FUNDACIÓN MAPFRE

# THE LATIN AMERICAN INSURANCE MARKET 2013-2014

Insurance and Social Protection Area

2013
2014

# The Latin American Insurance Market 2013-2014

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Here at the Study Center, we wish to acknowledge the entirely selfless efforts by numerous MAPFRE employees. Once again, this report would have never been possible without their input and suggestions.

# Index

# 1. Presentation

FUNDACIÓN MAPFRE is pleased to present the thirteenth edition of "The Latin American Insurance Market" report, containing information from 2013 and 2014.

The purpose of this survey is to offer an overview of the current situation of the insurance market in Latin American countries. As in previous editions, we included a summary of the economic context in which the insurance activity was undertaken in each of the countries examined and analyzed the trends in insurance based on sector data regarding the production of insurance by lines, claims ratio, outcomes, number of companies and insurance group rankings.

As has become customary, this survey was prepared using publications released by the insurance supervisory bodies and insurance associations in each country. In order to simplify the comparison between countries, we applied the criteria used in Spain for classifying the business lines of Life and Non Life insurance. For this reason, Health, Funeral and Workplace Accident insurance, considered to pertain to Life insurance business lines in some countries, were classified in this report as belonging to Non-Life insurance business.

Nominal and real variation indexes are implemented throughout the report. Unless otherwise stated, these refer to nominal variations. Average regional increments in premium volume are calculated as the weighted average of the nominal growths in the local currency, bearing in mind that this represents the weight of each insurance market in the total income expressed in Euros for each region.

The descriptive ratios presented in the survey (claims, expenses and combined ratio) were calculated on earned premiums, net reinsurance. The earned premiums correspond with the term used in most of these countries, namely "net accrued premiums" or "net earned premiums".

# 2. The Latin American Insurance Market 2013- 2014

## 2.1. Macroeconomic Environment

During 2013, Latin American and Caribbean economies experienced a slight slowdown, altogether growing 2.5 percent compared to 2.9 percent registered in 2012. This lesser expansion is due to several factors that affected the region in a negative manner, prominent among which are the gradual withdrawal of monetary stimuli in the USA, the loss of dynamism of the emerging economies, particularly the Chinese economy; and the standstill or descent in the prices of many basic products which constitute a great part of the exports of the countries in the area. For yet another year, the main contribution to growth came from private consumption, which nevertheless experienced a slowdown (3.1 percent in 2013 compared to 4.2 percent in 2012). Gross fixed capital formation also decelerated, going from 3.0 percent in 2012 to 2.4 percent in 2013. Regarding the external sector, a fall in export product prices lead to an increase of the current account deficit, which went from 1.8 percent to 2.7 percent of the GDP. Nevertheless, it is noteworthy that all countries of the region accomplished positive growth in 2013, though with great diversity in their outcomes. Only one country, Paraguay, accomplished double-digit growth (13.6 percent), while others, like Puerto Rico, came to a standstill. In general, the Pacific Alliance countries grew more (except for Mexico, which only grew 1.1 percent) than MERCOSUR countries (with the already mentioned exception of Paraguay).

Regarding price levels, during 2013 there was an increase in the regional inflation rate, which reached 7.6 percent by the end of 2013, two points higher than the previous year. Inflation increased especially in South America (9.2 percent), though there was great disparity among the different countries: while Colombia was able to reduce the inflation rate to 1.9 percent, other countries such as Argentina and especially Venezuela reached double-digit rates (56 percent in the latter country). Regarding the labor market, the positive trend of the recent years was maintained, and the unemployment rate decreased from 6.4 percent to 6.2 percent.

The ECLAC estimates that regional growth will continue to decelerate in 2014, and an increase of 1.1 percent is forecasted. Once again there will be differences among countries. While in some countries such as Mexico, Colombia and Ecuador, growth will accelerate, it is forecasted that other countries such as Argentina, Brazil and Venezuela, will lose dynamism and may even come to a standstill.

## 2.2. Insurance Environment

In 2013 the Latin American insurance market experienced an average nominal growth of 16.0 percent, thus continuing the trend in recent years. The increase was slightly lower than the one registered in 2012 (18.2 percent), though performance was different in the various lines. Life insurance businesses experienced a slowdown (11.1 percent in 2013 compared with 24.7 percent in 2012), while growth of Non-Life insurance business accelerated (19.8 percent in 2013 compared with 14.2 percent in 2012).

According to data from Swiss Re, the Latin American and Caribbean shares in the world insurance market increased two tenths in 2013, reaching 3.9 percent.

Nominal growth in local currency

**Figure 1. Latin America. % Variation in 2013 premium volume**

| Country | Non-Life | Life | Total |
|---|---|---|---|
| Argentina | 36.6 | 31.9 | 35.8 |
| Bolivia | 13.5 | 30.6 | 17.2 |
| Brazil | 18.5 | 7.9 | 12.2 |
| Chile | 4.0 | 3.7 | 3.9 |
| Colombia | 8.4 | 40.5 | 18.0 |
| Costa Rica | 9.2 | 25.4 | 11.1 |
| Ecuador | 11.9 | 10.8 | 11.7 |
| El Salvador | -0.8 | 8.1 | 2.4 |
| Guatemala | 12.6 | 11.0 | 12.3 |
| Honduras | 6.3 | 14.2 | 8.6 |
| Mexico | 12.2 | 11.0 | 11.8 |
| Nicaragua | 17.1 | 29.9 | 19.1 |
| Panama | 9.2 | 9.7 | 9.3 |
| Paraguay | 15.3 | 24.2 | 16.3 |
| Peru | 15.6 | 13.5 | 14.7 |
| Puerto Rico | -1.3 | 7.1 | -0.5 |
| Dominican Republic | 4.7 | 12.0 | 5.8 |
| Uruguay | 11.1 | 24.9 | 14.8 |
| Venezuela | 43.5 | 38.6 | 43.4 |
| Total general | 19.8 | 11.1 | 16.0 |

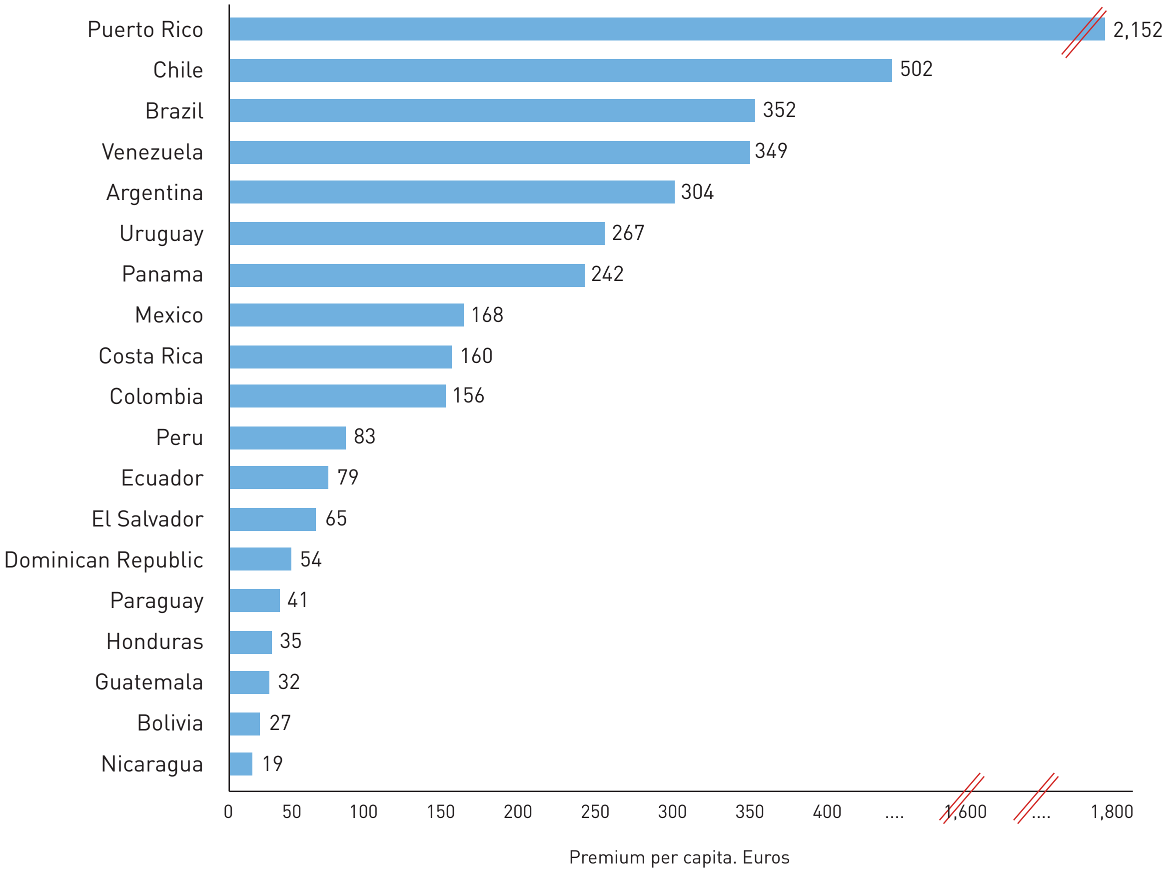
**Source:** elaborated based on information published by the insurance oversight authorities of each country.

With the exception of Puerto Rico, the total premium volume valued in local currency experienced nominal growth in all countries, with outstanding growth accomplished in Venezuela and Argentina. Nevertheless, high inflation experienced by these last two countries moderated their real growth and even transformed it into decrease. Besides Argentina, other countries like Bolivia, Colombia, Nicaragua, Paraguay and Peru accomplished double-digit growth, in nominal as well as in real terms.

For yet another year, Puerto Rico has the largest premium per capita (€2,152 per inhabitant), followed by Chile (€502), Brazil (352€) and Venezuela (€349). The countries with the smallest premiums per capita are still Nicaragua and Bolivia, with €19 and €27 per inhabitant, respectively. Unlike 2012, a year in which all premiums per capita increased, there were some set-backs in 2013 affecting some countries, including Puerto Rico and Venezuela.

[1] Insurance density and penetration were calculated by considering the earnings of all the private Brazilian insurance segments: Insurance, Health, Private Pension and Capitalization.

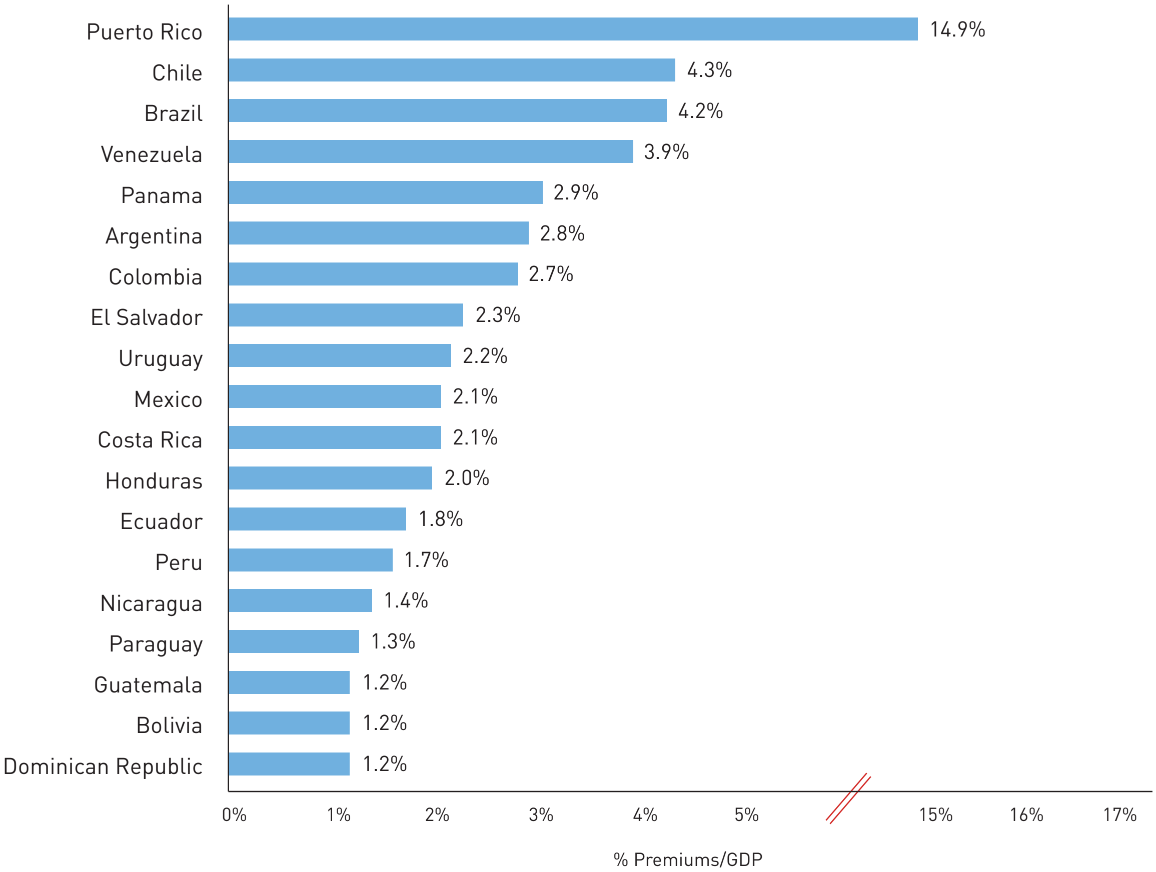
Figure 2. Latin America. Premium per capita 2013




**Source:** elaborated based on information published by the insurance oversight authorities of each country and by the ECLAC.

Puerto Rico is still the country with the greatest insurance penetration or percentage of premiums in relation to the GDP, some 14.9 percent (somewhat lower than in 2012). Chile and Brazil follow though at a considerable distance, with percentages that slightly increase to 4.3 percent and 4.2 percent, respectively. The countries with the least insurance penetration are Paraguay (1.3 percent), Guatemala, Dominican Republic and Bolivia (all of them with 1.2 percent). The average value for the entire region grows almost two tenths, to 3.2 percent.

**Figure 3. Latin America. Insurance penetration 2013**




**Source:** elaborated based on information published by the insurance oversight authorities of each country and by the ECLAC.

The total premium volume in the region in 2013 increased to €126.945 billion, 3.8 percent more than the previous year. 59.3 percent of these premiums (€75.283 billion) correspond to Non-Life insurance businesses lines and the remaining 40.7 percent (€51.662 billion) correspond to Life insurance businesses lines. Brazil represents 39.9 percent of the entire market, a share that has decreased two percentage points compared to the previous year. It is followed by Mexico (15.7 percent), Argentina (10 percent) and Venezuela (8.4 percent). Altogether, these four countries accumulate almost three fourths of the premium total.

Valued in Euros, big differences are observed in the performance of the different markets. Six countries (Argentina, Bolivia, Mexico, Nicaragua, Paraguay and Uruguay) experienced double-digit growth, while other five countries (Brazil, El Salvador, Puerto Rico, Dominican Republic and Venezuela) registered reductions in premium volume. Regarding Brazil, the reduction was due to a strong appreciation of the Euro compared to the Brazilian Real, and to a poorer performance of the Life insurance business lines compared to the previous financial year. Life insurance business grew 7.9 percent in local currency and decreased 5 percent in Euros (compared to 4.3 percent growth in Non Life insurance lines), which is in turn related to a lesser reduction of the VGBL insurance (Vida Gerador de Beneficio Livre). Regarding Puerto Rico, Dominican Republic and El Salvador, it was Non Life insurance business which registered reductions, reflecting the slowdown of the economies and the vicissitudes of the exchange rate. Financial difficulties likewise explain the reduction of the Venezuelan market, which occurred in Life insurance business as well as in Non Life insurance line.

Figures in millions of euros. Nominal growth in euros

**Figure 4. Latin America. 2013 Premium Volume**

| Country | Non-Life | % Δ | Life | % Δ | Total | % Δ |
|---|---|---|---|---|---|---|
| Brazil | 21,687 | 4.3 | 28,944 | -5.0 | 50,630 | -1.3 |
| Mexico | 10,677 | 11.4 | 9,320 | 10.6 | 19,997 | 11.0 |
| Argentina | 10,526 | 22.4 | 2,078 | 18.3 | 12,604 | 21.7 |
| Venezuela | 10,424 | -1.3 | 194 | -4.7 | 10,619 | -1.3 |
| Chile | 3,560 | 2.6 | 5,271 | 2.3 | 8,831 | 2.4 |
| Puerto Rico | 7,133 | -4.1 | 804 | 4.0 | 7,937 | -3.3 |
| Colombia | 4,861 | 0.7 | 2,671 | 30.6 | 7,532 | 9.6 |
| Peru | 1,472 | 8.7 | 1,036 | 6.7 | 2,508 | 7.8 |
| Ecuador | 1,035 | 8.7 | 212 | 7.6 | 1,248 | 8.6 |
| Panama | 725 | 6.1 | 210 | 6.6 | 936 | 6.2 |
| Uruguay | 648 | 7.0 | 261 | 20.3 | 909 | 10.5 |
| Costa Rica | 674 | 6.8 | 105 | 22.6 | 779 | 8.7 |
| Dominican Republic | 465 | -4.4 | 90 | 2.4 | 555 | -3.3 |
| Guatemala | 398 | 9.2 | 101 | 7.6 | 500 | 8.9 |
| El Salvador | 253 | -3.7 | 158 | 5.0 | 411 | -0.5 |
| Honduras | 194 | -0.5 | 87 | 7.0 | 280 | 1.7 |
| Bolivia | 212 | 10.3 | 67 | 26.9 | 279 | 13.9 |
| Paraguay | 241 | 19.3 | 34 | 28.6 | 275 | 20.4 |
| Nicaragua | 97 | 8.2 | 20 | 20.1 | 118 | 10.1 |
| Overall Total | 75,283 | 5.6 | 51,662 | 1.3 | 126,945 | 3.8 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country

Comparing growth in Euros of total premiums in 2013 (3.8 percent) with that registered on the previous year (17.4 percent), a strong slowdown can be observed, due to the slowdown of insurance markets in general as well as to the progress of exchange rates. The slowdown was observed in Life insurance business (1.3 percent in 2013 compared to 22.4 percent in 2012) as well as in Non Life insurance business (5.6 percent compared to 14.0 percent). The prominent standstill of Individual Life insurance and Group Life insurance in the Life insurance business represent 87 percent of the market. In Mexico, for instance, Group Life insurance fell significantly, while in Chile the same occurred with Individual Life insurance. Non-Life Insurance business experienced reductions in important lines such as Health (-1 percent) and Transport (-1.2 percent) The global decline of Health insurances is related to their poor performance precisely in countries in which they are most important such as Venezuela and Puerto Rico. On the other hand, the most relevant line, Automobiles, which represents 22 percent of the entire insurance market and 37 percent of Non Life business insurance market, grew 5.6 percent in all of Latin America, with important increases in large markets such as Argentina, Brazil and Mexico. The Fire and/or Allied Lines grew 6.4 percent, an outcome that doubtlessly influenced the 2013 renewal of the multiannual policy for Petróleos Mexicanos (PEMEX). And the Worker's Compensation line grew 20.8 percent, driven by positive outcomes in countries such as Colombia, Peru and especially Argentina.

Premiums in millions of euros

**Figure 5. Latin America. 2013 premium volume by lines**

| Line | 2012 | 2013 | % Δ | % Share |
|---|---|---|---|---|
| Life | 51,017 | 51,662 | 1.3 | 40.7 |
| Collective and Individual Life | 44,909 | 44,918 | 0.0 | 35.4 |
| Private Pension Plan | 6,108 | 6,744 | 10.4 | 5.3 |
| Non-Life | 71,288 | 75,283 | 5.6 | 59.3 |
| Automobile | 25,955 | 27,888 | 7.4 | 22.0 |
| Health | 14,867 | 14,722 | -1.0 | 11.6 |
| Fire and/or Allied Lines | 6,271 | 6,673 | 6.4 | 5.3 |
| Other Damage | 10,003 | 10,643 | 6.4 | 8.4 |
| Transport | 2,891 | 2,858 | -1.2 | 2.3 |
| Third-party Liability | 1,934 | 2,027 | 4.8 | 1.6 |
| Personal Accidents | 3,835 | 3,973 | 3.6 | 3.1 |
| Credit and/or Surety | 1,532 | 1,669 | 8.9 | 1.3 |
| Workplace Accident | 3,999 | 4,831 | 20.8 | 3.8 |
| Total | 122,305 | 126,945 | 3.8 | 100.0 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

The aggregate earnings of the Latin American insurance market in 2013 was €9.859 billion, representing a slight decrease of 0.2 percent in relation to the outcome from the previous year. The appreciation of the Euro compared to local currencies influenced this outcome, as in the case of premiums.

**Figure 6. Latin America. 2013 earnings by country (millions of €)**

| Country | 2012 | 2013 | % Δ |
|---|---|---|---|
| Brazil | 5,364 | 5,919 | 10.4 |
| Mexico | 1,404 | 1,342 | -4.4 |
| Argentina | 694 | 701 | 1.0 |
| Venezuela | 669 | 622 | -7.0 |
| Chile | 652 | 448 | -31.4 |
| Colombia | 480 | 234 | -51.3 |
| Peru | 202 | 190 | -5.6 |
| Costa Rica | 76 | 61 | -19.6 |
| Panama | 71 | 53 | -24.8 |
| Ecuador | 35 | 29 | -16.8 |
| El Salvador | 42 | 43 | 0.6 |
| Guatemala | 45 | 58 | 28.8 |
| Dominican Republic | 34 | 31 | -7.3 |
| Honduras | 35 | 28 | -20.8 |
| Uruguay | 29 | 40 | 39.9 |
| Paraguay | 26 | 29 | 12.5 |
| Bolivia | 14 | 20 | 41.8 |
| Nicaragua | 9 | 11 | 27.2 |
| Total | 9,879 | 9,859 | -0.2 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

The outcomes of the different countries revealed great disparity, with variations fluctuating between -51.3 percent for Colombia and 41.8 percent for Bolivia. All countries obtained a positive earning in spite of the fact that the technical result declined in some of them. In Argentina, Chile, Ecuador, Panama and Costa Rica, the claims ratio increased, while in Bolivia, Brazil and Guatemala, it decreased. Expenses increased in Venezuela, Costa Rica and Honduras, and decreased in Brazil, Mexico, Bolivia and Nicaragua. In countries like Colombia, Mexico, Peru and Uruguay, the combined ratio improved but continued to be negative. Financial results decreased in almost all countries (except for Argentina and Honduras), due to a poorer profitability of investments in debt caused by an increase in interest rates.

**Figure 7. 2013 balance sheet of the Latin American insurance industry (millions of €)**

| Countries | Earned premiums | Operating expenses | Claims ratio | Technical result | Financial result | Other income and expenses[1] | Earnings |
|---|---|---|---|---|---|---|---|
| Brazil | 24,137 | 11,037 | 11,344 | 1,756 | 4,147 | 17 | 5,919 |
| Mexico | 12,984 | 4,131 | 9,573 | -720 | 2,521 | -459 | 1,342 |
| Argentina | 10,436 | 4,932 | 6,825 | -1,322 | 1,813 | 209 | 701 |
| Venezuela | 7,435 | 2,941 | 4,449 | 45 | 465 | 111 | 622 |
| Chile | 6,993 | 2,032 | 6,379 | -1,418 | 1,813 | 53 | 448 |
| Colombia | 5,232 | 2,546 | 3,139 | -452 | 730 | -44 | 234 |
| Peru | 1,400 | 769 | 870 | -239 | 440 | -10 | 190 |
| Costa Rica | 545 | 246 | 331 | -33 | 121 | -27 | 61 |
| Guatemala | 320 | 107 | 185 | 28 | 33 | -3 | 58 |
| Panama | 532 | 221 | 302 | 8 | 51 | -6 | 53 |
| El Salvador | 245 | 97 | 125 | 23 | 14 | 5 | 43 |
| Uruguay | 795 | 334 | 514 | -54 | 95 | -1 | 40 |
| Dominican Republic | 273 | 132 | 135 | 6 | 25 | 0 | 31 |
| Ecuador | 514 | 143 | 259 | 112 | 24 | -107 | 29 |
| Paraguay | 217 | 103 | 91 | 23 | 11 | -5 | 29 |
| Honduras | 160 | 67 | 83 | 10 | 27 | -8 | 28 |
| Bolivia | 197 | 103 | 80 | 13 | 14 | -7 | 20 |
| Nicaragua | 66 | 33 | 29 | 4 | 5 | 1 | 11 |
| Overall Total | 72,480 | 29,974 | 44,715 | -2,210 | 12,351 | -282 | 9,859 |

(1) Including taxes.
**Source:** elaborated based on information published by insurance oversight authorities.

In other matters, the 2013 ranking of companies with larger market shares in Latin America was led by Bradesco (7.9 percent), followed by MAPFRE (7.1 percent), which recovered second place, and Itaú / Banco Holding (5.9 percent). In Non Life insurance business ranking, the top positions are held by MAPFRE (9.5 percent), Porto Seguro (5.0 percent) and Liberty (4.5 percent), and in Life insurance business by Bradesco (13.5 percent), Brasilprev (12.3 percent) and Itaú / Banco Holding (9.7 percent).

Regarding mergers and acquisitions of companies, the completion of the purchase of 51 percent of Colombian Colpatria by the AXA group in April 2014, stands out. Also in Colombia and in early 2014, Swiss Re announced the purchase of 51 percent of the Confianza company.

Throughout the analyzed period, numerous countries continued the adaptation process of their legislation to international standards for the regulation of insurance activities. In Brazil, the SUSEP published several Resolutions and Circulars devoted to the regulation of various technical issues such as criteria for calculating the capital required for operational risks and underwriting risks in various insurance lines, as well as rules for drawing up technical provisions of the companies. In Colombia, a decree regulating the technical reserves arrangement of insurance companies was published in addition to another modifying the regulatory framework regarding international accounting standards. In Chile, the Commercial Code was modified to introduce changes in the regulation of insurance contracts.

Another important legislative amendment was made in Paraguay, where the National Congress abrogated Law 4950/2013, on February, 2014, through which the Mandatory Traffic Accident Insurance (MTAI) was created, after numerous criticisms were formulated against their regulations.

## Preview 2014

During the first half of 2014, the total volume of premiums recorded in the Latin American insurance market increased to €61.715 billion, representing a reduction of 6.6 percent compared with the same period in the previous year. By lines, the reduction was larger in Life insurance business (-12.2 percent) than in Non Life insurance business (-2.5 percent). Decreases were registered in eight markets, among them Argentina (-15.4 percent), Brazil (-9.2 percent) and Chile (-17.6 percent). Nevertheless, all countries except for Chile, Ecuador and Puerto Rico experienced nominal growth of premiums in local currency, where it is clear that also in 2014 the appreciation of the Euro compared to these countries' currencies influenced negatively in the variation of premium volume of the region expressed in European currency.

Nominal growth in euros

**Figure 8. Latin America. Premium volume for the first half of 2014 by country (millions of €)**

| Country | Non-Life | % Δ | Life | % Δ | Total | % Δ |
|---|---|---|---|---|---|---|
| Argentina | 4,432 | -16.0 | 877 | -12.4 | 5,309 | -15.4 |
| Bolivia | 111 | 4.4 | 36 | 10.6 | 146 | 5.8 |
| Brazil | 11,367 | 0.4 | 13,651 | -15.8 | 25,019 | -9.2 |
| Chile | 1,497 | -15.7 | 2,370 | -18.8 | 3,867 | -17.6 |
| Colombia | 2,380 | -1.0 | 1,015 | -2.7 | 3,395 | -1.5 |
| Costa Rica | 365 | 13.6 | 50 | -12.7 | 416 | 9.6 |
| Ecuador | 468 | -4.3 | 97 | -6.1 | 565 | -4.6 |
| El Salvador | 136 | 0.4 | 87 | 10.0 | 223 | 3.9 |
| Guatemala | 223 | 4.8 | 53 | 6.4 | 276 | 5.1 |
| Honduras | 105 | -0.3 | 45 | 3.2 | 150 | 0.8 |
| Mexico | 5,194 | -12.0 | 4,715 | -3.3 | 9,909 | -8.1 |
| Nicaragua | 54 | 0.4 | 11 | 18.9 | 64 | 3.2 |
| Panama | 377 | 8.5 | 103 | 0.0 | 480 | 6.6 |
| Paraguay | 130 | 2.7 | 18 | 6.8 | 148 | 3.2 |
| Peru | 707 | 0.2 | 558 | 3.7 | 1,265 | 1.7 |
| Puerto Rico | 3,200 | -13.5 | 408 | -0.4 | 3,607 | -12.2 |
| Dominican Republic | 230 | -2.3 | 42 | -7.0 | 271 | -3.0 |
| Uruguay | 303 | -0.2 | 131 | -1.3 | 434 | -0.5 |
| Venezuela | 6,061 | 26.9 | 111 | 19.6 | 6,172 | 26.7 |
| Overall Total | 37,339 | -2.5 | 24,376 | -12.2 | 61,715 | -6.6 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

# 3. Region and Country Analyses

## 3.1. Mexico

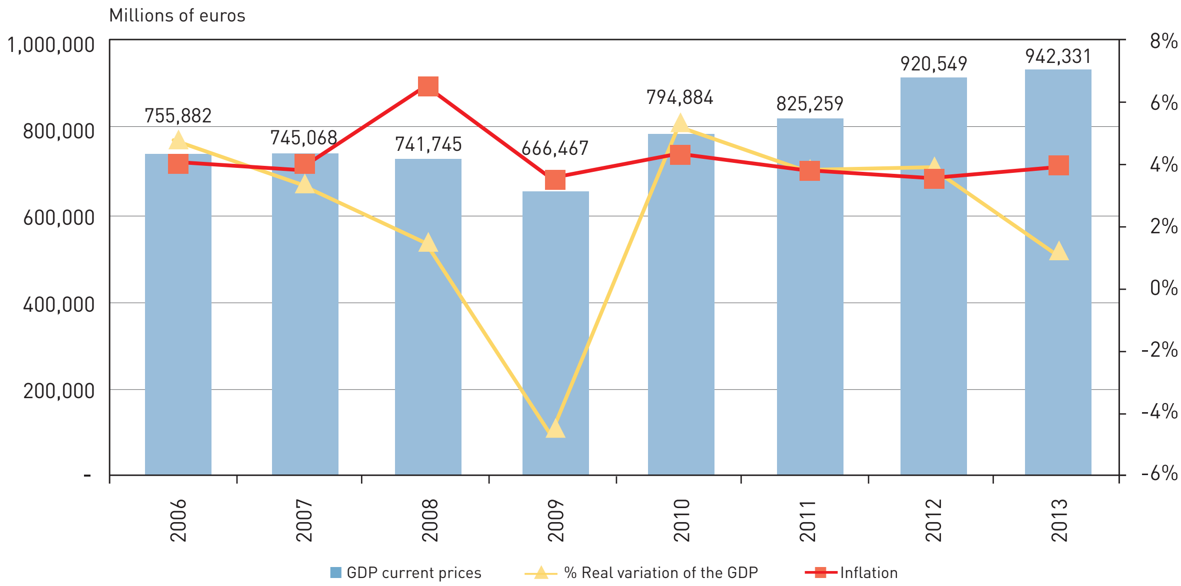
### Macroeconomic environment

In 2013, Mexican economy only grew 1.1 percent compared to 4.0 percent recorded for the previous year. This decrease in growth was due to the slowdown of exports and the domestic demand. Gross fixed capital formation decreased (-1.8 percent), and consumption decelerated, specifically public consumption, which only increased 1.1 percent compared to 3.3 percent in 2012. In productive sectors, construction decreased 4.5 percent, agriculture came to a standstill and manufacturing (1.4 percent) and services (2.1 percent) slightly increased.

