S&P Global
Market Intelligence

Mapfre, S.A. BME:MAP

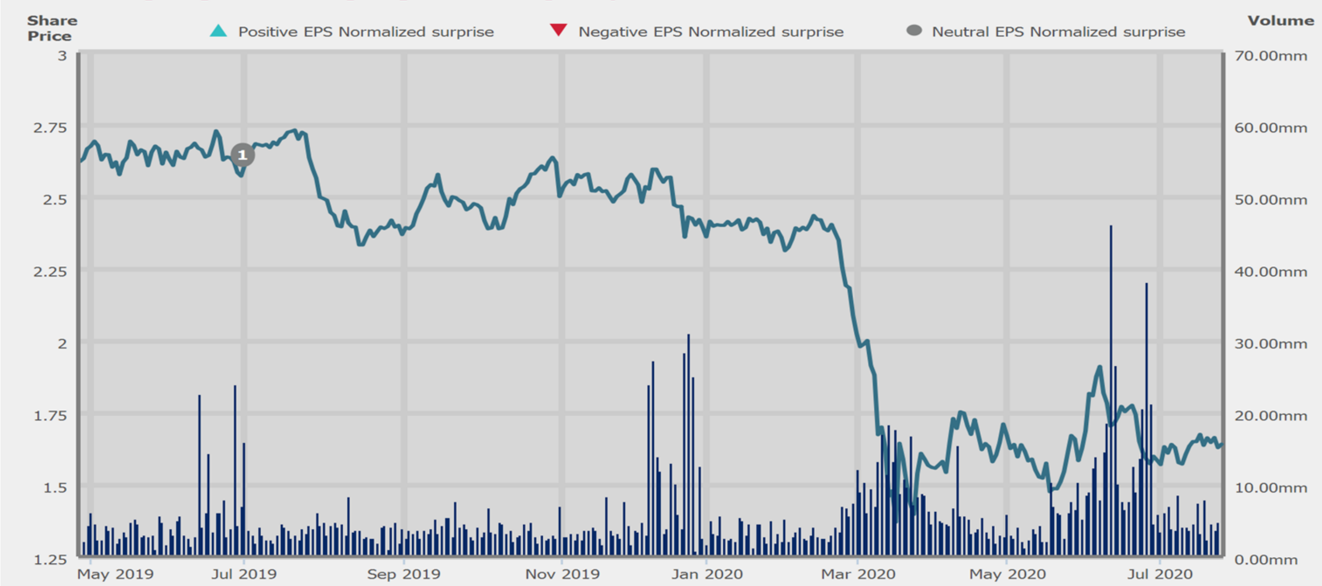
FQ2 2020 Earnings Call Transcripts

Friday, July 24, 2020 11:30 AM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2020-		-FY 2020-	-FY 2021-
	CONSENSUS	SURPRISE	CONSENSUS	CONSENSUS
EPS Normalized	-	-	0.20	0.23
Revenue (mm)	5169.00	(5.49 %)	21371.00	22035.84

Currency: EUR
Consensus as of Jul-24-2020 11:19 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2019	0.06	0.06	0.00 %
FQ3 2019	-	-	-
FQ4 2019	-	-	-

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Call Participants

EXECUTIVES

Fernando Mata Verdejo
Group CFO & Director

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Presentation

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Good afternoon, everyone, and welcome to the presentation of MAPFRE's results for the first half of 2020. This is Natalia Núñez, Head of Investor Relations. As in the previous quarter, this presentation includes the main figures to give you an overview of MAPFRE's performance. The MD&A and other information, including the usual spreadsheets, can be found on our website as well as the embedded value figures for 2019.

As always, here, we have with us our CFO, Fernando Mata, who will go through the key highlights and figures of the quarter.

Before Fernando begins, I want to give you an update of MAPFRE's operations regarding the pandemic. The current situation in MAPFRE is diverse with a new normality in Europe, making it possible to return to almost full commercial activity in our main market in Spain, where more than 35% of the personnel are back to the office as strict control and prevention measures are in place due to growing concerns regarding new outbreaks.

The situation in the U.S. and LATAM is complicated. New cases are still on the rise in the U.S., although in Massachusetts, our main market, the situation has been improving, and 28% of the workforce is now on site. In Brazil, there is still a large impact from the crisis, although in the state of São Paulo, where the company is headquartered, there has been a gradual improvement with now 18% of the staff back at the office. In the rest of Latin America, there is some concern as the number of new cases continues to grow and the interruption of economic activity is already causing a strong negative economic impact in the region.

MAPFRE will continue focused on the same priorities that we have had since the start of the crisis, guaranteeing the health and safety of all our collaborators and ensuring business continuity in order to keep on providing the highest quality service levels to our clients.

Finally, just as a reminder, at the end of the call, we will answer all questions received at the Investor Relations e-mail address. Also, the IR team will be available afterwards to answer any pending questions you may have.

And now let me turn the call over to Fernando. Fernando, the floor is yours.

Fernando Mata Verdejo
Group CFO & Director

Thank you, Natalia, and thank you, everyone, for being again here with us today.

Before we go into the details, I would like to highlight that we're satisfied with this quarter's results considering the current COVID scenario. Insurance units are performing very well with an attributable result of EUR 429 million, up 13% on the year. Iberia remains the largest profit and dividend contributor with a notable quarter-by-quarter stability on Non-Life premium growth and also profitability. We have seen strong improvements in Brazil, the U.S., Mexico and other important Latin American markets as well as Turkey and Italy. There has been some benefit from lower frequency as a result of COVID, but we are also seeing the fruits of strategic initiatives that have been implemented over the last years.

The largest impact from the pandemic has been on the top line due to confinement measures and lower economic activity. The crisis has affected some channels, more than others, mainly dealerships and bank assurance. Currency depreciation has been a headwind as well as the negative environment for Life Savings products.

Regarding the claims side, direct impacts on insurance units, mainly in the Burial and Health segments in Spain, had been mitigated by lower frequency, especially in Motor across all markets.

This quarter, we booked the cost of COVID-related claims at MAPFRE RE, with a EUR 56.9 million impact on the attributable result. Travel assistance business was hit, but mainly in the first quarter as trends have been more positive in the second quarter.

