Fundación MAPFRE

2019 RANKING OF INSURANCE GROUPS IN LATIN AMERICA

MAPFRE Economics

Ranking of insurance groups in Latin America 2019

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MAPFRE Economics

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Presentation

The *Ranking of insurance groups in Latin America* for 2019, as in its previous editions, ranks the various insurance groups operating in that region by premium volume. This report aims to provide a dynamic view of how the main insurance market agents have performed, focusing on both growth and contribution to concentration levels. A dynamic overview of performance metrics for the main insurance groups operating in Latin America is thus provided for 2009–2019. Furthermore, in order to distinguish trends from specific moments, the analysis has been divided into the dynamics observed throughout the decade and the specific dynamics recorded during the last year.

The analysis showed that the Latin American insurance industry grew moderately in 2019 (1.7%), driven by performance in the Life line, which grew by 5.1%, while the Non-Life segment slowed by -1.0%. Among other occurrences, the Life line benefited from growth in local currency and in dollars in Brazil and Mexico, which together account for 74.6% of the regional market in that segment. It should be noted that Life line growth in 2019 was hampered by the effect of exchange rates, especially in Brazil due to its significant share in this market. Even so, the growth of Brazilian insurance groups specializing in Life insurance has widened the gap with those behind them in the ranking, causing further concentration in this sector (with a Herfindahl index of 596.3 in 2019 vs. 570.4 in 2018).

Concentration remained minimal in the Non-Life segment (with a Herfindahl index of 208.3 in 2019 vs. 198.4 in 2018), which contributed to low concentration for the region's insurance industry as a whole (with a Herfindahl index of 247.2 in 2019 vs. 231.5 in 2018) and standing at just one third of the relative concentration observed in the Life segment.

MAPFRE Economics

1. Overall ranking

Size and growth

Until the crisis caused by the COVID-19 pandemic began, the global slowdown in activity was characterized by convergence between economies, with central banks setting the pace of synchrony: The United States, Japan and the eurozone in favor of economic stimulus and, as a result, many emerging economies (especially in Latin America) gradually converging toward lax monetary policies. Although global activity slowed, an economic recovery was expected in 2020 spearheaded by emerging markets in response to the global monetary shift and with less pressure on depreciation on their currencies. Today, however, this expectation has been shattered by the crisis caused by lockdown and social distancing measures implemented by governments around the world in order to tackle the pandemic.

In Latin America, except for Nicaragua and Panama, all of the region's other insurance markets performed positively in 2019, with a nominal increase in local currency of 36.3% in Argentina, 19.7% in Uruguay, 11.4% in Brazil and 11.1% in Mexico. Additionally, this growth in total premium volume was balanced by growth in both the Life and Non-Life segments. However, the growth in premium volume valued in US dollars (USD) differs from the general growth in local currency discussed above. Thus, not only was there a market downturn in USD in Nicaragua (-8.9%), but also in Panama (-0.1%), Colombia (-0.6%), Venezuela (-0.7%), Honduras (-2.0%), Paraguay (-3.5%), Chile (-7.9%) and Argentina (-20.5%). In contrast, the Dominican Republic (12.0%), Mexico (11.0%), Peru (8.0%), Bolivia (7.8%), El Salvador (6.8%), Ecuador (6.4%), Puerto Rico (6.7%), Costa Rica (6.1%), Guatemala (5.0%), Uruguay (4.3%) and Brazil (3.1%), notably achieved growth in the volume of total premiums valued in USD in 2019.

The Latin American insurance market in 2019 therefore had a premium volume of 153.1 billion USD, which is 1.7% (2.5 billion USD) higher than the previous year, with 5.1% growth in the Life segment in contrast to the -1.0% fall in the Non-Life segment. It is important to note that, again, in 2019, the depreciation of some currencies in the region against the dollar, mainly the Brazilian real (-8%) and the Argentine peso (-71%), hindered the upward trend of the region's insurance market. This year, the region's growth trend in the value of premiums during the last decade therefore recovered, with three of the top five groups (Brasilprev, Zurich and CNP Assurances) contributing the most to this increase.

With regard to the main acquisitions and mergers, it should be noted that in November 2018 the Financial Superintendence of Colombia authorized the merger of Zurich Colombia Seguros S.A. and ZLS Aseguradora de Colombia S.A. (formerly QBE Seguros)[1], meaning that they had unified operation in 2019. Inmobiliaria Norte Verde S.A., which controlled 66.3% of the shares in Inversiones Vita S.A., Banchile Seguros de Vida S.A. and Segchile Seguros Generales S.A., sold its stake to Chubb INA International Holdings Ltd. de Chile[2]; negotiation concluded on December 30 once authorized by the *Fiscalía Nacional Económica* (Colombian National Economic Prosecutor's Office)[3].

With regard to the 2019 ranking of insurance groups in Latin America presented in Table 1, first place in the overall ranking is held by the Brazilian group Bradesco, which remains ahead of Brasilprev with a market share of 6.6%, despite only having grown by 1% (+100 million USD) compared to the previous year. It should be noted

Table 1
Total market: overall ranking of insurance groups in Latin America, 2019
Ranking by premium volume

No.	Variation vs. 2018	Group	Country	Premiums (millions of USD)					Market share 2019 [2]*
				2009	2018	2019	Δ 2018–2009 [1]*	Δ 2019–2018 [1]*	
1	0	BRADESCO	Brazil	8,041	10,032	10,132	1,991.9	99.4	6.6%
2	0	BRASILPREV[1]	Brazil	2,106	8,715	9,942	6,608.7	1,227.2	6.5%
3	0	MAPFRE	Spain	5,626	8,449	8,729	2,823.6	280.2	5.7%
4	0	ZURICH	Switzerland	1,671	7,614	8,679	5,943.2	1,065.3	5.7%
5	0	CNP ASSURANCES	France	2,106	6,010	7,269	3,903.8	1,258.9	4.7%
6	+1	METLIFE	United States	3,518	5,183	4,784	1,665.0	-399.2	3.1%
7	-1	ITAÚ	Brazil	6,533	5,877	4,309	-656.7	-1,568.0	2.8%
8	0	GRUPO SURA[2]	Colombia	1,129	4,430	4,226	3,300.3	-204.1	2.8%
9	+1	GRUPO NACIONAL PROVINCIAL	Mexico	1,999	3,465	4,017	1,466.0	552.0	2.6%
10	-1	PORTO SEGURO	Brazil	2,561	3,770	3,495	1,209.3	-275.4	2.3%
11	0	TRIPLE-S	Puerto Rico	2,238	3,032	3,348	793.8	316.4	2.2%
12	+2	INNOVACARE	United States	1,857	2,610	3,311	753.3	700.3	2.2%
13	-1	AXA	France	1,947	2,845	3,019	898.0	173.9	2.0%
14	-1	BBVA	Spain	2,153	2,654	3,018	500.9	364.5	2.0%
15	0	CHUBB	Switzerland	473	2,610	2,883	2,137.1	273.2	1.9%
16	0	ALLIANZ	Germany	1,766	2,524	2,374	758.3	-150.0	1.6%
17	0	MCS	United States	1,548	2,198	2,100	649.7	-97.4	1.4%
18	+10	BANAMEX	United States	603	1,268	2,077	665.2	809.3	1.4%
19	-1	TALANX	Germany	658	2,138	2,077	1,480.2	-61.4	1.4%
20	0	BANORTE	Mexico	769	1,872	1,976	1,102.7	104.5	1.3%
21	-2	LIBERTY MUTUAL	United States	2,724	1,941	1,951	-782.5	9.7	1.3%
22	-1	QUÁLITAS	Mexico	654	1,745	1,824	1,090.6	78.9	1.2%
23	-1	CARDIF	France	734	1,684	1,646	950.4	-38.0	1.1%
24	0	NEW YORK LIFE	United States	864	1,529	1,589	664.7	60.1	1.0%
25	0	TOKIO MARINE	Japan	891	1,473	1,530	582.1	57.0	1.0%

	2009	2018	2019	Δ 2018–2009	Δ 2019–2018	Market share 2019
Top 10 total	35,289	63,544	65,581	28,255.2	2,036.3	42.8%
Top 25 total	55,167	95,667	100,305	40,499.8	4,637.4	65.5%
Sector total	101,047	150,585	153,113	49,537.8	2,528.0	100.0%
Herfindahl index [3]*	204.5	230.3	247.2			
Top-10 representativeness %	34.9	42.2	42.8			
Top-25 representativeness %	54.6	63.5	65.5			

Source: MAPFRE Economics (based on data from supervisory bodies in the region)

[1] Contribution from Banco de Brasil and Principal Financial Group
[2] Suramericana until 2017.
* See the "Data and metrics" section of this report

that Bradesco's modest overall result in premium growth is mainly due to the fall in Non-Life business (-5%).

