



Country Fact Sheets

'Zurich' Facilities	Amazonas Compañía Anonima de Seguros Edificio Amazonas D A de Seguros VM Rendon y Cordova P.O Box 3285 Guayaquil, Ecuador
Compulsory Insurances	None
Major Insurance Laws	General Insurance Law Decree 1551 R.O 547 of 21.7.1965 - regulates incorporation, operation and supervision of insurance companies through the 'Superintendencia de Bancos y Seguros' Decree 1147 R.O. 123 of 7 12 1963 - regulates insurance contracts
Non-admitted Insurance	Non-admitted insurance is prohibited in Ecuador.
Premium Taxes, Stamp Duties and Fees	A premium tax of 11% is charged for all insurances. An additional 5% (Fire Brigade) tax applies for fire and lightning insurance only The Superintendency charges a 3.5% fee on all insurance, based on gross premium.
Exchange Controls	The Ecuadorian Sucre (S) is freely convertible, purchase through banks and exchange houses Since March 1988 the Ecuadorian Sucre has been split. Preferential rates apply for all exports and imports. For other financial transactions, including the settlement of reinsurance premiums, the official floating rates apply Reinsurance remittances do not need approbation by the Central Bank
Other Information	Ecuador is a mixed broker and direct market. Most international brokers have working agreements with local brokers A tariff exists only for Fire Insurance (not respected) Policies can be emitted in other currencies than Sucre Fronting is allowed

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ZURICH INSURANCE GROUP
International Division Marketing & Information

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Latin American Presentation

Ecuador

May / June 1989

**Latin American Presentation
Uruguay****Content**

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1. General Country Information

Ecuador, a small and dynamic nation, encompasses a wide variety of landscapes, from the snow-covered peaks of its huge volcanoes to the tropical jungle of the Amazon region, and its beautiful beaches washed by the waters of the South Pacific.

The spectacular contrasts Ecuador exhibits are not only seen in its scenery and geography, but also in its cultural expression; in the mixture of indigenous and Spanish features which are evident in all its art and architecture. Remnants of primitive cultures that attained a high level of civilisation and development, such as La Tolita and Valdivia, or the indians who wrought gold and clay so splendidly and who made of religious worship a lavish demonstration of artistic creativity and wealth, are constantly being discovered.

1.1. History

After the Spanish conquest, and influenced by the spirit of liberation that was being felt throughout Latin America at the beginning of the last century, the civilians and troops of Guayaquil declared their political freedom. This single action inspired the subsequent freedom campaigns and led to the issue of the Fundamental Letter in 1830. The sovereignty of the new Ecuador State was then formalised under the Presidency of the Venezuelan Army General, Juan Jose Flores. In the intervening 159 years, republican life has continued and developed under different political parties.

1.2. Population

Ecuador has a population of over 10 million, which is principally distributed between the mountains (46%) and the coast (49%). The remaining 5% inhabit the Amazonic and inland areas. Guayaquil is the economic centre of the country and with 2.5 million inhabitants the most populous. Quito, the capital of Ecuador, has a population of 1.8 million.

1.3. Climate

Ecuador, like most of countries through which the Andean Mountains pass, has quite distinct climatic differences, ranging from the intense heat of the littoral and Amazonic regions, where temperatures can reach 40C, to the cold and snow-covered mountainous regions.

1.4. Geography

Ecuador is located in the northwestern quarter of South America and is composed of continental and insular regions totalling some 270,670 sq km. The Andean mountain range divides into two branches which trisect the mainland to form three well defined areas: the coastal, mountain and eastern regions.

Located in the western branch of the Andean range is the majestic Chimborazo Peak, 6272m high, and in the eastern branch the Cotopaxi Volcano, 5943m high and considered to be the world's most active volcano.

