

Prologue

We have finished the year with our homework done

Here is the latest issue of our Newsletter at the end of yet another year. How time flies ...

Thanks Rebeca and Iván for sharing your time with us and opening the door to your day-to-day activities for us to get to know you better. We will take careful note of your messages and keep working to meet your expectations and we will not disappoint you.

Very interesting reflections, Juan, on trust! And the importance of thinking about it and for us to be able to touch that magic key which activates our customers' trust in us.

It is not in vain that we, at QBE, especially value loyalty, professionalism, and trust as the three basic pillars of professional relationships.

Loyalty, understood as strength in affection and in ideas, does not deceive or betray others.

Professionalism, as a quality of a person that is competent and efficient in his profession.

And TRUST, an attitude of tranquillity towards someone you expect good behaviour from, or towards something you expect will work as planned or expected.

It is that simple and, at the same time, that complex. This is how we want to be and how we want our customers to be.

I hope you enjoy reading these pages. And I'd like to take this opportunity to wish you all a very Happy Christmas.

Warm regards,

Constanza Gállegos de la Heras

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Interview with Rebeca Sebastián



Rebeca Sebastián

Insurance Manager, MAXAM GROUP

She has a degree in Economics and Business from the Complutense University of Madrid. She started her career at PriceWaterhouseCoopers as an auditor and joined MAXAM in 2001 as financial controller. Since 2004 has been in charge of insurable risks for the MAXAM Group as Insurance Manager.

What are the main challenges you have had to face in your job?

Without doubt, it has been MAXAM Group's growth and internationalization in the last ten years. MAXAM has gone from a local European company to a global one to become the third group in the world in its main business, which are products and services for blasting in mines, quarries and construction. Today MAXAM has more than 140 affiliates with production centres in 40 countries. Risk management during this period has been a difficult but exciting challenge.

And your main achievements?

To follow up on what I mentioned before, one of the main achievements has been to launch an insurance programme to cover the main risks facing the Group. This has not been easy. In the first place, because of the business we are in, which is hard for the insurance market to understand, not to mention reinsurance contracts. Secondly, because

of the diversity and complexity of the countries in which we are present.

Another achievement worth mentioning has been to integrate, gradually, into the organisation's culture the importance of risk cover so that my department is actively involved in revising contracts to be signed, in the presentation of offers, etc.

How is the Department of Insurance structured in MAXAM Spain?

The department is part of the corporate economic-financial management of the Group, reporting directly to the CEO of the MAXAM Group. The most important role of this department is to provide coverage for the main risks that affect us by contracting the necessary insurance policies, managing claims, and advising other departments regarding insurance. In the foreign affiliates, there is someone responsible for contracting local insurance, which is carried out with the collaboration and coordination of the Insurance Department.

Where is the MAXAM's strategy headed and how will it affect your department?

The MAXAM Group is focussed on becoming an industrial group known for supplying products and services, for being independent, profitable, global and innovative. Our goal is for our contribution to the value chain of our customers anywhere in world to be transformed into sustainable progress and development for society as a whole. Logically, this affects risk management and implies being very close to the business and in the constant search for new markets, intermediaries, and products to cover new risks that we are facing.

What are the risks that concern you most as Insurance Manager for a leading company manufacturing explosives?

In the first place, people's safety is an absolute priority for MAXAM. We have been working towards achieving our goal of zero accidents through various programmes that support the culture of one's own safety. Our business activity carries with it an intrinsic risk, but we are working actively to minimise it and in that way avoid injury to people and, secondly,

damage to the company's property or to the property of third parties.

In addition, with more than 140 companies throughout the world, we must comply with a variety of local legislations, as well as the demands of our customers regarding insurance.

What does a Risk Manager demand of an insurer?

What I most value in an insurer is the flexibility in adapting to the needs that arise from day to day, is quick to respond and is innovative and creative when necessary, that also has an extensive international network of offices to attend to us in the different countries where we are present. On the other hand, I value greatly the trust and loyalty that is built over the years between the insurer and the insured and that, in complicated situations, can help to solve conflicts more easily.

Where insurers can improve is in facilitating claims payments as well as administration, that is, reducing the time it takes to issue the policy, certificates, invoices...

For a company with sales in more than 100 countries and present in five continents, how do you value an insurer that covers your risks abroad from Spain?

It is something basic, an essential requirement to become a part of the MAXAM Group insurance programme.

Forum

Smart trust

John Whitney, professor at Columbia Business School, says that distrust doubles the cost of doing business. I don't know if it doubles it, but I certainly believe that it increases it considerably.