Second place in the ranking is held by Brazil's Brasilprev, with 14.1% growth in its Life premiums, which places it with 6.5% market share. Pension reform and changes to the Compulsory Insurance for Personal Damage caused by Land Motor Vehicles in Brazil are indicated as some of the reasons for the increase in the contracting of individual Life insurance[4]. Data from the National Federation of Pensions and Life (FenaPrevi) for April shows that Brasilprev also reached 267 billion reais in assets under management, resulting in 9% growth compared to the same period in 2018[5].

MAPFRE is in third place in the 2019 ranking, having held the same position for the last five years, although its market share increased by one tenth compared to the previous year (5.7%). The group's growth in the region has significantly influenced the strengthening of its business in Mexico (+78%), with the renewal of the Petróleos Mexicanos comprehensive biennial damage policy for 502.9 million dollars in June 2019 and with the bancassurance agreement signed in March 2019 with Actinver[6].

With respect to the overall ranking, the 25 largest insurance groups included in the ranking recorded an additional 4.6 billion dollars in premiums in 2019, an increase of 4.8% compared to the previous year's sample[7]. If this is reduced to the 10 largest groups, that annual growth was 3.2%.

It is important to highlight that, in 2019, the Argentine insurance market recorded nominal growth of 36.3% in local currency and -20.5% in USD due to the depreciation of the peso. This effect has harmed Argentine insurers and multinationals that have subsidiaries in this country. This effect has resulted in the departure of the Argentine group Sancor from the total ranking and the appearance, for the first time, of Banamex (insurance company of the US financial group Citigroup operating in Mexico) in 18th place. Banamex's significant growth, which enabled its entry into the ranking, is mainly due to major development in the Life business: 97% of its premiums correspond to the Life operation and, of the total policies issued in this segment, 94.8% were individual policies[8].

The fact that the top five insurance groups retained their relative positions compared to the 2018 ranking is notable. Two insurance groups, MetLife and Grupo Nacional Provincial, rose one place in the 2019 ranking, swapping places with Itaú and Porto Seguro, respectively. Innovacare climbed three positions in the ranking due to the good performance of its health insurance operation in Puerto Rico. This rise caused Axa and BBVA to fall one place in the ranking, while Chubb, Allianz[9] and MCS managed to retain their places.

Finally, the case of Itaú is notable as, although it only fell by one place in the ranking, its market share in 2019 dropped by 1.1 percentage points (-1.6 billion USD), due to performance in the Life business, whose market share fell from 8.0% to 5.3%, mainly due to the fall in the marketing of VGBL accumulation plans[10].

Market share

Chart 1-a shows that Bradesco led the ranking of the largest insurance groups operating in Latin America in 2019 with market share of 6.6%, followed by Brasilprev (6.5%) and MAPFRE (5.7%). Compared to 2018, Bradesco held almost the same share, Brasilprev gained 0.7 percentage points and MAPFRE gained 0.1 percentage points of market share (see Chart 1-b).

As discussed previously, the fact that Brazil accounts for a large part of the Latin American insurance industry, as well as penalization by the exchange rate effect on its premiums in dollars, have effectively pushed up the market share of the Brazilian insurance groups, as well as that of other operators with significant interests in the region.

Market share performance for the groups comprising the 2019 ranking are summarized

Chart 1-a
Total market: market share in 2019

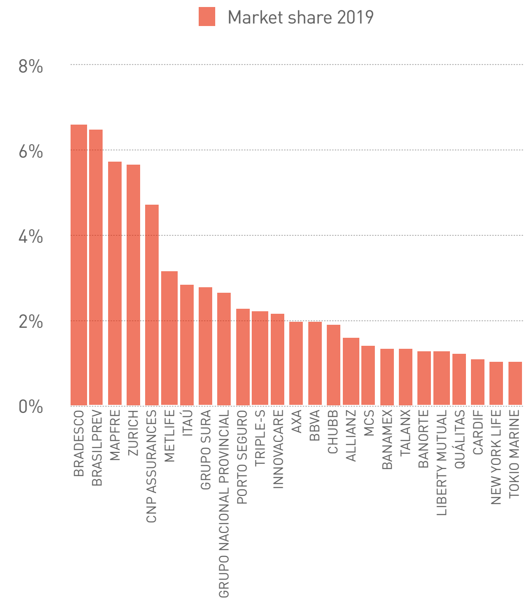
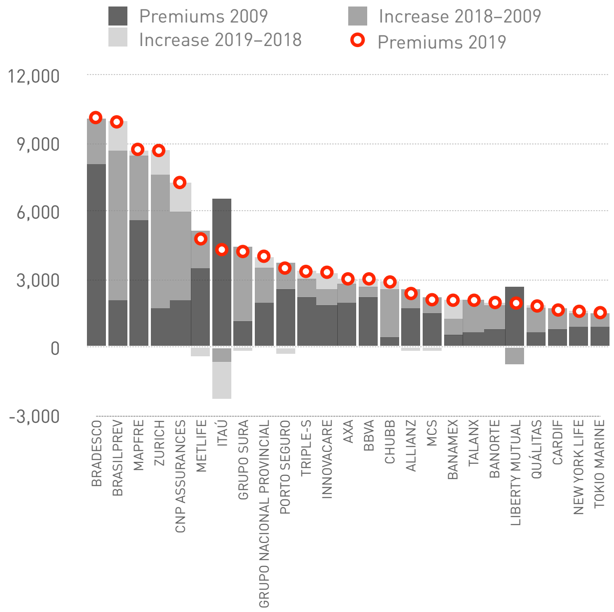


Chart 1-b
Total market: market size and growth in 2019



Source: MAPFRE Economics (based on data from supervisory bodies in the region)

in Chart 1-a, while the value of premiums and their medium-term trend (2009–2019) are detailed in Chart 1-b.

2. Non-Life ranking

Size and growth

Measured in USD, growth in the Non-Life segment of the Latin American insurance market decreased by -1.0% during 2019. In local currency, the countries that suffered a fall in this segment were Panama (-1.3%), Honduras (-1.8%) and Nicaragua (-3.8%) and, in dollars, Argentina (-19.9%), Brazil (-5.3%), Uruguay (-3.3%), Paraguay (-2.9%), Chile (-2.2%) and Colombia (-0.1%). It should be noted that, due to their weight in the region's insurance premiums, Brazil (with a share of 25.2% in Non-Life premiums) and Argentina (with a share of 11.7%) were the markets that had the most impact on the Non-Life line as a whole. By contrast, the Dominican Republic and Mexico grew by double digits in both local currency and in USD, the latter being the second-largest insurance market by premium volume in the segment (19.6%). Overall, the Non-Life insurance market in Latin America reported a premium volume of 82.6 billion dollars in 2019, -1.0% less than the previous year, which translates into market contraction of around -868.4 million USD in the last year (less than the -4.0% contraction in the previous year).

The 25 largest insurance groups operating in this market segment recorded 51.1 billion dollars in premiums in 2019, which is a very similar figure to the previous year (50.5 billion). If we reduce the sample to the 10 largest insurance groups, revenue increased by 3.5%. It should be noted that 13 of the top 25 groups increased their premiums compared to 2018 (see Table 2 and Chart 2-b). Of the insurance groups that grew, MAPFRE (which grew by 2.8% and consolidated itself as segment leader in the Latin American region), Innovacare (with 26.8% growth), Axa (7.0%) and Grupo Nacional Provincial (13.7%) are notable due to their size. However, the growth of these groups was insufficient to offset the fall in the region's total Non-Life insurance industry, and the 25 largest insurance groups therefore contributed a similar figure to the previous year. In this regard, other groups recorded reduced premiums compared to 2018. In this case, Porto Seguro[11] (with a -7.8% drop in premiums) and Sancor[12] (-21.9%) stand out among the 13 insurers whose premiums dropped in 2019; both cases largely explained by the effect of the exchange rate on premiums.

This year, Sompo (Japan) and Rimac International (Peru) entered the Non-Life ranking of the 25 largest insurance groups for the first time, occupying the penultimate and last places respectively, to the detriment of the Provincia and Federación Patronal Seguros (both Argentine), which again underlines the significant effect of the exchange rate discussed above.

Market share

Due to the size of its operation and share in the Non-Life insurance market, MAPFRE tops the ranking for another year in this segment, with a share of 7.5%. Zurich (with a 4.2% share), Grupo Sura (4.1%) and Innovacare (4.0%)[13] follow. It should be noted that only the top two insurance groups maintained their places. Grupo Sura and Innovacare moved up the ranking compared to 2018, while Porto Seguro and Triple-S were relegated to fifth and sixth place, falling by two and one places respectively.

MAPFRE remained leader of the Non-Life segment in Latin America this year, which was bolstered by the renewal of the Petróleos Mexicanos policy, as well as by the bancassurance and multi-channel agreements in Central America. Grupo Sura continued with its strategy focused on ORAs (occupational risk accidents) and Life insurance, while Sura Asset Management focused on capital management[14].