1.5. Political Powers and Legal Powers

Political power is divided into the following three bodies :

- The Executive - represented by the President of the Republic, who is elected by popular vote for constitutional periods of four years.
- The Legislature - represented by Congress with its 71 representatives (12 national and 59 provincial)
- The Judiciary - constituted by the Courts of Justice and corresponding tribunals.

Administratively, the country is divided into 19 provinces, each of which have a governor representing the executive. All provinces are subdivided into various municipalities.

In August 1988, president-elect Rodrigo Borja started his four-year term, replacing Leon Febres Cordero, an conservative who championed free enterprise. He won the election against Abdala Bucaram, a 36-year-old populist, and intends to seek close ties with the non-aligned Third World states.

Borja will face the challenge of governing a small nation that has seen its oil-generated prosperity fade away in the past few years as the price of petroleum had dropped. He has announced the imposition of exchange controls, the restriction of imports to save dollar reserves, and the regulation of the price of basic consumer goods to fight inflation.

1.6. Legal System

As in all countries where the legal structure is based on the Roman Law and Napoleonic Code, the Ecuadorian legal system is positive. The laws originate both from the National Congress and from the President of the Republic, and must be approved or vetoed by the other side. In the event that a law is approved by both the executive and legislative powers, it is published in an Official Registry.

2. Economic System

Economic development is heavily reliant on the oil sector which, even in 1986, when oil prices were relatively low, generated approximately 40% of state revenue, 45% of export earnings and 14% of GDP. The effects of last March's 1986 earthquake, which crippled the vital trans-Ecuadorian pipeline for over five months, were therefore particularly harmful. However, unusually high oil output since October 1987 kept the fall in production for the whole of the year to approximately 35% in comparison to 1986.

Overall, the GDP is expected to have declined by some 3% in 1987, a sharper

deterioration being prevented by growth in the non-oil sector of about 2.5%. Given a population growth rate of roughly 2.9%, per-capita income fell sharply. The government is pessimistic about the prospects of recovery in the country's oil industry. Apart from the problem of over production on an international scale, it is recognised that over half its proven reserves have been consumed and that its profit per barrel has fallen consistently in recent years due to difficulties in exploiting traditional wells.

2.1. Statistics

2.1.1. GNP etc.

	Unit	1986	1987
GDP	US \$ bn of 86	13.0	12.5
GDP Growth	%	2.8	(3.5)
Electricity consumption	Gwh	3,891	2,865
Minimum wage	US \$/month	78.0	33.0
Unemployment	%	12.0	14.0
Retail prices	% change	27.4	
Money supply (M-1)	% change	20.1	31.9

2.1.2. Foreign Exchange Reserves

Febres Cordero, who took pride in keeping up payments on Ecuador's foreign debt, was forced to stop repayments in 1987 after devastating earthquakes crippled the country's oil industry for nearly six months. The fall in oil exports led to a sharp decline in international reserves. The Central Bank was therefore not in a position to support the sucre. Indeed, a gradual return to more restrictive monetary and credit policies, which resulted in interest rates soaring to 40% a year and which caused several banks liquidity problems, failed to prevent the free market exchange rate against the US dollars depreciate from 150 sucres at the beginning of March 1987 to 290 sucres in mid-November 1987.

It was only after substantial payments for oil exports resumed in November that the sucre's free market rate stabilised - initially at about 250 sucres to the dollar. Meanwhile, the cost of living, which increased by 23% in 1986, rose even faster in 1987, reaching 29.5%.

	Unit	1986	1987
Currency a/c balance	US \$ m	(642.0)	(1,188.0)
Internat. Reserves	US \$ m	144.1	64.2
Public deficit	% of GDP	5.1	10.7

Foreign exchange reserves in December 1987 amounted to US\$ 490 million.

2.1.3. Foreign Debt

According to the Central Bank, the country's medium and long-term foreign debt, excluding commitments to the International Monetary Fund (IMF), amounted to about US\$ 8.2 billion in 1986, when less than 10% of the debt was owed by the private sector.