By the end of 2013, the inflation rate reached 4.0 percent, with an increase of four tenths compared to the previous year, mainly due to price increase in agricultural and education sectors. Unemployment rate in 2013 was 4.9 percent, the same as the previous year.

Regarding the external sector, in 2013 the slowdown of export of goods stood out, which only increased 2.6 percent compared to 6.1 percent recorded the previous year. Oil export decreased 6.3 percent, but manufactured products export increased 4.2 percent, especially automotive industry exports. The United States continue to be the most frequent destination for Mexican exports, with a share close to 80 percent. As a result of the slowdown of exports, the current account deficit increased six tenths, reaching 1.8 percent of the GDP.

**Figure 9. Mexico. 2013 GDP**




**Source:** elaborated based on information published by the ECLAC and the Banco de México.

By 2014, it is forecasted that Mexican economy will grow 2.1 percent, driven by a growth in exports and public spending. The economic performance of Mexico will depend on external factors such as the change of its main partner's economy, the United States, and also domestic factors such as the success of the ambitious structural reforms program in which the country is immersed.

### Insurance Market

In 2013 the premium volume of the Mexican insurance market reached the figure of 341.277 billion pesos (€19.997 billion), with a nominal growth of 11.8 percent and real growth of 7.6 percent compared to the previous year. 53 percent of these premiums corresponds to Non-Life insurance business and the remaining 47 percent to Life insurance business and Pensions.

Premiums issued for Life insurance business grew nominally by 11.0 percent reaching a value of 138.959 billion pesos (€8.142 billion). Increase of individual Life insurance business is sustained (13.2 percent) and Group Life insurance business accelerates (47.5 percent in 2013 compared to 12.1 percent in 2012). On the other hand, the decrease of Group Life insurance business also accelerates (-64.9 percent in 2013 compared to -0.6 percent in 2012), accumulating several straight years of decreases, due to changes in taxation. Finally, the premium volume of Pension insurance increased to 20.099 billion pesos (€1.178 billion), with an increase of 14.0 percent compared to the previous year.

Non Life insurance business lines issued premiums for a value of 182.219 billion pesos (€10.677 billion), with a nominal growth of 12.2 percent compared to the previous year. All lines grew in nominal terms, and various accomplished significant increases such as Agrarian Insurance (138.5 percent) and Fire Insurance (72.2 percent, due to the renewal of the multiannual policy of Petróleos Mexicanos PEMEX in 2013) The most important lines, Automobile and Health, increased 5.7 percent and 12.1 percent respectively.

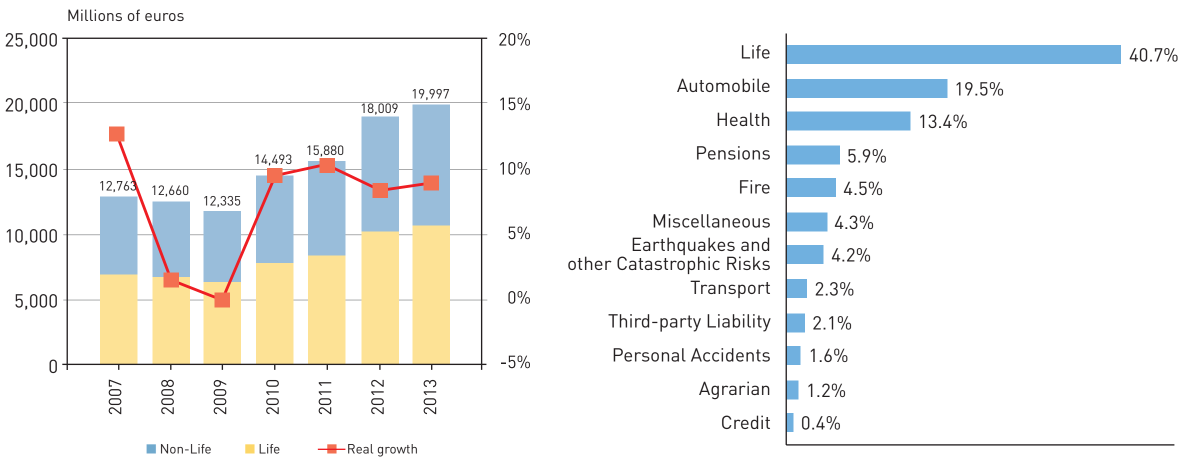
The penetration of insurance in Mexico in 2013 increased to 2.1 percent (1.9 percent in 2012), which is still below average for Latin America and suggests great growth potential for the insurance business in this country.

**Figure 10. Mexico. 2013 premium volume[1] by lines**

| Line | Millions of pesos | Millions of euros | % Δ | % Δ Real |
|---|---|---|---|---|
| Total | 341,277 | 19,997 | 11.8 | 7.6 |
| Life | 138,959 | 8,142 | 11.0 | 6.8 |
| Individual Life | 90,423 | 5,298 | 13,2 | 8.9 |
| Group Life - Collective | 5,708 | 334 | -64.9 | -66.2 |
| Group Life | 42,827 | 2,509 | 47,5 | 41.9 |
| Pensions | 20,099 | 1,178 | 14.0 | 9.6 |
| Non-Life | 182,219 | 10,677 | 12.2 | 7.9 |
| Automobile | 66,422 | 3,892 | 5.7 | 1.7 |
| Health[2] | 45,641 | 2,674 | 12.1 | 7.8 |
| Fire | 15,494 | 908 | 72.2 | 65.7 |
| Earthquakes and Other Catastrophic Risks | 14,168 | 830 | 3.7 | -0.3 |
| Miscellaneous | 14,592 | 855 | 2.8 | -1.1 |
| Transport | 7,703 | 451 | 1.8 | -2.1 |
| Third-party Liability | 7,193 | 421 | 7.3 | 3.2 |
| Personal Accidents[2] | 5,417 | 317 | 17.6 | 13.2 |
| Agrarian | 4,247 | 249 | 138.5 | 129.4 |
| Credit | 1,341 | 79 | 1.5 | -2.3 |

(1) Direct premium.
(2) Accidents and Disease lines of business.
**Source:** elaborated based on data published by the National Insurance and Bonding Commission.

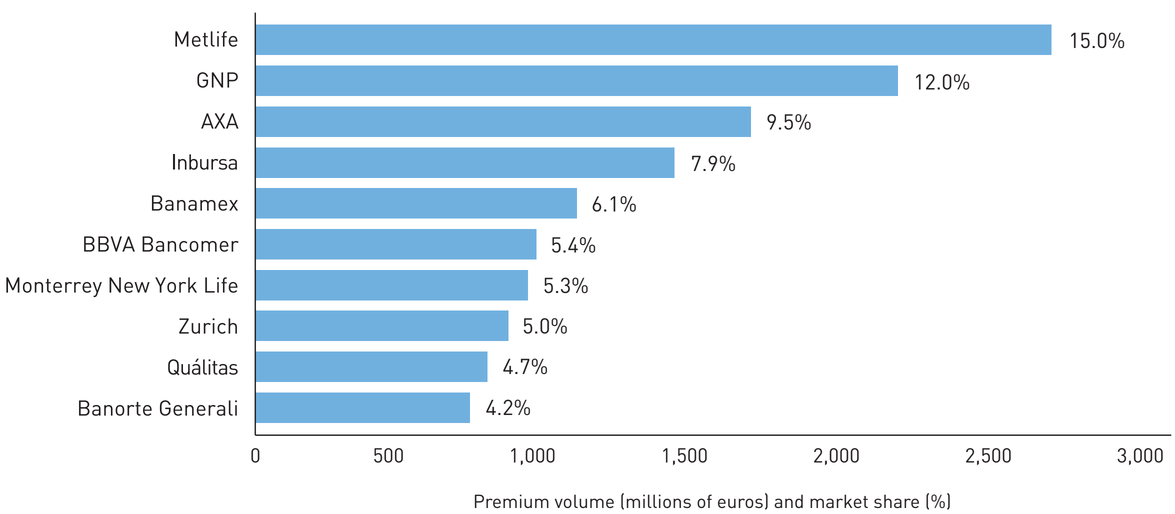
## Figure 11. Mexico. 2013 progress of premiums and market share by lines




In early 2014, the Mexican insurance industry comprised 103 institutions, 58 of which were subsidiaries of foreign institutions and 45 of which were of mostly national capital. On the other hand, 15 institutions (8 subsidiaries and 7 of national capital) were linked to financial groups.

In 2013 the ten largest Mexican insurance groups remained the same as the previous year, altogether accounting for 75.1 percent of the premiums (74.7 percent in 2012). Metlife continues to hold the first position in the ranking, with 15 percent of the market, followed by GNP (12 percent) and AXA (9.5 percent). The only changes made are related to the exchange of the relative positions between Banamex and BBVA Bancomer, on the one hand, and Zurich and Qualitas on the other hand.

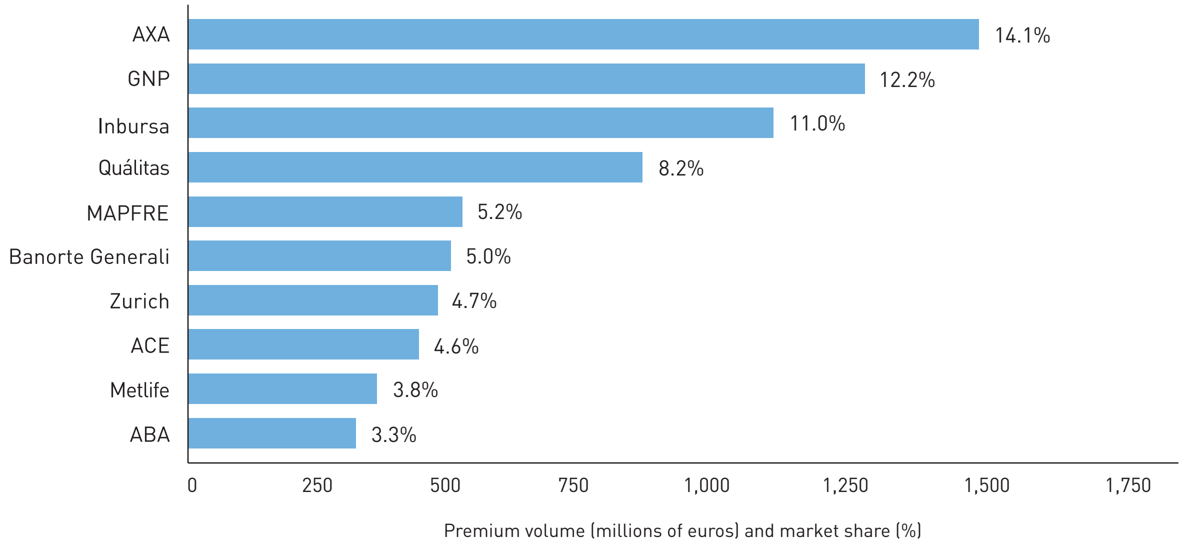
## Figure 12. Mexico. 2013 Total Ranking




**Source:** elaborated based on information from the National Insurance and Bonding Commission.
Note: does not include Pensions.

Non Life insurance business ranking is still led by AXA, which increases its market share to 18.5 percent (15.3 percent in 2012), followed by GNP and Inbursa. The renewal of the PEMEX policy with this last company in June 2013 is one of the causes of the increase of almost six percentage points in its market share, reaching 14.4 percent. The remaining companies in the ranking are the same as in 2012 and maintain their relative positions, except for Atlas, which falls off the ranking and is substituted by ACE.

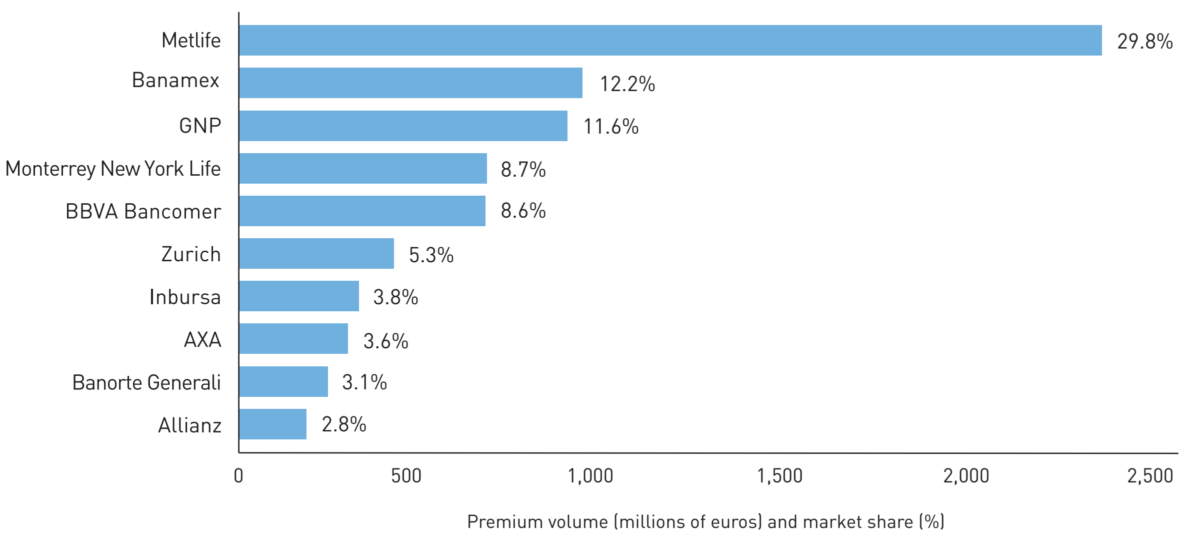
**Figure 13. Mexico. 2013 Non-Life insurance business Ranking**




**Source:** elaborated based on information from the National Insurance and Bonding Commission.

In Life insurance business, the table is led by Metlife, whose market share drops almost six percentage points to 22.7 percent, followed at some distance by Banamex (9.3 percent) and GNP (8.9 percent). Regarding the 2012 ranking, Monterrey New York Life substitutes BBVA Bancomer in the fourth position, and Inbursa does so with AXA in the seventh place. Finally, Allianz Mexico holds the last position, substituting HSBC.

**Figure 14. Mexico. 2013 Life insurance business Ranking**

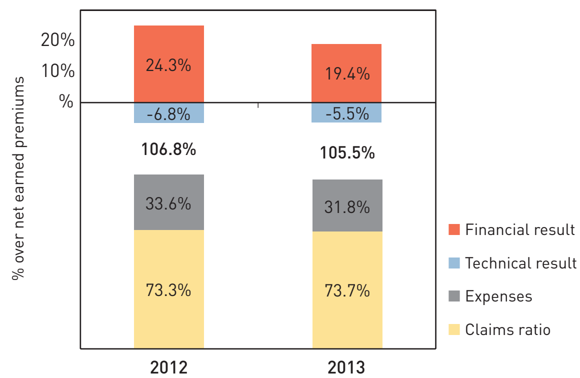



**Source:** elaborated based on information from the National Insurance and Bonding Commission.
Note: does not include Pensions.

### Results

The earning of the period was 22.898 billion pesos (€1.342 billion), representing 10.3 percent on premiums and a decrease of 3.7 percent on the 2012 outcome. The combined ratio improved 1.3 percentage points, due to the decrease of expenses, and the technical result improved likewise, though it remained negative (-5.5 percent). Nevertheless, the technical-financial result decreased to 13.9 percent (17.5 percent in 2012), due to lesser profitability of financial investments.

**Figure 15. Mexico. Technical account outcome**




**Source:** elaborated based on information from the National Insurance and Bonding Commission.

### Preview 2014

The premium volume of the Mexican insurance industry in the first half of 2014 remained stable compared to the same period of the previous year. Non Life insurance business lines decreased 4.2 percent, compared to an increase of 5.2 percent in Life insurance business lines. The explanation for the decrease in Non Life insurance business lines is in the Fire line, which decreases 28.9 percent, due to the non-renewal of the multiannual policy for PEMEX in 2014. Accidents (-5.3 percent) and Other Lines (-5.9 percent) also decrease. On the contrary, the Transport line significantly increases, 28.8 percent in clear contrast with the standstill experienced in the previous period.

In September 2014 the Federal Protection Insurance for Accident Victims entered into force, a mandatory insurance that covers damage caused to third parties, whether to goods or persons.

**Figure 16. Mexico. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of pesos | Millions of | % Δ |
|---|---|---|---|
| Total | 178,040 | 9,909 | 0.0 |
| Life | 84,711 | 4,715 | 5.2 |
| Non-Life | 93,329 | 5,194 | -4.2 |
| Automobile | 33,737 | 1,878 | 1.0 |
| Health | 23,796 | 1,324 | 5.4 |
| Fire | 14,140 | 787 | -28.9 |
| Transport | 4,916 | 274 | 28.8 |
| Accidents | 2,228 | 124 | -5.3 |
| Other Lines | 14,512 | 808 | -5.9 |

(1) Direct premium.
**Source:** elaborated based on data published by the Mexican Association of Insurance Institutions and the National Insurance and Bonding Commission.

## 3.2. Central America, Puerto Rico and the Dominican Republic

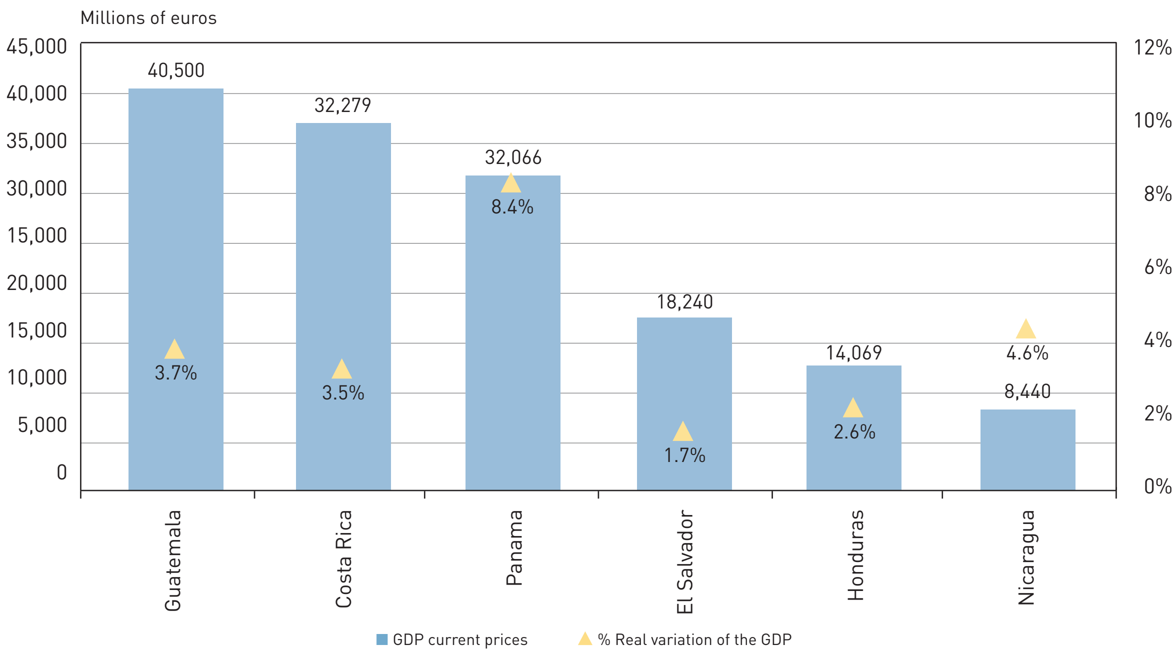
### 3.2.1. Central America

#### Economic environment

In 2013 all Central American economies grew, though, except for Guatemala, there was a slowdown in growth. Increases in the GDP were between the maximum value of 8.4 percent, corresponding to Panama, and the minimum value of 1.7 percent, corresponding to El Salvador. For yet another year, domestic demand drove this growth, supported in some cases by the external sector. Inflationary pressures decreased, and unemployment remained in reduced levels. The ECLAC forecasts positive growth for all the countries in 2014, with around 2.2 percent (El Salvador) and 6.0 percent (Panama).

In 2013, the economy of **Panama** sustained the tendency to grow of recent years. The GDP grew 8.4 percent (compared to 10.2 percent in 2012), supported by the numerous infrastructure programs being undertaken such as the expansion of the Panama Canal. By sectors, mining and construction stood out (both with growth close to 30 percent), financial brokerage and transport and communications. Unemployment rate remained in reduced levels (3.7 percent), and inflation decreased to 3.7 percent (4.6 percent in 2012). The current account deficit increased little more than a point, reaching 11.3 percent of the GDP, due to a decrease in exports, especially the ones destined to Venezuela, due to financial difficulties of this country. On the other hand, on April 2013 a free trade agreement between Panama and Canada entered into force, and on April 2014 a similar agreement was signed with Mexico. The ECLAC estimates that growth in 2014 will be approximately of 6.0 percent.

**Figure 17. Central America. 2013 GDP**




**Source:** elaborated based on information published by the ECLAC.

The economy of **Costa Rica** grew 3.5 percent in 2013 compared to 5.1 percent the previous year, thus experiencing a slowdown due to a slowdown in private consumption and exports. Agriculture decreased 0.1 percent, due to the fall in coffee production, and all other main economic sectors experienced slowdowns. Inflation decreased eight tenths reaching 3.7 percent, and unemployment rate increased four tenths reaching 8.2 percent. The largest surplus in the balance of services balanced the deficit in the one for goods, due to which the current account deficit decreased one tenth, reaching 5.1 percent of the GDP. For 2014, the ECLAC estimates an economic growth of 3.6 percent.

The economy of **Nicaragua** grew 4.6 percent in 2013 (5.0 percent in 2012), supported by the external demand and, to a lesser extent, by domestic demand. By sectors, services, commerce, construction and manufacturing stood out. Inflation decreased almost a percentage point reaching 5.7 percent, and unemployment decreased to 5.3 percent by the end of the third quarter. Regarding the external sector, the balance of payments deficit decreased 1.3 points to 11.4 percent of the GDP. The ECLAC estimates that the growth in 2014 could be approximately 4.5 percent.

The economy of **El Salvador** grew 1.7 percent in 2013, a growth slightly lower than that registered in 2012 (1.9 percent) and which is the outcome of the slowdown in private consumption. By sectors, the reduction of the agricultural sector (-0.4 percent) stands out, due to the decrease in coffee production. The modest growth of the economy contributed to maintain price stability, which only increased 0.8 percent. Regarding the external sector, the current account deficit grew more than one point, reaching 6.5 percent of the GDP, due to an increase in import of goods. For 2014, the ECLAC estimates that growth will reach 2.2 percent.

The economy of **Guatemala** grew 3.7 percent in 2013, seven tenths more than that registered the previous year, outcome due to the dynamism of private consumption and increase in investment. All economic sectors recorded growth, with an outstanding 11.3 percent recorded on the finance, insurance and service to companies sectors. Credits and family remittances also increased. The inflation rate increased by one point, reaching 4.4 percent, and the unemployment rate remained around 3 percent. Regarding the external sector, the current account deficit slightly increased to 2.7 percent of the GDP. By 2014, the ECLAC estimates a growth of 4.0 percent.

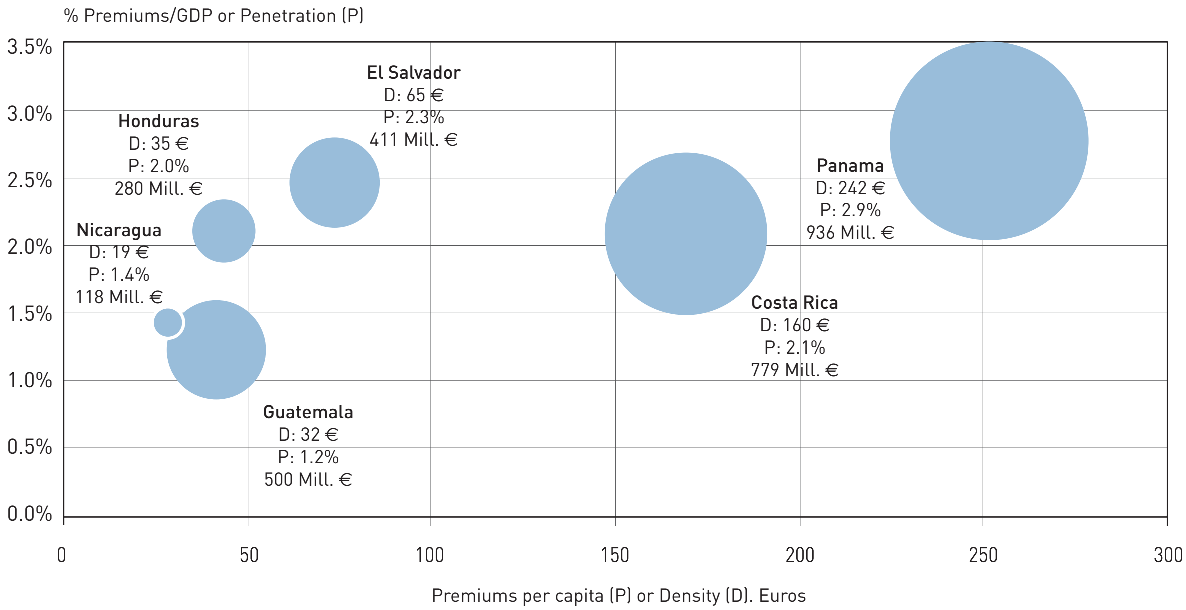
The economy of **Honduras** grew 2.6 percent in 2013, compared to 3.9 percent recorded the previous year. The slowdown of Honduras' economy is the outcome of the standstill of exports and the reduction of the gross fixed capital formation, especially in the construction sector. By sectors, financial brokerage and communications stood out. Construction, however, decreased 2.8 percent. Inflation decreased half a point, reaching 4.9 percent, and unemployment rate reached 6 percent (5.6 percent in 2012). Regarding the external sector, the current account deficit increased three tenths, reaching 8.9 percent of the GDP due to the decrease in exports. The ECLAC estimates that growth in 2014 will be of 3.0 percent.

## Insurance market

In 2013 the Central American insurance industry reached a production of €3.022 billion, which represents an average real increase of 5.7 percent compared to 5.5 percent in 2012. Among the factors which contributed to this development, are the strong economic and financial dynamism of the region (especially in Panama), the introduction of non-traditional channels in insurance marketing and the high exploitation potential of the insurance market, which continues influencing an improvement in the level of competitiveness.

The average contribution of insurance to the economy (premiums/GDP) remains at 2.9 percent, revealing the reduced level of income and the lack of an insurance culture in some countries of the region. The average premium per capita is €68, compared to €65 in 2012. The difference between countries remains substantial, oscillating between €242 in Panama and €19 in Nicaragua.

## Figure 18. Central America. 2013 penetration and density




**Source:** elaborated based on information published by the insurance oversight authorities and the National Statistics Institute of each country.

Panama remains as the largest market in the region and has the highest penetration in the GDP (2.9 percent) due to the sustained elevated growth rates and the elevated purchasing power of its people. On the contrary, Nicaragua remains as the market with the lowest penetration index, recording a rate of 1.4 percent of the GDP in 2013.

All the countries recorded real growth in their premium volume in Euros, with outstanding increases by Costa Rica with 7.2 percent, due to the fact that the insurance market is still in an expansionary phase from the time of its opening to private competition in 2008, and Guatemala, with an increase of 7.6 percent as an outcome of the legislative changes which entered into force in 2011 as a result of the promulgation of the new Insurance Law. Nominal rates were also positive throughout the entire region, reaching two digits in Nicaragua, Guatemala and Costa Rica. This increase is due mainly to the elevated growth of Life insurance businesses in Nicaragua and Costa Rica. In the latter county, 6 new companies specialized in Life insurance business were authorized, which stimulated competition of this type of insurance. Guatemala's growth was driven by good performance on all lines, with outstanding Health and Transport increases of 17.8 percent and 25.6 percent.

Nominal growth in local currency

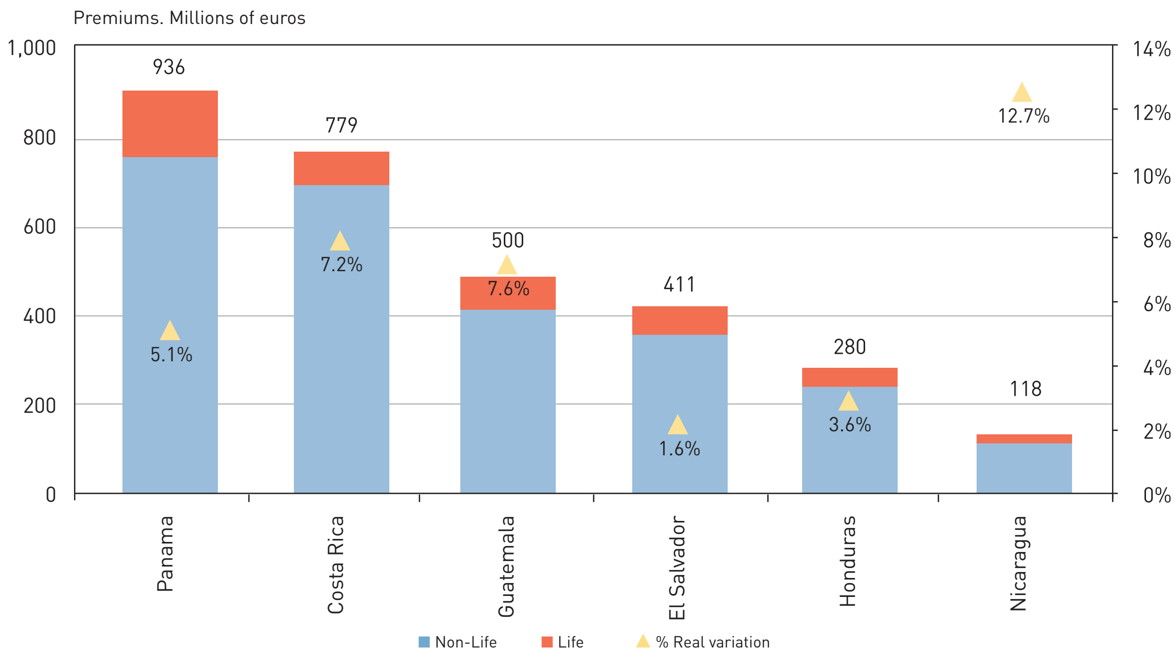
## Figure 19. Central America. % Variation in 2013 premium volume

| Country | Non-Life | Life | Total |
|---|---|---|---|
| Costa Rica | 9.2 | 25.4 | 11.1 |
| El Salvador | -0.8 | 8.1 | 2.4 |
| Guatemala | 12.6 | 11.0 | 12.3 |
| Honduras | 6.3 | 14.2 | 8.6 |
| Nicaragua | 17.1 | 29.9 | 19.1 |
| Panama | 9.2 | 9.7 | 9.3 |
| Overall Total | 5.1 | 8.9 | 6.0 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

The total premium volume in the region rose to €3.022 billion, of which €2.342 billion correspond to Non Life insurance business and the remaining €681 million to Life insurance business. There is still a large difference between both segments, since 22.5 percent of premiums correspond to Life insurance business and 77.5 percent to Non Life insurance business. Panama's insurance market gathers 31.0 percent of all Central America, followed by Costa Rica (25.8 percent) and Guatemala (16.5 percent).

**Figure 20. Central America. 2013 Premium volume**




**Source:** elaborated based on information published by the insurance oversight authorities of each country and by the ECLAC.