Finally, we have updated IBNR reserves to reflect changes in claims reporting patterns as a result of the COVID, affecting the majority of the Non-Life business lines. The larger reserves were booked in Spain, but we have an exercise prudence in all countries. This represents around 2.7 percentage points on the loss ratio for the group. We feel quite comfortable with our current asset exposures. During this quarter, we have carried out an extensive review of equity, fixed income and real estate portfolios as well as intangibles and accounts receivable. Equity write-downs were negligible, and we haven't seen any signs of nonpayment or delays in collections. We haven't observed any indications of goodwill impairments since results have improved in the majority of operations. The largest impact was from provisioning for undeveloped land in Spain with a net impact of around EUR 20.5 million.

Regarding NatCat events, there was a smaller earthquake in Puerto Rico in Q2 and a slight increase in the cost of first quarter events in Spain, bringing the total net cost to around EUR 77 million, up EUR 10 million on this quarter. MAPFRE continues to boast an excellent capital position with significant flexibility to manage any potential volatility going forward.

Please turn to the next slide. Regarding the figures for the first half of the year, premiums are down around EUR 1.5 billion in the year. One important driver of the fall has been currency depreciation with a EUR 580 million impact. Second, Life Savings premiums down over EUR 400 million in Iberia, EUR 450 million for total group due to the challenging environment for these products. And finally, as a reminder, last year, there was a 2-year industrial policy issue in Mexico for PEMEX for EUR 445 million. Non-Life premiums are down slightly under 10%, but at constant exchange rates and excluding the PEMEX policy in Mexico, they will be down only around 1%, which is excellent considering the current market context and our focus on restructuring in several units.

The net result stands at over EUR 270 million with a combined ratio at 96.7% and 93.8% at the insurance units. The direct impacts from COVID claims and NatCat events had been partially offset by a strong fall in frequency, mainly in Motor across main markets. Assets under management are down around 4% during the year and shareholders' equity is down around 6% due to the downturn in financial markets and currency depreciation. But this is important with a 6% improvement since the close of March. So let's say that the second quarter has been quite positive in terms of our capital base.

At the beginning of June, we reported updated figures for our capital position with the Solvency II ratio at 177% at the close of March, within our comfort range and at excellent level considering the market situation at that time. We should expect additional improvements in the second quarter.

Lastly, embedded value was up over 20% in 2019. And this improvement is explained by changes in the model for the annual renewal business in the bancassurance channel in Brazil, the fall in discount rates in major currencies, better experience and as well as solid performance in new business, especially in Spain and also Brazil. You can consult the full disclosure of embedded value on our website.

Please turn to the next slide. On this slide, we will analyze the different components of the adjusted attributable result. There had been several large claims events during the first half of the year. Earthquakes in Puerto Rico had a total impact of EUR 16.2 million. There was another smaller earthquake during the second quarter, which explain most of the EUR 7.5 million increase compared to March. The severe rain and storms in Spain had a total impact in January of EUR 16 million, EUR 10.2 million in the insurance unit, the remainder in the reinsurance unit.

Regarding COVID direct claims, there was a EUR 56.9 million impact at MAPFRE RE. This estimate is based on the most recent [lost communication furnace cedents]. I would like to highlight that we do not have exposure to event cancellation, and our main business interaction exposure is in the Reinsurance segment. And there is no evidence of relevant exposure in our insurance units.

Regarding expenses related to reorganization of operations. Last year, there was a positive EUR 4.5 million impact in the U.S. while this year, there has been a EUR 15 million net impact from a provision for restructuring of operations. Financial gains and losses are down nearly EUR 24 million compared to the previous year. The net loss in real estate reflects real estate provisions for land in Spain, which were driven down by around 8% of their book value, which were partially offset by the sale of a property in Boston in the first quarter of the year.

Regarding financial investments, we prefer a cautious approach to realizing gains when the market can offer better opportunities. Excluding all these impacts, the adjusted net result reached EUR 406.5 million, up EUR 74 million compared to the previous year. Regarding the impact of COVID on insurance operations, we expect the final effect to be almost neutral, with tailwinds from a decrease in motor frequency that will offset direct claims from COVID in other lines, other related expenses and also the decrease in premium volume. With this in mind, we have decided not to include this effect in the adjusted result.

Please turn to the next slide. On the right, you can see the main figures by business units. Again, I would like to highlight the consolidation of the positive trends and our insurance units with an almost 13% increase in net result. Iberia continues to perform very well. The fall in the result is due mainly to lower financial gains. Higher weather-related claims and COVID-related expenses have been largely offset by lower frequency in Motor.

And regarding premiums in Spain, we outperformed the market in most business lines. In Motor, we're taking a more cautious approach given the current pricing environment, while prioritizing customer retention. Premiums are down in Life Savings, but we are outperforming the market in Life Protection, which is a higher-margin segment, with premiums up over 4%. The contribution of MAPFRE VIDA was EUR 88 million, very stable year-on-year, which is an -- by the way, is an excellent result in the current context.

In other region, it is important to highlight the strong impact the currency movements have had both on premiums and results. In LATAM, results are up nearly EUR 30 million, and all 3 regions are reporting remarkable ROEs with an outstanding 17% in LATAM North. The combined ratio for the region stands at under 90% and despite headwind results, have improved in Brazil and Mexico and across Central America, especially Panama.

In Brazil, local currency -- sorry, in local currency, we've seen a strong growth in agri insurance and resilient Life Protection premiums while, again, the motor premiums continued to fall as a result of our restrictive underwriting approach. The improvement in the attributable results is due to the measures being implemented in Motor as well as lower frequency due to, obviously, to the pandemic.

Regarding the international business, results are up by EUR 31 million year-on-year. There were 2 large impacts in North America. First, the EUR 14 million net realized gain from the sale of real estate in the first quarter; and second, the EUR 26 million net loss as a result of the earthquakes in Puerto Rico. The results in the United States are also benefiting from profitability measures implemented in the last years. Results continued to improve significantly in both Turkey and Italy, thanks to a focus on underwriting discipline as well a significant decrease in motor frequency as a result of the crisis.

Regarding Re and GLOBAL RISKS, as I mentioned on the previous slides, results were impacted by the earthquakes in Puerto Rico and Storm Gloria in Spain, with a total net amount of around EUR 41 million as was around EUR 57 million from COVID-related claims. There has also been an increase in attritional claims frequency. The total impact for MAPFRE RE from COVID-related claims was EUR 80.9 million before tax and minorities, of which EUR 70.9 million correspond to property claims, and based on the information reported by our cedents as well as an evaluation of the exposures reported by our clients. Claims reported in property lines are basically concentrated in a specific business interruption covers in Europe, mainly in Germany, France, the United Kingdom and Switzerland. In the vast majority of property portfolio, business interruption coverage is contingent on the assistance of material damage, which does not exist in this case. As you remember, Eduardo Perez de Lema stated at the first quarter presentation. Therefore, there has only been exposure in a very limited number of cases, however, there is a high degree of uncertainty surrounding the final amounts to be paid and how legal proceedings could conclude.

