

FUNDACIÓN MAPFRE

**The Latin American
insurance market
2009-2010**

December 2010

**Instituto de
Ciencias del Seguro**



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1. PRESENTATION

FUNDACIÓN MAPFRE presents the ninth edition of its report entitled “The Latin American insurance market”, which this time contains information on 2009 and 2010.

The study aims to provide a general overview of the current state of the insurance market in Latin American countries. In order to do this, as in earlier editions, a summary is provided of the economic context in which the insurance market performed in each of the countries being reviewed. The performance of these markets is also analyzed through sector-specific information related to insurance production by line of business, claims ratios, results, number of companies and the rankings of insurance groups.

As usual, the sources of information used for this study are the publications issued by the insurance supervisory authorities and insurance associations of each country. To facilitate comparisons between countries, the criterion used in Spain for classifying lines of business into Life and Non-Life has been applied. That is why Health, Burial Expenses and Workers’ Compensation insurance policies, which in some countries are considered lines of Life insurance, are classified as Non-Life for the purposes of this report. It must be stressed that we have further standardized the classification of premiums by line of business, revising data from some countries.

Indices of nominal and real variation are used throughout the study. It is worth pointing out that, unless stated otherwise, the numbers used refer to nominal variations. Average regional increases in premium volume are calculated as the weighted average of nominal growth in local currency, adjusting for the size of the insurance market of each country relative to the aggregate figure in euros for each of the regions.

The descriptive ratios in this study (claims ratio, expense and combined ratios) were calculated using earned premiums net of reinsurance. Earned premiums correspond to the Spanish terms used in most Latin American countries, which are “primas devengadas netas” or “primas ganadas netas”.

2. The Latin American insurance market 2009-2010

2. THE LATIN AMERICAN INSURANCE MARKET 2009-2010

2.1 MACROECONOMIC ENVIRONMENT ¹

After six years of economic growth, in 2009 GDP in the Latin American and Caribbean countries dropped 1.9%. The impact of the international financial crisis was felt in earnest at the end of 2008 and beginning of 2009, although internal and external factors helped to speed up the recovery process as of the third quarter: the counter-cyclical capacity exhibited by several countries in the region through the application of fiscal and monetary policies; the enduring dynamism of certain Asian economies whose demands for the region's products contributed to the recovery of exports; and the economic recovery in the United States, which helped create a better scenario for the economies of Mexico and Central America.

Performance was quite diverse within the region. In South America the GDP dropped by 0.2% due to the downturns in Brazil, Chile, Paraguay and the Bolivarian Republic of Venezuela. The greatest impact in economic activity was felt at the end of 2008 and the first three months of 2009, when industrial production and trade plummeted due to a sharp drop in exports and significant reduction in domestic demand. A major drought also hit the region during that year, triggering an adverse effect on the agricultural sectors of Argentina, Brazil, Paraguay and Uruguay.

In Central America the growth in GDP was 0.8%. The countries that reached positive growth rates were Guatemala, Panama and the Dominican Republic, whereas Costa Rica, Honduras and Nicaragua experienced drops in economic activity.

During the first quarter of 2010, the economies continued to rally as in the second half of 2009, thanks to the behaviour of gross fixed capital formation, private consumption and exports of goods and services.

Although economic activity has rallied relatively fast, questions and uncertainties remain on the evolution of the world economy, which may cast a shadow on the regional perspectives in the medium term. The crises in some of the European economies may have a negative effect on the volumes and prices of some of the regional exports, as well as on the receipt of remittances in some Latin America and Caribbean countries.

In light of this scenario, the Economic Commission for Latin America and the Caribbean (CEPAL) estimates that the Latin America and Caribbean economies will grow at a rate of around 6% in 2010.

2.2 INSURANCE MARKET

Despite this crisis, the Latin American insurance markets managed in 2009 to consolidate the growth trend exhibited in the last six years, with nominal increases in the volume of premiums in local currency in all countries, except Chile. Nevertheless, growth rates are slowing down, having ended the year with an average nominal increase in local currency of 14.2% (16.9% in 2008) and an average real increase of 5.6% (6.8% in the previous year). In contrast to what had happened in 2008, the average real growth rate in Central America (4%) was lower than that of South America (6.1%).

¹ Comments based on the publication "Economic survey of Latin America and the Caribbean, 2009-2010", by the Economic Commission for Latin America and the Caribbean (ECLAC).

Nominal growth in local currencies

% Variation in premium volume. 2009			
COUNTRY	NON LIFE	LIFE	TOTAL
Argentina	25.7	-13.9	15.4
Bolivia	3.6	6.8	4.2
Brazil	2.7	23.9	13.0
Chile	-1.6	-1.8	-1.7
Colombia	15.2	6.5	12.4
Costa Rica	5.0	5.0	5.0
Ecuador	5.7	11.4	6.6
El Salvador	-2.1	5.6	0.6
Guatemala	8.7	10.9	9.1
Honduras	-1.5	5.0	0.2
Mexico	14.0	11.4	12.9
Nicaragua	8.4	5.4	7.9
Panama	10.2	7.7	9.5
Paraguay	25.9	19.8	25.4
Peru	26.1	9.6	19.9
Puerto Rico	5.1	0.9	4.7
Dominican Republic	2.7	36.9	6.5
Uruguay	16.3	23.2	17.7
Venezuela	34.9	28.3	34.7
Overall total	14.4	15.5	14.2

Figure 1. Variation in premium volume in 2009 in Latin America

Source: own statistics from the information published by each country's insurance oversight authority.

Puerto Rico boasts the highest per capita premium in the region, with €1,787/inhab., followed by Venezuela (€355/inhab.), having beaten Chile (€268/inhab.). These are followed by Brazil² (€198/inhab.), Panama (€177/inhab.), Argentina (€147/inhab.), Uruguay (€122/inhab.) and Mexico (€113/inhab.). Bolivia and Nicaragua, with €4/inhab., have the lowest per capita premiums. The average per capita premium in Latin America was 137 in 2009.

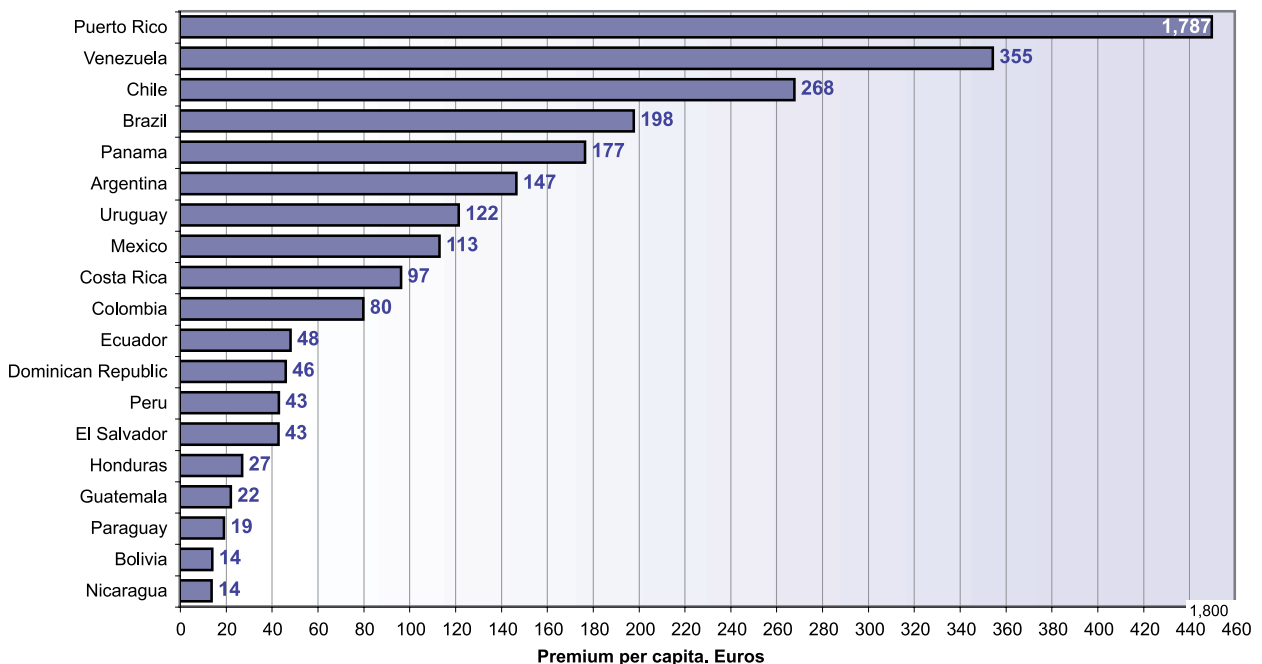


Figure 2. Latin America. Premium per capita 2009

Source: own statistics from the information published by each country's insurance oversight authority and by ECLAC.

² The insurance density and penetration have been calculated taking into account the earnings of all the segments of Brazilian private insurance: Insurance, Health, Private pensions and Capitalization.

With regard to insurance penetration (%premiums/GDP) in Latin America, this reached 2.6% in 2009 compared to 2.4% in the previous year. The highest continues to be Puerto Rico, with 14.3%, followed by Venezuela (4.3%), Chile (3.8%), Panama (3.6%), Brazil (3.4%) and Argentina (2.4%). The significant growth experienced by Venezuela in recent years has contributed to its position as the country in the region with the second highest density and penetration rate.

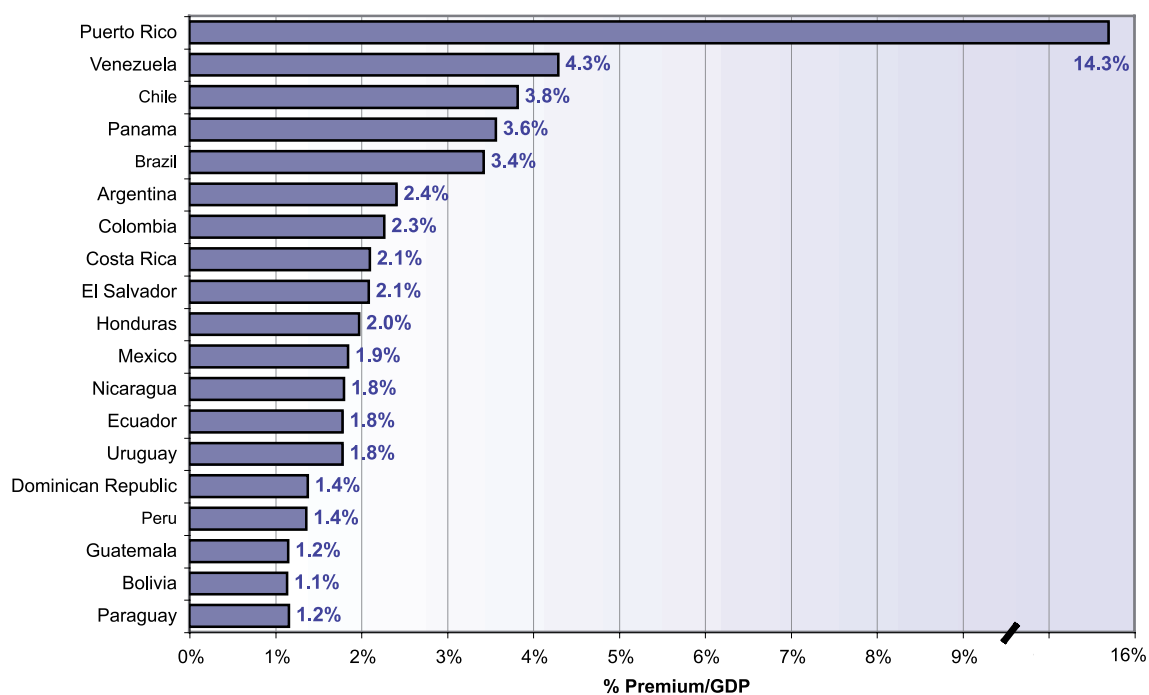


Figure 3. Latin America. Insurance penetration in 2009

Source: own statistics from the information published by each country's insurance oversight authority and by ECLAC.

When analyzing the evolution of the insurance market in euros, the effect of the **exchange rate** must be taken into account, as the depreciation experienced by some of the local currencies against the euro has not favoured the conversion into euros of income from premiums in the region. This is the case with the Mexican peso, where the influence has been the most significant influence due to being the second largest market in Latin America. In contrast, the appreciation of the US dollar against the euro has generated the opposite effect in other markets, such as that of Puerto Rico.

In 2009 the Latin American insurance sector generated 76,591 million euros in premiums, an increase of over 7,000 million euros in absolute terms and a growth rate of 10.5%, similar to that of 2008 (11%). The 8 largest insurance markets in the regions accumulated 95.1% of the premiums, with 65.6% shared among the first three. Brazil, with a share of 36.4%, remains the largest market in the region, greatly exceeding the joint income of the second and third largest, Mexico and Venezuela.

Life insurance accounts for 35.7% of the sector, with Brazil, Mexico and Chile as the most developed markets in this line of business. Until 2009, only life premiums exceeded those of Non-Life insurance in Chile, but the extraordinary growth of the VGBL (*Vida Gerador de Beneficio Livre* or Life Free Benefit Generator) in Brazil in recent years has changed the situation and in 2009 life insurance has gone on to account for 53.3% of the premiums in this country.

The **Non-Life** business accounts for a share of 64.3%. Automobile insurance is the largest in terms of size in almost all countries, except for Chile, El Salvador and Honduras, where the largest are fire and allied lines insurance (includes catastrophic risk), and Puerto Rico and Venezuela, where the largest volume of premiums pertains to Health insurance.

The Non-Life business were the main drivers in the sector for the second year running, with an increase of 11.2% (11.6% in 2008) thanks to the excellent behaviour of the lines of Workers' Compensation (28.3%), Health (21.9%), and Fire and Allied Lines (17.7%). Automobile insurance performed in different ways in the largest markets, with significant increases in Argentina, Peru and Venezuela, and drops in Brazil, Colombia, Chile, Mexico and Puerto Rico, which has triggered a more moderate increase of 5.7% (14.3% in 2008). Agricultural insurance, although accounting for a small market share, has been another line of business which has experienced a positive development.

The Life business also performed well in 2009, with an increase in premium volume of 9.4%. This development is due to the positive behaviour of individual and group life insurance policies, and to a drop in the income of retirement insurance and pension plans, influenced by the transfer to the State of Retirement Insurance and Life Annuities in Argentina, and also due to the sharp drop in demand for Life Annuities in Chile. The premiums denominated in euros of the Life business in Mexico dropped due to the currency exchange rate effect, whereas in terms of local currency they rose 11.4%. The opposite has happened in Chile, where premiums dropped in local currency. Growth has once again been driven by the increase in VGBL insurance in Brazil.

Millions of euros. Nominal growth in euros

Premium volume. 2009						
COUNTRY	NON LIFE	%Δ	LIFE	%Δ	TOTAL	%Δ
Brazil	13,022	-0.7	14,864	19.8	27,886	9.3
Mexico	6,857	-1.4	5,478	-3.5	12,335	-2.4
Venezuela	9,819	41.8	238	34.9	10,056	41.7
Puerto Rico	6,468	10.6	612	6.2	7,080	10.2
Argentina	4,745	24.0	1,146	-14.6	5,891	14.0
Chile	1,828	0.5	2,711	0.3	4,539	0.4
Colombia	2,616	11.3	1,169	2.9	3,785	8.6
Peru	807	29.8	428	12.8	1,236	23.3
Ecuador	564	11.2	113	17.2	677	12.2
Panama	437	15.9	172	13.3	609	15.2
Dominican Republic	396	3.8	68	38.5	464	7.8
Costa Rica	429	2.6	17	0.5	446	2.5
Uruguay	321	13.6	87	20.3	408	14.9
El Salvador	207	3.0	110	11.0	317	5.6
Guatemala	253	6.0	59	8.2	312	6.4
Honduras	149	4.4	55	11.3	203	6.2
Bolivia	116	8.9	30	12.4	146	9.6
Paraguay	111	26.7	10	20.5	122	26.1
Nicaragua	67	10.0	13	6.9	80	9.5
Overall total	49,212	11.2	27,379	9.4	76,591	10.5

Figure 4. Latin America. Premium volume in 2009 by country

Source: own statistics from the information published by each country's insurance oversight authority.

The **Health** line of business increased by 21.9%, over double the amount of the year before (9.6%). In Venezuela, the line of business continues to prosper, influenced by the purchase of Health policies by the public sector. In Puerto Rico, the health care plans for retirees

(Medicare) continued to grow in 2009 mostly due to the increase in the number of people benefitting from the *Medicare Advantage* plans.

Fire and Allied Lines insurance, the third line of business in terms of premium volume, earned 4,538 million euros, accounting for an increase of 17.7% over the previous year. The countries that have experienced the greatest growth have been Argentina, Colombia, Ecuador, Guatemala, Mexico, Nicaragua, Panama, Paraguay and Peru.

Millions of euros

Latin America insurance market 2008-2009 Premiums by line of business				
Line of business	2008	2009	%Δ	% market share
Life	25,033	27,379	9.4	35.7
Individual and group life	21,603	24,260	12.3	31.7
Private pension plans	3,429	3,119	-9.1	4.1
Non Life	44,274	49,212	11.2	64.3
Automobile	17,155	18,125	5.7	23.7
Health	10,017	12,215	21.9	15.9
Fire and allied lines	3,855	4,538	17.7	5.9
Other lines of businesses	5,702	6,030	5.7	7.9
Transport	2,009	1,945	-3.2	2.5
Third-party liability	1,108	1,216	9.7	1.6
Personal accident	1,982	2,193	10.6	2.9
Credit and/or Surety	947	1,026	8.4	1.3
Worker Compensation	1,499	1,923	28.3	2.5
Total	69,306	76,591	10.5	100.0

Figure 5. Latin America. Volume of premiums in 2009 per line of business

Source: own statistics from the information published by each country's insurance oversight authority.

The events of the main insurance markets in the region can be summarized as follows:

- In **Argentina**, Non-Life insurance has once again been the main driver of market development, with increases in the lines of Automobile Insurance and Occupational Hazard.
- The VGBL (Vida Gerador de Beneficio Livre) insurance, mainly distributed over the banking network, has become the main driver of the **Brazilian** market.
- The **Chilean** insurance sector shrank due to the economic crisis, which has been sharply felt in the Life insurance business, which is the main one, due to the drop in demand for Life Annuities.
- The main driver in the insurance market in **Colombia** has been the Life business.
- The **Mexican** insurance market has exhibited an accelerated growth rate compared to the previous year. The main contributor to this increase has been the Non-Life business.
- The development of the insurance market in **Puerto Rico** has been exclusively led by the Health line of business, more specifically by the *Medicare* programme, which has recovered its upward trend following the stagnation of the previous year.
- The growth rate in the **Venezuelan** insurance market remained at levels similar to those of the previous year. The 34.7% increase in local currency is met by an inflation rate of 25.1%, leading to a positive rate in real terms. The growth of the business was grounded mainly on Automobile and Health insurance.

With regard to **mergers and acquisitions** in 2009, the following are worth highlighting, on account of their size:

- In August 2009 Porto Seguro and Unibanco-Itaú signed an agreement to merge their automobile and home insurance businesses. The association has been implemented via a corporate reorganization whereby Itaú/Unibanco transfers to Porto Seguro all its assets and liabilities related to said insurance lines to a newly created company, Itaú Seguros de Auto e Residência, under the control of Porto Seguro. In exchange, Porto Seguro issued shares equal to 30% of its share capital that were handed over to Itaú/Unibanco.
- Acquisition by the Santander Group of 50% of the capital of Real Tokio Marine Vida e Previdencia from Tokio Marine, which has led to the Group controlling 100% of the company.
- At the start of the year the Triple-S Group acquired the majority of the assets of La Cruz Azul de Puerto Rico, which included its portfolio of Health Insurance Plan clients.
- MAPFRE and Grupo Mundial agreed a strategic alliance to jointly engage in direct insurance activities in both groups in Central America, via a holding company of which MAPFRE owns 65% and Grupo Mundial 35%. Grupo Mundial contributes to the alliance the company Aseguradora Mundial in Panama and its subsidiaries in Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala; and MAPFRE contributes its majority shareholding in its subsidiaries in El Salvador.
- In December 2009 the Venezuelan government took over control of the company La Previsora following an investigation carried out by the financial sector authorities which led to the intervention of several small banks due to administrative irregularities and capitalization problems. In March 2010 the authorization for the merger by takeover of Bolivariana de Seguros y Reaseguros and La Previsora was announced in the Official State Gazette.

2010 Preview

The consolidation of the economic upturn in most Latin American countries in 2010 has been mirrored in the insurance market, which during the **first half of 2010** has generated a premium volume of over 42 million euros, representing a nominal increase of 17.9% compared to the same period in the year before. This performance is ten points over that obtained in the first six months of 2009 and becomes even more relevant when bearing in mind that premiums in Venezuela have decreased by 40.5% as a result of the devaluation of the Bolivar at the start of the year. The rest of the countries have shows increases in premiums in euros, except for El Salvador. It is also worth mentioning that growth has benefitted from the appreciation of most of the local currencies against the euro, mainly the Brazilian Real and the Colombian Peso.

Unlike what had happened in 2008 and 2009, there has been a greater increase in the Life business (36.3%) than in the Non-Life business (8.5%). The evident drop in premium volume in Venezuela and the more moderate growth experienced in Mexico are factors that have affected the slowing down of the Non-Life business.

Millions of euros. Nominal growth in euros

Premium Volume. January - June 2010						
COUNTRY	NON LIFE	%Δ	LIFE	%Δ	TOTAL	%Δ
Brazil	8,216	37.1	9,121	47.7	17,337	42.5
Mexico	3,930	5.6	3,344	20.9	7,274	12.1
Puerto Rico	3,622	11.7	303	11.5	3,925	11.7
Venezuela	2,730	-40.4	66	-43.2	2,797	-40.5
Argentina*	2,536	6.9	535	10.2	3,071	7.5
Colombia	1,585	31.6	637	21.7	2,222	28.6
Chile	1,072	26.6	1,788	50.1	2,859	40.3
Peru	460	15.9	279	32.1	739	21.5
Ecuador	351	10.3	65	22.2	415	12.0
Panama	301	49.7	102	17.5	403	40.0
Dominican Republic	212	6.9	34	5.2	246	6.7
Uruguay	180	27.3	56	27.1	236	27.3
Guatemala	143	6.2	33	12.0	176	7.2
El Salvador	99	-1.4	59	1.2	157	-0.5
Honduras	85	15.0	29	1.9	114	11.4
Bolivia	77	29.1	21	39.5	98	31.2
Paraguay*	65	22.6	7	37.7	71	23.9
Nicaragua	37	1.3	6	-7.2	43	0.1
Overall total	25,700	8.5	16,483	36.3	42,184	17.9

Figure 6. Latin America. First half volume of premiums by country

(*) Estimated

Source: own statistics from the information published by each country's insurance oversight authority.

One of the most significant events of 2010 has been the strong earthquake and seaquake that shook **Chile** at the start of the year, the 5th largest on a world level and the 2nd strongest in the history of Chile. The quake, 8.8° on the Richter scale, with epicentres in the Seventh and Eighth Regions, affected the area from the Fifth to the Ninth Region (centre-south zone) of the country, where 80% of the population reside. Over 400,000 dwellings were damaged, and only half has any kind of earthquake insurance, most associated with mortgages. The total number of insurance claims was 225,000 of which 80% pertained to housing damages. Ten months after the earth and seaquake, the insurance industry has settled almost all the home claims (99%), with part of the claims from industry and businesses still pending.

According to a recent CEPAL publication³, 2010 has been particularly difficult for the region in terms of natural events: 98 large disasters occurred with over 223,000 deaths and almost 14 million people affected. It is estimated that the cost of these events would exceed 49,400 million dollars. Although those of a geophysical nature (earthquakes, tidal waves and volcanic eruptions)⁴ caused the highest number of deaths and the highest economic costs, most of the events were of a climatic nature: very large tropical storms and floods in large regions from Mexico to South America⁵.

The **merger and acquisition** highlights were as follows:

- The Brazilian Private Insurance Supervisor has approved the sale by SulAmerica of its 60% share in BrazilVeiculos to Banco do Brazil.

³ Preliminary balance of the Latin American and Caribbean economies 2010.

⁴ Earthquakes in Chile (February), Lower California (Mexico, April) and Ecuador (August). Eruption of volcano Pacaya in Guatemala (May).

⁵ Hurricanes Alex (June) and Karl (September) in Mexico, tropical storm Agatha in Guatemala, Honduras and El Salvador (May), heavy rain and floods in Peru (January) and Brazil (April).

- MAPFRE and Banco do Brazil have reached an agreement to implement their strategic alliance in the insurance sector. The alliance will consist of the creation of two holding companies (BB-MAPFRE handling Life and Agricultural, and MAPFRE-BB for Automobile and General insurance) which will incorporate the insurance subsidiaries of both institutions in Brazil, using the Bank network as a distribution platform as well as other sales channels such as the traditional ones used by MAPFRE.
- In November 2010 the North American company MetLife completed the acquisition of American Life Insurance Company (ALICO), the life insurance subsidiary of American International Group (AIG). ALICO has subsidiary companies in several countries in Latin America.

Finally, we will discuss some of the more relevant **legislative changes** that have taken place in the two years in question:

- November 2009 saw the approval of Decree 1694, introducing major changes in the Occupational Hazard Act in Argentina. The new regulations increase the coverage to be granted by the Occupational Hazard Insurance Companies (ART) and add restrictions on the possibility of transferring to fees the cost thereof.
- Following its publication in the Official Gazette, the new Insurance Activity Act came into effect in Venezuela in July 2010. The reform increases consumer rights, regulates insurance cooperatives, bans banks from selling insurance and obliges the insurance companies to obtain the approval from the sector regulatory authority before launching new products. Those subject to regulation will have a period of 60 days as of the Act's enactment to present their plans of adjustment to the regulations, provisions and controls established therein.
- In November 2010 the "Regulations on insurance sales" were published in Costa Rica, aiming to regulate the sale of insurance, the minimum information items provided to the customer as the training requirements for insurance brokers in accordance with the provisions of the Insurance Market Regulation Act.
- In July 2010 the Congress of the Republic of Guatemala approved decree 25-2010 of the Insurance Activity Act, which comes into effect in January 2011 and will open up the Guatemalan insurance market to foreign insurance companies. With the approval of this Act, the State of Guatemala meets one of the commitments it undertook when signing the Free Trade Treaty with the United States. The decree regulates the incorporation, organization, merger, operation, registration and liquidation of insurance companies, as well as the control to be exercised thereon by the Banking Supervisor.
- Lastly, Brazil, Chile and Colombia have approved a new set of regulations which updates mortality tables.

3. Analysis by regions and countries

3. ANALYSIS BY REGIONS AND COUNTRIES

3.1 MEXICO

Macroeconomic environment

In 2009 the Mexican economy underwent a marked deceleration, with a 6.5% contraction in GDP. This sharp drop was due to a weakening of the aggregate demand as a result of the world recession, which hit exports, direct foreign investment and emigrant worker remittances. The Mexican economy was also hit by the swine flu epidemic (H1N1) with a 0.7% impact on GDP. The sectors that were most affected by this flu have been those associated with tourism.

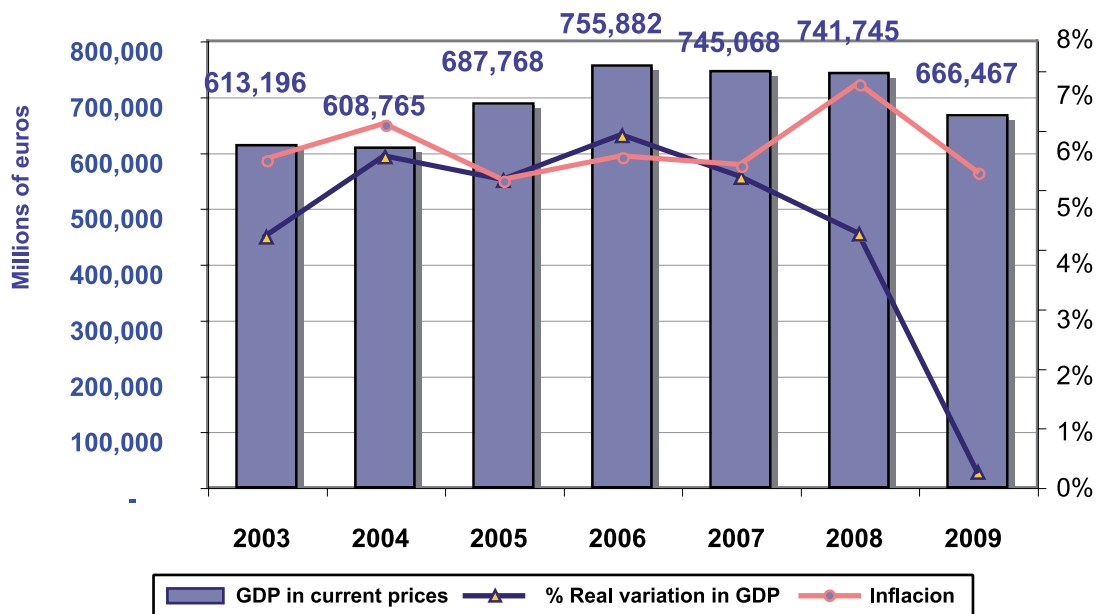


Figure 7. Mexico. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Bank of Mexico.

In terms of supply, the sectors which experienced a sharp fall have been trade (-14.5%), construction (-7.5%), manufacturing industry (-10.2%) and hospitality (hotels and restaurants) services (-9.6%). The only sectors which experienced growth were agriculture, stockbreeding, hunting, forestry and fishing (1.8%), mining (1%) and electricity and gas and water (1,2%). As for expenditure, private consumer spending and investment fell by 6.1% and 10.1% respectively.

General inflation in Mexico has experienced a downturn during 2009, at 3.6%, almost 3 points under that of 2008. Among the factors influencing this result are the effects of the currency depreciation at the end of 2008 and beginning of 2009 on the prices of tradable goods.

The reduced growth in economic activity led to a slowing down of the job market, resulting in the unemployment rate rising from 4.3% in 2008 to 6.4% in 2009.

In terms of the export sector, the total value of exports dropped by 21.2%, as did imports, which fell 24%. Moreover, the reduction in the volume of exported oil and the fall in international prices led to a reduction of 39% in oil exports and of 40.8% of crude exports.

Growth forecasts for 2010 are more optimistic due to the recovery of the US market, with the ensuing increase in exports towards that market added to the expectation of stronger consumption and investment. Capital generation has been boosted by certain production chain segments, particularly in the automobile sector, being transferred to Mexico. For 2010, CEPAL forecasts an increase in GDP slightly above 4%.

Insurance market

The volume of premiums at the close of 2009 showed an increase in its growth rate over the year before, reaching the amount of 232,901 million pesos (12,335 million euros), which is a nominal increase of 12.9% and a real increase of 9.0%. The main contribution to this increase has come from the Non-Life sector, particularly the Damage insurance line of business, mostly due to the multi-annual renewal of the comprehensive insurance policy of Petróleos Mexicanos.

Premium volume ¹ 2009				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	232,901	12,335	12.9	9.0
Life	94,675	5,014	11.4	7.6
Individual life	55,792	2,955	12.4	8.5
Collective life	29,480	1,561	12.6	8.8
Group life	9,403	498	2.7	-0.9
Pensiones	8,756	464	13.3	9.4
Non Life	129,470	6,857	14.0	10.1
Automobile	46,804	2,479	-1.0	-4.4
Health ²	31,209	1,653	8.2	4.5
Fire	15,849	839	145.0	136.5
Earthquake and other catastrophic risks	10,911	578	30.3	25.8
Property & Casualty	8,109	429	1.0	-2.5
Transport	5,843	309	14.8	10.8
Third-party liability	5,106	270	19.8	15.7
Personales Accident ²	3,185	169	1.5	-2.0
Crop insurance	1,730	92	9.2	5.4
Credit	724	38	48.6	43.4

Figure 8. Mexico. Volume of premiums in 2009 per line of business

(1) Direct Premium

(2) Accident and Illness Line of business

Source: own statistics from data published by the Mexican Association of Insurance Institutions and the National Insurance and Finance Commission.

The Life business generated 94,675 million pesos (5,014 million euros), 11.4% over the year before, thanks to the tax incentives granted to savings insurance and the fact that these will be eliminated as of 2010. On their part, Pension insurance arising from the Social Security laws increased by 13.3% to 8,756 million pesos (464 million euros).

The Non-Life business achieved a premium volume of 129,470 million pesos (6,857 million euros), representing a nominal growth rate of 14.0% and a real rate of 10.1%. This development was considerably influenced by the growths in the Damage insurance line of business (renewal of the PEMEX oil company policy), Fire (90.6%) and Earthquake (62.8%).