In 1986, total debt servicing amounted to some US\$ 1.1 billion, of which US\$ 0.7 billion consisted of interest payments. In view of the difficult situation in the external sector, the government saw no alternative but to suspend part of its debt service at the end of January 1987.

Once oil exports resumed, Ecuador initiated debt rescheduling negotiations with private overseas creditor banks, which account for over 60% of Ecuador's liabilities, as well as with creditor nations (the Paris Club), which account for about 15% of liabilities. A Paris Club rescheduling has already been signed and an agreement with Ecuador's creditor banks, involving rescheduling agreements, will greatly reduce the country's debt servicing burden. Indeed, the ratio of debt service to the export of goods and services - which currently stands at over 100% - will be roughly halved.

Early in 1988, Ecuador was granted a stand-by loan of US\$ 75.4 million by the IMF, subject to certain economic policy requirements. In addition, the country received a credit of US\$ 47.7 million from the Compensatory Financing Facility. As part of a concerted action to support Ecuador, multilateral financing institutions, such as the World Bank and the Inter-American Development Bank (IDB), also provided substantial loans.

2.1.4. Trade Deficit / Surplus

	Unit	1986	1987
Trade balance	US \$ m	610.8	232.1

2.1.5. Inflation

Annual inflation in 1987 ran at nearly 70%, the highest level in five years, and is currently running around 60% (September 1988).

Variation in Consumer Prices

	1985	1986	1987
	+28%	+27.4%	+35%
Exchange rates Sucre/US\$	Annual average 1986 1987	Current rates 30.9.87 30.9.88	
Official	129.1 170.6	185.5 400.0	
Free	156.6 198.1	207.5 522.5	

2.2. Government Regulations

2.2.1. Exchange Control Regulations (Convertability etc.)

The Ecuadorian sucre is freely convertible and can be purchased through banks and exchange houses.

Since March 1988 the Ecuadorian sucre has been split. Preferential rates apply for all exports and imports. For other financial transactions, including the settlement of reinsurance premiums, the official floating rates apply.

-	January	1987:	S/140 = \$ 1
-	August	1987:	S/200 = \$ 1
-	December	1988:	S/250 = \$ 1
-	February	1988:	S/300 = \$ 1
-	April	1988:	S/420 = \$ 1

2.2.2. Membership in Economic Groups

Apart from being a member of the United Nations, Ecuador is also active in the following international organisations:

- ALALC ("Asociacion Latinoamericana de Libre Comercio" - Latinamerican Association of Free Trade).
- World Bank
- International Development Bank (IDB)
- International Reconstruction and Development Bank (IRDB)
- Latinamerican Economic Commission ("Comision Economica para America Latina" - CEPAL)
- International Monetary Fund (IMF)
- Andean Pact

2.3. Production

	Unit	1986	1987
Manufactures	% change	(.4)	(.6)
Oil	000 bpd	291.7	173.0
Coffee	000 tonnes	115.9	100.0
Cocoa	000 tonnes	87.4	73.0
Bananas	000 tonnes	1,923.6	1,850.9
Shrimp	000 tonnes	22.0	25.0

2.3.1. Main Products

The Amazon Refinery began operation in early 1988 with a processing capacity of 10,000 barrels of oil per day, making Ecuador entirely self-sufficient in its gasoline needs. The oil dependent economy declined in 1986/87 due to the fall in oil prices in 1986 and the 5 month interruption of the Transandean oil pipeline in 1987. Oil production declined more than 40% to only 61 million barrels.

A recovery of the economy in 1988 as expressed by an estimated GDP growth rate of 6%, which has been achieved by returning to the level of crude oil production prior to the earthquake. Non-petroleum sectors, however, recorded lower growth than in 1987.

2.3.2. Manufacturing Industries

Manufacturing output, excluding oil processing, generated about 17% of GDP in 1986 and employed 12% of the working population. Food and beverages accounted for 49% of total manufacturing output, and clothing and textiles for 20%. In 1987, there were signs of growth for the first time since 1983, but these were negated by the increasing cost of imported goods in the second half of the year.