If we tend to consider trust as a value in personal relationships, the truth is that it is more and more necessary in the relationships between companies. From the technical and professional point of view, it is



difficult to find differences in the quality, aesthetics or capacity when deciding on one proposal or another.

Beyond obvious considerations such as price, the brand or reputation, what makes us trust one proposal over another? Famous customer management gurus have given us guides that refer to managing personal communication in a sale: change the priorities, be consistent and trustworthy, be open to the problems of others, be direct and honest, listen actively, admit mistakes, show our vulnerability, compromise... All these maxims still apply and are undoubtedly valid. We must, of course, fulfil expectations, provide reliable information and demonstrate actively and under the usual rules of the market that we are trustworthy, but what else should we expect? Do you think that is enough in our business environment?

Let's make it a little more interesting and current, without touching on the subject of political trust. What leads a company like Volkswagen to betray the trust of their customers in such a way? Why would they allow such a mistake given their position of pre-eminence? And even more striking, at what point does one stop trusting a company or a brand? Ramón Paredes, vice president of Government Relations at Seat and the Volkswagen Group Spain, stated a few days ago... *for the company, the customer is the priority and, from Seat, we would like to make an appeal for calm and prudence. We would like to extend this appeal to the 14,000 employees of the company. All our vehicles are safe and can be driven perfectly...* Trust becomes measurable, tangible and evaluated for great communicators or business conglomerates: incredibly, publicly admitting a mistake seems to be sufficient to reclaim customer loyalty, but does this happen in companies that are not so visible? How do we work to create trust in these companies?

I think it is through the team. It is the team that should create and be the basis of trust. Stephen Covey, an American consultant, mentions in his book, *The Speed of Trust*, that trusting others is not to be innocent nor gullible. It means giving capable people the opportunity to get a company to work at

maximum capacity, and this is applied by delegating tasks, formulating strategies, engaging with the customer and closing sales. And this, for me, is the key to trust and value creation: space for creativity and smart trust. Covey also raises several issues:

- Is it necessary to trust in order to be better leader? Leadership implies, among other things, obtaining results. But it also implies that these results are obtained in such a way as to inspire trust. If not, the results will not be consistent because, if a leader gets results but in the process trust is reduced, the chances of obtaining results also reduces. Having someone believe in you is, without doubt, the most powerful motivator. It inspires us; it encourages us to achieve expectations.
- How does trust influence innovation and progress of a company? This is the key. Creativity is often the product of conflict in the right environment. If we have different people working together in an environment of trust, these differences will become strengths.
- Why might believing in others be a competitive advantage? Covey says that there is an economic logic in favour of trust. It affects two variables: speed and the cost of a transaction. It may seem obvious but if there is no trust, the speed at which certain actions are resolved reduces and the cost of monitoring and controlling increases.
- When can trust become a weakness? When trust is more important than the purpose for which it is intended. This occurs because of few but evident reasons: not fulfilling a very important objective which I have mentioned earlier; trust must be smart. It cannot be blind nor should it verge on mistrust. When expectations of someone receiving it are not clear or communication is bad or the desired results have not been achieved, trust is broken and it becomes a weakness.
- So what is it all about? It is not about trusting but knowing who, how and when to trust.

I believe that trust is becoming one of the most important qualities of leadership in these troubled times. It is a skill that is crucial (because to trust, let

us not forgot, we must be competent) for the professional and absolutely essential in order to compete in any market like ours.

Taking advantage of one more quote, Laurence Cornu says that *trust is a hypothesis on which the future behaviour of others... is a kind of bet that consists of not fretting about the other's loss of control or of time*. My father, also a wise man, would say that trust is earned by working on it.

Juan Ignacio Carro Arbelo

Market Manager, QBE

Interview with Iván Sainz



Iván Sainz de la Mora

Deputy General Manager, Willis Iberia

Graduated in Law from the University San Pablo C.E.U. in Madrid, Iván has an MBA from the Instituto de Empresa and joined Willis in 2007 as Key Accounts Manager. In 2009, he was appointed Assistant General Manager and member of the Board. He had previously worked for March in Madrid and in New York.

What is your assessment of the first three quarters of the year in Willis and more specifically in your area of responsibility?

Very positive. In spite of the soft market and daily competition, we continue to grow organically, gaining new business and maintaining the portfolio.