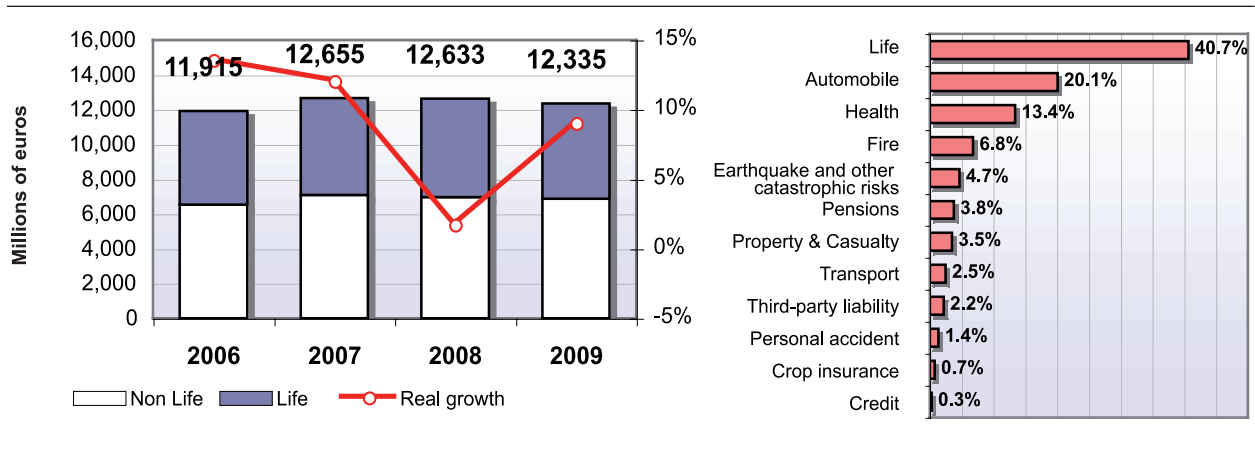


Figure 9. Mexico. Evolution of premiums and market share in 2009 by line of business

At the end of the year, the insurance sector was comprised of 98 companies, 2 less than in 2008, of which 15 were connected with a financial group and 57 had mostly foreign capital (59 in 2008), authorized to operate as subsidiaries of foreign financial institutions.

In 2009 the 10 largest insurance groups in the country accounted for 74.1% of the premiums. MetLife Mexico continues to top the insurance group ranking with a share of 15.5%. Inbursa and Seguros Banamex have stepped up one position while BBVA Bancomer and Banorte Generali have slipped down a position.

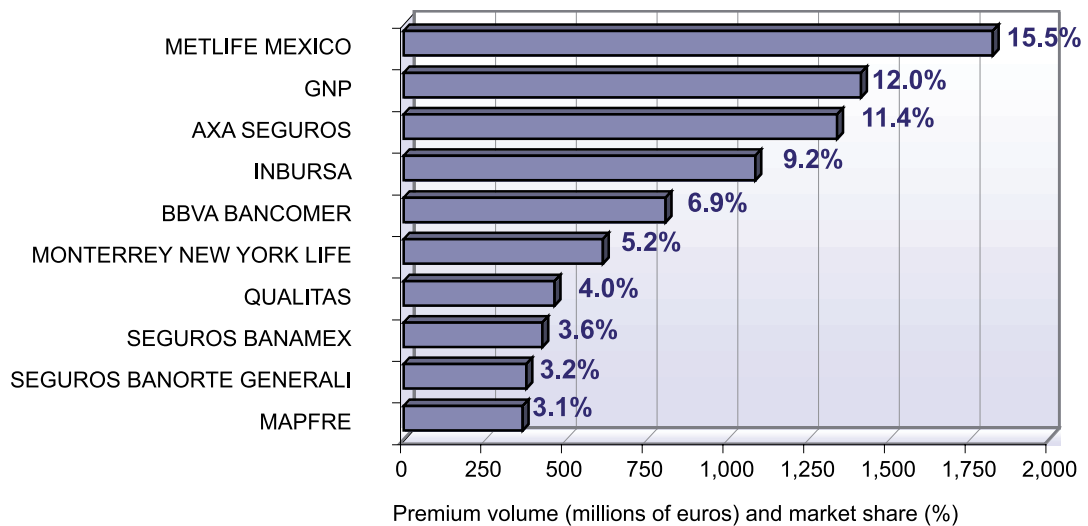


Figure 10. Mexico. 2009 Ranking. Total

Source: own statistics from the information published by the National Insurance and Finance Commission.

N.B.: does not include Pensions.

As for Non-Life, Axa continues to head the rankings with a 15.6% share. Inbursa has climbed up a position, pushing Qualitas down to 4th place, due to the group's extraordinary growth after Petroleos Mexicanos renewed its Damages policy in February 2009. Banorte Generali and Atlas also moved up one place after Zurich left the rankings, and BBVA Bancomer appeared for the first time in 10th place.

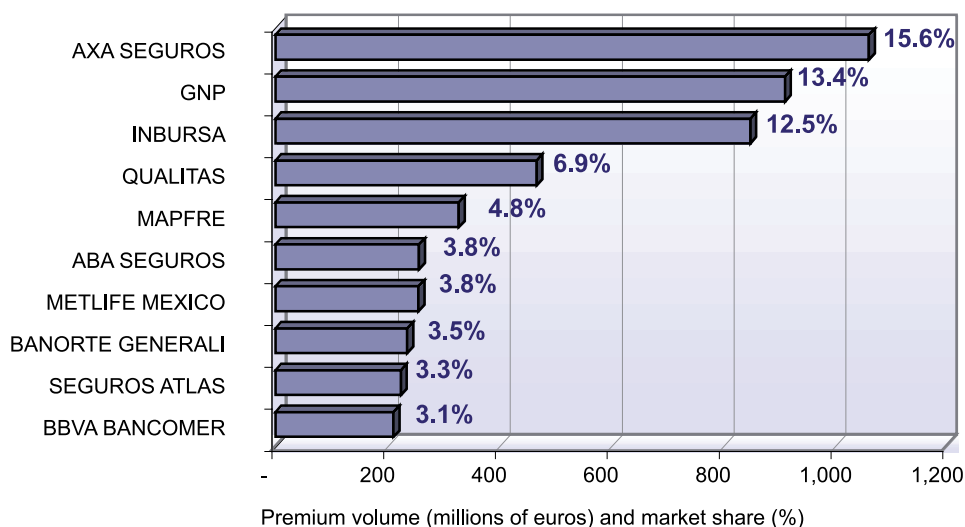


Figure 11. Mexico. 2009 Ranking. Non-Life

Source: own statistics from the information published by the National Insurance and Finance Commission.

In the Life business, the top 10 insurance groups accounted for 88.6% of the premiums. MetLife continues to lead the rankings with a 31.4% market share, followed by BBVA Bancomer and GNP. Argos Aegon joins the rankings in 9th place position ousting Santander, and HSBC is no longer included in the rankings for 2009.

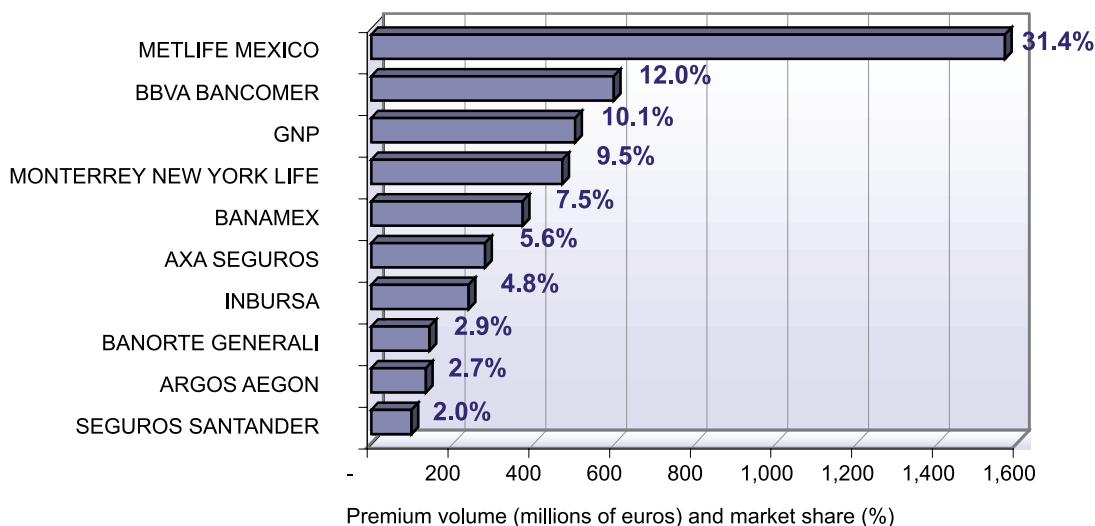


Figure 12. Mexico. 2009 Ranking. Life

Source: own statistics from the information published by the National Insurance and Finance Commission.

N.B.: does not include Pensions

Results

The net result of insurance companies amounted to 16,312 million pesos (864 million euros), 21% over the previous year. This increase is due to a profit of 35,126 million pesos, as the technical result showed losses of 13,569 million pesos despite the one-point improvement in the expenditure ratio.

The claims ratio has kept at 77%, with an upturn in Life insurance due to the redemption of savings insurance policies as a result of the economic crisis. The Non-Life business shows a drop in the claims ratio only due to the effect of the aforementioned PEMEX policy; without this policy it would have shown an increase due to the higher number of theft-related claims.

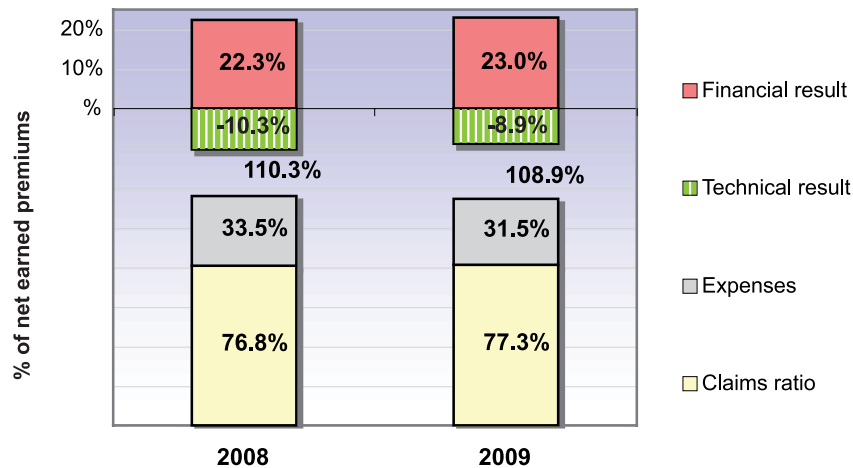


Figure 13. Mexico. Technical Account Result

Source: own statistics from the information published by the National Insurance and Finance Commission.

New legislation

In March 2010, the Secretariat of Tax and Public Credit submitted to the Federal Commission of Regulatory Improvement (COFEMER) the text for the draft bill "Insurance and Financial Institutions Act" with the aim of establishing the rules of the overall administration of risk, control and audit in line with the Solvency II model. Should this proposal be accepted, the new law would come into effect in 2012.

2010 Preview

The Mexican insurance sector posted a premium volume during the first half of 2010 of 121,010 million pesos (7,274 million euros), equal to a nominal increase of 0.3% and a real reduction of -1.1%.

The Life business issued premiums amounting to 55,629 million pesos (3,344 million euros) and achieved a nominal increase of 8.1% due to the sharp upturn in pension insurance triggered by the Social Security Laws and the Group Life insurance policies.

In the Non-Life business, the sector shrank 5.6% due mainly to a 61.1% reduction in Fire insurance premiums. Except for Earthquake, there was moderate growth in the remaining lines of business.

Premium volume ¹ . 1 st Half 2010				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	121,010	7,274	0.3	-1.1
Life	55,629	3,344	8.1	6.7
Non Life	65,381	3,930	-5.6	-6.9
Automobile	24,485	1,472	5.9	4.4
Health ²	16,532	994	11.3	9.8
Fires	4,788	288	-61.1	-61.7
Earthquake and other catastrophic risks	6,366	383	0.6	-0.8
Property & Casualty	4,405	265	7.6	6.2
Other lines of business	8,805	529	3.4	2.0

Figure 14. Mexico. Volume of premiums 2010 per line of business

(1) Direct Premium

(2) Accident and Illness Line of business

Source: own statistics from data published by the Mexican Association of Insurance Institutions and the National Insurance and Finance Commission.

According to the latest data published by the National Commission on Insurance and Finance, at 30 September 2010 the volume of premiums in the insurance sector amounted to 177,086 million pesos, representing a real drop of 0.7% compared to the close of the third quarter of the previous year. Within the Life business, the Group Life and Pension Insurance policies stemming from the Social Security Laws, experienced sharp increases.

The Non-Life, Fire, Transport and Civil Liability lines reported real drops of 56.1%, 12% and 6% respectively, whereas the Automobile, Agriculture and Earthquake lines experienced moderate growth.

3.2 CENTRAL AMERICA, PUERTO RICO AND DOMINICAN REPUBLIC

3.2.1 CENTRAL AMERICA

Macroeconomic environment

The international financial crisis and the United States economic recession have had an adverse effect on the economies of the region, so that the average GDP growth was 1.5%, three points below that of 2008. Panama and Guatemala have been the only countries in the region that experienced positive growth rates.

However, from the second half of 2009, most of the region's countries began a rapid recovery thanks to the counter-cyclical initiatives applied by some governments and the implementation of fiscal and monetary incentive programmes, leading business to recovery steadily throughout the year, this trend being set to become consolidated in 2010.

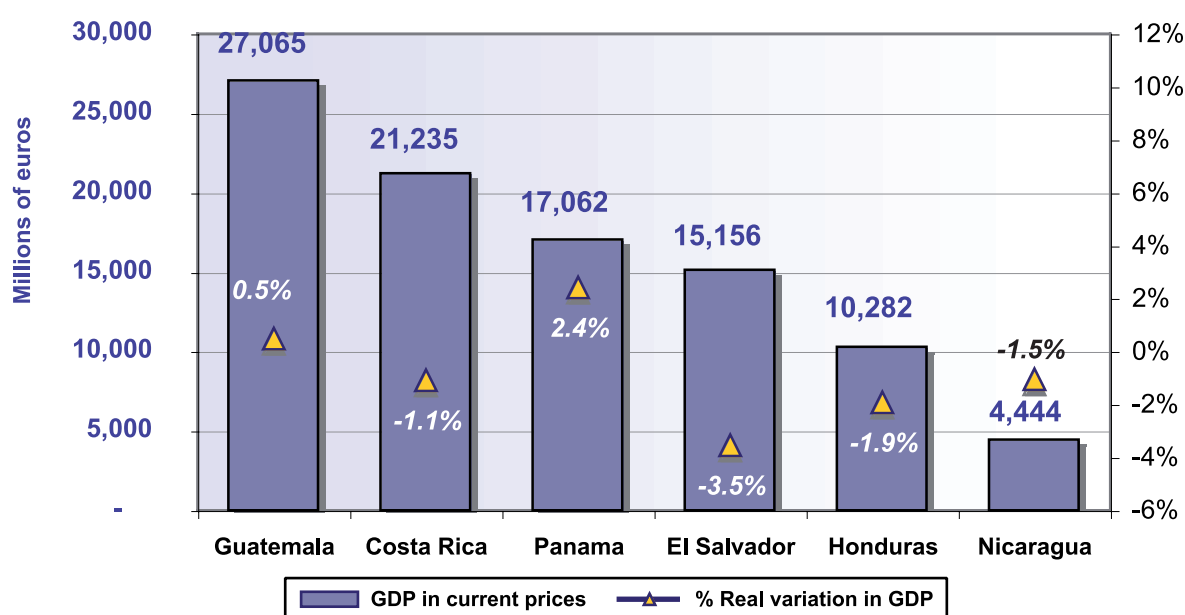


Figure 15. Central America. 2009 GDP

Source: own statistics from the information published by ECLAC.

Direct Foreign Investment has always been a relevant factor in Central American economies. However, in 2009 the level of investment fell by 33% due to the combination of several factors, such as: the problems of access to credit and marked uncertainty; the recession in North America, which discouraged investment in export platforms (manufacturing); and the recession in the region's countries, which also reduced investment levels. Despite the economic crisis in the United States, this country continued to be the main source of investment throughout 2009, followed by the Netherlands. Panama was the main receiver, with a share of 35% of the total, mainly reflected in real estate and building sectors, as well as telecommunications and tourism. In the case of Costa Rica, investments were made in call centres and high technology manufacturing industries.

The growth rate in **Panama**, though eight points below 2008, continued to be positive, with a 2.4% increase. The main driver has been gross capital formation as a result of the Canal

of Panama works. Despite registering a general decline in activity in most of the sectors, the lines of business showing the largest growth were transport, storage and communications (8.3%), electricity, gas and water (7.1%) and the building industry (7.1%). The rate of inflation recovered its historical levels and reached 2.4% in 2009.

In **Costa Rica**, the economy fell by 1.1% due to the drop in external demand for goods, fewer tourist arrivals and a fall in direct foreign investment cash flows. Inflation at year end was 4.1%, the lowest since 1971.

The international crisis hit harder in **El Salvador**, where the economy shrank 3.5% due to the sharp downturn in internal and external demand. By activity sector, the hardest hit have been farming (-2.2%) due to the adverse effects of tropical storm Ica which blew over the country at the end of 2009, manufacturing industry (-3.4%) as a result of a shortfall in goods demand, and the building sector, which was severely affected by the credit cuts. The year ended with an average inflation rate of -0.2%.

After 15 consecutive years of expansion, the **Nicaraguan** economy shrank 1.5% in 2009, due to the drop in gross domestic investment (-22.3%) and total consumption (-1.2%). The reduced flows of remittances and the rise in unemployment had an impact on private consumer spending, which fell by half a point. Private investment and construction also underwent significant drops due to the credit cuts and less demand for direct foreign investment. The year-on-year inflation fell, ending 2009 at 0.9%.

Guatemala was the second country in the region where GDP showed a positive performance of 0.5%, albeit three points below that of 2008, due to the reduction in exports and in remittances, direct foreign investment and tourism. Inflation slowed down significantly, reaching -0.3% by year end.

In **Honduras** the economy suffered a 1.9% drop due to the internal political crisis in the country in mid-2009, which had a negative impact on investment, exports and consumer spending. Inflation reached its lowest rate since 1987 at 3.3%.

In accordance with CEPAL estimates, the region's economies are forecast to recover in **2010**, with moderate growth being expected in all countries. A growth in GDP of 5% is estimated for **Panama**, two and a half points over that of 2008. It will increase by five points in **Costa Rica**, reaching 4%. The increase in **El Salvador** is forecast to be of four points, up to 1.5% and in **Guatemala** it will rise by one and a half points, reaching 2%. The economy in Honduras will grow around six points, reaching between 4 and 5%, whereas Nicaragua will remain at 2%.

Insurance market

During 2009 the insurance market in the area continued to speed up its growth rate. The volume of **premiums** experienced an average real increase of 4% (10.8% in 2008) reaching 1,968 million euros. Despite this, the contribution of the insurance sector to the economy is kept steady at 2.1% of the GDP in average terms, reflecting a lack of insurance culture and low income levels. The average per capita premium reached 63 euros, ranging between 14 euros in Nicaragua to 177 euros in Panama.

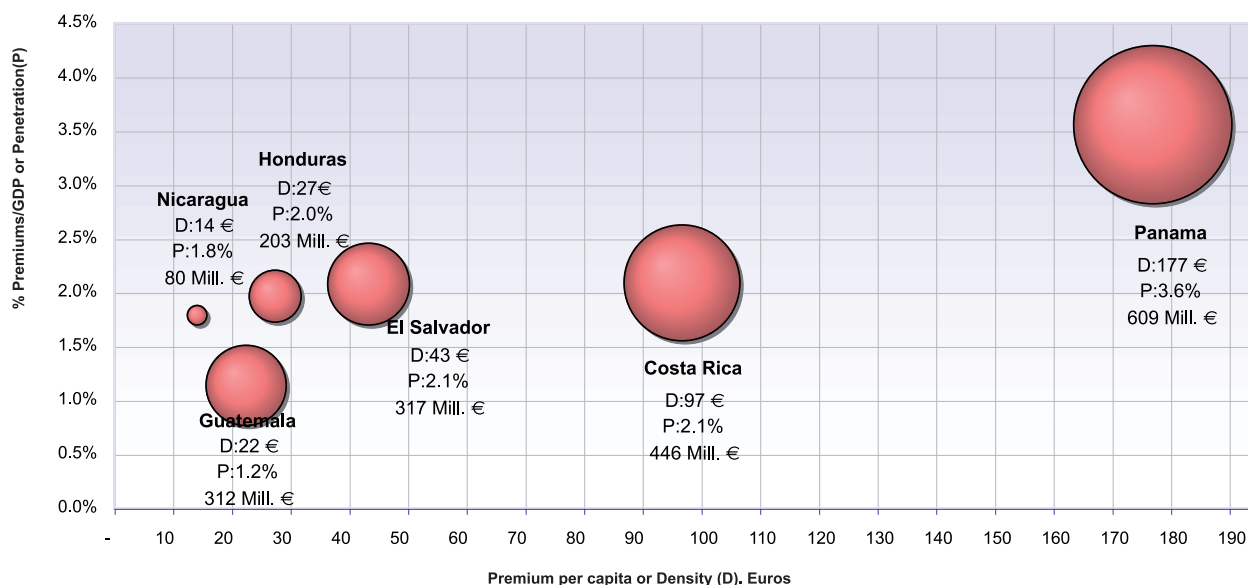


Figure 16. Central America. Penetration and Density 2009

Source: own statistics from the information published by the insurance oversight authority and the national institute of statistics of each country.

All countries in the region experienced increases in premium volumes. The production of Panama and Costa Rica which in 2008 grew by around 18%, experienced a considerable downturn in 2009, with growths of 7.5% and 4% respectively: the same was the case of El Salvador, which grew at a lower rate than the previous year, with an increase of 5.5%. Guatemala, Honduras and Nicaragua also experienced rises of 9.4%, 3.8% and 1.8% respectively.

In the Non-Life business, there have been increases in Panama, Costa Rica, Guatemala and Nicaragua, whereas El Salvador and Honduras have experienced a slight downturn due to the fall in demand for automobile insurance and allied lines stemming from the drop in car sales and a decline in economic activity. On the other hand, Life Insurance has increased its production in all countries in the region, with rises above 5%, thanks to the growth in savings and insurance products linked to loans in the bancassurance channel.

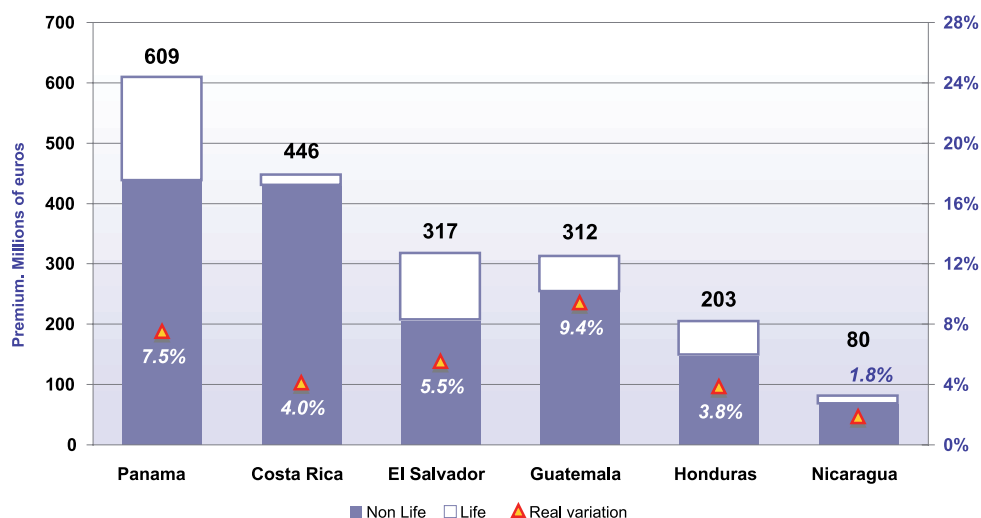


Figure 17. Central America. Volume of premiums in 2009

Source: own statistics from the information published by each country's insurance oversight authority and by ECLAC.

As for **distribution channels**, Guatemala and Panama are markets that have been traditionally controlled by brokers and large insurance brokerage firms, most of which are affiliated with large international groups. Brokers are estimated to control around 70% of total business in these two markets. In the remaining countries, it is worth mentioning the case of Costa Rica, where sales agencies act as the exclusive marketing channel of the National Insurance Institute. The new Insurance Act allows new agents to be registered in order to attend to the private sector, but this is a fairly new initiative that will develop as the market evolves.

With regard to the evolution of the bancassurance channel, it has shown a steady development that has been strengthened by the "bankerization" that is permeating the Central American region, where global financial institutions have been transferring know-how and technology from their operations in mature markets, encouraging the use of credit cards among their customers and creating channels for the sale of bancassurance products.

In terms of exploitation of alternative channels⁶, the incidence thereof has been minimal in the area, as result of an absence of players specialized in this type of sale and the lack of insurance culture in the existing mass channels.

With regard to **results**, a general increase in the claims ratio in all the countries except for Nicaragua has been observed. Expenses fell significantly in Honduras and Costa Rica and rather more slightly in Guatemala. This has led to an increase in the combined ratio of Panama, El Salvador and Guatemala, and an improvement in the rest of countries. The financial result increased in all the countries, which has improved results. In the case of Panama, despite this improvement, the ratio of net result over net premiums has fallen below that of 2008.

⁶ Consumer credit institutions, retailers, car manufacturers and dealers, service supply companies, etc.

% earned premiums net of reinsurance

Ratio (%)	Panama		Costa Rica		El Salvador		Guatemala		Honduras		Nicaragua	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Claims ratio	55.4	55.7	56.1	57.9	50.1	51.4	66.4	67.3	55.6	57.3	54.9	52.8
Expenses	41.2	42.6	30.5	26.6	32.4	33.8	33.9	33.6	37.2	32.5	42.1	41.2
Combined ratio (%)	96.6	98.4	86.6	84.5	82.5	85.2	100.3	100.9	92.8	89.7	97.0	94.0
Financial result	11.0	13.2	17.7	25.2	9.3	10.2	8.1	8.7	14.5	13.9	10.6	11.3
Tech-Fin. result	12.1	14.8	31.1	40.7	26.8	25.0	7.7	7.8	21.6	24.2	13.6	17.3
Net result	11.0	10.7	22.5	24.7	12.6	13.2	8.4	9.6	20.1	20.6	12.7	18.8
Average ROE	13.2	12.4	20.8	12.4	26.0	20.9	18.2	17.6	19.9	22.1	27.9	30.8

Figure 18. Central America. Results 2008-2009

Source: Fitch Ratings and own statistics.

With a premium volume of 847 million balboas (609 million euros), the insurance market in **Panama** continues to be the largest in Central America with a nominal growth of 9.5% and real growth of 6.9%. The production of the sector accounts for 3.6% of the GDP, the highest in the region.

All lines of business, except for Technical Risk⁷ and Transport, achieved significant increases in premiums, especially in the Multi-risk (46.3%), Health (14.2%) and Civil Liability (13.7%) sectors. On its part, Automobile insurance continues to account for the largest market share with a percentage of 19%. The Life business achieved an increase of 7.7% due to the solid development of individual insurance policies.

Net amount of claims increased by three tenths, reaching 55.7%, as did the expenses ratio, which rose by almost one and a half points, which led to an increase of almost two points in the combined ratio, reaching 98.4%.

The insurance sector in **Costa Rica**, the second largest in the region, reported nominal growth of 5% and real growth of 0.9%. The premium volume rose to 353 million colones (446 million euros).

Net amount of claims reached 57.9% and is the second largest in Central America, second only to Guatemala. The expense ratio decreased by four points to 26.6% leading to a net result of 24.7% (73 thousand million colones).

The coming into effect of the “Insurance Market Regulation Act” in July 2008 led to the opening of the Costa Rican insurance market and the creation of the General Insurance Supervisor (SUGESE), under the coordination of the Pensions Supervisor for a provisional period of 18 months until February 2010.

Among the duties of the SUGESE are the development of the new regulations to encourage the operation of the market and the guarantee of protection to the insured party. In line with this objective, November 2010 saw the publication of the “Regulations on Insurance Sales” and the draft bill “Insurance Contract Act” is currently under parliamentary consideration; this will help to complete the legislative framework, dating back to 1926. Another event expected in 2011 is the opening up of the market to competition in the obligatory insurance line of business, specifically the obligatory automobile insurance and Occupational Hazard insurance, which have hitherto been under the monopoly of the National Institute of Costa Rica.

⁷ Technical Risks covers damage to windows and glass, equipment, household appliances and machinery.

As of June 2010, 8 insurance companies have been authorized to operate, of which four were authorized in 2009 and three in 2010. Likewise, two are based on national capital, one has a mixed capital base and the rest are foreign capital based.

The insurance sector in **El Salvador** boasted a premium volume in 2009 of 441 million dollars (317 million euros), with a nominal increase of 0.4% and a real increase of 0.6%. Twenty companies operate in the market, two more than in 2008 as a result of the arrival of two new entities (one Life and one Non-Life) from the Panamanian ASSA Group.

The Accident and Medical line of business continued its upward trend and grew by 12.1% due to some companies having increased their fees in line with the effect of inflation on medication and hospital services. Automobile insurance fell by around 8% due to the restriction on consumer credit and the decline in car sales; the same happened in the Fire and Allied Lines, which dropped 2.4% as a result of the decline in economic activity and the limitation on credits granted for homes. The Life business experienced a growth of 5.6% despite the tough economic situation the country is currently facing.

The claims ratio worsened by one point, reaching 51.4%. Automobile claims improved considerably as a result of adjustments made in fees and the implementation of several corrective and proactive measures to control claims. The good performance of these lines of business was offset by the increase in claims in the Pensions, Life and Health lines.

As of December 2009 the insurance sector of **Guatemala** issued premiums amounting to 3,543 million quetzals (312 million euros), with a nominal growth rate of 9.1% and a real growth rate of 9.4%, the highest in Central America.

All lines of business, except for Transport, underwent increases, especially Civil Liability (25.3%), Personal Accident (20.3%) and Earthquake (13.7%). The business in Life also experienced considerable growth (10.9%), driven by the rise in group insurance. The line of business with the largest market share continues to be that of Automobile Insurance (28%), followed by Health (20%).

Net claims reached 67.3%, the highest in the region and one point above that of 2008. The cause for such a high percentage is mainly the use of rate deficits as a result of the fierce price competition in the market, and the high rate of delinquency. The lines of Automobile and Accident and Illness were affected, once again, by the price increase in the cost of parts, medications and hospital services. The expense ratio fell by half a point, thus offsetting the rise in claims, so that the net result improved by over one point, reaching 9.6% (229 million quetzals). Despite this, it is the lowest results/premium ratio in the region.

In July 2010 the Congress of the Republic of Guatemala approved decree 25-2010 of the Insurance Activity Act, which comes into force in January 2011 and will open up the Guatemalan insurance market to foreign insurance companies. With the approval of this Act, the State of Guatemala meets one of the commitments it undertook when signing the Free Trade Treaty with the United States. The decree regulates the incorporation, organization, merger, operation, registration and liquidation of insurance companies, as well as the control to be exercised thereon by the Banking Supervisor.

In 2009 **Honduras** insurance sector generated 5,353 million lempiras in premiums (203 million euros), representing a nominal increase of 0.2% and a real increase of -3%. The only lines of business that reported rises were Fire and Allied Lines (5.1%), Health (9.9%) and Personal Accident (9.2%). The remaining lines of business reported double digit drops, except for Automobile Insurance, which fell by 6.4% due to the significant drop in car sales in the country.

The net result for the year was 20.6% (710 million lempiras), slightly above that of 2008.

Nicaragua is the smallest market in the region with a premium volume of 2,225 million cordobas (80 million euros). In 2009, income increased by 7.9% nominal and 6.9% real, with rises in all lines of business, particularly Accident and Illness (25.6%) and Fire and Allied Lines (15.2%).

Net claims fell by two points to 52.8%, as did the expenditure ratio, which fell by around one point, thus improving the combined ratio by three points, reaching 94.0%.

There are 82 financial institutions in the region engaging in insurance activities, of which two are State-owned, the National Institute of Insurance of Costa Rica (INS) and the INISER in Nicaragua, indisputable leaders in their respective markets. Seven insurance companies control over 50% of the market and 20 control over 75%.

In 2009, MAPFRE and Grupo Mundial agreed a strategic alliance to jointly perform direct insurance activities in both groups in Central America, via a holding company of which MAPFRE owns 65% and Grupo Mundial 35%. Grupo Mundial contributes to the alliance the company Aseguradora Mundial in Panama and its subsidiaries in Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala; and MAPFRE contributes its majority shareholding in its subsidiaries in El Salvador.

On the other hand, in the last two years the leading Colombian financial institutions have shown increased interest in expanding their operations in the Central American market, with some of them having set up service offices in Panama, such as Seguros Bolívar, Suramericana and very recently the Aval group. Lastly, there is a significant number of Venezuelan companies that are also following along this line, under the pressure of the situation of their domestic market.

Ranking	Costa Rica	El Salvador	Guatemala	Honduras	Panama	Nicaragua
1	INS	SISA	G&T	Interamericana	IS	Iniser
2		ASESUISA	El Roble	Atlántida	ASSA	America
3		AGSA	General	HSBC	MAPFRE	Lafise
4		MAPFRE	Universales	MAPFRE	AIG	Metropolitana
5		Chartis	MAPFRE	Palic	Generali	MAPFRE
Nº of companies	8	20	17	11	24	5

Figure 19. Central America. 2009 Ranking

Source: own statistics.

3.2.2 PUERTO RICO

Macroeconomic environment

The financial year 2009 (July 2008-June 2009) was marked by the sustained slowdown in all economic indicators. The Gross Domestic Product fell by 3.7% at steady prices (-2.8% in 2008), representing the third year running of economic contraction. Among the GDP components which influenced this downturn were the decline in investment in building, the significant cut in government expenditure and the reduction in the level of exports, which led to an increase in the negative balance of trade of goods and services.

Personal consumer expenditure was 2.4% down on the financial year 2008, due to a fall in all its components, consumer spending on durable goods, non-durable goods and services. The drop of 15.9% in personal consumer spending on cars is worth noting, as it had the highest impact on consumer spending on durable goods, which was likewise reflected in a drop in car imports.