In spite the fact that Life insurance business experienced and increase of 8.9 percent, there continues to be scarce penetration in the region. The countries that reached a higher share in this segment are: Panama (30.9 percent) El Salvador (23.2 percent) and Costa Rica (14.4 percent), which altogether sum up a share of 69.4 percent. This growth is driven mainly by innovation in commercial channels and specific products of people, as well as specialization in certain niches.

Costa Rica is the country where Life insurance business increased the most, reaching a growth of 22.6 percent, followed by Nicaragua, with 20.1 percent.

For Non-Life insurance business lines, Panama is also the primary marketplace, though with a 31.0 percent share, followed by Costa Rica (28.8 percent) and Guatemala (17.0 percent). These three countries account for almost 77 percent of the total Non-Life insurance business market in Central America.

**Figure 21. Central America. 2013 premium volume by lines (millions of €)**

| Line | Costa Rica | Nicaragua | El Salvador | Guatemala | Honduras | Panama | Total |
|---|---|---|---|---|---|---|---|
| Life | 105 | 20 | 158 | 101 | 87 | 210 | 681 |
| Collective and Individual Life | 105 | 20 | 100 | 101 | 87 | 210 | 623 |
| Private Pension Plan | - | - | 57 | - | - | - | 57 |
| Non-Life | 674 | 97 | 253 | 398 | 194 | 725 | 2,342 |
| Automobile | 235 | 27 | 51 | 108 | 46 | 160 | 627 |
| Health | 72 | 7 | 61 | 102 | 46 | 151 | 439 |
| Fire and/or Allied Lines | 107 | 31 | 70 | 80 | 64 | 85 | 436 |
| Other Damage | 46 | 19 | 61 | 41 | 18 | 135 | 320 |
| Transport | 12 | 3 | - | 26 | 8 | 39 | 88 |
| Third-party Liability | 13 | 3 | - | 9 | 3 | 55 | 83 |
| Personal Accidents | - | 4 | - | 11 | 5 | 14 | 34 |
| Credit and/or Surety | 5 | 3 | 10 | 21 | 3 | 88 | 129 |
| Workplace Accident | 184 | - | - | - | 1 | - | 185 |
| Total | 779 | 118 | 411 | 500 | 280 | 936 | 3,022 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

In Panama, growth of Non Life insurance business was motivated mainly by the strong public program for investment on behalf of the Government and by the Canal expansion project, which influences very positively in the commerce and construction sectors.

The Automobile line, with the largest market share (26.8 percent), experienced a growth of 3.1 percent in the entire region. Followed by, in order of importance, Health and Fire, with shares of 18.8 percent and 18.6 percent, respectively.

The lines that registered a greater increase during 2013 are Personal Accidents (14.0 percent), Health (9.5 percent), and Credit and Surety (11.9 percent). The countries where the greatest increases occurred are Honduras in the Personal Accidents line, and Costa Rica and Guatemala in the Health and Credit and Surety lines.

## Ranking

Regarding the total ranking for groups in 2013, slight changes occurred in most countries, with El Salvador and Honduras as the only countries that remained the same.

**Figure 22. Central America. 2013 Ranking**

| Ranking | Costa Rica | El Salvador | Guatemala | Honduras | Panama | Nicaragua |
|---|---|---|---|---|---|---|
| 1 | INS | SISA | El Roble | Interamericana | ASSA | América |
| 2 | ASSA | Asesuisa | G&T | Atlantida | Internacional de Seguros | Iniser |
| 3 | Pan American | ACSA | General | MAPFRE | MAPFRE | Lafise |
| 4 | MAPFRE | MAPFRE | Universales | Palig | Generali | ASSA |
| 5 | Adisa | AIG | El Roble | Davivienda | Ancon | MAPFRE |

**Source:** FUNDACIÓN MAPFRE.

In Costa Rica, Pan American rises to the third position and places MAPFRE in fourth place. In Panama, changes were produced in the first and second positions, since ASSA rises to the first position of the ranking and Internacional de Seguros descends to second place. In Guatemala El Roble company holds the fifth place in the ranking. Lastly, in Nicaragua, Lafise and ASSA exchange positions, taking the second and third positions, respectively.

**Figure 23. Central America. 2013 number of companies and market share**

| Country | No. of companies | Share 3 first groups % | First group | Share first group % |
|---|---|---|---|---|
| Costa Rica | 12 | 95,6 | INS | 89,2 |
| El Salvador | 16 | 56,0 | SISA | 22,7 |
| Guatemala | 27 | 54,8 | El Roble | 25,3 |
| Honduras | 12 | 56,3 | Interamericana | 27,6 |
| Nicaragua | 5 | 74,0 | América | 28,1 |
| Panama | 31 | 46,2 | ASSA | 16,7 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

The degree of concentration of companies is still very elevated in Costa Rica, in spite of its opening to the market on 2008, and in Nicaragua, due to the fact that the market remains integrated by only 5 insurance companies.

## Results

Earnings secured by Central American insurance companies rose in 2013 to €254 million, representing a decrease of 8.8 percent in relation to the earnings from the previous year.

In Panama, the combined ratio was 98.4 percent, due to an increase in the claims ratio by two points, reaching 56.9 percent. This outcome is especially due to the elevated number of claims in the Automobile line and fires that took place in the Colón Free Trade Zone. Impairment in the combined ratio, along with a financial result almost three points below the one in 2012, caused earnings of €53 million, representing 24.8 percent less than the previous financial year.

% over net earned reinsurance premiums

**Figure 24. Central America. 2012-2013 Results**

| Ratio (%) | Panama | | Costa Rica | | El Salvador | | Guatemala | | Honduras | | Nicaragua | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Claims ratio | 54.9 | 56.9 | 58.0 | 60.7 | 51.7 | 51.2 | 60.3 | 57.8 | 52.1 | 52.0 | 44.6 | 43.7 |
| Expenses | 41.6 | 41.6 | 34.5 | 45.2 | 38.3 | 39.5 | 34.2 | 33.4 | 37.0 | 42.0 | 53.1 | 49.5 |
| Combined ratio | 96.5 | 98.4 | 92.5 | 106.0 | 90.0 | 90.7 | 94.5 | 91.2 | 89.1 | 94.0 | 97.8 | 93.3 |
| Financial result | 12.9 | 9.6 | 26.0 | 22.3 | 6.2 | 5.9 | 10.1 | 10.2 | 13.6 | 16.7 | 9.3 | 8.1 |
| Technical-financial result | 16.4 | 11.1 | 33.6 | 16.3 | 16.2 | 15.2 | 15.6 | 19.0 | 24.6 | 22.7 | 11.5 | 14.9 |
| Earnings | 15.1 | 10.0 | 15.5 | 11.2 | 18.2 | 17.4 | 14.7 | 17.9 | 22.1 | 17.6 | 14.4 | 16.3 |

**Source:** own elaboration.

In Costa Rica, the combined ratio was of 106 percent, mainly due to an increase of more than 11 points in the cost ratio. Large investments in the marketing of new products, along with the consolidation of new commercial channels, influenced administration expenses of insurance companies considerably.

For yet another year, Costa Rica continues to have one of the best financial ratios of the entire region (22.3 percent). In spite of the aforementioned, earnings were of €61 million, 19.6 percent less than in 2012.

El Salvador presents the highest combined ratio of all Central America, with 90.7 percent, due to an adequate balance between the claims ratio and the cost ratio. This circumstance favored earnings of 17.4 percent, reaching €43 million.

The entry into force of the new Insurance Law in 2011 in Guatemala's market, which criminalizes inadequate pricing and constitution of reserves, strengthened the capitalization of new insurance companies and influenced an improvement of the combined ratio in almost 4 points, reaching 91.2 percent. The aforementioned, along with an excellent financial result, resulted in earnings of €58 million and an increase of 28.8 percent compared to the previous year.

**Figure 25. Central America. 2013 earnings by country (millions of €)**

| Country | 2012 | 2013 | % Δ |
|---|---|---|---|
| Costa Rica | 76 | 61 | -19.6 |
| Guatemala | 45 | 58 | 28.8 |
| Panama | 71 | 53 | -24.8 |
| El Salvador | 42 | 43 | 0.6 |
| Honduras | 35 | 28 | -20.8 |
| Nicaragua | 9 | 11 | 27.2 |
| Total | 278 | 254 | -8.8 |

**Source:** elaborated based on information published by the insurance oversight authorities.

Due to the adequate, conservative investment policies of insurance companies, the good performance of Honduras's financial result, 16.7 percent, has compensated for the decrease of the combined ratio by almost five points. Consequently, the technical-financial result is 22.7 percent, the best in the entire region. However, earnings were €28 million, 20.8 percent less than 2012. Strong competition in premiums in the industry contributed to this outcome.

Lastly, the combined ratio in Nicaragua was 93.3 percent. This entails an improvement of around more than four points compared to 2012, favored by the 19.2 percent growth recorded by the insurance market, especially in the microinsurance industry in which the risks were well priced. This increased dynamism allowed for a decrease in the cost and claims ratios.

### Preview 2014

During the first half of 2014, income from premiums recorded in Central America's insurance markets rose to €1.609 billion, representing a nominal growth of 6.0 percent compared to the same period in the previous year. Costa Rica and Panama attained the greatest growth, with 9.6 percent and 6.6 percent respectively.

Figures in millions of euros. Nominal growth in euros

**Figure 26. Central America. Premium volume for 1st half of 2014**

| Country | Non-Life | % Δ | Life | % Δ | Total | % Δ |
|---|---|---|---|---|---|---|
| Panama | 377 | 8.5% | 103 | 0.0% | 480 | 6.6% |
| Costa Rica | 365 | 13.6% | 50 | -12.7% | 416 | 9.6% |
| Guatemala | 223 | 4.8% | 53 | 6.4% | 276 | 5.1% |
| El Salvador | 136 | 0.4% | 87 | 10.0% | 223 | 3.9% |
| Honduras | 105 | -0.3% | 45 | 3.2% | 150 | 0.8% |
| Nicaragua | 54 | 0.4% | 11 | 18.9% | 64 | 3.2% |
| Central America Total | 1,260 | 7.1% | 349 | 2.0% | 1,609 | 6.0% |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

In Costa Rica, this increase was encouraged by the elevated performance shown by the Work Risks (specific product of Costa Rica) business resulting from modifying the accounting record method in accordance with the new regulation established by the Superintendency of Insurance. This regulation, which entered into force on Jan. 1, 2014, stated that the income from premiums must be posted according to the coverage period and not the payment period.

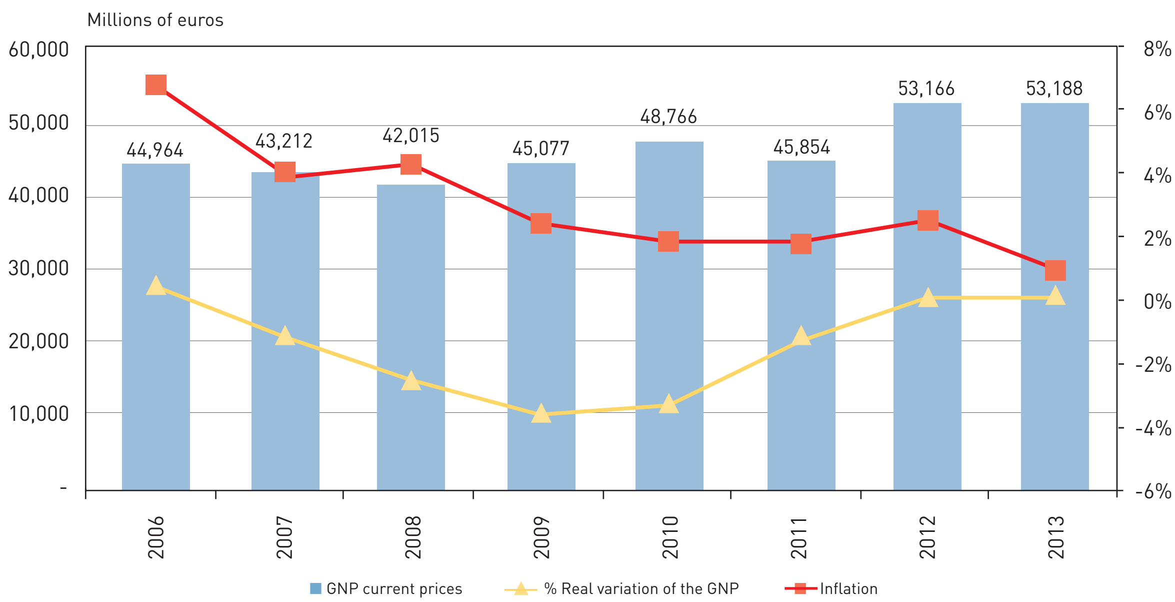
Throughout 2014, Central America's insurance market will continue to perform well as a result of the increased economic and financial dynamism expected for the majority of the region's countries. However, the market will have to continue working to overcome significant challenges such as strong price competition, inflationary scenarios and the devaluation of local currencies against the dollar and euro in some countries.

### 3.2.2. Puerto Rico

#### Macroeconomic Environment

In the fiscal year 2013 (understood as July 2012 to June 2013), Puerto Rico's GNP valued at constant prices increased 0.3 percent. This growth is less than the growth recorded the previous year (0.9 percent) and suggests that the economy remains at a standstill and has not come out of the 2006-2011 recession. During the analyzed period, private consumption increased (2.4 percent) while public consumption (-0.7 percent) and gross domestic investment (-9.8 percent) decreased. At constant prices, exports (-2.5 percent) and imports (-0.9 percent) also decreased. The inflation rate remained below 1 percent and the unemployment was around 14 percent.

Figure 27. Puerto Rico. 2013 GDP




**Source:** Planning Board of Puerto Rico.

The economic measures taken by the government, which include tax increases, budget adjustments and pension reform, were unable to keep ratings agencies from lowering the quality of the country's debt in 2014.

#### Insurance Market

Puerto Rico's insurance market received $10.556 billion in premiums in 2013, representing a slight decrease of 0.5 percent (-1.6 percent real) compared to a reduction of 4.3 percent the previous year. The Non-Life insurance businesses are once more the causes of the decrease, with a significant weight accounted for by the Health, Disability and Other Damage lines in this performance. However, Life insurance grew again - around 7 percent.

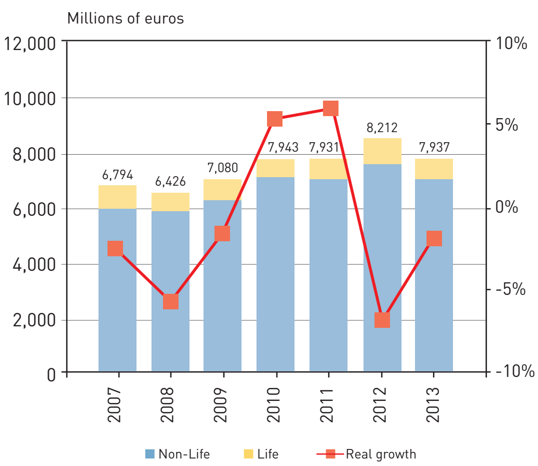
**Figure 28. Puerto Rico. 2013 premium volume[1] by lines**

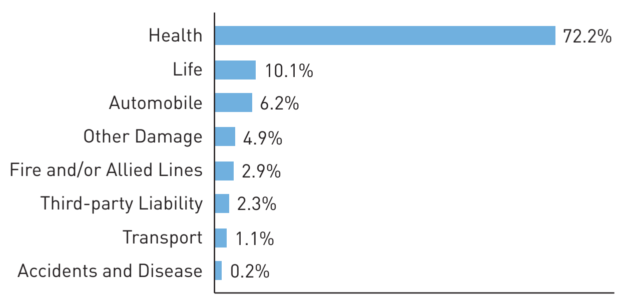
| Line | Millions of $ | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 10,556 | 7,937 | -0.5 | -1.6 |
| Life | 1,069 | 804 | 7.1 | 6.0 |
| Non-Life | 9,487 | 7,133 | -1.3 | -2.3 |
| Health | 7,625 | 5,733 | -1.7 | -2.7 |
| Automobile | 657 | 494 | 38.9 | 37.5 |
| Fire and/or Allied Lines | 308 | 232 | -1.3 | -2.4 |
| Third-party Liability | 242 | 182 | -1.4 | -2.5 |
| Transport | 116 | 87 | 8.1 | 6.9 |
| Accidents and Disease | 22 | 16 | 1.5 | 0.5 |
| Other Damage | 518 | 389 | -26.1 | -26.9 |

(1) Direct insurance issued premiums.
**Source:** elaborated based on industry databases.

Health insurance reached a premium volume of $7.625 billion, a decrease of 1.7 percent compared to the previous year, affected by the reduction of federal funds in the Medicare Advantage program. 60 percent of the insured in Puerto Rico Health is covered by a plan that receives federal funds: 39 percent Medicaid (Mi Salud - My Health) and 21 percent Medicare (12 percent Medicare Advantage, 5 percent Traditional Medicare, 3 percent Medicare Platinum and 1 percent Medicare Supplement). However, in business volume, the Medicare plans were the most numerous as they accounted for 65 percent of the premiums.

**Figure 29. Puerto Rico. 2013 progress of premiums and market share by line**



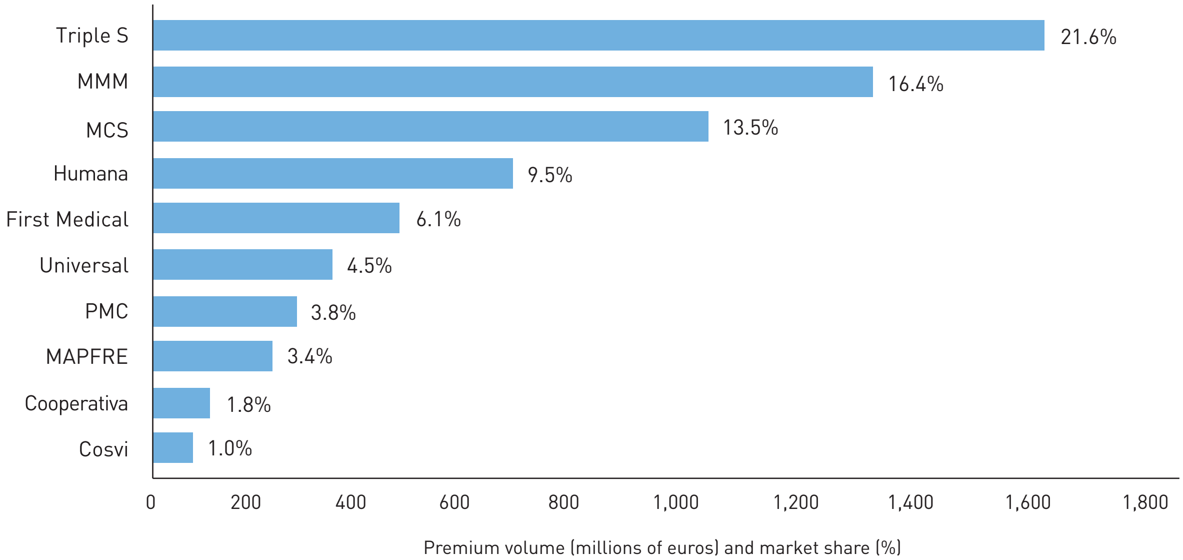




The number of insurance companies and health maintenance organizations (HMOs) which operated in Puerto Rico in 2013 was 408, including 55 reinsurance companies. The most numerous were property and contingency insurance companies (229), followed by life and disability insurance companies (110) and health maintenance organizations (14). The number of direct jobs generated by these companies with other legal entities regulated by the Insurance Commissioner's Office was 11,733.

The total ranking of Puerto Rica's insurance groups continued to be led by Triple-S which has increased its market share to 21.6 percent (17.4 percent in

2012) due to the growth in Health insurance upon becoming the only provider of the governmental health plan Mi Salud. The only changes in the classification were to the last five positions: Universal moved up one position and occupied the sixth place left by American Health after its merger with Triple-S. PMC moved up three positions and was in seventh place. MAPFRE remained in the eighth position. Cooperativa moved up one and COSVI became part of the classification in the tenth position. As is customary, the health insurance companies and health maintenance organizations (HMOs) continued to dominate the market.

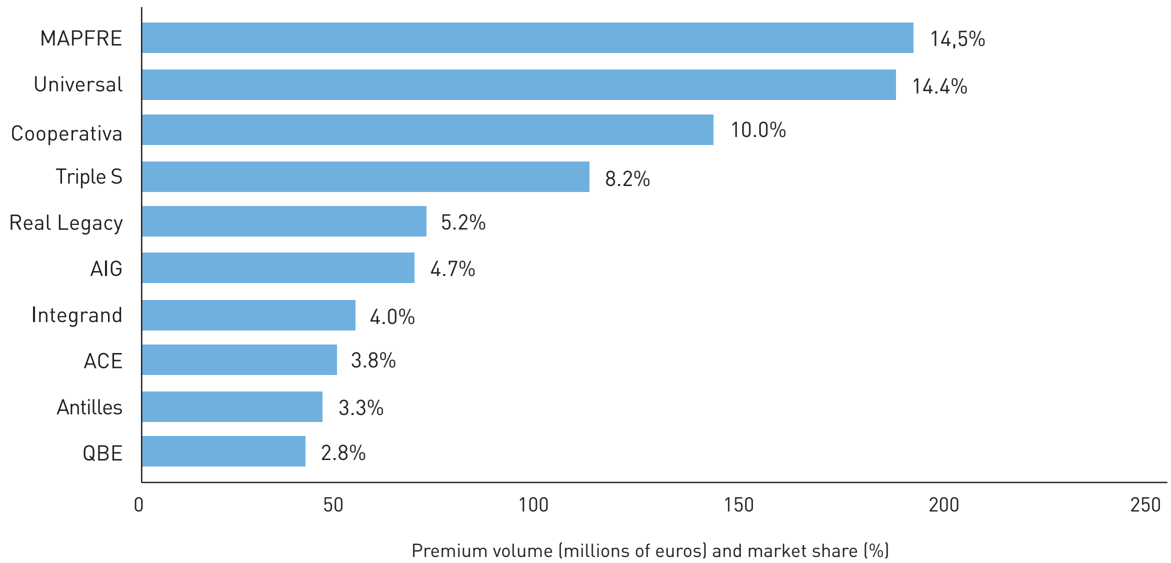
**Figure 30. Puerto Rico. 2013 Total Ranking**




**Source:** elaborated based on industry data.

MAPFRE moved up one position in the classification of the Property and Contingency segment and is in first place, moving Grupo Universal to the second position. Caribbean American Property which occupied the ninth position in 2012 left the ranking and QBE entered it in tenth place.

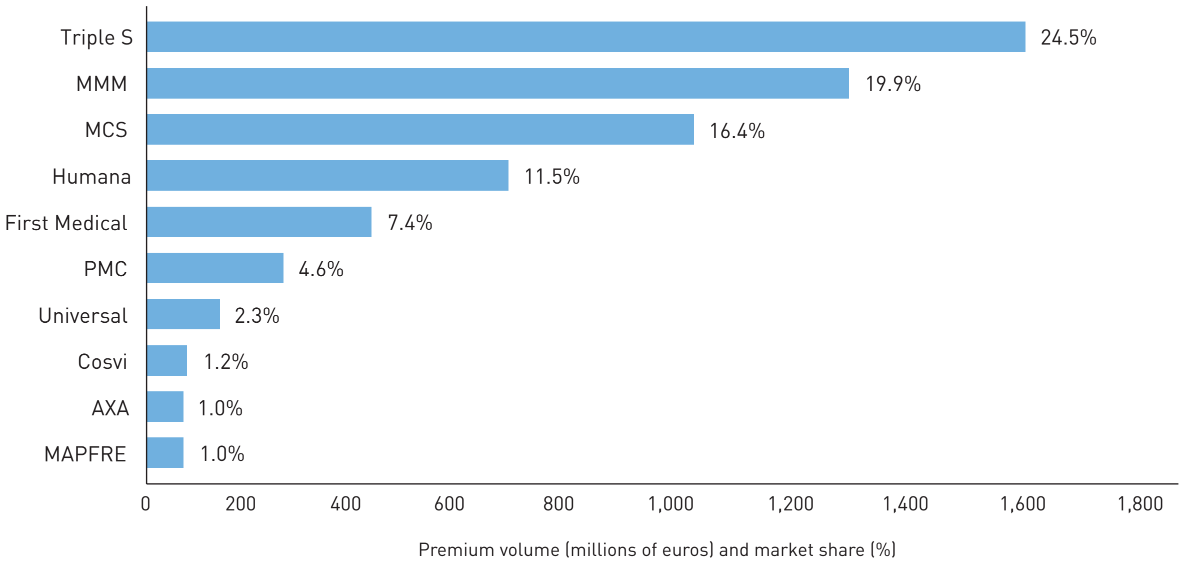
**Figure 31. Puerto Rico. 2013 Non-Life insurance business Ranking**




**Source:** elaborated based on industry data.

The Life and Health classification was led by Triple-S which went up one position in terms of the previous year's ranking and moved MMM to the second position. Triple-S's market share increased considerably to 24.5 percent, up from 19.3 percent in 2012. The changes in terms of groups in the ranking was the result of adding the AXA Group in position nine.

**Figure 32. Puerto Rico. 2013 Ranking. Life and Health**




**Source:** elaborated based on industry data.

## New Legislation

The implementation of the Federal Health Reform which introduced the Affordable Care Act was one of the main actions of the Insurance Commissioner's Office (ICO) in 2013, issuing a new regulation which was included in the Puerto Rico Health Insurance Code.

## Preview 2014

During the first half of 2014, the Puerto Rico Health premiums still have not recovered, showing a decrease of 11.2 percent which had a significant effect on the market decrease of 8.1 percent. Meanwhile, Life insurance continued its growth trend.

**Figure 33. Puerto Rico. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of $ | Millions of euros | % Δ |
|---|---|---|---|
| Total | 4,944 | 3,607 | -8.1 |
| Life | 559 | 408 | 4.2 |
| Non-Life | 4,385 | 3,200 | -9.5 |
| Health | 3,472 | 2,534 | -11.2 |
| Miscellaneous | 912 | 666 | -2.5 |

(1) Premiums issued. Direct insurance.
**Source:** elaborated based on industry databases.

### 3.2.3. Dominican Republic

#### Macroeconomic Environment

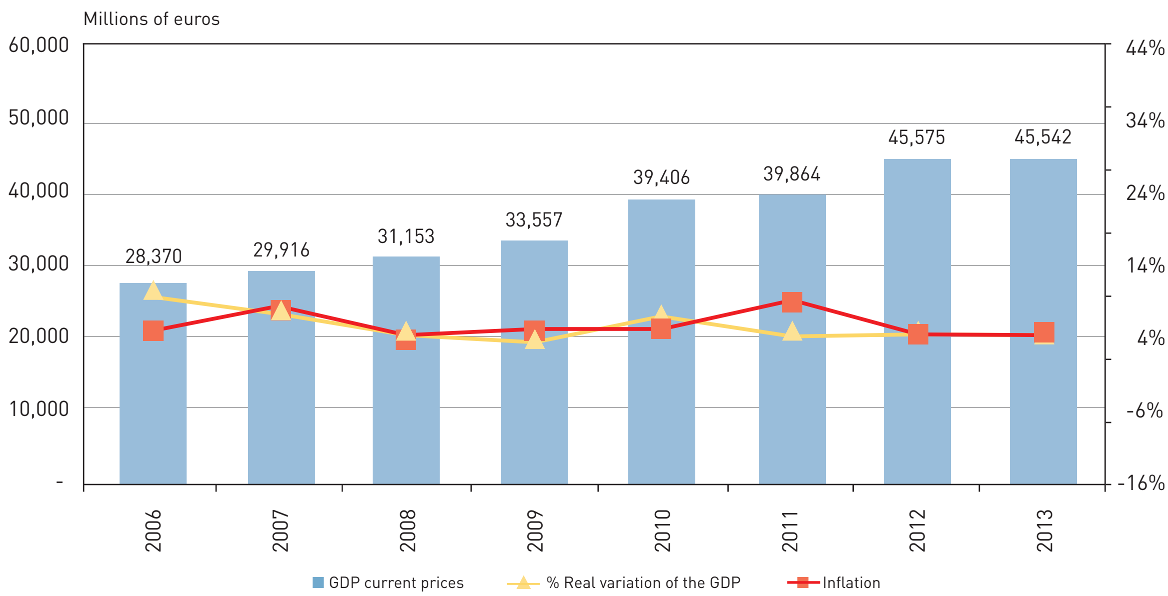
In 2013, the Dominican Republic's economy grew 4.1 percent, two tenths more than the year before. This growth was the result of an increase in loans to the private sector and investment in infrastructure, especially roads, schools and hospitals. The majority of productive sectors grew, with mining (123 percent), construction (20.3 percent) and financial brokerage and insurance (9.2 percent) being the most noted.

The inflation rate in 2013 was 3.9 percent, the same value as the previous year. The minimum wage increased 14 percent and the unemployment rate increased half a point to 7 percent.

Regarding the external sector, imports decreased and exports increased (6.4 percent), particularly those of gold and silver (524 percent). Income from tourism and remittances also increased. The current account deficit decreased to 4.3 percent of the GDP (compared to 6.8 percent the previous year).

For 2014, growth of around 6.0 percent was expected.

**Figure 34. Dominican Republic. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

#### Insurance Market

The premium volume of the Dominican insurance market in 2013 increased to 30.893 billion pesos (€555 million), representing nominal growth of 5.8 percent and real growth of 1.8 percent. Therefore, there was a decrease compared to the previous year in which these percentages were 8.8 percent and 4.8 percent respectively.

The premiums of Life insurance business reached 5.002 billion pesos (€90 million) and growth of 12 percent. Group Life - Collective insurance, which represented 98.7 percent of the Life production, grew 12.1 percent.

Non-Life insurance accounted for 83.8 percent of the total market premiums and grew 4.7 percent until reaching 25.891 billion pesos (€465 million). The two largest lines - Fire and Allied Lines and Automobile, grew 7.4 percent and 3.3 percent respectively. These percentages were similar to those recorded the year before. Once again, the significant growth of Health (20 percent) and the reduction of Transport (-24.1 percent) was noted.

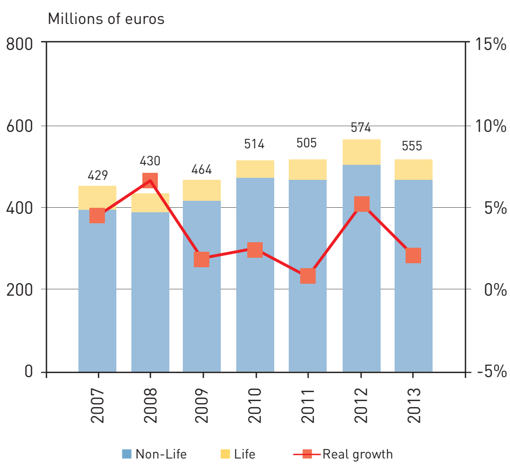
The penetration of insurance in the Dominican Republic's economy was around 1.3 percent, one of the lowest values in Latin America.

