

Fundación **MAPFRE**

**2017 RANKING OF
INSURANCE GROUPS
IN LATIN AMERICA**

MAPFRE Economic Research



2017 Ranking of Insurance Groups in Latin America

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Introduction

As in previous issues of the *Ranking of Insurance Groups in Latin America* report¹, this latest 2017 edition analyzes insurance groups based on the criterion of premium volume. It also features an analysis of the two key differentiating factors discussed in last year's edition. This year's edition of the ranking aims to provide a dynamic overview of how the different market players have performed, focusing on both growth and market concentration. We will also explain how they have reached their size and achieved their market share and levels of concentration. This report therefore provides a dynamic picture of the relevant performance indicators from 2007 through to 2017. To distinguish secular trends from recent trends, we have divided our analysis into the situation observed over the ten years spanning 2007 to 2017 and the situation recently observed over the last year (2016-2017).

As with last year's report, this issue includes an analysis of concentration within the Latin American insurance industry, which has been made possible by the fact that the sample we have used in our ranking table is highly representative of the sector as a whole. It is important to analyze the distribution of concentration given the region's current economic climate (heavily influenced by the normalization of monetary policy in the United States and significant volatility in international financial flows), since this can have significant repercussions on the performance of Non-Life and Life businesses through consumption and savings.

Broadly speaking, this report reveals that the total size of the Latin American insurance industry at year-end 2017 was 158.5 billion dollars (54% relating to Non-Life and 46% to the Life business). The 25 largest insurance groups operating in the region accounted for 64.1% of the total market in 2017 (60.0% of the Non-Life insurance business and 82.9% of the Life insurance business). Overall, the Latin American insurance industry presents very low levels of concentration (Herfindahl=266.4 in 2017) due to practically non-existent levels of concentration within the Non-Life insurance segment (H=191.6), although this is partially offset by the Life segment, which is nearly four times more competitive (H=731.0). Even so, concentration within the industry is considered low across both segments of the market according to accepted theoretical parameters.

Meanwhile, the involvement of certain insurance groups in the sector's concentration is relatively high in that three groups account for two thirds of sectoral concentration. This is due once again to two diverging trends between the Non-Life and Life segments. In the Life insurance segment, the three insurance groups topping the table amassed a 41.3% share of the regional market, making them responsible for 81.3% of market concentration. Moving across to the Non-Life insurance segment, the three insurance groups leading the ranking account for only 15.8% of the regional market, meaning they are responsible for 48.5% of market concentration.

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1. Overall ranking

Size and growth

The insurance market in Latin America reported a total premium volume of 158.5 billion dollars in 2017, up 9.3% (13.5 billion dollars) on the previous year, with both segments experiencing similar gains: 9.6% in Non-Life and 8.9% in Life. It should be noted that in 2017 the appreciation of certain regional currencies against the dollar (notably the Brazilian real) was a key factor shaping this performance. Premiums have also continued to grow in value over the past ten years, gaining an average of 6 billion dollars for each of the five main market players.

Bradesco topped the ranking in 2017, overtaking Brasilprev in second position as the latter reported a significant drop in premiums on its Life products. These two companies were followed by MAPFRE, which held on to the same position as in 2016 and 2015, despite reporting a year-on-year gain of two tenths of a percentage point in its market share, mainly in response to rising premiums in both Mexico and Central America. The positioning of the various groups is largely a product of organic growth, since there were no significant mergers and acquisitions in 2017 (see Table 1).

The 25 largest insurance groups featured in the 2017 ranking earned 8.9 billion dollars more in premiums than in 2016, revealing a year-on-year increase of 9.6%². If we reduce the sample to include only the ten largest groups, the increase from 2016-2017 was roughly 10.7%.

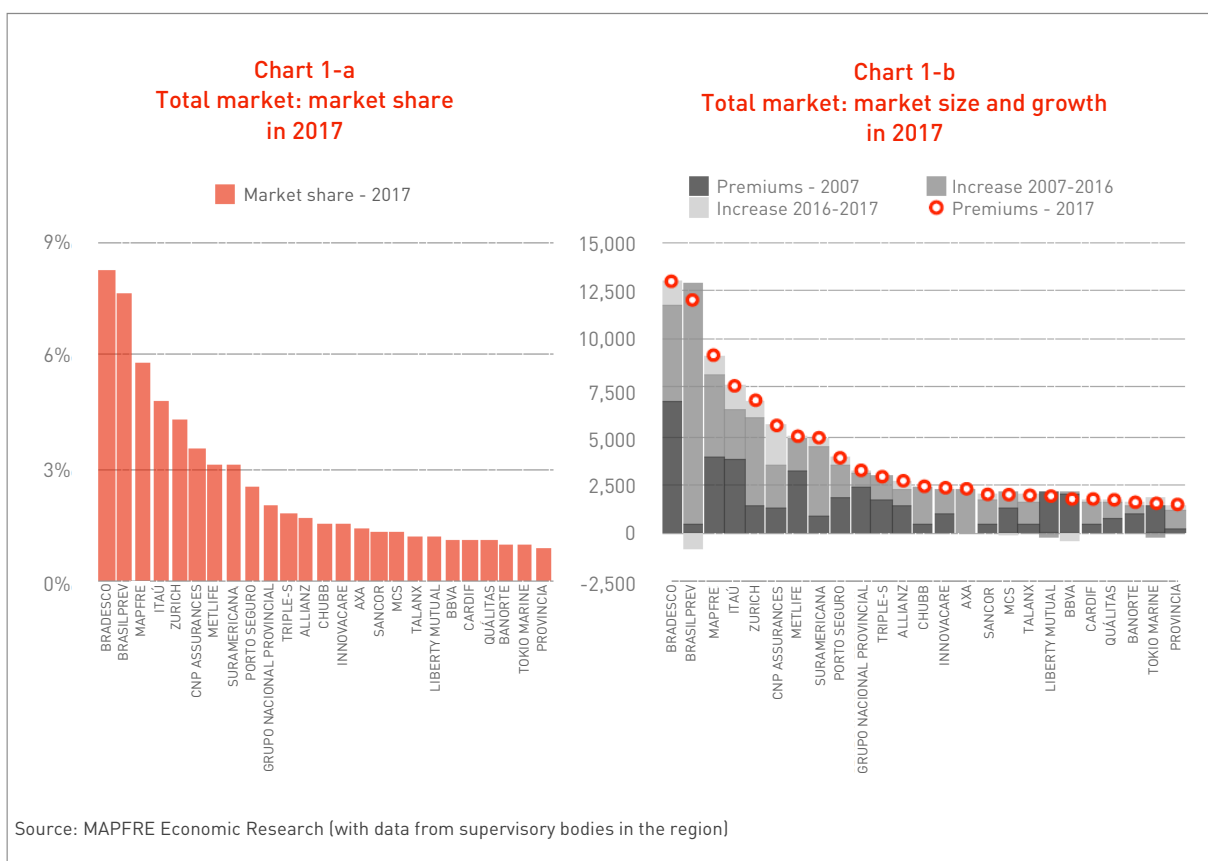


Table 1
Total market: overall ranking of insurance groups in Latin America - 2017
 Ranking by premium volume