2.3.3. Service Industries (Banks, Insurance)

In Ecuador there are 27 banks, 4 of which are foreign. Within the insurance sector, there are 31 insurance companies: 24 domestic and 7 foreign.

2.3.4. Agriculture

Prior to the petroleum boom, Ecuador was primarily an agricultural country and was once the largest exporter of bananas in the world, as well as being an important producer of cocoa and coffee.

The highest growth within the economy in 1987 was registered in the agricultural, forestry and fishing sectors which, in the previous year, contributed approximately 15% of the GDP. These sectors are crucial for employment, absorbing close to a third of the labour force. In addition, they provide over two fifths of the total export income and play an important role in supplying domestic industry with raw materials.

Following an increase in output of just under 8% in 1986, a further rise of 5% occurred in 1987. In particular, outstanding growth was recorded in shrimp farming, an activity which Ecuador has come to dominate worldwide, employing 300,000 people and exporting as much as 5,000 tonnes monthly in 1986.

2.3.5. Exports

As a counter measure to the losses incurred by the earthquake in 1987, and the drop in oil prices, exports have been increased. For example, every month 20 tonnes of wool is exported to Switzerland.

Exports in 1987 totalled US\$ 2,020.8 million.

2.3.8. Imports

Imports in US \$ m:	1986	1987
	1,575.0	1,788.8

3. Insurance Market

There are 31 insurance companies operating in Ecuador, which together have a total capital and reserves of 2,999.9 million sucres.

3.1. Our Local Facilities

Amazonas Compania Anonima de Seguros
Edificio Amazonas D.A. de Seguros
V.M. Rendon y Cordova
P.O. Box 3285
Guayaquil / Ecuador

Tel: (358) 30 63 00
Tlx: 3176 SEGAMA ED
Fax: (358) 31 30 92

Branch offices in Quito, Cuenca, Esmeraldas

3.2. Regulations

3.2.1. Insurance Law / Regulations

General Insurance Law:

- Decree 1551 R.O. 547, 21.7.1965:
Regulates incorporation, operation and supervision of insurance companies through the "Superintendencia de Bancos y Seguro".
- Decree 1147 R.O. 123, 7.12.1963:
Regulates insurance contracts.

3.2.2. Insurance Supervision

Insurance companies operating in Ecuador are subject to the laws of the Republic and to the control and supervision of the Superintendency of Banks. This institution is a technical and autonomous body which is controlled and legally represented by the Superintendent of Banks. The Superintendent, in turn, is elected by the National Congress from a list of three candidates submitted by the President of the Republic.

Among the functions of the Superintendency of Banks, are the control and

supervision of the field of insurance, ensuring compliance with the provisions of the General Law of Insurance Companies and issuing regulations required to govern this activity. The Office of the General Director of Insurance, an operating unit of the Superintendency of Banks, exercises permanent vigilance and control on insurance and reinsurance companies, insurance and reinsurance brokers, and insurance claim adjusters, in all matters relating to economic, operational and administrative matters.

The Superintendency of Banks exercises its functions through its main offices in Quito, as well as its offices in Guayaquil and Cuenca. The majority of the companies which comprise the Ecuadorian insurance market are concentrated in these three cities.

3.2.3. Requirements

Ministerial Act No. 305 approved a rule for the control of reinsurance operations and retrocessions. This rule is detailed in Resolution No. 88-304-S of the Bank and Insurance Superintendency. Chapter II of the said resolution lists the documents that should be presented by the reinsurers, as well as their brokers overseas, so that they can be enrolled in the Bank Superintendency's register and therefore be able to operate in collaboration with the existing domestic insurers and reinsurers.