In the Credit segment, although reported claims have been very, very limited, small amount, a [EUR 10 million] reserve was booked as an uptick in claims is expected for the coming quarters. MAPFRE RE has not had any claims related to event cancellation, as we do not underwrite this line of business nor do we have exposure to casualty or workers compensation in the U.S., and the impact in the Life business has been pretty, pretty immaterial so far.

In the system business, the largest hit was from travel cancellation claims in the first quarter of the year. We have been prudently reducing exposure, and we have also taken further steps in our restructuring process. In addition to the 5 operations we already decided last year to shut down, if you remember well, we have also decided to put the U.K. specialty insurance unit in runoff as well as sell the ROAD CHINA ASSISTANCE business in the U.S. No additional economic financial impacts are expected from these operations.

And finally, the line of other, apart from holding expenses, which is the normal expense that we include in this line, we have included a provision for undeveloped land in Spain and also the restructuring provisions that we already mentioned.

Please turn to the next slide. Shareholders' equity stood at EUR 8.3 billion, down around 6% during the year. The most relevant changes are: first, a EUR 424 million decrease from currency conversion differences due to the depreciation of almost all currencies, but mainly the Brazilian real, by far, our second largest exposure, which is down over 26%. The Mexican and Colombian pesos and the Turkish lira are also down during the year. The U.S. dollar was slightly down on the quarter as well. And in the second quarter, there was a EUR 96 million deterioration from currencies. So if you compare with the first quarter, you can conclude that the volatility seems to be more moderate in this quarter. Net unrealized gains on the available-for-sale portfolio have only had an EUR 86 million negative impact during the year. However, they have improved by EUR 440 million on the second quarter.

The 2019 final dividend amounted to EUR 262 million, it was paid in June, as you know. New information that you very often ask us, the upstream of dividends within the group, has been very, very stable during the period. Total upstreaming reaching EUR 280 million in this quarter with EUR 208 million from Spain, EUR 37 million from the U.S. and EUR 29 million from Brazil. On the right, you can see the breakdown of currency conversion differences as of June 30 and changes during the period as well. As you see the sensitivity analysis, the U.S. and the Brazilian real are the most relevant currencies. On the bottom left, you can see the detail of the net unrealized gains amounting to almost EUR 1 billion, similar to the beginning of the year. And on the bottom right, you can see the detail of the available for sale portfolio in Iberia, which represents 3 quarters of MAPFRE's total available-for-sale portfolio of around EUR 37 billion. The majority of unrealized gains are in immunized portfolios and the gains have increased since March, thanks to the recovery in the markets.

Please turn to the next slide, capital structure and credit metrics. On the left, you can see the breakdown of the capital structure, which amounted to EUR 12.6 billion. Our credit metrics remained quite strong with leverage around 24%, which should go back down to target levels over the course of the year. Regarding Solvency II, on the left, you can see that the ratio closed at 177% at the end of March, within our target range. Eligible funds were down by nearly EUR 780 million, mainly as a result of market movements, but it was offset by EUR 180 million reduction in the capital requirement, mainly due to equity and currencies, to a lesser extent, also a spread risk. The largest move in Eligible Own Funds in March was the fall in market value of investments and currency movements and the phase-out also -- transitional measures also takes place in the first quarter. As a reminder, the approval process for the use of our internal longevity risk model for group solvency calculation, which is currently used at MAPFRE VIDA, is underway. We hope to receive approval to apply this to 2020 year-end calculations. This will imply a 10 percentage point uplift to solvency figures roughly. Regarding the credit diversification benefit from the margin adjustment, this process could take a little bit longer and combined its uplift is around 17 percentage points.

Please turn to the next slide. On the right, you can see that assets under management are down over 4%, driven by the falls in stock and debt markets as well as currency effects. Despite the fall, we are seeing positive net inflows in pension funds. The breakdown of the investment portfolio is on the left. Asset allocation has been stable throughout the year, and exposure to government and corporate debt remains mostly unchanged. Spanish sovereign debt for a little under EUR 18 billion and Italian debt around EUR 2.9 billion, are our largest exposures. These investments are mainly held in immunized portfolios. Realized gains are in the euro area reached around EUR 29 million, down by EUR 21 million. We continue with a cautious stance regarding asset sales and wait for better opportunities in the market.

Please turn to the next slide. On the top half of the slide, you can see the yields and duration of our euro area actively managed fixed income portfolios. Non-Life, both accounting and market yields are down, while Life portfolios have been fairly stable. Nevertheless, I mean, the trend is not positive and for those portfolio deals should continue downward. On the bottom, you can see that the portfolios in the other main geographies, here, accounting are still well above those in Europe and have been quite resilient in LATAM North and North America. However, we are still seeing some downward pressure, particularly in Brazil and LATAM South.

Please turn to the next slide for closing remarks. First of all, performance of the insurance unit has been outstanding, reaching a net result of nearly EUR 429 million, up nearly 13%. Regarding MAPFRE RE, it is a challenging time for Reinsurance. COVID claims should be manageable and MAPFRE RE maintains a strong financial position and prudent underwriting approach. Right now, our top priority is preparing our business efficiently to face the crisis, which will continue for some time. We are implementing portfolio retention plans across the group and we are also focused on cost contention and continue to streamline our business units. In any case, business transformation is key, and we are maintaining our initiatives in order to have more efficient and digitalized operations. MAPFRE has a privileged financial position with a solid capital base, financial flexibility and high level of liquidity underpinned by strong cash generation and dividend upstream from its subsidiaries. We continue to demonstrate our commitment to shareholders. Final dividend against 2019 results was paid in June. The Board of Directors will assess future dividends during the fourth quarter on the year, but current metrics do not point to any potential restriction for dividend payment. Again, the main driver of dividends will be net income with a minimum payout target of 50% as we announced at the AGM. Regarding other targets announced at the AGM, there is still a lot of uncertainty surrounding the spread of the pandemic and also the related economic crisis. Most markets have also been hit by lower activity and lower interest rates. In this context, it is impossible

for us to give guidance right now, but our strategy is in place, our priorities haven't changed, and we expect to follow the same trend. I mean focus in giving protection to employees and other clients and other stakeholders.
Thank you for your attention. And now we will hand the floor over to Natalia to begin the Q&A session.