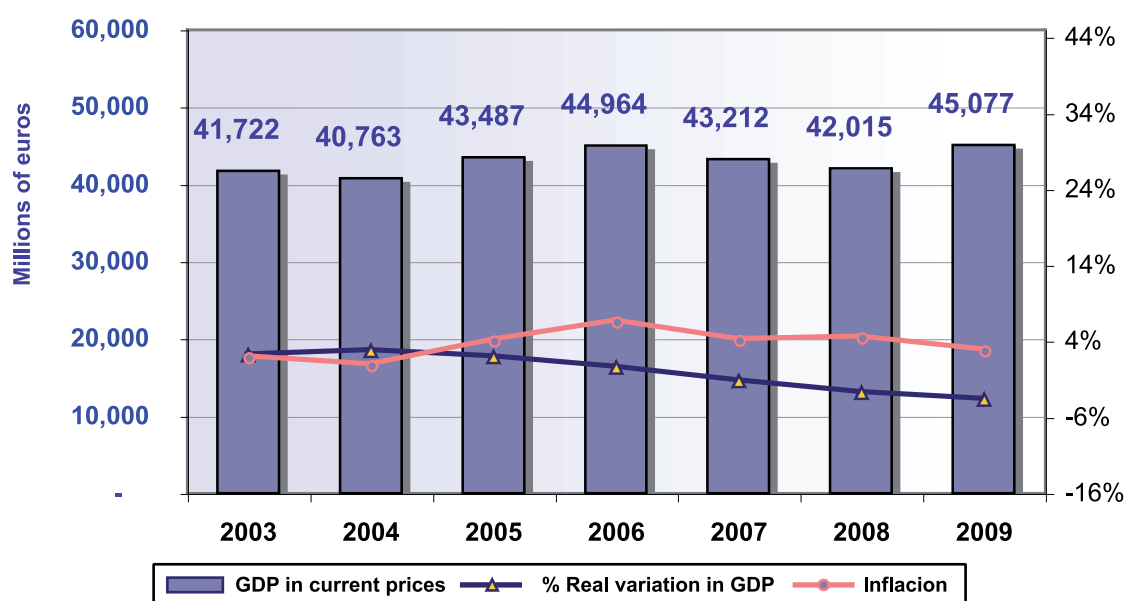


Figure 20. Puerto Rico. 2009 GDP

Source: Puerto Rico Planning Board.

The remaining components of domestic demand reported drops during the financial year 2009, with a significant reduction of 11.8% in gross fixed domestic capital investment.

Exports fell 4.9%, with a higher drop in exports to the United States. The factors leading to this situation were the drop in foodstuffs, pharmaceuticals and computer and electronic products. On the other hand, imports dropped by 9.5% due to the reduction in oil and related products, pharmaceuticals and imports of new and used passenger vehicles.

During the first six months of financial year 2010, from July to December 2009, the economic indicators continued to show a downturn and the Gross Product is forecast to drop 3.6% in 2010. Economic recovery is expected to take place during the financial year 2011, with a 0.4% growth due to the economic restructuring measures being implemented by the current Administration and the influence of Public-Private Alliances, known as the APPs.

These are contractual agreements between a Government agency and a private entity designed to provide works or services required in Puerto Rico during a given period of time.

In September 2010 a new Consumer Price Index was published as a result of the collaboration project between the Labour and Human Resources Department, the National Statistics Institute of Puerto Rico and other entities. The publication of the new CPI has cut the official rate of inflation in Puerto Rico in recent years by over 50%. The review of inflation rates for 2008 and 2009 (December to December) places them at 1.4% and 3.9% respectively, as opposed to 7.9% and 5.8% published previously.

Insurance market

The Puerto Rican insurance market generated 9,857 million dollars in premiums in 2009, 4.7% over that of 2008 (0.8% real), showing an increase in the growth rate over the previous year, albeit due to very different factors. Market development is exclusively being driven by the Health insurance line of business, specifically the Medicare Advantage Programme, which has recovered its upward trend following the stagnation of the previous year, despite having reached a certain saturation point (this Programme accumulated 50% of the premium in Health insurance in 2009). Private Medical insurance decreased slightly as a consequence of the shutdown of companies and the reduction of the welfare benefits granted to employees. The remaining lines of business of Non-Life (Property & Casualty) have dropped by 5.9%, due to the economic crisis and the stiff competition within the insurance market, which has led to insufficient fees. Life insurance reported a slight increase of 0.9% as a result of the drop in demand for products linked to variable income and loans.

Premium volume ¹ 2009				
Line of business	Millions of USD	Millions of euros	% Δ	% Δ <i>real</i>
Total	9,857	7,080	4.7	0.8
Life	852	612	0.9	-2.8
Non Life	9,005	6,468	5.1	1.2
Health	7,129	5,120	8.5	4.4
Other lines of business	715	513	-6.5	-10.0
Automobile	486	349	-7.4	-10.9
Fire and allied lines	306	220	-4.4	-7.9
Third-party liability	237	171	4.9	1.0
Transport	113	81	-14.3	-17.5
Accident and Illness	17	12	-29.1	-31.8

Figure 21. Puerto Rico. Volume of premiums in 2009 per line of business

(1) Premiums issued direct insurance

Source: own statistics from sector databases.

Except for Health and Civil Liability insurance, the remaining Non-Life lines of business experienced a decline in premiums. The Automobile line of business reported a contraction of 7.4% (-10.9% real) as a result in the decline of car sales and strong rate competition.

The number of insurance companies operating in Puerto Rico during 2009 was 372, of which 57 are local insurance companies, 278 are foreign (not based in the country) and 37 are surplus lines insurers. 117 are Life and Disability Insurers (Health), 193 are Property insurers, 14 are Health Service Organizations and the remaining 48 are Reinsurers. On the other hand, the number of insurance brokers rose to 969.

Despite the fact that the number of foreign companies operating in Puerto Rico is much higher than that of local companies, the business generated by the latter is much larger, accounting for market share of 92%.

The most significant changes that took place in 2009 in the composition of Life and Health companies were:

- At the start of the year the Triple-S Group acquired the majority of the assets of La Cruz Azul de Puerto Rico, which included its portfolio of Health Insurance Plan clients. During 2009 the name was changed to Puerto Rico Health Plan.
- The Insurance Commission has intervened and closed the Preferred Health Insurer due to financial problems, which has led to greater supervision and solvency requirements for Health Insurers in the country.

The only change in the Property & Casualty business has been the renaming of American International Insurance Company of Puerto Rico to Chartis Insurance Company- Puerto Rico.

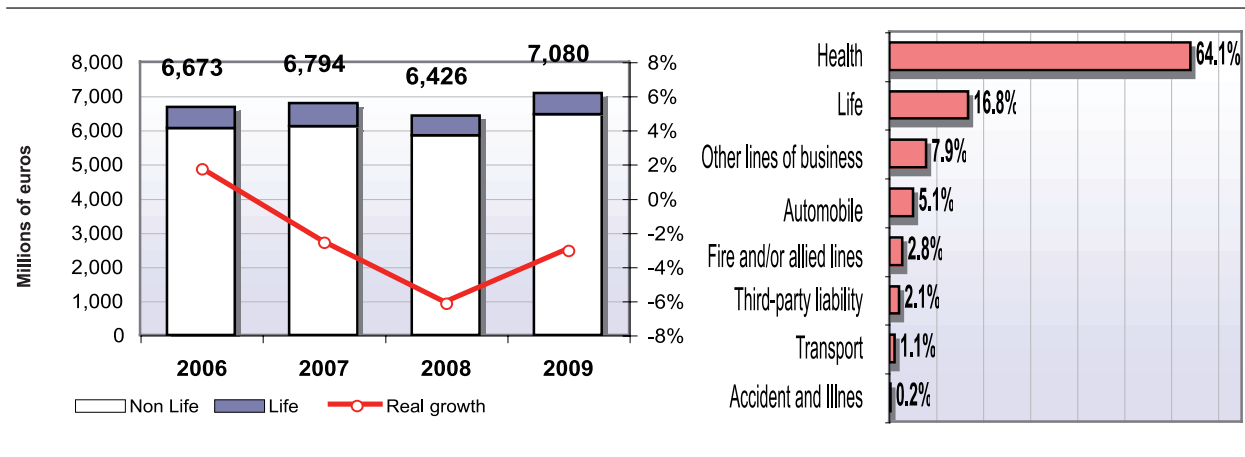


Figure 22. Puerto Rico. Evolution of premiums and market share in 2009 by line of business

The concentration of the top 10 groups has increased by over four points and account for a share of 80%, compared to 75.9% in 2008. The first four positions in the rankings have not changed since the previous year, still headed by Triple-S, followed by MCS, MMM and Humana. The first three have increased their market share, while Humana’s has shrunk.

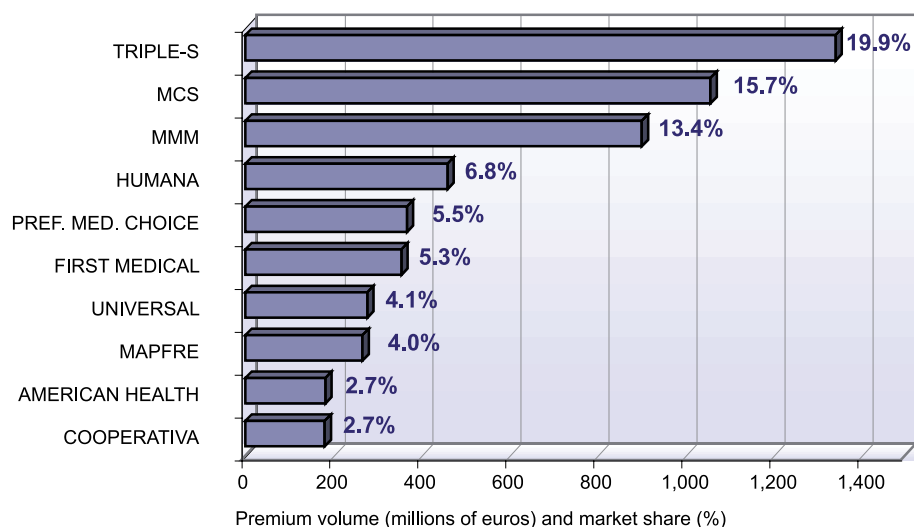


Figure 23. Puerto Rico. 2009 Ranking. Total

Source: own statistics from sector databases.

The Non-Life business (Property & Casualty) continue to be led by the Universal group, followed by Cooperativa, which has moved up one position, pushing the MAPFRE group into 3rd place. The concentration of this line of business has dropped from 75.9% in 2008 to 73.2% in 2009.

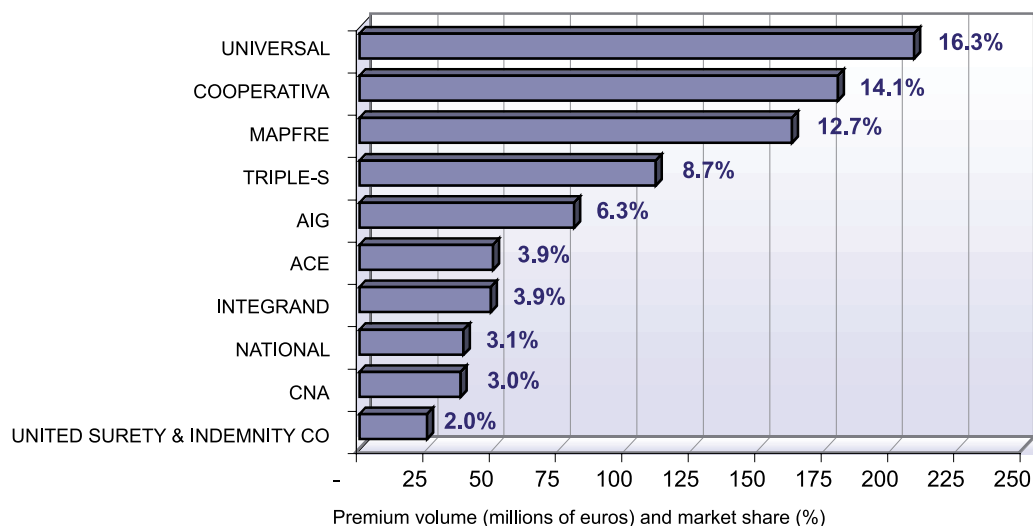


Figure 24. Puerto Rico. 2009 Ranking. Non-Life

Source: own statistics from sector databases.

The Life and Health rankings have not changed since the last year and are still led by the Health insurance groups of Triple-S, MCS and MMM. The most significant change has been the Universal group moving into 10th position, after the health insurer Preferred Health went into receivership due to financial problems.

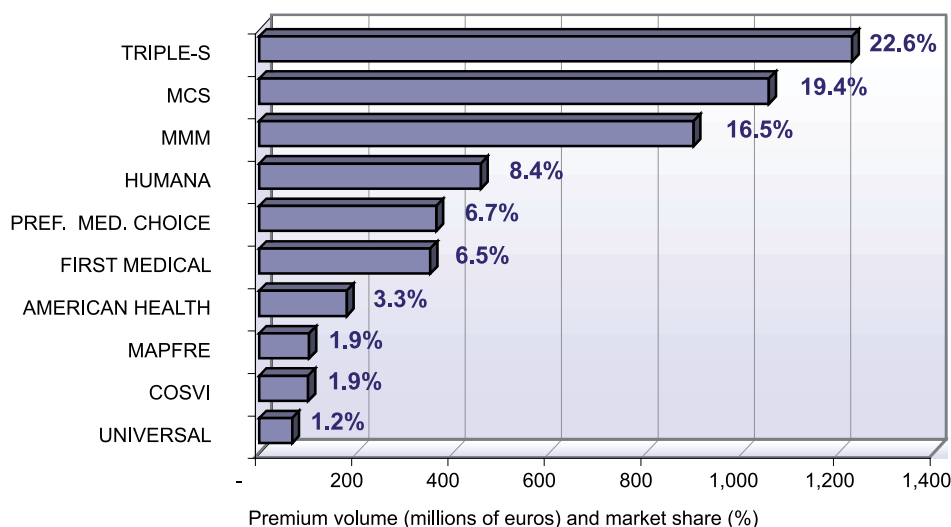


Figure 25. Puerto Rico. 2009 Ranking. Life

Source: own statistics from sector databases.

The loss claim rate has improved in Health insurance and declines in the rest of Non-Life business due to insufficient rates, giving way to significant technical losses. Several legislative measures that have been introduced during the year have had negative effects on the insurance companies, such as an additional tax of 5% on profit and doubling of property taxes. There was also an implementation of “Risk-based Capital” or “RBC” solvency requirements, meaning that Health insurers will have to carry out capital increases.

2010 Preview

During the first six months of 2010, the Puerto Rican insurance market began to show signs of a recovery, with an increase in premium volumes of 9.7% nominal (9.0% real) compared to 4% in the same period during the previous year. It is once again the Health Insurance line of business that has reported the highest growth, 12.1%, with the remaining Non-Life business having grown by 0.9%, following the decline of previous years. Life insurance is also recovering, with an increase in premium issues of 9.6%.

Premium volume ¹ . 1 st Half 2010				
Line of business	Millions de USD	Millions de euros	% Δ	% Δ real
Total	5,149	3,925	9.7	9.0
Life	397	303	9.6	8.8
Non Life	4,752	3,622	9.7	9.0
Health	3,849	2,934	12.1	11.3
Property & Casualty	903	688	0.9	0.3

Figure 26. Puerto Rico. Volume of premiums 2010 per line of business

(1) Direct Premium

Source: own statistics from sector databases.

During 2010 the following corporate movements have taken place:

- Life and Health lines of business: Triple-S, the largest insurer in the Health Reform Plan of the Government of Puerto Rico has for the first time been excluded from this programme, and the regions administered by this company have been handed over to MCS and Humana. Furthermore, the contracts now have a term of three years, when previously they had to be renewed on a yearly basis.
- A merger has been agreed between Universal Insurance Company, Eastern America Insurance Company, Caribbean Alliance Insurance Company (CAICO) and Richport Insurance Company, where the first entity was the takeover institution. These entities already formed part of the same insurance group, so the merger of all Property and Contingency companies in the group has been a question of cost effectiveness.

Of the regulatory changes that have taken place throughout the year, it is worth highlighting the following:

- In November 2010, the House of Representatives presented the conference report of chamber bill 2943 to amend the “Law on Administration of Health Insurance in Puerto Rico”, so as to include public corporation and municipal employees as beneficiaries of the Health Insurance Plan.
- Likewise, the conference report of chamber bill PC 2973 was approved to remove the incompatibility between an insurance broker licence and an insurance adviser licence, preventing anyone from receiving compensation both as the broker and adviser of one same insurance policy.

3.2.3 DOMINICAN REPUBLIC

Macroeconomic environment

The Dominican economy continued to grow despite external turbulence, achieving a growth in GDP in 2009 of 3.5% (5.3% in 2008). This loss of dynamism was due to a considerable drop in demand, both domestic and abroad.

With regard to expenditure, end consumer spending fell by two percentage points to 4.9% due to the decline in private and public consumer spending. The drop in private consumer spending was caused, in part, by the drop of almost 7% in remittance flows. Investment was likewise highly affected by the worsening of growth prospects during the first months of 2009.

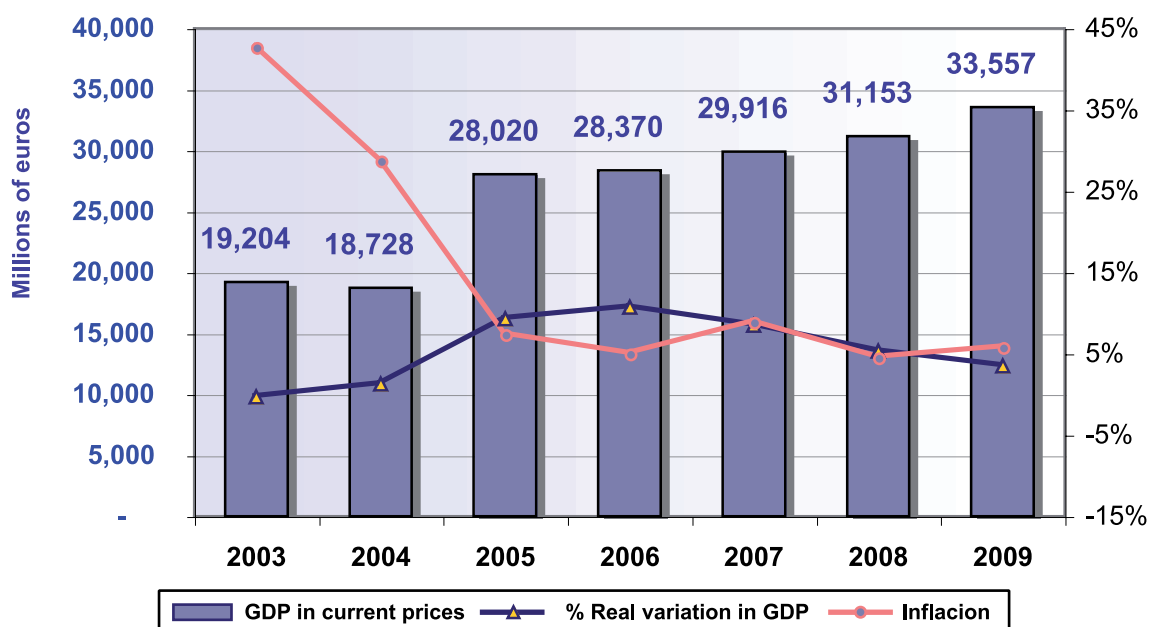


Figure 27. Dominican Republic. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

By activity sector, the mines and quarries industry experienced the greatest drop (-51.9%) due to the stoppage of ferronickel production activities and the price drop in the international price of this mineral, followed by the building industry, which dropped by 3.9% as a result of the 10%-plus reduction in credits granted to the industry. On the other hand, the farming sector was the most dynamic, with a growth rate of 12.5% following government support in the form of technical advice and distribution of supplies by the State Department of Agriculture.

The decline in economic activity was mirrored by the gradual downturn of labour market indicators, with a drop in job demands and an increase in the unemployment rate, increasing to 14.9% (14.1% in 2008). The annual rate of inflation reached 5.8%, one point higher than in 2008.

As for the external sector, the reduction of the trade balance deficit led to the reduction of payment deficits to 5% of GDP (9.9% in 2008). Exports fell by 7.4%, due mainly to the

sharp drop in ferronickel exports. Goods imports dropped by 23.2% as a result of the drop in fuel prices.

According to CEPAL estimates, a growth in GDP of around 6% is expected in 2010 due to the increased activity in the local manufacturing sector, trade and telecommunications.

Insurance market

The Dominican insurance market posted a premium volume of 23,194 million pesos (464 million euros), which is equal to a nominal growth of 6.5% and real growth of 0.7%.

Life Insurance underwent considerable growth thanks to the extraordinary development of the Group Insurance policy, which has been strongly influenced by the outsourcing of pension commitments, which has offset the sharp decline in the demand for private products due to the reduction in saving capacity among the population and the tax rates to which they are subject.

Premium volume ¹ 2009				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	23,194	464	6.5	0.7
Life	3,378	68	36.9	29.4
Individual life	42	1	-74.5	-75.9
Collective life	3,336	67	44.9	37.0
Non Life	19,816	396	2.7	-2.9
Automobile	7,771	155	-2.2	-7.5
Fire and allied lines	7,635	153	6.8	1.0
Other lines of business	1,747	35	5.2	-0.6
Health	1,020	20	12.6	6.5
Transport	835	17	-0.1	-5.5
Surety	625	12	5.2	-0.5
Personal Accident	182	4	-14.0	-18.7

Figure 28. Dominican Republic. Volume of premiums in 2009 per line of business

(1) Earned and returned premiums

Source: own statistics from figures published by the Supervisor.

The growth rate of the Non-Life business slowed down, with an increase of only 2.7% (11.3% in 2008) due to the slower pace of business, stiff competition in prices and moderate rise in premiums. The market's main line of business, Automobile insurance, declined 2.2% due to the sharp drop in new car sales. In the other lines of business, worth mentioning is the growth in Health (12.6%) and Fire and Allied Lines (includes extraordinary risk) which, with a rise of 6.8%, is almost at a par with the Automobile line of business.

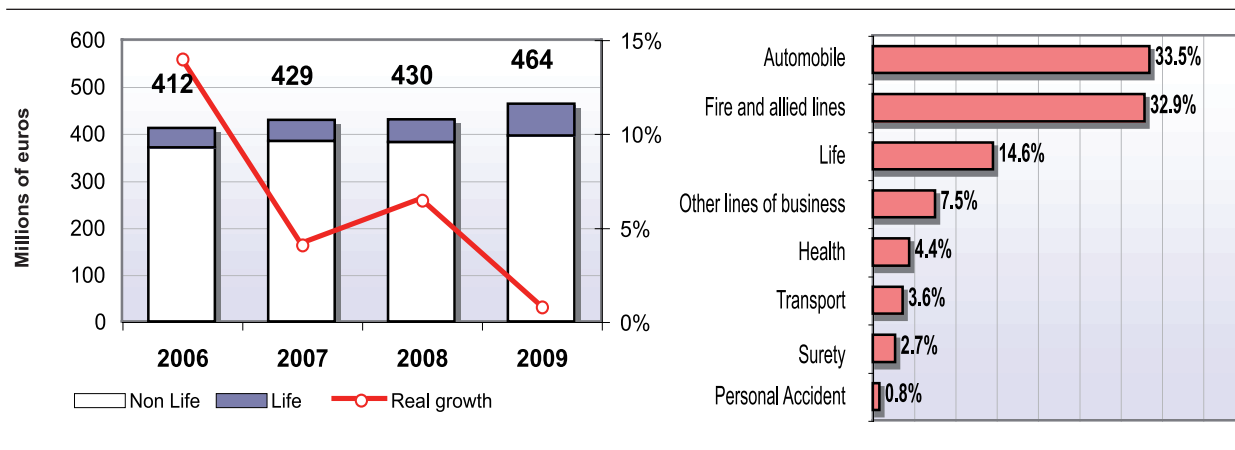


Figure 29. Dominican Republic. Evolution of premiums and market share in 2009 by line of business

The Dominican insurance industry is made up of 32 insurance companies, one less than in 2008. It is a highly concentrated market, where the top 10 insurers account for 92.7% (92.4% in 2008) of the premiums. Universal, Banreservas (owned by the Dominican State) and MAPFRE BHD continue to be the leading companies in the market with a market share of 26.5%, 18.6% and 15.7% respectively.

Results

At the end of the third quarter of 2009, the net result for the year was 570 million pesos (11.6 million euros), 3.3% higher than the same period in the year before. The reasons behind such a low increase in profits have been an increase in net claims (61.5% v., 60.7% in September 2008) and a slight rise in operating expenses.

2010 Preview

During the first six months of 2010, the insurance sector issued premiums worth 11,723 million pesos (246 million euros), which is equal to a nominal growth rate of 6.0% over the same period the year before and a real growth rate of 3.0%.

Premium volume ¹ . 1 st Half 2010				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	11,723	246	6.0	3.0
Life	1,625	34	4.5	1.6
Non Life	10,097	212	6.2	3.2
Automobile	4,143	87	3.4	0.5
Fires and/or allied lines	3,905	82	4.8	1.9
Transport	362	8	-15.6	-17.9
Surety	328	7	21.4	18.1
Health	548	12	77.9	73.0
Other lines of business	813	17	5.8	2.8

Figure 30. Dominican Republic. Volume of premiums 2010 per line of business

(1) Earned and returned premiums

Source: own statistics from the information published by the Supervisor.

Life insurance experienced a growth of 4.5%, with a premium volume of 1,625 million pesos (34 million euros). The low average purchasing power of the population and the tax situation which raises the price of individual policies, have affected the branch's development, despite the enormous boost generated by Group insurance.

Non-Life insurance policies grew by 6.2% with premiums as of June 2009 of 10,097 million pesos (212 million euros). All lines of business, except for Transport, have experienced rises, of which the Health line of business has reported a 77.9% growth in premiums.

3.3 SOUTH AMERICA

Insurance market

The South American insurance markets have continued to show signs of strength in 2009, having reported nominal growth in local currency of 16.1% over 2008, and real growth of 6.1% (8.8% in 2008). All countries, except for Chile, have reported nominal increases in premium volumes in local currency.

The production in euros amounted to 54,745 million, 14% higher than 2008. The insurance markets of Brazil, Argentina and Chile have been the main drivers of growth in the Life business, which has generated income of 20,800 million euros and an increase of 13%. The Non-Life business have achieved earnings of around 34,000 euros, 15% higher than the previous year, with the Health, Automobile and Workers' Compensation lines contributing the most to this increase.

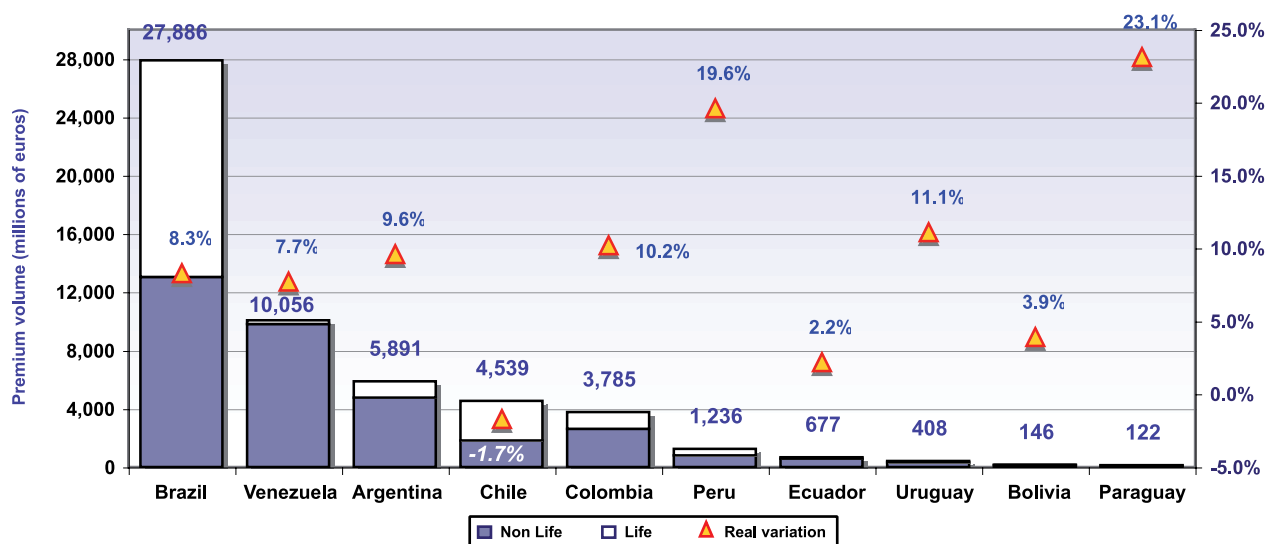


Figure 31. South America. Premium volume in 2009 by country

Source: own statistics from the information published by each country's insurance oversight authority and by ECLAC.

The most developed markets in terms of premium volumes are Brazil, Venezuela, Argentina, Chile and Colombia. With regard to density, the country with the highest expenditure on insurance per inhabitant is Venezuela at €55, followed by Chile at €268 and Brazil at €198. As for insurance penetration in the economy, the highest rates are in Venezuela, Chile and Brazil, with 4.3%, 3.8% and 3.4% respectively.

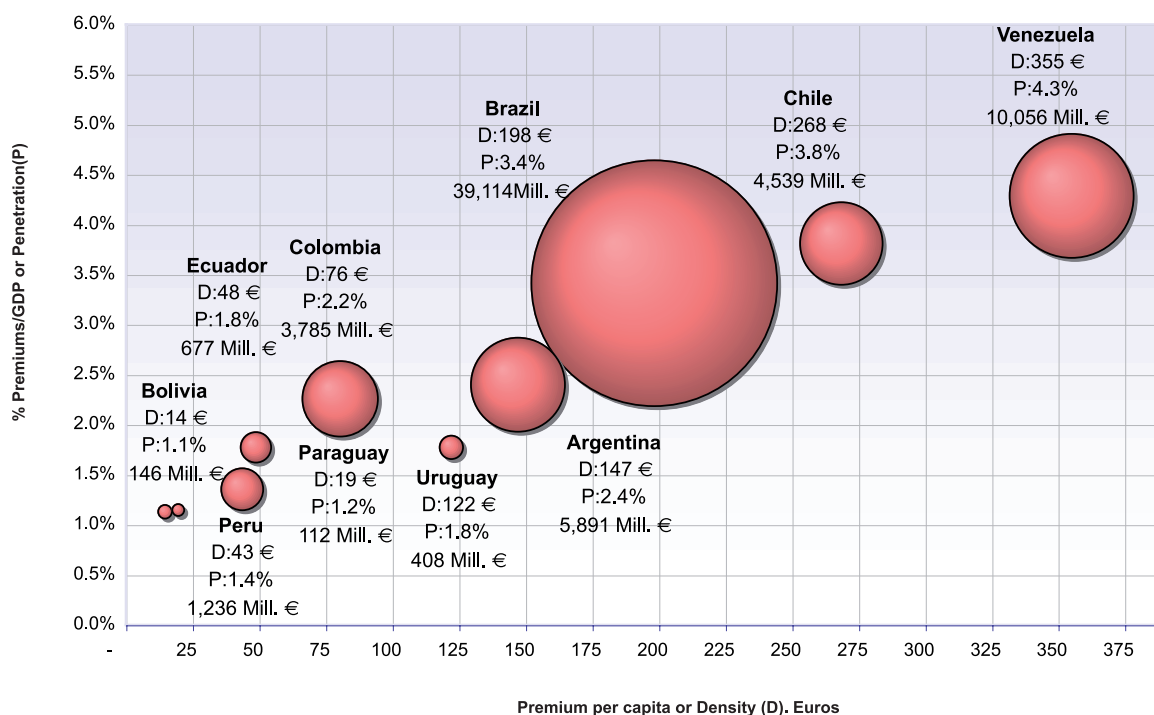


Figure 32. South America. Penetration and Density 2009 by country

Source: own statistics from the information published by the insurance oversight authority and the Central Bank of each country.

The level of concentration of the insurance sector in the region differs from one country to another: it is high in some markets such as Uruguay, Bolivia, Peru and Brazil, where the top insurer has a significant market share (it must be pointed out that in Uruguay, Banco de Seguros del Estado continues to hold the monopoly of Workers' Compensation insurance). Concentration is lower in Argentina, Chile and Ecuador, where the top 10 groups account for a little over half the premium production.

COUNTRY	Number of companies	Market share of top 5 groups %	Market share of top 10 groups %	Leading group	Market share of leading group %
Peru	14	92.6	100.0	RIMAC	36.8
Uruguay	13	87.8	98.4	BANCO DE SEGUROS DEL ESTADO	63.7
Bolivia	14	87.7	98.8	BISA	31.0
Brazil	118	56.8	78.6	BRADESCO SEGUROS	20.9
Colombia	44	52.2	74.1	SURAMERICANA	20.5
Paraguay	32	51.6	71.3	MAPFRE	24.2
Venezuela	49	49.9	69.7	CARACAS LIBERTY MUTUAL	13.5
Ecuador	42	39.0	59.7	COLONIAL	13.9
Argentina	178	35.7	56.6	CAJA SEGUROS	9.1
Chile	55	32.3	57.2	CHILENA	8.1

Figure 33. South America. 2009 market concentration by country

Source: own statistics from the information published by the insurance oversight authority and the Central Bank of each country.