Table 2
Non-life market: overall ranking of insurance groups in Latin America, 2019
Ranking by premium volume

No.	Variation vs. 2018	Group	Country	Premiums (millions of USD)					Market share 2019 [2]*
				2009	2018	2019	Δ 2018–2009 [1]*	Δ 2019–2018 [1]*	
1	0	MAPFRE	Spain	4,563	6,051	6,222	1,488.1	171.6	7.5%
2	0	ZURICH	Switzerland	1,196	3,576	3,467	2,380.0	-109.2	4.2%
3	+1	GRUPO SURA[1]	Colombia	799	3,350	3,348	2,551.1	-2.4	4.1%
4	+2	INNOVACARE	United States	1,857	2,610	3,311	753.3	700.3	4.0%
5	-2	PORTO SEGURO	Brazil	2,415	3,497	3,226	1,082.5	-271.3	3.9%
6	-1	TRIPLE-S	Puerto Rico	2,157	2,914	3,166	757.2	251.9	3.8%
7	+1	AXA	France	1,487	2,347	2,511	860.0	163.5	3.0%
8	-1	CHUBB	Switzerland	421	2,370	2,452	1,949.7	81.4	3.0%
9	+3	GRUPO NACIONAL PROVINCIAL	Mexico	1,275	1,862	2,117	587.3	255.0	2.6%
10	-1	MCS	United States	1,545	2,195	2,098	650.2	-97.0	2.5%
11	-1	TALANX	Germany	656	2,099	2,036	1,442.8	-63.4	2.5%
12	-1	ALLIANZ	Germany	1,602	1,952	1,848	349.8	-103.3	2.2%
13	+2	LIBERTY MUTUAL	United States	2,628	1,835	1,833	-792.9	-1.7	2.2%
14	+1	QUÁLITAS	Mexico	654	1,745	1,824	1,090.6	78.9	2.2%
15	-1	BRADESCO	Brazil	1,978	1,808	1,717	-170.2	-90.7	2.1%
16	+1	TOKIO MARINE	Japan	729	1,400	1,449	670.6	49.8	1.8%
17	-1	SANCOR	Argentina	598	1,506	1,175	907.8	-330.5	1.4%
18	+1	METLIFE	United States	477	1,080	1,061	602.9	-19.1	1.3%
19	-1	FIRST MEDICAL HEALTH PLAN	United States	519	1,080	1,050	561.2	-30.2	1.3%
20	0	SUL AMÉRICA	Brazil	1,844	1,053	942	-791.7	-110.3	1.1%
21	+3	CNP ASSURANCES	France	559	916	924	356.8	7.7	1.1%
22	+1	CARDIF	France	359	929	888	570.1	-40.9	1.1%
23	+2	INS	Costa Rica	564	837	887	273.2	49.8	1.1%
24	+4	RIMAC INTERNACIONAL	Peru	473	750	809	277.4	59.1	1.0%
25	+2	SOMPO	Japan	358	786	804	427.8	18.0	1.0%

Top 10 total	17,715	30,774	31,918	13,059.4	1,143.9	38.7%
Top 25 total	31,713	50,549	51,166	18,835.5	617.2	62.0%
Sector total	63,369	83,448	82,579	20,079.4	-868.4	100.0%
Herfindahl index [3]*	157.8	196.3	208.3			
Top-10 representativeness %	28.0	36.9	38.7			
Top-25 representativeness %	50.0	60.6	62.0			

Source: MAPFRE Economics (based on data from supervisory bodies in the region)

[1] Suramericana until 2017.
* See the "Data and metrics" section of this report

Chart 2-a
Non-Life: market share in 2019

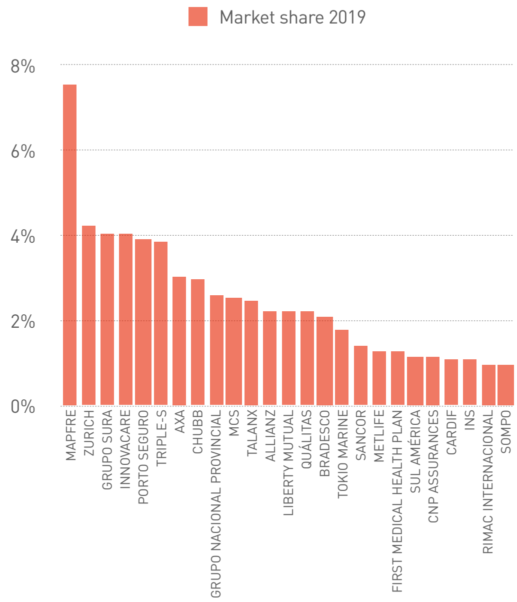
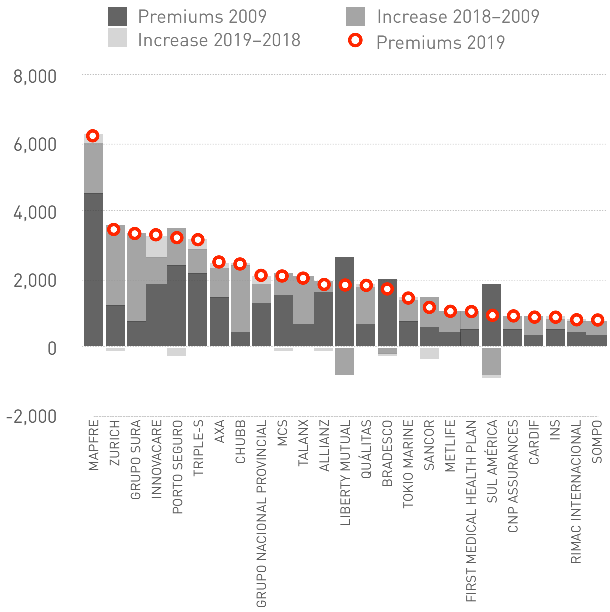


Chart 2-b
Non-Life: market size and growth in 2019



Source: MAPFRE Economics (based on data from supervisory bodies in the region)

The good performance of the insurance industry in Mexico meant that, in addition to the aforementioned growth of the Non-Life segment, two Mexican insurers (Grupo Nacional Provincial and Quálitas) climbed by three and one places respectively in the 2019 Non-Life ranking to reach 9th and 14th respectively. Another ascent in the 2019 ranking was the French group CNP Assurances, which rose from 24th to 21st place. The other insurance groups relatively maintained their positions, showing only small changes and exchanges.

Lastly, the market shares of the insurance groups comprising the 2019 ranking for the Non-Life segment in Latin America are also shown in Chart 2-a, while the premium values and their medium-term trend (2009–2019) can be seen in Chart 2-b.

3. Life ranking

Size and growth

The Life insurance market in Latin America amounted to 70.5 billion USD at December 2019, up by 5.1% (3.4 billion USD) from the previous year. Measured in local currency, the countries that suffered a fall in the Life segment were Nicaragua (-5.8%) and Chile (-3.2%) and, in dollars, Colombia (-1.6%), Paraguay (-6.8%), Argentina (-24.7%) and Venezuela (-54.5%). Due to its weight in the region's insurance premiums (with a 10.6% share in Life premiums) and the magnitude of its fall in USD (-11.6%), the Chilean market is one of the determining factors in the line's dynamics in the region. In contrast, Brazil (8.3%), Mexico (11.3%) and Peru (10.0%) stand out, with significant growth in USD.

In the Life segment, the top ten groups account for a premium volume of 66% of the region's market. Given that 39% of the market in this sample is held by Brazilian insurers, it comes as no surprise that three of the top five companies in the ranking are Brazilian and account for a 31% share of the region's turnover.

The most notable premium variations in absolute terms compared to last year were Brasilprev (+1.23 billion USD), CNP Assurances (+1.25 billion USD) and Zurich (+1.17 billion USD). In relative terms, Banamex and Icatu are also notable, with growth of 68.7% and 38.3% respectively. Of the 25 insurance groups included in this ranking, only 8 registered no growth in 2019, notably Chile's Penta (-26.4%) and Cámara (-32.7%) and Brazil's Itaú (-29.9%). In general, devaluation of several Latin American currencies against USD once again affected the figures of the main insurance groups operating in the region. In this sense, the devaluation of the Chilean peso and the Colombian peso (around -10%) damaged insurers operating in those markets, whose premiums decreased by -11.6% in Chile and -1.6% in Colombia respectively. This led to Chile's Security Previsión departing the Life ranking in 2019, with Uruguay's Banco de Seguros del Estado (BSE) making an appearance. Until 2001, BSE monopolized insurance for public authorities and currently holds 77% of Uruguay's market share in the Life segment[15].

Market share

In terms of market share, the 25 largest insurance groups operating in Latin America in 2019 accounted for 83.2% of the region's share of the Life insurance market, which is 0.9% more than the previous year. As previously mentioned, Brazilian Life Savings insurance groups account for almost one third of the market, demonstrating how important the country's pension scheme is to the insurance industry. One of the most prominent cases is Brasilprev, with a share of 14.1% (13% in 2018). In addition to the Brazilian market (which grew by 17%), Life insurance performance must be taken into account in Mexico (11.4%), Puerto Rico (8.1%), Argentina (29.1%) and Colombia (9.2%), which are the region's countries with the greatest weight in the line in that order.