No.	Group	Country	Premiums (millions of USD)					Market share - 2017 [2]*
			2007	2016	2017	Δ 2007-2016 [1]*	Δ 2016-2017 [1]*	
1	BRADESCO	Brazil	6,779	11,663	12,948	4,883.8	1,285.3	8.2%
2	BRASILPREV ¹	Brazil	524	12,795	11,992	12,271.1	-803.7	7.6%
3	MAPFRE	Spain	3,933	8,096	9,155	4,163.4	1,058.6	5.8%
4	ITAÚ	Brazil	3,821	6,382	7,579	2,560.7	1,197.1	4.8%
5	ZURICH	Switzerland	1,409	5,984	6,841	4,574.7	857.3	4.3%
6	CNP ASSURANCES	France	1,297	3,494	5,548	2,196.8	2,054.0	3.5%
7	METLIFE	United States	3,227	4,830	4,992	1,603.6	161.9	3.1%
8	SURAMERICANA	Colombia	862	4,469	4,917	3,607.7	447.5	3.1%
9	PORTO SEGURO	Brazil	1,909	3,463	3,886	1,554.2	423.3	2.5%
10	GRUPO NACIONAL PROVINCIAL	Mexico	2,368	3,060	3,243	691.9	182.9	2.0%
11	TRIPLE-S	Puerto Rico	1,754	2,939	2,917	1,185.2	-21.3	1.8%
12	ALLIANZ	Germany	1,376	2,274	2,706	897.8	432.8	1.7%
13	CHUBB	Switzerland	476	2,418	2,423	1,941.8	5.1	1.5%
14	INNOVACARE	United States	1,074	2,300	2,348	1,225.1	48.3	1.5%
15	AXA	France	105	2,310	2,295	2,205.7	-14.8	1.4%
16	SANCOR	Argentina	417	1,700	2,008	1,283.3	307.6	1.3%
17	MCS	United States	1,358	2,066	1,994	708.4	-72.3	1.3%
18	TALANX	Germany	443	1,612	1,962	1,169.6	349.5	1.2%
19	LIBERTY MUTUAL	United States	2,072	1,812	1,920	-259.7	107.7	1.2%
20	BBVA	Spain	1,949	2,123	1,773	173.9	-350.4	1.1%
21	CARDIF	France	477	1,564	1,772	1,087.1	207.8	1.1%
22	QUÁLITAS	Mexico	786	1,565	1,731	778.8	166.2	1.1%
23	BANORTE	Mexico	995	1,380	1,602	385.6	222.0	1.0%
24	TOKIO MARINE	Japan	1,486	1,223	1,548	-262.6	324.9	1.0%
25	PROVINCIA	Argentina	244	1,184	1,493	940.5	308.8	0.9%

Total Top 10	26,129	64,237	71,101	38,108.0	6,864.2	44.9%
Total Top 25	41,139	92,707	101,594	51,568.4	8,886.2	64.1%
Total sector	85,180	145,035	158,517	59,854.2	13,482.2	100.0%
Herfindahl [3]	167.0	273.9	266.4			
Representativeness of Top 10 (%)	30.7	44.3	44.9			
Representativeness of Top 25 (%)	48.3	63.9	64.1			

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

¹ Owned by Banco de Brasil and Principal Financial Group

* See section on 'Data and metrics' of this report.

It is significant that in 2017 the Brazilian insurance market reported a nominal increase of 3.2% in local currency and of 12.7% in US dollars due to the appreciation of the real, benefiting Brazilian insurers and multinational groups with subsidiaries in the country. We would also highlight the growing influence of CNP, which climbed from ninth to sixth position in the table following a 62% rise in its premium volume in dollars. The French group has been operating in Brazil since 2001 through its subsidiary Caixa Seguradora, the country's fourth largest insurance group, which in 2017 reported a 47% increase in premiums in local currency.

Another outperformer was Allianz, which managed to climb from fifteenth to twelfth in the overall ranking thanks to increased sales of auto insurance in Brazil. We would also highlight the gains made by Argentine insurance groups in the 2017 ranking. The Sancor group climbed three spots while Provincia was placed twenty fifth. Premiums in the Argentine market were up significantly in nominal terms during the year, but were actually down if we strip out the effects of inflation. Meanwhile, Talanx moved up two spots in the table in response to the healthy performance of all markets in which it operates within the region, plus its acquisition of

Generali's business in Colombia. The Italian group not only sold off its Colombian subsidiary, but also its operations in Panama and Guatemala, pushing it outside the 25 largest insurance groups operating within the region in 2017.

Market shares

As we can see from Table 1 above, Bradesco tops the table of the largest insurance groups operating in Latin America in 2017 with a market share of 8.2%, followed by (7.6%) and MAPFRE (5.8%). Compared with 2016, Brasilprev shed 1.2 percentage points in market share due to the drop in its income premium, while Bradesco and MAPFRE gained 0.5 and 0.2 percentage points, respectively.

As discussed previously, the sharp increase in premium volume in dollars plus the fact that Brazil accounts for a large part of the Latin American insurance industry has effectively pushed up the market shares of the Brazilian insurance groups, as well as other operators with significant interests in the country.

The market shares of the various groups that make up the 2017 ranking are shown in Chart 1-a, while premium value and performance over time are shown in Chart 1-b.

2. Non-Life ranking

Size and growth

The Non-Life insurance market in Latin America reported a total premium volume of 86.2 billion dollars in 2017, up 9.6% on the previous year and revealing market expansion of nearly 7.5 billion dollars in the last year. The 25 largest insurance groups operating in this market segment earned 51.7 billion dollars in premiums between them in 2017, up 4.6 billion dollars year on year (+9.8%). If we reduce the sample to the ten largest groups, revenue was up 8.6%.

With the exception of three groups, all operators saw improvements on 2016, with many operators reporting double-digit gains (see Table 2 and Chart 2-b). The main

outperformers were Tokio Marine (28.3%), Provincia (25.1%), CNP (24.8%) and Talanx (21.1%). Brazil is the main market in the region for all groups apart from Provincia and all reported solid revenue growth due to the appreciation of the local currency. In the case of German operator Talanx, premiums were also up at its Mexican business following an increase in the number of vehicles insured and higher average premiums, plus the positive impact of its acquisition of Generali's subsidiary in Colombia.

Market shares

MAPFRE topped the ranking of Non-Life insurers in 2017, both on an absolute size and market share basis, with a market share of 7.8%.

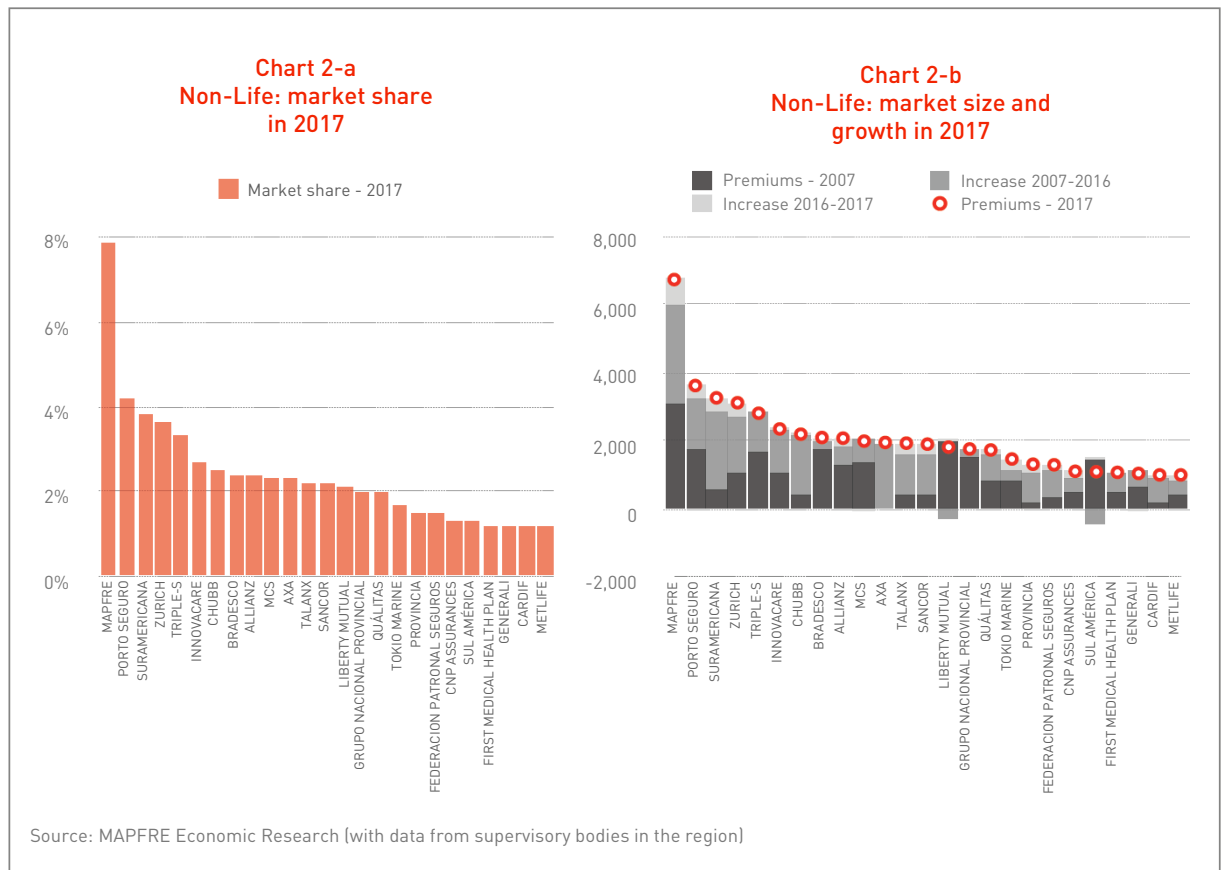


Table 2
Non-Life market: overall ranking of insurance groups in Latin America - 2017
Ranking by premium volume