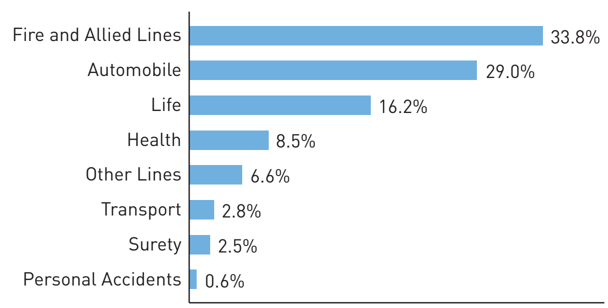
**Figure 35. Dominican Republic. 2013 premium volume[1] by lines**

| Line | Millions of pesos | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 30,893 | 555 | 5.8 | 1.8 |
| Life | 5,002 | 90 | 12.0 | 7.9 |
| Individual Life | 66 | 1 | 5.9 | 1.9 |
| Group Life - Collective | 4,936 | 89 | 12.1 | 7.9 |
| Non-Life | 25,891 | 465 | 4.7 | 0.8 |
| Fire and Allied Lines | 10,428 | 187 | 7.4 | 3.4 |
| Automobile | 8,969 | 161 | 3.3 | -0.6 |
| Health | 2,630 | 47 | 20.0 | 15.5 |
| Other Lines | 2,041 | 37 | 1.2 | -2.6 |
| Transport | 853 | 15 | -24.1 | -27.0 |
| Surety | 773 | 14 | -5.4 | -8.9 |
| Personal Accidents | 198 | 4 | 0.9 | -2.9 |

(1) Most collected premiums
**Source:** elaborated based on data published by the Superintendency of Insurance.

**Figure 36. Dominican Republic. 2013 progress of premiums and market share by lines**

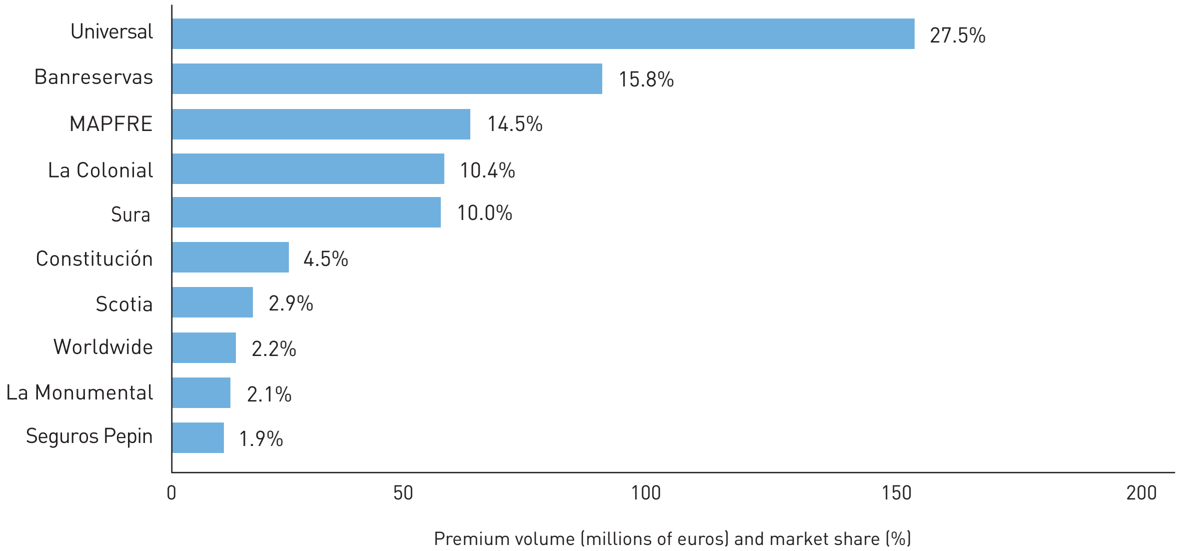



At the end of December 2013, the Dominican insurance market comprised 33 insurance companies. It continued to be a highly concentrated market in which the leading ten companies had 91.8 percent of the market and the top five companies had 78.2 percent.

The ranking constituents and order were the same as the previous year. The market shares of the companies were also very similar. Universal continued to be the leading company, followed a certain distance by Banreservas (property of the Dominican Government) and MAPFRE.

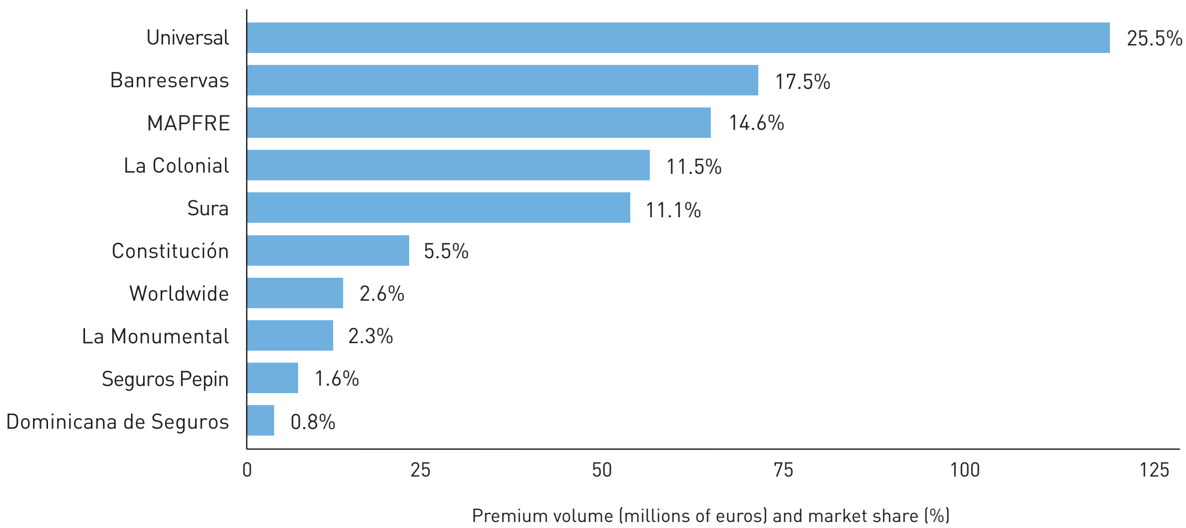
Figure 37. Dominican Republic. 2013 Total Ranking




**Source:** elaborated based on industry databases.

Given the significant weight of Non-Life insurance in the Dominican insurance market, it was not surprising that the Non-Life ranking was very similar to the general ranking. The only difference with the latter was the inclusion of the Compañía Dominicana de Seguros in the last position, replacing Scotia.

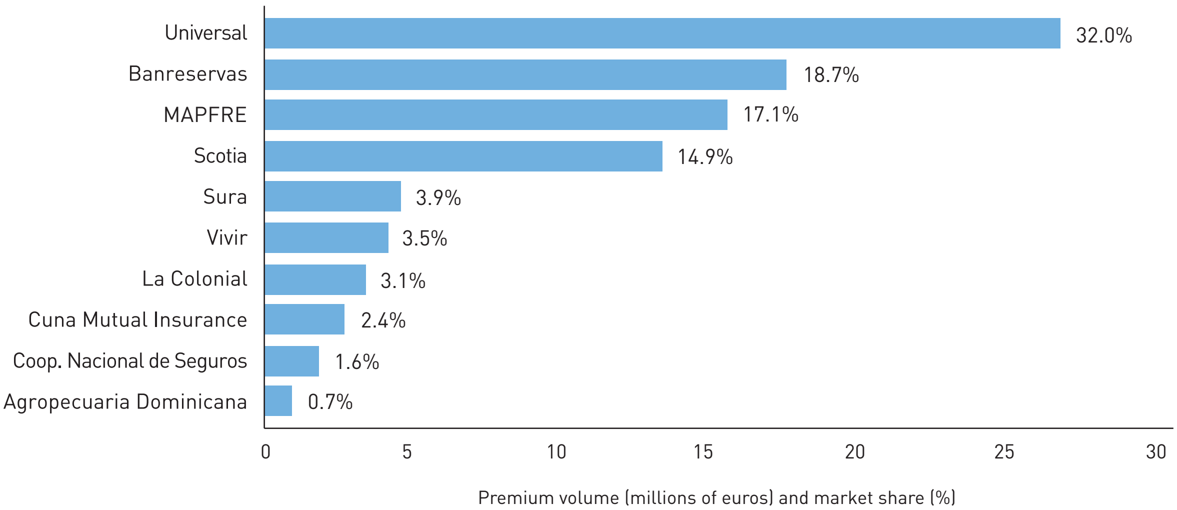
Figure 38. Dominican Republic. 2013 Non-Life insurance business Ranking




**Source:** elaborated based on industry databases.

As in the two previous rankings, Universal was the leading company in the Life ranking with a market share of 32 percent, followed a certain distance by Banreservas and MAPFRE. It was a highly concentrated market in which the top four companies accounted for 82.7 percent of the premiums.

Figure 39. Dominican Republic. 2013 Life insurance business Ranking



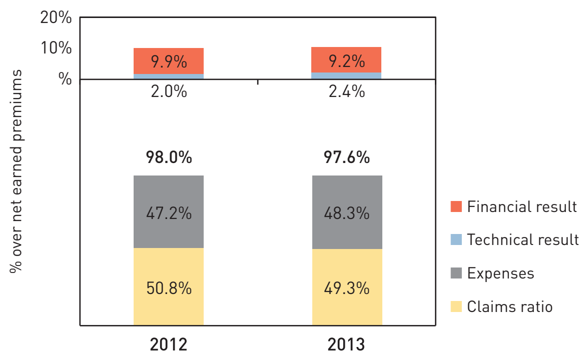

**Source:** elaborated based on industry databases.

## Results

The earnings in 2013 were 1.758 billion pesos (€31 million), representing a nominal increase of 1.6 percent from the previous year.

The combined ratio improved four percentage tenths as a result of the point-and-a-half decrease in costs, partially counteracted by an increase in the claims ratio. The technical result continued at positive levels and was 2.4 percent. The technical-financial result was 11.6 percent, three tenths less than the year before, as a result of a lower financial result.

Figure 40. Dominican Republic. Technical account outcome



### Preview 2014

The premium volume of the Dominican insurance market in the first six months of 2014 was 16.079 billion pesos (€271 million), representing nominal growth of 6.3 percent compared to the previous year, two points greater than the percentage recorded in the same period in 2012. As opposed to the previous period, the Non-Life insurance businesses (7.1 percent) grew more than the Life insurance businesses (1.9 percent). All types recorded positive growth, especially Personal Accidents (28.7 percent). The Automobile and Fire lines grew more moderately, 3.6 percent and 8.3 percent respectively. Health insurance continued to grow at a good pace (15.6 percent) and Transport grew 5.9 percent, stopping the significant reduction suffered the previous year.

**Figure 41. Dominican Republic. Premium volume[1] 1st half of 2014 by lines**

| Line | Millions of pesos | Millions of euros | % Δ |
|---|---|---|---|
| Total | 16,079 | 271 | 6.3 |
| Life | 2,475 | 42 | 1.9 |
| Non-Life | 13,604 | 230 | 7.1 |
| Automobile | 4,631 | 78 | 3.6 |
| Fire and/or Allied Lines | 5,823 | 98 | 8.3 |
| Transport | 410 | 7 | 5.9 |
| Personal Accidents | 113 | 2 | 28.7 |
| Health | 1,148 | 19 | 15.6 |
| Other Lines | 1,480 | 25 | 6.5 |

(1) Most collected premiums.
**Source:** elaborated based on data published by the Superintendency of Insurance.

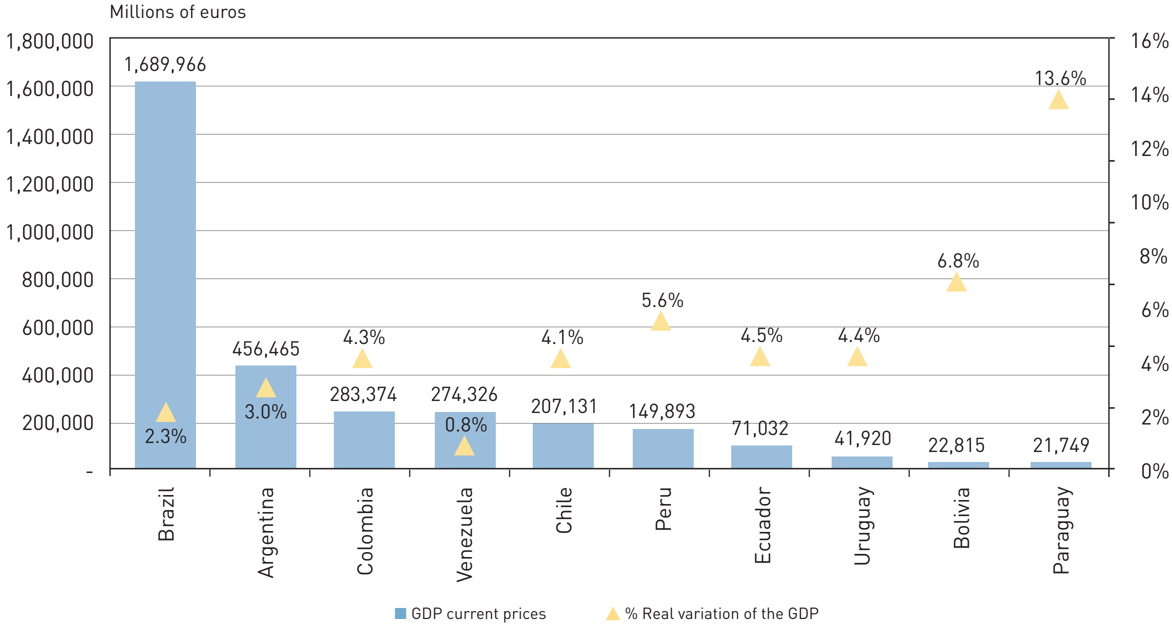
## 3.3. South America

### Macroeconomic Environment

Throughout 2013, the economies of South American countries have addressed problems derived from changes to the international context such as decreased dynamism of emerging economies and the fall in prices for raw materials which are their main export products. The countries used different strategies and obtained varying degrees of success even though the overall assessment of their outcome was positive. The GDP increased in all countries, recording growth which varied between 1.3 percent for Venezuela and 13.6 percent for Paraguay.

In seven of the ten countries (Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay), growth was more than 4 percent and in six (Argentina, Bolivia, Chile, Brazil, Colombia, Paraguay and Uruguay), the increase was greater than the value recorded the year before. This growth depended on domestic demand, above all on consumption and less so on investment. Wages continued their upward trend and unemployment remained at moderate levels. The unemployment rates in Brazil, Chile, Ecuador and Peru were below 6 percent (Ecuador's rate was below 5 percent). Colombia was the only country whose unemployment rate reached 10 percent.

**Figure 42. South America. 2013 GDP by country**




**Source:** elaborated based on information published by the insurance oversight authorities of each country and by the ECLAC.

Regarding inflation, heterogeneity was observed between the different countries. While Colombia was able to reduce the inflation rate to 1.9 percent, others such as Argentina and especially Venezuela, had double-digit rates. Inflation in Venezuela reached 56 percent in 2013.

There was also heterogeneity in the economic forecasts for 2014. Except for Colombia, slower growth was expected in the entire region and even some large economies such as Argentina's, Brazil's and Venezuela's may become stagnant or enter into a recession.

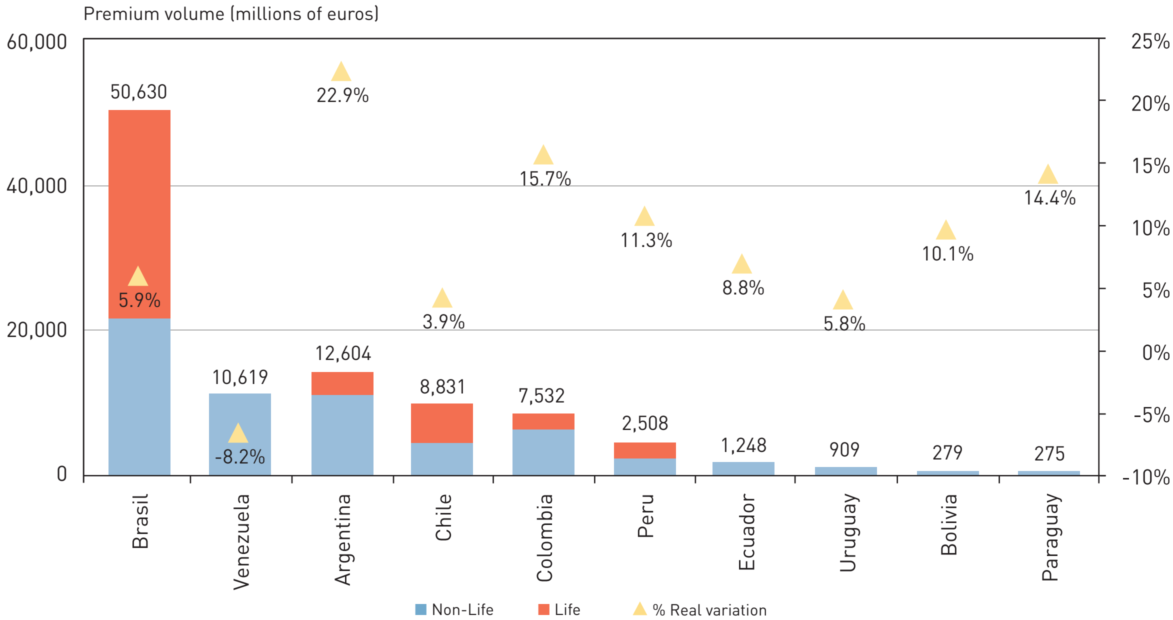
## Insurance Market

The aggregate production of premiums in 2013 increased to €95.435 billion, representing an increase of 3 percent compared to the year before. Therefore, a reduced rate of growth was observed since the recorded increase in 2012 was 19.6 percent.

All countries in the region increased their premium volume in nominal terms and all except for one (Venezuela) also did so in real terms, with growth between 3.9 percent (Chile) and 22.9 percent (Argentina). Five countries (Argentina, Bolivia, Colombia, Paraguay and Peru) recorded double-digit growth rates.

The Brazilian market represented 53 percent of the region's total. Argentina, with 11.1 percent, moved up to the second position, moving Venezuela to third place.

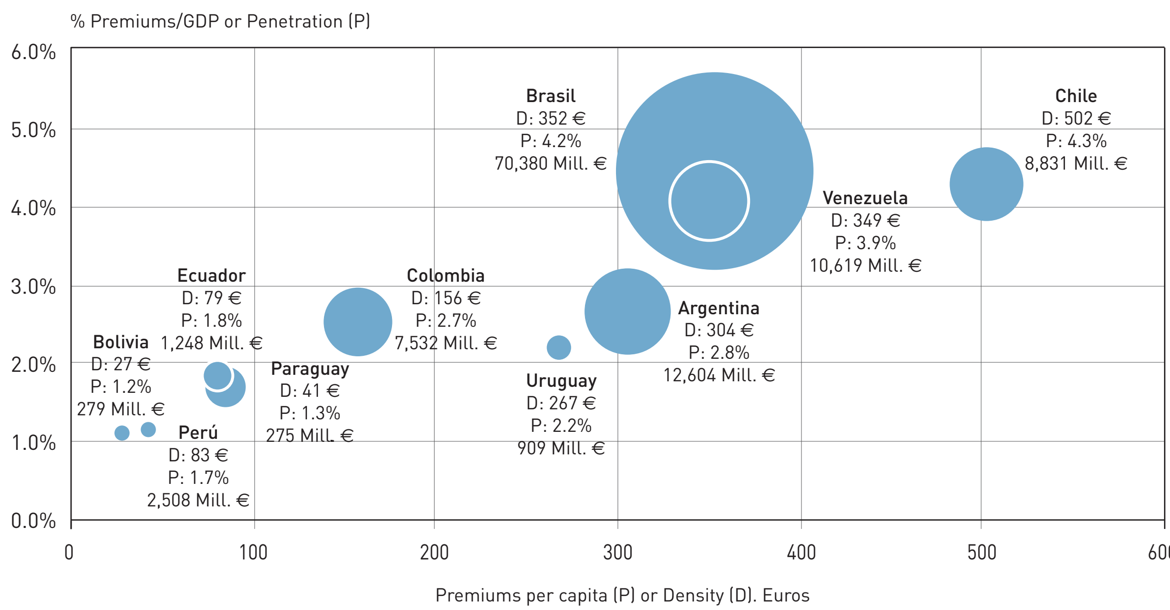
**Figure 43. South America. 2013 premium volume by country**




**Source:** elaborated based on information published by the insurance oversight authorities of each country and by the ECLAC.

For yet another year, Chile was the leading country in spending on insurance per inhabitant or insurance density (€502) and in percentage of premiums on the GDP or insurance penetration (4.3 percent), followed by Brazil (€352 and 4.2 percent) and Venezuela (€349 and 3.9 percent). On the other end were countries such as Bolivia and Paraguay whose low penetration rates (1.2 percent and 1.3 percent respectively) and density (€27 and €41 respectively) provided an idea of the great potential for growth of insurance in the region.

**Figure 44. South America. 2013 penetration and density by country**




**Source:** elaborated based on information published by the insurance oversight authorities and the central bank of each country.

% over net earned reinsurance premiums

**Figure 45. South America. 2012-2013 Results**

| Ratio (%) | Argentina | | Bolivia | | Brazil | | Chile | | Colombia | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Claims ratio | 61.4 | 65.4 | 44.8 | 40.7 | 48.0 | 47.0 | 88.1 | 91.2 | 60.9 | 60.0 |
| Expenses | 48.7 | 47.3 | 57.5 | 52.6 | 48.3 | 45.7 | 30.0 | 29.1 | 49.7 | 48.7 |
| Combined ratio | 110.1 | 112.7 | 102.3 | 93.3 | 96.3 | 92.7 | 118.1 | 120.3 | 110.6 | 108.6 |
| Financial result | 16.1 | 17.4 | 12.5 | 7.3 | 23.5 | 17.2 | 28.6 | 25.9 | 21.0 | 14.0 |
| Technical-financial result | 6.0 | 4.7 | 10.2 | 14.0 | 27.2 | 24.5 | 10.5 | 5.6 | 10.4 | 5.3 |
| Earnings | 8.1 | 6.7 | 9.0 | 10.4 | 22.5 | 24.5 | 9.7 | 6.4 | 9.7 | 4.5 |

| Ratio (%) | Ecuador | | Paraguay | | Peru | | Uruguay | | Venezuela | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Claims ratio | 48.2 | 50.5 | 44.0 | 42.1 | 62.6 | 62.2 | 64.6 | 64.7 | 59.3 | 59.8 |
| Expenses | 27.8 | 27.8 | 45.8 | 47.4 | 56.4 | 54.9 | 40.5 | 42.1 | 38.2 | 39.6 |
| Combined ratio | 76.1 | 78.3 | 89.7 | 89.5 | 119.0 | 117.1 | 105.1 | 106.8 | 97.5 | 99.4 |
| Financial result | 5.1 | 4.8 | 6.4 | 5.0 | 36.2 | 31.4 | 12.4 | 12.0 | 6.9 | 6.3 |
| Technical-financial result | 29.1 | 26.5 | 16.7 | 15.5 | 17.3 | 14.3 | 7.3 | 5.2 | 9.4 | 6.9 |
| Earnings | 7.6 | 5.7 | 14.4 | 13.3 | 16.1 | 13.6 | 4.0 | 5.0 | 8.3 | 8.4 |

**Source:** elaborated based on information published by the insurance oversight authorities.

The aggregate earnings of the entire region increased to €8.143 billion, 2 percent less than the previous year. Earnings only increased in Bolivia, Brazil and Uruguay and decreased in the other countries due to, in some cases, increases in the claims ratios and, in all cases, to worse performance of financial investments. The financial result decreased in all countries (except for Argentina), often due to increases in interest rates which resulted in the debt securities losing their value.

**Figure 46. South America. 2013 earnings by country (millions of €)**

| Country | 2012 | 2013 | Δ% |
|---|---|---|---|
| Brazil | 5,364 | 5,919 | 10.4 |
| Argentina | 694 | 701 | 1.0 |
| Venezuela | 669 | 622 | -7.0 |
| Chile | 652 | 448 | -31.4 |
| Colombia | 480 | 234 | -51.3 |
| Peru | 202 | 190 | -5.6 |
| Uruguay | 29 | 40 | 39.9 |
| Ecuador | 35 | 29 | -16.8 |
| Paraguay | 26 | 29 | 12.5 |
| Bolivia | 14 | 20 | 41.8 |
| Total | 8,164 | 8,232 | 0.8 |

**Source:** elaborated based on information published by the insurance oversight authorities.

### 3.3.1. Argentina

#### Macroeconomic Environment

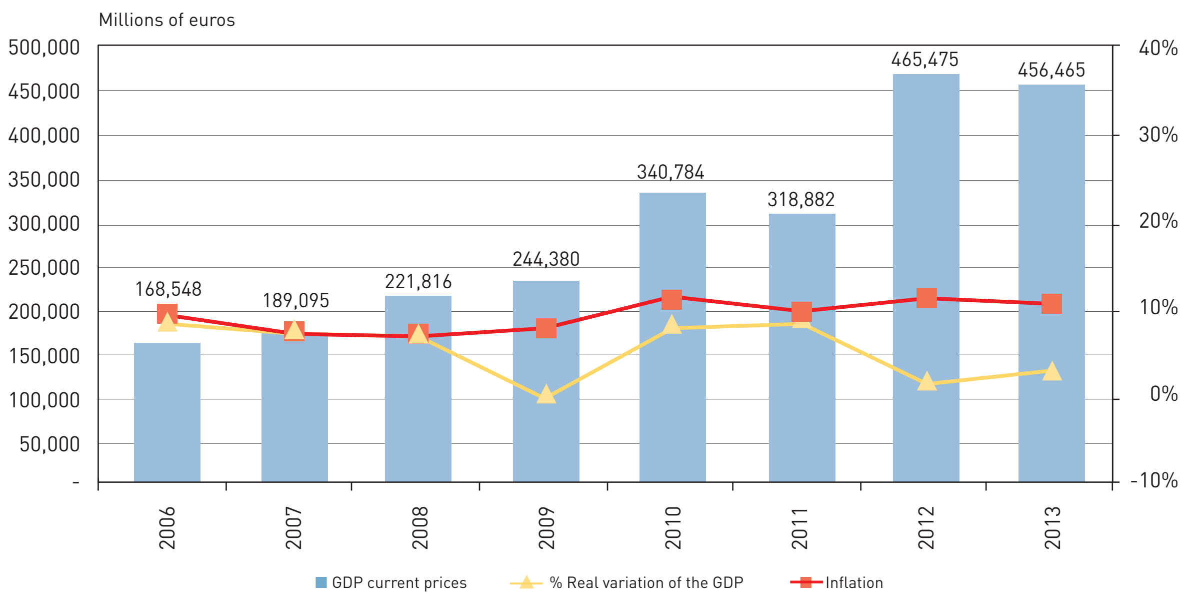
Argentina's economy grew 3 percent in 2013, therefore overcoming the previous year's standstill in which the GDP only increased 0.9 percent. Regarding demand, this recovery was driven by the dynamism of both public and private consumption. Regarding supply, the agricultural, construction and financial brokerage sectors stood out. Once again, production of the manufacturing industry declined.

In accordance with the official figures published by the National Statistics and Census Institute (INDEC), the inflation rate in 2013 was 10.9 percent, slightly higher than the rate recorded the previous year (10.8 percent) and significantly lower than the estimates published by other private institutions. The official method for calculating inflation was modified at the beginning of 2014, resulting in an increase in the inflation rates recorded this year.

The unemployment rate decreased one tenth to 7.1 percent. As in previous years, wages continued to increase (25.9 percent in 2013) in both the public and private sectors.

Regarding the external sector, both imports and exports increased. However, imports increased more than exports. This decrease in the trade balance resulted in a deficit of 0.7 percent in the result of the payment balance current account.

**Figure 47. Argentina. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

Argentina's economy slowed down in the first half of 2014 due to the effects of currency devaluation and the increase in interest rates in January. ECLAC estimates a slight decrease of the GDP in 2014 (-0.2 percent).

#### Insurance Market

In the year from July 1, 2012 to June 30, 2013, the premium volume of Argentina's insurance market rose to 80.626 billion pesos (€12.604 billion), representing nominal growth of 35.8 percent and real growth of 22.9 percent. The growth recorded in this period was greater than the growth reached the previous year (32.3 percent nominal and 20.4 percent real).

Life insurance premiums, which represented 16.5 percent of the premium total, increased 31.9 percent (nominal) until reaching 13.293 billion pesos (€2.078 billion). Group Life - Collective insurance, which had the greater market share of all Life insurance, grew 32.8 percent in nominal terms and

20.2 percent in real terms. The other Life insurance types also grew significantly.

Non-Life insurance premiums, which represented 83.5 percent of the total, grew 36.6 percent until reaching 67.333 billion pesos (€10.526 billion). All lines grew, with percentages ranging from 15.3 percent for Transport and 48.3 percent for Agrarian insurance. The largest lines continued to be Automobile and Workplace Accident which jointly represented 74 percent of the Non-Life premiums and 62 percent of the insurance market total. As in previous years, both lines grew strongly - 35.1 percent and 42.2 percent respectively - in the considered period.

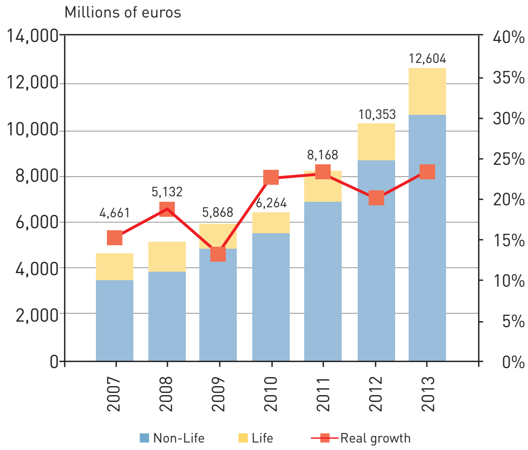
The penetration of insurance in Argentina's economy remained at 2.8 percent.