Question and Answer

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. We can start now with the Q&A question. The first one is coming from Paco Riquel at Alantra Equities and has the following question. Can you please explain the increase in IBNR reserves equivalent to 2.7 percentage points in terms of combined ratio? In what regions and products have you booked these provisions? I ask because the combined ratios in some business lines looks too low, close to 70% in Motor Spain during Q2.

Paz Ojeda from Banco de Sabadell will also like some details -- like to know some details regarding the breakdown of the IBNR updating.

Fernando Mata Verdejo
Group CFO & Director

Thank you, Paco and Paz, quite interesting questions. Very simple since the end of April and -- of March, sorry, as we realized it was delayed in the way that claims were reported by our policyholders. We set different instructions from our Actuarial department in order to assess proper IBNR reserves and to catch up this delay in the way that claims were reported. This IBNR has been updated on a monthly basis. The peak was at the end of May. There were some releases in April, particularly in Iberia because the peak of the pandemia was over, particularly at the end of the March, and it was a pretty stable catch-up of claims reported. In general, let's say that this IBNR update is affecting all the units and all line of business. Includes both -- it includes both COVID-related effective line of business and also others such as Motor, in which the IBNR new estimate tries to somehow limit the number or the increase of losses in the future. More or less half of this IBNR was booked in Iberia. As I told you, I mean, there are some releases in June. Line of business mainly affected Health and Motor segment. But there are new estimates from practically all line of business.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. Jonathan Denham at Morgan Stanley and Andrew Sinclair at Bank of America have the following question regarding claims frequency. Your auto combined ratio improved by almost 10 percentage points versus the first half of 2019. How do you expect claims frequency to develop going forward? Farquhar Murray from Autonomous and Michele Ballatore at key -- KBW and Alex Evans from Crédit Suisse had similar questions with a special focus on the Brazilian Motor and U.S. markets. Specifically, how much of the improvement in combined ratio is due to underlying improvements? And how much is due to lower frequency? Farquhar also would like to know, in Motor, please, could you just quantify the number of car claims over the second quarter of 2020 as compared to historic average? And how has that developed so far in the 3 quarters of 2020? In Homeowners, did you see any material differences in frequency or severity, particularly from households being able to spot developing claims earlier than might be normally the case? It's a long question, but we have...

Fernando Mata Verdejo
Group CFO & Director

It's more than a question, I mean, it's almost a summary of the Guinea session.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

But we have to try.

Fernando Mata Verdejo
Group CFO & Director

I'll try to cover them all. Yes. Thank you. I mean thank you for your question. I understand. I mean this is the key question. But unfortunately, I'm not unable -- I'm not able, I mean, to predict what is going to happen. What I can tell you is what we've seen, yes, in the short run. Particularly our experience in Iberia when -- and Italy is when we studied the pandemia and also how is this pandemia developing, particularly in emerging countries in LATAM. And first of all, I mean, it's absolutely impossible. We can differentiate the reduction in the loss ratio in automobile, separating those derived from the lack of frequency due to the lockdown measures and though that they're derived from a strategic measure implemented in order to improve our combined ratio, particularly in Spain, U.S. or Brazil. What happened? I mean during, practically, the second quarter of March, April and June, there were not reported claims, particularly in automobile. So we [started digital] just to catch up and just to set a better estimate for IBNR. Suddenly, once the lockdown measures were lifted, what we realized it was really a big tsunami of reported claims affecting both lines, Motor and also Homeowners. I'll give you just a number. In June, it was a 50% increase for Homeowners, and Condominiums decreased -- increased in the numbers of claims reported in that period. Regarding outlook for automobile, what we saw as well in Spain, and we should expect the same from U.S. and emerging countries when the lockdown measures are lifted is a dramatic increase in mileage, particularly in the weekends. And while working days mileage is still pretty reduced. It's due to the number of employees that are working from home. Regarding frequency and also severity in Spain, it was published by the traffic agency, the Spanish traffic agency. We saw in -- just in 2 quarters, the last quarter -- the last week of -- just in -- sorry, in one fortnight, the last week of June and first week of July, an increasing number of deaths in traffic car crashes increasing 22%. I mean it was a dramatic increase. We didn't have this hit in our experience, but the increasing number of deaths in Spain was as well in -- it was a 2-digit percentage. Regarding Homeowners, again, I mean, during the lockdown and the confinement, practically, there were some claims partially declared but they were -- it was practically impossible with the information to assess a proper loss estimation. So once the lockdown measures were lifted, I mean we started catching up. I mean it was a big backlog of claims. And this is the one I mentioned, the 50% increase during June. We should expect a similar trend in the U.S. where there is some delay in the pandemia tsunami, let's say that and the same as well in Latin America. This is mainly the reason for the new estimate for IBNR in order to try to cover delay in the way the policyholders are reporting claims. I think I covered most of the questions. So please move to next, Natalia.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. Now Jonathan Denham at Morgan Stanley has the following question. COVID cases, unfortunately, seem to be increasing in Spain again. What actions have you taken to be better prepared to tackle a second wave in Europe, if there is one?

Fernando Mata Verdejo
Group CFO & Director

Well, that is still not clear. There's some clusters in Spain and also in Europe, but let's say, the consensus is like the second wave if in the end, there is any, I mean, it won't produce the same intensity in terms of personal damage and casualties, particularly in Spain. Our national health service is better prepared, I mean there is plans, contingency plans ready. And currently, probably you've seen in the papers and there are like over 200 clusters across Spain. But there is a capacity in the majority of the hospitals, I mean the intensive care units, they are not collapsed. I mean there are beds for everyone. And let's say that the national health service and also MAPFRE, they're better prepared just to face with a second wave this pandemia. In terms of operations, as I mentioned, I mean, that we have a team of 40% of our employees working at premises, which is good, and the remaining 60%, they're working from home. So let's say that practically 100% of the employee is fully working. In terms of technology, I mean, we set new contingency plans as well. Everybody is well prepared and also the operating entities and they're fully working with the same quality level and attending all the claims, I mean, filed with policyholders. So let's say that this back to normality in terms of logistics and operation is fully implemented. And the conclusion is we're better prepared and ready, in any case, I mean for a second wave of the pandemia.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much, Fernando. Now we have questions regarding MAPFRE Reinsurance. And -- hold on one second. Yes. Here they are. First one is this one. Most of our analysts would like to have more details of the impact of COVID claims at MAPFRE RE. Alex Evans at Crédit Suisse, Paco Riquel at Alantra, Jonathan Denham at Morgan Stanley, Sofia Barallat at CaixaBank, Paz Ojeda at Sabadell have asked regarding this topic. So I think it's important for all of us. They would like to know more details about the losses booked for business interruption at MAPFRE RE in first half. If we should expect further losses in second half or in 2021? If the amount provision covers all potential risks arising from this cover or only the claims occurred in the quarter? And if we have considered the possibility of an increase due to litigation of denied claims and future claims?