Regarding my areas of responsibility, I would distinguish between my new responsibilities and the ones I have already had. The general assessment is extraordinary thanks to the people in each one of the units, to their professionalism, commitment and enthusiasm. Right from the beginning we identified the best practices, which we are passing on from one department to another, improving processes and increasing efficiency. We have also strengthened cross business between the different units. We continue to connect with and offer an integrated service to our customers by positioning departments such as claims, engineering or captives, traditionally seen as support departments, in the strategic area of customer relations.

After the organisational changes that have recently taken place, what areas report to the division you manage?

Industry and Services, which include key accounts, headed by Gerardo Polo; corporate and retail, headed by Raquel Martín; Marine, Finex, International and Special Risks, headed by Fernando Sáez, Sergio Muñoz and Cristina Fernández Miranda, respectively. Captives, Claims, Engineering and Risk Management. Galicia and Asturias. A lot, really. But taking into consideration that industry and services, claims and the northwest region report directly to José Sanz, it's manageable and efficient, allowing us to achieve synergies and making very specialised resources available to our customers.

Throughout your career at Willis, what are the main challenges you have had to face?

Sacrificing the short-term for the long-term. Navigating through the organisation maximising its strengths and improving its weaknesses. Convincing the organisation that the investment in engineering and claims is profitable.

What achievements are you most proud of?

Attracting and retaining the best professionals. In a company that provides professional services, talent, in my opinion, is the differentiating feature that gives us a competitive advantage. It is especially important to create the right environment, transmit clearly what

you expect, engage people, worry about training before delegating, be happy about the promotion of others, see how those who are no longer with us are a reference in the market, whether underwriters, risk managers... I am also proud to have contributed to making Willis the leading broker in industry, where we were not present when I joined.

What message would you convey to companies that work with Willis?

We all have to gain in efficiency. They have to trust what we tell them. They have to fight for underwriting autonomy. It is important to have a global perspective of the business but we like to negotiate with the person who decides.

What is the profile of the ideal partner for Willis?

One that values the work that goes into every submission, one that believes in our request and tries to find solutions to achieve it. Those insurers that provide, within the logical limitations, creativity and flexibility that facilitate solutions within the prescribed deadlines.

How does the customer value mediation services when contracting international programmes?

Those companies that are international give more value to the service of a broker that is international. Having knowledge and consulting services centralised is essential for them. We have a department that only does international business and a network country manager at the disposal of the business units and offices that collaborate in programme design and implementation. The different regulations of each country, the specific needs of each area, even language problems... The help of a broker and consultant that is present everywhere the customer has needs is essential and the customer appreciates this.

What do the insurers do well and what do we need to improve?

A strong point for the insurer that I would point out is the one that accompanies the insureds throughout their journey, one that knows how to adapt to changes, and to give support in times of difficulty. We have seen this especially during the crisis and we

value it highly. The insurers that are more highly valued in customer satisfaction surveys have more to do with service than with price. Brokers and insureds have a better opinion of companies that respond quickly in every aspect: underwriting, issuance, innovation and, very important, handling and settlement of claims. Managing deadlines and not creating false expectations is critical for customer satisfaction.

What products/services have more potential in the next few years?

In general, anything related to digitisation, the internet of things; in short, new technologies. On the one hand, I am talking about products that cover the inherent risks of new technologies, and on the other, those products that are distributed via new technologies.

QBE News

QBE participates in the AGERS MANAGEMENT GRISIS FORUM

On September 24th, QBE participated in the Agers Forum on "Crisis Management: Emergency guidelines". What is a crisis?, What is the role of everyone involved? were some of the topics covered in a case study based on a loss in Chile. The forum analysed the handling of claims in the first 24 hours, in the first month and in the first year.

The topic was analysed from different perspectives by several experts: Ms. Milagros Sanz, a lawyer from the law firm Hebert Smith Freehills, who moderated the discussion; Ms. Constanza Gállegos, Managing Director, QBE, who provided the insurer's point of view and stated that "a crisis that is well handled is a sure value" and "crisis management is not a science but an art and that is why experience counts". She added that the insurer plays the role of coordinator in a crisis, where information is gathered and circulated to the participants; Mr. Paulino Fajardo, law partner at Herbert Smith Freehills, who shared the legal viewpoint and stressed the need for the risk manager to fulfil three key actions: mitigate, communicate and restore the activity of the company.