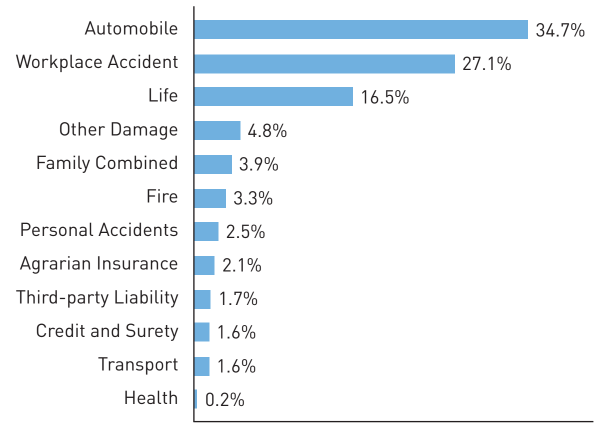
**Figure 48. Argentina. 2013 premium volume[1] by lines**

| Line | Millions of pesos | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 80,626 | 12,604 | 35.8 | 22.9 |
| Life | 13,293 | 2,078 | 31.9 | 19.4 |
| Group Life - Collective | 9,804 | 1,533 | 32.8 | 20.2 |
| Individual Life | 1,834 | 287 | 25.1 | 13.2 |
| Retirement | 1,655 | 259 | 34.4 | 21.6 |
| Non-Life | 67,333 | 10,526 | 36.6 | 23.6 |
| Automobile | 27,942 | 4,368 | 35.1 | 22.2 |
| Other Damage | 3,908 | 611 | 33.5 | 20.8 |
| Fire | 2,632 | 411 | 35.8 | 22.9 |
| Family Combined | 3,140 | 491 | 32.2 | 19.6 |
| Agrarian Insurance | 1,695 | 265 | 48.3 | 34.2 |
| Personal Accidents | 2,048 | 320 | 34.3 | 21.6 |
| Third-party Liability | 1,396 | 218 | 32.6 | 20.0 |
| Transport | 1,266 | 198 | 15.3 | 4.4 |
| Credit and Surety | 1,286 | 201 | 18.8 | 7.5 |
| Health | 185 | 29 | 43.7 | 30.0 |
| Workplace Accident | 21,836 | 3,413 | 42.2 | 28.7 |

(1) Premiums and surcharges issued.
**Source:** elaborated based on data published by the National Superintendency of Insurance and the magazine Estrategas

**Figure 49. Argentina. 2013 progress of premiums and market share by lines**

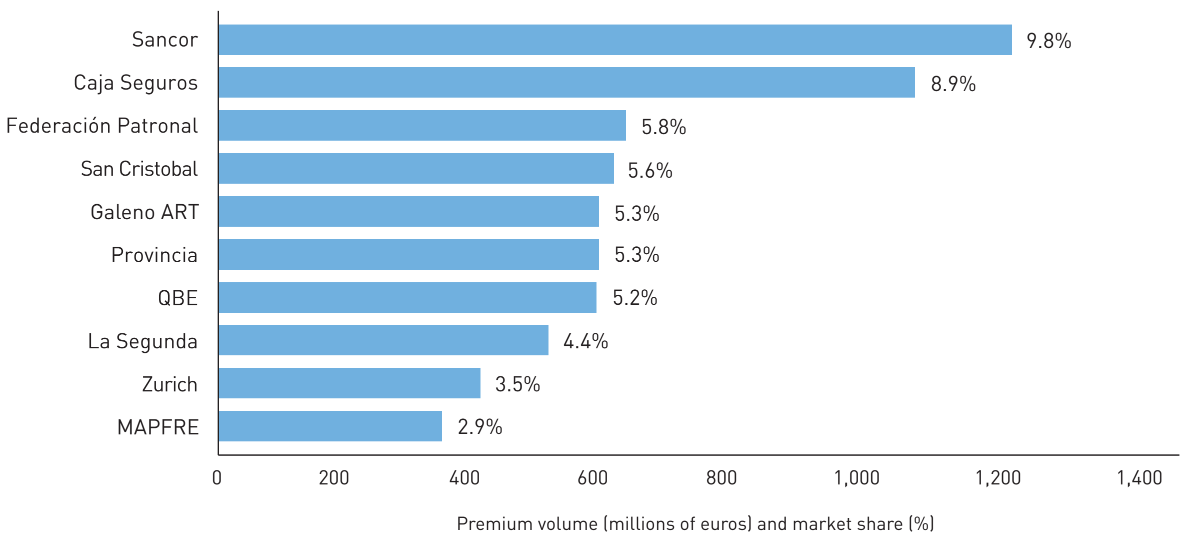



At the close of 2013, 180 insurance companies were operating in Argentina's market, one more than the previous year. Of these, 18 operated exclusively in Retirement, 37 in Life, 16 in Occupational Risks and 5 in Public Transportation of Passengers. The other 104 operated in Property Damage or were Mixed, covering the same number of Property and Life insurance.

The market share of the leading ten companies in the considered period was 56.7 percent, a value greater than the one recorded the previous year (53.9 percent). For yet another year, Sancor and Caja de Seguros continued to be leaders in the ranking, with shares of 9.8 percent and 8.9 percent respectively (the same as the year before). Federación Patronal improved its position (moved to third place). San Cristóbal and Provincia Seguros remained in the same position and the positions of La Segunda, Zurich, MAPFRE and QBE (fell from the third to the seventh position) worsened. RSA left the ranking and Galeno entered its place. Galeno considerably increased its business after acquiring the MAPFRE Health and Occupational Risk activities in 2012. It passed directly to fifth place.

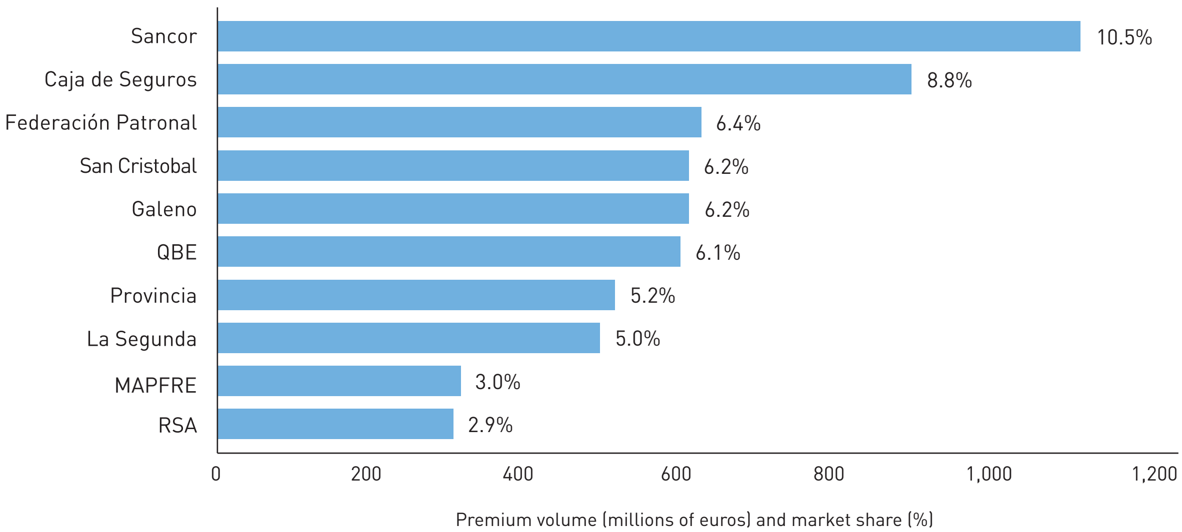
**Figure 50. Argentina. 2013 Total Ranking**




**Source:** elaborated based on information from the National Superintendency of Insurance and the magazine Estrategas.
Note: this does not include Retirement insurance.

Given the importance of the Non-Life segment in Argentina, changes in this ranking were similar to those produced in the overall ranking. Sancor and Caja de Seguros continued to be leaders of the classification. Federación Patronal moved up the third position and QBE moved down from third to sixth. Galena entered the ranking in the fifth position which contributed to Zurich leaving the ranking.

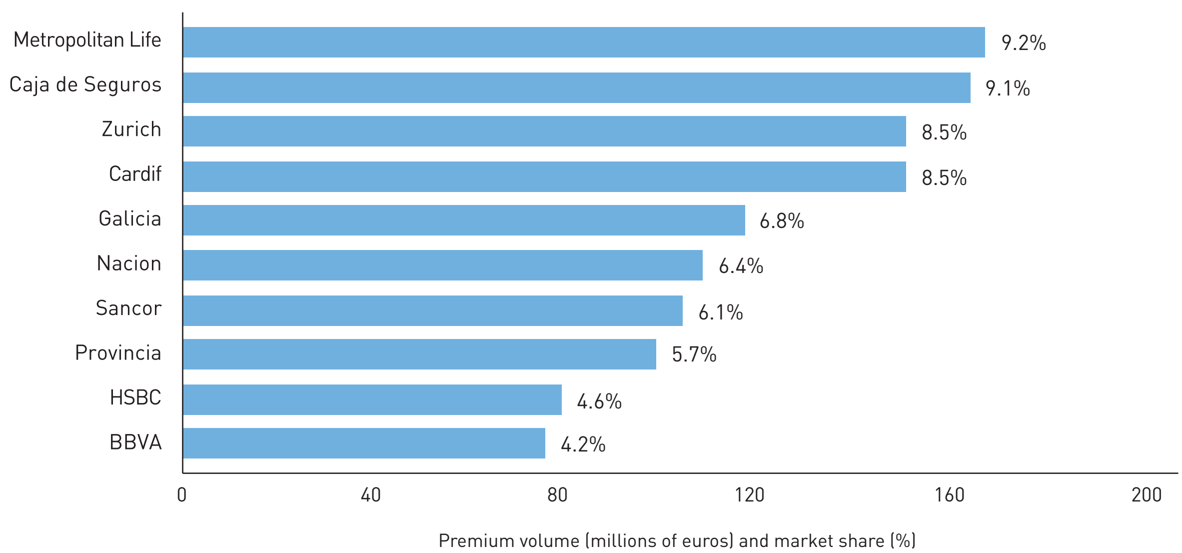
**Figure 51. Argentina. 2013 Non-Life insurance business Ranking**




**Source:** elaborated based on information from the National Superintendency of Insurance and the magazine Estrategas.
Note: this does not include Retirement insurance.

The market share of the leading ten Life companies increased considerably from 48.7 percent in 2012 to 69.1 percent in 2013. The top four companies continued to be the same as the previous year even though Metropolitan Life took first place from Caja de Seguros. CNP Assurances and MAPFRE left the ranking and Galicia and Nación entered it.

**Figure 52. Argentina. 2013 Life insurance business Ranking**

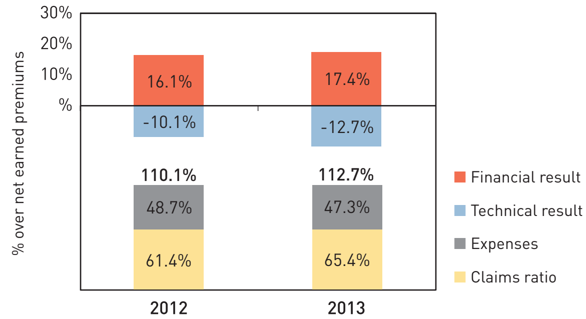



**Source:** elaborated based on information from the National Superintendency of Insurance and the magazine Estrategas.
Note: this does not include Retirement insurance.

### Results

The year's earnings in 2013 reached the amount of 4.485 billion pesos (€701 million), which represents an increase of 14 percent (nominal) from the previous year. The combined ratio decreased by more than two and a half points due to a significant increase in the claims ratio of four percentage points which could not be compensated for by an increase in costs. Consequently, the technical result worsened. As in previous years, it continued to be negative (12.7 percent). Finally, the improvement of the financial result made it possible to compensate for the decrease of the technical result and obtain a technical-financial result of 4.7 percent.

**Figure 53. Argentina. Technical account outcome**




**Source:** elaborated based on information from the National Superintendency of Insurance.

### Preview 2014

The premium volume in Argentina's insurance market during the first half of 2014 rose to 58.358 billion pesos (€5.309 billion), representing nominal growth of 37.4 percent (identical to the increase recorded in the same period of the previous year). Growth in Life increased (42.3 percent compared 32.7 percent the previous year) and slightly decreased in Non-Life (from 38.4 percent to 36.5 percent). Almost all of the lines had strong nominal growth, greater than thirty percent and even forty percent in some cases. The largest Non-Life line, Automobile, grew 44.3 percent until reaching 21.572 billion pesos (€1.962 billion). The second largest line, Workplace Accident, reached 14.723 billion pesos (€1.339 billion) even though its growth decreased to 24.5 percent (compared to 44.0 percent in the same period the year before).

**Figure 54. Argentina. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of pesos | Millions of euros | % Δ |
|---|---|---|---|
| Total | 58,358 | 5,309 | 37.4 |
| Life | 9,640 | 877 | 42.3 |
| Non-Life | 48,719 | 4,432 | 36.5 |
| Automobile | 21,572 | 1,962 | 44.3 |
| Family Combined | 2,237 | 204 | 37.0 |
| Fire | 1,776 | 162 | 45.3 |
| Transport | 862 | 78 | 33.4 |
| Personal Accidents | 1,440 | 131 | 30.9 |
| Health | 122 | 11 | 34.4 |
| Other Lines | 5,986 | 545 | 41.8 |
| Workplace Accident | 14,723 | 1,339 | 24.5 |

(1) Premiums and surcharges issued
**Source:** elaborated based on data published by the National Superintendency of Insurance and the magazine Estrategas.

### 3.2.2. Bolivia (Plurinational State Of)

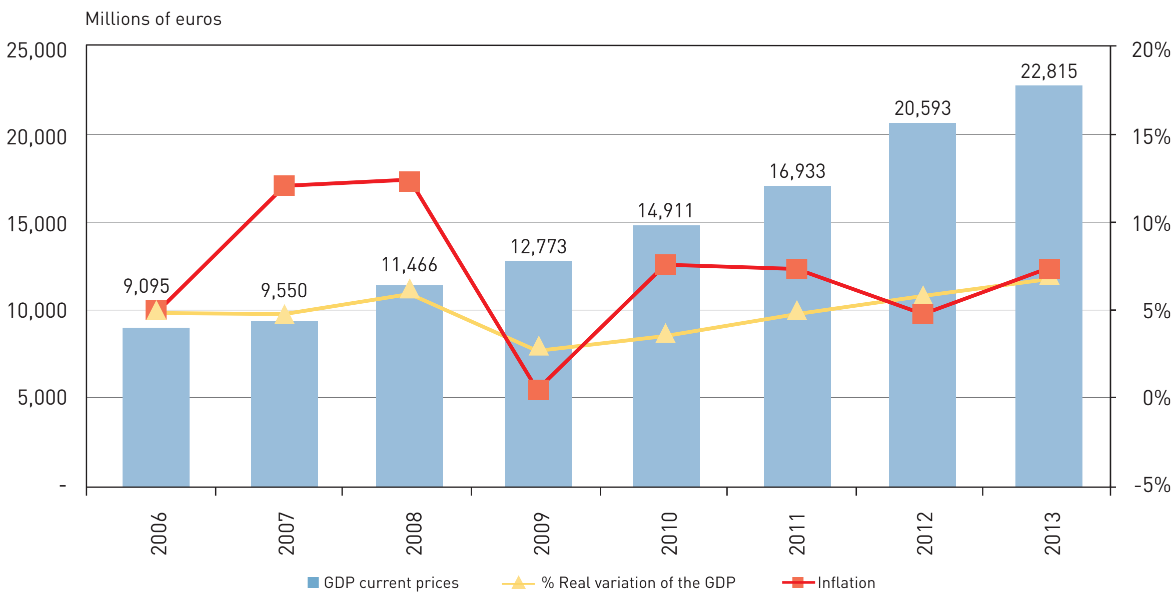
#### Macroeconomic Environment

In 2013, Bolivia's economy grew 6.8 percent (compared to 5.2 percent recorded in 2012). This is the highest growth rate of the last three decades, driven by the dynamism of domestic demand. Private consumption increased most of all due to the increase in employment, wages and credit. Public consumption, even though less so, also increased. The growth of gross fixed capital formation (GFCF) which increased 37 percent compared to the previous year was also noted. From the supply point of view, the dynamism of the hydrocarbon sector followed by cement, construction and financial services stood out.

The cumulative inflation rate at the end of 2013 was 6.5 percent (4.5 percent in 2012) due to the increase in prices of several basic food items. The wages of public and private employees also increased in 2013:

Regarding the external sector, imports - especially of capital goods - increased 12.9 percent. Even though with lesser dynamism, exports (2.3 percent) also increased. This resulted in a decrease of the surplus of the payment balance current account to 3.3 percent (7.6 percent in 2012).

**Figure 55. Bolivia. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

The ECLAC estimates that the growth of Bolivia's economy in 2014 will decrease to 5.2 percent, a value that will still continue being above the regional average.

#### Insurance Market

In 2013, the premium volume of the Bolivian insurance market was $371 million (€279 million) with a nominal increase of 17.2 percent and a real increase of 10.1 percent compared to the previous year. The Life insurance businesses accounted for 24 percent of the premiums and Non-Life insurance businesses for the other 76 percent.

Life insurance premiums grew nominally to 30.6 percent until reaching a value of $89 million (€67 million). The Mortgage Relief (46.7 percent) and Group Life - Collective (27.6 percent) lines grew significantly even though the latter continued to have little relative importance. The Individual Life insurance business also grew 5.5 percent in nominal terms even though it slightly decreased in real terms (-0.9 percent). As in the previous year, Pension insurance disappeared from the ranking.

Non-Life insurance premiums grew nominally by 13.5 percent until reaching a value of $282 million (€212 million). All lines except for Fire and Allied Lines which decreased 1.2 percent in nominal terms (-7.2 percent in real terms) grew. Once again, the growth of the Automobile line (20 percent) which includes the Mandatory Traffic Accident Insurance (SOAT) and which accounted for 22 percent of the premium total and 29 percent of the Non-Life insurance businesses (27.3 in 2012) stood out. The Transport and Surety lines also grew more than 20 percent.

**Figure 56. Bolivia. 2013 premium volume[1] by lines**

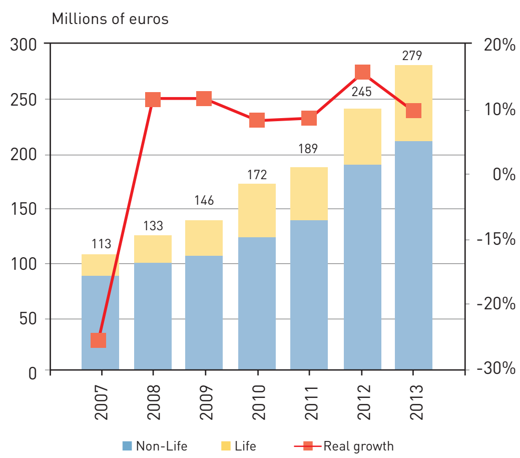
| Line | Millions of $ | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 371 | 279 | 17.2 | 10.1 |
| Life | 89 | 67 | 30.6 | 22.7 |
| Individual Life | 25 | 19 | 5.5 | -0.9 |
| Group Life - Collective | 8 | 6 | 27.6 | 19.9 |
| Mortgage Relief | 56 | 42 | 46.7 | 37.8 |
| Pension Insurance | | 0 | -100.0 | -100.0 |
| Non-Life | 282 | 212 | 13.5 | 6.6 |
| Automobile | 82 | 61 | 20.0 | 12.7 |
| Fire and/or Allied Lines | 48 | 36 | -1.2 | -7.2 |
| Health | 36 | 27 | 14.6 | 7.6 |
| Transport | 32 | 24 | 22.6 | 15.2 |
| Technical Risks | 23 | 17 | 10.7 | 4.0 |
| Surety | 21 | 16 | 21.1 | 13.7 |
| Other Damage | 17 | 13 | 5.4 | -1.0 |
| Third-party Liability | 14 | 10 | 15.2 | 8.2 |
| Personal Accidents | 9 | 7 | 18.7 | 11.5 |

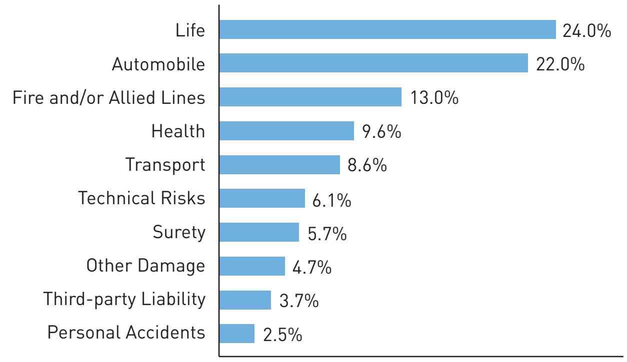
(1) Direct premiums
**Source:** elaborated based on data published by the Authority of Oversight and Control of Pensions and Insurance

Seven general insurance companies and seven life insurance companies operated in the Bolivian insurance market. The companies Alianza Seguros, Credinform and BISA Seguros were the leaders in general insurance while Nacional Vida, Alianza Vida and La Vitalicia were leaders in the Life market. In the overall ranking, the first position continued to be occupied by Grupo Alianza (Alianza Seguros and Alianza Vida) with a 22.4 percent market share, followed by Grupo BISA (BISA Seguros and La Vitalicia) with 19.4 percent.

The penetration of insurance in Bolivia's economy in 2013 was 1.2 percent, one of the lowest values in Latin America.

**Figure 57. Bolivia. 2013 progress of premiums and market share by lines**

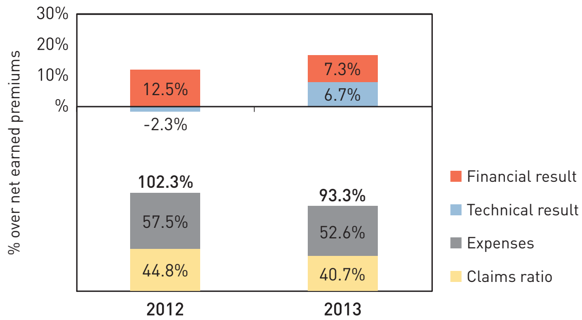


### Results

Earnings in 2013 were 188 million bolivianos (€20 million), representing an increase of 45 percent on the figure for the previous year. The combined ratio improved nine points due to significant reductions in the claims ratio and costs. The technical result became positive (6.7 percent in 2013 compared to -2.3 percent in 2012). The technical-financial result increased less - around less than four points - due to the decrease of the financial result.

**Figure 58. Bolivia. Technical account outcome**




**Source:** elaborated based on information from the Superintendency of Pensions, Securities and Insurance.

### Preview 2014

The premium volume in Bolivia's insurance market during the first half of 2014 was $200 million (€146 million), representing an increase of 10.7 percent compared to the same period of the previous year. Life insurance grew more than Non-Life insurance (15.7 percent compared to 9.2 percent) and within this last group, growth was recorded in all lines except for Fire and Allied Lines which decreased 1.2 percent and in Workplace Accident which did not change. The Automobile line grew nearly 10 percent until reaching $53 million.

**Figure 59. Bolivia. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of $ | Millions of euros | % Δ |
|---|---|---|---|
| Total | 200 | 146 | 10,7 |
| Life | 49 | 36 | 15,7 |
| Non-Life | 152 | 111 | 9.2 |
| Automobile | 53 | 38 | 9.8 |
| Fire and/or Allied Lines | 19 | 14 | -1.2 |
| Health | 19 | 14 | 11.6 |
| Transport | 17 | 12 | 16.3 |
| Personal Accidents | 6 | 4 | 10.6 |
| Other Damage | 40 | 29 | 9.7 |

(1) Direct premiums

**Source:** elaborated based on data published by the Superintendency of Pensions, Securities and Insurance.

### 3.3.3. Brazil

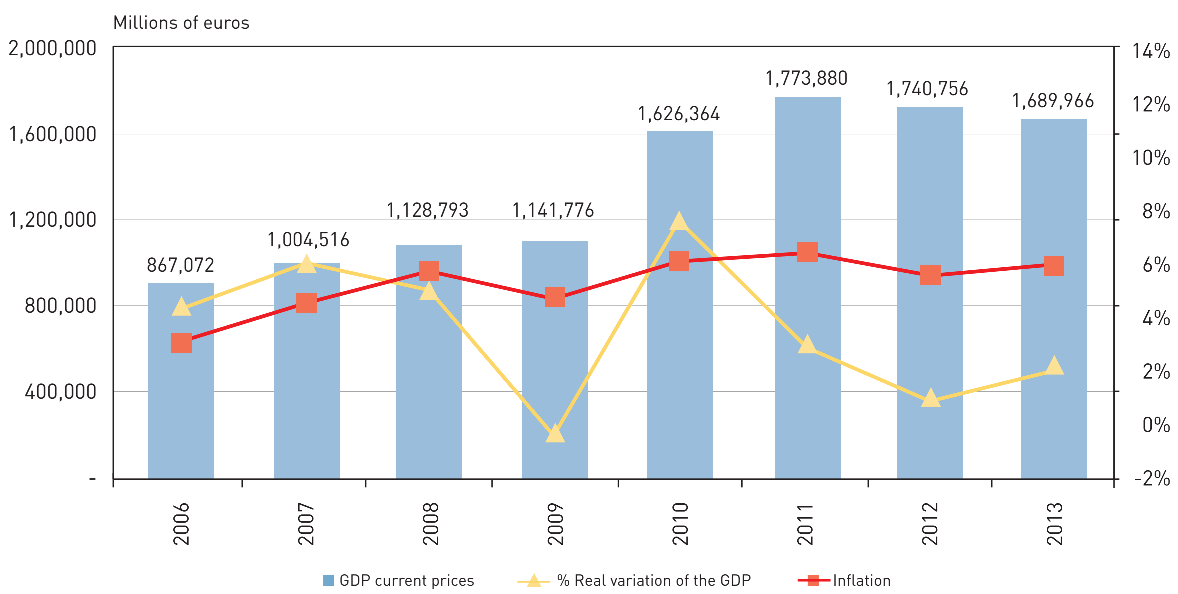
#### Macroeconomic Environment

Brazil's economy grew 2.5 percent in 2013 compared to 1 percent the previous year. Investment and consumption grew moderately even though their paths suffered highs and lows throughout the year. Regarding supply, the growth of the agricultural sector (7.3 percent) was noteworthy. The other largest sectors recorded moderate growth, with the exception of mining which fell 2.2 percent.

The inflation rate was 5.9 percent, almost the same as the rate recorded the previous year (5.8 percent). To prevent a greater increase in inflation, the government maintained the prices of fuels, energy and public transportation under administrative control. However, the unemployment rate in 2013 reached a historically low level (5.4 percent).

Regarding the external sector, during 2013, the export of goods came to a standstill while imports continued to grow. This resulted in an increase in the current account deficit which reached 3.6 percent of the GDP (compared to 2.9 percent the previous year). The reasons for standstill of the export of goods were related to falling prices and volumes exported of the basic products, a decrease partially compensated for by the increase in exports of manufactured goods (mainly automobiles).

Figure 60. Brazil. 2013 GDP




**Source:** elaborated based on information published by ECLAC and the Central Bank.

Throughout 2014, reductions in investment, consumption and exports were recorded which led to a stagnated economy. The estimates for 2014 placed growth of the GDP below 1 percent.

#### Insurance Market

In 2013, Brazil's insurance market recorded a premium volume of 145.147 billion reales (€50.630 billion), representing a nominal increase of 12.2 percent and a real increase of 5.9 percent (compared to 23.3 percent and 16.5 percent, respectively, the previous year). Therefore, the growth trend recorded in the last decade was maintained even though certain slowdown was observed. 57.2 percent of the premiums corresponded to the Life insurance businesses and the other 42.8 percent to the Non-Life insurance businesses.

The Life insurance businesses grew 7.9 percent until reaching 82.976 billion reales (€28.944 billion), representing a decrease on the previous year in which growth was 31.9 percent. This slowdown was related to a decrease in taking out VGBL insurance (Vida Gerador de Beneficio Livre) which only grew 4.5 percent (and even decreased 1.4 percent in real terms) compared to 37.3 percent the previous year. Certain modifications of the economic policy affected investments of these insurances and made them less attractive than in previous years. However, Individual and Group Life - Collective insurances grew 19.7 percent (compared to 16.2 percent in 2012) until reaching 20.746 billion reales (€7.236 billion).

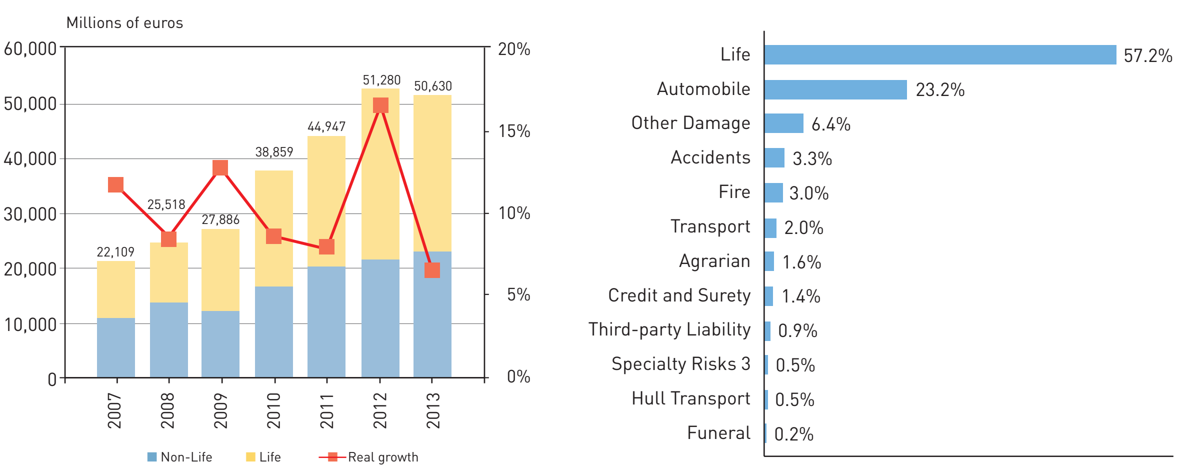
Non-Life insurance businesses grew 18.5 percent in 2013 (compared to 12.4 percent the previous year) until reaching an amount of 62.171 billion reales (€21.687 billion). All types grew, both in nominal and real terms, with Agrarian (57.6 percent), Specialty Risks (48.2 percent) and Credit and Surety (25.3 percent) insurances especially noted. Automobile insurance, which accounted for 54 percent of all Non-Life insurance premiums, grew 18.6 percent in 2013 (14.5 percent in 2012) to 33.605 billion reales (€11.722 billion).

**Figure 61. Brazil. 2013 premium volume[1] by lines**

| Line | Millions of reales | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 145,147 | 50,630 | 12.2 | 5.9 |
| Life | 82,976 | 28,944 | 7.9 | 1.9 |
| Collective and Individual Life | 20,746 | 7,236 | 19.7 | 13.0 |
| VGBL[2] | 62,230 | 21,707 | 4.5 | -1.4 |
| Non-Life | 62,171 | 21,687 | 18.5 | 11.9 |
| Automobile | 33,605 | 11,722 | 18.6 | 12.0 |
| Other Damage | 9,239 | 3,223 | 13.8 | 7.4 |
| Accidents | 4,814 | 1,679 | 12.2 | 5.9 |
| Fire | 4,336 | 1,512 | 19.2 | 12.6 |
| Transport | 2,915 | 1,017 | 9.2 | 3.1 |
| Credit and Surety | 2,009 | 701 | 25.3 | 18.3 |
| Agrarian | 2,334 | 814 | 57.6 | 48.8 |
| Third-party Liability | 1,236 | 431 | 15.1 | 8.7 |
| Hull Transport | 691 | 241 | 14.8 | 8.4 |
| Specialty Risks[3] | 743 | 259 | 48.2 | 40.0 |
| Funeral | 250 | 87 | 45.3 | 37.2 |

(1) Direct premiums. (2) Vida Gerador de Benefício Livre. (3) Petroleum, nuclear risks and satellites.
**Source:** elaborated based on data published by the Superintendency of Private Insurance (SUSEP).

**Figure 62. Brazil. 2013 progress of premiums and market share by lines**



If in addition to the insurance, the income of the other segments (Private Pension, Health and Capitalization) are taken into account, the total income rose to 201.766 billion reales (€70.380 billion) with an increase of 15.1 percent on the previous year.

The penetration of insurance in Brazil's economy in 2013 was 4.2 percent, increasing two tenths on the previous year.