The top two places in the Life segment ranking for 2019 continue to be held, as in 2018, by Brasilprev (with a share of 14.1%) and Bradesco (11.9%). CNP Assurances (with a share of 9.0%) and Zurich (7.4%) rank third and fourth, rising one and two places respectively. The Brazilian group Itaú (with a share of 5.3%) fell two places in the ranking to fifth. The next five places in the 2019 Life ranking are held by MetLife (with a share of 5.3%) which fell by one position compared to 2018, BBVA (3.6%) which rose one place, MAPFRE (3.6%) which fell one place, and Banamex (2.8%) and Grupo Nacional Provincial (2.7%), the former rising by two places and the latter falling by one (see Table 3).

Table 3
Life market: overall ranking of insurance groups in Latin America, 2019
Ranking by premium volume

No.	Variation vs. 2018	Group	Country	Premiums (millions of USD)					Market share 2019 [2]*
				2009	2018	2019	Δ 2018–2009 [1]*	Δ 2019–2018 [1]*	
1	0	BRASILPREV[1]	Brazil	2,106	8,715	9,942	6,608.7	1,227.2	14.1%
2	0	BRADESCO	Brazil	6,063	8,225	8,415	2,162.1	190.1	11.9%
3	+1	CNP ASSURANCES	France	1,547	5,094	6,345	3,547.0	1,251.3	9.0%
4	+2	ZURICH	Switzerland	475	4,038	5,212	3,562.9	1,174.8	7.4%
5	-2	ITAÚ	Brazil	4,151	5,343	3,747	1,192.0	-1,595.8	5.3%
6	-1	METLIFE	United States	3,041	4,103	3,723	1,062.2	-380.2	5.3%
7	+1	BBVA	Spain	1,619	2,168	2,509	548.3	341.4	3.6%
8	-1	MAPFRE	Spain	1,063	2,398	2,507	1,335.5	108.6	3.6%
9	+2	BANAMEX	United States	527	1,192	2,010	664.9	818.3	2.8%
10	-1	GRUPO NACIONAL PROVINCIAL	Mexico	723	1,602	1,899	878.7	297.0	2.7%
11	+1	BANORTE	Mexico	439	1,141	1,311	701.9	169.6	1.9%
12	+5	ICATU	Brazil	287	936	1,294	649.4	358.3	1.8%
13	0	ALFA	Colombia	261	1,134	1,102	873.5	-31.7	1.6%
14	+1	NEW YORK LIFE	United States	662	1,067	1,101	406.0	33.8	1.6%
15	-5	PENTA	Chile	87	1,370	1,009	1,282.7	-361.2	1.4%
16	0	CONSORCIO FINANCIERO	Chile	322	980	977	658.1	-3.0	1.4%
17	-3	GRUPO SURA[2]	Colombia	330	1,079	878	749.2	-201.7	1.2%
18	+1	PRUDENTIAL	United States	92	750	813	657.8	62.7	1.2%
19	-1	CARDIF	France	374	755	758	380.4	2.9	1.1%
20	+2	PACÍFICO SEGUROS	Peru	168	510	573	342.0	63.4	0.8%
21	+5	BSE	Uruguay	70	430	530	359.2	100.2	0.8%
22	-1	ALLIANZ	Germany	164	572	526	408.4	-46.7	0.7%
23	0	AXA	France	460	498	508	38.0	10.4	0.7%
24	-4	CÁMARA	Chile	101	736	495	635.5	-240.7	0.7%
25	-1	RIMAC INTERNACIONAL	Peru	161	440	488	278.8	47.6	0.7%

	2009	2018	2019	Δ 2018–2009	Δ 2019–2018	Market share 2019
Top 10 total	21,315	42,877	46,310	21,562.2	3,432.6	65.7%
Top 25 total	25,293	55,276	58,672	29,983.1	3,396.7	83.2%
Sector total	37,678	67,137	70,533	29,459.0	3,396.4	100.0%
Herfindahl index [3]*	537.4	570.5	596.3			
Top-10 representativeness %	56.6	63.9	65.7			
Top-25 representativeness %	67.1	82.3	83.2			

Source: MAPFRE Economics (based on data from supervisory bodies in the region)

[1] Contribution from Banco de Brasil and Principal Financial Group
[2] Suramericana until 2017.
* See the "Data and metrics" section of this report

Chart 3-a
Life: market share
in 2019

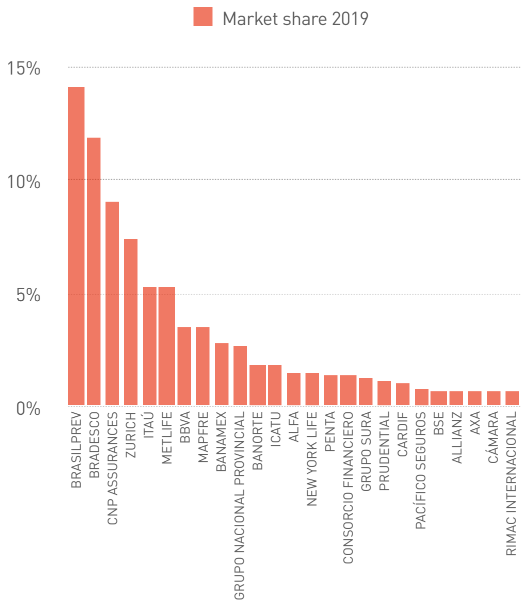
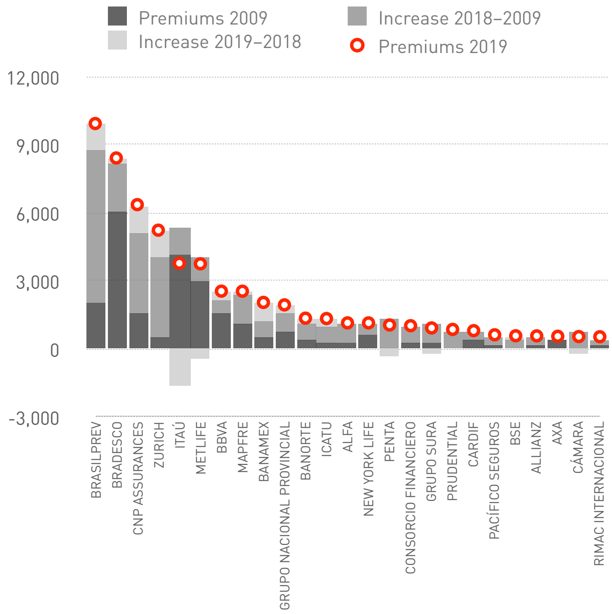


Chart 3-b
Life: market size and
growth in 2019



Source: MAPFRE Economics (based on data from supervisory bodies in the region)

With the exception of Consorcio Financiero, which remained in sixteenth place, the other Chilean groups fell in the ranking. Penta, which holds fifteenth place, and Cámara (of the Inversiones la Construcción group), which holds the penultimate place, each fell by five places, as they were impacted by the effect of the exchange rate, by the fall in economic activity and by lower insurance demand, which closed out with a -8% drop in the total sector and -12% in the Life segment, mainly in Pensions and Occupational Accidents[16].

However, BSE's appearance for the first time in the Life ranking in 21st place must also be noted, as must Icatu's rise by five places to 12th. Furthermore, despite falling by one position to rank 8th, MAPFRE created a new company specializing in the insurance market, Brasilseg - a company composed of holding company BB MAPFRE SH1 Participações S.A. and its subsidiaries (Companhia de Seguros Aliança do Brasil and Aliança do Brasil Seguro de S.A.) which operates in the Life business through its insurance companies[17].

Finally, to support this analysis, the market shares of the groups that comprise the 2019 Life segment ranking are presented in Chart 3-a, while premium values and their trend throughout the 2009–2019 period are shown in Chart 3-b.

4. Analysis of market concentration

Overview

The concentration of the insurance industry in Latin America has been analyzed using the rankings of insurance groups prepared for the 2009–2019 period[18], similar to those prepared by MAPFRE Economics in recent years[19]. In each case, these rankings are calculated using the average exchange rate for the year in question[20].

