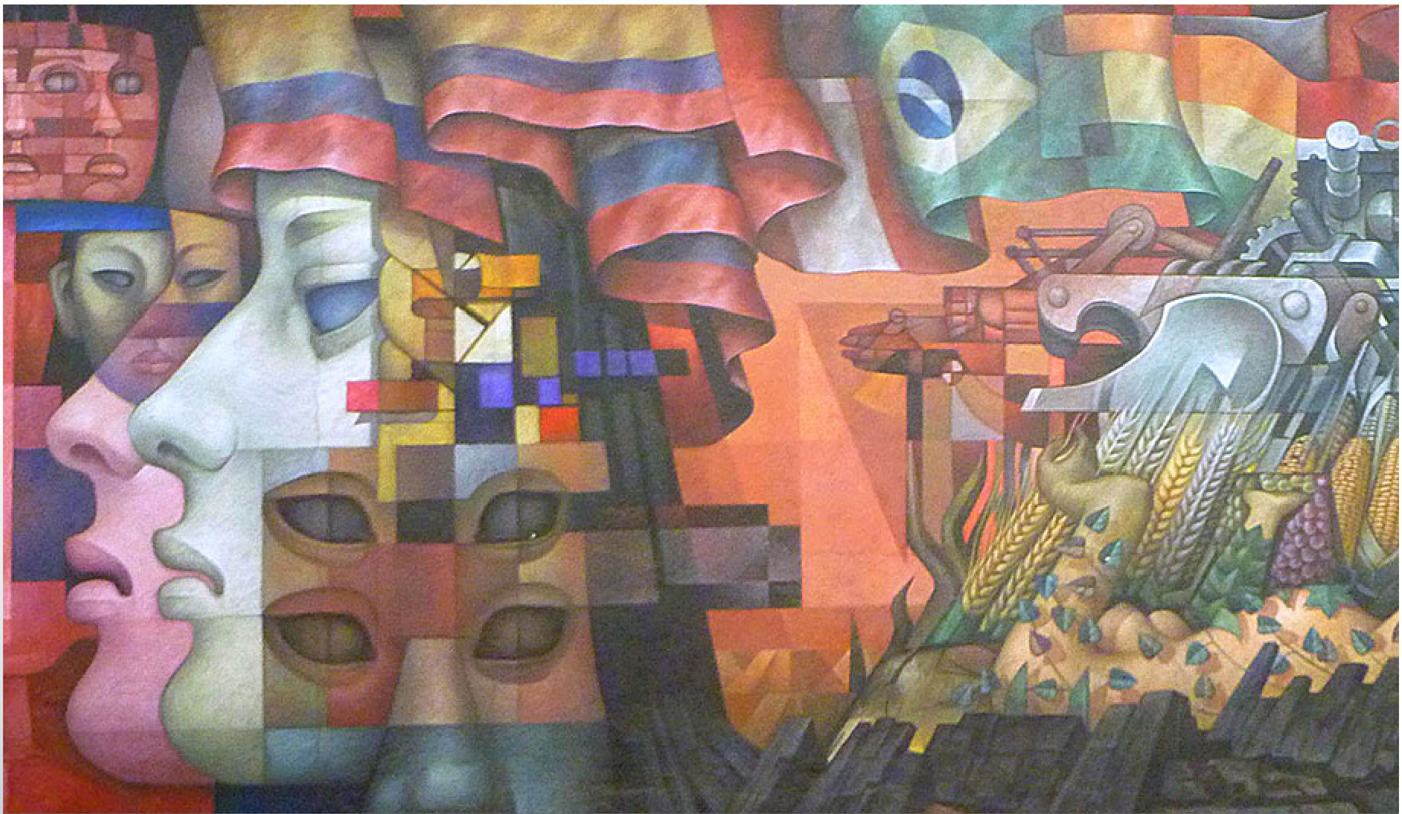
The Latin American insurance market in 2015



The report drafted by MAPFRE Economic Research deals, among other matters, with the main magnitudes and trends in Latin America and its insurance markets. It contains the total life and non-life rankings for each market, along with the main changes in regulations.

Life insurance recorded premium revenue of nearly $139,000 million in 2015, accounting for 2.86 percent of regional GDP.

The insurance protection gap (IPG), the difference between insurance coverage that is considered optimal for each economy and what it really has, has dropped in most Latin American countries in the last decade with respect to the size of its insurance markets.

The report, which analyzes the **development of the insurance industry since 2005** in the 18 Latin American countries, reveals that this gap in insurance coverage is closely related to **market growth**. Quantitatively, IPG is falling as the penetration index (premiums over gross domestic product) rises. Moreover, from a qualitative standpoint, it also tends to drop as markets become more sophisticated and mature. The insurance penetration index in the region (premiums over gross domestic product) rose to **2.86 percent** in 2015, which reflects a rise of 1.02 percentage points over the last ten years.

Generally speaking, the **sustained economic growth** of most markets in a low inflation context throughout the decade, the **increase in personal disposable income**, the **development of the financial systems**, the **improvements in the regulatory framework**, and the active policies geared toward boosting the financial culture, are factors that have contributed to insurance industry growth and to increasing insurance coverage in the region over the last decade (2005-2015).

Drafted by **MAPFRE Economic Research**, the report also calculates the **Market Development Index (MDI)** for each of the countries in the region. This indicator reflects the interaction of a group of factors that affect the conducting of insurance activities: the **penetration** index, the **depth** index (life insurance premiums over total market premiums), as well as the **magnitude of the IPG** at both general market and life insurance segment levels. According to the figures, since 2005, the **MDI** has grown by **51.3 percent** for the countries in the region as a whole, which attests to the progress and consolidation of the insurance industry in Latin America.

Insurance will grow in most latin american countries

Despite the slowdown in some economies, the insurance industry in Latin America recorded **premium revenue of $138,700 million for 2015**. Based on **International Monetary Fund (IMF)** forecasts for the next three years, along with other economic variables, MAPFRE Economic Research has created growth estimate models for the insurance market in local currencies for each country in the region for 2016. **Growth** is expected in all of the countries, except for Ecuador, the economy of which will enter into recession over the next the three years according to IMF estimates.

For the insurance industry, growth level estimates are a valuable factor within the market infrastructure that can help both **business planning** and the **design of public policies**, which together facilitate and drive the development of this industry. Accordingly, MAPFRE Economic Research will be publishing these estimates regularly as an added tool to contribute effectively to the **conducting of insurance activities.**

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