Fernando Mata Verdejo

Group CFO & Director

Thank you, Natalia. Unfortunately, we don't have Eduardo Perez de Lema at the meeting and that -- but we will bring him -- we will invite him for the third quarter results presentation. Yes, I want to make it pretty, pretty clear, we book everything we know, and also what we know today. And when we closed our accounts, any subsequent events regarding provision was booked. And following the traditional basis for prudence, MAPFRE applies in the -- for provisions. And when I mentioned, we book everything we know is that everything was reported by our ceding entities. In addition, some IBNR regarding exposure at clients that haven't reported claims yet. So let's say that they are both, I mean, individual reporting claims for ceding entities and also some bulk for IBNR. That's basically for business interruption. But we also booked practically, I mean, the EUR 10 million before taxes and minority effect on credit line. Practically, the whole amount was referred to IBNR. The number of claims is pretty, pretty small. And we booked this IBNR because of the currency deterioration of the economic scenario. Let's say that MAPFRE RE, our credit -- our exposure in credit line is quite reduced. And as we mentioned at the first quarter presentation is just merely 3% of the total MAPFRE RE exposure. Regarding the property line, as I just said, we have evaluated claims based on information reported by our cedents as well as an evaluation of the current exposures that were reported by our clients. Clients have been rejected, obviously, in case of a non-assistance of this coverage in the original policy of the ceding entities or the reinsurance policy. In these cases, this could be legal procedures in the following quarters. And the only thing we booked is a small reserve for legal expenses. Also, many clients are still evaluating the -- any potential direct impacts that they could suffer and also the possibility of recovering this with the reinsurance coverage. Any of these potential future, I mean, third quarter claims that have not been incurred and not include in this valuation, means that losses coming in the third quarter will be booked during the third quarter. As we said during the presentation, claims -- as we said, yes, claims reported -- I was looking at the papers, claims reported in property lines were concentrated exclusively in a specific BI, business interruption covers in business in which they're linked to material damage. And geographically talking, they're mainly in Europe, affecting Germany, France, United Kingdom and Switzerland, those are the main countries. Once again, please take into account as the -- and I repeat it, the business interruption coverage is only triggered in the event of material damage, which is not the case, but we're booking the report that our ceding entities are reporting. The claims occurred and reported to-date have already been reserved, that's currently reflecting our current cost and exposures. What we've done, we're taking measures in order to reduce future exposure in the event of new outbreaks. In general, I would like to say that the quality of our policy wordings have improved, adding more clarity to wordings, and in most of the cases, including specific exclusions to limit coverage. But anyway, and this is something that we had to state, there is a still high level of uncertainty, which may lead to changes in valuation, mainly as a result of different variables, such as, first, the possibility of [co-rulings] that got forced to pay not coverage claims, which is, in my way -- in my view or MAPFRE's view is not probable. Also possibility of losing arbitration processes with some clients. Possibility that the economic crisis generates larger losses than they initially considered in the Credit segment. So far, I mean, the number of clients there are very small and very reduced. And also possibility that potential new outbreaks lead to new claims, perhaps, which is not very likely, thanks to the compensation agreement signed in previous outbreaks. And also the progressive introduction or inclusions -- exclusions. Overall, I mean, all in all, in a shell nut (sic) [nutshell] that I mean, it's difficult, we booked what we know and there is a lot of uncertainties regarding the proper development and evolution of this claim. I mean it's a quite complex Cat event. It will last as long as the COVID last also. And let's say that -- I had to say that the COVID is still out there. So let's say that the event, the claim will evolve as long as the COVID is affecting the population.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. I think it's a very comprehensive answer too. Andrew Sinclair at Bank of America would like to know how much losses was passed from geographic business units to MAPFRE RE via internal reinsurance. Did any of this relate to COVID?

Fernando Mata Verdejo
Group CFO & Director

Practically, no, Andrew, the COVID impact on the insurance units is largely retained by the insurance units. And perhaps for some proportional treaties and -- but they're quite, quite reduced and the impacts at MAPFRE RE are largely from external clients. So let's say that only in those cases that there are proportional treaties, quota share is being passed to MAPFRE RE, but it's negligible, negligible.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Now next set of questions are regarding dividend and strategy. Alessia Magni, Barclays, had questions regarding dividend and targets. Are you still comfortable in your -- with your 2021 targets? Regarding dividends, consensus has recently reviewed downwards its dividend forecast for 2020 and beyond. Is your dividend policy going to change? Or are you considering a review?

Fernando Mata Verdejo
Group CFO & Director

Yes. Let's say that we are pretty comfortable with the results we're publishing today. And also with the solid and quite strong balance sheet, MAPFRE is presenting as well. When we -- I mean it's extremely difficult to -- just to see or just to forecast what it's going to be. I mean the final effect impact of the COVID in the second part of the year. It's absolutely impossible. And it won't be prudent just to give any guidance. When updated 2021 targets were announced at the AGM this year, we were only just seeing the first impact of the COVID crisis and did not contemplate the current situation. But I remember what our Chairman said, at that point, we were living the first steps of this virus, of this pandemia. And he said that any potential effect will affect, obviously, the -- our target will be updated when we know the quite actual impact on our accounts. So let's say that those targets published at that date already contemplated any potential change to derive from the pandemic. It could be one of the largest insurance events in history, both, I mean, due to the virus itself and also the collateral effects on the economic crisis. The duration nobody knows, extremely difficult to predict. What we've seen is that the -- consensus is that the significant fall in GDP are expected in 2020 and depending on the pattern of the shape of the recovery, partial recovery, a V recovery, a double V recovery, L recovery, whatever, you got all the different options. And there is a still high level of uncertainty. This economic outlook will clearly have an impact on Insurance and Reinsurance market and falls in premiums, as I said, the most affected line will be top line. And also our expected impacts on lines such as health and also automobiles. It will depend on how lockdowns and confinement measures will last particularly in emerging countries and also the measures regarding social distancing, that they are fitting as well our standard of living. We expect low growth in most countries, which will also depend on currency evolution, and we will maintain our prudent strategy and very strict on technical control. I mean our underwriting policies are practically the same and even stricter. Our insurance premiums should suffer a significant reduction in new business we've seen in Spain due to lower cash sales. I mentioned as well in some -- at the first of the quarter. And in some countries, we have 0 new business in some months. On the other hand, Health Reinsurance could benefit from higher premium volume as in crisis situation, people try to find additional medical coverage. We expect as well a change in covers in -- particularly in automobile. And in general, drivers, policyholders, they move from full covers to, let's say, comprehensive products, just limiting probably to third party liability. Life Protection Reinsurance going forward will depend on how consumption, investment and lending, particularly financial lending evolve in the different markets where we operate. Regarding guidance, we do not usually provide any annual guidance. But even if we did in the current situation, it will be not prudent due to the high level of uncertainty that we're facing. We're working with different scenarios. Today, we presented to the Board, the ORSA, the Own Risk and Solvency Assessment with different scenarios, we will file with the Spanish regulatory body, and we've been very prudent because the lack of, let's say, actual information in order to have really accurate figures is extremely difficult.