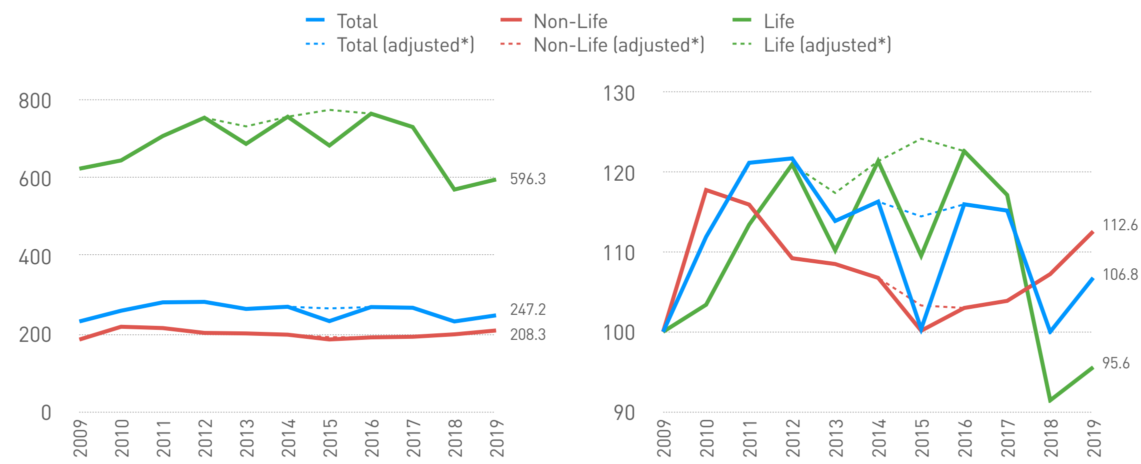
First, Chart 4-a shows the Herfindahl index for the last ten years. This information shows that concentration levels in the insurance business in Latin America remain low, and the Herfindahl index (H) in 2019 stands sector concentration in the range of a non-concentrated industry (100 < H=247.2 ≤ 1500). On the one hand, this shows a highly competitive Non-Life segment (H=208.3) and, on the other, a Life segment which, although unconcentrated (100 < H=596.3 ≤ 1500), has an index value nearly three times higher than the value observed for the Non-Life business[21].

The current landscape (low overall market concentration but notable differences in concentration between the Life and Non-Life segments) therefore appears to be the result 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 Non-Life insurance.

Since 2009, the Life market segment has shown a concentration index (H=624.0) more than three times that of the Non-Life insurance segment (H=185.0), although, as shown in Chart 4-b, this ratio has decreased in recent years because concentration in the Life market segment decreased by -4.4% between 2009 and 2019 (increased by 2.1% between 2008 and 2018), while Non-Life business grew by 12.6% (13.8% between 2008 and 2018). As a result of both trends, total insurance business concentration therefore increased by around 6.8% in the decade analyzed (2009–2019),

Chart 4-a
Latin American insurance market: Herfindahl index, 2009–2019

Chart 4-b
Latin American insurance market: trend in the Herfindahl index, 2009–2019
(2009 index=100)



Source: MAPFRE Economics (based on data from supervisory bodies in the region)
*See Note 4/ on the exchange rate variation adjustment in the References section of this report.

having increased by 4.3% in the decade of 2008–2018.

This medium-term analysis indicates that, in general terms, concentration in the Latin American insurance business is low, although it increased during the last decade (6.8%) essentially as a result of increased concentration in the Non-Life insurance market segment, despite its concentration being three times lower than that of Life. Among the factors behind concentration dynamics of the Latin American insurance market, in terms of the Non-Life segment, this market is vastly dynamic in terms of participants and products, which has led to a weak trend toward concentration in issuing premiums and, in terms of the Life segment, which, on the contrary, is strongly influenced by the Brazilian and Mexican markets (two of the largest Latin American markets). In this regard, it should be noted that there has been an upward trend in market concentration over the last decade in Brazil, which appears to reverse from 2017, although concentration appears to rise again in 2019 mainly due to the Life business and products such as *Vida Gerador de Benefício Livre* (VGBL -cash value life insurance). In Brazil, the top five Life companies account for 78.7% of the market. Similarly, in Mexico, although the concentration index in this segment has stagnated, the top five companies accounted for 62.7% of the market in 2019, where their business is most concentrated in individual Life products[22].

Finally, it should be noted that concentration increased in the Life segment (25.9 points on the Herfindahl index) between 2018 and 2019, determined by the increase in market share and premium growth for the top four members of the Life ranking referred to above.

Total market

In 2019, concentration of the total insurance industry market increased by 6.8% (15.7 points more than in 2018 in the Herfindahl index[23]). In the Non-Life segment, the Herfindahl index increased by 5.0% compared to the previous year, increasing from 198.4 to 208.3 points, while in the Life segment, the Herfindahl index increased by 4.5% (25.9 points), increasing from 570.4 to 596.3, which broke the downward trend

Chart 4-c
Total market: contribution to sector concentration in 2019

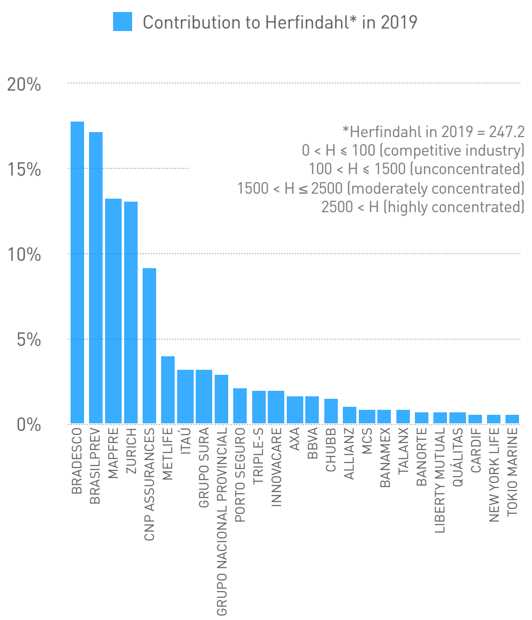
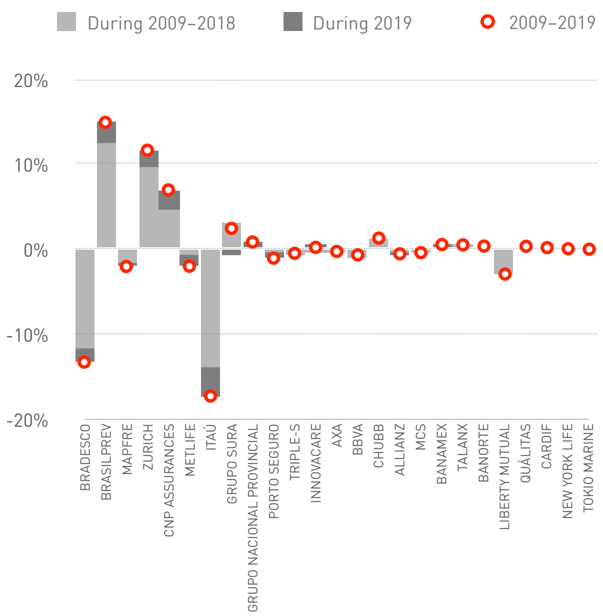


Chart 4-d
Total market: variation in contribution to concentration, 2009–2019



Source: MAPFRE Economics (based on data from supervisory bodies in the region)

Table 4-a
Total market: overall ranking of insurance groups in Latin America, 2019
Contribution to the Herfindahl Index

No.	Group	Country	Market share 2019 [2]*	Herfindahl cont. 2019 [4]*	%Δ Herfindahl cont. 2009–2019 [5]*	%Δ Herfindahl cont. 2018–2019 [5]*	%Δ Herfindahl cont. 2009–2018 [5]*
1	BRADESCO	Brazil	6.6%	17.7%	-13.3%	-1.6%	-11.7%
2	BRASILPREV[1]	Brazil	6.5%	17.1%	14.9%	2.5%	12.4%
3	MAPFRE	Spain	5.7%	13.1%	-2.0%	-0.5%	-1.5%
4	ZURICH	Switzerland	5.7%	13.0%	11.7%	1.9%	9.8%
5	CNP ASSURANCES	France	4.7%	9.1%	7.0%	2.2%	4.8%
6	METLIFE	United States	3.1%	3.9%	-2.0%	-1.2%	-0.8%
7	ITAÚ	Brazil	2.8%	3.2%	-17.2%	-3.4%	-13.8%
8	GRUPO SURA[2]	Colombia	2.8%	3.1%	2.5%	-0.7%	3.1%
9	GRUPO NACIONAL PROVINCIAL	Mexico	2.6%	2.8%	0.9%	0.5%	0.4%
10	PORTO SEGURO	Brazil	2.3%	2.1%	-1.0%	-0.6%	-0.4%
11	TRIPLE-S	Puerto Rico	2.2%	1.9%	-0.5%	0.2%	-0.6%
12	INNOVACARE	United States	2.2%	1.9%	0.2%	0.6%	-0.3%
13	AXA	France	2.0%	1.6%	-0.2%	0.0%	-0.3%
14	BBVA	Spain	2.0%	1.6%	-0.6%	0.2%	-0.9%
15	CHUBB	Switzerland	1.9%	1.4%	1.3%	0.1%	1.2%
16	ALLIANZ	Germany	1.6%	1.0%	-0.5%	-0.2%	-0.3%
17	MCS	United States	1.4%	0.8%	-0.4%	-0.2%	-0.2%
18	BANAMEX	United States	1.4%	0.7%	0.6%	0.4%	0.1%
19	TALANX	Germany	1.4%	0.7%	0.5%	-0.1%	0.7%
20	BANORTE	Mexico	1.3%	0.7%	0.4%	0.0%	0.4%
21	LIBERTY MUTUAL	United States	1.3%	0.7%	-2.9%	-0.1%	-2.8%
22	QUÁLITAS	Mexico	1.2%	0.6%	0.4%	-0.0%	0.4%
23	CARDIF	France	1.1%	0.5%	0.2%	-0.1%	0.3%
24	NEW YORK LIFE	United States	1.0%	0.4%	0.1%	-0.0%	0.1%
25	TOKIO MARINE	Japan	1.0%	0.4%	0.0%	-0.0%	0.0%
	Top 10 total		42.8%	85.2%	1.4%	-0.9%	2.3%
	Top 25 total		65.5%				
	Sector total		100.0%				

Source: MAPFRE Economics (based on data from supervisory bodies in the region)
[1] Contribution from Banco de Brasil and Principal Financial Group
[2] Suramericana until 2017.
* See the "Data and metrics" section of this report

in concentration that had been recorded since 2016.