No.	Group	Country	Premiums (millions of USD)					Market share - 2017 [2]*
			2007	2016	2017	Δ 2007-2016 [1]*	Δ 2016-2017 [1]*	
1	MAPFRE	Spain	3,061	5,980	6,730	2,919.2	749.9	7.8%
2	PORTO SEGURO	Brazil	1,787	3,267	3,621	1,479.8	354.3	4.2%
3	SURAMERICANA	Colombia	591	2,825	3,261	2,234.1	435.2	3.8%
4	ZURICH	Switzerland	1,033	2,662	3,116	1,628.6	454.5	3.6%
5	TRIPLE-S	Puerto Rico	1,676	2,831	2,809	1,155.1	-22.1	3.3%
6	INNOVACARE	United States	1,074	2,300	2,348	1,225.1	48.3	2.7%
7	CHUBB	Switzerland	425	2,119	2,195	1,694.3	76.0	2.5%
8	BRADESCO	Brazil	1,743	1,961	2,097	218.0	136.0	2.4%
9	ALLIANZ	Germany	1,261	1,846	2,078	585.2	231.7	2.4%
10	MCS	United States	1,355	2,063	1,991	708.9	-72.2	2.3%
11	AXA	France	2	1,923	1,952	1,920.3	29.3	2.3%
12	TALANX	Germany	441	1,597	1,932	1,156.3	334.7	2.2%
13	SANCOR	Argentina	397	1,605	1,902	1,208.1	296.6	2.2%
14	LIBERTY MUTUAL	United States	1,978	1,709	1,816	-269.0	107.1	2.1%
15	GRUPO NACIONAL PROVINCIAL	Mexico	1,545	1,736	1,761	190.5	25.2	2.0%
16	QUÁLITAS	Mexico	786	1,565	1,731	778.8	166.2	2.0%
17	TOKIO MARINE	Japan	822	1,142	1,466	320.1	323.5	1.7%
18	PROVINCIA	Argentina	190	1,050	1,314	860.6	263.6	1.5%
19	FEDERACION PATRONAL SEGUROS	Argentina	371	1,141	1,296	769.2	155.3	1.5%
20	CNP ASSURANCES	France	521	912	1,106	391.9	193.5	1.3%
21	SUL AMÉRICA	Brazil	1,454	1,029	1,093	-424.7	64.1	1.3%
22	FIRST MEDICAL HEALTH PLAN	United States	482	1,049	1,074	567.1	25.3	1.2%
23	GENERALI	Italy	615	1,089	1,043	474.2	-46.4	1.2%
24	CARDIF	France	184	907	1,000	723.1	92.7	1.2%
25	METLIFE	United States	399	821	1,000	422.3	178.6	1.2%

Total Top 10	14,005	27,854	30,245	13,848.3	2,391.7	35.1%
Total Top 25	24,193	47,130	51,731	22,937.2	4,601.0	60.0%
Total sector	53,837	78,677	86,222	24,839.4	7,545.6	100.0%
Herfindahl [3]	123.8	189.6	191.6			
Representativeness of Top 10 [%]	26.0	35.4	35.1			
Representativeness of Top 25 [%]	44.9	59.9	60.0			

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

* See section on "Data and metrics" of this report.

almost double the share of the second placed company in the ranking (Porto Seguro, with a share of 4.2%) and up 0.2 percentage points on its showing in last year's ranking. Notably, most participants in the Non-Life insurance segment have a market share within 2% of the average market share in the ranking.

A total of twelve groups managed to increase their market share, while ten groups saw a reduction in their share and the three remaining groups were unchanged in comparison with the previous year. The biggest climbers were CNP, which entered this year's rankings in

twentieth place, and Provincia which moved up four places. It is also significant that the market share has declined at most groups operating mainly in the Health insurance segment in Puerto Rico (Triple-S, Innovacare, MCS and First Medical Health Plan) since the performance of that business line was flat in 2017.

The market shares of the various groups that make up the 2017 ranking for the Non-Life segment are shown in Chart 2-a, while premium value and performance over time are shown in Chart 2-b.

3. Life ranking

Size and growth

The Life insurance market in Latin America amounted to 72.3 billion dollars at December 2017, up 8.9% (5.9 billion dollars) on the previous year. Brazilian insurers lead this market segment, with a combined premium volume of over a third of the total market and more than 50% of the business volume of the 25 largest insurers in the region. These figures can be added to the premium volume of the various multinational insurance groups with subsidiaries in Brazil, all of which made sizable gains in 2017 due to the growth in this business and the appreciation of the Brazilian real.

The biggest change in premiums compared to the previous year took place at CNP, which saw

its premiums rise by 72.1% (1.9 billion dollars), and at Brazilian group Itaú, where premiums were up 69.5% (313 million dollars). Meanwhile, at Brasilprev (the largest Life insurance group in the region) premium volume was down 804 million dollars (-6.3% vs. 2016), despite having reported the biggest growth in the previous year (see Table 3).

Market shares

The 25 largest insurance groups accounted for 82.9% of the regional Life insurance market in 2017, with a particularly notable concentration of market share among the three leading insurance groups (41.3%), which have roughly the same combined share as the rest of the sample in the ranking (41.6%). Among these, and as mentioned previously, the Brazilian Life Saving insurance

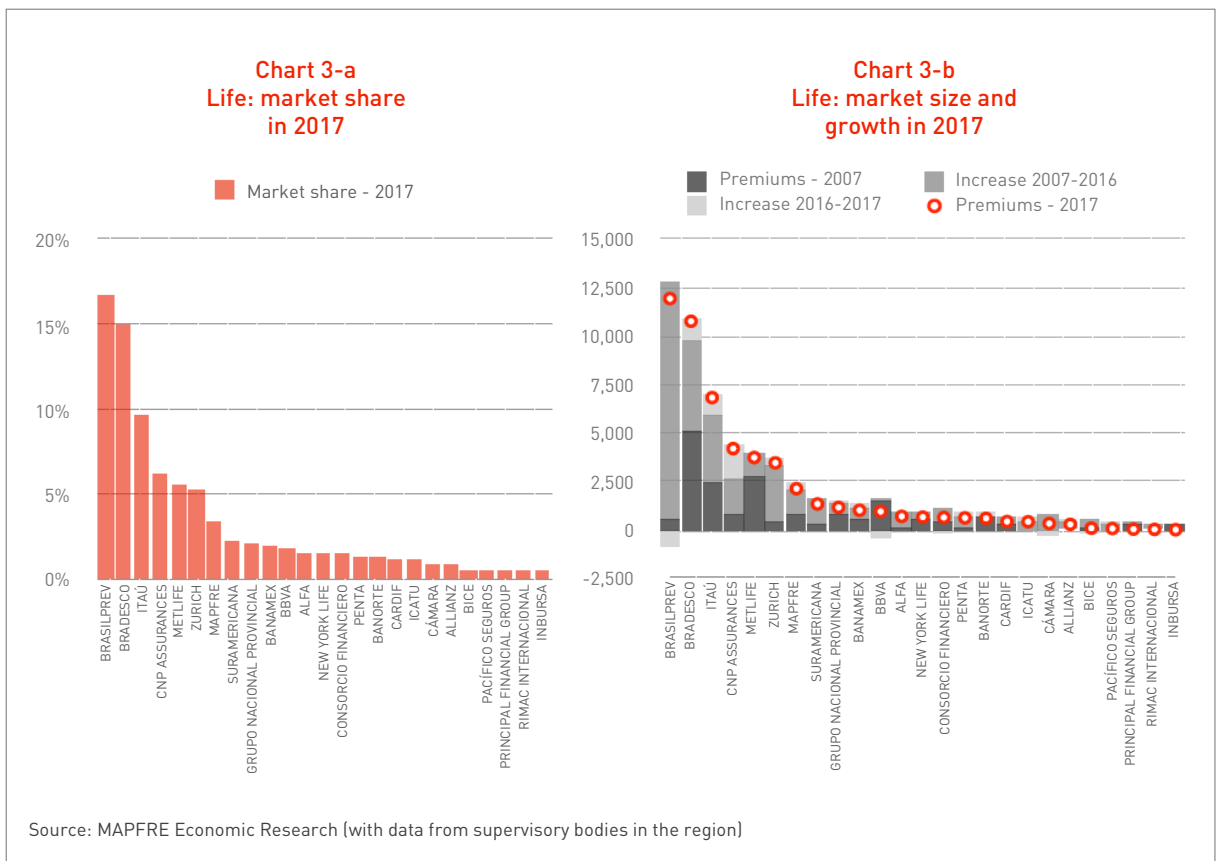


Table 3
Life market: overall ranking of insurance groups in Latin America - 2017
Ranking by premium volume

