to be integral and analyzed from points of view as different and health, investment, insurance or social structure. As insurer, I could just keep to the analysis of risk, verify their insurability, study their frequency and intensity, design the necessary coverage, etc. But that is not enough for a space offered by an area where so many disciplines coincide, where a long term relationship between the insurer and insured is not only advantageous to both, but also to the whole society. Thus, crop insurance must be placed in the context of the programs for integral agricultural development, as an escape for the tensions and unbalance created by the risks of nature in the farmers' economy."

I would also like to add some thoughts always convenient to keep in mind:

The world is changing. Science, the source of technological improvement, has not been able to provide a feeling of solidarity to "Mankind". Transportation and communications, bring together men of distant countries. But the pride of the strong ones, seeking maximum individual enjoyment, does not allow them to share, only to accumulate. It is not my task, nor is it pertinent now to moralize, but I must express my deepest feelings, maybe because I "still" have not lost my Christian beliefs, which until recently impregnated the essence of my country.

Since the feeling of solidarity is increasingly further away, which without barriers would permit ending hunger, each country needs self-protection, and such self-protection demands autonomous agriculture and the maximum exploitation of your own wealth, to be self sufficient and eliminate poverty, and sometimes hunger.

The hope of salvation through industrialization have vanished, and their consequences have been serious in some countries in this continent, who abandoned agriculture and cattle breeding to import the food it could produce locally. Fortunately, the dignity of a country is once more thought to be something else besides an airline or a reinsurance company, it lies in taking optimum advantage of natural and agricultural resources, without monopolies to exploit them, for the welfare of the people, and for this, it is necessary to have plans for agricultural promotion, plus the direct and indirect collaboration of agricultural insurance.

To obtain agricultural autonomy, it is important to have the collaboration of countries with common problems and culture, who help each other sharing experiences, problems and solutions. Thus, I will repeat the words I pronounced at the closing session of the Jornadas Iberoamericanas on Crop Insurance in Panama, October 24 to 26, 1965, with the important sponsorship of the Instituto Agropecuario de Panamá and the collaboration of MAPFRE, in which we created, and this for me is a great professional honor, the "Asociación Latino-Americana de Aseguradores Agropecuarios", better known as ALASA. I said then:

"This Association has emerged, and will serve not only in its strictest sense, for the promotion of crop insurance as a tool for the agrarian development of Latin America, but also for something which to me is specially important: the creation of a new tie of solidarity binding together people with the same culture and a common geography. Anything that can be done in Latin America towards the existence of institutions, autonomous associations to discuss their problems and to get to know each other, is an important contribution to the future of this Continent."

Latin America has to promote transnational institutions where its people can study their own problems, such as FIDES, and in the future ALASA, which I hope shall have an efficient and fruitful life and contribute to the decreasing of problems and enhancement of agricultural and cattle breeding in the American continent

With the same objective as the meeting in Panama I just commented upon, there was a regional meeting held simultaneously but independently in Peking, promoted by Fundación MAPFRE with the collaboration of the PICC, excellent, splendid and hospitable during the last TWIC meeting, with the participation of important world experts and the assistance of representatives of public and private institutions of several Asian and African countries, a large Chinese representation and some of the persons attending the Panama Regional Meeting.

At this meeting, the only one of its kind on Asia, there arose subjects of great mutual interest and I was able to encompass people with cultures and languages quite different from mine, who met to deal with the important subject of crop insurance, their different systems, and to share experiences.

I feel, my friends, that I have complied with my duty in this act, but I cannot let the chance go by without saying to so many famous insurers from so many dear countries something else:

Insurance is an important piece in the economy of a country. Without a strong and stable insurance market, there is no social balance. But insurance in countries with limited economy, as many of yours, offer special difficulties. It is not easily accepted by citizens, and it is fundamentally centered in risk concentrations which demand that large amounts of currency leave the country. It is affected by very sensitive political aspects, or by multinational influences strong enough to break that equilibrium, and it has difficulties in recruiting the people and the framework to have access to new and costly computer systems. All of this delays or prevents our insurance markets from having the importance of highly industrialized countries.

But this is a problem which can be lessened. If you are too isolated, you will fall behind regarding the improvements and advances of insurers in other markets, and if you are too committed to the exterior, your foreign currency account will run into trouble.

A good reinsurer, which not only offers risk compensation service, but technological aid and training for officers, collaborates in the improvement of your markets, but there is still more, mainly in the field of education in insurance. In this respect, I would like to tell you that Fundacion MAPFRE, of which I am president, has among its projects, to create an "Institute for the Education in the field of Insurance", for which reason we have undertaken during these past months important activities starting with the publication of a MAPFRE Dictionary of Insurance, whose author is Julio Castelo, Managing Director of MAPFRE MUTUALIDAD. I have brought to this meeting a complimentary copy for each delegate from Spanish speaking countries. Based on this dictionary, we are preparing a "long-distance course" for employees in Spain and countries where we have offices. Within a year, approximately, with the experience obtained, we will offer this first course and other future ones to insurers, employees and insurance technicians in our language, and we will do everything possible to adapt it to the needs of small markets and small insurance entities.

I would also like to translate and adapt our courses into French and English, so that if useful, offer it to other countries, for example, through the "Asian and Pacific Insurance Institute" in Manila, or other similar institutions interested in our collaboration. This plan, of course, constitutes a "foundational" rather than a commercial project, where we would like to be the driving force of an educational action without trying to monopolize it, making our efforts available to everyone who wants to use them.

I would be extremely pleased if at the next TWIC meeting, two years away, Julio Castelo who is preparing this project, could present it and undertake its execution, since I sincerely believe that it would be very interesting for all, if one of the main problems in the insurance market, linked to TWIC, and which should contribute to the production of plans for coordinated training in the most advanced countries, could have a session dedicated to this subject with the participation of the countries with the most experience.