However, and there is always a however, the strength of MAPFRE's balance sheet is high level of capital and solvency and this liquidity position, the available of additional financing make it possible to conclude that these impacts in any case will be limited. As I mentioned, our priorities haven't changed. The transformation of our business model continues to be a top priority for the executive group. And we are focused on profitable growth. We will be prudent, monitor the situation, and when we review the target, we will make them public as soon as possible. And that's basically regarding dividends. Dividend policy has not changed. I make it clear, the dividend has not been cut or canceled. We have only delayed the dividend decision. The Board will monitor the situation carefully and we'll reassess the situation in the fourth quarter of the year when we have the financial reports for the third quarter. And also in line with the supervisory recommendation, let's say, a strong recommendation and also taking into account other circumstances. In any case, we maintain a strong commitment to shareholders. And as I mentioned, current metrics do not point to any potential restrictions for dividend payment. We keep in regular -- maintaining regular conversations with the Spanish supervisory body and their focus on maintain solvency levels and liquidity. We should expect the Solvency II ratio as of June, I mean, just to improve. MAPFRE is in an excellent position. In this sense, MAPFRE VIDA is now the most solvent company in the Spanish market. And they're very, very good news regarding our capital base. So all in all, in a nut shell, the dividend will depend on 3 factors. First, and there is nothing new. First, net income, which is still uncertain. I mean we're quite satisfied with the net income for the first half of the year. And the minimum payout target of 50% that was announced at the AGM is still valid. Second, solvency and capital strength, we are comfortable. And third, liquidity and dividend upstreaming subsidiaries, which is also comfortable. As I mentioned, our subsidiary generates sufficient cash to finance their operation as well and stream the dividends, I mean, to the holding. Only external factors could limit this streaming but they're quite, quite extreme, quite radical. What we've done, and this is the information we mentioned in the U.S., Spain and Brazil, we're already casting EUR 280 million in dividends during this -- the first half of the year. So there is no cash restriction at all. In some countries, we will limit dividends to strengthen capital liquidity. Particularly, we want to strengthen our capital base in Mexico and also in Colombia and in Peru. But those are not the most significant dividend contributors, and there is no restriction for the dividend of the group. Some pressure from a Mexican supervisor, but we are quite comfortable. And I mean, we're happy. We're reinforcing our capital in Mexico. So probably, there is no -- it won't be any upstream of dividends from this country. In terms of the only contribution we're missing is for MAPFRE RE, it's been a challenging year for MAPFRE RE. And probably, I mean, we suspend any dividend payment in any -- if any, I mean, from this subsidiary. I think we covered a lot.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Yes, a lot. Yes, you deserve a break. Thank you very much. Now we can start with Iberia, is the next set of questions -- is regarding the Motor business in this region. Jonathan Denham at Morgan Stanley has the following question regarding the Motor business. Can you please give us an update about the pricing environment and underlying claims inflation, ex COVID frequency in the Spanish Auto market? So Sofia Barallat at CaixaBank, BPI would like to know other competitors in Spain have started launching more aggressive commercial campaigns in motor insurance. Have you taken any actions on this front? And could you update us on the evolution of the combined ratio in motor insurance in Iberia since the confinement measures have been lifted?

Fernando Mata Verdejo
Group CFO & Director

Yes. I mean it's -- as I mentioned, it's extremely difficult to differentiate in terms of combined ratio or loss ratio, I mean, the decrease and differentiate by confinement effect or lack of frequency because of the reduced mileage that the other, let's say, strategic initiatives that we've been enforcing in order to improve combined ratio, particularly in Spain, but also in the U.S. and Brazil is absolutely impossible. Probably with the year-end figures, we can give you a clearer picture. Before the COVID crisis, what we saw is some pressure on tariffs, particularly in Spain, but also we saw as well a certain improvement as well, particularly in some segments of automobile in terms of combined ratio. But let's say that it was the general trend, pressure on tariffs. And it was practically around 2%, 1.5% -- between 1.5%, 2% decrease in average premium, more or less, don't remember well, but more or less in this range. What we saw is after the COVID crisis, no new business. I mean what we're doing is just trying to protect our portfolio. With rebates, discount in order to keep our portfolio quite stable. We continue very -- with a very, very prudent approach. Fortunately, the churn ratio in Auto is quite stable, haven't seen any significant change. And we also put a portfolio retention plan in place in Spain. One of the most important ones is the special renewal for motor policyholders with an average discount of around more or less 4 percentage points. As I mentioned at the press presentation, I didn't say in this. But our fleet is quite stable. The number of insured vehicles hasn't changed. And so there is a decrease in premiums, approximately 5%. So let's say that the average premium reduction is 5% as well. And it's based on the discounts that we are offering our policyholders and our retention measures. So we're happy, let's say, that -- and answer as well to your question what the competency is doing. I don't know what they're doing. What we know is what MAPFRE is doing is practically every day we're offering, I mean, the best price according to the risk profile of each driver, the best price our -- to our policyholders in order to maintain in our portfolio. We are quite confident that we are able to keep, to maintain our portfolio without doing any radical measures. And I mean underwriting policy is still in place, and we are very prudent. So the policy that they get discounts is because the risk profile allowed this discount, it's quite simple. I don't see, I mean, what the other competitors are doing. We believe that MAPFRE is doing the right approach in this crisis. I mean discount, they're made on daily basis at renewals and based on the whole experience of our policyholders, not just if they declare or they reported a claim during the last 2 months or due to any other external factors. Regarding frequency. In the medium and longer term, we should see some normalization from current levels, which are very much affected by lockdown and social distancing measures. As I mentioned, the Spanish traffic management authority, 22% increase in deaths, just in 2 weeks, we had to wait just to see the whole July month figures. But what we're seeing is more mileage at weekends and more accident in our highways. We've seen also an increase in declared claims and reported claims with an uptick in severe accidents, probably due to higher speed as well, people -- I mean drivers are speeding up. It is, I wouldn't say normal, but is -- we should understand it is a personal reason as human being reaction after 3 months of confinement. Regarding claim cost, it will depend on the evolution of the Spanish inflation, but we could see some pressure from monetary easing. Nevertheless, claims cost inflation is generally updated in pricing and is being considered as well at renewals. I mean the 80 -- the current 90% combined ratio for MAPFRE Group and also 80% combined ratio for the Spanish business is not sustainable. I mean is -- a majority of the reduction is due to the confinement measures. And we should expect the combined ratio to come back to expected figures in a range between 92% and 94%. That's basically -- Hopefully, I covered most of the question.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Sure. Thank you, Fernando. Next one is regarding solvency. Paz Ojeda, Sabadell has the following questions. Equity has increased EUR 500 million from Q1. What should make Solvency II figures to go up? Could you give us some light on Q2 Solvency II figures? Sofia Barallat at Caixa, BPI will also like to have an update on the Solvency II ratio as of June 2020?