Overall, market share of the top five groups (Bradesco, Brasilprev, MAPFRE, Zurich and CNP Assurances) grew by 2.1 percentage points compared to 2018, increasing from 27.1% to 29.2%. Although Bradesco contributed the most to total market concentration (17.7% in 2019), this figure has declined by -1.6%, down from 19.3% in 2018. The other insurance groups leading the ranking (except MAPFRE) increased their contribution to the Herfindahl index by just over 2% (see Table 4-a and Charts 4-c and 4-d).

Non-Life

The premiums of the top Non-Life ranking insurance group in 2019 (MAPFRE) grew by 171.6 million dollars that year. In this regard, growth in its premiums (2.8%) enabled it to increase its market share by 0.3% in 2019, and its contribution to sector concentration consequently grew by 0.6%, in a context in which other close competitors saw moderate declines. Zurich's premiums decreased by 109.2 million USD, maintaining its market share at 4.2% but reducing its contribution to concentration by 0.9% (decreasing from 9.4% to 8.5%). Colombian group Sura's premiums decreased the least in 2019 (-2.4 million USD), which enabled it to even increase its market share by 0.1% to 4.1%, although it did not maintain its contribution to the Herfindahl index, which fell to 7.9%. Porto Seguro saw the largest decrease of the top-ranked participants (-271.3 million USD), reducing its market share from 4.2% to 3.9% between 2018 and 2019, as well as its contribution to market concentration, which decreased from 8.9% to 7.4% during this period (see Table 4-b and Charts 4-e and 4-f). Finally, Innovacare's performance is also notable, as it ranked fourth in 2019 with a substantial increase of 700.3 million USD, which enabled it to increase its market share by 0.9% to 4.0%, and with a 7.7% contribution to the Herfindahl index in 2019. The dynamics observed in the Latin American insurance market in 2019 therefore determined that MAPFRE contributed 27.3% (26.8% in 2018) to

Chart 4-e
Non-Life: contribution to sector concentration in 2019

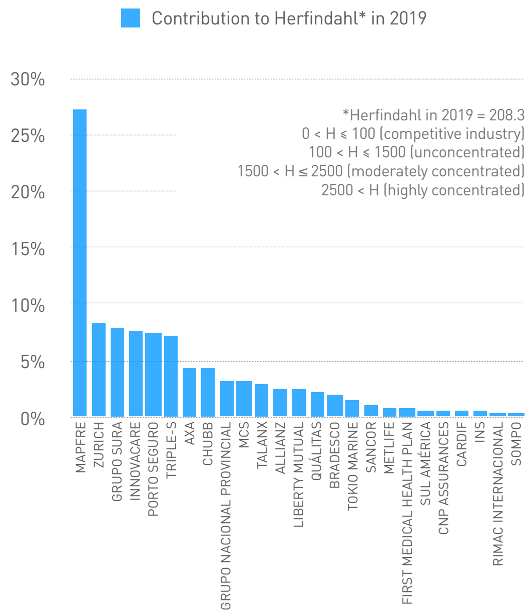
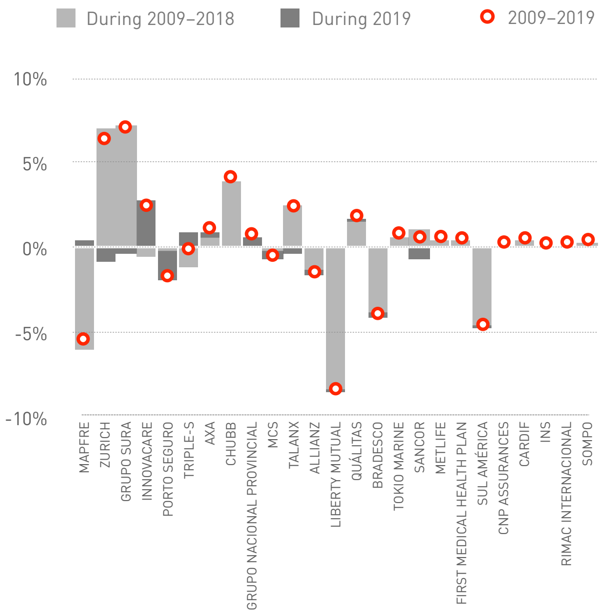


Chart 4-f
Non-Life: variation in contribution to concentration, 2009–2019



Source: MAPFRE Economics (based on data from supervisory bodies in the region)

Table 4-b
Non-life market: overall ranking of insurance groups in Latin America, 2019
Contribution to the Herfindahl Index

No.	Group	Country	Market share 2019 [2]*	Herfindahl cont. 2019 [4]*	%Δ Herfindahl cont. 2009–2019 [5]*	%Δ Herfindahl cont. 2018–2019 [5]*	%Δ Herfindahl cont. 2009–2018 [5]*
1	MAPFRE	Spain	7.5%	27.3%	-5.6%	0.5%	-6.1%
2	ZURICH	Switzerland	4.2%	8.5%	6.2%	-0.9%	7.1%
3	GRUPO SURA[1]	Colombia	4.1%	7.9%	6.9%	-0.3%	7.2%
4	INNOVACARE	United States	4.0%	7.7%	2.3%	2.7%	-0.5%
5	PORTO SEGURO	Brazil	3.9%	7.3%	-1.9%	-1.6%	-0.3%
6	TRIPLE-S	Puerto Rico	3.8%	7.1%	-0.3%	0.8%	-1.1%
7	AXA	France	3.0%	4.4%	0.9%	0.4%	0.5%
8	CHUBB	Switzerland	3.0%	4.2%	4.0%	0.1%	3.8%
9	GRUPO NACIONAL PROVINCIAL	Mexico	2.6%	3.2%	0.6%	0.6%	-0.0%
10	MCS	United States	2.5%	3.1%	-0.7%	-0.4%	-0.2%
11	TALANX	Germany	2.5%	2.9%	2.2%	-0.3%	2.5%
12	ALLIANZ	Germany	2.2%	2.4%	-1.6%	-0.4%	-1.3%
13	LIBERTY MUTUAL	United States	2.2%	2.4%	-8.5%	-0.1%	-8.4%
14	QUÁLITAS	Mexico	2.2%	2.3%	1.7%	0.1%	1.6%
15	BRADESCO	Brazil	2.1%	2.1%	-4.1%	-0.3%	-3.8%
16	TOKIO MARINE	Japan	1.8%	1.5%	0.6%	0.0%	0.6%
17	SANCOR	Argentina	1.4%	1.0%	0.4%	-0.7%	1.1%
18	METLIFE	United States	1.3%	0.8%	0.4%	-0.1%	0.5%
19	FIRST MEDICAL HEALTH PLAN	United States	1.3%	0.8%	0.4%	-0.1%	0.4%
20	SUL AMÉRICA	Brazil	1.1%	0.6%	-4.7%	-0.2%	-4.6%
21	CNP ASSURANCES	France	1.1%	0.6%	0.1%	-0.0%	0.1%
22	CARDIF	France	1.1%	0.6%	0.4%	-0.1%	0.4%
23	INS	Costa Rica	1.1%	0.6%	0.1%	0.0%	0.0%
24	RIMAC INTERNACIONAL	Peru	1.0%	0.5%	0.1%	0.0%	0.1%
25	SOMPO	Japan	1.0%	0.5%	0.3%	0.0%	0.2%

Top 10 total	38.7%	80.6%	12.4%	1.9%	10.5%
Top 25 total	62.0%				
Sector total	100.0%				

Source: MAPFRE Economics (based on data from supervisory bodies in the region)

[1] Suramericana until 2017.
* See the "Data and metrics" section of this report

the level reached by the Herfindahl index of the region's Non-Life business in 2019, almost as much as its next four competitors combined.

It is worth noting that, except for the market share increase for Innovacare (0.9%) and MAPFRE (0.3%) and market share fall for Porto Seguro (-0.3%) and Sancor (-0.4%), all other insurance groups considered in the ranking experienced few significant movements in their market share. Market share decreased only for 8 of the Non-Life groups, while market share remained the same or increased for all other groups. As previously mentioned, this implies that industry concentration for this line has remained virtually stable in the competitive field, according to the Herfindahl index (H=208.3).