No.	Group	Country	Premiums (millions of USD)					Market share - 2017 [2]*
			2007	2016	2017	Δ 2007-2016 [1]*	Δ 2016-2017 [1]*	
1	BRASILPREV ¹	Brazil	524	12,795	11,992	12,271.1	-803.7	16.6%
2	BRASESCO	Brazil	5,036	9,701	10,851	4,665.9	1,149.3	15.0%
3	ITAÚ	Brazil	2,452	5,860	7,008	3,407.6	1,148.4	9.7%
4	CNP ASSURANCES	France	776	2,581	4,442	1,805.0	1,860.5	6.1%
5	METLIFE	United States	2,828	4,009	3,993	1,181.3	-16.7	5.5%
6	ZURICH	Switzerland	376	3,322	3,725	2,946.1	402.8	5.2%
7	MAPFRE	Spain	872	2,116	2,425	1,244.2	308.7	3.4%
8	SURAMERICANA	Colombia	270	1,644	1,656	1,373.7	12.3	2.3%
9	GRUPO NACIONAL PROVINCIAL	Mexico	823	1,325	1,482	501.4	157.7	2.1%
10	BANAMEX	United States	591	1,107	1,338	516.6	231.2	1.9%
11	BBVA	Spain	1,461	1,643	1,274	181.9	-368.7	1.8%
12	ALFA	Colombia	164	920	1,033	756.1	113.0	1.4%
13	NEW YORK LIFE	United States	604	1,042	994	438.1	-48.3	1.4%
14	CONSORCIO FINANCIERO	Chile	384	1,156	977	772.6	-179.7	1.4%
15	PENTA	Chile	196	747	957	550.7	210.5	1.3%
16	BANORTE	Mexico	645	729	934	84.3	204.7	1.3%
17	CARDIF	France	293	657	772	364.0	115.0	1.1%
18	ICATU	Brazil	0	450	763	450.4	313.0	1.1%
19	CÁMARA	Chile	0	865	672	864.6	-192.9	0.9%
20	ALLIANZ	Germany	115	428	629	312.6	201.1	0.9%
21	BICE	Chile	210	540	438	330.4	-102.5	0.6%
22	PACÍFICO SEGUROS	Peru	0	339	420	338.6	81.1	0.6%
23	PRINCIPAL FINANCIAL GROUP	United States	268	410	389	141.1	-20.9	0.5%
24	RIMAC INTERNACIONAL	Peru	119	333	376	213.9	43.6	0.5%
25	INBURSA	Mexico	344	354	360	10.1	5.6	0.5%

Total Top 10	14,549	44,462	48,912	29,912.8	4,450.5	67.7%
Total Top 25	19,352	55,074	59,900	35,722.3	4,825.1	82.9%
Total sector	31,343	66,358	72,294	35,014.7	5,936.7	100.0%
Herfindahl [3]	465.4	784.7	731.0			
Representativeness of Top 10 (%)	46.4	67.0	67.7			
Representativeness of Top 25 (%)	61.7	83.0	82.9			

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

¹ Owned by Banco de Brasil and Principal Financial Group

* See section on "Data and metrics" of this report.

groups account for more than one third of the market, showing the importance of the insurance industry within the wider context of the welfare system. Leading the pack is Brasilprev, with a market share of over 16%.

Aside from the Brazilian insurance market, the performance of the Life insurance business in Mexico, Chile and Colombia is also highly relevant, these being the other main markets for Life insurance in Latin America. There, the segment turned in a positive performance in dollars across all three countries, although the Chilean market was down in local currency. The main outperformer was Colombia (17%), while the other two countries reported premium growth of below 2%.

The top three positions in the table are therefore unchanged versus 2016 (Brasilprev, Bradesco and Itaú), while moving down the table we can observe various shifts of one or two positions among the other competitors (see Table 3). We can also spot two new entries in 2017, with Peruvian groups Pacífico Seguros and Rimac Internacional joining the ranking at twenty-second and twenty-fourth place, respectively. This can be explained by the healthy performance of Life insurance premiums in Peru, which were up 8.5% in dollars.

The market shares of the various groups that make up the 2017 ranking for the Life segment are shown in Chart 3-a, while premium value and performance over time are shown in Chart 3-b.

4. Analysis of market concentration

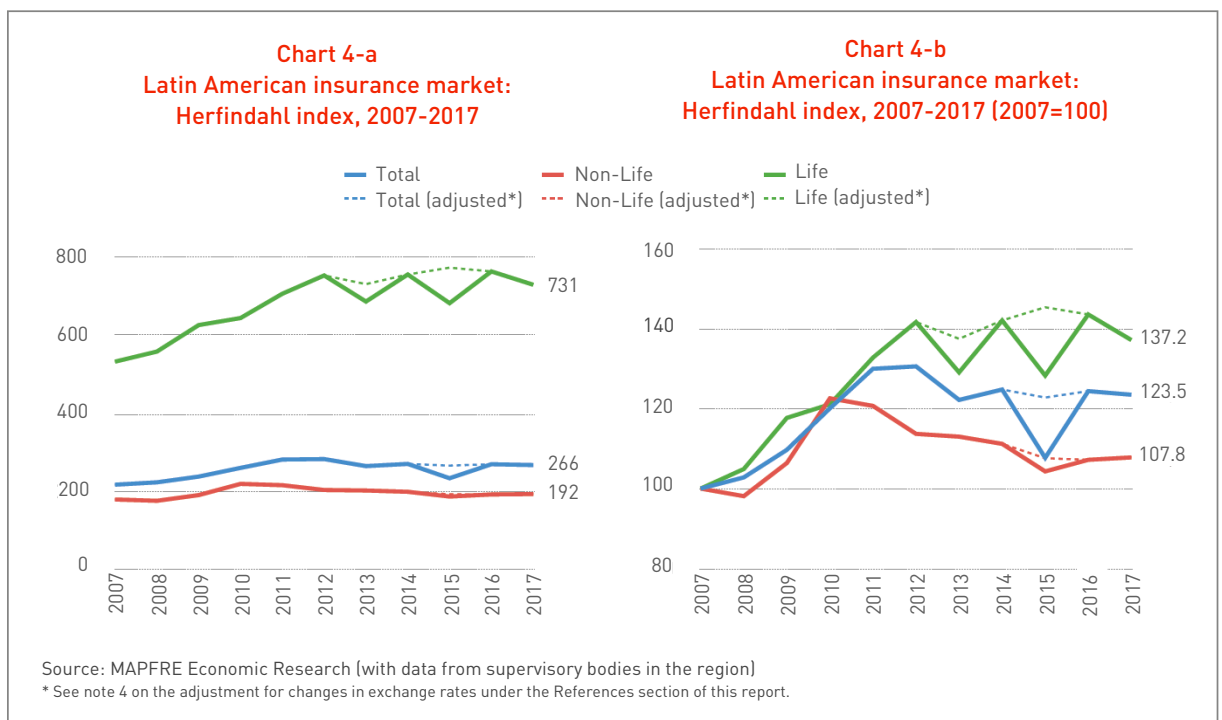
Overview

As in last year's report, we have conducted our analysis of the levels of concentration within the Latin American insurance industry by using the rankings of insurance groups published from 2007 to 2017. Our calculations are based on the average exchange rate for each year³.