Fernando Mata Verdejo
Group CFO & Director

Yes. Thank you, Sofia and Paz. I mean we're working in numbers. And there is still a lot of work to do. I don't have the crystal ball. But what we've seen is a better trend, obviously, and the financial markets are in a better shape. And we changed our portfolio as well, trying to have a lower exposure, particularly in equities. I mean it was a very good news. I mean just a small amount that we impair in equities, means our portfolio -- our equity portfolios is in a safe harbor. And bearing in mind that the largest move in Eligible Own Funds in March was the fall in market value investment and currency movements and also the transitional measures, the phase out is being booked at the 1st of January every year. We should expect for Q2, but I will be extremely prudent, a better higher Solvency II ratio previous -- versus previous quarter. But let me tell you as well, but in order to have a better, clearer figure, we should expect at the end of the year, when we have the net effect of the decrease in premiums and also the decrease of own provisions for the full year that it will affect decrease in our ICR. As of June, we're not going to see such a reduction in SCR since the whole effect of reduction in premiums has not been booked yet.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Now Andrew Sinclair at Bank of America and Jonathan Denham at Morgan Stanley have the following question regarding equity impairments. How much of Q2's lower investment income was due to one-offs impairments?

Fernando Mata Verdejo
Group CFO & Director

Yes. Regarding equity, it was practically negligible. I mean it was just EUR 1 million. And we've been very, very prudent and it was practically negligible. And the bulk of the impairment booked in this quarter was for provision on land in Spain. And as I mentioned amounted to -- out of the EUR 29 million, like EUR 2 million before minority and taxes, EUR 2 million refers to equity and the remaining EUR 27 million to real estate new valuations. And regarding Non-Life financial income, the fall is due to lower realized gains, lower ordinary recurring income and in our fixed income and portfolio as well. And dividends, which the net effect will be at the fourth quarter, which is usually the calendar for the dividends from our equity portfolio. But nobody knows who are going to pay dividends at the end of the quarter. We expect lower from the financial institution because of the restrictions made or recommended, I don't know what to say. I'm looking at our service from the European Bank, but the reality is that we should expect perhaps a 30% reduction on the dividend flow.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you. Now what is -- another question, what is the magnitude of expected future equity impairments if the market stays flat? This is impairing stocks with unrealized losses, which have a market value below book value for longer than 18 months.

Fernando Mata Verdejo
Group CFO & Director

Yes. If the market remains flat, I mean, the impairment will be 0. I mean, none. As I mentioned, we book everything we know, and we know today. And there is only -- I'll give you more details. There is only one name with valuation above 40%. But I have to clarify as well. I have to add that there is some big names in the range between 30% and 40%

decrease in value. So it will depend on how the equity market will evolve during the third quarter. So far, and according to just a devaluation, there is not any evidence on new impairments nor in equity area or real estate. So let's say that we have a very prudent real estate and equity portfolio.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. And now we have a question regarding outlook. And this is it. Okay. Alessia Magni at Barclays would like to know what trends are we seeing in 3Q 2020 so far in terms of motor premiums and claims in the different regions.

Fernando Mata Verdejo
Group CFO & Director

Alessia, thank you for your question, but extremely difficult. What we're seeing is extreme variation in loan ratio and combined ratio and premium growth across the regions. And as I mentioned, for instance, there is a significant increase in global risk because of the hardening of market, which is very good, 40% increase. But on the other hand, there is a 50% decrease in Motor in Brazil, quite extreme. Burial expenses, for instance, in Spain, we have a combined ratio well above 130% during the first half of the year. Obviously, during the second part of the year will decrease, assuming there is no new clusters, or let's say, deaths for the virus in Spain. Same is happening with profits, some small entities. They are reporting extremely good results. If you see VERTI numbers or other small entities, and I mean, results are outstanding. They're not sustainable in the future. But other negative results that we've seen, such as MAPFRE RE or GLOBAL or even assistance, they're not either sustainable in the future. So what we should expect is both negative and positive to convert into standard metrics. The metrics that we expected, the metrics that we had before this crisis. So far, I mean, the range of variation is extremely wide, I mean, and there is because of the effects of the pandemic at the second quarter. But it's extremely difficult to predict what is going to happen, particularly in LATAM or in the U.S. during the third quarter of this year. Sorry about that, but I'm not in a prudent mood just to give you any guidance.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Also, Alex Evans at Crédit Suisse ask, have you seen a better trend in premium growth since the end of Q2 as economies have begun to open up more? Or should we expect more of a longer term impact?