Ms. Lucía Casanueva, founding partner of PROA Communication, offered the perspective of the communication agency and emphasised that “a crisis is a moment of uncertainty and can be an opportunity to improve the company’s image, the first 24/72 hours being of vital importance and having the media on your side is fundamental”. And finally, Mr. Mario Ramírez, vice president of AGERS and head of Insurance and Risks at CLH, who chaired the meeting, gave his viewpoint as risk manager, pointing out that the importance of providing protocols that support and help to facilitate the process in case of crisis, is the way to go.

New hires at QBE and the creation of a new market division

Last June, QBE hired María Borrego as Head of Professional Indemnity. Her job is to develop this line of business in Spain, a strategy area for the company’s growth in the next few years. QBE is a leader in Professional Indemnity in the UK.

María has a law degree from the Complutense University of Madrid and has wide experience in the sector, both in brokerages and in insurance companies. She has specialised over the last nine years in underwriting and marketing products for professional indemnity and cyber-risks.



In September, **Patricia Puerta** joined QBE as head of Civil Liability. She has a law degree from the Complutense University of Madrid and a Master’s degree in Insurance and Risk Management from the Mapfre Foundation. Patricia has more than twelve year’s experience in the underwriting, development and marketing of General Liability products for large risks.



QBE has also appointed **Juan Ignacio Carro** as Market Manager in Spain. He reports directly to Constanza Gállegos and will be in charge of company relations with all the market agents, and will work with senior management and product managers in the design and implementation of distribution strategy, branch development, acquisition and retention of customers and brokers.

Juan Ignacio joined QBE in 2007 as an underwriter for liability insurance, and became manager of this department in January of 2013.

QBE expands its Financial Lines with specific products for Financial Institutions

QBE has expanded its offer of Financial Lines liability, until now it had focussed on D&O and Crime (employee infidelity), with the following products:

- Professional Indemnity: covers financial loss arising from wrongful acts carried out by professionals employed by a financial institution
- D&O (Directors & Officers): covers financial loss arising from wrongful acts committed by directors and officers of a financial institution
- POSI (Public Offering of Securities Insurance): covers claims arising from false or misleading information appearing in the information booklet. Public offers such as flotations, capital increases, issuance of securities, etc.

- BBB (Bankers Blanket Bond): covers financial loss arising from computer fraud and employee infidelity

At QBE we serve a wide range of customers and industries and we specialise in:

- Retail banking
- Investment banking
- Private banking
- Investment funds/Hedge funds/Private equity
- Insurance companies
- REITs (Real Estate Investment Trusts)

QBE participates in the Insurance Solidarity Awards for the fifth consecutive year

On Tuesday, November 24th, the 15th year of the Insurance Solidarity Awards were held at Círculo de Bellas Artes in Madrid under the slogan “Nos mueve el corazón (Our hearts are moved)” and gathered a broad and varied representation of the insurance sector.

On that occasion, the event was presided by Her Majesty Queen Sofia, who received an award in recognition of her solidarity with humanitarian causes and her special concern for social and welfare activities.

The award was given by QBE, through the **QBE Foundation**, to the **Balia Foundation for Children**. QBE has been collaborating with Balia for over four years. This year’s Solidarity Award will go towards financing the project, “Distrito Joven Latina”, which comprises 15 young people between the ages of 11 and 14 at risk of social exclusion. The economic profile of these young people’s families places them at a clear social disadvantage and with serious difficulties to maintain the basic needs of the family.

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Constanza Gállegos e Ignacio Ojanguren

QBE holds their XIV QBE Roundtable

On December 14th, QBE will meet with a limited number of customers and collaborators to have a debate on the new compensation caps (Baremo de accidentes) and its impact on liability insurance.

On this occasion the panel of speakers will include Ms. Milagros Sanz, an associate at Herbert Smith Freehills; Mr. Santiago Martín, senior advisor at HDI-Gerling Spain; Mr. Juan González, technical director for healthcare liability at Willis and Ms. Patricia Puerta, head of liability at QBE. They will analyse the most significant changes to the *Baremo* and the more problematic aspects for liability insurance.

Corporate Volunteer Day at QBE

Last November 17th, a group of volunteers from QBE participated in Volunteer Day, which QBE offers its employees, by collaborating with the “**United Cultures**” organization.

The origin of the unemployed families that attend Unites Cultures is varied since they are from Spain, Morocco, Latin America, a growing community from Bangladesh, etc.

United Cultures distributes food through the Ministry of Culture and the Food Bank. At the moment, they assisting 60 families. At the same time, every day from Monday to Friday, the organisation receives a group of 30 children from the schools in the area to offer them academic support, English and French classes and recreational activities.

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