As can be seen in Chart 4-a, concentration is low within the Latin American insurance industry. The Herfindahl (H) index for 2017 places the sector within the category of an unconcentrated industry ($100 \leq H=266.4 \leq 1500$). This shows, on the one hand, a highly competitive Non-Life business ($100 \approx H=191.6$) and, on the other, a Life segment, which, while hardly concentrated ($100 \leq H=731.0 \leq 1500$), has an index value nearly four times higher than the value observed for the Non-Life business⁴.

The current landscape (low overall market concentration, but notable differences between the level of concentration in the Life and Non-Life segments) appears to be the product of secular trends in the development of the insurance industry within the region, showing that growth within the Life insurance segment is still in its early stages when compared with the Non-Life segment.

It is significant that the Life segment, though hardly concentrated in 2007 ($H=532.8$), already showed a higher concentration index than the Non-Life segment ($H=177.7$). Furthermore, Life insurance has seen five-times faster rates of growth over the last ten years than Non-Life on the path to closing the insurance gap. Concentration in the Life market segment grew by 37.2% between 2007 and 2017, while in the Non-Life business it gained only 7.8%. Both trends mean that the overall insurance business registered an increase in concentration of around 23.5% over the ten-year period now under analysis (see Chart 4-b).



Historical figures and past performance suggest that the Latin American insurance business is broadly characterized by a low degree of concentration, albeit increasing over the last ten years (23.5%). This rise has been driven mainly by an increase in concentration in the Life segment of the insurance market. While hardly a concentrated industry (indicators place it will below this threshold), it is almost four times less competitive than the Non-Life business.

The main factors explaining these developments in both segments of the insurance market are widely known: in terms of the Life insurance business, the *Vida Gerador de Benefícios Livres* (VGBL) product, which is sold on the Brazilian market, has been the driving force behind growth in Life insurance across the region in recent years. Sales of this product are partly responsible for the fact that the main Brazilian bankassurance companies all rank among the top ten insurers in Latin America. However, we witnessed a reduction in the concentration of the Life

insurance business (-3.2 percentage points in 2017, which had much to do with the drop in premium volume reported by the leader of the Life table, which is one of the main insurers of VGBL plans.

Total market

In 2017, we observed a reduction in the disparity between the size of the total market and the size of the largest insurance groups when compared with previous years, while levels of concentration within the Latin American insurance industry have remained virtually unchanged (the Herfindahl index was 266.4, comfortably within the range of an unconcentrated industry based on observed concentration indicators for the region).

The combined market share of Bradesco, Brasilprev and MAPFRE accounted for two thirds of the next 12 groups in the ranking. This means that these three companies alone contributed significantly to the overall market, with Brasilprev making the largest

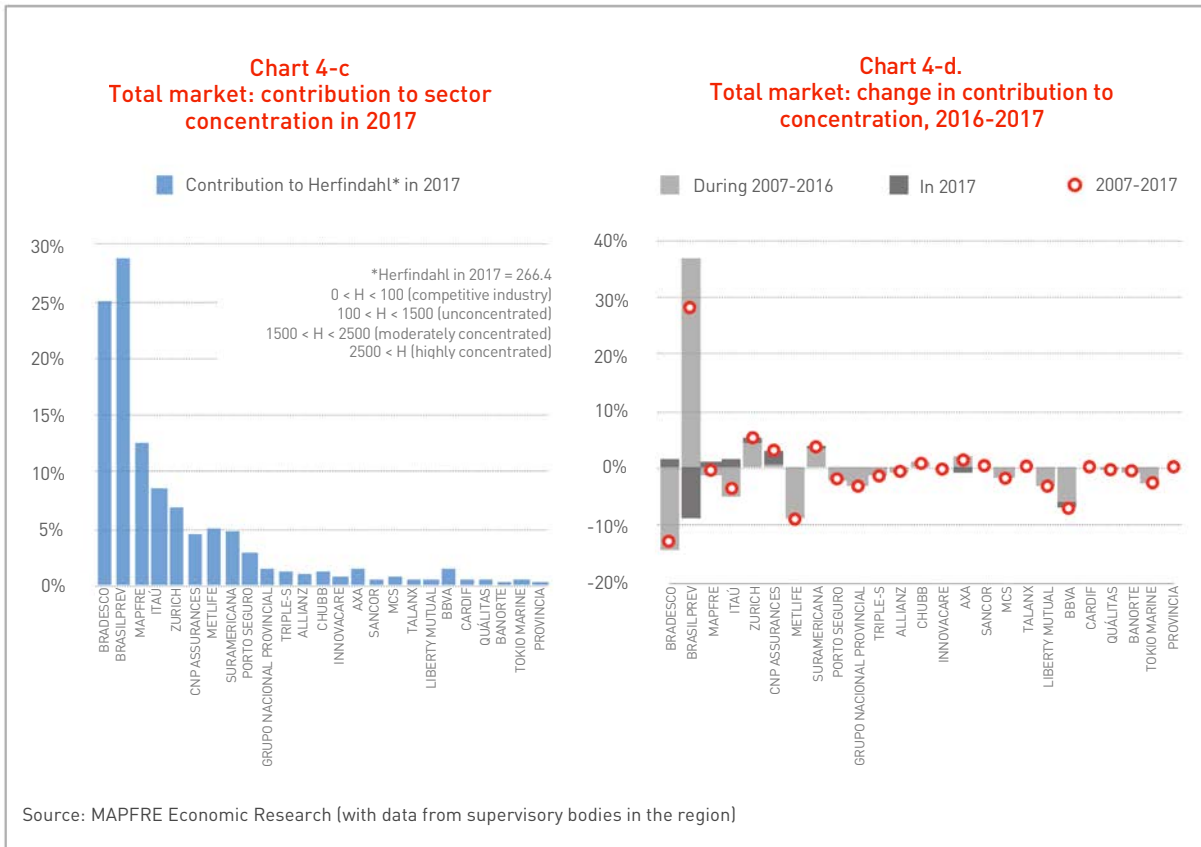


Table 4-a
Total market: overall ranking of insurance groups in Latin America - 2017
 Contribution to the Herfindahl index

No.	Group	Country	Market share - 2017 [2]*	Herfindahl cont. 2017 [4]*	%Δ Herfindahl cont. 2007-2017 [5]*	%Δ Herfindahl cont. 2016-2017 [5]*	%Δ Herfindahl cont. 2007-2016 [5]*
1	BRDESCO	Brazil	8.2%	25.1%	-12.8%	1.5%	-14.3%
2	BRASILPREV ¹	Brazil	7.6%	28.7%	28.3%	-8.5%	36.8%
3	MAPFRE	Spain	5.8%	12.5%	-0.3%	1.1%	-1.4%
4	ITAÚ	Brazil	4.8%	8.6%	-3.5%	1.5%	-5.0%
5	ZURICH	Switzerland	4.3%	7.0%	5.4%	0.8%	4.6%
6	CNP ASSURANCES	France	3.5%	4.6%	3.2%	2.5%	0.7%
7	METLIFE	United States	3.1%	5.0%	-8.9%	-0.3%	-8.5%
8	SURAMERICANA	Colombia	3.1%	4.8%	3.8%	0.3%	3.6%
9	PORTO SEGURO	Brazil	2.5%	3.0%	-1.8%	0.3%	-2.1%
10	GRUPO NACIONAL PROVINCIAL	Mexico	2.0%	1.6%	-3.1%	-0.1%	-3.0%
11	TRIPLE-S	Puerto Rico	1.8%	1.3%	-1.3%	-0.2%	-1.0%
12	ALLIANZ	Germany	1.7%	1.1%	-0.5%	0.2%	-0.7%
13	CHUBB	Switzerland	1.5%	1.2%	0.9%	-0.2%	1.0%
14	INNOVACARE	United States	1.5%	0.8%	-0.1%	-0.1%	0.0%
15	AXA	France	1.4%	1.5%	1.5%	-0.5%	1.9%
16	SANCOR	Argentina	1.3%	0.6%	0.5%	0.1%	0.4%
17	MCS	United States	1.3%	0.8%	-1.7%	-0.2%	-1.5%
18	TALANX	Germany	1.2%	0.6%	0.4%	0.1%	0.3%
19	LIBERTY MUTUAL	United States	1.2%	0.6%	-3.1%	0.0%	-3.0%
20	BBVA	Spain	1.1%	1.4%	-7.0%	-1.2%	-5.8%
21	CARDIF	France	1.1%	0.5%	0.3%	0.0%	0.2%
22	QUÁLITAS	Mexico	1.1%	0.6%	-0.2%	0.0%	-0.3%
23	BANORTE	Mexico	1.0%	0.4%	-0.4%	0.1%	-0.5%
24	TOKIO MARINE	Japan	1.0%	0.5%	-2.5%	0.1%	-2.6%
25	PROVINCIA	Argentina	0.9%	0.3%	0.3%	0.1%	0.2%
Total Top 10			44.9%	100.9%	10.4%	-1.0%	11.3%
Total Top 25			64.1%	113.0%	-2.6%	-2.5%	-0.1%
Total sector			100.0%				