The Ecuadorian Insurance Law stipulates the minimum capital required for both domestic and foreign companies. For companies writing either general or life insurance this is 1,500,000 sucres. Companies writing both lines are required to have a minimum of 3,000,000 sucres.

A reserve fund of a minimum of 50% of the capital must be maintained and every year 10% of the company profits must be used to increase the reserve fund.

3.2.4. Non-Admitted Insurance

Non-admitted insurance is prohibited in Ecuador.

3.2.5. Compulsory Insurance

For the import of merchandise into the country, a marine policy with an authorised company operating in Ecuador is compulsory. Where contracts with state entities are concerned, a policy of work performance is obligatory. In order to be able to operate, airline companies must have third party policies as well as individual accident policies for their passengers according to the limits stipulated by law.

3.2.6. Taxes

A premium tax of 11% is charged for all insurances. An additional 5% fire brigade tax applies for fire and lightning insurance only. The Superintendency charges a 3.5% fee on all Insurance based on gross premium. A reinsurance premium tax of 2 % applies for foreign cessions.

3.2.7. US Dollar Policies

Policies can be issued in other currencies than Sucre.

3.3. Statistics

(in millions of sucres)

Year	Acc	Sick- ness	Fire	BI	Auto	Marine	Motor own- damage
1977		57	272	3	319	342	77
1978		76	328	3	405	345	97
1979		84	438	4	500	396	127
1980		100	484	8	590	468	150
1981		125	560	9	718	491	229
1982		149	612	10	773	534	267
1983	4	177	835	21	894	547	424
1984	4	263	1123	18	1178	814	510
1985	0	372	1678	36	1586	1219	780
1986	5	551	2098	268	2546	1739	1464
1987	7	705	3175	455		3948	2329

Year	Aviat.	Theft	Agri.	CAR	Total
1973					362
1974					587
1975					679
1976					882
1977	68	23			1161
1978	74	28			1356
1979	249	36			1834
1980	192	42			2034
1981	226	46			2404
1982	251	59	1		2655
1983	415	88	5		3405
1984	456	125	13		4491
1985	163	18	13		6642
1986	1729	240	36	273	10640
1987	2099	343	49	1061	

Premiums exchanged in foreign currency:

	1985	1986
US \$	76,752,577	89,122,302
Sfr.	157,342,784	147,051,799

3.3.1. Solvency and Financial Stability of Insurer

For 1987, the liquidity was 1.28, this being a good financial indicator as it represents the relation between the assets and liabilities. It demonstrates the capacity and liquidity of the Ecuadorian insurers to be able to immediately fulfill their obligations by a margin of 0.28.

With relation to the current assets and liabilities, the security index obtained for 1987 was 1.21 which also gives a margin of 0.21.

The profit obtained, with respect to the capital and reserves, was 66.41%, an increase of more than 10% over the previous year. The loss ratio index was 48.20%, showing an increase of approximately 6% with respect to 1986. This index is obtained by the relation between losses assumed by the sector and the total premiums earned.

3.3.2. Loss Ratios per Line of Business on Incurred Basis

Lines	Premiums	%	Losses	%	Global %
Fire	3,175,841	18.34	838,399	10.86	26.40
Loss of Profit	466,382	2.69	86,558	1.15	18.99
Theft	343,121	1.98	236,899	3.07	69.04
Vehicles	3,947,980	22.80	2,021,166	26.18	51.19
Individual					
Accident	704,855	4.07	246,328	3.19	34.95
Casco	2,099,123	12.12	1,822,350	23.60	86.81
Transport	2,329,187	13.45	1,272,349	16.48	54.63
Aviation	1,875,424	10.83	156,065	2.02	8.32
Fidelity	190,746	1.10	43,386	0.56	22.74
Bonds	868,952	5.02	363,520	4.71	41.83
Third Party					
Liability	191,430	1.10	18,791	0.24	9.82
Technical	1,065,552	6.15	537,662	6.96	50.46
Sickness	6,943	0.04	6,440	0.08	92.75
Agriculture/ Fishing	49,178	0.28	69,593	0.90	141.51
Total	17,314,714	100.00	7,721,505	100.00	44.60