Life

The Latin American Life insurance market is far from being a concentrated market (its Herfindahl index is H=596.3, which is below the moderate concentration threshold of H=1500) and, as indicated above, it has shown a concentration index several times higher than that of the Non-Life insurance segment since 2009, although with a slight downward trend due to concentration in the Life market segment (measured by the Herfindahl index), which decreased by -4.4% between 2009 and 2019. Moderately high values (within the low concentration of this market segment) are clearly influenced by the effect of the top three insurance groups (Brasilprev, Bradesco and CNP Assurances). Together, they account for 70.8% of the region's market concentration, while the other 22 insurance groups that comprise the Life ranking account for the remaining 29.2% (see Table 4-c, as well as Charts 4-g and 4-h).

Brasilprev maintained its premium growth (+14.1% in 2019), achieving a market share of 14.1% (+1.1 percentage points compared to 2018) and therefore also increasing its contribution to market concentration. Its contribution to the Herfindahl index rose from 29.5% to 33.3% between 2018 and 2019. As previously mentioned, pension reform in 2019 and changes to the Compulsory Insurance for

Chart 4-g
Life: contribution to sector concentration in 2019

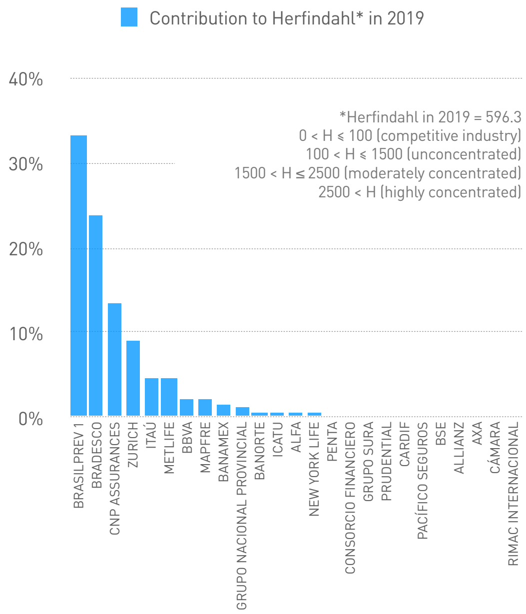
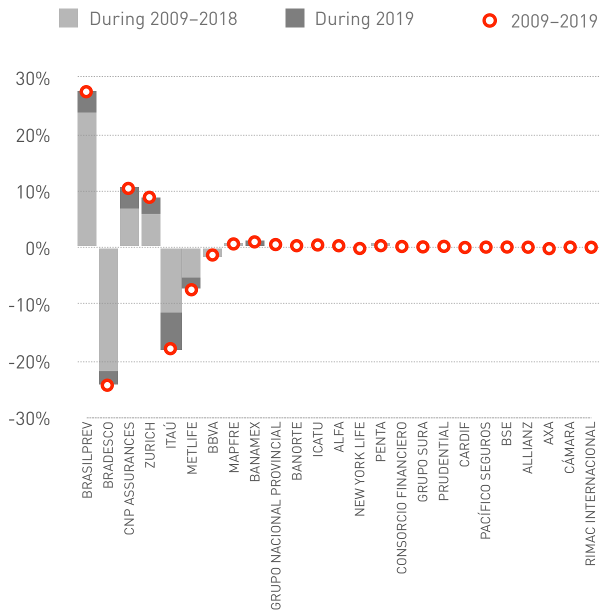


Chart 4-h
Life: variation in contribution to concentration, 2009–2019



Source: MAPFRE Economics (based on data from supervisory bodies in the region)

Table 4-c
Life market: overall ranking of insurance groups in Latin America, 2019
Contribution to the Herfindahl Index

No.	Group	Country	Market share 2019 [2]*	Herfindahl cont. 2019 [4]*	%Δ Herfindahl cont. 2009–2019 [5]*	%Δ Herfindahl cont. 2018–2019 [5]*	%Δ Herfindahl cont. 2009–2018 [5]*
1	BRASILPREV	Brazil	14.1%	33.3%	27.5%	3.8%	23.7%
2	BRADESCO	Brazil	11.9%	23.9%	-24.3%	-2.4%	-21.9%
3	CNP ASSURANCES	France	9.0%	13.6%	10.4%	3.5%	7.0%
4	ZURICH	Switzerland	7.4%	9.2%	8.9%	2.8%	6.0%
5	ITAÚ	Brazil	5.3%	4.7%	-17.8%	-6.4%	-11.5%
6	METLIFE	United States	5.3%	4.7%	-7.4%	-1.9%	-5.6%
7	BBVA	Spain	3.6%	2.1%	-1.3%	0.3%	-1.6%
8	MAPFRE	Spain	3.6%	2.1%	0.6%	-0.1%	0.8%
9	BANAMEX	United States	2.8%	1.4%	1.0%	0.8%	0.2%
10	GRUPO NACIONAL PROVINCIAL	Mexico	2.7%	1.2%	0.5%	0.2%	0.3%
11	BANORTE	Mexico	1.9%	0.6%	0.3%	0.1%	0.3%
12	ICATU	Brazil	1.8%	0.6%	0.5%	0.2%	0.2%
13	ALFA	Colombia	1.6%	0.4%	0.3%	-0.1%	0.4%
14	NEW YORK LIFE	United States	1.6%	0.4%	-0.2%	-0.0%	-0.1%
15	PENTA	Chile	1.4%	0.3%	0.3%	-0.4%	0.7%
16	CONSORCIO FINANCIERO	Chile	1.4%	0.3%	0.2%	-0.1%	0.2%
17	GRUPO SURA	Colombia	1.2%	0.3%	0.1%	-0.2%	0.3%
18	PRUDENTIAL	United States	1.2%	0.2%	0.2%	0.0%	0.2%
19	CARDIF	France	1.1%	0.2%	0.0%	-0.0%	0.0%
20	PACÍFICO SEGUROS	Peru	0.8%	0.1%	0.1%	0.0%	0.1%
21	BSE	Uruguay	0.8%	0.1%	0.1%	0.0%	0.1%
22	ALLIANZ	Germany	0.7%	0.1%	0.1%	-0.0%	0.1%
23	AXA	France	0.7%	0.1%	-0.2%	-0.0%	-0.2%
24	CÁMARA	Chile	0.7%	0.1%	0.1%	-0.1%	0.2%
25	RIMAC INTERNACIONAL	Peru	0.7%	0.1%	0.0%	0.0%	0.0%
	Top 10 total		65.7%	96.1%	-1.9%	0.6%	-2.6%
	Top 25 total		83.2%				
	Sector total		100.0%				

Source: MAPFRE Economics (based on data from supervisory bodies in the region)

[1] Contribution from Banco de Brasil and Principal Financial Group
[2] Suramericana until 2017.
* See the "Data and metrics" section of this report

Personal Damage caused by Land Motor Vehicles in Brazil are indicated as some of the reasons behind the increase in the contracting of individual Life insurance[24]. Unlike Bradesco, which grew by 2.3% in 2019, both CNP Assurances and Zurich (ranked third and fourth) grew to double digits (24.6% and 29.1% respectively), which widened the gap with respect to those lower in the ranking and further contributed to further growth in concentration for this market segment in the region. In the Life ranking, these top four groups alone accounted for 79.9% of the contribution to the Herfindahl index in 2019, increasing market share to 42.4%, i.e. 3.6 percentage points higher than in 2018 (38.8%).

Finally, analyzing the information presented in Table 4-c and in Chart 4-g, the decrease in premium volume for Itaú and MetLife in 2019 is notable, which confirms a downward trend in the market presence of both insurance groups since 2009, which decreased from 11.0% to 5.3% for Itaú and from 8.1% to 5.3% for MetLife in that period.

Data and metrics

Data sources

As in previous editions of this report, these rankings are based on data published by the insurance supervisory bodies in Latin American countries for their respective markets; the premium volume for each group is the sum of the direct insurance premiums written in each country (with provisional data for Chile and Puerto Rico; in the latter's case, the 2019 Annual Report has not yet been published by the Office of the Insurance Commissioner, so the figures provided by the National Association of Insurance Commissioners (NAIC) for the four largest insurance groups have been used, and the other indicators and market total for 2019 have been estimated). Mergers and acquisitions announced over the course of 2019 were also taken into account when calculating the data.

Sample

For all years in which the rankings have been published (2009–2019), 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 65.5% of the region's insurance market, 62.0% of the Non-life market segment and 83.2% 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 total market; errors are negligible with a 95% confidence interval. Accordingly, the conclusions reached regarding the Latin American market as a whole can be generalized with a high degree of confidence.

Intertemporal comparability

Dynamic analysis has been performed assuming a constant sample of participants over time. After obtaining the ranking by premium volume for the current year (2019), the same information was located for each group comprising the ranking in 2019 and 2009. This enables the changes in each of the participants under analysis to be reviewed up to their present ranking in the table.

However, the analysis raises two issues, the importance of which, although negligible, becomes greater the further back in time they are analyzed. The first of these is that, in certain cases, the groups included in the 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 2009 ranking vs. 2009 ranking-equivalent of the analysis). And the second issue to consider is that, in a few cases, some groups did not exist in the 2009 actual sample, as they began to operate later or they had not yet merged into a group. For example, Santander Seguros with 3.19 billion USD and sixth in the ranking in 2009, it wasn't until 2011 that it sold control of its subsidiary in Latin America to Zurich, so Zurich did not collect this amount in 2009. Something similar occurred with Chubb, which officially acquired ACE Seguros in July 2015 with 892 million USD in 2009.