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

¹ Owned by Banco de Brasil and Principal Financial Group

* See section on 'Data and metrics' of this report.

contribution to concentration of 28.7%; however, the group has seen its contribution to concentration decline by nearly 8.5% since last year, whereas Bradesco and MAPFRE have managed to increase their contribution by 1.5% and 1.1%, respectively (see Table 4-a and Charts 4-c and 4-d).

Non-Life

The leader of the Non-Life ranking in 2017, namely MAPFRE, gained nearly 750 million dollars in size while its competitors reported more muted growth. Premium growth at MAPFRE matched the combined growth reported by its two closest competitors (Porto Seguro and Suramericana), once again pushing up its contribution (+1.3%) to levels of concentration within the industry (see Table 4-b and Charts 4-e and 4-f). Thus, MAPFRE accounts for 31.8% of the total concentration shown by the Herfindahl index for the Non-Life business in 2017, almost as much as its four nearest competitors combined. The increase in premium volume can also be explained by this group's significant involvement in the Brazilian

insurance market (benefiting from the growth of the industry and from the appreciation of the local currency), and also by the renewal of the biennial premium at Petróleos Mexicanos (PEMEX).

It is significant that the previously mentioned shift in market shares within the Non-Life insurance segment in Latin America has had a relatively limited quantitative impact on the concentration of this segment (the industry has remained essentially stable and qualifies as a competitive industry according to the Herfindahl index, $H=191.6$); however, it has been more important in qualitative terms since concentration has shifted from companies in the highest echelons of the ranking to companies occupying notably lower percentiles (Chubb is seventh and Quálitas sixteenth in the ranking), meaning that overall concentration remained broadly unchanged between 2016 and 2017. It is notable that most insurers featured on the Non-Life table have seen a reduction in their contribution to market concentration over the last ten years, while the leader increased its contribution up until 2016 (when it dipped by some 6%) before once again turning in a positive performance in 2017 (+1.3%).

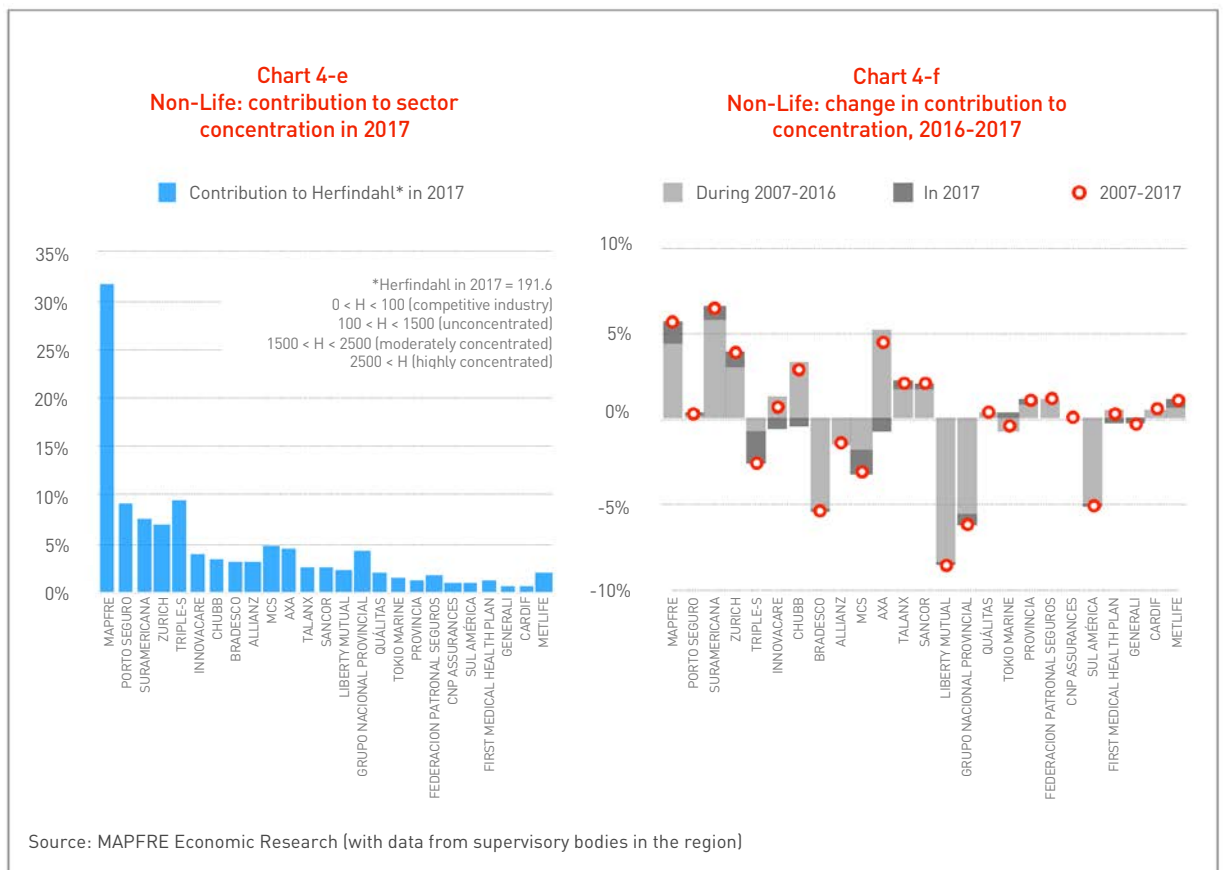


Table 4-b
 Non-Life market: overall ranking of insurance groups in Latin America - 2016
 Contribution to the Herfindahl index

No.	Group	Country	Market share - 2017 [2]*	Herfindahl cont. 2017 [4]*	%Δ Herfindahl cont. 2007-2017 [5]*	%Δ Herfindahl cont. 2016-2017 [5]*	%Δ Herfindahl cont. 2007-2016 [5]*
1	MAPFRE	Spain	7.8%	31.8%	5.7%	1.3%	4.4%
2	PORTO SEGURO	Brazil	4.2%	9.2%	0.3%	0.1%	0.2%
3	SURAMERICANA	Colombia	3.8%	7.5%	6.5%	0.7%	5.9%
4	ZURICH	Switzerland	3.6%	6.9%	3.9%	0.8%	3.1%
5	TRIPLE-S	Puerto Rico	3.3%	9.4%	-2.6%	-1.9%	-0.7%
6	INNOVACARE	United States	2.7%	3.9%	0.7%	-0.6%	1.3%
7	CHUBB	Switzerland	2.5%	3.4%	2.9%	-0.4%	3.3%
8	BRADESCO	Brazil	2.4%	3.1%	-5.4%	-0.2%	-5.2%
9	ALLIANZ	Germany	2.4%	3.1%	-1.4%	0.1%	-1.5%
10	MCS	United States	2.3%	4.7%	-3.1%	-1.3%	-1.9%
11	AXA	France	2.3%	4.5%	4.5%	-0.7%	5.2%
12	TALANX	Germany	2.2%	2.7%	2.1%	0.5%	1.7%
13	SANCOR	Argentina	2.2%	2.5%	2.1%	0.3%	1.8%
14	LIBERTY MUTUAL	United States	2.1%	2.3%	-8.6%	-0.2%	-8.4%
15	GRUPO NACIONAL PROVINCIAL	Mexico	2.0%	4.2%	-6.2%	-0.6%	-5.6%
16	QUÁLITAS	Mexico	2.0%	2.1%	0.4%	0.0%	0.4%
17	TOKIO MARINE	Japan	1.7%	1.5%	-0.4%	0.4%	-0.8%
18	PROVINCIA	Argentina	1.5%	1.2%	1.1%	0.3%	0.9%
19	FEDERACION PATRONAL SEGUROS	Argentina	1.5%	1.7%	1.2%	0.1%	1.1%
20	CNP ASSURANCES	France	1.3%	0.9%	0.1%	0.1%	0.0%
21	SUL AMÉRICA	Brazil	1.3%	0.9%	-5.1%	-0.1%	-5.0%
22	FIRST MEDICAL HEALTH PLAN	United States	1.2%	1.2%	0.3%	-0.2%	0.5%
23	GENERALI	Italy	1.2%	0.8%	-0.3%	-0.2%	0.0%
24	CARDIF	France	1.2%	0.7%	0.6%	0.0%	0.6%
25	METLIFE	United States	1.2%	2.0%	1.1%	0.4%	0.7%