Earnings have been favoured by a general improvement in financial results, which has offset the general increase in the net claims ratio and expenses. Brazil and Peru have been

the only countries in the region which have managed to improve their combined ratios over the previous year.

The earnings on premiums have improved in Argentina, Chile, Colombia, Paraguay, Peru and Uruguay, and have dropped in Bolivia, Brazil, Ecuador and Venezuela.

% earned premiums net of reinsurance

Ratio (%)	Argentina		Bolivia		Brazil		Chile		Colombia	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Claims ratio	58.9	63.2	41.9	53.0	53.2	52.3	88.9	93.9	59.9	63.9
Expenses	42.5	47.4	51.8	52.2	43.4	42.3	30.0	33.7	49.1	49.6
Combined ratio	101.4	110.6	93.6	105.2	96.7	94.6	118.8	127.5	109.0	113.5
Financial result	7.5	15.2	9.9	22.7	14.5	14.6	15.7	46.6	20.0	30.5
Tech-Fin. result	6.1	4.6	16.3	17.5	17.8	24.2	-3.1	19.1	11.0	17.0
Net result	5.7	7.9	20.3	18.9	25.2	24.3	-4.3	15.2	10.6	15.3

Ratio (%)	Ecuador		Paraguay		Peru		Uruguay		Venezuela	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Claims ratio	54.3	53.1	46.2	49.2	78.1	62.2	53.5	64.0	62.5	65.3
Expenses	26.3	27.7	48.4	47.8	48.7	47.2	48.5	49.1	36.1	34.8
Combined ratio	80.7	80.8	94.6	97.0	126.8	109.4	102.0	113.5	98.6	100.1
Financial result	4.9	4.9	-1.5	6.0	28.1	28.5	3.4	25.4	6.7	5.9
Tech-Fin. result	24.2	24.1	3.9	9.0	1.3	19.1	1.4	11.9	8.1	5.8
Net result	10.6	10.5	4.0	6.9	3.7	16.1	-1.7	6.8	6.4	4.3

Figure 34. South America. Results 2008 – 2009

Source: own statistics.

In 2009, the insurance companies in South America reported a 31.9% rise in earnings over the previous year, totalling 5,313 million euros. Earnings in Brazil account for 66% of the total.

Net result (millions of €)			
COUNTRY	2008	2009	Δ %
Argentina	221	371	67.9
Bolivia	16	18	11.8
Brazil	3,321	3,533	6.4
Chile	-156	517	-
Colombia	258	406	57.3
Ecuador	22	26	16.0
Paraguay	3	6	93.4
Peru	21	117	449.0
Uruguay	-5,0	24	-
Venezuela	328	296	-9.6
Overall total	4,029	5,313	31.9

Figure 35. South America. Net result 2009 by country

Source: own statistics from the information published by the insurance oversight authority and the Central Bank of each country.

3.3.1 ARGENTINA

Macroeconomic environment

In 2009 Argentina's economy slowed down significantly, with a 0.9% increase in GDP compared to 6.8% the previous year. This was due to a drop in farming supply and the shrinking demand (-1.6%) which hit exports of goods and services, durable goods consumption and gross domestic investment.

By industry, agriculture suffered the largest decline (-15.7%), hit by bad weather and a reduction in wheat, corn and sunflower crop surface areas, followed by construction (-3.8%) and the manufacturing industry (-0.5%).

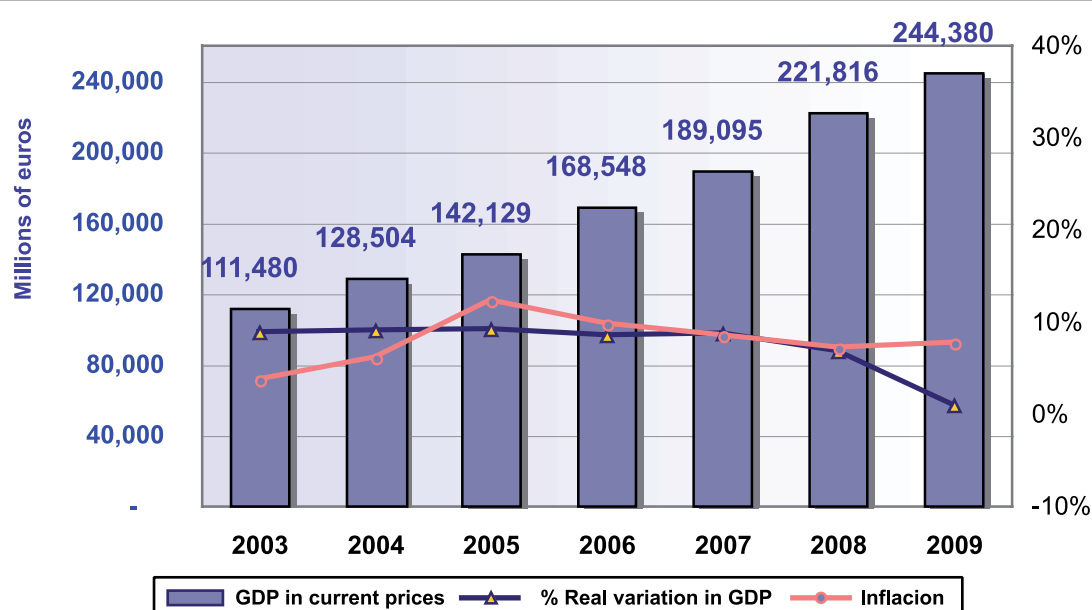


Figure 36. Argentina. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

The inflation rate, measured according to the change in CPI in Gran Buenos Aires, ended at 7.7%, compared to 7.2% in 2008, rising a total of 9.2% during the first ten months of 2010. From January 2007, when inflation measurement methodology changes were introduced, the indicators calculated by private institutions differ quite a lot from official figures, where the more conservative measurements double the data published by the INDEC.

The unemployment rate was 8.7%, almost one point higher than in 2008. The manufacturing industry saw the sharpest reduction in the number of employed workers (3.6%) and hours worked (6.1%). However, wages continued their recovery with an average increase in salaries of around 17%.

In the external sector, the value of export of goods dropped as a result of the fall in prices (-16.8%) and in export volumes (-4.4%). Imports also dropped (-32.5%), mainly affecting capital goods (-37.8%) and vehicles (-35%). Despite this, the balance of payments in 2009 generated a surplus of 11,300 million dollars.

The first signs of recovery began to appear towards the end of the year, and consolidated during the first half of 2010. The provisional GDP forecast for the second quarter of the

year shows a rise of 11.8% compared to the same period in the previous year. On the demand side, this has been driven by greater internal demand, with positive growths in private and public consumer spending which has boosted the recovery in gross fixed domestic investment. Thanks to the recovery of this activity, unemployment has recovered the downward trend that had begun in 2004.

Insurance market

The insurance market maintained a high growth rate in 2009 (9.6% real) although substantially lower than the previous year (15.5%), after Life insurance dropped when Retirement Insurance and Life Annuities were transferred to the State. The premium volume amounted to 27,611 million pesos (5,891 million euros) compared to 23,935 million during the previous year. Non-Life insurance has once again been the main driver of market development, with increases in the Automobile and Occupational Hazard lines of business.

Premium volume ¹ 2009				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	27,611	5,891	15.4	9.6
Life	5,372	1,146	-13.9	-18.2
Individual life	750	160	17.2	11.4
Collective life	3,328	710	32.3	25.7
Group life	1	0	-99.9	-99.9
Retirement	1,293	276	-40.4	-43.4
Non Life	22,239	4,745	25.7	19.4
Automobile	9,907	2,114	28.2	21.7
Other lines of business	1,914	408	5.0	-0.3
Fires	1,180	252	18.5	12.6
Combined family	1,106	236	29.6	23.1
Transport	646	138	13.1	7.4
Third-party liability	619	132	31.7	25.1
Credit and Surety	603	129	21.3	15.2
Personal accident	578	123	25.4	19.2
Health	38	8	34.1	27.4
Worker Compensation	5,648	1,205	32.3	25.7

Figure 37. Argentina. Volume of premiums in 2009 per line of business

(1) Premiums and surcharges issued

Source: own statistics from figures published by the National Insurance Supervisor and the Estrategas magazine.

The Life business generated 5,372 million pesos in premiums (1,146 million euros), 865 million less than in 2008. Worth highlighting is the increase in group retirement insurance, as a result of the commercial efforts made by insurers to offset the effects of the aforementioned transfer of lines of business to the State.

All areas of Non-Life business performed very well, most of them posting increases above 20%. The growth in the Automobile Insurance line of business was related to the increase in rates, triggered by regulatory changes, whereas the expansion of Occupational Hazard insurance was due to the increase in salaries and rates. Among other lines of business that reported considerable increases are Civil Liability and family Combined policies.

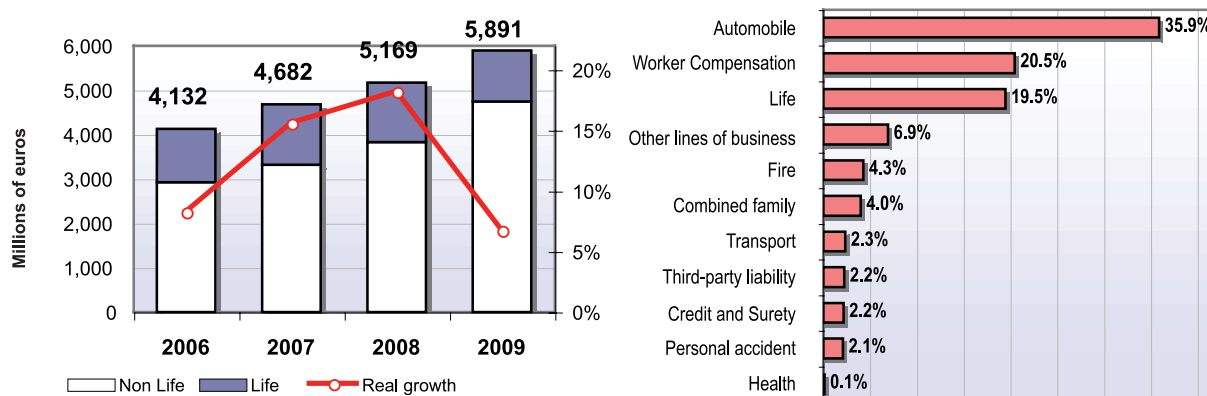


Figure 38. Argentina. Evolution of premiums and market share 2009 by line of business

The total number of insurance companies that were authorized to operate in the market at 30 June 2009 was 178 (183 in 2008), employing 25,637 people. Of these, 21 operated exclusively in Pensions, 39 in Life and 15 in Occupational Hazard. The 103 remaining companies operated in Property Damage or Mixed (Property and Life insurance). In 2009, there were 238,000 individuals and 442 brokerages involved in selling insurance.

The market concentration of the top 10 insurance groups increased by almost one point to 56.6%, with Caja Seguros, Sancor and MAPFRE ranking at the top. The three groups considerably increased their sales of premiums in Automobile and Occupational Hazard policies, which in turn increased their market share: over one point in the case of Caja Seguros, eight tenths in that of Sancor -putting it in 2nd place, ahead of MAPFRE- and four tenths in the case of the MAPFRE group.

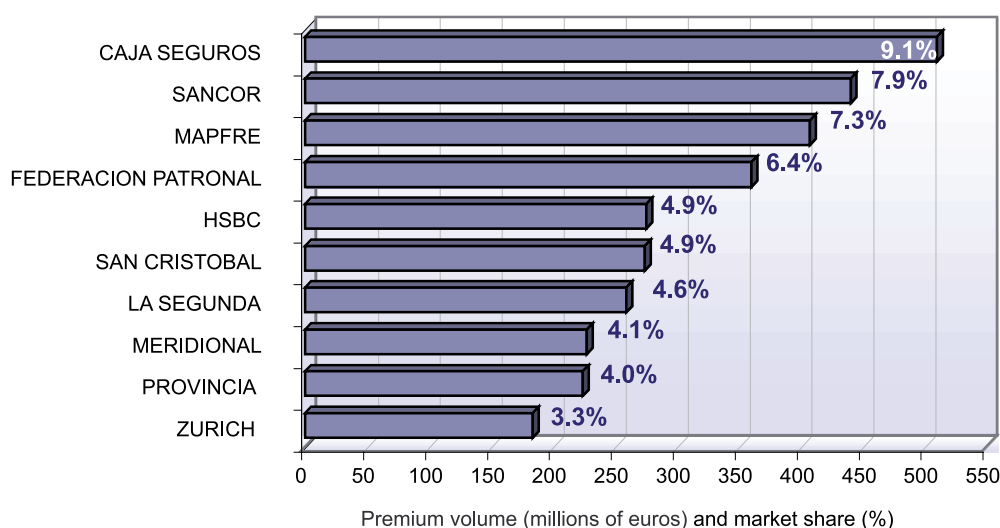


Figure 39. Argentina. Total 2009 Ranking

Source: own statistics from figures published by the National Insurance Supervisor and the Estrategas magazine.
 N.B.: does not include Retirement Insurance.

In Non-Life, Caja Seguros and Sancor have moved up one place, ahead of MAPFRE, which now ranks 3rd. The 3 groups increased their market shares for the abovementioned reasons. The level of concentration of the top 10 Non-Life groups in Argentina remains steady at 61%.

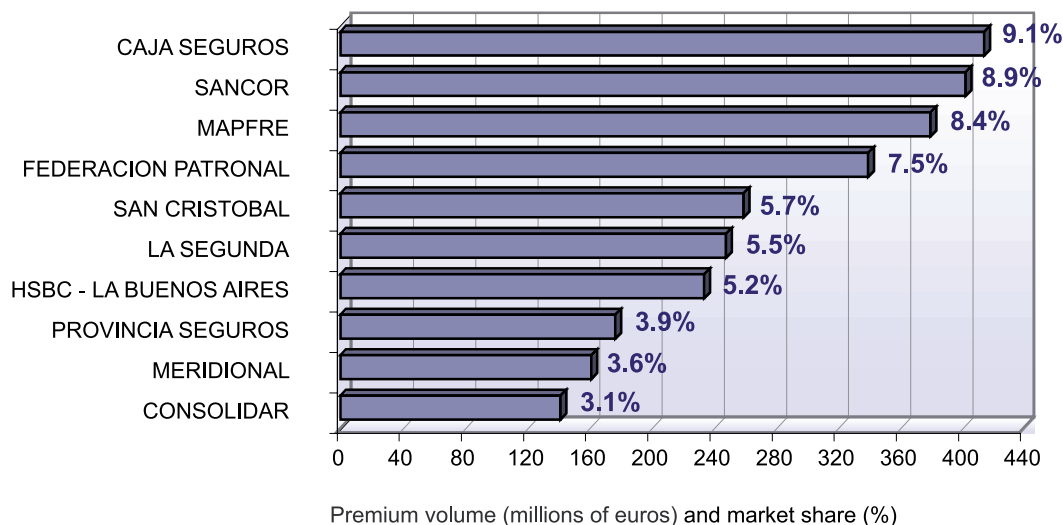


Figure 40. Argentina. 2009 Non-Life Ranking

Source: own statistics from figures published by the National Insurance Supervisor and the Estrategas magazine.

N.B.: this ranking has been compiled with the line of business divisions used in Argentina.

The Life insurance rankings have experienced the most changes compared to the previous year. It is still headed by Caja Seguros, of the Generali group, which has increased its market share by over 2 points. The AIG group companies Meridional and ALICO have moved up 4 positions and rank 2nd.

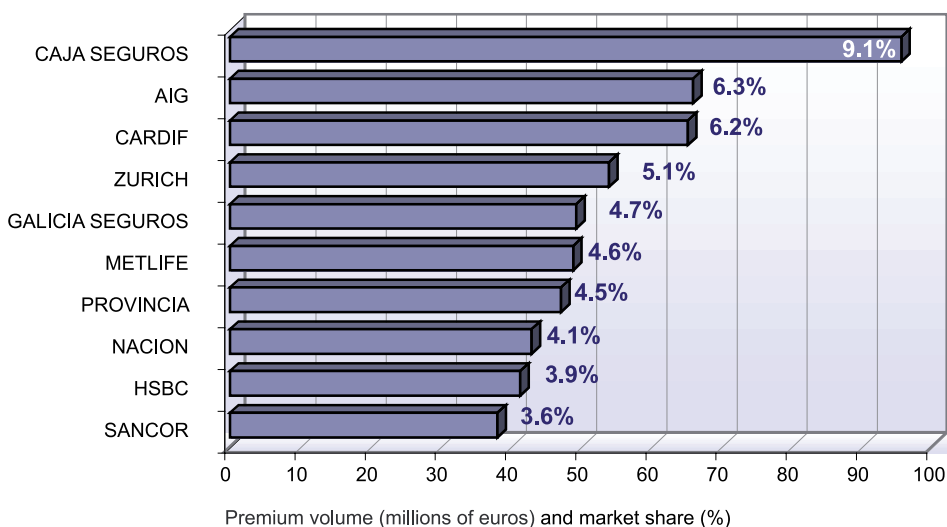


Figure 41. Argentina. 2009 Life Ranking

Source: own statistics from figures published by the National Insurance Supervisor and the Estrategas magazine.

N.B.: this ranking has been compiled with the line of business divisions used in Argentina.

Results

The net result of the year amounted to 1,737 million pesos compared to 1,028 million of the previous year, accounting for an 8.2% increase in premiums, 2.5 percentage points over the previous year. This result is due to an important improvement of 8 points in the financial results, which offset the poorer technical result. The combined ratio in the industry increased by nine points, due to a significant increase in the expenditure ratio in the Life business, as well as to the worsening of the claims ratio in both lines of business, Life (four points) and Non-Life (1.5 points).

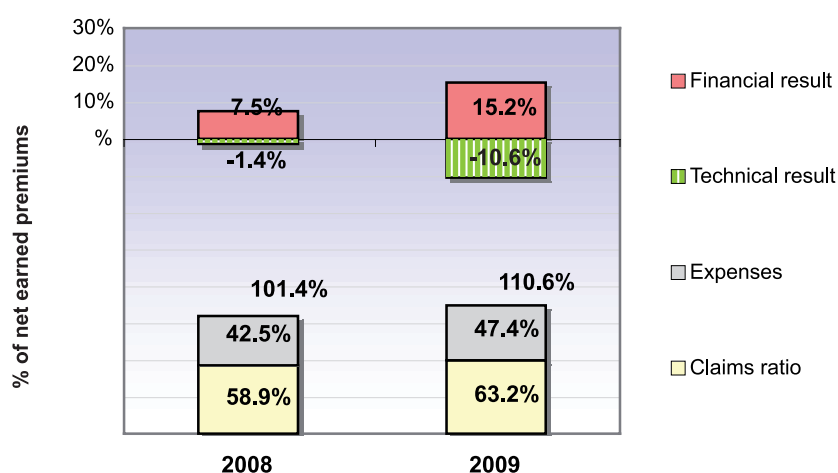


Figura 42. Argentina. Technical account result

Source: own statistics from figures published by the National Insurance Supervisor.

New legislation

In November 2009 Decree 1694 was approved, introducing radical amendments to the Occupational Hazards Act. The new regulations increase the coverage to be given by the Occupational Hazard Insurance companies (ART) and impose restrictions on the possibility of passing their costs onto rates, which has led to a significant worsening of claims in occupational hazard insurance in the following year. Furthermore, the regulation has established the creation of the Register of Medical Assistance Providers; it establishes the payment of claims into bank accounts opened in the name of each claimant; boosts the creation of non-profit Occupational Hazard insurers, of a mutual nature, for the management of claims set forth by the Law; and instructs the Insurance Supervisor of the Nation to take the measures required to approved insurance lines for civil liability due to occupational accidents and diseases.

2010 Preview

The recovery of the Argentine economy has also been evident in the development of the insurance sector's performance. The premium volume for the period between July 2009-June 2010 amounted to 33,273 million pesos (6,264 million euros), representing a nominal growth rate of 21.0% over the previous year and a real growth rate of 9.0% (9.6% in 2009). The main driver continues to stem from the Non-Life business, mainly Automobile and Occupational Hazards.

Premium volume ¹ 2010				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	33,273	6,264	21.0	9.0
Life	5,412	1,019	2.5	-7.6
Collective life	3,865	728	16.1	4.6
Individual life	859	162	31.1	18.1
Retirement	688	130	-46.8	-52.1
Vida Previsional	0	0	-100.1	-100.1
Non Life	27,861	5,245	25.4	12.9
Automobile	12,164	2,290	22.8	10.6
Other lines of business	1,645	310	32.6	19.5
Fires	1,494	281	26.6	14.0
Combined family	1,393	262	26.0	13.5
Seguro Agrario	812	153	20.4	8.5
Personal accident	778	146	34.7	21.4
Third-party liability	740	139	19.4	7.6
Transport	712	134	10.2	-0.7
Credit and Surety	648	122	9.8	-1.1
Health	55	10	44.6	30.3
Worker Compensation	7,422	1,397	31.4	18.4

Figure 43. Argentina. Volume of premiums 2010 per line of business

(1) Premiums and surcharges issued

Source: own statistics from data published by the Mexican Association of Insurance Institutions and the National Insurance and Finance Commission.

Retirement insurance policies continue to be transferred to the State, leading to a 46.8% drop in the volume of Retirement insurance premiums. Nevertheless, the growth in individual Life and Group Life policies has offset this drop, and the Life business closed 2010 with a nominal increase of 2.5%.

Non-Life policies continued to expand with growth rates above 20% in most of the lines of business, which led to a nominal growth rate of 25.4% for the entire line of business, which drops to half that rate when the effect of inflation is discounted.

Automobile and Occupational Hazards insurance account for 70% of Non-Life premiums, and the healthy performance of both lines of business, with growth rates above 20% and 30%, has boosted growth in this line of business in the last few years.

Meanwhile agricultural insurance, which report a drop in earnings in 2009, performed substantially well in 2010, posting a premium volume of 812 million pesos (153 million euros) and a market share of 2.9% of the Non-Life business.

As for the internationalization of Argentine insurance companies, worth mentioning are the plans of the Sancor Group, the country's second largest insurer, to begin operating in the Brazilian insurance market in mid 2011. The Sancor Group is already operating in the markets of Uruguay and Paraguay.

3.3.2 BOLIVIA (PLURINATIONAL STATE OF)

Macroeconomic environment

From a political perspective, January 2009 saw the approval by referendum of the new Political Constitution of the State under discussion since 2006. In 2009 the presidential elections were held in which Evo Morales gained an absolute majority in the Congress, and elections to elect the governors and other regional government posts were held in April 2010. The Government of the Plurinational State of Bolivia must implement as of 2010 the new system of departmental, municipal, regional and indigenous autonomous communities as set forth in the new Constitution.

In 2009, GDP grew 3.4%, more three points less than the 6.1% recorded the previous year. However, it was one of the region's best results.

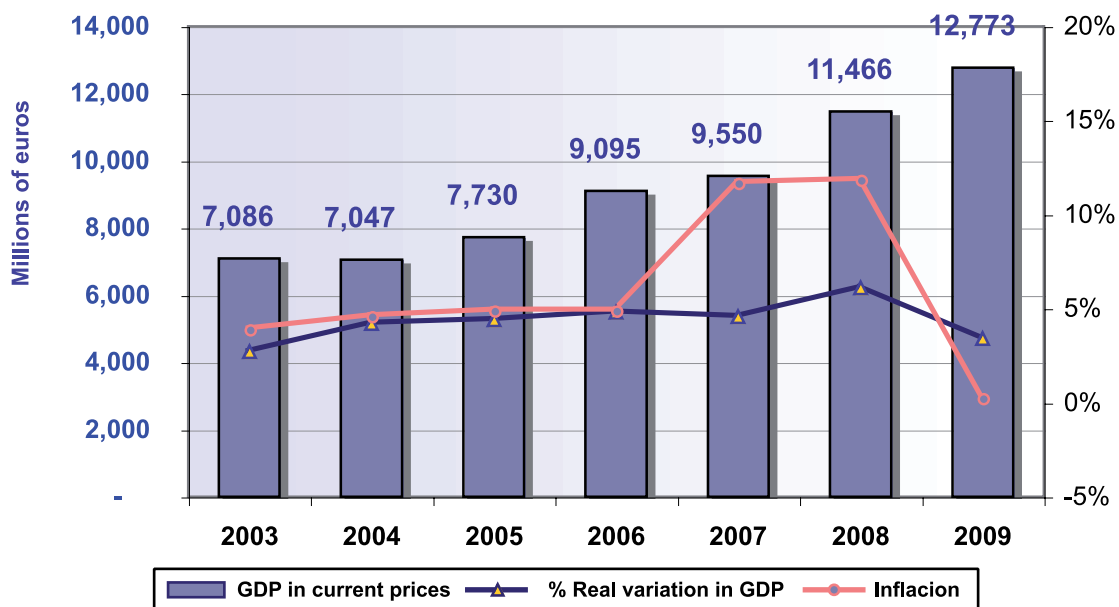


Figure 44. Bolivia. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

On the supply side, the sectors that experienced the highest growth were construction (10.8%), metal and non-metal minerals (9.9%) and public administration services (6.5%). In contrast, the crude oil and natural gas industry suffered a decline of 13.5% due mainly to lower demand for gas from Brazil and Argentina.

On the demand side, private consumer spending increased 3.7% and the gross fixed capital formation rose 2.9%. Public consumer spending responded to the counter-cyclical policies adopted by the Government to protect against the situation abroad, and increased by 3.8%.

The inflation rate reached 0.3% (11.8% in 2008), due to the drop in the price of staple products and the development of internal policies designed to reduce inflationary trends.

In the external sector, Bolivian exports dropped as a result of the lower demand for gas from the main markets (Brazil and Argentina) and the drop in the price of staple goods, which led to the decline in export prices.

On 1 May 2010, the Government decreed the nationalization of the following companies: Eléctrica Corani, Guaracahi, Empresa de Luz y Fuerza Eléctrica de Cochabamba and Valle Hermoso. In the employment field, the government passed a number of supreme decrees and announced job security throughout the economy for all citizens with children.

A growth rate in economic activity of around 4.5% is estimated for 2010.

Insurance market

The Bolivian insurance market closed the year with a premium volume of 203 million dollars (146 million euros), representing a nominal growth rate of 4.2% and a real rate of 3.9%.

Life insurance grew at a slower pace than in 2008, reaching a production of 41 million dollars (30 million euros), becoming the second largest line of business by premium volume, with a share of 20.3%. All areas in the line of business, except for retirement insurance, reported increases.

Premium volume ¹ 2009				
Line of business	Millions of USD	Millions of euros	% Δ	% Δ real
Total	203	146	4.2	3.9
Life	41	30	6.8	6.6
Individual life	13	10	8.6	8.4
Collective life	4	3	9.1	8.8
Mortgage repayment insurance	19	14	13.8	13.5
Pensions	5	3	-19.4	-19.6
Non Life	162	116	3.6	3.3
Automobile	43	31	3.6	3.3
Fire and/or allied lines	34	24	-5.9	-6.2
Health	22	16	6.9	6.6
Transport	17	12	0.3	0.0
Technical risks	11	8	9.2	9.0
Caución	11	8	4.1	3.8
Other lines of business	9	6	66.0	65.6
Third-party liability	8	6	1.8	1.5
Personal accident	6	5	0.8	0.5
Burial Expenses	0	0	-86.1	-86.1
Worker Compensation	1	1	-9.4	-9.7

Figure 45. Bolivia. Volume of premiums in 2009 per line of business

(1) Direct Premiums

Source: own statistics from figures published by the Pensions, Securities and Insurance Supervisor.

The Non-Life business generated 162 million dollars (116 million euros), with a nominal growth rate of 3.6% and 3.3% after the effect of inflation. By areas, the lines of business that reported the largest increases were Technical Risks (9.2%), driven mainly by the Air Travel Insurance, Health (6.9%) and the Automobile line of business, which grew by 3.6% despite the drop in the SOAT (Mandatory Traffic Accident Insurance) production of 0.34 million dollars.

The Burial Expenses line of business decreased by 86.1%, but the impact was not very significant due to its small market share.

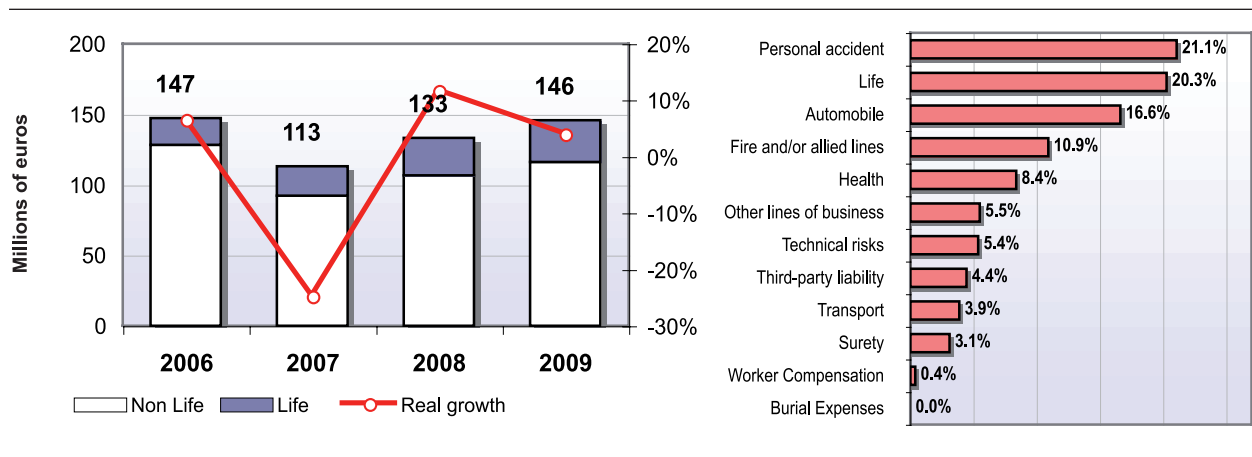


Figure 46. Bolivia. Evolution of premiums and market share 2009 by line of business

The Bolivian insurance market includes six Personal Insurance companies and eight general insurance companies. The Bisa group (Bisa Seguros and La Vitalicia) continues to lead the market, with a share of 27%, four points lower than in 2008.

Of the companies operating in general insurance, Bisa Seguros and Alianza generated the highest income. As for companies dealing in personal insurance, Nacional Vida and La Vitalicia gained the highest share.

Results

The net earnings for the year were 173 million bolivianos (17.7 million euros), which was a 4% increase over the previous year and 18.9% of the earnings on premiums (20.3% in 2009).

The combined ratio fell by eleven points due to the claims ratio, which rose by 53% driven by the high claims ratios of the Life insurers, which reached 71.3% (37.7% in 2008). This ratio remained stable at 43.1% among Non-Life companies.

The technical-economic result was 18%, two points higher than the previous year, due to the considerable increase in financial results, totalling 208.4 million bolivianos (81.4 in 2008).

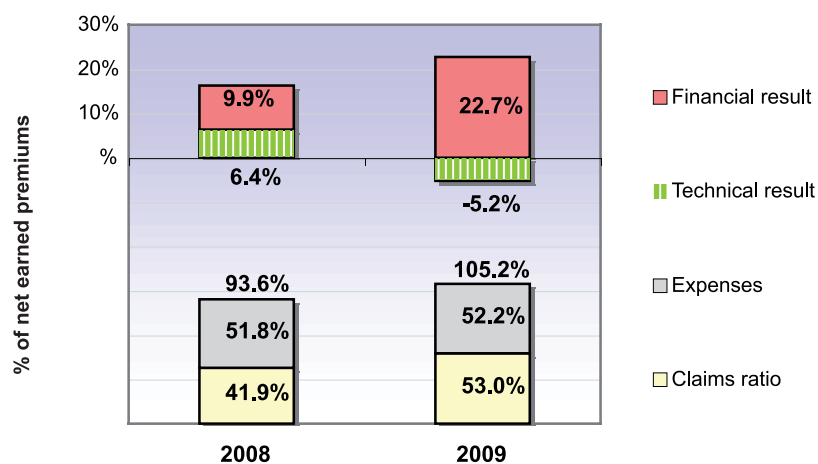


Figure 47. Bolivia. Technical Account Result

Source: own statistics from figures published by the Pensions, Securities and Insurance Supervisor.

2010 Preview

From January to June 2009, the Bolivian insurance sector generated 128 million dollars (98 million euros), representing a 28.8% increase over the same period in the previous year. The Life line of business grew 37% and the whole of the Non-Life business increased by 26.8% with double digit growth rates in all lines of business.

Premium volume ¹ . 1 st Half 2010				
Line of business	Millions of USD	Millions of euros	% Δ	% Δ real
Total	128	98	28.8	29.2
Life	27	21	37.0	37.4
Non Life	101	77	26.8	27.2
Automobile	33	25	24.2	24.6
Fires and/or allied lines	17	13	31.0	31.4
Health	14	11	24.3	24.7
Transport	10	7	35.9	36.2
Other lines of business	28	21	25.3	25.7

Figure 48. Bolivia. Volume of premiums in 2010 per line of business

(1) Direct Premiums

Source: own statistics from figures published by the Pensions, Securities and Insurance Supervisor.

3.3.3 BRAZIL

Macroeconomic environment

In 2009 the Brazilian economy reported a -0.2% change in GDP. Nevertheless, as of the second half of the year, activity began to recover thanks to the economic policy measures introduced by the Government to reduce the consequences of the international financial crisis in the most credit-dependent sectors (manufacturing, exports, building and trade). These measures include tax cuts and the boosting of credit, designed to increase both public and private consumer spending. Monetary policy was geared to guarantee liquidity at the beginning of the crisis, which helped reduce the basic interest rate to all-time low nominal levels (8.75%). The fiscal policy aimed at generating a strong counter-cyclical action, by cutting taxes on consumer durables and the expansion of public investment.