Claims continue to be low and the insurance companies are prospering. Loss ratios per year:

Year	Total	Fire + AL	EQ
1973	32%		
1974	47%		
1975	49%		
1976	61%		
1977	44%		
1978	58%		
1979	43%		
1980	42%		
1981	52%	17%	0%
1982	61%	28%	0%
1983		48%	0%
1984		36%	0%
1985		36%	
1986	42%	34%	
1987			
1988			

3.3.3. List of Local Direct Non-Life Insurers

Alianza	Amazonas	Atlas
Bolivar	Conasa	Condor
Confianza	Contiseguros	Cooperseguros
Ecuatoriana	Ecuatoriana-Suiza	El Dorado
El Fenix	Equinoccial	Huancavilca
La Nacional	La Union	Memorias
Metropolitana	Oriente	Panamericana
Rocafuerte	Sucre	Yaguarcocha

Foreign insurance companies operating in Ecuador :

American Home	Cigna	Commercial Union
Norwich Union	Pan American Life	Sud America
Sul America		

3.3.4. List of Professional Reinsurers

In Ecuador there is only one professional reinsurer. "La Reaseguradora del Ecuador", is a private company with 17 shareholders who are all insurance companies. These shareholders have no legal nor statutory obligations to cede any percentage or established quota of business to this reinsurer.

3.4. Intermediaries (Agents, Brokers)

In Ecuador, any civilian or legal entity with its own organisation which is dedicated to negotiate and obtain insurance contracts for one or various companies, is said to be an agent for placing insurance. These agents are obliged to make contracts with the companies to whom they give service, and these contracts must be approved by the

Superintendency of Banks. They may not be managers, principal directors or substitutes, branch managers or brokers. Neither may intermediaries be:

- . Foreigners not resident in the country
- . Officials or ex-employees of the Superintendency
- . Ex-officials or ex-employees, or debtors of the insurance companies in liquidation

Ecuador is a mixed broker (Quito) and direct (Guayaquil) insurance market. Most international brokers have working arrangements with local offices.

The principal brokers for direct insurance are :

Name	Group
Consultores de Seguros	Johnson & Higgins
Inversiones y Agencias SA	Fred S James
Segurosca CA	Marsh & McLennan/Bowring
Techniseguros Cia. Ltda.	Alexander & Alexander/Sedgwick
Uniseguros CA	Frank B. Hall

The principal reinsurance brokers are :

Name	Group
Agentersa	Local
Corfasa	Harris & Dixon
Inreaseg	Pearson Webb/Stewart Wrightson
Latinbrokers	C E Heath
Minre	Local
Rivadeneira	Howden

3.4.1. Associations and Institutes

In Ecuador there are two associations for insurance companies, in Guayaquil and Quito, which are the cities where economic activity is centered and, therefore, also the insurance market. The associations are :

"Asociación de Compañías de Seguros" (ASOCONSE) for companies in Quito

"Cámara de Compañías de Seguros" for companies in Guayaquil.

In 1987, "La Federación de Empresas de Seguros" (FEDESEG) was created, which now unifies the Ecuadorian insurance market.

3.4.2. Commissions

Direct commissions:	min.	max. (mandatory)
Fire	15.00%	22.50%
Automobile	12.00%	18.00%
Marine	10.00%	15.00%
Accident	15.00%	22.50%
Theft	12.00%	18.00%
Liability	10.00%	15.00%
Fidelity	10.00%	15.00%

3.4.3. Reinsurance Scene

Reinsurance commissions under treaties and facultative business are as follows :

	min.	max.
Fire and allied lines	35.0%	45.0%
Accident	35.0%	42.5%
Marine	30.0%	35.0%
R/I fac. commissions		
Fire and allied lines	30.0%	35.0%
Accident	27.5%	32.5%
Marine	22.5%	27.5%
Motor(comprehensive)	10.0%	15.0%

There are no compulsory cessions nor restrictions on cessions abroad and remittances do not need approval of the Central Bank.