Total Top 10	35.1%	83.0%	7.4%	-1.4%	8.8%
Total Top 25	60.0%	112.2%	0.5%	-1.1%	1.6%
Total sector	100.0%				

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

* See section on 'Data and metrics' of this report.

Life

While the Latin American Life insurance market can hardly be called a concentrated market (Herfindahl index value of H=731.0, below the moderately concentrated threshold of H=1500), concentration within this segment is a far cry from the near perfect competition that can be observed in the Non-Life segment. Significantly, concentration within the Life market is four times higher than in the Non-Life market.

As discussed previously, the moderately high value (though within the low concentration for this market segment) is clearly down to the effect of the big three insurance groups in Brazil (Brasilprev, Bradesco and Itaú). Together, these groups account for 81.3% of market concentration in the region, while the twelve following groups are able to muster only 24.4% and the last ten represent 2.9% (see Table 4-c and Charts 4-g and 4-h).

The steady increase in Brasilprev's contribution to market concentration over the last ten years

is particularly noteworthy. Its current premium volume was built up almost entirely over the 2007-2016 cycle, during which its premiums rose by some 12.3 billion dollars, followed by a significant slowdown (-803.7 million dollars) in 2017. This strong secular growth has been replicated by Bradesco and Itaú, which increased their premiums by 4.7 and 3.4 billion dollars, respectively, between 2007 and 2016 and then continued to expand in 2017, unlike Brasilprev (Table 3 and Chart 3-b).

This premium growth explains the reduction in Brasilprev's contribution to total concentration within the insurance industry. Table 4-c and Chart 4-g show how the 12.3-billion-dollar premium growth at Brasilprev, as discussed previously, pushed its immediate rival (Bradesco) into second place. While Brasilprev now contributes slightly less to total concentration within the market (having earned three times as much as Bradesco), this slight slump has not been enough to buck the secular trend in Brasilprev's dominant earnings concentration over the last ten years (Chart 4-h).

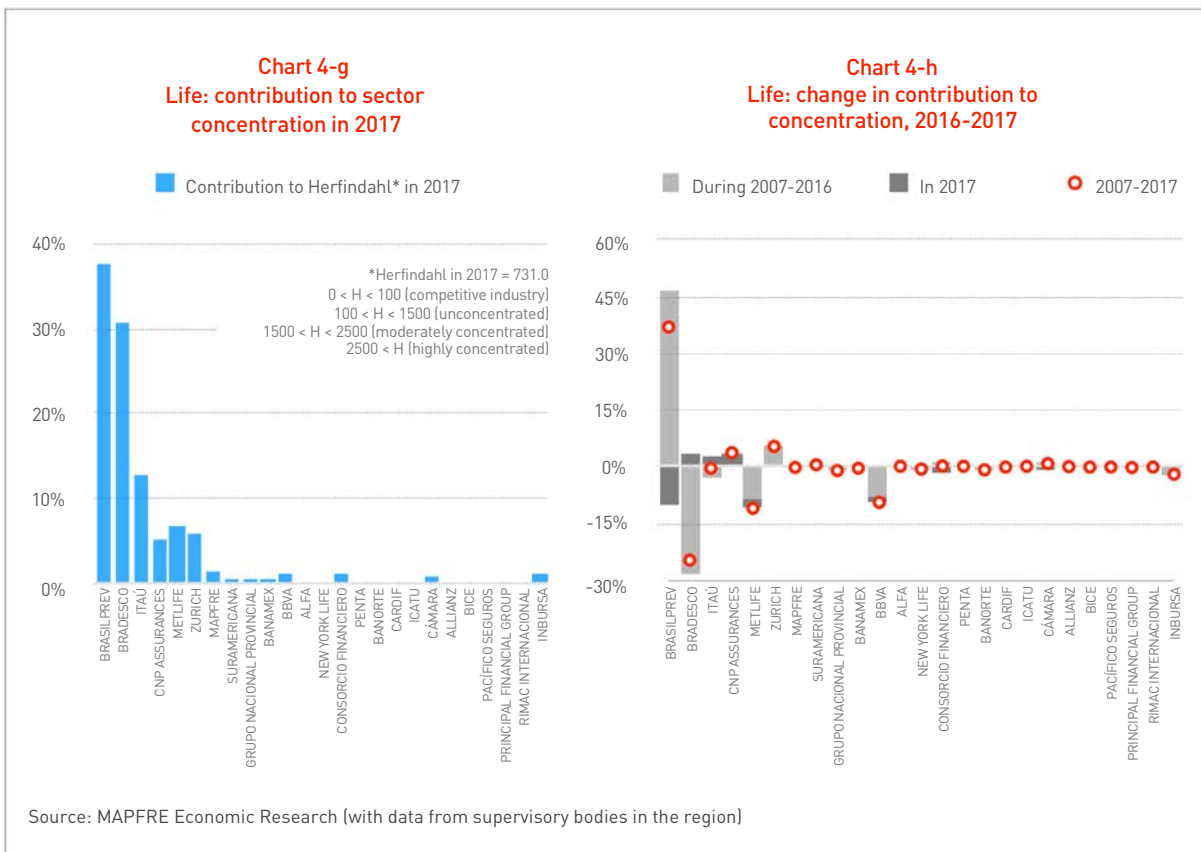


Table 4-c
Non-Life market: overall ranking of insurance groups in Latin America - 2016
 Contribution to the Herfindahl index

No.	Group	Country	Market share - 2017 [2]*	Herfindahl cont. 2017 [4]*	%Δ Herfindahl cont. 2007-2017 [5]*	%Δ Herfindahl cont. 2016-2017 [5]*	%Δ Herfindahl cont. 2007-2016 [5]*
1	BRASILPREV ¹	Brazil	16.6%	37.6%	37.0%	-9.7%	46.8%
2	BRASESCO	Brazil	15.0%	30.8%	-24.6%	3.6%	-28.2%
3	ITAÚ	Brazil	9.7%	12.9%	-0.3%	2.9%	-3.2%
4	CNP ASSURANCES	France	6.1%	5.2%	3.8%	3.2%	0.6%
5	METLIFE	United States	5.5%	6.7%	-10.9%	-2.1%	-8.8%
6	ZURICH	Switzerland	5.2%	5.8%	5.5%	-0.2%	5.8%
7	MAPFRE	Spain	3.4%	1.5%	-0.1%	0.2%	-0.4%
8	SURAMERICANA	Colombia	2.3%	0.7%	0.6%	-0.1%	0.6%
9	GRUPO NACIONAL PROVINCIAL	Mexico	2.1%	0.6%	-0.9%	0.1%	-1.0%
10	BANAMEX	United States	1.9%	0.5%	-0.3%	0.1%	-0.4%
11	BBVA	Spain	1.8%	1.3%	-9.3%	-1.7%	-7.5%
12	ALFA	Colombia	1.4%	0.3%	0.2%	0.0%	0.2%
13	NEW YORK LIFE	United States	1.4%	0.3%	-0.5%	-0.1%	-0.5%
14	CONSORCIO FINANCIERO	Chile	1.4%	1.3%	0.3%	-1.2%	1.5%
15	PENTA	Chile	1.3%	0.2%	0.2%	0.1%	0.1%
16	BANORTE	Mexico	1.3%	0.2%	-0.7%	0.1%	-0.8%
17	CARDIF	France	1.1%	0.2%	0.0%	0.0%	-0.1%
18	ICATU	Brazil	1.1%	0.2%	0.2%	0.1%	0.1%
19	CÁMARA	Chile	0.9%	0.9%	0.9%	-0.7%	1.6%
20	ALLIANZ	Germany	0.9%	0.1%	0.1%	0.1%	0.0%
21	BICE	Chile	0.6%	0.1%	0.0%	-0.1%	0.1%
22	PACÍFICO SEGUROS	Peru	0.6%	0.0%	0.0%	0.0%	0.0%
23	PRINCIPAL FINANCIAL GROUP	United States	0.5%	0.0%	-0.1%	0.0%	-0.1%
24	RIMAC INTERNACIONAL	Peru	0.5%	0.0%	0.0%	0.0%	0.0%
25	INBURSA	Mexico	0.5%	1.2%	-1.9%	0.0%	-1.9%