Metrics

One of the objectives of the analysis included in these rankings is to contribute to understanding the structure of the insurance industry in Latin America, the distribution of the weight of its participants and its 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.

The *gross weight* (corresponding to point [1] in the tables) of each participant in the ranking was therefore measured according to the size of their premiums in US dollars at the current date–in this case 2019–and at two previous points in time, specifically 2008 and 2017. This is done in order to obtain an overview of the historical increase in premiums (Δ2009–2018 and Δ2018–2019) to date, thus separating secular variation over the last decade (corresponding to the trend) from the variation experienced during the last year (more linked to the economic cycle).

Once the premium values in dollars over these years are obtained, the *market share* [2] of each participant is obtained. These shares are regional and, as such, are the aggregation of premiums in different currencies that are then converted into dollars. Regional shares are necessary to calculate the market concentration index.

Market concentration [3] is calculated using the Herfindahl index resulting from the sum of the regional shares squared [$H = \sum^{25} (share_n)^2$]. 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 some degree of confidence for the population it analyzes. In this case the index was considered appropriate given that the representation error in the analysis is 0.2% overall at a 95% confidence interval (0.3% at 99.9% a confidence interval). Had there not been this level of confidence in the sample (such as if there had been a notably lower level of representativeness of the ranking), it would have been necessary 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, in order to determine the market strength of each ranking element, their *contribution to concentration must be calculated based on the Herfindahl index* [4], which is measured as the contribution ratio of each case to the index. The differences shown in the tables and comments for the Herfindahl index in 2018 result from calculating the index using the premium market shares totaled in 2018 by the same 25 insurance groups that comprise the top-25 of the 2019 ranking and the index calculated with the insurers that formed the top-25 in 2018, which were consistent for maintaining intertemporal comparability as explained in the "Data and metrics" appendix of this report.

Finally, market strength also depends on historic and cyclical growth dynamics for the operations of each participant included in the ranking; above-market share growth leads to higher concentration. It was therefore necessary to review *variation over time in each group's share in concentration* [5] in order to distinguish secular trends from those related to the economic cycle or exchange rate.

Please note that these metrics are used in Tables 1, 2, 3, 4-a, 4-b and 4-c of this report, as well as in their corresponding schematic expressions (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).

Specificities

As in previous editions of this report, in the case of Brazil, the contributions of private pensions have not been taken into account, nor have Health insurance premiums (under the supervision of the *Agência Nacional de Saúde Suplementar*, ANS — Brazilian national agency for supplementary health services) or those of Capitalization. However, the study did consider Life annuity premiums and retirement insurance premiums in Argentina and pension fund insurance premiums in Mexico (in both cases managed by insurance companies). For calculating the total premium volume in Uruguay, active reinsurance has been taken into account.

Lastly, for the conversion to USD of data given in other currencies, the average exchange rate for each year has been used. For 2018, the ranking was recalculated with data from Venezuela using the average exchange rate instead of the corresponding rate at the end of the period used in the previous edition of the ranking. Growth rates are calculated using revenue in USD.

Index of charts and tables

Tables

Charts

References

1/ See: https://www.larepublica.co/finanzas/se-aprueba-la-fusion-entre-las-companias-de-seguros-zurich-colombia-y-zls-2961091

2/ See: https://www.biobiochile.cl/noticias/economia/negocios-y-empresas/2019/09/14/controlador-del-banco-de-chile-vende-su-division-de-seguros-a-multinacional-chubb.shtml

3/ See: https://lexlatin.com/noticias/estadounidense-chubb-expansión-compra-aseguradoras-banco-chile

4/ See: https://www.segs.com.br/seguros/208236-contratacao-de-seguros-individuais-cresce-94-14-no-terceiro-trimestre

5/ See: http://boletines.latinoinsurance.com/brasilprev-aumenta-sua-base-de-clientes-em-65-mil-em-2019/

6/ See: https://www.mapfre.com/media/accionistas/2019/informe-financiero-resultados-2019.pdf

7/ This increase is the result of calculating total premiums in 2018 for the same 25 insurance groups that made up the Top 25 in the 2019 ranking (95.6 billion dollars) and does not necessarily coincide with the ranking of the Top 25 obtained in the previous year (which amounted to 95.9 billion dollars). This is to ensure intertemporal comparability, as explained in the "Data and metrics" appendix to this report.

8/ See: https://www.segurosbanamex.com.mx/SB/documentos/SOLV_COND_FIN_2019_SEGUROS.pdf

9/ Allianz retained the same place in the overall ranking, despite growing 150 million USD less than the previous year (-103.3 million USD in Non-Life and -46.7 million USD in Life), falling by one relative place both in the Life and Non-Life rankings. Despite this, Allianz had been developing an aggressive expansion campaign throughout the last quarter of 2019. The company acquired different positions in countries such as Brazil, where it agreed to pay 667 million euros (738 million dollars) to purchase the assets of Brazilian insurer SulAmérica. See: https://alnavio.com/noticia/19467/delared/el-gigante-asegurador-allianz-se-lanza-a-laconquista-de-mercados-emergentes.html

10/ See: https://www.itau.com.br/relacoes-com-investidores/listresultados.aspx?idCanal=lyyjtVJ4BExsF2fi1Kfy0Q==&linguagem=pt (Informe 4-T 2019, p. 81)

11/ In general, Brazilian Non-Life insurance groups have been affected by the inertia of the decline in the market in which they primarily operate, the Non-Life segment of which recorded -5% growth in USD in the year, which was largely due to the effect of the exchange rate on premiums.

12/ As was the case for other insurance groups operating in Argentina, Sancor was affected by a macroeconomic environment of falling GDP, hyperinflation and a devalued currency; this impacted vehicle registrations and higher loans for purchasing new vehicles, meaning that organic growth did not exceed the drop in the USD exchange rate. See: https://corporate-site-content.gruposancorseguros.com/PDFs/QuienesSomos/memoria-balance-sancor-seguros-2018-2019.pdf

13/ Innovacare owes its ranking improvement to its performance in the health line by its MMM Healthcare subsidiary, with an increase of 0.6 billion USD in the year.

14/ The subsidiary in Uruguay was formed in February 2020, following the split between Seguros Suramericana and its subsidiary Seguros de Vida Suramericana. In May 2020, it also announced the acquisition of authorization to complete the transfer of the annuities portfolio in Mexico; this operation included the transfer of 15,000 policies, as well as almost 574 million dollars in assets that were granted to Grupo Financiero Banorte.

15/ See: https://www.bse.com.uy/inicio/institucional/quienes-somos/

16/ Chile experienced losses related to political risks following the events of October 2019, with a historical loss recording the highest increase in the global insurance market. From that date onward, the political risk line has been underwritten separately from "*property*." See: https://www.latercera.com/pulso/noticia/cuales-son-las-tendencias-y-competitividad-en-la-industria-aseguradora-y-reaseguradora-de-seguros-generales/QLSBM4MSSZCUFOPTORUIXBCXQU/

17/ See: https://www.bbseguros.com.br/seguradora/seguros/quem-somos/

18/ This concentration analysis has been prepared considering the total premium universe comprised by the following Latin American insurance 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.

19/ See: MAPFRE Economics (2019), *2018 Ranking of insurance groups in Latin America*, Madrid, Fundación MAPFRE. At: https://www.fundacionmapfre.org/documentacion/publico/i18n/catalogo_imagenes/grupo.do?path=1099990

20/ For 2018, the ranking was recalculated with data from Venezuela using the average exchange rate instead of the corresponding rate at the end of the period used in the previous edition of the ranking.

21/ Due to the methodology used, changes in the Herfindahl index for concentration in the Latin American insurance market are a product of fluctuating exchanges rates in local currencies versus the US dollar. This effect is particularly pronounced between 2012–2013, 2014–2015 and 2017–2018. For the 2014–2015 period, in 2015 alone the Brazilian real depreciated by an average of 41%, while in the 2017–2018 period, it depreciated by 14%. As a result, the Top 3 Brazilian insurance groups in the Life ranking (Brasilprev, Bradesco and Itaú) all suffered a marked reduction in their market shares in dollars, triggering a drop in the Herfindahl index. The effect of the exchange rate is estimated to cost around 11 billion USD in Life premiums for the groups with the highest share of the Life market during 2015 and 3 billion USD during 2018 (5 billion USD for the total market). 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 aforementioned periods.

22/ See: MAPFRE Economics (2019), *The Latin American insurance market in 2018*, Madrid, Fundación MAPFRE. At: https://www.fundacionmapfre.org/documentacion/publico/i18n/catalogo_imagenes/grupo.cmd?path=1099982

23/ See the "Data and metrics" section in this report.

24/ See: https://www.segs.com.br/seguros/208236-contratacao-de-seguros-individuais-cresce-94-14-no-terceiro-trimestre

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