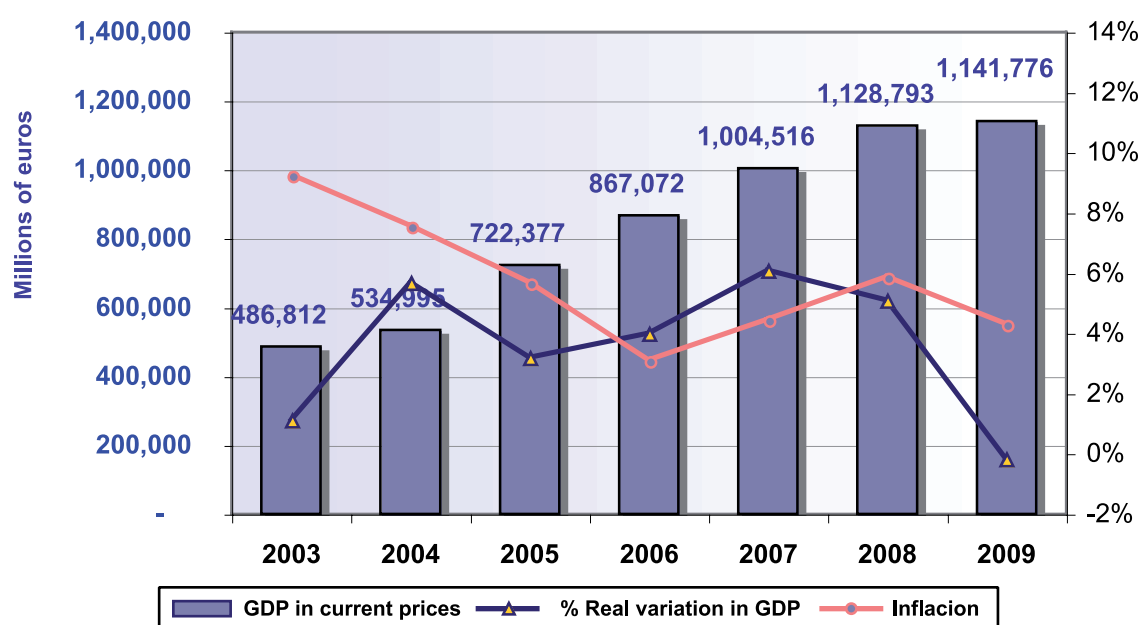


Figure 49. Brazil, 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

From a supply perspective, practically all areas of activity suffered a decline. The automotive industry fell by 1% despite the support of tax cuts on manufactured goods and the expansion of lending to buyers. The rest of the industrial sectors, although also helped by the improvements introduced, faced difficulties in the foreign markets.

The inflation rate, measured by the National Consumer Price Index – Extended (IPCA) was 4.3% in 2009, below the goal of 4.5%. In 2010 inflation accelerated, accumulating a rate of 4.75% in the first ten months of the year, higher than the target set by the government for the entire year. This increase was mainly due to the rise in the price of foodstuffs, readjustments in the costs of education services and the price increase in certain basic supplies such as steel.

The unemployment rate was 8.1% at year end, higher than the 7.9% reported at the end of 2008.

As for the external sector, the balance of payments showed a deficit of 24 billion dollars, mainly as a result of the reduction in exports and imports by 22.7% and 39.4%, respectively.

The first few months of 2010 saw a reversion of the political measures taken in 2009. The Central Bank suspended several lines of credit in foreign currency and increased interest rates. In terms of fiscal policy, the government did away with the reduced car sale tax and industrial product tax. Even so, the Brazilian economy is still growing at a sustainable rate, with an 8.8% increase in GDP in the second half of 2010 compared to the same period the year before. This increase can be attributed to the growth in the industrial sector (13.8%), agriculture (11.4%) and services (5.6%).

Insurance market

The growth rate of the Brazilian insurance market remains steady, although somewhat lower than that of the previous year due to the effects of the economic crisis. The premium volume rose to 76,762 million reals (27,886 million euros), accounting for a nominal increase of 13% and a real increase of 8.3% (9.5% in 2008).

VGBL Life insurance, distributed mainly via banks, is confirmed as the main force behind market growth, thanks to fiscal incentives that attract funds from mutual and pension funds. In 2009 this type of Life insurance policy generated 30,133 million reals (10,946 million euros), an increase of 28.1% over the previous year. The whole of the Life business experienced an increase of 23.9% compared to 15.2% in 2008.

Premium volume ¹ 2009				
Line of business	Millions of reales	Millions of euros	% Δ	% Δ real
Total	76,762	27,886	13.0	8.3
Life	40,916	14,864	23.9	18.8
Individual and collective life	10,783	3,917	13.6	8.9
VGBL ²	30,133	10,946	28.1	22.8
Non Life	35,846	13,022	2.7	-1.6
Automobile	20,082	7,295	-0.5	-4.6
Other lines of business	5,321	1,933	2.6	-1.6
Accident	2,524	917	15.6	10.8
Fire	2,462	894	7.5	3.0
Transport	1,685	612	-9.6	-13.3
Credit and Surety	1,295	470	11.5	6.9
Crop insurance	1,028	374	43.2	37.2
Third-party liability	658	239	7.7	3.2
Transport of hulls	553	201	10.1	5.6
Special risks ³	237	86	13.6	8.9

Figure 50. Brazil. Volume of premiums in 2009 per line of business

(1) Direct Premiums

(2) Vida Gerador de Benefício Livre

(3) Oil, nuclear risks and satellites

Source: own statistics from figures published by the Private Insurance Supervisor (SUSEP).

The Non-Life business reported a significantly lower growth rate (2.7%), due mainly to the downturn in Mandatory Insurance for Personal Injury caused by Road Vehicles (DPVAT), which has led to a decline of 0.5% in the Automobile line of business (-4.6% real).

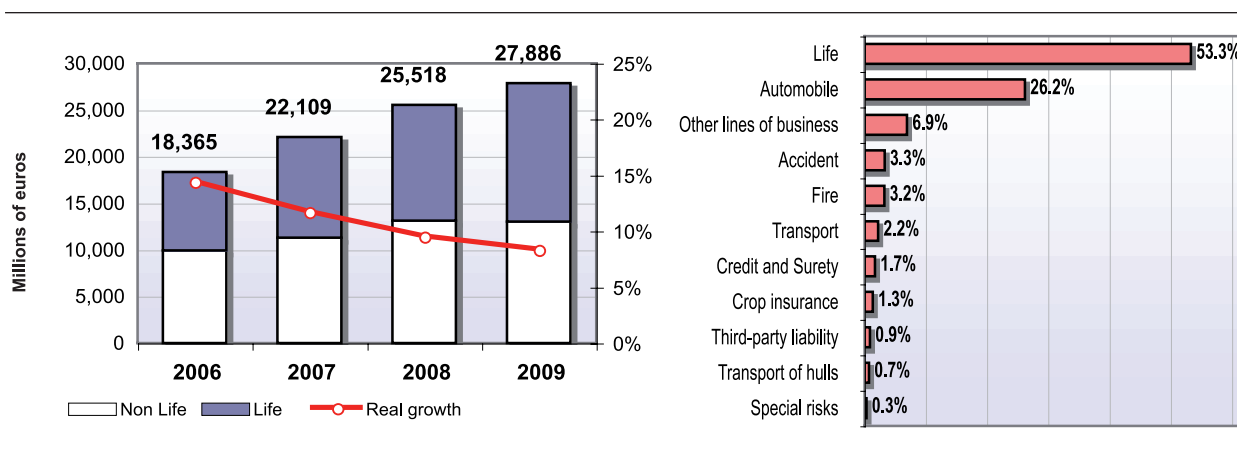


Figure 51. Brazil. Evolution of premiums and market share in 2009 by line of business

The Private Pensions line of business generated 8,235 million reais (2,992 million euros) which is a slight increase of 0.1% over the previous year's contributions. Capitalization grew 12.2%, with a premium volume of 10,116 million reais (3,675 million euros).

According to data from the National Health Agency (ANS), which supervises Health insurance firms, the line of business reported earnings of 12,557 million reais (4,562 million euros), representing a growth rate of 11.9%.

Bearing in mind the earnings reported by all lines of business, Insurance, Health, Open Private Pensions and Capitalization, the Brazilian private insurance sector grew 11.7% in 2009 (14.3% in 2008), generating 107,670 million reais (39,114 million euros).

Premiums and contributions from private insurance 2009			
Line of business	Millions of reales	Millions of euros	% Δ
Insurance	76,762	27,886	13.0
Health insurance	8,235	2,992	0.1
Capitalization	12,557	4,562	11.9
Private pension	10,116	3,675	12.2
Total	107,670	39,114	11.7

Figure 52. Brazil. Private insurance premiums in 2009

Sources: information published by the SUSEP and National Agency for Supplementary Health (ANS).

A number of mergers and acquisitions operations have taken place during the year, that have led to a higher concentration of the market, such as:

- In August 2009 Porto Seguro and Unibanco-Itaú signed an agreement to merge their car and home insurance businesses. The association has been implemented via a corporate reorganization whereby Itaú/Unibanco transfers to Porto Seguro all its assets and liabilities related to said insurance lines of business to a newly created company, Itaú Seguros de Auto e Residência, under the control of Porto Seguro. In exchange, Porto Seguro issued shares equal to 30% of its share capital that were handed over to Itaú/Unibanco.
- The Santander group acquired 50% of the capital of Real Tokio Marine Vida e Previdência from Tokio Marine, which through this operation now controls 100% of the company. The Spanish bank indirectly acquired its 50% share in this institution when in

2007 it took over the Brazilian business of ABN Amro, which involved the acquisition of Banco Real.

- In July 2009 the Japanese insurance company Sampo Japan Insurance informed of its acquisition of 54.7% of the Brazilian company Marítima Seguros via its Latin American subsidiary Yasuda Seguros.
- In October, the State-owned Banco do Brasil announced an agreement with Principal Financial Group to increase its share in BrazilPrev Seguros e Previdencia to 75% of the total capital, from the 50% it already owned. The US group will retain 25%.

The insurance group ranking was headed once again by Bradesco, followed by Itaú/Unibanco. Banco do Brasil has moved up one position thanks to the increase in premiums of its subsidiary BrazilPrev (also owned by the Principal Group) and ranked 3rd, ahead of Porto Seguro. The Spanish group Santander ranks 5th following its acquisition of 50% of the Brazilian company Real Tokio Marine Vida e Previdencia and the MAPFRE group ranks 6th. The top 10 groups represent a market share of 80.9%, almost two points higher than the previous year.

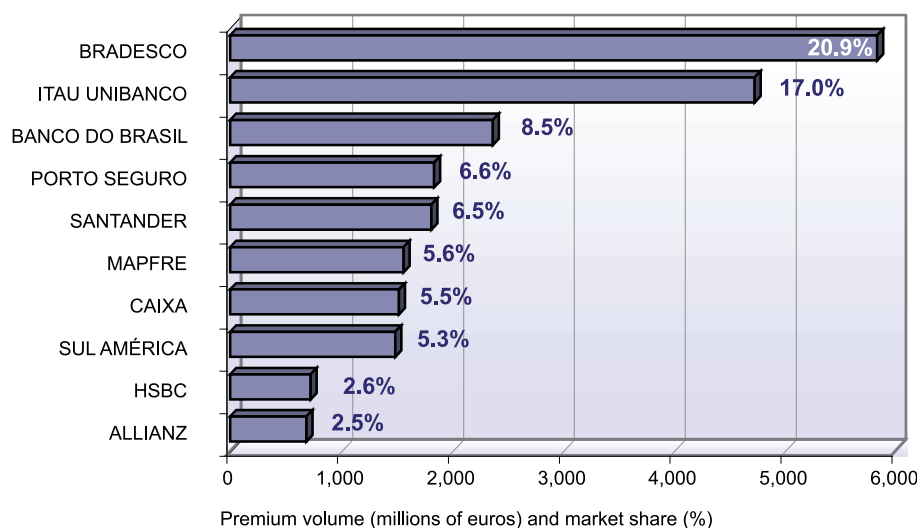


Figure 53. Brazil. Total 2009 Ranking

Source: SUSEP

The aforementioned deal between Itaú/Unibanco and Porto Seguro pushed Porto Seguro into 1st place and Itaú/Unibanco down to 2nd place in the Non-Life ranking. Bradesco and Sul America continue to rank 3rd and 4th and MAPFRE has moved up one place. Seguradora Lider dos Consorcios do Seguro DPVAT no longer forms part of this classification after its premiums dropped in 2009.

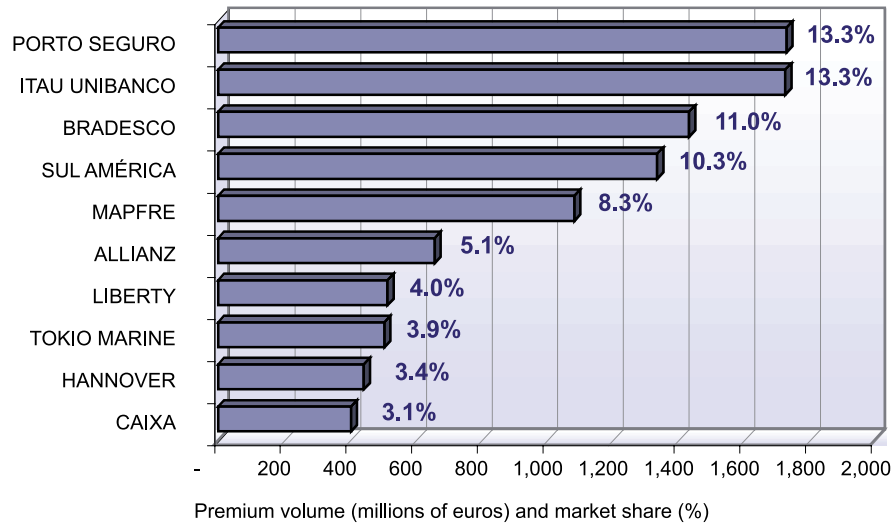


Figure 54. Brazil. 2009 Non-Life Ranking

Source: SUSEP

As for the Life ranking, worth mentioning is the significant growth in the Santander Group’s market share, 11.2% compared to 5.3% the previous year, which puts it in 4th place, ahead of the Caixa Group. The insurer Tokio Marine is no longer among the top 10 in this line of business and Sul America joins the table in 10th place.

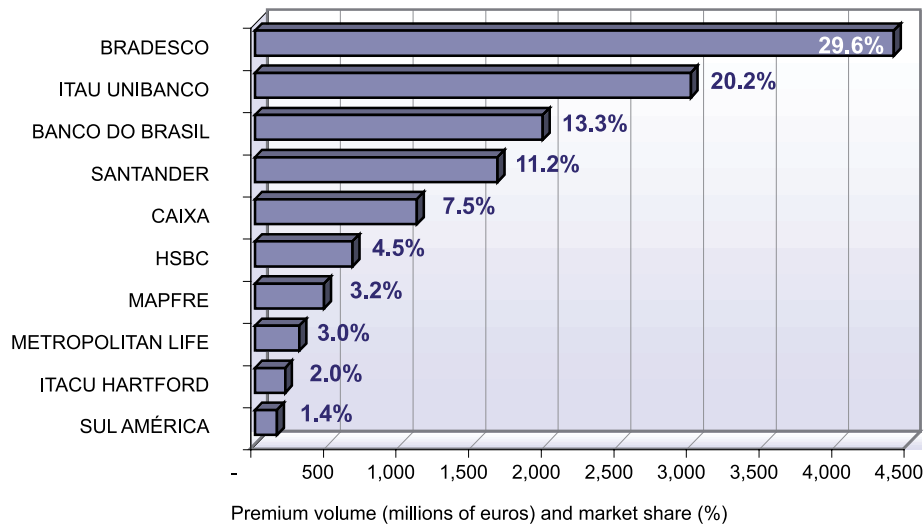


Figure 55. Brazil. 2009 Life Ranking

Source: SUSEP.

N.B.: includes VGBL insurance but not Personal Accident.

Results

As a whole, the claims ratio has improved by about one point to 52.3%, as a result of a slight increase in Automobile insurance, which has been offset by a reduction in general insurance and group business in the Life line of business. Expenses also dropped one point, which led to an improvement in the combined ratio, which was 94.6% as compared

to 96.7% the year before. This improvement in the technical result also went hand in hand with an increase in the financial result. The net result for the year after tax was 9,725 million reais (3,533 million euros).

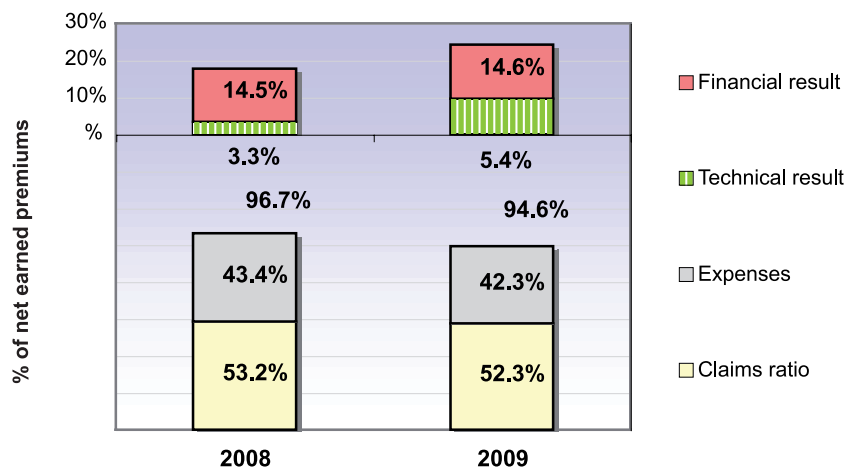


Figure 56. Brazil. Technical Account Result

Source: own statistics from the information published by the SUSEP.

2010 Preview

From January to October 2010 the Brazilian insurance companies have generated a premium volume of 71,009 million reais (30,383 million euros), which represents a nominal increase of 15.7% over the same period in the previous year. Once again, VGBL Life insurance has driven growth in the sector, with a rise of 20.5%, higher than in all other lines of business. The Life line of business as a whole has increased by 18.3% and Non-Life has increased by 12.9%. All lines of business have posted an increase in earnings, except for Special Risks and Credit and Surety. Following the decline in premiums suffered by the Automobile insurance line of business in 2009, the branch has recovered its upward trend, accumulating 18,798 million reais in premiums (8,0443 million euros), 13.1% higher than the same period in 2009.

Both the technical and financial results have increased in comparison to the same period in the previous year. The net claims ratio has dropped 4.5 percentage points and the expenditure ratio has fallen 1.4 points, which has led to the combined ratio reaching 88.5% compared to 94.4% in October 2009. The profit generated by the insurance sector during the first ten months of 2010 has been 9,240 million reais (3,953 million euros).

The following mergers and acquisitions took place during 2010:

- The Private Insurance Supervisor (SUSEP) has approved the sale by SulAmerica of its 60% share in BrazilVeiculos to Banco do Brazil.
- MAPFRE and Banco do Brazil have reached a full agreement, executed on 5 May with the signature of both chairmen, to implement a strategic alliance in their insurance business. The alliance will consist of the creation of two holding companies (BB-MAPFRE handling Life and Agricultural, and MAPFRE-BB for Automobile and General insurance) which will incorporate the insurance subsidiaries of both institutions in Brazil, using the Bank network as a distribution platform as well as other sales channels such as the traditional ones used by MAPFRE.

As for legal modifications that have taken place in the year, it is worth mentioning:

- The publication by SUSEP of Circular 408, of 23 August 2010, which establishes the obligation to present consolidated financial statements as of the financial year ending 31 December 2010, in accordance with International Financial Reporting Standards.
- Circular 402, of 18 March 2010, approved the criteria for preparation and updating of new actuarial tables developed on the basis of the experience of the Brazilian insurance market. Said tables will remain in force from April 2010 to March 2015 and the procedures for the use thereof will be set forth in specific instructions.

3.3.4 CHILE

Macroeconomic environment

The Chilean economy shrank by 1.5% GDP, representing a decline of more than five points with respect to the previous year. The key factor behind this slowdown was undeniably the international financial crisis that was triggered at the end of 2008. This dampened growth, employment and income prospects and private spending dropped, leading to a fall in production, smaller inventories and raising unemployment.

The volume of business fell in nearly all sectors of the economy, especially the related to the durable consumer goods, capital expenditure and construction. The fishing industry was hit by the salmon industry's crisis triggered by the salmon infectious anaemia virus. However, the electricity, gas and water, social services and farming-forestry sectors all posted slight increases.

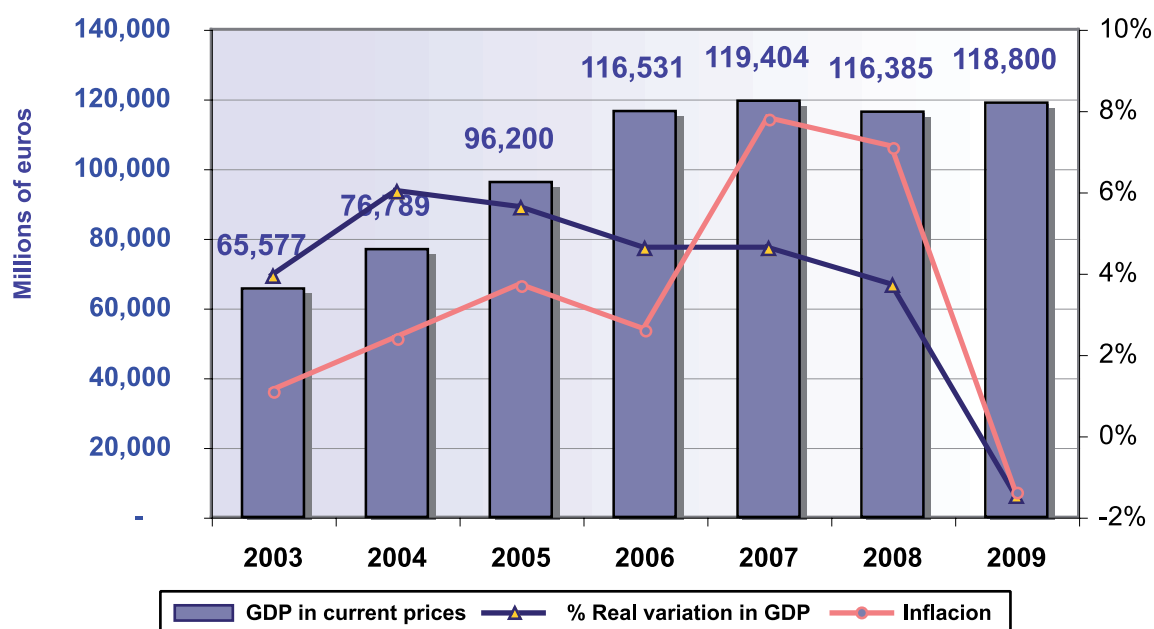


Figure 57. Chile. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

Domestic demand shrank 5.9%, dragged down by the low level of investment, which helped to contain and bring down internal prices. Consumption rose 1.8%, driven both by consumer spending and government spending, which increased 0.9% and 6.8%, respectively.

In a context of negative inflation (-1.4%) and to meet the financial markets' liquidity requirements and help reactivate lending, the Central Bank made heavy cuts to the monetary policy interest rates, which in July 2009 stood at 0.5% a year (8.25% in September 2008).

The unemployment rate was 9.7% at year end, higher than the 7.8% reported at the end of 2008.

In the foreign sector, from the second quarter of year exports increased due to the fast pace of Asia's emerging economies, which helped to push up export prices and the volumes exported. As a result, the current account surplus was around 2.6% of GDP.

At the end of February 2010, the country was hit by a strong earthquake and tidal wave, the world's fifth largest and the second strongest on record in the history of Chile. The quake, 8.8° on the Richter scale, with epicentres in the Seventh and Eighth Regions, affected the area from the Fifth to the Ninth Region (centre-south zone) of the country, where 80% of the population reside. The Eighth region's volume of business accounts for 10% of GDP and, together with the Sixth and Seventh regions, represent nearly 18% of domestic GDP. These regions account for 22% of the workforce. Over 400,000 dwellings were damaged, and only half has any kind of earthquake insurance, most associated with mortgages. The total number of insurance claims was 225,000 of which 80% pertained to damage in the home.

Ten months after the earth and seaquake, the insurance industry has settled almost all the home claims (99%), with part of the claims from industry and businesses still pending. (DPI).

Even though the 27 February earthquake was one of the biggest in terms of magnitude, the number of mortal victims (less than 500) was considerably smaller when compared with the victims of the last earthquakes and tidal waves that happened in previous years throughout the world.

Insurance market

The international financial crisis has a significant impact on the Chilean insurance industry in 2009, prompting less demand for insurance and less revenues for the sector, which recorded a premium volume of 166 million UF (Unidades de Fomento or Price-Indexed Units), representing a decrease of 1.7% compared to the 8.8% increase posted in 2008.

Premium volume ¹ 2009			
Line of business	Miles of UF	Millions of euros	% Δ
Total	166,708	4,539	-1.7
Life	99,575	2,711	-1.8
Individual life	19,875	541	7.9
Collective life	25,513	695	7.7
Pension plans	54,188	1,475	-8.6
Non Life	67,133	1,828	-1.6
Fire and/or allied lines	19,146	521	0.4
Automobile	14,003	381	-0.2
Other lines of business	10,989	299	-5.0
Personal accident ²	8,048	219	2.4
Health	6,892	188	3.3
Transport	3,318	90	-24.4
Third-party liability	2,379	65	1.6
Credit and/or surety	1,894	52	-1.0
Multi-peril	464	13	29.2

Figure 58. Chile. Volume of premiums in 2009 per line of business

(1) Premiums issued

(2) Includes Mandatory Personal Accident Insurance (SOAP)

Source: own statistics from figures published by the Association of Chilean Insurers (AACH).

The main factor underlying this poor performance was the slower pace of Life Insurance, which reported premium revenues of 99,575 million UF (2,711 million euros), a drop of 1.8% due to the sharp downturn in demand for Life Annuities, and in particular, of the Old Age Life Annuity line of business, on account of the low yields offered and the uncertainty

about how the financial markets might perform. The Individual life and Group life lines posted year-end growth of 7.9% and 7.7% respectively.

The Non-Life business also shrank, albeit to a lesser extent, reporting earnings of 1,828 million UF, 1.6% less than the previous year.

By lines of business, Automobile insurance decreased 0.2% to 14,003 million UF (381 million euros) due to the restrictions typical of a recession year and the fall in the number of vehicles sold. Transport also dropped significantly (-24.4%), mainly in Maritime Transport, and in Engineering insurance, specifically Fully Comprehensive Construction and Assembly, due to the slower pace of business.

Another year, due to the tough market competition, the Mandatory Personal Accident Insurance (SOAP), part of the Personal Accident line of business, posted a modest increase of 2.4%.

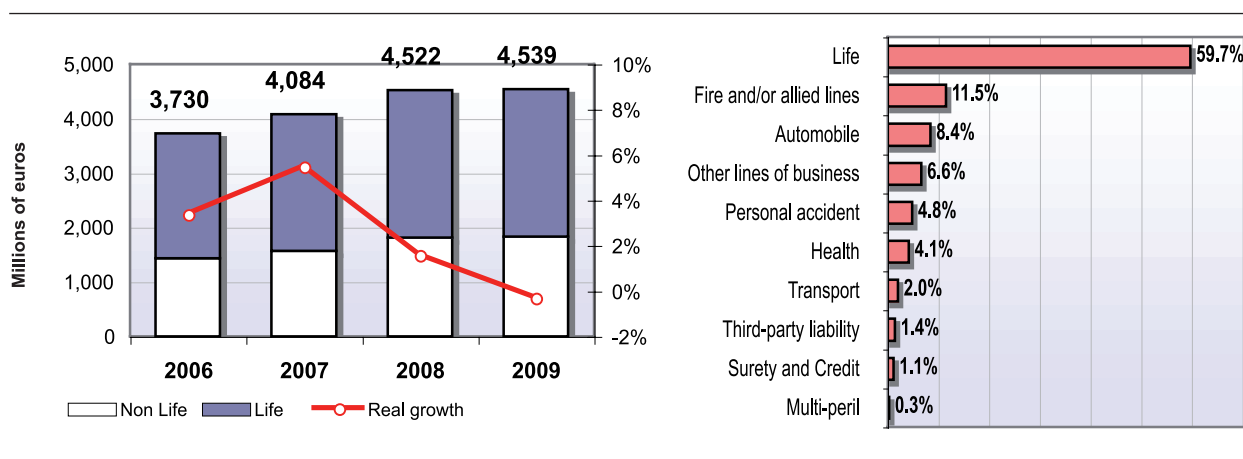


Figure 59. Chile. Evolution of premiums and market share 2009 by line of business

In 2009 there were 55 insurance companies operating in the sector (three more than in 2008), 25 of which specialized in General insurance and 30 in Life. The top 10 groups in Chile registered premium volume of 95 million UF (2,598 million euros) and had a market share of 57.2%, (60.9% in 2008).

The overall ranking of insurance companies has changed considerably since 2008 and is now topped by Chilena, a Zurich Group company, which moved up three places with a market share of 8.1%, followed by Metlife (2nd again), Consorcio (three places higher) and Santander, which joined the ranking for the first time. The Chilean insurer Corp Vida also joined the ranking in 9th place.

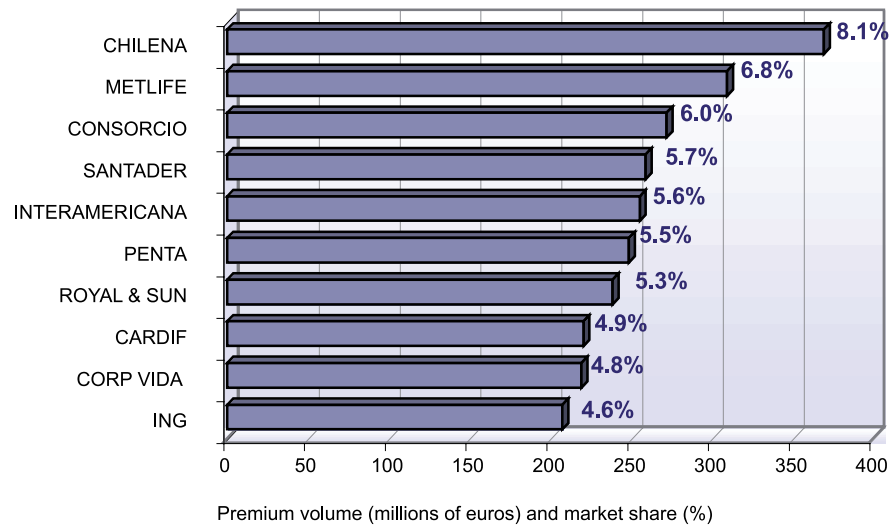


Figure 60. Chile. Total 2009 Ranking

Source: securities and Insurance Supervisor.

The top 10 groups operating in General insurance have a total market share of 89.4% (72.1% in 2008), and the first 3 places remain unchanged: RSA Seguros, followed by Penta and the Spanish group MAPFRE. The changes have come from 4th place down, with BCI, Liberty, Cardif and Santander having moved up the ranking.

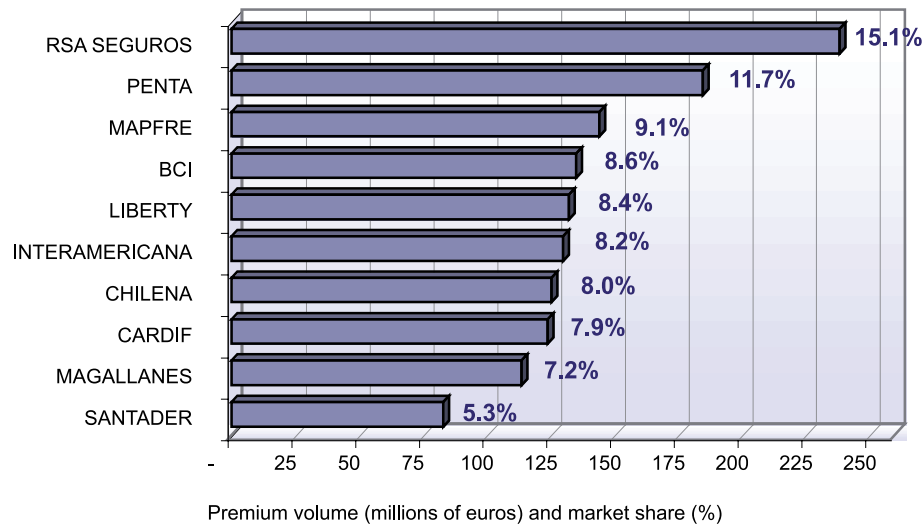


Figure 61. Chile. 2009 Non-Life Ranking

Source: securities and Insurance Supervisor.

N.B.: this ranking has been compiled with the line of business divisions used in the country.

In Life insurance, the top spots are held by the groups Metlife, Chilena, Consorcio and Corp Vida.