Total Top 10	67.7%	102.3%	9.8%	-2.0%	11.8%
Total Top 25	82.9%	108.6%	-1.0%	-5.4%	4.4%
Total sector	100.0%				

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

¹ Owned by Banco de Brasil and Principal Financial Group

* See section on 'Data and metrics' of this report.

Data and metrics

Data sources

As in previous reports, these rankings are based on the data released by the insurance supervisory bodies operating in the different countries across Latin America for each respective market⁵ (preliminary data for Puerto Rico). The premium volume for each group represents the sum of all premiums issued relating to direct insurance in each country. Mergers and acquisitions announced over the course of 2017 were also taken into account when calculating the data.

Sample

For all years in which the rankings have been published (from 2007 to 2017), the sample has comprised the 25 largest insurance groups operating in Latin America for both the Life and Non-Life segments. These insurance groups account for 64% of the Latin American insurance market, 60% of the Non-Life segment and 83% of the Life insurance market. The samples are therefore representative of the total population given that the sampling error is 0.2% and 0.4% in the Non-Life and Life markets, respectively, and 0.3% in the overall market; negligible errors with 95% confidence. Accordingly, the conclusions reached regarding the overall insurance market in Latin America can be generalized with a high degree of confidence.

Intertemporal comparability

We have conducted our dynamic analysis assuming a constant sample of participants over time. After obtaining the ranking by premium volume for the current year (2017), the same information was located for each group making up the ranking in 2016 and 2007. This enables the changes in each of the participants under analysis to be reviewed up to their present position in the table.

However, our analysis also raised two issues which, while of relatively minor importance,

become more significant the further back in time we look. The first of these is that in certain cases the groups included in our current ranking did not form part of the ranking ten years ago. This has a minor impact when comparing actual concentration to the analytical equivalent in both samples (actual 2007 ranking vs. 2007 ranking-equivalent of the analysis). The second issue is that in certain cases a number of groups did not exist in the actual 2007 sample because they began operating at a later date, as is the case with Chilean group Cámara, which began operations in 2009, or Axa, which was operating in Puerto Rico only in 2007 and it was not until 2008 when it began to expand across Latin America with the acquisition of ING Seguros in Mexico.

Metrics⁶

One of the aims of the analysis included in this issue of the ranking is to help readers understand the structure of the insurance industry in Latin America, the distribution of weight among market players and levels of concentration. This can be analyzed from a purely static perspective (with a ranking of size based on premiums) and also from a dynamic perspective, which provides a wider view of changes in concentration and how each of the groups included in the ranking have contributed to this process.

Thus, the **gross weight** (corresponding to point [1]) of each participant in the ranking was measured according to the size of their premiums in US dollars at the current date, in this case 2017, and at two previous points in time, specifically 2007 and 2016. This provides a perspective on the historic changes in premiums ($\Delta 2007-2016$ and $\Delta 2016-2017$) up to the present day, thus drawing a distinction between secular changes over the last ten years (i.e. trends) and changes in the last year alone, which are more closely linked to the economic cycle.

Once the premium value in dollar terms was obtained for these years, each participant's **market share** was calculated (shown under point [2] in the tables). These shares are regional and are, as such, the aggregation of premiums in different currencies that are then converted into dollars. Regional shares are needed to calculate the market concentration index.

Market concentration [3] was calculated using the Herfindahl index, which is the sum of the squared regional shares $[H = \sum_{n=1}^{25} (share_n)^2]$. The index is higher when there are a smaller number of players with large shares (which increases the degree of concentration) and lower when the number of participants increases and the shares are better distributed among them (reducing the degree of concentration). The Herfindahl index requires a certain degree of confidence regarding the population under analysis. In this case the index was considered appropriate given that the representation error in the analysis is 0.2% overall at 95% confidence (0.3% at 99.9% confidence). Had we not had this level of confidence in the sample (such as if there had been a notably lower level of representativeness of the ranking), we would have needed to apply percentile concentration criteria such as the Concentration Ratio (CR), which would have ruled out any attempt to draw conclusions about the overall population.

The Herfindahl index provides a view of overall concentration for all elements of the sample; however, to determine the **market power** of each participant in the ranking, it is necessary to calculate their **contribution to concentration in accordance with the Herfindahl index** (corresponding to point [4]), which is measured as the contribution ratio of each group to the index.

Lastly, market power also depends on historical and cyclical developments in the growth of each of the participant's operations. Above market growth in market shares leads to greater levels of concentration. Therefore, we needed to review **changes over time in each group's share in concentration** (corresponding to point [5]) in order to distinguish secular trends from those related to the economic cycle or exchange rate.

Specificities

As in previous editions of this report, in Brazil the study did not consider contributions made by private retirement plans, health insurance premiums (under the control of the Agência Nacional de Saúde Suplementar (ANS)), or Capitalization premiums; however, the study did consider Life annuity premiums and pension fund insurance premiums in Argentina and pension fund insurance premiums in Mexico (in both cases managed by insurance companies).

Lastly, we used the average annual exchange rate to convert data from other currencies to dollars. In the case of Venezuela, we employed the year-end exchange rate under the terms of International Accounting Standard 29, according to which the financial statements of a company that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date, whether the financial statements are based on an historical cost or current cost approach. Growth rates were calculated on income in dollars.

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1/ The changes introduced in last year's report have been maintained. For example, the incorporation of welfare insurance premiums in Life, and Death and Health insurance in Non-Life, reporting in US dollars instead of euros, and consistency with international accounting standards.

2/ This increase is the result of calculating total premiums in 2016 for the same 25 insurance groups that made up the Top 25 in the 2017 ranking (101.6 billion dollars) and does not necessarily coincide with the ranking of the Top 25 obtained in the previous year (which amounted to 92.5 billion dollars). This is to ensure intertemporal comparability, as explained in the "Data and metrics" appendix to this report.

3/ In the case of Venezuela, we used the year-end exchange rate under the terms of International Accounting Standard 29, according to which the financial statements of a company that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date, whether the financial statements are based on an historical cost or current cost approach.

4/ Due to the methodology employed, changes in the Herfindahl index of concentration in the Latin American insurance market are a product of fluctuating exchange rates in local currencies versus the US dollar. This effect is particularly significant between 2012-2013 and 2014-2015. In the latter case, let us just say that in 2015 alone the Brazilian real lost an average of 41% in value. As a result, the Top 3 insurance groups in the Life table (Brasilprev, Bradesco and Itaú) all suffered a marked reduction in their market shares in dollars, triggering a drop in the Herfindahl index. According to our estimates, this foreign exchange effect cost the big players in the Life market some 11 billion dollars in Life premiums in 2015. This dynamic also affects the total measurement of the Herfindahl index (based on the relative weight of the Life business to the total market), showing similar levels of volatility during the periods just mentioned.

5/ This report contains data for the following Latin American markets: Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Dominican Republic, Puerto Rico, Colombia, Venezuela, Brazil, Ecuador, Peru, Bolivia, Chile, Paraguay, Argentina and Uruguay.

6/ These metrics have been used in Tables 1, 2, 3, 4-a, 4-b and 4-c of this report and also in the graphical depictions of those tables (Charts 1-a, 1-b, 2-a, 2-b, 3-a, 3-b, 4-c, 4-d, 4-e, 4-f, 4-g and 4-h).

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