A premium deposit of 40% (in marine 30%) and a 100% loss reserve is retained for one year in obligatory treaties. In the facultative business, the premium deposit can be negotiated.

3.5. Underwriting per Line of Business

3.5.1. Tariff

The only regulated and established tariff is for fire lines, which has been approved by the Bank Superintendency. No other line has tariffs to be approved by the regulating organisation and the companies themselves establish the rates to be applied for each individual case.

3.5.2. Underwriting Capabilities

There is no limit for the companies in the underwriting of risks. They can retain premiums according to the criteria of each subscription, and according to liquidity.

3.5.3. Basic Coverage

The general conditions of all the policies issued by insurance companies in Ecuador should be previously approved by the superintendency. As far as ratings are concerned, the fire line is the only one whose conditions are kept unified for all the companies in the market. Obviously there is also the tendency to unify the wordings of the general conditions and extensions that apply for each line.

3.5.4. Claims Handling

It is of utmost importance to have policies issued with a clear definition as to the sum insured (new value, replacement cost) and adjust the values according to inflation. Special attention should be given to deductibles. If these precautions are taken, claims are closed smoothly.

Regarding claims handling in business interruption cases, it is advisable to name a qualified adjuster at the beginning of the occurrence.

3.6. Catastrophe Exposures

The potential for natural catastrophes lies particularly in earthquakes, volcanic activity and mudslides. At least 70% of the more important industries are covered against these risks.

In February 1987, the Niño Volcano erupted and covered an extensive area, including a country town together with its occupants. It is reported that more than 30,000 people died.

On March 5th 1987, a major earthquake in the Province of Napo completely destroyed the most important oil pipeline of the trans-Ecuadorian system. This led to a drastic reduction in oil exports, causing an important decline in the corresponding revenue.

The zones more susceptible to volcanic activity are located in the western part of the Andean chain, where the largest cities, such as Guayaquil, Machala, Manta, Santa Elena and Esmeraldas, are located, and where the largest oil refinery has been constructed.

Although Quito, the capital city, is not located in the major volcanic zone, it has been hit by major earthquake disasters, for example in 1587, 1755 and 1859, all of which completely destroyed the city.

5. Future

5.1. Politics

The country is in its first year of a social-democratic government which has had to face a series of economic problems, mostly the product of foreign debt, a factor that has asphyxiated the internal economy of all the countries of this region.

Only recently has it become clear what the readjustment of the oil price in the international market would mean to the country, particularly as regards cancelling the economic deficit. Of course, this economic load only serves to increase pressure on the middle and lower social classes.

5.2. Insurance Market

In spite of the scenario described above, many in the industrial and commercial sectors have understood the necessity to re-evaluate their assets, and this in some way has helped the Ecuadorian market to grow, even when this has only been in terms of its currency.

Overview of Perils Insured Against in Basic Fire Policy

Ecuador

a	Fire	c	Sprinkler Leakage
a	Lightning	c	Collapse
b	Explosion	b	Smoke
b	Aircraft	c	Sonic Boom
b	Windstorm	c	Molten Material
b	Hail	c	Radioactive Contamination
b	Vehicle Impact	b	Earthquake
b	Strike	b	Volcanic Eruption
b	Riot	b	Flood
b	Civil Commotion	c	Snow Pressure
b	Malicious Damage	c	Landslide
b	Vandalism	c	Tenants & Neighbours
c	Sabotage		Liability
c	Terrorism	b	Water Damage
		c	Tsunami
		b	Leakage
		c	All Risks

- a Perils covered in a standard policy
- b Perils can be added by endorsement
- c Perils cannot be added by endorsement