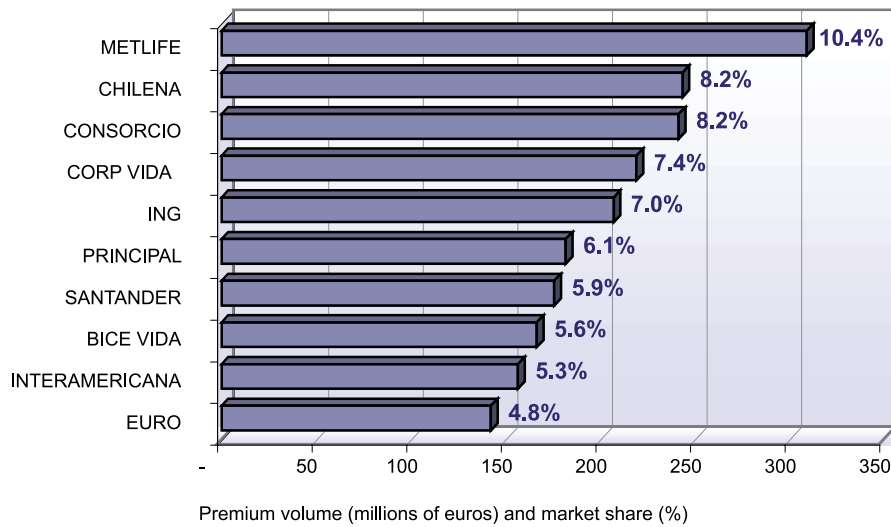


Figure 62. Chile. 2009 Life Ranking

Source: securities and Insurance Supervisor.

N.B.: this ranking has been compiled with the line of business divisions used in the country.

Results

The result for the financial year was 19 million UF (517 million euros), a major improvement after the loss posted in 2008. This performance was driven by the significant increase in the financial result, which grew 173%, the biggest rise reported in the region's countries. To a great extent, this is due to the higher returns on equity and investments and the returns on foreign investments.

As far as the technical result is concerned, the Life companies reported heavier losses and the Non-Life insurers posted a smaller technical result, prompting a nine point rise in the combined ratio, which was 128%. This rise was due to a five point rise in the claims ratio, up to 94%, influenced by the fact that the Life companies' ratio worsened by more than seven point and the General insurance companies' ratio by almost three points. The sector's net expenses rose four points to 34%.

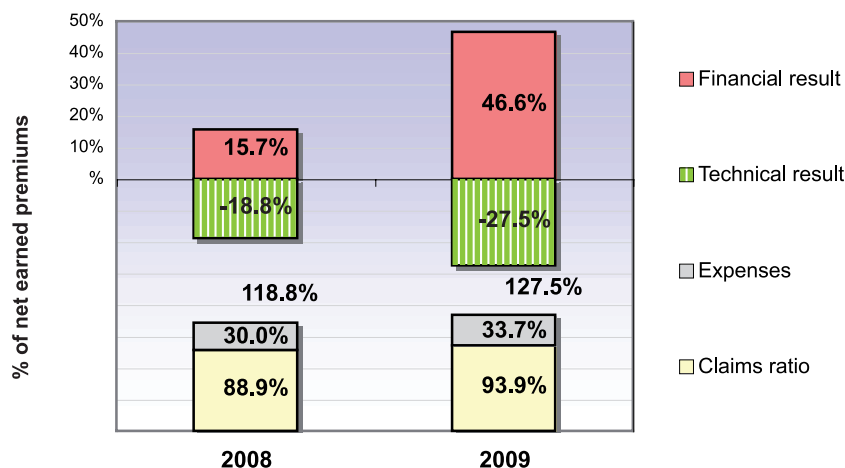


Figure 63. Chile. Technical Account Result

Source: own statistics from figures published by the Securities and Insurance Supervisor.

New legislation

The Securities and Insurance Supervisor approved the following regulations in 2009, among others:

- Disability and Survivorship Insurance: this sector welcomed the news about the State contribution to the two types of Voluntary Pension Savings Plans (individual and group), the improvements made to the calculation of programmed retirement and the new institutional structure of the SIS.
- General Regulation 251: issues instructions concerning the incorporation, shareholding changes in insurance and reinsurance companies In Chile, and the establishment of branches by companies incorporated abroad.
- Circular N° 1,932: amends Circular 1457 (issued in 1999) that issues instructions on the information to be included in insurance policies, minimum rules for insurance policies taken out on a group basis, general regulations of advertising and regulations governing the promotion, advertising and offering of insurance and of the associated benefits.
- Circular N° 1,934: amends Circular 1587 (issued in 2002), which issues instructions on the promotion and offering of insurance policies through distance communication systems.
- Law N° 20382, amending the Stock Market Act introducing improvements to the regulations governing Corporate Governance in matters such as the liability of officers and directors, privileged information and external auditors.

Mergers and acquisitions

In 2009, the following mergers and acquisitions took place in the sector:

- Orión Seguros Generales, whose main shareholder is the Chilean Group SIMMA Compañía de Inversiones, started operating in January 2009.
- Zenit Seguros Generales, whose main shareholder is the Chilean Group BCI, was incorporated.
- Interamericana Compañía de Seguros Generales changed its trading name to Chartis Chile Compañía de Seguros.
- ISE Chile Compañía de Seguros Generales changed its trading name to HDI Seguros.
- The Chilean financial holding acquired ING Seguros de Rentas Vitalicias.
- Compañía de Seguros de Vida Cámara purchased the local subsidiary of RBS Seguros de Vida.

2010 Preview

The Chilean insurance market posted a direct premium volume, in June 2010, of 95 million UF (2,859 million euros), an increase of 26.3% on the same period of the previous year. The main reason behind this upsurge in insurance demand was the earthquake on 27 February, because the size of the catastrophe has made the population more aware of the need to have insurance.

According to figures published by the Securities and Insurance Supervisor, by 31 October, Chilean insurers had paid claims worth 3,030 million dollars, with housing-related claims accounting for 1,061 million dollars and other claims for 1,968 million. The Metropolitan region was the hardest hit, followed by the Eighth and Seventh regions.

Life Insurance direct premiums totalled 59 million UF (1,788 million euros), a nominal increase of 35% due to the strong expansion of Life Annuities, which grew 52%.

Non-Life insurance sales ended 13.9% higher than the first half of 2009, amounting to 35.5 million UF. This segment reported growth in all lines of business, most noteworthy being Fire and Earthquake (15.7%), Automobile (13.5%) and Health (20.8%).

Premium volume ¹ . 1 st Half 2010			
Line of business	Miles of UF	Millions of euros	% Δ
Total	94,723	2,859	26.3
Life	59,214	1,788	35.1
Non Life	35,510	1,072	13.9
Fires and/or allied lines	8,993	271	15.7
Automobile	8,292	250	13.5
Personal Accident ²	4,347	131	0.4
Health	4,096	124	20.8
Other lines of business	9,782	295	16.6

Figure 64. Chile. Volume of premiums 2010 per line of business

(1) Premiums issued

(2) Includes Mandatory Personal Accident Insurance (SOAP)

Source: own statistics from figures published by the Association of Chilean Insurers (AACH).

The forecast for 2010 is for a huge increase in the combined ratio due to the larger number of claims triggered by the February earthquake and the expense ratio due to larger expenses involved in settling claims.

The highlight, in terms of new regulations in 2010, was the publication in January of the General Regulation 274, which establishes the use of new mortality tables, Table RV-2009 for men and women, replacing tables RV-2004.

3.3.5 COLOMBIA

Macroeconomic environment

Within a context marked by the international financial uncertainty, Colombia's Gross Domestic Product grew 0.8%. On the supply side, the strongest sectors were construction (14.6%), mining (9.6%) and financial establishments (3.1%). On the other side of the coin were industry, commerce and agriculture, which shrank the most.

The loss of investor and consumer confidence led to a heavy downturn in the private component of investment and consumer spending. Investment rose 3.2%, while consumer spending barely rose 1.3%.

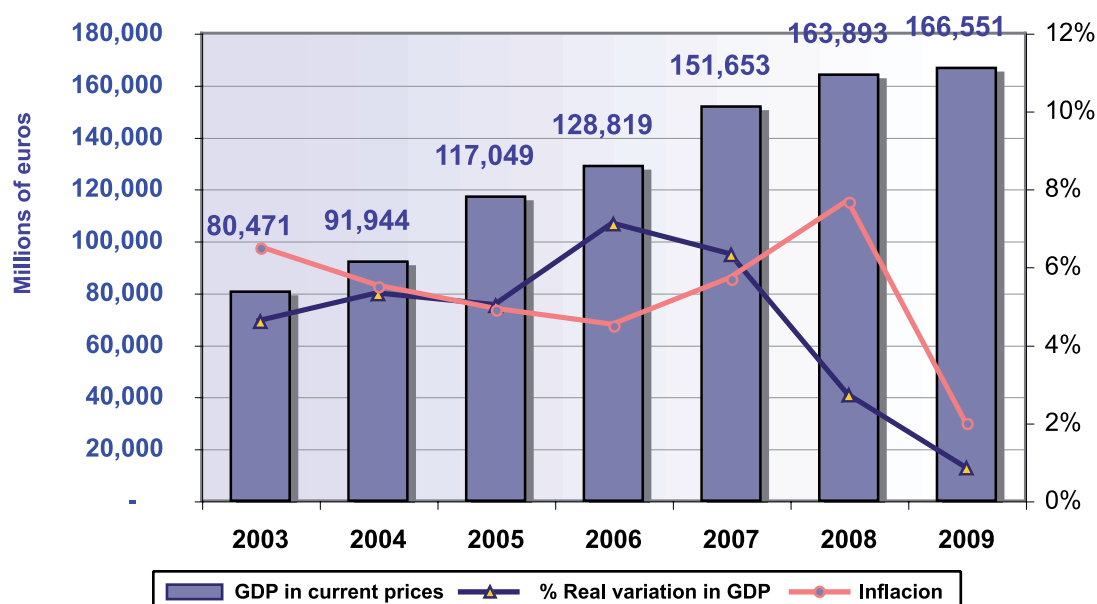


Figure 65. Colombia. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

As regards trade policy, in 2009 the Bolivarian Republic of Venezuela announced it was breaking off trade ties with Colombia. To offset this measure, the government and the private sector are making important efforts to open up new markets and to ensure that sales in the industry are not hit.

The inflation rate dropped to a record low, 2%, triggering larger flows of household income and helped to reactivate the economy.

The job market deteriorated throughout 2009 and turned into a key issue of debate in the country. The unemployment rate rose to 12%, from 11.3% in 2008).

In the foreign sector, the value of exports fell 12.7%, due to smaller sales of clothing, metals and manufactured goods, leather, and live animals and their products. The good news was the rise in the exported volume of traditional goods, following the increased production and sales of petrol, coal and ferronickel.

The first few months of 2010 witnessed a significant upturn in levels of confidence which, combined with the lower interest rates and low inflation, will permit a high level of consu-

mer spending this year. The stronger trade flows have been hit by the trade freeze imposed by the Bolivarian Republic of Venezuela, which is why GDP growth of around 3.5% is being forecast for 2010.

Insurance market

Premiums issued in 2009 totalled 11.4 billion pesos (3,785 million euros), with a nominal increase 12.4% and real increase of 10.2% on the previous year.

Life line of business premiums amounted to 3.5 billion pesos (1,169 million euros), representing a rise of 6.5%, most noteworthy being the growth in Life Annuities (40.3%) due to the larger number of retirement-aged people who are redeeming their pension schemes to buy this product.

Premium volume ¹ 2009				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	11,436,694	3,785	12.4	10.2
Life	3,532,291	1,169	6.5	4.4
Individual life	387,863	128	5.7	3.6
Collective life	1,465,331	485	-14.2	-15.9
Life annuities	968,285	320	40.3	37.5
Private Pensions ²	710,813	235	29.2	26.6
Non Life	7,904,402	2,616	15.2	13.0
Automobile	1,632,851	540	-0.1	-2.1
Other lines of business	1,358,059	449	26.0	23.5
SOAT ³	917,789	304	14.2	12.0
Health	633,265	210	15.1	12.8
Earthquake	433,530	143	19.6	17.2
Fires	418,553	139	15.2	13.0
Third-party liability	379,983	126	16.2	13.9
Personal accident	352,379	117	15.6	13.3
Transport	234,019	77	2.0	0.0
Theft	118,344	39	-42.9	-44.1
Aviation	96,727	32	15.4	13.2
Worker Compensation	1,328,904	440	45.1	42.2

Figure 66. Colombia. Volume of premiums in 2009 per line of business

(1) Premiums issued

(2) Group Life Insurance contracted by Pension Fund Managers

(3) Spanish acronym for Mandatory Traffic Accident Insurance

Source: own statistics from figures published by the Banking Supervisor of Colombia.

Non-Life business premiums rose 15.2%, amounting to 7.9 billion pesos (2,616 million euros). All the lines of business, except for Theft and Automobile, reported heavy increases. In the case of Automobile insurance, premiums fell due to the fall in new vehicle sales.

The lines of business that contributed most heavily to this growth were Compliance (Surety), driven by the larger number of public works being executed in the light of the anti-cyclical policies enforced by the Government, and Industrial and Civil Liability insurance due to the rate hike. The Health line of business also reported a steep rise due to the stronger demand for cover to supplement public medical care. One highlight was growth in the Transport line of business, which reported premium growth on a par with inflation despite being one of the hardest hit by the macroeconomic variables (GDP and volume of the imports and exports).

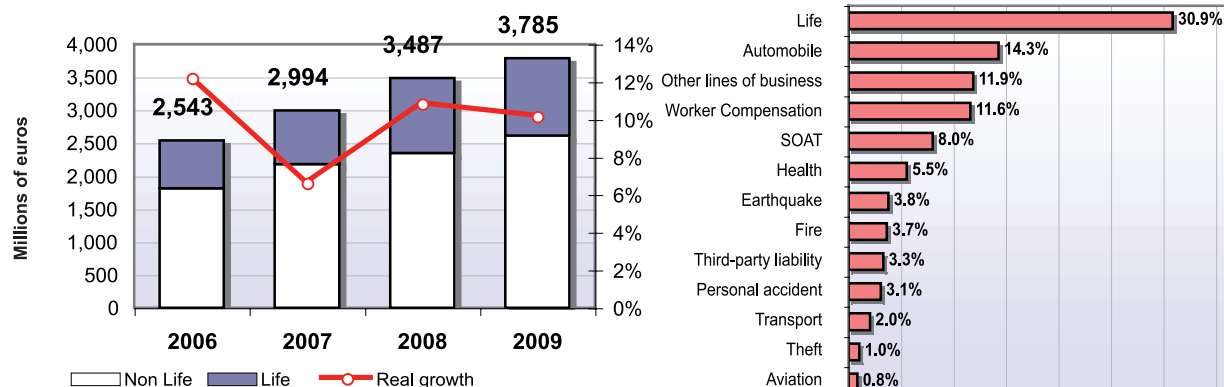


Figure 67. Colombia. Evolution of premiums and market share in 2009 by line of business

At the end of 2009 the Colombian insurance industry was formed by 26 general insurance companies and 18 Life insurance companies. The level of concentration in the industry is high, with the top 10 insurance groups accounting for 74.1% of premiums.

Once again, Suramericana is the largest insurance group, with a market share of 20.5%, followed by Bolivar (11.1%), Liberty (7.1%) and MAPFRE (6.8%), which all moved up one place after Colseguros dropped to 5th place.

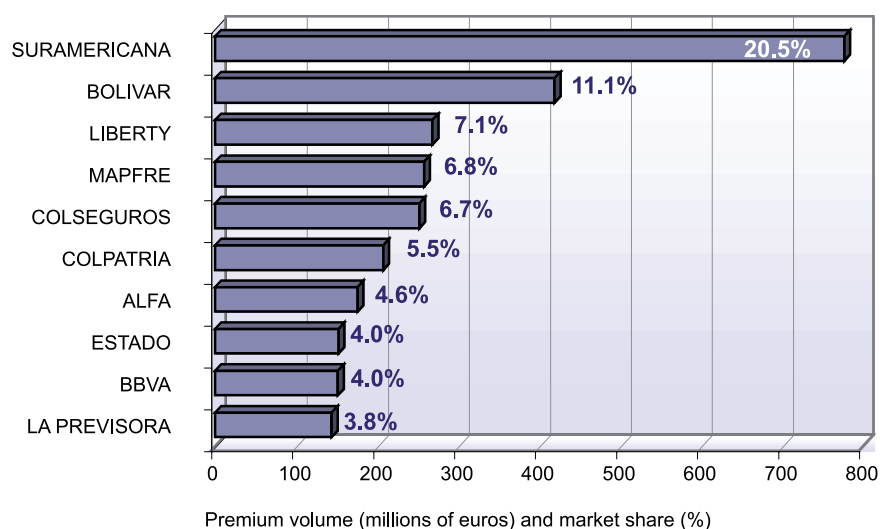


Figure 68. Colombia. Overall Ranking in 2009

Source: own statistics from information published by the Financial Supervisor.

The ranking of the General insurance companies remained unchanged, as far as the first 3 places are concerned: Suramericana (14.6%), Liberty (10.7%) and Colseguros (8%). The 10 largest insurance groups of this segment account for 77.3% of premiums.

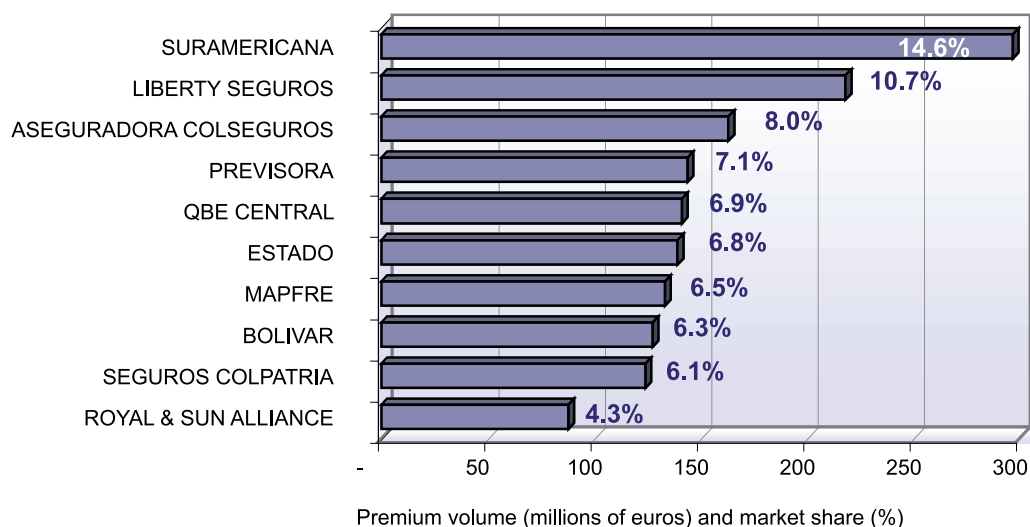


Figure 69. Colombia. 2009 Non-Life Ranking

Source: own statistics from information published by the Financial Supervisor.

N.B.: this ranking has been compiled with the line of business divisions used in the country.

The ranking of insurers who operate in the Life business, including the companies who operate in Industrial accidents, was topped, another year, by Suramericana with a 27.5% share. The top 10 groups in the ranking account for 92.8% of premiums.

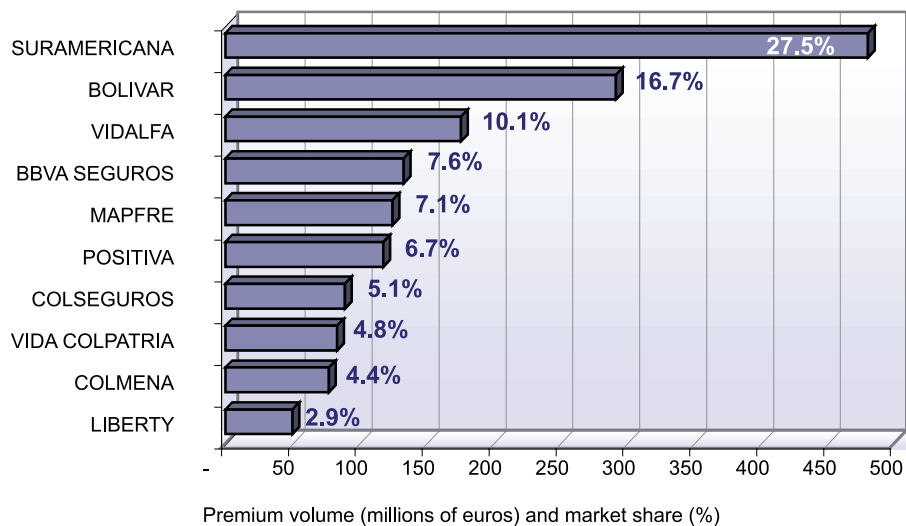


Figure 70. Colombia. 2009 Life Ranking

N.B.: this ranking has been compiled with the line of business divisions used in the country.

Results

The net result for the year was 1.2 billion pesos (406 million euros), an increase of 62.7% over 2008. This was a very good figure if one takes into account the worsening of the technical result, which was offset by an excellent financial result.

The combined ratio worsened by four points mainly due to two factors: firstly, the larger number of claims in the Professional Risks (Industrial Accidents) line of business after a state-run company (ARP Positiva) began operating and paid a very large volume of expenses to insurers, and secondly, the increase of pensions in Annuities. In contrast, the level of claims remained stable in Non-Life insurance, the highlight being the drop in the frequency of car thefts. The expense ratio rose one point to 50%, driven up by the consequent overheads of the new company Positiva.

The technical-financial result was 18%, seven points higher than in 2008, thanks to the excellent returns on investments. This is explained, first of all, by the higher returns of debt securities and, secondly, by the insurance industry's investment portfolio having received nearly 4 billion pesos from the reserves of the Social Security ARP (Occupational Hazards Insurer), now known as Compañía Positiva. Also worth underscoring was the positive performance of participatory securities.

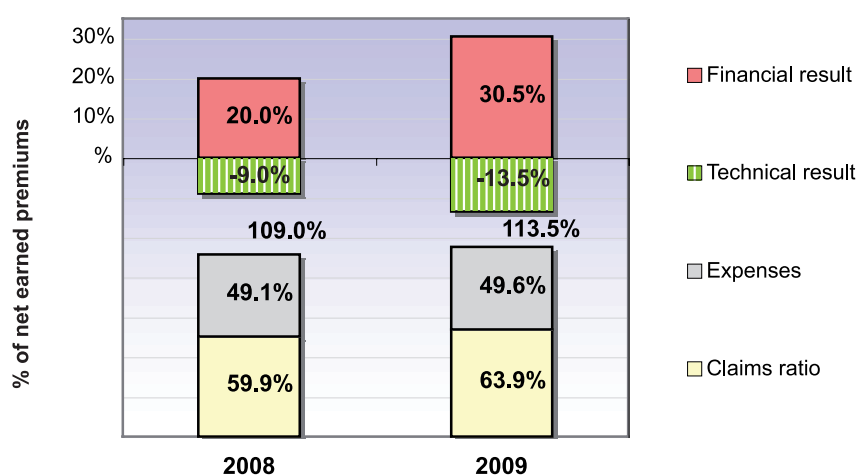


Figure 71. Colombia. Technical Account Result

Source: own statistics from the information published by the Financial Supervisor.

New legislation

Although it did not amount to an overall or structural reform of the financial system, on 15 July, 2009 Law 1328 was passed. Known as the Financial Reform Law, it introduced changes to create a system for protecting financial consumers, a multi-fund system in pensions and unemployment payments, and the liberalization of financial services. One of the new features brought in by the law is a Single Insurance Registry, designed to provide the public with specific, accessible and reliable information on people who have taken out insurance policies, those who are insured by these policies and their beneficiaries.

2010 Preview

The total market production until June 2010 was 5.7 billion pesos (2,222 million euros), representing an increase of 4.6% on the same period of the previous year.

Premium volume ¹ . 1 st Half 2010				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	5,682,323	2,222	4.6	2.1
Life	1,628,337	637	-1.0	-3.4
Non Life	4,053,985	1,585	7.1	4.5
Automobile	812,292	318	4.2	1.7
SOAT ²	483,219	189	11.6	8.9
Health	315,752	123	4.7	2.1
Other lines of business	1,022,747	400	2.8	0.3
Worker Compensation	682,371	267	7.9	5.3

Figure 72. Colombia. Volume of premiums 2010 per line of business

(1) Premiums issued

(2) Mandatory Traffic Accident Insurance

Source: own statistics from figures published by the Banking Supervisor of Colombia.

Life insurance issued premiums worth 1.6 billion pesos (637 million euros), a decline of 1%.

Non-Life business earned 4.1 billion pesos (1,585 million euros), nearly 7% more than in the same period of the previous year. The biggest increases came in Mandatory Traffic Accident Insurance (11.6%), Health (4.7%) and Automobile (4.2%).

Figures for the end of September showed that issued premiums grew by 10.5% compared to the same period of the previous year. The volume of premiums totalled 8.8 billion pesos (3,500 million euros), and the Life business performed better than during the first six months of the year, increasing 11.9%. Individual and group life insurance, and the Disability and Survivorship line of business were the lines that contributed most to this growth. Non-Life insurance premiums increased 9.9%. The SOAT and the Automobile, Health and Workers' Compensations lines remained the driving forces behind this segment, where the Agricultural line of business posted an excellent performance, with a rise of 163%, albeit with a still very small market share. Both the technical result and the financial result improved, pushing up the earnings for the year, which totalled 1.2 billion pesos (481 million euros).

As for changes in corporate structures, in November 2010 the North American company MetLife completed the acquisition of American Life Insurance Company (ALICO), the life insurance subsidiary of American International Group (AIG). This purchase allowed MetLife to gain a toehold in the Colombian insurance market.

On 30 July, the Financial Supervisor of Colombia issued Resolution 1555/2010, which updated the mortality tables used in pension calculations. The new mortality tables established by the Supervisor reflect increases in Colombian's life expectancy. According to these calculations, over the last two decades, women's life expectancy on birth has increased seven years, while men's life expectancy has risen four years. This measure will have a bearing both on rates and on the quantification of technical reserves.

Last of all, Colombia is in the middle of reforming its financial system regulations, and as part of this process, draft regulations have been put forward that envisage major changes that would imply larger capital requirements and reserves in the insurance sector.

3.3.6 ECUADOR

Macroeconomic environment

In 2009, due to the effects of the international financial crisis, the pace of growth of Ecuador's economy slowed down significantly due to the fall in oil prices, decline in remittances and the sluggish domestic demand. Consequently, the GDP growth rate shrank significantly to 0.4% (7.2 in 2008).

The best performing sectors were construction (5.4%), government services (5.4%) and the production of oil by-products. The mine and quarries industry declined 3.3%, mainly due to the 4% drop in crude oil production. Although Petroecuador (the state-owned oil company) posted a 5.3% rise in production, this was not enough to offset the 14.4% downturn reported by private companies, where the uncertainty about the future hydrocarbons act and the concession contracts drove private companies to cut back on investments, and therefore, their volume of production.

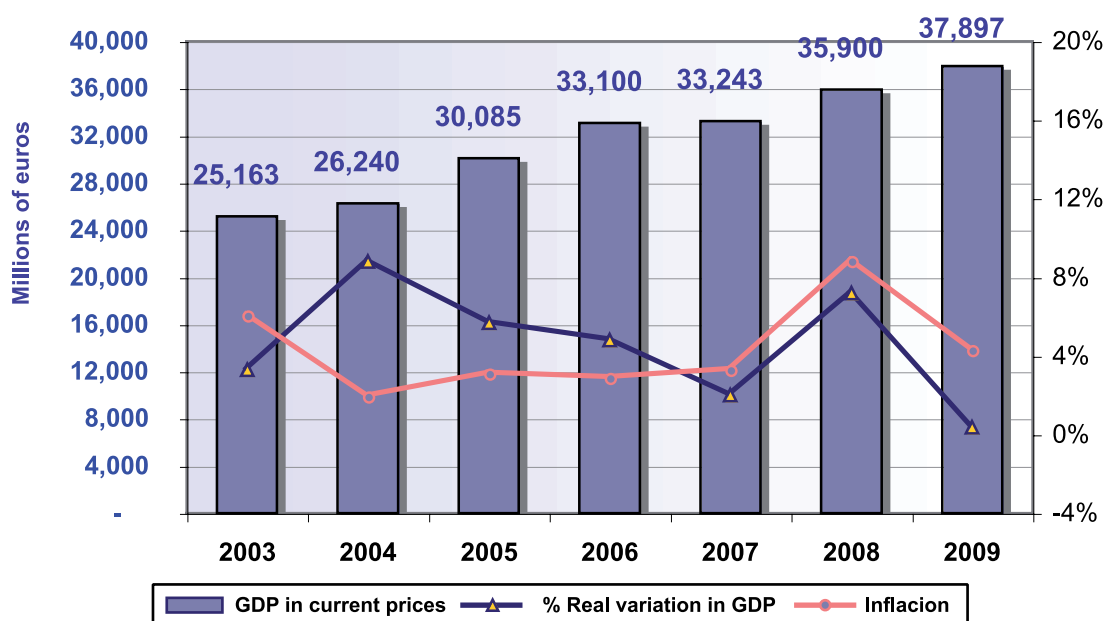


Figure 73. Ecuador. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

As for demand, the private component both of investment (-8.6%) and consumer spending (-0.1%), was the hardest hit by the international financial crisis and failed to be offset by the better performing public component (4%). Exports and imports dropped 5.9% and 11.6%, respectively.

The annual average inflation fell to 4.3% (8.8% in 2008). Nearly all the CPI components helped to bring down inflation, mainly the foodstuff and beverages sector.

Employment figures worsened throughout the year, ending with a jobless rate of 8.5% (6.5% in 2008).

As for the foreign sector, for the first time since 2004 the balance of payments on current account was a deficit of USD of 311 million.

In 2010, the economy is forecast to grow by around 2.5%, driven by an increase in oil prices, an upturn in external demand and higher consumer spending thanks to the effects of the government's stimulation programme.

Insurance market

The Ecuadorean insurance market grew at a slower pace than in 2008, posting a premium volume of 943 million dollars (677 million euros), which amounts to a nominal rise of 6.6% and 2.2% in real terms, compared to 30.3% and 19.7%, respectively, the previous year.

Life business had income of 157 million dollars (113 million euros), a nominal increase of 11.4% and real increase of 6.8%. This growth was driven by the expansion of group Life Insurance, which has a market share of 89% and saw its premium volume rise 11.2% to 140 million dollars (101 million euros). One of the lines of business that has contributed most to this result has been loan repayment insurance.

Premium volume ¹ 2009				
Line of business	Millions of USD	Millions of euros	% Δ	% Δ real
Total	943	677	6.6	2.2
Life	157	113	11.4	6.8
Individual life	17	12	13.8	9.1
Collective life	140	101	11.2	6.6
Non Life	786	564	5.7	1.4
Automobile	290	208	0.4	-3.7
Other lines of business	124	89	8.5	4.0
Transport	94	67	5.8	1.4
Fire, theft and allied lines	89	64	22.8	17.7
Credit and Surety	77	55	0.0	-4.2
Personal accident	61	44	13.4	8.8
Third-party liability	28	20	1.5	-2.7
Health	23	17	11.4	6.8

Figure 74. Ecuador. Volume of premiums in 2009 per line of business

(1) Premiums issued

Source: own statistics from figures published by the Insurance and Banks Supervisor.

The Non-Life business generated a premium volume of 786 million dollars (564 million euros), with a nominal increase of 5.7% and a real one of 1.4%. Sales in the Automobile line of business inched up 0.4% (much lower than the 46% posted the previous financial year) on account of the significant drop in Mandatory Traffic Accident Insurance (SOAT) triggered by the 30% premium rate cut imposed by the State.

All the other lines of business reported growth, in particular Fires, Theft and allied lines (22.8%), Personal Accidents (13.4%) and Health (11.4%). In the Other lines of business, Aviation insurance jumped 75% following the enlargement of the State air fleet.

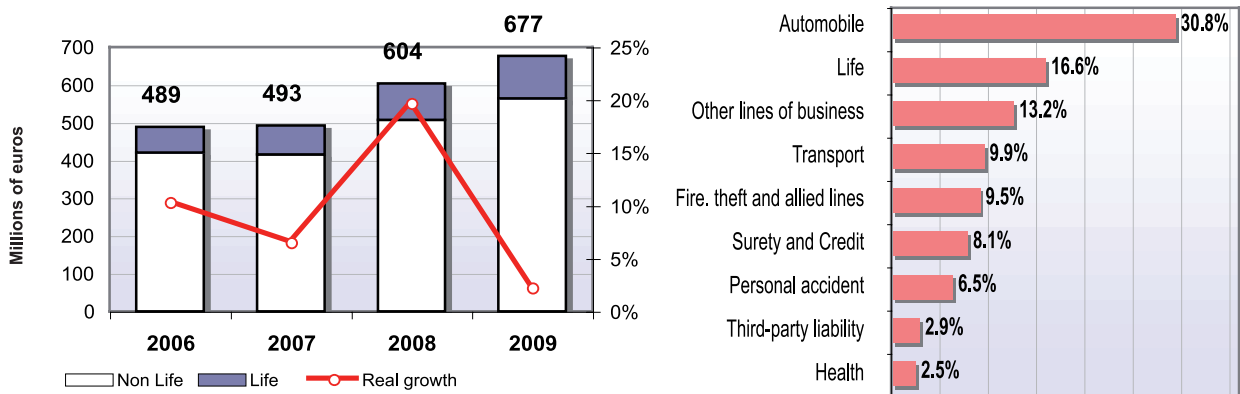


Figure 75. Ecuador. Evolution of premiums and market share in 2009 by line of business

In December 2009, there were 42 insurance companies operating in Ecuador, of which 13 engaged exclusively in General lines, 6 engaged exclusively in Life insurance and 23 engaged in Life and Non-Life lines.

The top 10 insurance groups in Ecuador hold a combined market share of 54.1% (53.2% in 2008). There were no changes in the top positions of the ranking, so Colonial and Equinoccial continued to lead the overall list and that of Non-Life, while Seguros Pichincha again headed the Life ranking.