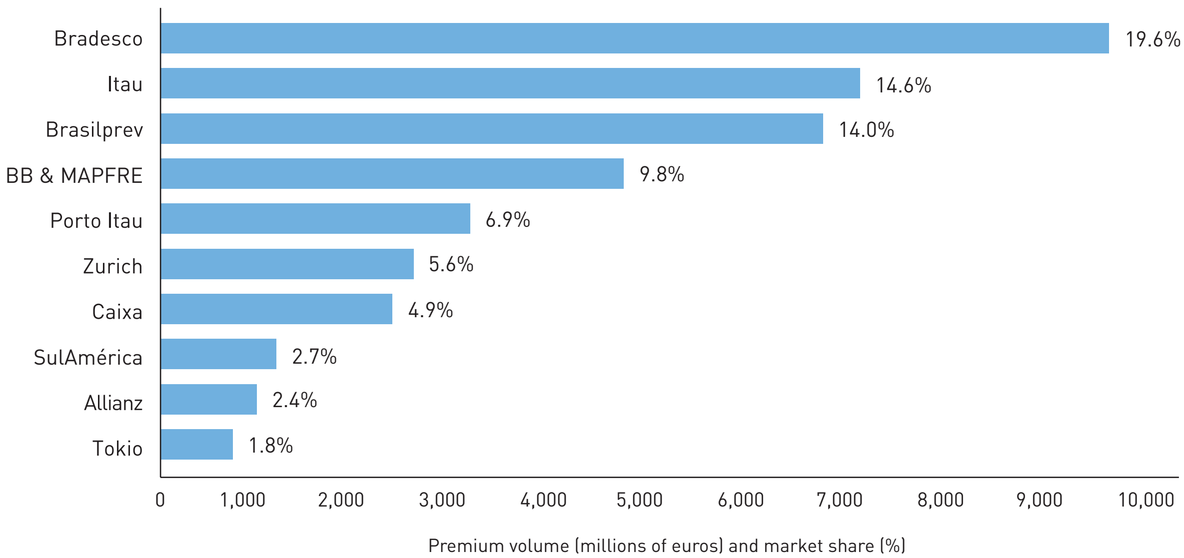
**Figure 63. Brazil. 2013 private insurance contributions and premiums**

| Line | Millions of reales | Millions of euros | % Δ |
|---|---|---|---|
| Insurance | 145,147 | 50,630 | 12.2 |
| Private Pension | 11,316 | 3,947 | 5.9 |
| Health Insurance | 24,322 | 8,484 | 30.3 |
| Capitalization | 20,980 | 7,318 | 26.5 |
| Total | 201,766 | 70,380 | 15.1 |

**Source:** Superintendency of Private Insurance and the National Regulatory Agency for Private Health Insurance and Plans (ANS).

At the end of 2013, 121 insurance companies were operating in the Brazilian market. It continued to be a highly concentrated market in which the ten main companies accounted for 82.3 percent of the issued premiums, not including Health. The total ranking suffered very few variations compared to the previous year and continued to be led by Bradesco with a share of 19.6 percent, followed by Itaú (14.6 percent) and Brasilprev Seguros (14.0 percent). The only modification is that Tokio entered the ranking in the last position and HSBC left it.

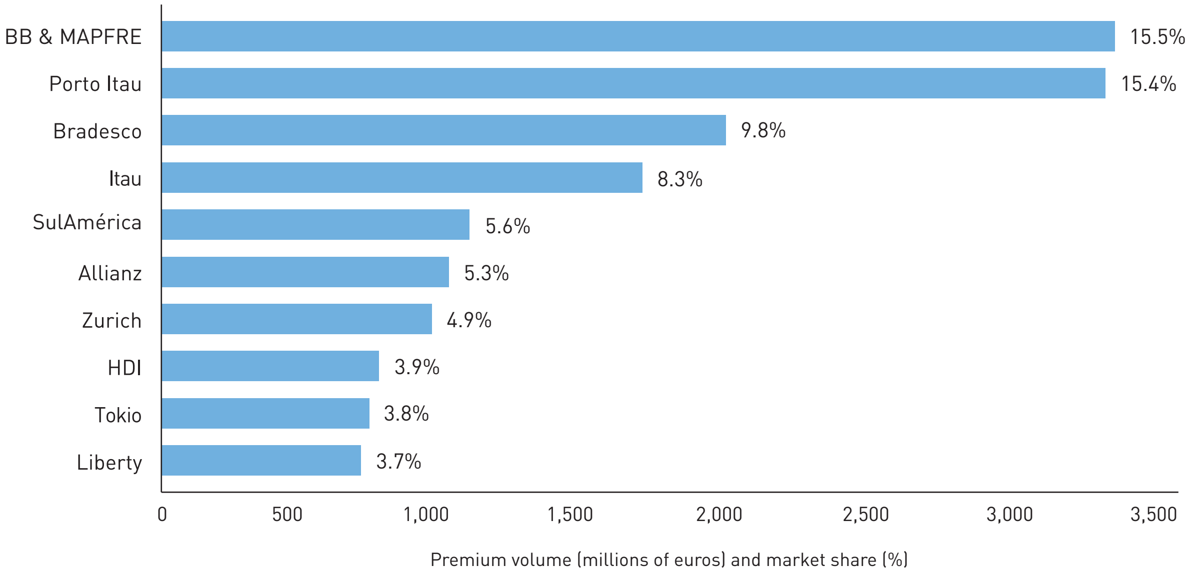
**Figure 64. Brazil. 2013 Total Ranking**




**Source:** Superintendency of Private Insurance.

In the Non-Life ranking, MAPFRE moved to the first position, moving Porto Itaú to the second position. SulAmérica improved its position and Allianz and Liberty's positions worsened. HDI entered the ranking in the eight position and Grupo Caixa left this classification.

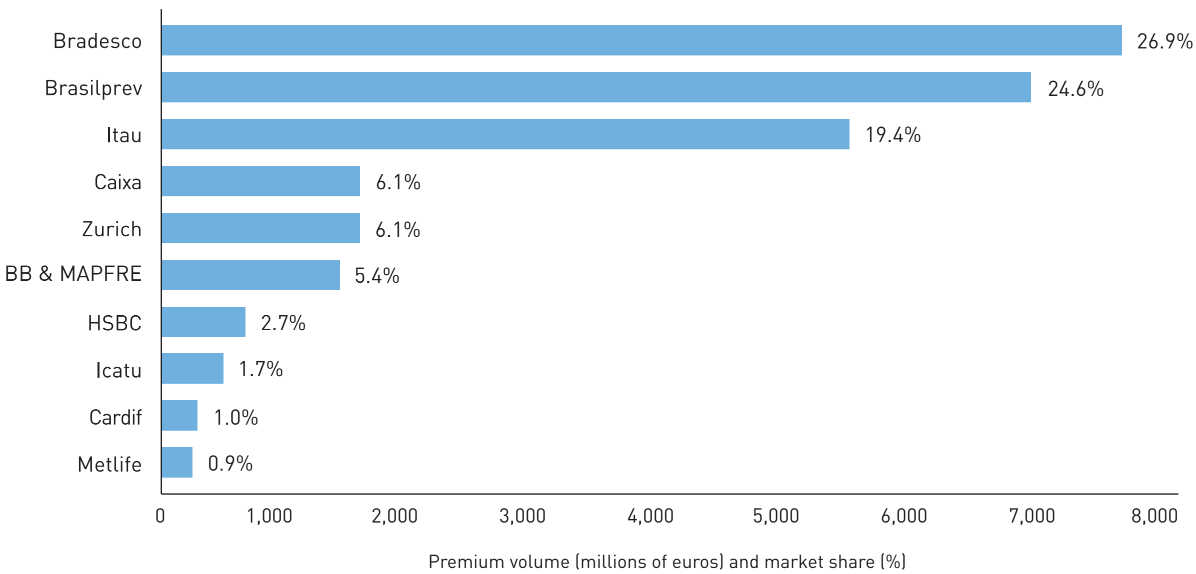
**Figure 65. Brazil. 2013 Non-Life insurance business Ranking**




**Source:** Superintendency of Private Insurance.

In the Life ranking, Bradesco maintained the first position with a market share of 26.9 percent while Brasilprev took second place from Itaú which dropped to the third position. After leaving the ranking in 2012, Cardif once again classified among the leading ten Life groups and SulAmérica left the ranking.

**Figure 66. Brazil. 2013 Life insurance business Ranking**



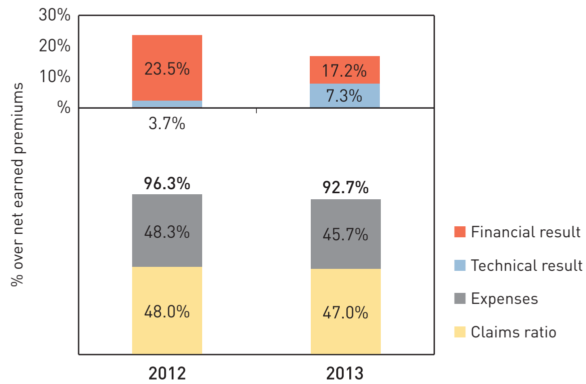

**Source:** Superintendency of Private Insurance.

### Results

Earnings in the Brazilian insurance industry rose to 16.969 billion reales (€5.919 billion), representing 10.4 percent more than in 2012. The earnings from premiums were 24.5 percent, two percentage points higher than in 2012.

The combined ratio improved more than three and a half points due to the joint fall of the claims ratio and costs. Specifically, the claims ratio fell one point and returned to the decreasing trend of recent years which was interrupted in 2012. The technical result continued to be positive and increased to 7.3 percent. However, the financial result fell more than six points to 17.2 percent due to low interest rates in force up to the middle of 2013.

**Figure 67. Brazil. Technical account outcome**




**Source:** elaborated based on information from SUSEP.

### Preview 2014

The premium volume in the Brazilian insurance industry during the first half of 2014 was 78.229 billion reales (€25.019 billion), representing growth of 6.5 percent compared to the same period in the previous year. The Life segment suffered a reduction of 1.3 percent compared to the increase of 20.6 percent recorded in the first half of 2013. However, the Non-Life insurance businesses grew 17.6 percent, maintaining their growth rate. The growth of Automobile (23.5 percent) and the significant reduction of Transport (-18.8 percent) were noted.

**Figure 68. Brazil. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of reales | Millions of euros | % Δ |
|---|---|---|---|
| Total | 78,229 | 25,019 | 6.5 |
| Life | 42,685 | 13,651 | -1.3 |
| Non-Life | 35,544 | 11,367 | 17.6 |
| Automobile | 20,169 | 6,450 | 23.5 |
| Fire | 2,202 | 704 | 4.9 |
| Accidents | 2,556 | 818 | 7.6 |
| Transport | 1,305 | 417 | -18.8 |
| Other Lines | 9,311 | 2,978 | 19.1 |

(1) Direct premiums.
**Source:** elaborated based on data published by the Superintendency of Private Insurance (SUSEP).

The Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (CNseg) is optimistic regarding the progress of all segments of the Brazilian insurance industry in 2014 and 2015, projecting a growth rate of 11.2 percent and 12.4 percent respectively for each year. By segments, the highest increase rates were obtained by Health and Private Pension.

### New Legislation

Throughout 2013, SUSEP published 31 resolutions and 30 circulars devoted to regulating different technical matters such as the criteria for calculating capital required for operational risk and the risk of underwriting in different lines, rules for drawing up technical provisions of the companies and rules for calculating the withholding limits of insurance and reinsurance companies, among many other matters.

## 3.3.4. Chile

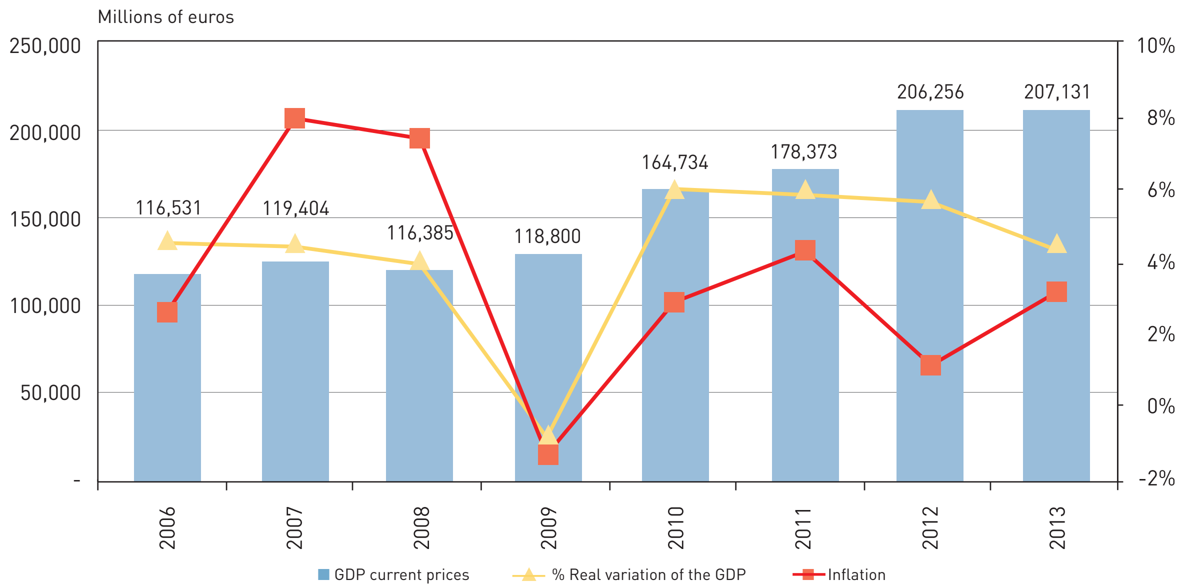
### Macroeconomic Environment

The Chilean economy recorded a growth of 4.1 percent in 2013, a lower value than that obtained in 2012 (5.4 percent). This slowdown is due to the loss of dynamism of domestic demand, especially investment, whose growth fell from 12.2 percent in 2012 to 0.4 percent in 2013. One of the factors behind the reduction in investment is the end of reconstructing the damage caused by the earthquake in 2010. However, consumption continued growing, although with a downward trend. In addition, all of the important economic activities slowed down, except for mining.

The annual inflation rate at the end of 2013 increased to 3.0 percent compared to 1.5 percent recorded a year before, with an upward trend that has remained in the first few months of 2014. The unemployment rate has fallen below 5.9 percent (6.4 percent in 2012).

Regarding the external sector, in 2013 the growth of imports slowed down and the volume of exports grew, although not the value of the latter. The outcome was a current account deficit of 3.4 percent, the same value as the previous year.

Figure 69. Chile. 2013 GDP




**Source:** elaborated based on information published by ECLAC and the Central Bank.

For 2014, the ECLAC forecasts a growth of 1.8 percent, lower than that recorded in previous years, due to the slowdown in the economies of the main economic partners of the country, and the loss of dynamism in domestic demand.

### Insurance Market

The Chilean insurance market in 2013 had a premium volume of 248 million UF (€8.831 billion), which is 3.9 percent more than the previous year. This growth was somewhat higher in Non-Life (4.0 percent) than in Life (3.7 percent). A year later, the Life insurances continue to provide approximately 60 percent of premiums.

Life insurance recorded a premium income of 148 million UF (€5.271 billion) in 2013. Pension insurances (life annuities) continued to grow at a good rate (13.0 percent), due to the participation of the insurance companies in the Chilean social security system, comprising nearly 69 percent of all of the Life insurances. On the other hand, the individual and group Life insurances decreased, the fall of the latter being especially noteworthy (-23.8 percent).

Non-Life insurances recorded an income of 100 million UF (€3.560 billion) in 2013. A year later, the growth of Health Insurance is noteworthy (29.6 percent). There was also prominent growth in Other Damages (15.3 percent), Credit and Surety (16.2 percent) and Third-party liability (10.2 percent). On the downside, the most important lines decreased, Fires and Allied Lines (-6.7 percent) and Automobiles (-0.9 percent).

The premium per capita in 2013 was €503 and the penetration index was 4.2 percent, the same value as in the previous year.

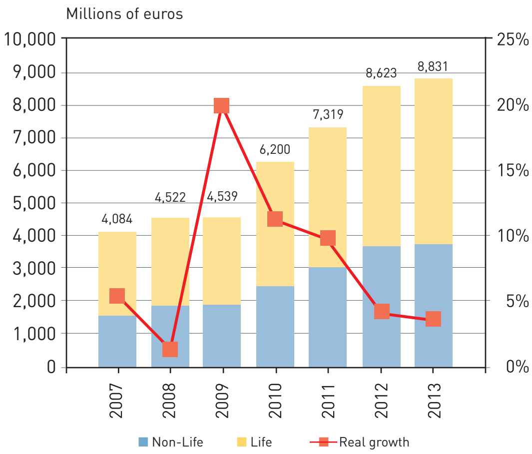
**Figure 70. Chile. 2013 premium volume[1] by lines**

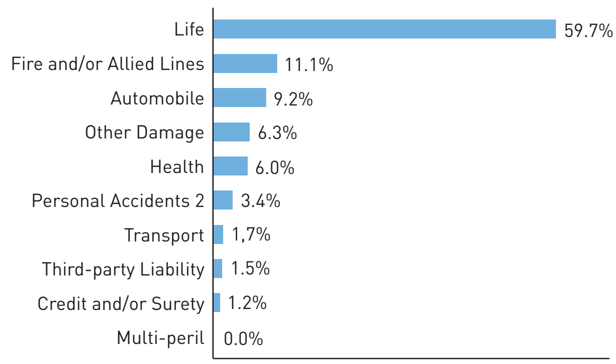
| Line | Thousands of UF | Millions of euros | % Δ |
|---|---|---|---|
| Total | 248,794 | 8,831 | 3.9 |
| Life | 148,495 | 5,271 | 3.7 |
| Individual Life | 19,178 | 681 | -23.8 |
| Group Life - Collective | 27,203 | 966 | -1.4 |
| Pension (L. Annuities) | 102,114 | 3,625 | 13.0 |
| Non-Life | 100,299 | 3,560 | 4.0 |
| Fire and/or Allied Lines | 27,563 | 978 | -6.7 |
| Automobile | 22,823 | 810 | -0.9 |
| Other Damage | 15,719 | 558 | 15.3 |
| Health | 14,828 | 526 | 29.6 |
| Personal Accidents[2] | 8,422 | 299 | 4.8 |
| Transport | 4,197 | 149 | 3.3 |
| Third-party Liability | 3,838 | 136 | 10.2 |
| Credit and/or Surety | 2,910 | 103 | 16.2 |

(1) Direct premiums.
(2) Includes the Mandatory Personal Accident Insurance (MPAI).
**Source:** elaborated based on data published by the Chilean Insurance Association (AACH).

At the end of 2013, 62 insurance companies were operating in the Chilean insurance market (two more than in the previous year), of which 33 operated in Life and 29 in Non-Life.

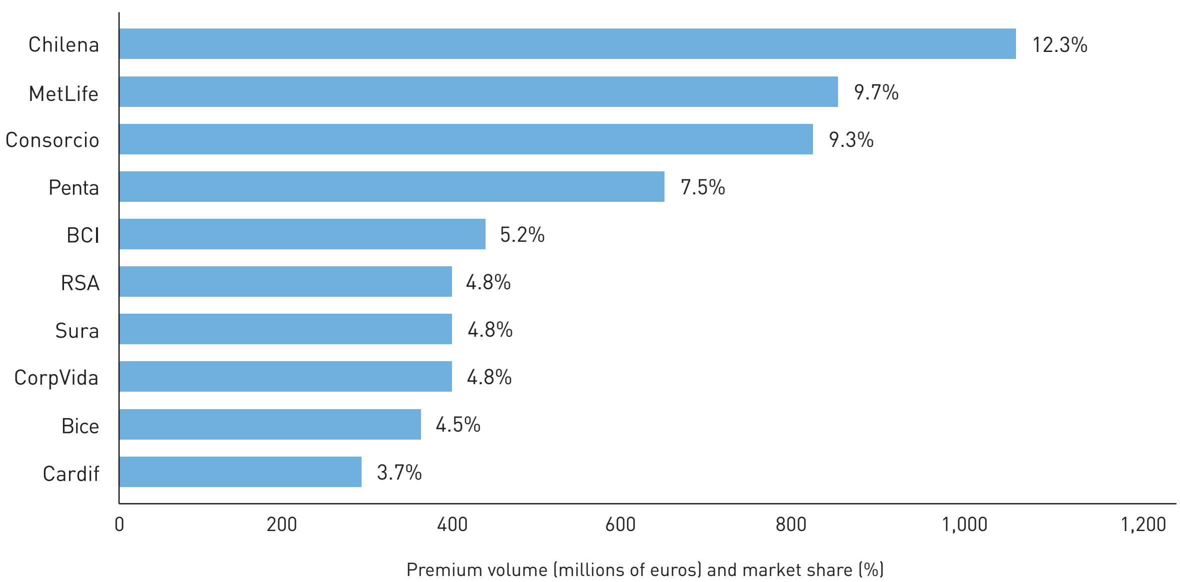
Figure 71. Chile. 2013 progress of premiums and market share by lines




In the overall ranking of insurance companies, the top ten Chilean insurance groups accumulated a market share of 66.6 percent (62.1 percent in 2012). The leading four positions remain unchanged, led by Chilena, with 12.3 percent market share. There are changes in the following five positions, although not significant, since the market shares of the companies are very close and even three of them match. Regarding composition, SURA is included in the ranking and MAPFRE has been left out.

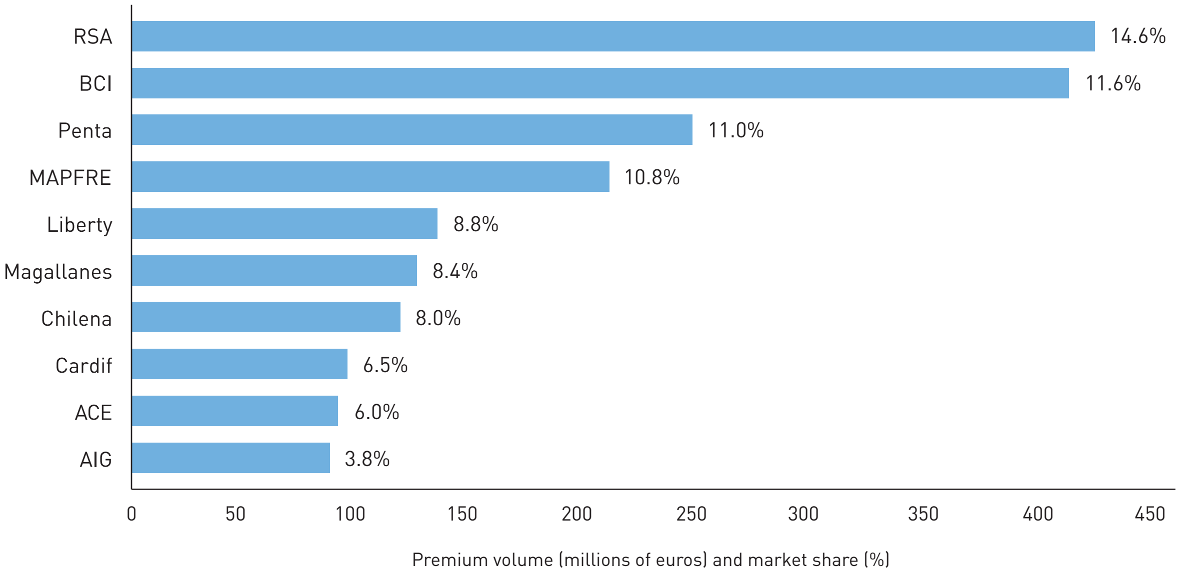
Figure 72. Chile. 2013 Total Ranking




**Source:** Superintendency of Securities and Insurance

The Non-Life insurance ranking continues to be led by RSA, which slightly increased its market share up to 14.6 percent. BCI and Penta ascend to second and third position, respectively. Liberty, Magallanes and ACE have improved their positions. MAPFRE and AIG lost one position, and Cardif remains in the same position.

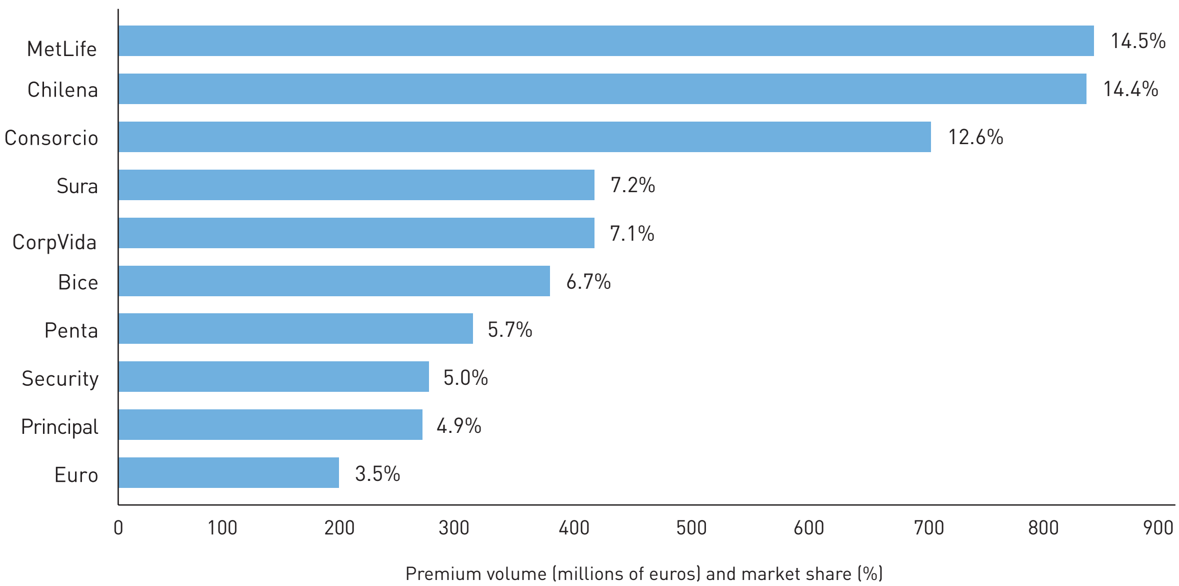
**Figure 73. Chile. 2013 Non-Life insurance business Ranking**




**Source:** Superintendency of Securities and Insurance

In the Life insurance ranking, METLIFE continues in first position with a share of 14.5 percent, closely followed by Chilena (14.4 percent) and at a greater distance by Consorcio (12.6 percent). SURA gains two positions, Penta and Security are the same, and CorpVida, Bice Vida and Euro lose one position.

**Figure 74. Chile. 2013 Life insurance business Ranking**




**Source:** Superintendency of Securities and Insurance

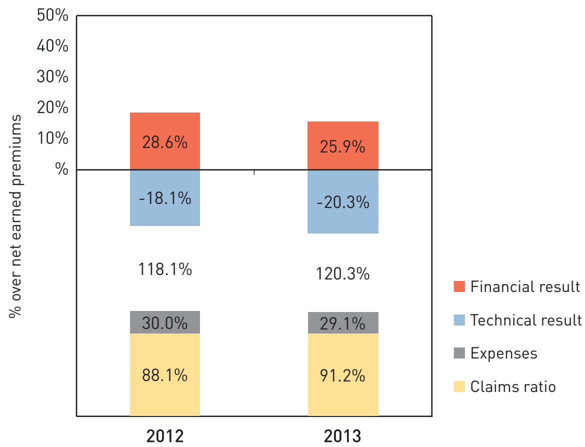
Regarding the major mergers and acquisitions undertaken during 2014, the purchase performed by Grupo Security of the insurance company Cruz del Sur and the acquisition of 56 percent of the shares by Cruz Blanca de Salud by Bupa-Sanitas Group stand out.

### Results

The annual earnings were 12.5 million UF (€444 million), 30 percent less than in 2012, due to the poor performance of the Life segment. The downturn is the outcome of deterioration of both the financial and technical result.

The combined ratio worsened by over two points, to 120.3 percent, primarily due to an increase in the claims ratio (overall in all of the Life insurance businesses), which could not be compensated by the decrease in expenses. The financial result was very satisfactory (25.9 percent), but lower by three points than the previous year. Consequently, the technical-financial result was 5.6 percent, nearly five points less than the previous year.

**Figure 75. Chile. Technical account outcome**




**Source:** elaborated based on data published by the Superintendency of Securities and Insurance.

## Preview 2014

In the first semester of 2014, the premium volume in Chilean insurance market was 124 million UF (€3.867 billion), representing a reduction of 0.2 percent compared with an increase of 5.1 percent recorded during the same period in the previous year. This reduction is due to the poor performance of the Life insurances, whose premiums fell by 1.6 percent. The Non-Life Insurances, however, increased 2.2 percent, although with a different performance in accordance with the lines. On the one hand, the fall of the Personal Accidents premiums is noteworthy (-16.8 percent), while the other shows the growth of Automobiles (8.3 percent), which overcomes the standstill of the previous year.

**Figure 76. Chile. Premium volume[1]. 1st half of 2014 by liness**

| Line | Thousands of UF | Millions of euros | % Δ |
|---|---|---|---|
| Total | 123,996 | 3,867 | -0.2 |
| Life | 76,001 | 2,370 | -1.6 |
| Non-Life | 47,995 | 1,497 | 2.2 |
| Fire and/or Allied Lines | 12,544 | 391 | -0.5 |
| Automobile | 12,937 | 403 | 8.3 |
| Personal Accidents[2] | 3,439 | 107 | -16.8 |
| Health | 6,777 | 211 | 2.8 |
| Transport | 2,081 | 65 | -0.1 |
| Other Lines | 10,217 | 319 | 6.3 |

(1) Direct premiums.
(2) Includes the Mandatory Personal Accident Insurance (MPAI).
Source: elaborated based on data published by the Chilean Insurance Association (AACH) Chilean Insurance Association (AACH).

### New Legislation

The regulation of insurance contract in Chile has undergone a profound change in the Commercial Code. The legal standard governing insurance contracting since the recent adoption of Law 20.667, of May 9, 2013, has replaced Title VIII of Book II of the Commercial Code. This law, which entered into force on December 1, 2013, also added a paragraph to Article 470 of the Penal Code, which punishes those who "maliciously obtained for him/herself or for a third party, total or partial payment of an insurance, whether simulating the existence of a claim, intentionally causing it, and presenting to the insurer as if it occurred for reasons or circumstances other than the actual circumstances, hiding the thing insured or fraudulently increasing the losses actually suffered."

Regarding the order of administrative law, the regulation or Supreme Decree 1.055 was published and entered into force on June, 1 2013, and regulates the auxiliary actors in the insurance trade in Chile, which include brokers and insurance adjusters.

One of the most significant reforms regarding the manner of taking out insurance, its burdens and information obligations, it came about after the publication by the SVS (Superintendency of Securities and Insurance) of the General Regulation NCG 347. This regulation has led to the development of new general conditioned or nonexistent insurance products to date by Chilean insurance companies.

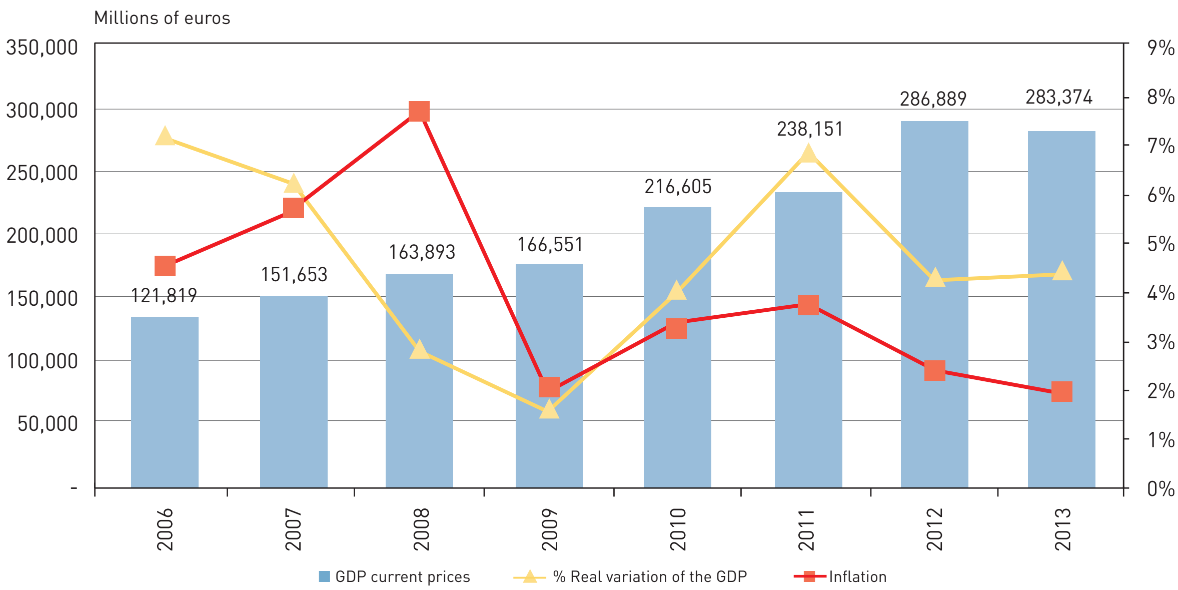
## 3.3.5. Colombia

### Macroeconomic Environment

In 2013, the Colombian economy grew by 4.7 percent, exceeding the outcome of the previous year (4.0 percent), driven by the dynamism of domestic demand: total consumption, both public and private, grew 4.5 percent, and gross fixed capital formation grew by 5.1 percent. For productive sectors, the good performance of construction is noteworthy, which grew 12 percent, and the agricultural sector to a lesser extent (5.5 percent). On the other hand, industrial production declined (-1 percent) for the second straight year due to problems of lack of competition.