Fernando Mata Verdejo
Group CFO & Director

Well, what we've seen is a nice rebound, particularly in Spain in June. And we should expect is a flight-to-quality trend, particularly for new business in insurance shoppers. I mean the name of MAPFRE, I mean, weighs a lot, a lot particularly in Spain, where people are shopping in insurance. And so let's say that we're happy. I mean with our churn ratio and also with the new business, and it's back to normality, particularly in Spain. But there is just only 3 weeks, and we should expect longer in order to see a longer period of time in order to materialize this conclusion. In LATAM, still, there are a lot of uncertainties. And I'm not in a mood, I mean, to give you any guidance. So let's say that, again, I mean, MAPFRE name and our name recognition is very important in order to see an improvement in premium growth, particularly in Spain and also Massachusetts.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Thank you very much. And now I continue with the outlook questions. We have one from Andrew Sinclair and Alex Evans, that is on COVID impacts. You said that COVID impact on business units ex MAPFRE was neutral. Was this for first half or expectation for the full year? Do you expect it to be neutral for the full year?

Fernando Mata Verdejo
Group CFO & Director

Again, very difficult. What we saw during this half of the year is that the decrease in frequency, particularly in Auto, which is a positive thing and is offsetting, I mean, increasing other line of business. And also the premium decrease and also other expenses that we disclosed is -- amounted to EUR 27 million. And if you can put as well in the same bucket, to a certain extent, the decrease also in financial income. In the future, we should expect a neutral effect as well, but it's difficult -- I mean it's difficult to predict. As long as the -- we could have as well is quite a strange situation in which there is new outbreaks with no fatalities, but confinement measures. In that case, I mean, it will be a decrease in frequency. But as already done, we're trying to transfer this increase in profitability to lower prices to our policyholders. I mean we're extremely committed I mean to protect our portfolio, and we do it again.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you, Fernando. We have here a follow-up question that is coming from Jonathan Denham. I thought you had 2 potential triggers for equity impairments. The decline in market value is above 40% of book value or the market value is below book value for over 18 months? If you have some stocks 30% or 40% down, don't they get impairs if they stayed a level after 18 months? Is regarding the answer you have already given just before.

Fernando Mata Verdejo
Group CFO & Director

Yes. I mean, at the financial report at the MD&A, there is a full disclosure of the way we impair equities, and there is a -- full disclosure is EUR 0.9 million for a decrease in the value and EUR 0.7 million, even I can't disclose. There is only one name. It was in Spain, and there is no additional exposure. And regarding those that they got a period of 18 or longer period of 18 months. It was a small portfolio allocated in Malta, if I remember well. And there is no additional exposure, additional risk for portfolios longer than 18 years.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Months.

Fernando Mata Verdejo
Group CFO & Director

Months, sorry. Yes, months. Thank you. I mean we focus on this special range of 30% and 40%. Let's say that the -- I mean it is easy to guess the names, they're included in this range, they're Spanish financial institutions and also oil companies. And we are pretty sure that they're quite reliable, and there is a temporary decrease in the value of these stocks. And in future, there will be a bounce, I'm sure for those equities. If not, I mean, we will get rid of this. I mean as we've done with other stocks and once they're close to the red line, we go to the market, and we will sell them. And that's basically -- and when I saw that the -- when I said that the -- in July and also during the second quarter, I mean, we tried to have a, I will say, more prudent equity portfolio, is because those that were above the red line, we got rid of them. And we do the same, if there is any. So far, we're comfortable. They're still in our portfolio. They are quite reliable financial institutions. So there is no reason to get rid of them but if there is an additional risk, we will do it.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. There is -- there are a couple of questions, but more or less, they are follow-up questions. I think they have already been answered during the call. One of this is -- Alessia Magni at Barclays has the following question. In the second quarter of 2020, combined ratio improved 2.9 percentage points year-on-year. Can you please give us the main drivers of these improvements in the second quarter? In second quarter, also, how much was the benefit on combined ratio from Motor lower frequency and the negative impact from other lines such as Burial?

Fernando Mata Verdejo
Group CFO & Director

What we don't need, we disclose the decrease or, let's say, the change in different combined ratio for the different line of business. I mean is included on Page -- correct me if I'm wrong, on Page 6 of the financial report. I mean the majority of the decrease in loss ratio is due to the confinement measures, the lockdown measures. And the main increase in burial expenses is due to the number of deaths. And that is everything that we can say so far.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Okay. Thank you very much. Fernando, one more follow-up questions. And this is last one for today. It's been a tough session and a long session with a lot of interest from the analysts and investors. Can you -- this one is coming from Andrew Sinclair. Can you please ask, okay, the following question on dividends. How committed are you to keeping the dividend at least flat year-on-year and avoiding a year-on-year dividend cut is -- they want more clarity.

Fernando Mata Verdejo
Group CFO & Director

Andrew, very interesting question. I mean the last one, I'm sure. But the only thing I can do is just to repeat what I said, fully committed with shareholders and investors. Main driver for the dividend payment is net income and also the payout. We're fully committed. We believe that the dividend is a normal flow for investors and also for public companies. And as I said, there is no -- the current metrics that do not point to any potential restriction, the final decision will be made at the end of the -- once we get the financial information for the third quarter, but that's what all I can say at this point. Sorry about that. But fully committed with shareholders, no restriction so far in our financial statements, and the decision will be made once we have the financial statement as of third quarter.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations

Thank you very much, Fernando. And before you have some words of wrap up, I would like to apologize for the delay we had today in publishing the documents on our website. We had some technical issues, but all the documents are now available in mapfre.com, and we hope this issue doesn't occur again. Sorry about that. And from my side, I wish you a very nice summer and summer break for all of you.

Fernando Mata Verdejo
Group CFO & Director

Yes. Thank you, Natalia. Just a few final remarks that, by the way, I mean, we changed yesterday and because of -- let's say, that in general, I mean, the outlook for Europe is much better. There's still a lot of uncertainty with regard to the duration and the severity of the pandemic and also the related economic crisis. Nevertheless, today -- let's say that today, we are optimistic about the financial measures being taken by governments and central banks worldwide, especially the European recovery plan. Most of all, I mean, we are confident about MAPFRE's capacity to weather this crisis. Our business are very well positioned, thanks to high levels of diversification, multichannel approach with a loyal agent base, particularly in Spain, healthy balance sheet and a strong liquidity position. Furthermore, MAPFRE has been committed to helping our collaborators and society as a whole, and this is strengthening our brand, especially in our main markets. Right now, we're seeing a flight-to-quality trend in insurance shoppers, particularly in Iberia and LATAM, where MAPFRE has a great name recognition. Thank you for your time today. Have a nice summer, and above all, stay safe. Thank you, and bye-bye.

Natalia Núñez Arana
Deputy Director Capital Markets & Head of Investor Relations
Bye.