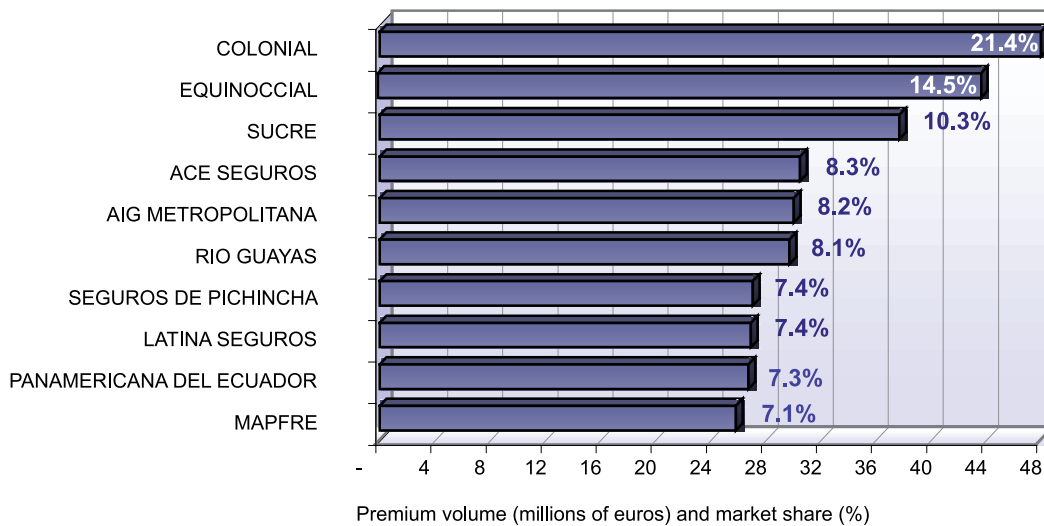


Figure 76. Ecuador. Total 2009 Ranking

Source: own statistics from figures published by the Insurance and Banks Supervisor.

New legislation

The Banking and Insurance Supervisor made the following legislative amendments in 2009:

- Mandatory Traffic Accident Insurance (SOAT) Regulations, approved in 2009 by means of Executive Decree N° 1767: it establishes a 30% reduction on the SOAT premium rates, with respect to those approved by Executive Decree N° 809.

- Executive Decree N° 1813 published in the Official Registry 632 of 13 July 2009: according to the first transitory provision, any payments made during 2009, prior to this Executive Decree, based on rates in force 2008, must be re-calculated so that the differences are recognized as a credit in favour of the insured party, that must be settled when the SOAT policy for 2010 is renewed.

Results

The net result for the year totalled 35.7 million dollars (25.7 million euros), up 10% on the previous year, representing 10.5% of premium revenue (10.6% in 2008).

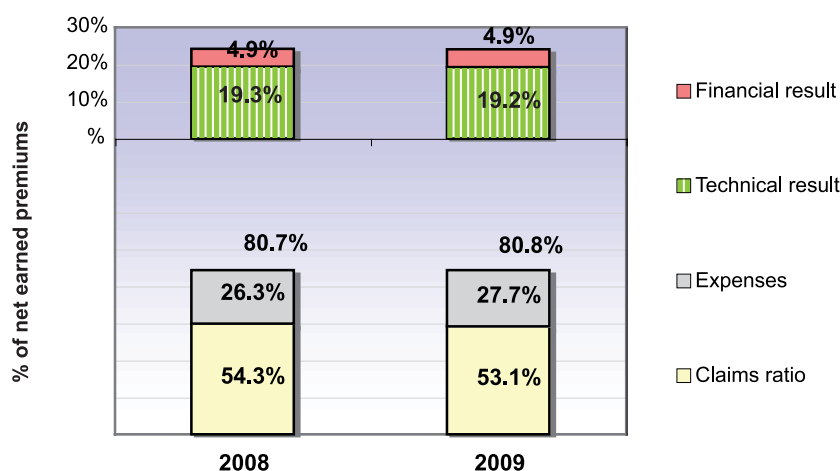


Figure 77. Ecuador. Technical Account Result

Source: own statistics from figures published by the Insurance and Banking Supervisor.

The combined ratio remained steady at 80.8%, once again being the lowest of all South American countries, driven by the excellent claims ratio, which dropped by just over one point, to 53.1%, and offset the slight increase in the expense ratio. The claims ratio improved in the Life business and rose in the Machinery Assembly and Breakdown, Aviation and Money and Securities lines.

The technical-financial result was 24.1%, similar to 2008.

2010 Preview

In June 2009, total premiums issued totalled 545 million dollars (415 million euros), a rise of 10% compared to the same period of last year.

Issued Life premiums amounted to 85 million euros (65 million dollars), up 20% on 2009. Group Life insurance accounted for most of life insurance premiums, posting issued premiums worth 76.4 million dollars (58.2 million euros).

The Non-Life business earned 460 million dollars (351 million euros), a growth rate of 8.3%. All the lines of business, except for Credit and Surety, reported increases, in particular the Automobile line of business, which rose 14.5% due to surge in new vehicle sales, because once again there was a heavy fall in Mandatory Traffic Accident Insurance premiums, due to the updating of the SOAT rates following the enforcement of Executive Decree N° 1813 (already explained in the New Legislation section).

Premium volume¹. 1st Half 2010				
Line of business	Millions of USD	Millions of euros	% Δ	% Δ real
Total	545	415	10.0	9.6
Life	85	65	20.0	19.6
Non Life	460	351	8.3	8.0
Automobile	147	112	14.5	14.1
Transport	53	41	4.8	4.4
Fire, theft and allied lines	51	39	8.0	7.6
Credit and Surety	38	29	-3.9	-4.2
Other lines of business	171	130	7.7	7.3

Figure 78. Ecuador. Volume of premiums 2010 per line of business

(1) Premiums issued

Source: own statistics from figures published by the Insurance and Banks Supervisor.

3.3.7 PARAGUAY

Macroeconomic environment

After six years of economic growth, the Paraguay GDP shrank 3.8% due mainly to two factors: the intense drought that devastated the country in 2009 and that hit the agricultural sector in particular, and the fall in the international prices of agricultural products, especially soybean, which plunged 39%.

On the demand side, total consumer spending shrank 1.8%. The strong public sector growth, thanks to the implementation of contra cyclical policies, failed to offset the downturn in consumer spending derived from customers' lower expectations and the drop in household income. Gross capital formation shrank 12.5% and inventories declined 19.8%.

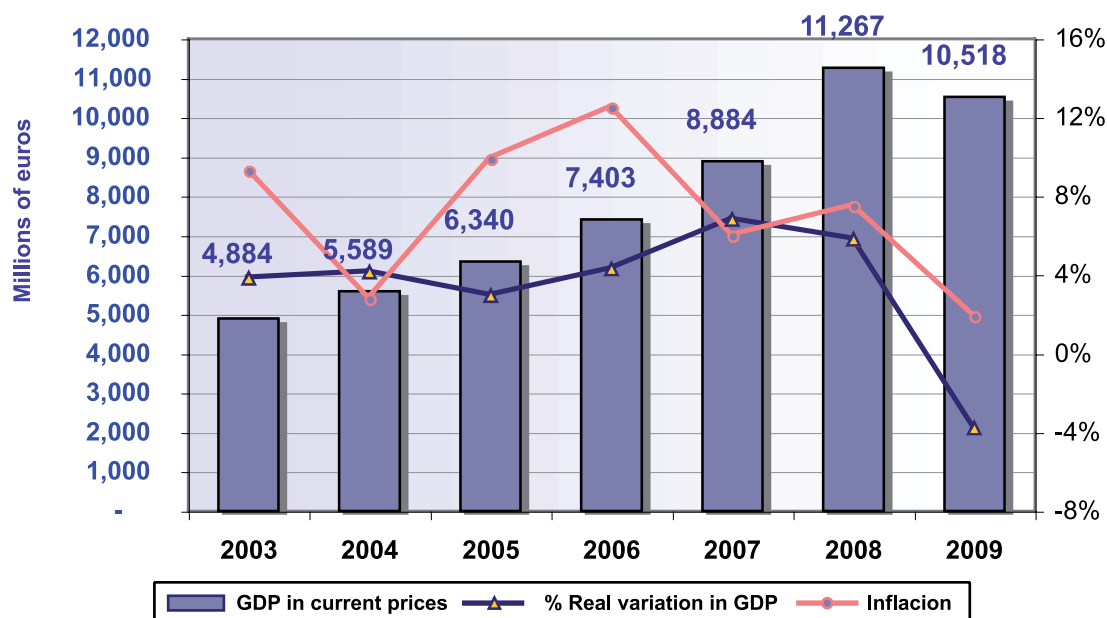


Figure 79. Paraguay. Volume of premiums in 2009 per line of business

Source: own statistics from figures published by the Insurance Supervisor.

Overall, goods supply dropped 10.9% due to the downturn of the agricultural sector (-25%) and the slower pace of forestry (-4.3%) and industry (-8%). The sectors that posted positive growth were livestock (4.8%), fishing, (1.5%), mining (3%) and construction (1%).

The inflation rate dropped to 1.9% from 7.5% in 2008, due to the fall in international prices of staples since the end of 2008.

The foreign sector was seriously hit by the slump in foreign demand, the drop in prices of the main export products and adverse weather conditions.

In 2010, foreign and domestic demand are forecast to perform better, and an upturn is expected in the agricultural sector. In this scenario, ECLAC forecasts GDP growth of almost 7%.

Insurance market

At the end of the financial year 2008-2009, which ran from 1 July 2008 to 30 June 2009, the insurance market posted a premium volume of 778,518 million guaranis (122 million euros), a rise of 25.4%. Discounting the inflation effect, it rose 23.1%.

Despite only representing a small share of the insurance sector, the Life line of business grew by nearly 20%, to 66,691 million guaranis (10 million euros), driven by the upturn in awards of loans backed by loan repayment insurance policies. Short Term Life policies account for 98% of Life premiums.

Premium volume ¹ 2009				
Line of business	Millions of guaraníes	Millions of euros	% Δ	% Δ real
Total	778,518	122	25.4	23.1
Life	66,691	10	19.8	17.6
Non Life	711,828	111	25.9	23.6
Automobile	401,985	63	25.6	23.3
Other commercial property	77,354	12	137.7	133.3
Fires	70,001	11	20.4	18.2
Theft	38,752	6	-11.9	-13.5
Transport	34,677	5	21.5	19.3
Third-party liability	29,744	5	10.6	8.6
Surety	26,051	4	11.3	9.2
Personal Accident	23,684	4	24.0	21.7
Other lines of business	9,546	1	-23.7	-25.1
Health	34	0	-11.9	-13.5

Figure 80. Paraguay. Evolution of premiums and market share 2009 by line of business

(1) Direct premiums net of cancellations, plus administrative surcharges

Source: own statistics from information published by the Insurance Supervisor.

The Non-Life business issued premiums amounting to 711,828 million guaranis (111 million euros), 26% more than the previous year. This increase was largely due to Automobile insurance, which rose by 25.6%, favoured by the growth of automobile sales. There were also substantial increases in Farming and Animal Husbandry insurance, thanks to the higher demand of farming insurance by multinational companies, and in Technical Risks, mainly because of insurance cover related to the expansion of mobile telephony.

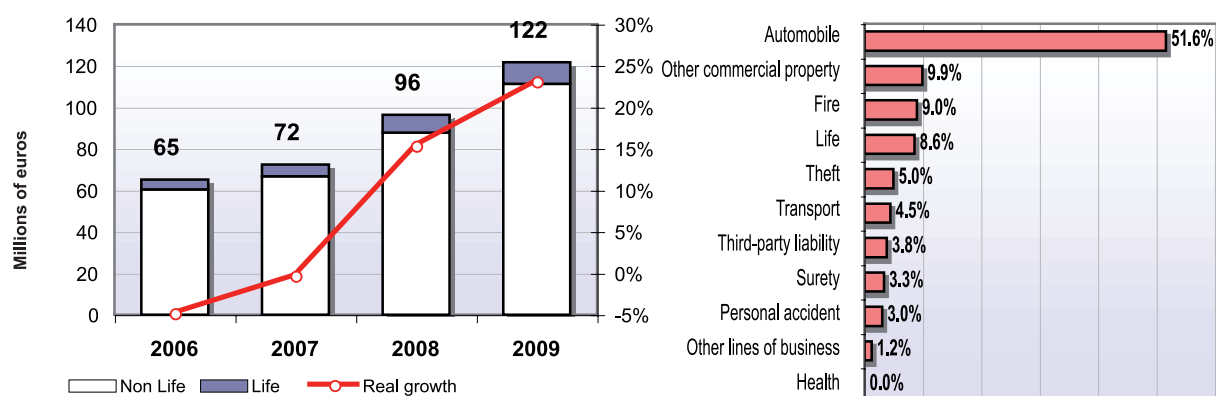


Figure 81. Paraguay. Evolution of premiums and market share in 2009 by line of business

In December 2009, there were 32 insurance companies operating, one more than in 2008, of which only two were authorized to operate in the Individual Life business. In April 2009, Sancor Seguros del Paraguay, owned by the Argentinean group, began operating.

MAPFRE Paraguay once again topped the insurer group rankings with a market share of 24.2%, widening its lead over its main rival, La Consolidada (9.5%). As far as the other groups go, Aseguradora del Este moved up two places, meaning that La Rural and Panal moved down one place.

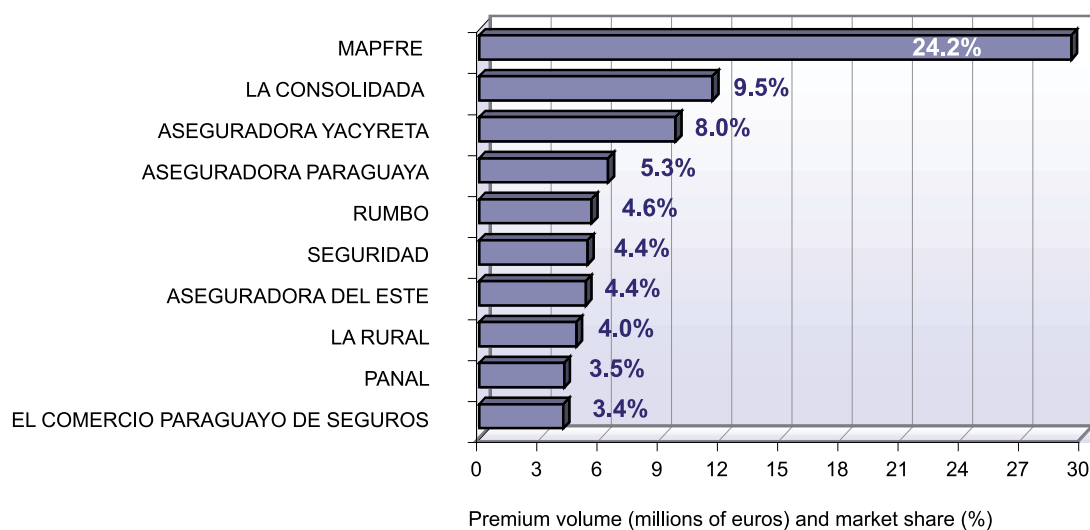


Figure 82. Paraguay. Total 2009 Ranking

Source: own statistics from information published by the Insurance Supervisor.

Results

The result for the year was 42,094 million guaranis (6 million euros), up 112% from 2008. This amounted to a premium revenue of 6.9%, almost three points more than in 2008. The main factor behind the improved net result was the financial result of 37,089 million guaranis (5.4 million euros).

The combined ratio was pushed up 2 points by the poorer claims ratio, which was not offset by the improved expense ratio. Even so, Paraguay posted the lowest claims ratio of the whole South American region (49%).

The claims ratio rose very strongly in the Agricultural line of business due to the heavy frosts and droughts that hit the country, and Technical Risks, due to the rise in electronic equipment theft and claims.

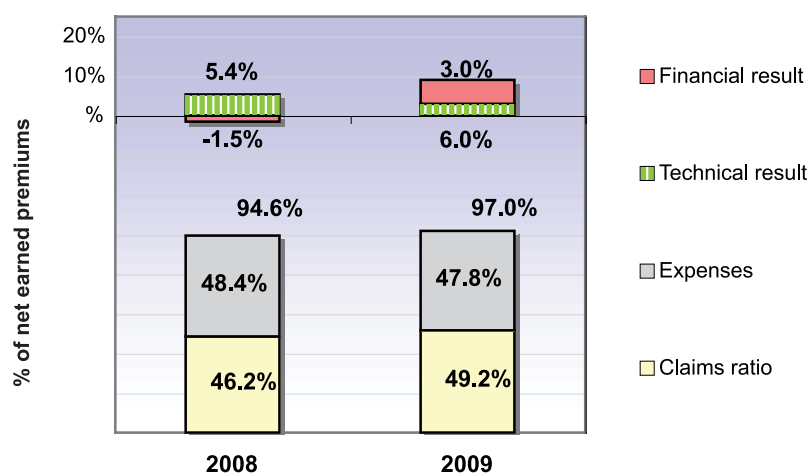


Figure 83. Paraguay. Technical Account Result

Source: own statistics

2010 Preview

In the financial year that ran from July 2009-June 2010, the Paraguayan industry reported premium revenue of 893,625 million guaranis (143 million euros). The sector's growth, 14.8%, was driven by the Life, Automobile and Agricultural lines, which posted growth of 27.6%, 12.5% and 15.4%, respectively. Life insurance growth was linked to the larger number of loans granted by private banks, backed by loan repayment insurance policies. There was sustained demand for Automobile Insurance thanks to the rise in car sales, and Crop insurance was again boosted by stronger demand for crop insurance from large companies which store foodstuffs, process them and prepare them for export and agro-export cooperatives.

3.3.8 PERU

Macroeconomic environment

In 2009 the Peruvian economy grew at a slower pace than in previous years, with a GDP increase of 0.9%, as compared to an average rate of 7.7% over the last five years. This key factors behind this slowdown were the sharp downturn in foreign demand and a significant decrease in private investment. The economy started rallying from the third quarter of 2009 due to the measures taken by the government to mitigate the effects of the international economic crisis.

Nearly all sectors of the industry reported growth, albeit fairly more moderate than in previous years, most noteworthy being the construction industry, which grew 6.1%, spurred by public investment schemes. In contrast, the manufacturing industry shrank the most, 7.2%.

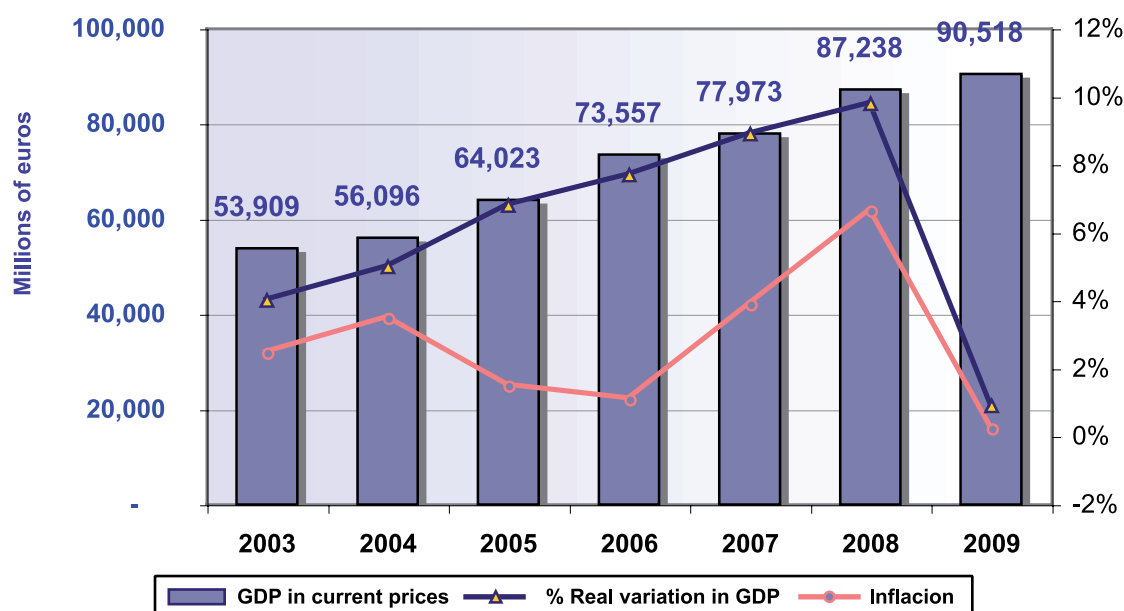


Figure 84. Peru. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

On the expense side, the loss of consumer and investor confidence led to a heavy downturn in domestic demand, especially investment (-18.1%), due to smaller private investment and a significant decline in inventories. The volume of imports also fell considerably (25%), due to the lower level of private fixed gross investment and an inventory adjustment process.

Inflation, measured by the Lima Consumer Price Index, ended 2009 at 0.3% (6.7% in 2008), and fell in line with the drop in international prices of foodstuffs and hydrocarbons, which helped to bring down the prices of electricity and domestic fuels.

The foreign sector reported a 14.7% fall in exports due to the downturn of international prices for the main staples exported by the country (crude oil and by-products, and metals and minerals), the decrease in fish meal exports and the decline in exports of non-traditional products. Goods imports also dropped 26.1% as domestic demand waned. All this led

to a balance of payments on current account surplus of 247 million dollars (4,723 million dollars in 2008).

For 2010, ECLAC forecasts GDP growth of around 6.7%, fuelled by an upturn in consumer spending, a rally in private investment and increase in external demand.

Insurance market

In 2009, the insurance market grew at a faster pace than the previous year, 19.9% (16.7% in 2008), partly due to the widespread increase of rates following the drop in financial revenue in 2008. Premium volume totalled 5,190 million new soles (1,236 million euros), compared to 4,331 million the previous year.

Non-Life insurance was the main force behind the market growth, particularly the following: Automobile insurance, because of the increase in the fleet of new vehicles and the rate adjustments; Technical insurance classes, thanks to the growth of the economy; and the Multiple Insurance line of business, as a consequence of the increase in the placement of micro insurance policies through supplementary distribution channels such as shops and public service enterprises.

Premium volume ¹ 2009				
Line of business	Millions of nuevos soles	Millions of euros	% Δ	% Δ real
Total	5,190	1,236	19.9	19.6
Life	1,799	428	9.6	9.3
Individual life	362	86	-3.1	-3.3
Collective life	412	98	19.6	19.3
Pensiones	1,025	244	11.0	10.7
Non Life	3,392	807	26.1	25.8
Automobile	692	165	36.0	35.7
Fire and/or allied lines	625	149	28.5	28.1
Other lines of business	483	115	39.7	39.4
Health	407	97	21.0	20.7
Personal accident ²	405	97	16.1	15.8
Third-party liability	131	31	22.3	22.0
Transport	124	30	-9.6	-9.8
Maritime-Hulls	95	23	21.1	20.8
Burial Expenses	84	20	285.0	284.1
Aviation	70	17	29.6	29.3
Credit and/or surety	54	13	-0.6	-0.8
Multi-peril	49	12	21.7	21.4
Worker Compensation	171	41	1.4	1.1

Figure 85. Peru. Volume of premiums in 2009 per line of business

(1) Net insurance premiums

(2) Includes Mandatory Traffic Accident Insurance (SOAT)

Source: own statistics from figures published by the Banking and Insurance Supervisor (SBS).

Life Insurance grew much more than the previous financial year, 9.3% (1.8% in 2008). Its growth was grounded mainly on Credit Insurance, boosted by the higher demand of credit, and Income insurance for the retired.

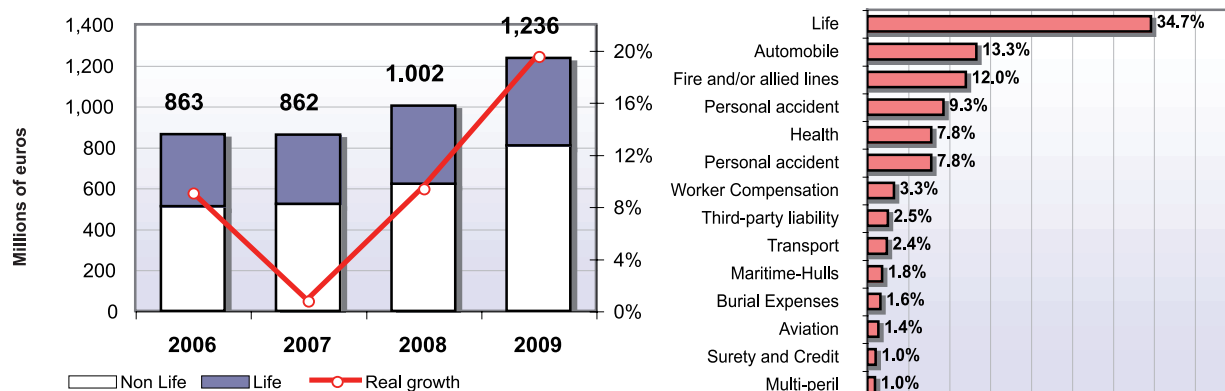


Figure 86. Peru. Evolution of premiums and market share in 2009 by line of business

In December 2009 the insurance market was formed by 14 insurance companies, one more than in 2008, because a new company, Insur, was authorized to start operating. Of the 14 companies, five operate exclusively in General lines of business, five only in Life business, and four in General and Life business.

Rimac and Pacifico remain the country's top two insurance groups, with respective market shares of 36.8% and 28.0%. Both groups lead the Non-Life and Life rankings. The MAPFRE Group still ranks 3rd in the Non-Life ranking followed by La Positiva.

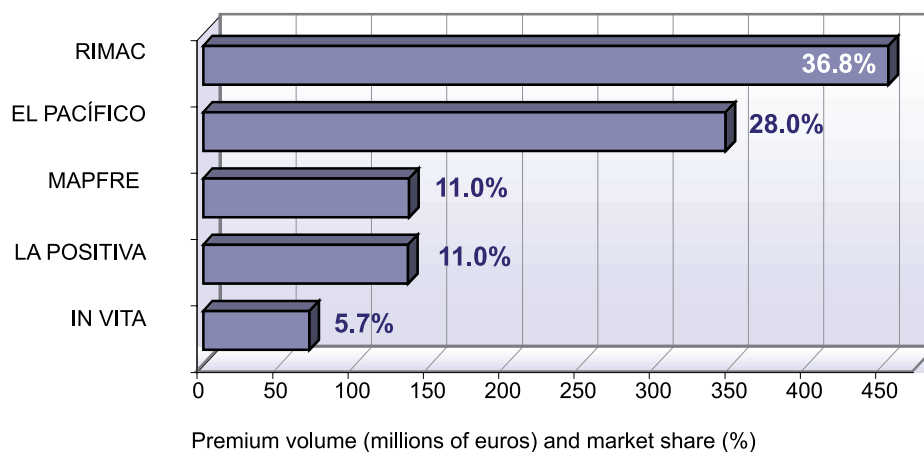


Figure 87. Peru. Total 2009 Ranking

Source: own statistics from information published by the Banking and Insurance Supervisor.

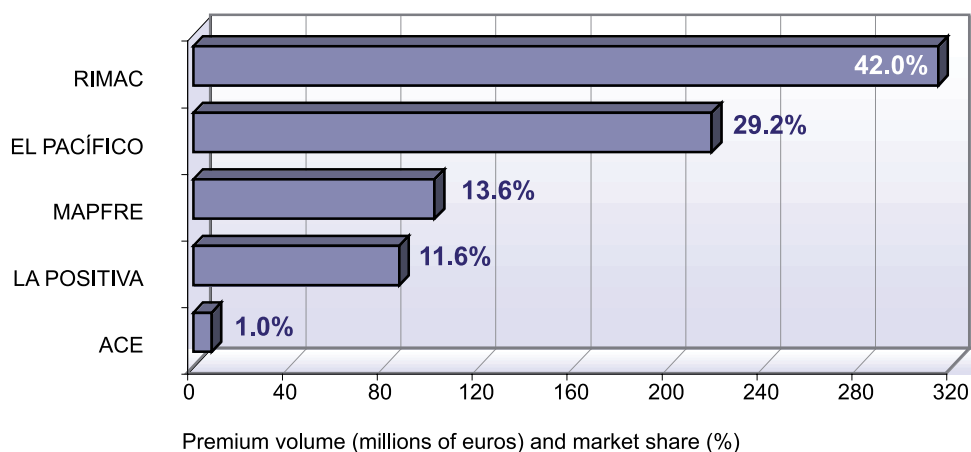


Figure 88. Peru. 2009 Non-Life

Source: own statistics from information published by the Banking and Insurance Supervisor.

N.B.: does not include Burial Expenses or Industrial accidents, included in the life insurance line of business.

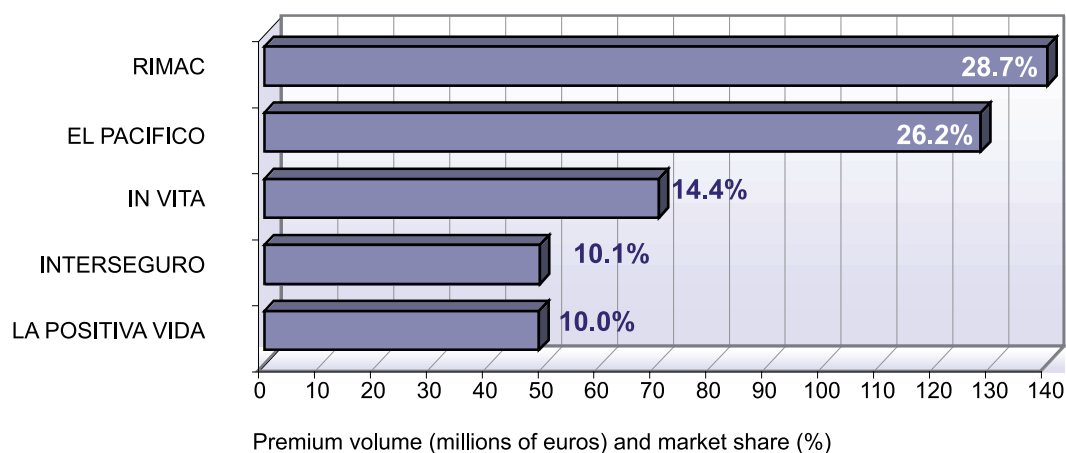


Figure 89. Peru. 2009 Life

Source: own statistics from information published by the Banking and Insurance Supervisor.

N.B.: includes Burial Expenses and Workers' Compensation.

Results

The net result for the year increased significantly in 2009, to 492 million new soles (117 million euros), as compared to 92 million obtained in 2008. This increase stemmed from the better performance of the technical result, because the financial result remained stable.

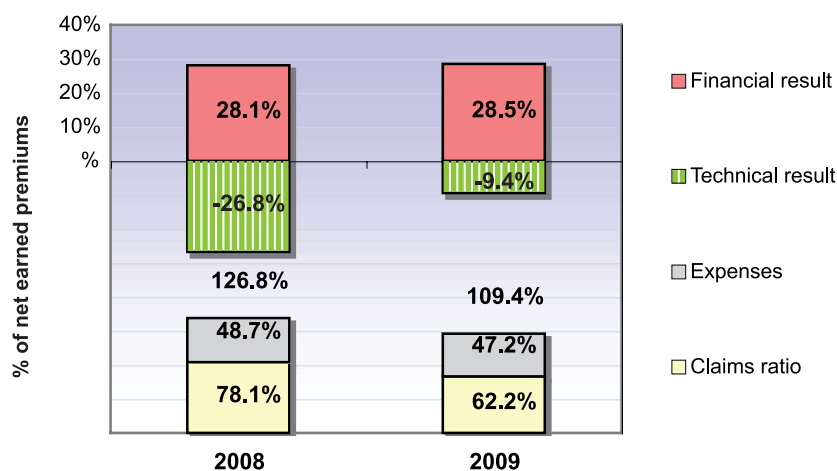


Figure 90. Peru. Technical Account Result

Source: own statistics from figures published by the Banking and Insurance Supervisor.

The combined ratio improved eighteen points, mainly due to a heavy drop in the Non-Life claims ratio, which reported no major claims, the raising of rates and the implementation of claim control measures of the experience in the Automobile line of business. In contrast, the Life claims ratio was pushed up, mainly by the larger volume of claims in Debtor's Life Insurance.

New legislation

In April 2009, the Government passed the Framework for Universal Health Insurance Act (Law N° 29344), designed to establish the regulatory framework of universal health assurance, in order to guarantee everyone the full and progressive right to health coverage from the social security. The Act establishes that insurance is mandatory and will be based on the individual's contribution capacity, which will fall into either the contributory, semi-contributory or subsidiary system. The institutions that administer health insurance funds and that are subject to this Act include the private health insurance companies and Health Care Providers.

Subsequently, in April 2010 the Government passed the Framework for Universal Health Insurance Act Regulations, in order to establish the provisions required to implement universal health insurance. More recently, in November 2010, the Government published the Supreme Decree n° 034-2010-SA, which establishes the mechanisms leading to mandatory registration in health insurance, which include the requirement that everyone living in the country must provide proof that they have taken out health insurance if they want to obtain credit from the financial system.

In 2009 the Government passed the Act and the Regulations that created the Special System of Early Retirement for the Unemployed in the Private Pensions System (SPP), designed for members who are at least fifty five years old and have been unemployed for twelve months before submitting the application. Pension entitlement involves meeting certain minimum requirements, such as having made contributions on the basis of a Minimum Vital Remuneration. This is a temporary system that will remain in force until 31 December 2012.