The inflation rate was 1.9 percent, lower than that recorded the previous year (2.4 percent) and below the goals established by the authorities. However, in early 2014, inflation has shown an upward trend. Moreover, indicators related to employment and occupation improved in 2013. In particular, the unemployment rate fell half a point to 10.1 percent.

**Figure 77. Colombia. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

Regarding the external sector, in 2013 there was a decline in the dollar value of exports, bringing the current account deficit to 3.4 percent of the GDP (compared with 3.1 percent of the previous year). This deficit is easily financed through foreign capitals, which primarily invest in the long term. Direct foreign investment increased 13.1 percent in 2013, reaching 4.9 percent of the GDP.

The prospects for 2014 are favorable, and growth is expected to be approximately 5 percent.

### Insurance Market

In a favorable economic environment, the Colombian insurance market increased its volume of income by 18 percent (15.7 percent real), reaching 18.7 billion pesos (€7.532 billion). The Life insurance was the real engine of growth, especially group insurance, influenced among other factors, by the conclusion of a major contract for pension commutation.

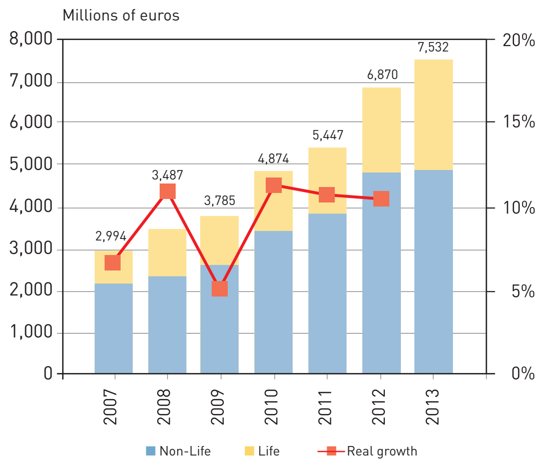
Within the Non-Life insurance businesses, the Professional Risks lines (Workplace Accident) continues to gain market share thanks to improved employment indicators. Personal Accident and Health Insurance also showed very positive development. By contrast, automobile insurance recorded a more moderate increase than in previous years due to slower growth of the fleet and strong price competition. Fire and Transport have been those that have shown less development, with a decrease in premiums.

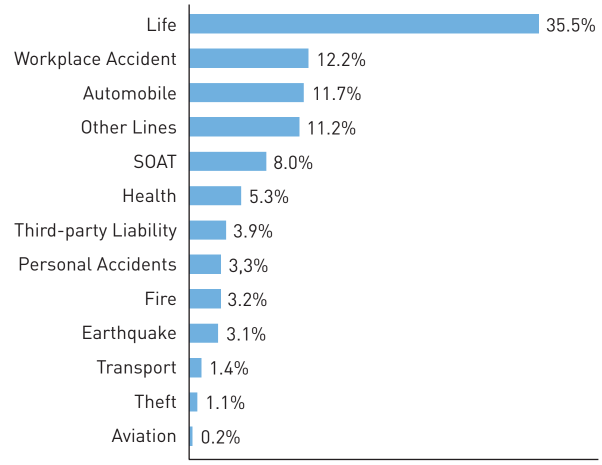
**Figure 78. Colombia. 2013 premium volume[1] by lines**

| Line | Millions of pesos | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 18,795,979 | 7,532 | 18.0 | 15.7 |
| Life | 6,665,128 | 2,671 | 40.5 | 37.8 |
| Individual Life | 532,864 | 214 | 2.2 | 0.2 |
| Group Life - Collective | 3,972,601 | 1,592 | 72.8 | 69.5 |
| Life Annuities | 825,497 | 331 | 8.9 | 6.8 |
| Pension Insurance[2] | 1,334,166 | 535 | 14.5 | 12.3 |
| Non-Life | 12,130,850 | 4,861 | 8.4 | 6.3 |
| Automobile | 2,190,336 | 878 | 2.3 | 0.4 |
| Other Lines | 2,101,792 | 842 | 11.9 | 9.8 |
| SOAT[3] | 1,504,032 | 603 | 12.2 | 10.0 |
| Health | 1,003,341 | 402 | 14.5 | 12.3 |
| Earthquake | 585,206 | 234 | -3.2 | -5.0 |
| Fire | 606,790 | 243 | -5.6 | -7.4 |
| Third-party Liability | 732,096 | 293 | 11.9 | 9.7 |
| Personal Accidents | 614,031 | 246 | 17.9 | 15.6 |
| Transport | 265,472 | 106 | -2.1 | -4.0 |
| Theft | 206,770 | 83 | 32.5 | 30.0 |
| Aviation | 35,887 | 14 | -69.0 | -69.6 |
| Workplace Accident | 2,285,099 | 916 | 14.8 | 12.7 |

(1) Premiums issued.
(2) Group Life Insurance taken out by Pension Fund Administrators.
(3) Mandatory Traffic Accident Insurance.
**Source:** elaborated based on data published by the Banking Superintendency of Colombia.

## Figure 79. Colombia. 2013 progress of premiums and market share by lines

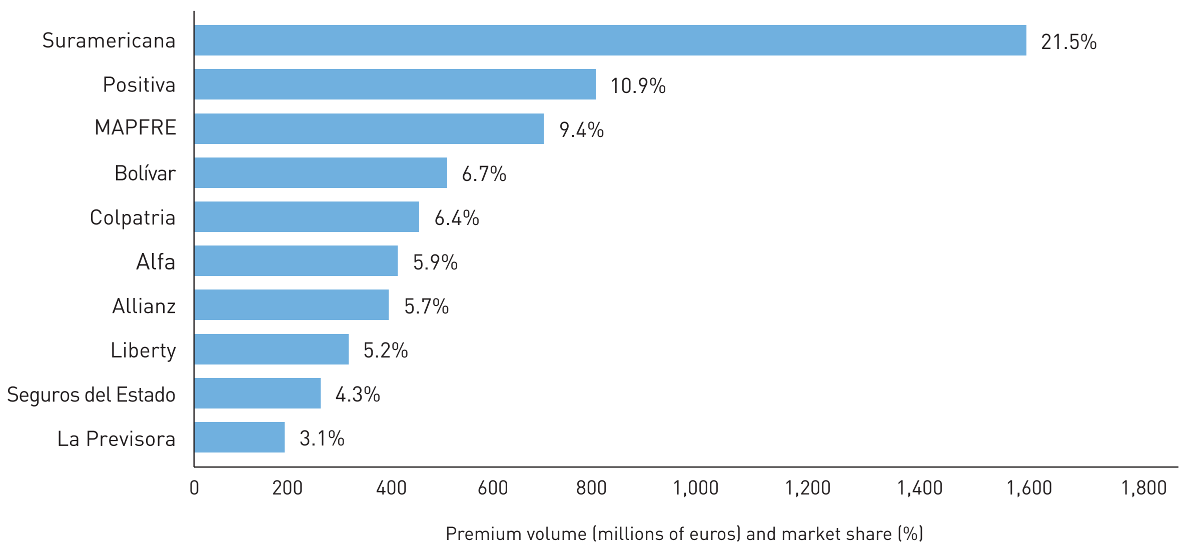



At the end of 2013, insurance penetration in the GDP was 2.7 percent. Looking ahead to the coming years, and in the opinion of the supervisory body of the sector, the share of insurance industry and reinsurance industry will be vital in the governmental strategy to modernize the infrastructure of the country, due to a planned investment of around 50 billion pesos.

Market concentration is large, since the ten largest insurance groups accumulate 79 percent of the market share. The groups comprising the ranking remain the same as in 2012 although there were some changes in position. Suramericana is the undisputed market leader, as it accumulates 21.5 percent of premiums. In year 2013, it should be noted that Positiva has taken second place (it held tenth place), thanks to a remarkable increase in its income. Positiva is a company attached to the Colombian Finance and Public Credit Ministry, and it was created by assigning the Occupational Risk Administration of the Colombia Social Security Institute to Previsora Vida, which was renamed Positiva in 2008. Its increased premiums are, to a large extent, due to the contract signed with Empresa de Telecomunicaciones de Bogotá in July 2013 to regularize its pension liabilities. This circumstance made MAPFRE go from the second to the third position, although it increased its share by nearly one percentage point.

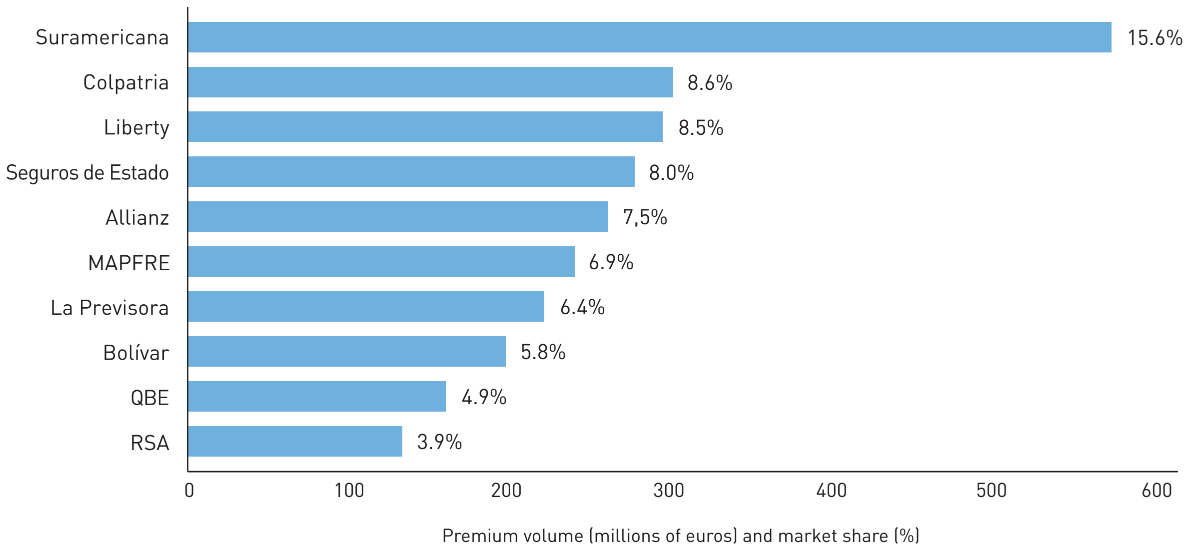
## Figure 80. Colombia. 2013 Total Ranking




**Source:** elaborated based on data published by the Financial Superintendency.

The Non-Life ranking remains unchanged compared to 2012 in terms of composition, with Suramericana at the head. The other positions changed slightly: Colpatria moved ahead of Liberty, and Seguros del Estado moved ahead of Allianz, which lost market share due to the non-renewal of several major contracts.

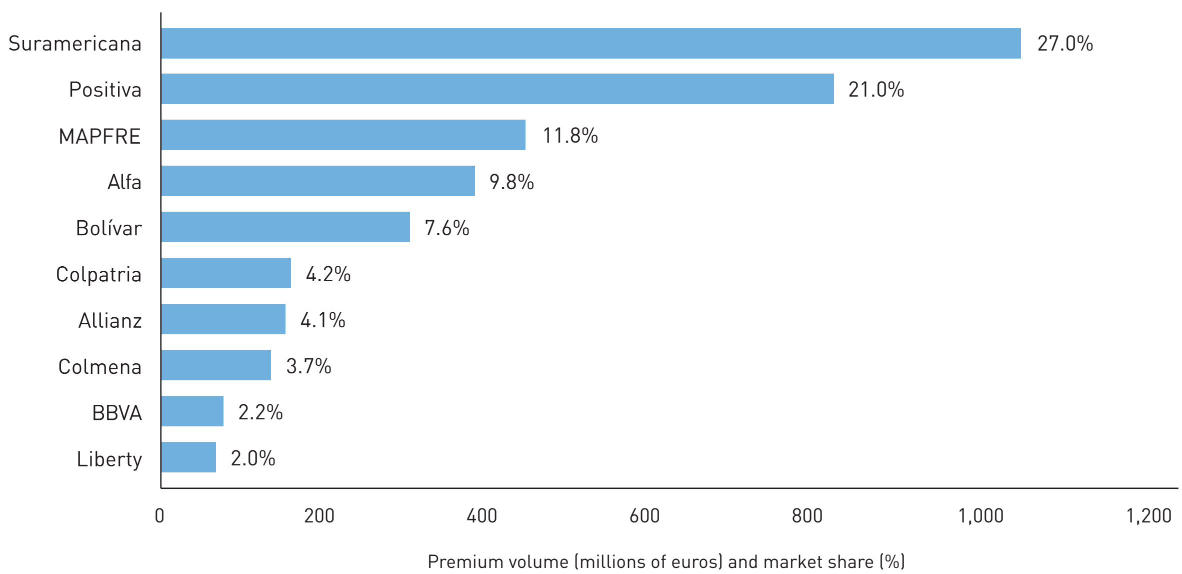
**Figure 81. Colombia. 2013 Non-Life insurance business Ranking**




**Source:** elaborated based on data published by the Financial Superintendency.
Note: this ranking has been compiled with attention to the division by lines used in the country.

The groups that make up the Life ranking remain the same as in 2012 although there were some changes in position. Positiva rises to second place for the reasons discussed above and takes the place of Bolívar, which drops to fifth position. Regarding the rest of the groups, MAPFRE and Alfa remain in the same place, Colpatria rises two positions, and Allianz and Colmena went down one.

**Figure 82. Colombia. 2013 Life insurance business Ranking**




**Source:** elaborated based on data published by the Financial Superintendency.
Note: this ranking has been compiled with attention to the division by lines used in the country.

## Corporate Operations

In August 2014, a total of 45 insurance companies were operating in Colombia, of which 42 percent are national and 58 percent are foreign companies. Five years ago, the share of foreign companies was 49 percent. In this regard, it is important to note two important corporate operations that occurred in 2013 and 2014:

- At the end of 2013, the French group AXA announced its acquisition of 51 percent of Unidad de Inversión Colpatria, comprising the areas of General insurance, Life insurance, capitalization and pre-paid medicine of the Colombian company. Colpatria is the fifth insurance group per premium volume in Colombia and the second in Non-Life.

- In early 2014, the Swiss reinsurer Swiss Re announced the purchase of 51 percent of the company Confianza, specialist of the Colombian consolidation market.

## New Legislation

Both in 2013 and in the months of 2014 that have already passed, there have been significant legislative developments in matters of great importance for the insurance industry. The following summarizes some of the most important:

- As of July 15, 2013, Articles 65 and following entered into force, of Law 1328 of 2009, authorizing the establishment of branches of foreign insurance companies in Colombia, and which may issue policies and conduct insurance business in the country. These branches have the same rights and obligations as insurance companies domiciled in Colombia and will be subject to supervision by the Financial Superintendency of Colombia.

- On December 20, 2013 Decree 2973 was published in the Official Journal, which amends Decree 2555 of 2010 related to the system of technical reserves of insurance companies and other provisions. Through this decree, the general system of technical reserves of insurance companies was updated "with the purpose of technically adjusting budgets to which the insurance activity must adapt," regarding technical reserves.

- Since the enactment of laws 1314 of 2009 and 1450 of 2011, a period of convergence began for regulating Colombian accounting with international financial reporting standards. The deadlines and dates for the transition period have already begun for companies in group 1, including insurers. Decree 1851 of 2013 established the technical regulatory framework for preparers of financial information for certain financial institutions, including insurance companies, and through External Circular 038 of 2013, June 30, 2014 the deadline was set for the referral to the Superintendency of the opening statement of financial position (ESFA), the starting point for accounting under IFRS.

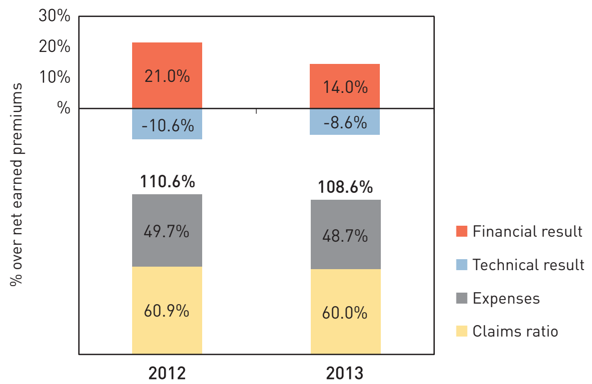
- In April 2014 Decree 673 was published, which establishes the regulations to be fulfilled by financial institutions acting as insurance takers on behalf of their debtors. The regulation regulates the process of taking out insurance on behalf of debtors of financial institutions, especially the insurance associated to loans with mortgage guarantee, establishing the rules applicable to their tendering.

- On November 11, 2014 Decree 2267 was enacted, which modifies the regulatory framework regarding of international accounting standards. The Decree regulates classification aspects and aspects for which IFRS standards are applicable for Groups 1 and 2.

## Results

Both the claims ratio and the expenses ratio showed improvements in 2013, giving way to a combined ratio of 108.6 percent, two percentage points less than the previous year. Nonetheless, a lower financial result had the consequence that the earnings for the year would decrease by 48 percent to 583.333 billion pesos (€234 million).

**Figure 83. Colombia. Technical account outcome**




**Source:** elaborated based on data published by the Financial Superintendency.

## Preview 2014

Thanks to the dynamism of the economy and improvement in employment, the insurance industry in Colombia, it grew again at a good pace in the first half of 2014, with similar ratios to those obtained in the same period of the previous year. In this case, the Non-Life insurance businesses gained a sharp increase, with a significant increase of 13.1 percent in the Workplace Accident line, the line with the highest premium volume. The insurances that obtained better performance were Transport (37.8 percent) and Personal Accidents (14.6 percent).

**Figure 84. Colombia. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of pesos | Millions of euros | % Δ |
|---|---|---|---|
| Total | 9,102,315 | 3,395 | 9.4 |
| Life | 2,720,991 | 1,015 | 8.1 |
| Non-Life | 6,381,324 | 2,380 | 10.0 |
| Automobile | 1,093,042 | 408 | 4.3 |
| Fire and Earthquake | 620,121 | 231 | 11.0 |
| Health | 537,194 | 200 | 9.0 |
| Transport | 186,379 | 70 | 37.8 |
| Personal Accidents | 1,153,244 | 430 | 14.6 |
| Other Lines | 1,544,545 | 576 | 6.0 |
| Workplace Accident | 1,246,800 | 465 | 13.1 |

(1) Premiums issued.
**Source:** elaborated based on data published by the Financial Superintendency of Colombia.

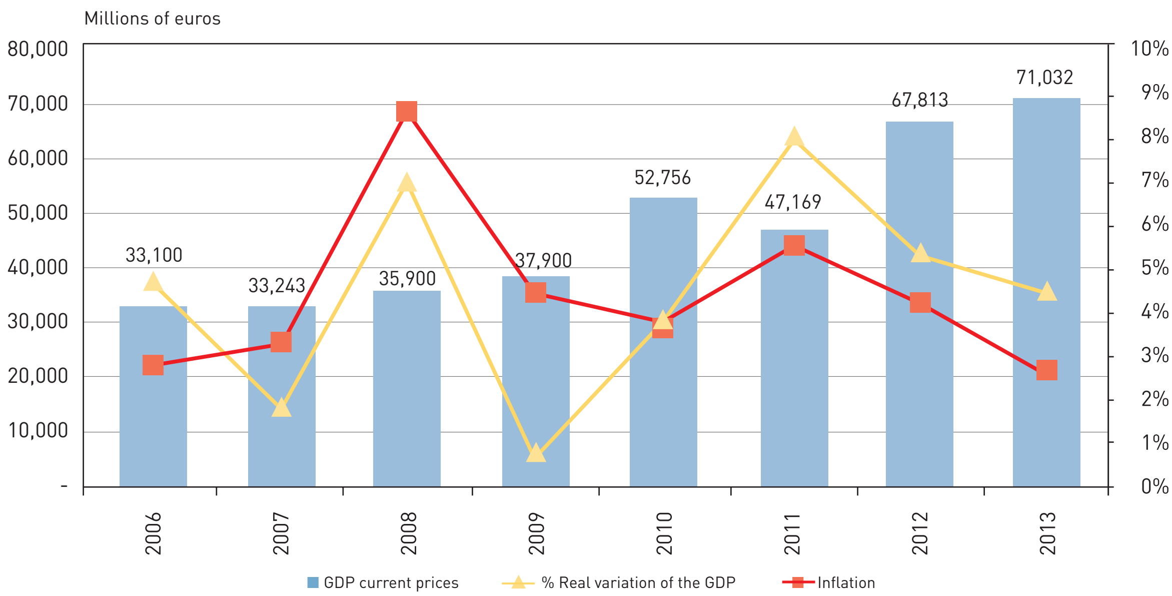
### 3.3.6. Ecuador

#### Macroeconomic Environment

During 2013, the economy of Ecuador grew by 4.5 percent, less than the previous year (5.1 percent), due to a slowdowns in consumption and investment, especially public investment. Regarding supply, the construction, transport, communications, agricultural and mining sectors contributed to the growth. Crude oil production grew by 4.2 percent, but oil refining decreased by 25.1 percent due to the temporary closure of a refinery. The inflation and unemployment rates continued their downward trend, 2.7 percent and 4.7 percent in 2013, versus 4.2 percent and 4.9 percent in 2012, respectively. The minimum wage had a nominal increase of nearly 9 percent.

In 2013, both exports and imports increased, and the current account deficit of the balance of payments increased to 1.3 percent of the GDP (0.4 percent in 2012). Public spending continued to rise and the fall of oil prices negatively impacted income, placing the fiscal deficit at 5.7 percent of the GDP.

**Figure 85. Ecuador. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

The ECLAC forecasts a growth of 4.0 percent in 2014, driven by domestic demand.

#### Insurance Market

The premium volume of the Ecuadorian insurance market was $1.659 billion (€1.248 billion), which represents a nominal growth of 11.7 percent and real growth of 8.8 percent. The growth was somewhat higher in Non-Life (11.9 percent nominal) than Life (10.8 percent).

The Life insurance businesses recorded a premium volume of $282 million (€212 million). Individual Life insurances experienced robust growth (36.4 percent), even though their premiums account for only 13.5 percent of the Life total. Group Life - Collective insurances, which represent the remaining 86.5 percent, grew 7.6 percent.

The Non-Life insurances reached a premium volume of 1.377 billion UF (€1.035 billion), which represents 83 percent of the total premiums in the insurance market. All types recorded positive growth, with Third-party liability (63.3 percent) and Other damages (32.0 percent) especially standing out. The most important line, Automobiles, grew nearly 8.3 percent until reaching $482 million.

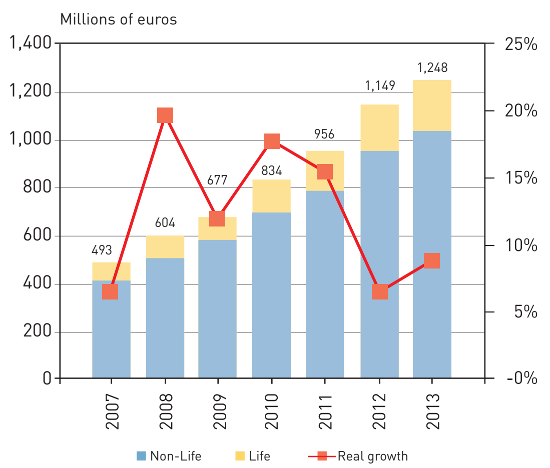
The penetration of insurance in Ecuador during 2013, or the relationship between premiums and the GDP, was 1.8 percent, the same value as the previous year.

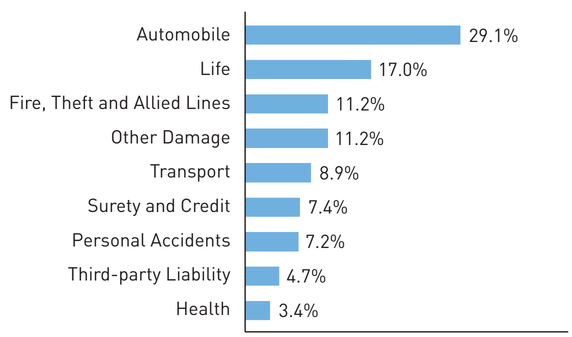
## Figure 86. Ecuador. 2013 premium volume[1] by lines

| Line | Millions of $ | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 1,659 | 1,248 | 11.7 | 8.8 |
| Life | 282 | 212 | 10.8 | 7.9 |
| Individual Life | 38 | 29 | 36.4 | 32.9 |
| Group Life - Collective | 244 | 183 | 7.6 | 4.8 |
| Non-Life | 1,377 | 1,035 | 11.9 | 9.0 |
| Automobile | 482 | 362 | 8.3 | 5.5 |
| Other Damage | 185 | 139 | 32.0 | 28.5 |
| Fire, Theft and Allied Lines | 186 | 140 | 3.0 | 0.3 |
| Transport | 148 | 111 | 9.3 | 6.4 |
| Personal Accidents | 120 | 90 | 2.6 | -0.1 |
| Surety and Credit | 122 | 92 | 6.5 | 3.7 |
| Health | 57 | 43 | 12.6 | 9.7 |
| Third-party Liability | 77 | 58 | 63.3 | 59.0 |

(1) Net premium paid (received).
**Source:** elaborated based on data published by the Superintendency of Banks and Insurance.

## Figure 87. Ecuador. 2013 progress of premiums and market share by lines



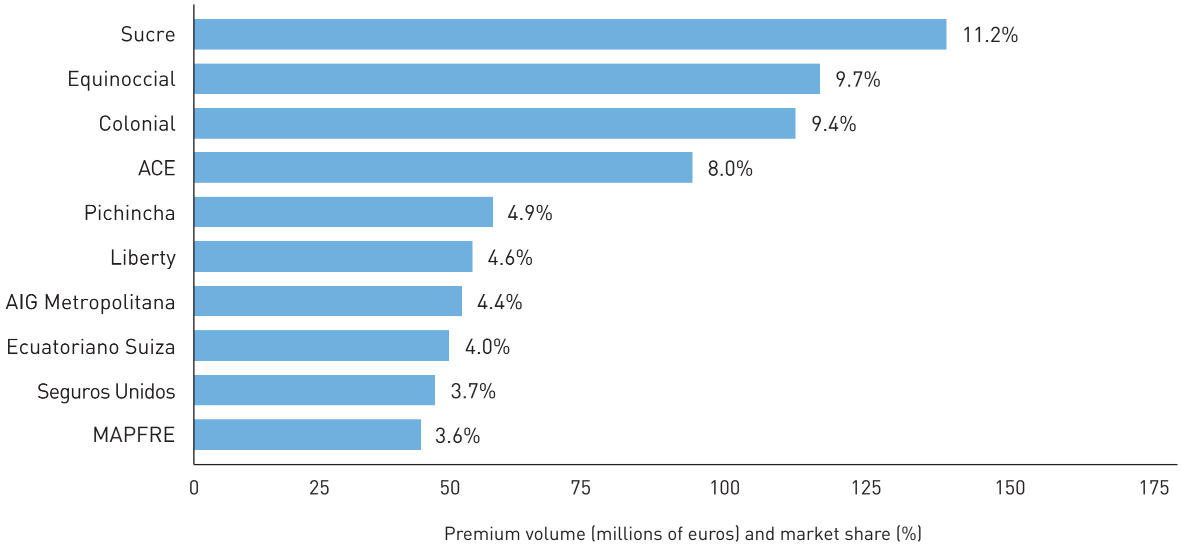




At the end of 2013, 38 insurance companies were operating in Ecuador. There are four companies less than in 2012, as a result of the mergers, acquisitions and settlements occurring in the sector since 2012. In October 2014, the Spanish company AMA (Agrupación Mutual Aseguradora), registered the company AMA América S.A. Compañía de Seguros in the Commercial Registry of Quito, with which it expects to be able to operate in Ecuador.

The top ten companies accumulated between themselves 63.5 percent of the market, compared to 59.2 percent in the previous year. Sucre and Equinoccial lead the classification, with shares of 11.2 percent and 9.7 percent, respectively, displacing Colonial and Ace (leaders in 2012) to the third and fourth positions.

Finally, two new companies entered in the ranking, Liberty, thanks to the acquisition of Panamericana del Ecuador and Seguros Cervantes in 2012, and Ecuatoriano Suiza.

Figure 88. Ecuador. 2013 Total Ranking

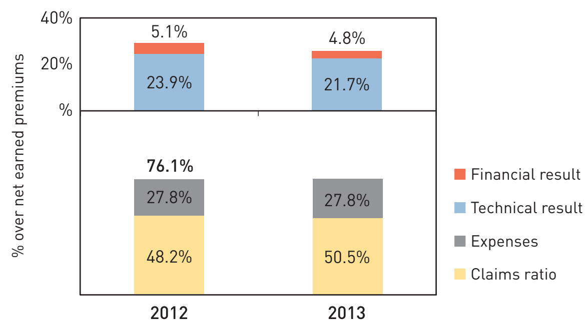



**Source:** elaborated based on information from the Superintendency of Banks and Insurance.

### Results

The earnings for 2013 rose to $40 million (€29 million), 15 percent less than in 2012. The results scoreboard shows an increase in the claims ratio and a drop of more than two points of the technical result, which however remains positive (21.7 percent). The technical-financial result was 26.5 percent, 2.5 percentage points less than in 2012.

Figure 89. Ecuador. Technical account outcome




**Source:** elaborated based on data published by the Superintendency of Banks and Insurance.

### Preview 2014

The premium volume in the Ecuadorian insurance market during the first half of 2014 increased to $774 million (€565 million), representing a slight drop of 0.2 percent compared to the same period in the previous year. The Life insurance businesses fell by 1.8 percent, while Non-Life recorded a standstill (0.1 percent). By category, Fire and Allied Lines, Transport and Personal Accident decreased, and Automobiles, Health and Other Damages grew. The good performance of Health insurance is noteworthy, which grew by 20.7 percent in the semester under review.

**Figure 90. Ecuador. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of $ | Millions of euros | % Δ |
|---|---|---|---|
| Total | 774 | 565 | -0.2 |
| Life | 132 | 97 | -1.8 |
| Non-Life | 642 | 468 | 0.1 |
| Automobile | 244 | 178 | 1.6 |
| Fire and/or Allied Lines | 68 | 49 | -5.1 |
| Health | 33 | 24 | 20.7 |
| Transport | 53 | 39 | -17.3 |
| Personal Accidents | 46 | 33 | -19.9 |
| Other Damage | 198 | 145 | 9.6 |

(1) Issued net premium. Estimated breakdown of premiums by lines.
**Source:** elaborated based on data published by the Superintendency of Banks and Insurance.