2010 Preview

With figures for the end of October, the Peruvian insurance market earned 5,242 million new soles in premiums (1,403 million euros), representing a nominal increase of 21.8% on the same period of the previous year. Life insurance accounted for the bulk of this increase, issuing 2,307 million new soles of premiums (618 million euros) a rise of 54.5%, far higher than the 4.4% rise reported by the Non-Life business. The main kinds of Life insurance behind this rise were Retirement annuity insurance (180.9%), Disability Pensions (66.6%) and Debtor's Life Insurance (39.2%).

The net result for the period was 571 million new soles (153 million euros), 55.3% higher than in October 2009, due to the significant improvement in the financial result. The technical result was negative again, despite the better claims ratio, due to the higher expenses.

3.3.9 URUGUAY

Macroeconomic environment

The Uruguayan economy was one of the few economies in the region that managed to keep on growing despite the international financial crisis, achieving GDP growth of 2.9% in 2009. This growth was spurred by the rise in public and private spending, the public investment and foreign demand, which helped to offset the heavy drop in private investment.

Growth was reported in nearly all sectors of the economy, particularly electricity, gas and water (41.9%), community, social and personal services (3.6%) and construction (4.8%). The only exception was the manufacturing industry, which declined 3.6%.

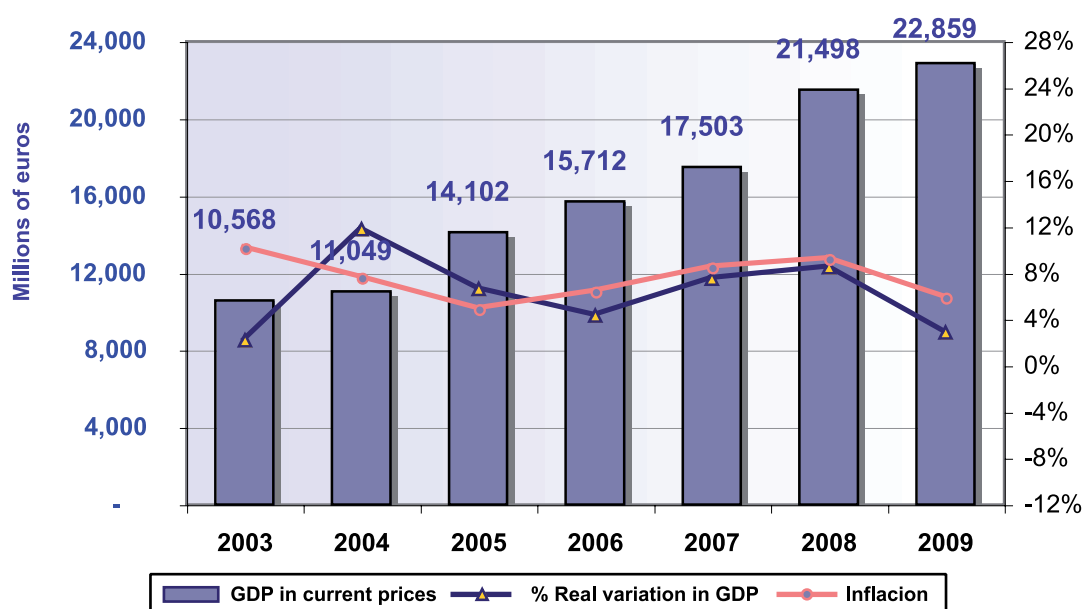


Figure 91. Uruguay, 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

The healthy state of the economy brought down the average rate of unemployment again, which dropped to 7.3% (7.9% in 2008), an all-time low.

The Consumer Price Index rose 5.9%, just over three points lower than in 2008.

In the foreign sector, the current balance account was significantly better than in 2008, with a surplus of more than 250 million dollars, the main factors being the drop in oil prices, higher levels of hydroelectric generation and higher tourism revenues.

The prospects for 2010 are a stronger performance by the economy and a GDP growth rate of around 7%.

Insurance market

In line with the excellent performance of the country's economy, the Uruguayan insurance industry earned 12,693 million pesos in premiums (408 million euros) in 2009, with nominal growth, compared to the previous year, of 17.7% and real growth of 11.1%.

The sector's growth was driven by Life insurance, which posted an increase of 23.2%, to 2,719 million pesos (87 million euros). As has been occurring since 2005, the line of business maintained steady growth thanks to growth in the working population, better wages and the development of loan-related group insurance policies (payment protection).

Premium volume ¹ 2009				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	12,693	408	17.7	11.1
Life	2,719	87	23.2	16.3
Non-pension	1,703	55	21.1	14.4
Pensions	1,015	33	26.9	19.8
Non Life	9,975	321	16.3	9.8
Automobile	4,026	129	25.7	18.7
Other lines of business	1,048	34	12.0	5.8
Fire	586	19	6.1	0.2
Theft	352	11	6.6	0.7
Transport	454	15	-9.6	-14.7
Thrid-party liability	258	8	13.3	7.0
Surety and credit	161	5	31.3	24.0
Worker Compensation ²	3,090	99	14.3	7.9

Figure 92. Uruguay. Volume of premiums in 2009 per line of business

(1) Premiums issued net of cancellations

(2) Banco de Seguros del Estado accounts for the whole volume of Workers' Compensation premiums

Source: own statistics from figures published by the Insurance Supervisor.

The Non-Life business issued premiums worth 9,975 million pesos (321 million euros), 16.3% more than the previous year, and almost all lines of business reported growth, including 25.7% in Automobile, after the Mandatory Automobile Insurance came into force in August and due to the rise in sales of brand-new vehicles, and 14.3% in Workers' Compensation. These two lines of business account for 71% of the Non-Life segment market share, with a premium volume of 4,026 million pesos and 3,090 million pesos, respectively.

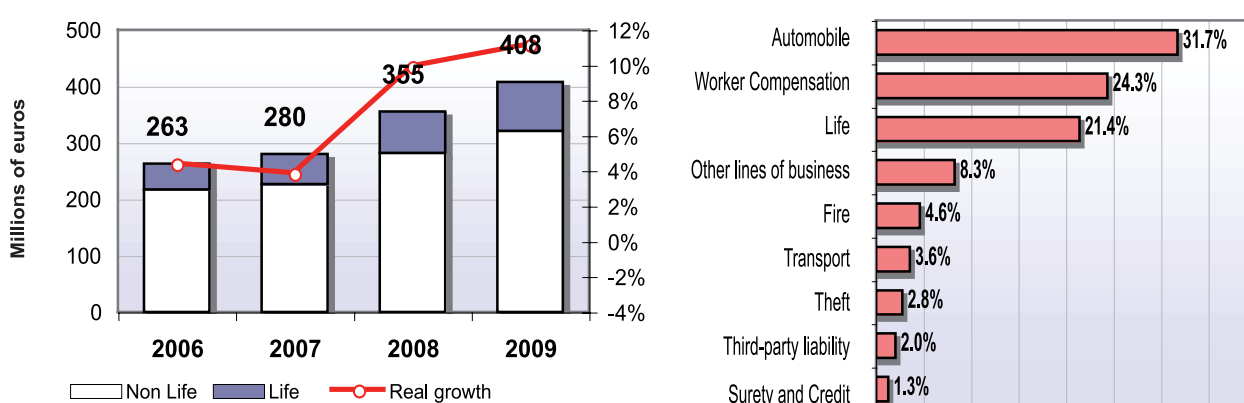


Figure 93. Uruguay. Evolution of premiums and market share in 2009 by line of business

In December 2009, there were 13 insurance companies operating on the Uruguayan market. The insurance group ranking is still led by Banco de Seguros del Estado, the state-owned group, with a market share of 63.7% (64.5% in 2008), followed by the Spanish group MAPFRE with a share of 8.6%. Banco de Seguros del Estado also leads the Life and Non-Life rankings, with market shares of 58% and 65%, respectively.

New legislation

Law N° 18,412 on civil liability for bodily injuries caused to third parties by certain land-based vehicles and machinery; this law, which entered into force 19 August 2009, establishes Compulsory Automobile Insurance that covers bodily injuries (injury or death) to third parties as a consequence of accidents caused by motor vehicles automotive and towed trailers.

Results

The sector posted a net result of 734 million pesos (23.6 million euros), a significant improvement on the loss of 153 million pesos (-5.3 million euros) of 2008. The result improved due to the favourable financial result, which brought the sector a profit of 2,733 million pesos (87.8 million euros).

The expense ratio stayed stable at 49%, while the claims ratio rose 11 points, pushing the combined ratio to 113%. The sector's technical-financial result was 1,281 million pesos (41.2 million euros), but the monetary devaluation-based loss of 492 million pesos (15.8 million euros), lowered the result to 734 million pesos.

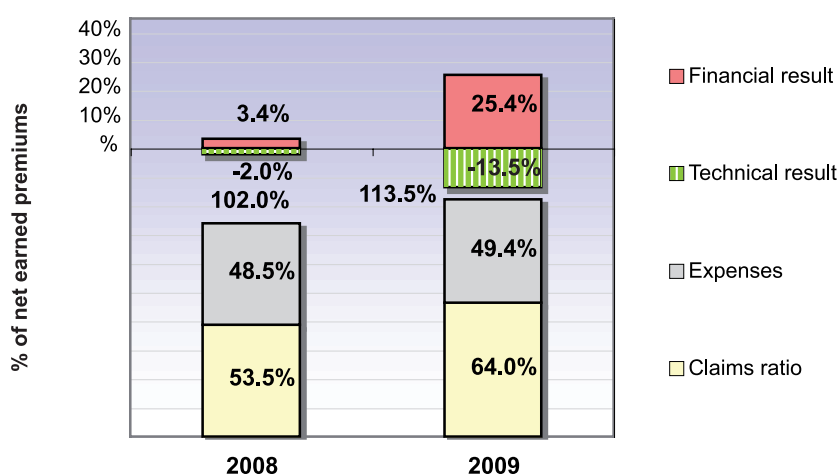


Figure 94. Uruguay. Technical Account Result

Source: own statistics from figures published by the Insurance Supervisor.

2010 Preview

From January to June 2010, the Uruguayan insurance companies earned 6,147 million pesos in premiums (236 million euros), a nominal increase of 5.9% and a real increase of 2.8% on the same period of the previous year.

Premium volume ¹ . 1 st Half 2010				
Line of business	Millions of pesos	Millions of euros	% Δ	% Δ real
Total	6.147	236	5,9	2,8
Life	1.468	56	5,8	2,6
Non Life	4.679	180	6,0	2,8
Automobile	2.004	77	11,3	7,9
Fires	225	9	-25,4	-27,7
Transport	199	8	-9,5	-12,2
Theft	144	6	-19,8	-22,2
Other lines of business	564	22	-7,3	-10,1
Worker Compensation ²	1.542	59	18,3	14,8

Figure 95. Uruguay. Volume of premiums 2010 per line of business

(1) Premiums issued net of cancellations

(2) Banco de Seguros del Estado accounts for the whole volume of Workers' Compensation premiums

Source: own statistics from figures published by the Insurance Supervisor.

Life insurance issued premiums totalling 1,468 million pesos, 5.8% more than in June 2008. Life Annuities was the line of business that contributed most to this growth.

Altogether, the Non-Life business generated premiums worth 4,679 million pesos (180 million euros). The lines of business with the largest volumes included Workers Compensation, which grew 18.3%, and Automobile, 11.3%. Among the other lines of business, Fire and Theft dropped heavily, by 25.4% and 19.8%, respectively.

3.3.10 VENEZUELA (BOLIVARIAN REPUBLIC OF)

Macroeconomic environment

The economy of the Bolivarian Republic of Venezuela saw its GDP fall 3.3% in 2009, on account of the oil sector's performance, which shrank 7.8%, and the slow pace of the other sectors of the economy, which declined 2%.

Nearly all non-oil activities slowed down, in particular the manufacturing sector (by 6.4%), and trade and repair services (by 8.3%). As for expenditure, private consumer spending and investment fell by 3.2% and 20% respectively. Fixed gross capital formation shrank 8.2%, while exports fell 12.9%.

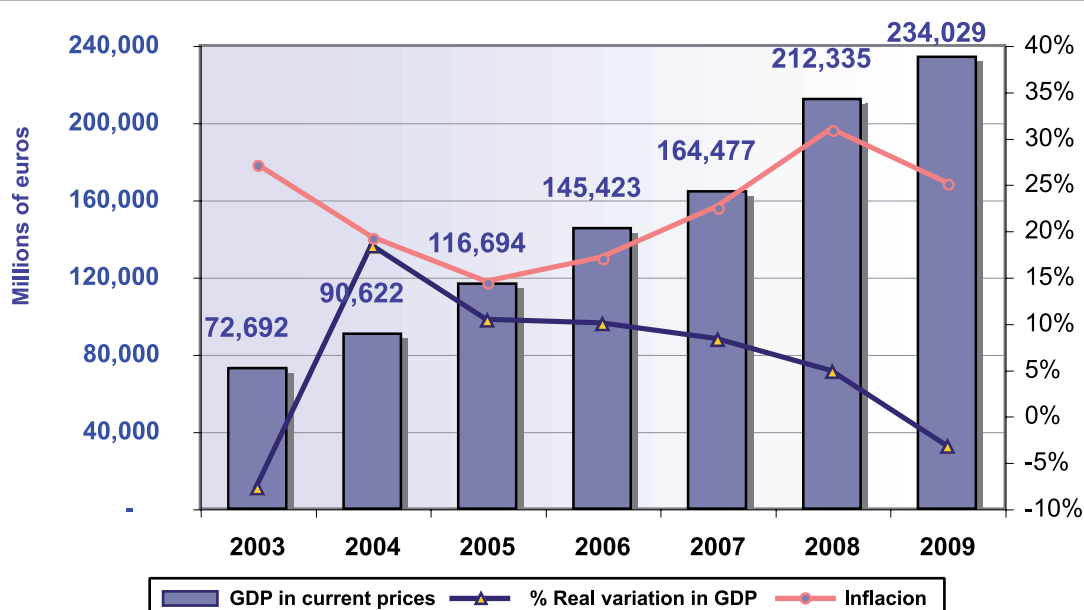


Figure 96. Venezuela. 2009 GDP

Source: own statistics, from the information published by ECLAC and the Central Bank.

The country was hit by a heavy drought in 2009, sparking serious electricity and water supply problems, especially in the last quarter of the year, leading the Government to apply a set of measures to cut electricity demand, including the rationing of electricity to certain companies.

At the end of 2009, the annual inflation measured through the Domestic Consumer Price Index was 25.1% and this, coupled with the fact that several components of the basic national shopping basket were subject to price controls, triggered a shortage and rises in the prices of basic products.

In this context, the jobless rate rose half a point to 7.8%, and a fall was observed in the quality of employment, especially in the number of formal jobs. Real wages dropped 6.6% due to the high rate of inflation recorded in 2009.

The balance of payments on current account showed a surplus equivalent to 2.6% of GDP, much lower than the 12% seen in 2008, after the value of oil exports fell in the first quarter of the year as oil prices dropped.

According to preliminary estimates published by the Central Bank of Venezuela, GDP declined 0.4% in the third quarter of 2010, far less than in the previous quarters (5.2% in 1Q10 and 1.9% in 2Q10), driven by growth of the public sector and the rallying of the manufacturing industry. The cumulative figure for the nine months of the year show that the economy shrank 2.4%.

Also worth pointing out is that, in January 2010 the President Hugo Chávez announced a devaluation of the Bolivar and established two exchange rates as part of the exchange controls in force since the 2003: a basic rate for key sectors such as health and foodstuffs of 2.6 bolivars to the dollar and another, known as the oil dollar, of 4.3 bolivars to the dollar for all other categories. The sole exchange rate that had been in force to date, since 2005, was 2.15 bolivars to the dollar, which applied to all sectors.

Insurance market

The insurance sector issued premiums totalling 30,089⁸ million strong bolivars in 2009, compared to 22,334 million the previous year. The growth rate was nearly ten points down on the previous year, 34.7%, and if compared with inflation of 25.1%, the real rate is 7.7%. Another year, growth in the business has been mainly due to the Automobile and Health insurance lines of business.

The Government is acquiring greater weight in the industry as an insurer, via the companies Horizonte and Previsora, and as an insured party, due to the large volume of insurance policies taken out by public sector companies, especially in group health insurance.

The Venezuelan government took over control of the company La Previsora in December 2009 following an investigation carried out by the financial sector authorities which led to the intervention of several small banks due to administrative irregularities and capitalization problems. The insurance company was owned by the main shareholder of three of the intervened banks.

Subsequently, in August 2010, the National Assembly approved the Resolution that declared that the shares of Seguros la Previsora and its subsidiaries were of public interest, this decision forming part of the design of the New National Financial System. Previously, in March 2010, the authorization for the merger by takeover of Bolivariana de Seguros y Reaseguros and La Previsora was announced in the Official State Gazette. According to the text, the measure aims to provide suitable options for guaranteeing comprehensive high-quality services to policyholders.

⁸ Includes estimated figures of Seguros La Previsora

Premium volume ¹ 2009				
Line of business	Millions of strong bolivars	Millions of euros	% Δ	% Δ real
Total	30,089	10,056	34.7	7.7
Life	712	238	28.3	2.6
Individual life	391	131	34.4	7.5
Collective life	321	107	21.6	-2.8
Non Life	29,377	9,819	34.9	7.8
Health	13,783	4,607	45.1	16.0
Automobile	11,252	3,761	36.5	9.1
Multi-peril	993	332	11.6	-10.8
Credit and Surety	551	184	-3.9	-23.2
Fire	511	171	-15.1	-32.1
Transport	500	167	8.7	-13.1
Accident	479	160	29.5	3.5
Burial Expenses	427	143	75.2	40.1
Other lines of business	353	118	4.2	-16.7
Third-party liability	328	110	6.5	-14.8
Earthquake	178	59	-23.6	-38.9
Pecuniary Losses	23	8	6.7	-14.7

Figure 97. Venezuela. Volume of premiums in 2009 per line of business

(1) Net premiums earned. Direct insurance. Estimated breakdown of premiums by line of business

Source: own statistics from figures published by the Insurance Supervisor.

At the end of 2009, the Venezuelan insurance sector was made up of 49 companies, of which 40 were authorized to operate in General and Life, six only in General insurance, two in Life and one in Burial Expenses.

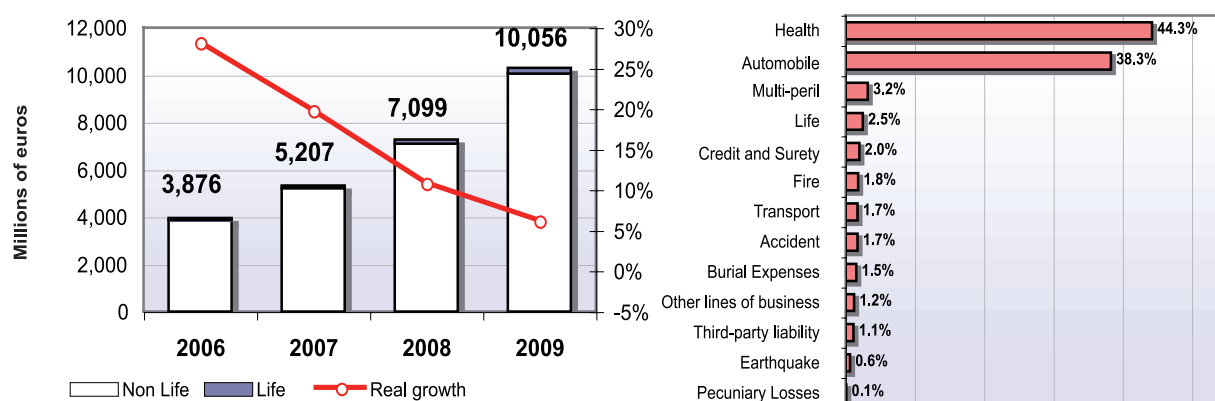


Figure 98. Venezuela. Evolution of premiums and market share in 2009 by line of business

The 10 largest insurance groups had a combined share of 68.9% of the total net premiums earned. Seguros Caracas is the biggest insurance group in Venezuela with a market share of 12.4%, followed by Horizonte and Grupo Mercantil, with respective shares of 9.9% and 9.3%.

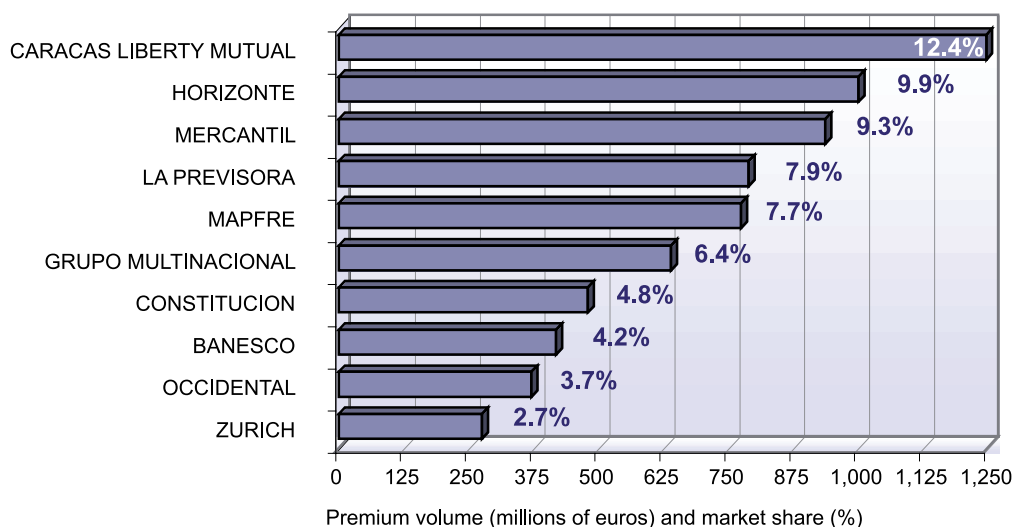


Figure 99. Venezuela. 2009 Total Ranking

Source: own statistics from information published by the Insurance Supervisor.

The same insurance groups make up the Non-Life ranking, and feature in the same places, except for 10th place, which is held by Seguros Carabobo. Seguros Caracas, Horizonte and Mercantil topped the ranking.

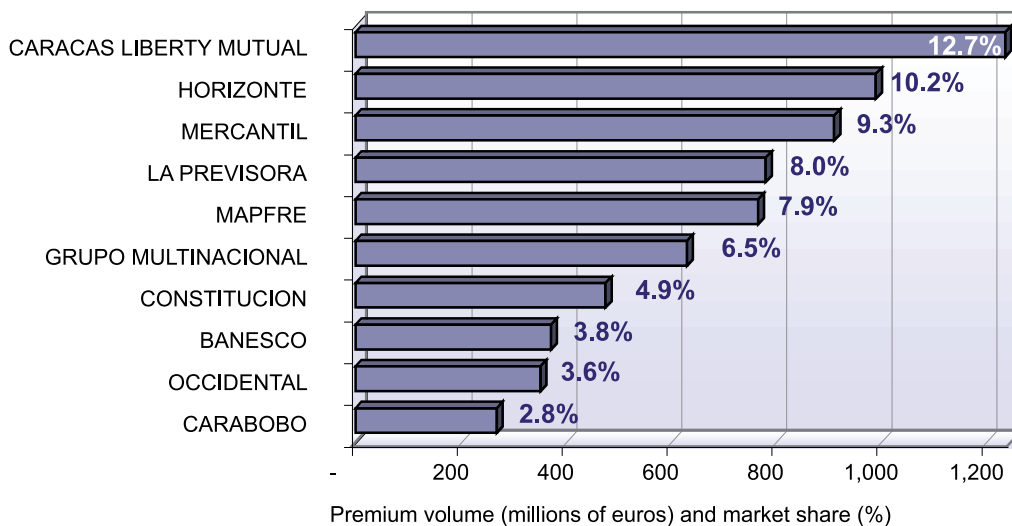


Figure 100. Venezuela. 2009 Non-Life Ranking

Source: own statistics from information published by the Insurance Supervisor.

Zurich was unseated as the leader of the Life ranking by Banesco, which ranked 2nd in 2008.

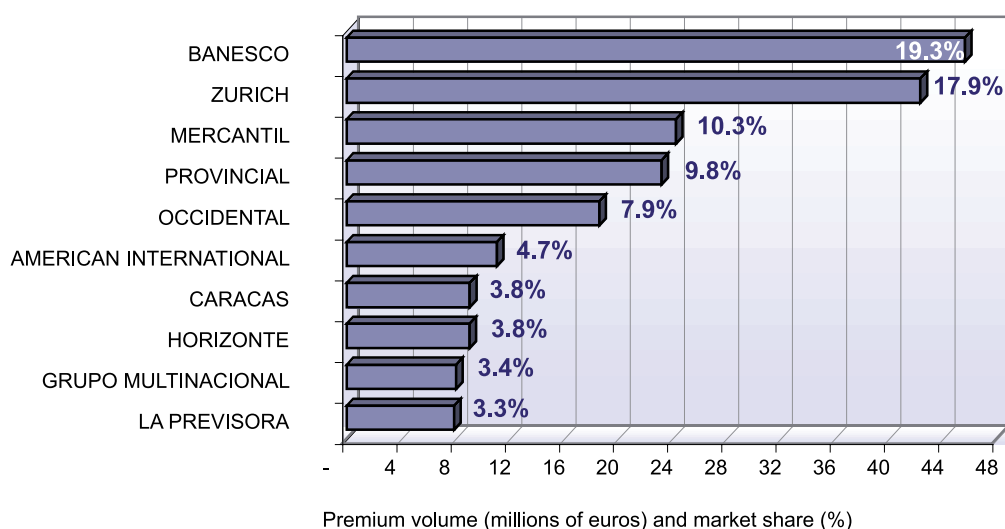


Figure 101. Venezuela. 2009 Life Ranking

Source: own statistics from information published by the Insurance Supervisor.

Results

At the end of the financial year 2009, the 49 insurance companies operating on the Venezuelan insurance market (except for La Previsora), reported an overall profit of 886 million Bolivars, 14.1% less than in 2008 (or -9.9% if one excludes the earnings of La Previsora).

The figures for La Previsora have not been included, so the management ratios for 2009 are not comparable with the 2008 ratios. Therefore the information displayed below must be considered individually for each financial year.

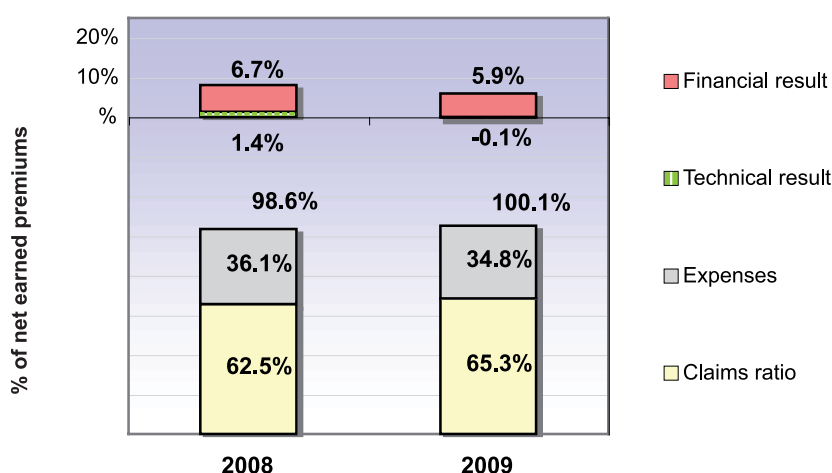


Figure 102. Venezuela. Technical Account Result

Source: own statistics from figures published by the Insurance Supervisor.

2010 Preview

Preliminary figures published by the Insurance Supervisor point to a certain slowdown in the insurance sector's growth: in the first eleven months of 2010, the sector issued premiums worth 27,279 million strong bolivars (4,811 million euros), with nominal growth of 12.5% compared to the same period of the previous year.

The main business news was that, in a resolution published on 23 September in the Official State Gazette, the Venezuelan insurance regulator took control of the operations of Banvalor, which failed to comply with the technical reserves requirements.

New legislation

Following its publication in the Official Gazette, the new Insurance Activity Act came into effect in Venezuela in July 2010. The reform increases consumer rights, regulates insurance cooperatives, bans banks from selling insurance and obliges the insurance companies to obtain the approval from the sector regulatory authority before launching new products. Those subject to regulation will have 60 days from the Act's enactment to submit their plans to adapt to the regulations, provisions and controls established therein. Once the plan has been approved by the Insurance Activity Supervisor (formerly known as the Insurance Supervisor), the companies will have a maximum of six months to implement their plan.

On the matter of Health insurance, the Act stipulates that insurance companies cannot refuse to grant the immediate emergency coverage foreseen in the hospitalization, surgery and maternity contract, conditional upon the issue of access codes or authorizations.

Chapter XIII of the Act refers to the social contributions of the insurance business and regulates joint health insurance and plans: insurance companies and prepaid medicine companies must offer and underwrite health services plans and insurance policies that cover retirees, pensioners, older adults, disabled people, people with physical and/or mental illnesses and people whose monthly revenues does not exceed the equivalent to 25 Tax Units, intended to protect against risks such as: illnesses, dental services, undertaker services and personal accidents.

STATISTICAL ANNEX

Volume of premiums per line of business 2009 (Millions of euros)

Line of business	Argentina	Bolivia	Brazil ¹	Chile	Colombia
LIFE	1,146	30	14,864	2,711	1,169
Individual and group life	870	26	14,864	1,236	613
Private pension plans	276	3	-	1,475	556
NON LIFE	4,745	116	13,022	1,828	2,616
Automobile	2,114	31	7,295	381	540
Health	8	16	-	188	210
Fire and allied lines	252	24	894	521	282
Other lines of business	644	15	2,393	312	489
Transport	138	12	813	90	109
Third-party liability	132	6	239	65	126
Personal accident	123	5	917	219	420
Credit and/or Surety	129	8	470	52	-
Worker Compensation	1,205	1	-	-	440
Total	5,891	146	27,886	4,539	3,785

Line of business	Costa Rica	Ecuador	El Salvador	Guatemala	Honduras
LIFE	17	113	110	59	55
Individual and group life	17	113	64	59	55
Private pension plans	-	-	46	-	-
NON LIFE	429	564	207	253	149
Automobile	144	208	41	88	41
Health	41	17	44	61	32
Fire and allied lines	40	64	64	53	46
Other lines of business	67	89	50	19	13
Transport	-	67	-	19	5
Third-party liability	-	20	-	7	2
Personal accident	-	44	-	7	3
Credit and/or Surety	-	55	8	-	4
Worker Compensation	137	-	-	-	1
Total	446	677	317	312	203

Line of business	Mexico	Nicaragua	Panama	Paraguay	Peru
LIFE	5,478	13	172	10	428
Individual and group life	5,014	13	172	10	184
Private pension plans	464	-	-	-	244
NON LIFE	6,857	67	437	111	807
Automobile	2,479	28	113	63	165
Health	1,653	5	97	0	97
Fire and allied lines	1,417	21	49	16	161
Other lines of business	521	9	73	18	135
Transport	309	-	27	5	69
Third-party liability	270	-	26	4	31
Personal accident	169	3	9	1	97
Credit and/or Surety	38	2	42	4	13
Worker Compensation	-	-	-	-	41
Total	12,335	80	609	122	1,236

Line of business	Puerto Rico	República Dominicana	Uruguay	Venezuela	Total
LIFE	612	68	87	238	27,379
Individual and group life	612	68	55	238	24,260
Private pension plans	-	-	33	0	3,119
NON LIFE	6,468	396	321	9,819	49,212
Automobile	349	155	129	3,761	18,125
Health	5,120	20	-	4,607	12,215
Fire and allied lines	220	153	30	230	4,538
Other lines of business	513	35	34	600	6,030
Transport	81	17	15	167	1,945
Third-party liability	171	-	8	110	1,216
Personal accident	12	4	-	160	2,193
Credit and/or Surety	-	12	5	184	1,026
Worker Compensation	-	-	99	-	1,923
Total	7,080	464	408	10,056	76,591

(1) Health insurance premiums in Brazil have not been included, as this sector is overseen by an agency other than the Private Insurance Directorate

Source: Source: own statistics from figures published by the regulatory agency of each country.

Population

Population (millions)

COUNTRY	2008	2009
Argentina	39.7	40.1
Bolivia	10.0	10.2
Brazil	195.1	197.6
Chile	16.8	16.9
Colombia	46.7	47.3
Costa Rica	4.5	4.6
Ecuador	13.8	14.0
El Salvador	7.2	7.3
Guatemala	13.7	14.0
Honduras	7.3	7.5
Mexico	107.7	108.9
Nicaragua	5.7	5.8
Panama	3.4	3.4
Paraguay	6.2	6.3
Peru	28.2	28.5
Puerto Rico	4.0	4.0
Dominican Republic	9.9	10.0
Uruguay	3.3	3.4
Venezuela	27.9	28.4

Exchange rates used

Annual average exchange rate. Local currency/1€

COUNTRY	Local currency	2008	2009
Argentina	Peso	4.656	4.687
Bolivia	Boliviano	10.527	9.767
Brazil	Real	2.662	2.753
Chile	UF	0.038	0.037
Colombia	Peso	2,918.735	3,021.825
Costa Rica	Colón	773.791	791.123
Ecuador	USD	1.464	1.392
El Salvador	USD	1.464	1.392
Guatemala	Quetzal	11.075	11.357
Honduras	Lempira	27.889	26.312
Mexico	Peso	16.327	18.881
Nicaragua	Córdoba	28.562	28.143
Panama	Balboa	1.464	1.392
Paraguay	Guaraní	6,310.509	6,906.475
Peru	Nuevo Sol	4.322	4.200
Puerto Rico	USD	1.464	1.392
Dominican Republic	Peso	50.595	50.028
Uruguay	Peso	30.381	31.110
Venezuela	Bolívar	3.146	2.992

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