## 3.3.7. Paraguay

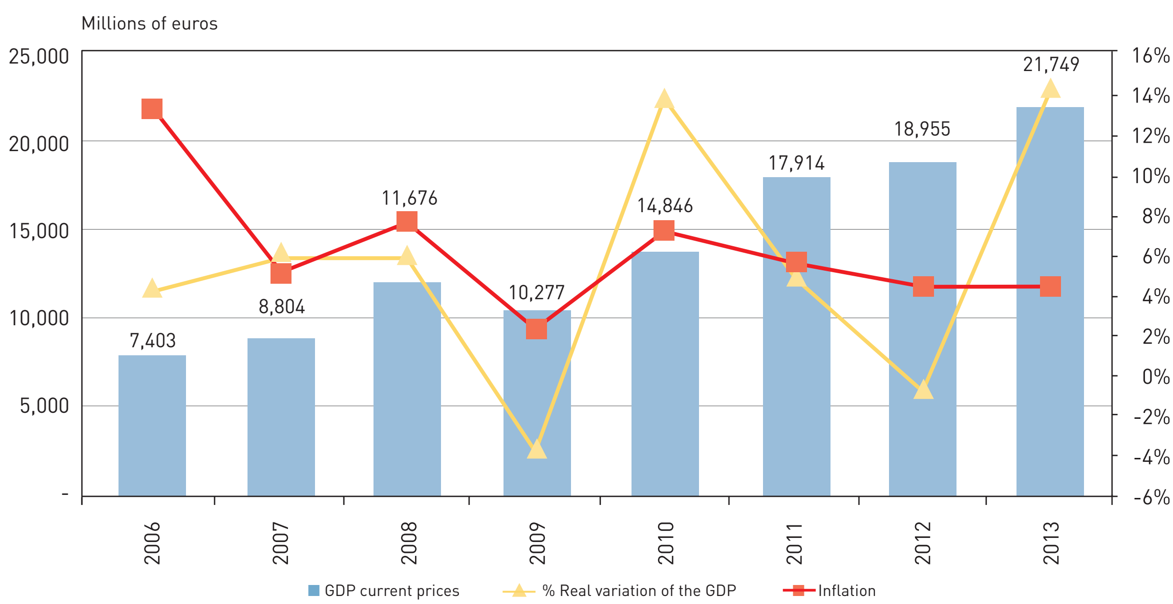
### Macroeconomic Environment

Paraguay's GDP increased 13.6 percent in 2013, which contrasts with the reduction in 2012 (-1.2 percent), and makes it the country with the greatest growth in the region. This growth was mainly due to the good performance of the agricultural sector, recovered from the drought of the previous year, and to a lesser extent other sectors such as livestock, industry and construction. Regarding expenditures, the dynamism of domestic demand is noteworthy, both in consumption and investment.

The annual inflation rate in 2013 continued the downward trend of recent years and reached the value of 3.7 percent (4.0 percent in 2012), although a rise in inflation was observed in recent months, which has continued throughout 2014. In addition, the unemployment rate in 2013 was 8.1 percent, the same as the previous year and one of the highest in the region.

Regarding the external sector, both imports and exports increased, and imports increased more than exports. This dynamism of exports led to a current account surplus of 2.1 percent of the GDP, compared with a deficit of 0.9 percent recorded in the previous year.

**Figure 91. Paraguay. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

The ECLAC forecasts a growth of the GDP in 2014 of close to 4.0 percent, which will no longer be as connected to agriculture as it was in 2013, but to other sectors such as livestock, construction and industry.

### Insurance Market

In relation with the growth of the economy, the Paraguayan insurance market showed a very positive performance, increasing its premium volume by 16.3 percent (14.4 percent real), thanks to the momentum of the Non-Life insurance businesses, which with a share of 87.6 percent of the market, grew 15.3 percent. Life insurance contributed with an excellent premium increase of 24.2 percent. The premiums grew to 1.5 billion guaranies (€275 million), equivalent to 1.2 percent of the GDP of the country, one of the lowest rates in Latin America.

Automobile insurance, which accumulates a share of 47.7 percent of the total market, achieved a growth of 12.5 percent, somewhat lower than the 19.8 percent achieved in the previous year. In recent years the fleet of Paraguay has experienced a significant increase, even reaching the figure of 1.2 million registered vehicles in 2013, representing an increase over the previous year of 10.5 percent.

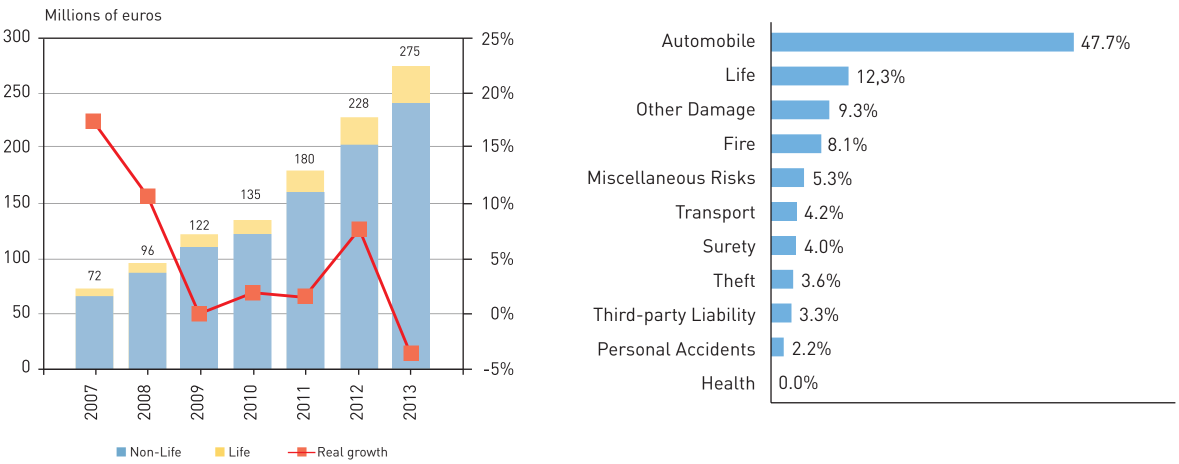
Fire insurance also performed well in 2013 with an increase in premiums of 15.3 percent over the previous year. But the line that had the most growth in that year was Miscellaneous Risks, with 47.3 percent. Miscellaneous Risks primarily consists of Comprehensive Banking Policies, Home, Health and Unemployment (repayment of credit). The latter two lines had a significant increase over the previous year.

**Figure 92. Paraguay. 2013 premium volume[1] by lines**

| Line | Millions of guaranies | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 1,533,021 | 275 | 16.3 | 14.4 |
| Life | 188,305 | 34 | 24.2 | 22.2 |
| Non-Life | 1,344,716 | 241 | 15.3 | 13.4 |
| Automobile | 731,260 | 131 | 12.5 | 10.7 |
| Other Damage | 142,665 | 26 | 11.8 | 10.0 |
| Fire | 123,413 | 22 | 15.3 | 13.3 |
| Miscellaneous Risks | 81,590 | 15 | 47.3 | 44.9 |
| Transport | 64,240 | 12 | -0.8 | -2.4 |
| Theft | 55,544 | 10 | 17.2 | 15.3 |
| Surety | 61,800 | 11 | 24.6 | 22.5 |
| Third-party Liability | 51,174 | 9 | 20.0 | 18.0 |
| Personal Accidents | 33,030 | 6 | 51.0 | 48.5 |

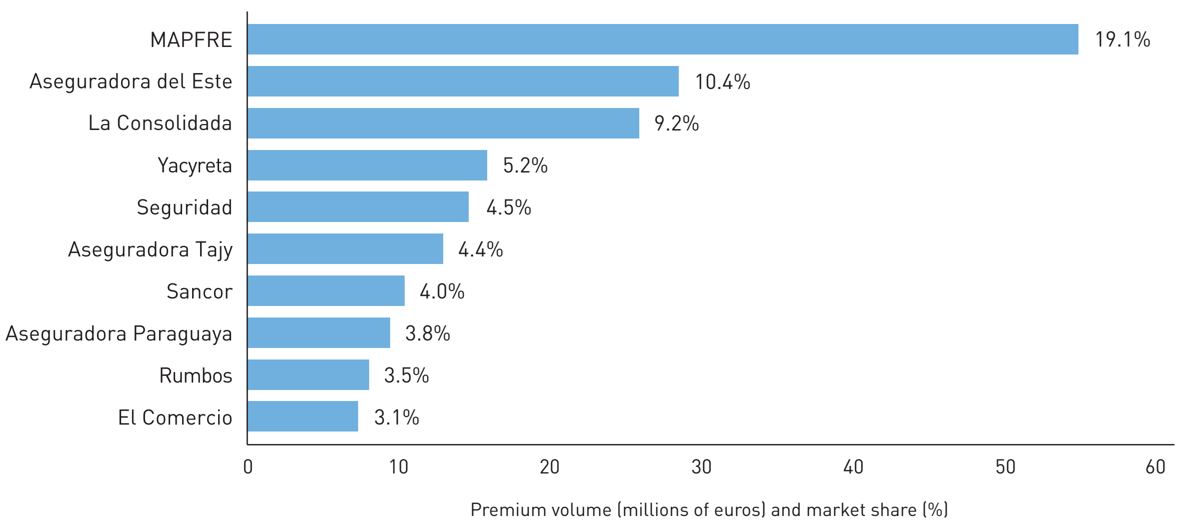
(1) Direct cancellations premiums and administrative charges.
**Source:** elaborated based on data published by the Superintendency of Insurance.

**Figure 93. Paraguay. 2013 progress of premiums and market share by lines**




For the fiscal year ended in June 2013, 35 insurance companies were operating, one more than the previous year. MAPFRE continues to lead the premium volume ranking with a share of 19.1 percent, far ahead of its closest rival, Aseguradora del Este, with a share of 10.4 percent.

**Figure 94. Paraguay. 2013 Total Ranking**




**Source:** elaborated based on data published by the Superintendency of Insurances.

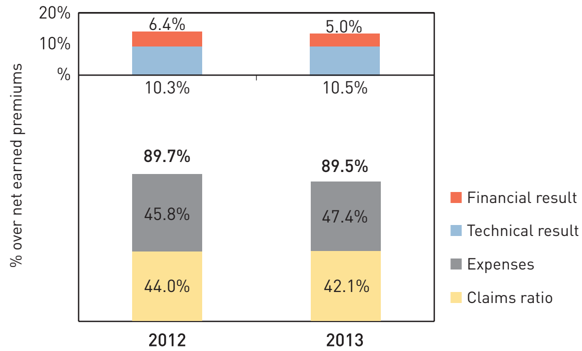
### New Legislation

In June 2013, Law 4950/2013 was approved, creating the Mandatory Traffic Accident Insurance (MTAI) which was repealed by Congress in February 2014, following the wave of criticism and irregularities in its regulation. In March 2014 the Superintendency of Insurances issued a resolution in which it notes the Repeal Act (5150/2014) and resolves to rescind the regulatory resolutions that had been issued for the operation of insurance. The companies affected by the implementation of Law 4950/2013, which entered into force in January 2014, have requested authorization from the Superintendency to return the premiums received.

### Results

In the accounting period from July 2012 to June 2013, the technical result of the sector had a slight improvement of two tenths due to a lower claims ratio, which offset the increase of 1.6 percentage points in the cost ratio. The financial result decreased by around 9 percent to 60.424 billion guaranies (€11 million). The earnings reached a total of 160.525 billion guaranies (€29 million), representing an increase of 8.7 percent over the previous year.

Figure 95. Paraguay. Technical account outcome




**Source:** own elaboration.

### Preview 2014

The sign that the Paraguayan insurance industry continues to grow at a good pace is the increase of 15.2 percent in its premium income in the first six months of 2014, slightly higher than in the same period of the previous year (14.4 percent). All lines continue to show significant increases, with Personal accidents standing out at 36.6 percent.

Figure 96. Paraguay. Premium volume[1]. 1st half of 2014 by lines

| Line | Millions of guaranies | Millions of euros | % Δ |
|---|---|---|---|
| Total | 905,065 | 148 | 15.2 |
| Life | 112,104 | 18 | 19.3 |
| Non-Life | 792,961 | 130 | 14.6 |
| Automobile | 438,231 | 72 | 15.5 |
| Fire | 70,074 | 11 | 9.9 |
| Transport | 35,096 | 6 | 13.0 |
| Personal Accidents | 25,762 | 4 | 36.6 |
| Other Lines | 223,798 | 37 | 12.7 |

(1) Direct cancellations premiums and administrative charges.
**Source:** elaborated based on data published by the Superintendency of Insurance.

### 3.3.8. Peru

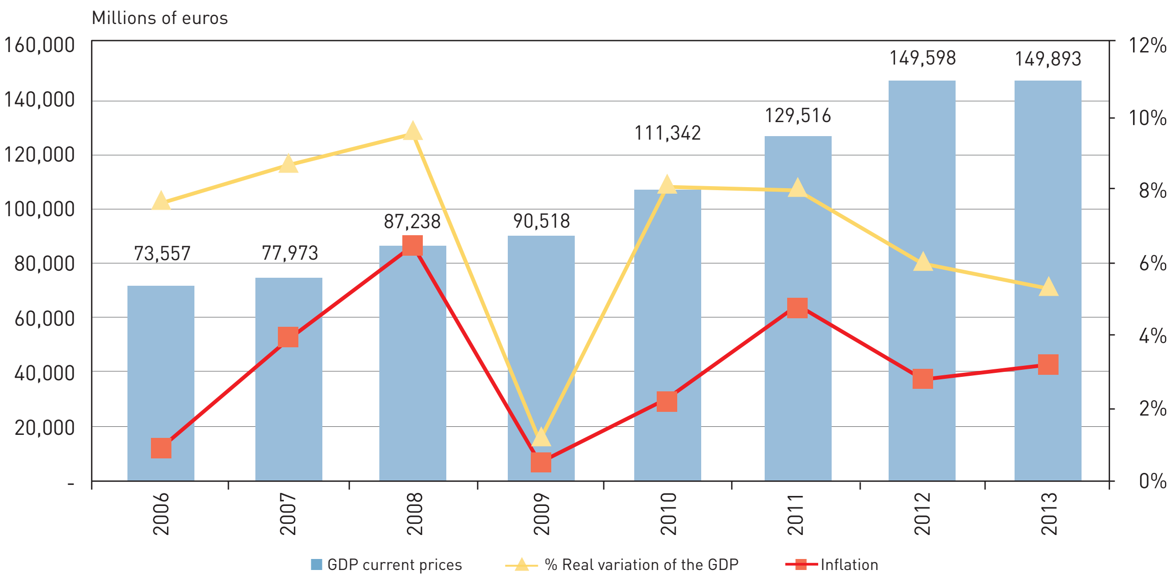
#### Macroeconomic environment

In 2013, the Peruvian economy grew 5.8 percent, slightly less than the percent for the previous year (6 percent). Once again, growth was driven by domestic demand, particularly by private consumption and public and private investment. Regarding supply, the commercial, construction and service industries stood out for their dynamism.

The inflation rate in 2013 was 2.9 percent, a somewhat elevated percentage compared to 2.6 percent from the previous year due to the performance of the service industry. Unemployment rates fell to 5.9 percent at the end of 2013, with a notable decrease among women, but not among youth, whose levels of unemployment remain high (13.4 percent). Underemployment continued its downward trend, and the average monthly income increased by 5.4 percent.

During 2013, the trade balance deteriorated and the current account deficit on the balance of payments increased to 4.9 percent of the GDP, compared to 3.3 percent recorded in 2012. In 2013, the value of exports decreased by 9.5 percent, due principally to the falling prices of minerals such as gold and copper.

Figura 97. Peru. 2013 GDP




**Source:** elaborated based on information published by ECLAC and the Central Bank.

The ECLAC estimates that growth will be 2.8 percent in 2014, supported by growth in the service industry and mining production.

#### Insurance Market

The premium volume of the Peruvian insurance market was 9.069 billion nuevos soles (€2.508 billion) in 2013, which represents a nominal increase of 14.7 percent and a real increase of 11.3 percent. Growth in 2013 has been considerably higher than the growth recorded the previous year (9.6 percent nominal and 6.8 percent real).

Life insurance business premiums were valued at 3.747 billion nuevos soles (€1.036 billion), with a nominal increase of 13.5 percent (compared to 6.9 percent the previous year). Individual and group life insurance experienced robust growth (14.3 percent and 22.8 percent, respectively) Furthermore, Private Pension System insurance managed to overcome the previous year's standstill, with 9.8 percent growth.

Non-Life insurance business premiums reached 5.322 billion nuevos soles (€1.472 billion), with a nominal increase of 15.6 percent (11.6 percent in 2012). The business lines with the largest premium volumes such as Automobile, Fire and Allied Lines and Healthcare, achieved high growth rates of 20.6 percent,14.3 percent and 17.7 percent, respectively.

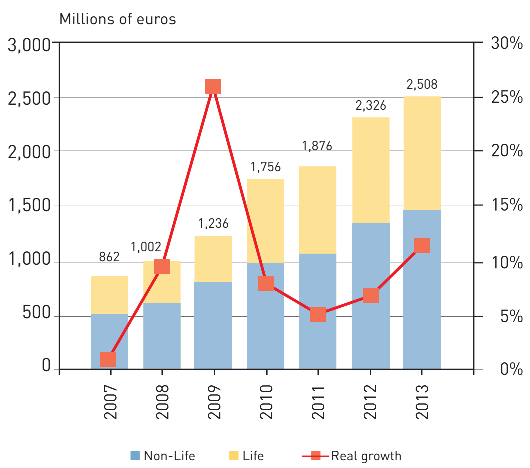
The penetration of insurance into the Peruvian economy increased slightly in 2013 to 1.6 percent of the GDP, a very low percentage, which demonstrates the great growth potential for the insurance business in upcoming years.

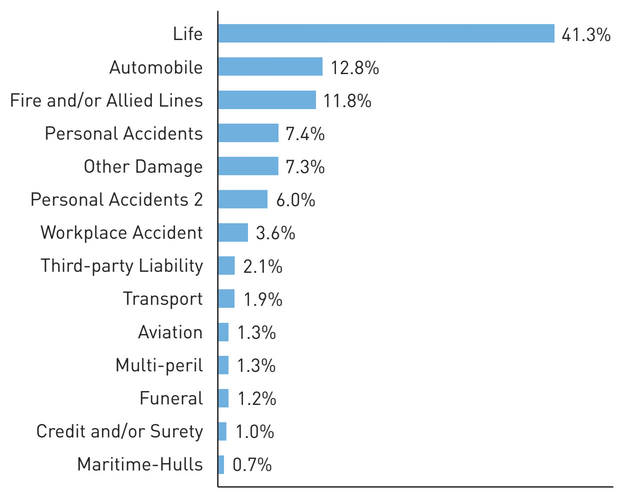
**Figure 98. Peru. 2013 premium volume[1] by lines**

| Line | Millions of nuevos soles | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 9,069 | 2,508 | 14.7 | 11.3 |
| Life | 3,747 | 1,036 | 13.5 | 10.1 |
| Individual Life | 539 | 149 | 14.3 | 10.9 |
| Group Life - Collective | 952 | 263 | 22.8 | 19.1 |
| Pensions | 2,257 | 624 | 9.8 | 6.5 |
| Non-Life | 5,322 | 1,472 | 15.6 | 12.1 |
| Automobile | 1,158 | 320 | 20.6 | 17.0 |
| Fire and/or Allied Lines | 1,074 | 297 | 14.3 | 10.9 |
| Other Damage | 663 | 183 | 3.1 | 0.0 |
| Health | 675 | 187 | 17.7 | 14.2 |
| Personal Accidents[2] | 547 | 151 | 9.5 | 6.2 |
| Transport | 176 | 49 | 0.9 | -2.2 |
| Third-party Liability | 194 | 54 | 21.6 | 17.9 |
| Funeral | 110 | 30 | 5.3 | 2.1 |
| Aviation | 122 | 34 | 125.4 | 118.6 |
| Multi-peril | 115 | 32 | 20.5 | 16.9 |
| Maritime - Hulls | 66 | 18 | -4.5 | -7.3 |
| Credit and/or Surety | 95 | 26 | 53.0 | 48.4 |
| Workplace Accident | 327 | 90 | 21.4 | 17.8 |

(1) Net insurance premiums.
(2) Includes Mandatory Traffic Accident Insurance (MTAI).
**Source:** elaborated based on data published by the Superintendency of Banks and Insurance (SBS).

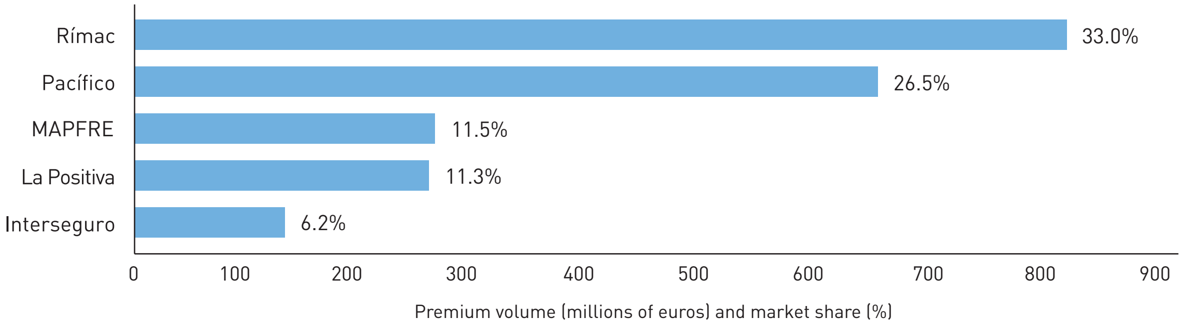
**Figure 99. Peru. 2013 progress of premiums and market share by lines**




In December of 2013, the insurance industry was composed of 15 companies, one more than in 2012. It is still a highly concentrated market, where the two largest companies control 59.5 percent of the market, and the top five control 88.5 percent.

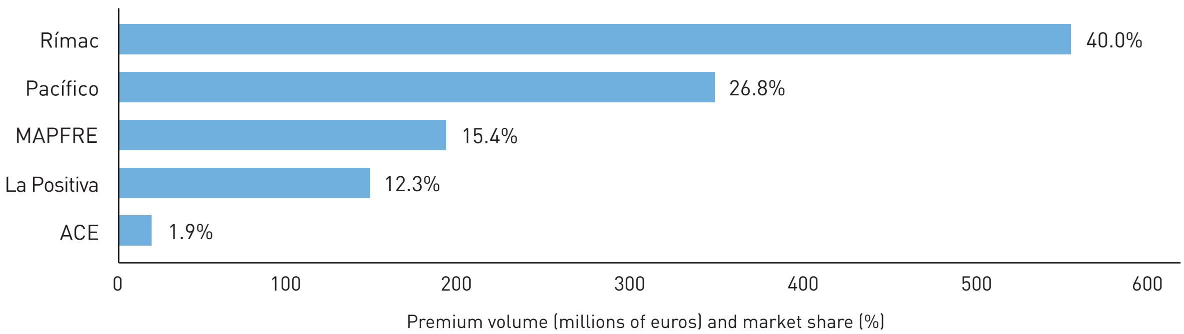
**Figure 100. Peru. 2013 Total Ranking**




**Source:** elaborated based on information published by SBS.

As in 2012, the two companies with the largest market shares continue to be Rimac (33 percent) and Pacifico (26.5 percent). MAPFRE moved to third place, pushing La Positiva to fourth, and Interseguro comes into the rankings at fifth place, taking the place of Sura.

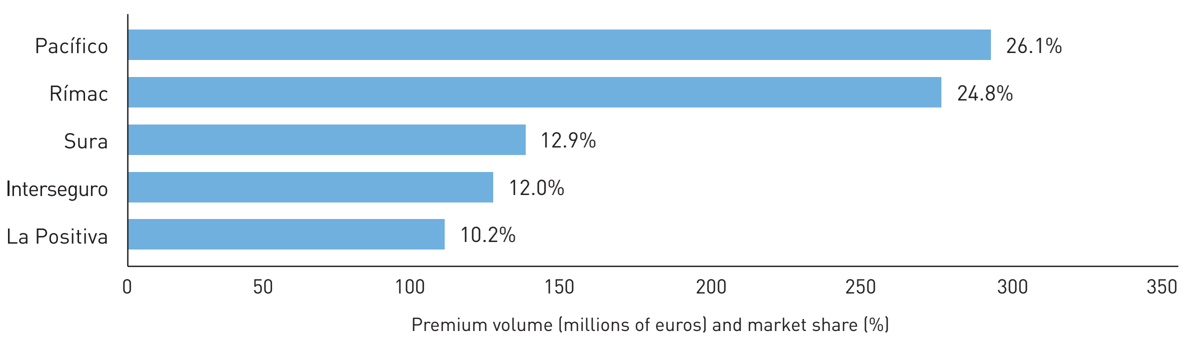
**Figure 101. Peru. 2013 Non-Life insurance business Ranking**




**Source:** elaborated based on information published by SBS.
Note: does not include Funeral and Workplace Accident Insurance, which are included in the Life Insurance business line.

The classification of Non-Life Insurance companies is the same as in 2012, with slight changes in the market shares.

**Figura 102. Peru. 2013 Life insurance business Ranking**



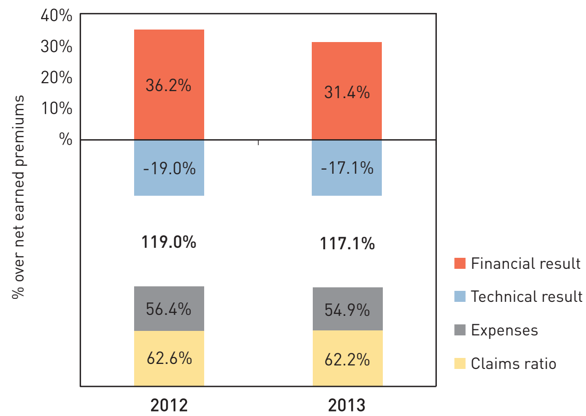

**Source:** elaborated based on information published by SBS.
Note: includes Funeral and Workplace Accident Insurance

The breakdown of the Life Insurance rankings remains the same as the previous year. Only the relative position of the last two companies has changed, since Interseguro took fourth place, moving La Positiva down one.

### Results

Earnings for 2013 were 688.9 million nuevos soles (€190 million), only 0.5 percent greater than the previous year. The combined ratio improved by nearly two points primarily due to the decrease in costs, but the technical-financial result fell by three points, to 14.3 percent, due to the drop in the financial result ratio (the financial result was excellent, at 31.4 percent, but nearly five points lower than that achieved in 2012).

**Figure 103. Peru. Technical account outcome**




**Source:** elaborated based on information published by the Superintendency of Banks, Insurance and AFP.

### Preview 2014

The premium volume of the Peruvian insurance industry during the first half of 2014 was 4.858 billion nuevos soles (€1.265 billion), representing an increase of 12.4 percent compared to the same period in the previous year. Growth was greater in the Life Insurance businesses (14.7 percent) than Non-Life Insurance (10.7 percent). Among the latter, the lines of Automobile, Fire, Workplace Accident and other lines stand out. These figures show that the insurance business continues to grow at an acceptable rate, though there has been a certain slowdown compared to the growth achieved during the same period in 2013.

**Figure 104. Peru. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of nuevos soles | Millions of euros | % Δ |
|---|---|---|---|
| Total | 4,858 | 1,265 | 12.4 |
| Life | 2,142 | 558 | 14.7 |
| Non-Life | 2,716 | 707 | 10.7 |
| Automobile | 616 | 160 | 11.5 |
| Fire and/or Allied Lines | 484 | 126 | 12.6 |
| Personal Accidents[2] | 287 | 75 | 7.8 |
| Health | 348 | 91 | 4.8 |
| Transport | 222 | 58 | 9.3 |
| Other Lines | 579 | 151 | 13.4 |
| Workplace Accident | 181 | 47 | 12.9 |

(1) Net insurance premiums.
(2) Includes Mandatory Traffic Accident Insurance (MTAI).
**Source:** elaborated based on data published by the Superintendency of Banks and Insurance (SBS).

### New Legislation

On May 27, 2013, Law No. 29946 on Insurance Contracts came into force, establishing a new legal framework for this type of contracts.

## 3.3.9. Uruguay

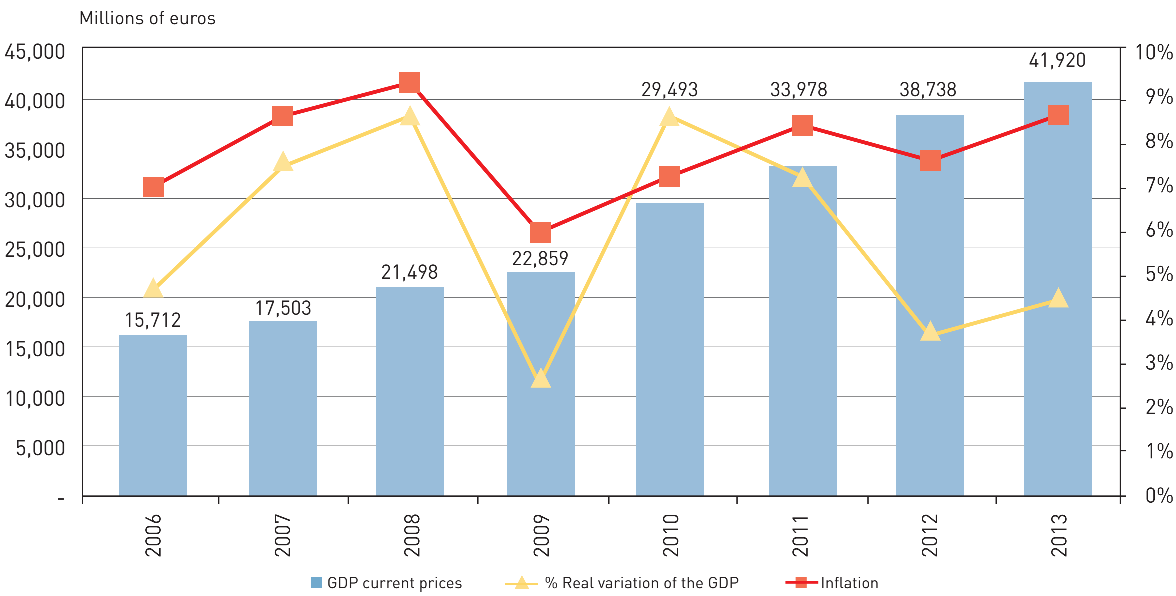
### Macroeconomic environment

In 2013, the Uruguayan economy grew 4.4 percent, surpassing growth for the previous year (3.7 percent). This growth was driven by domestic demand, both in the areas of consumption and investment. With the sole exception of the manufacturing industry, all areas of the economy grew, particularly telecommunications and electricity, gas and water supply.

The inflation rate for 2013 was 8.5 percent, which is one point more than the 2012 figure (7.5 percent) and outside the range set by the government, as has been the case in recent years. The unemployment rate remained the same, around 6.7 percent.

Regarding the external sector, there were increases in imports as well as exports in 2013. In the latter, the increase in agricultural exports is especially notable. The trade balance recorded a smaller deficit than the previous year, but the current account deficit increased slightly to 5.6 percent of the GDP.

**Figure 105. Uruguay. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

For 2014, the ECLAC forecasts a slowdown in the Uruguayan economy, with growth around 3.5 percent, due to factors such as inflationary pressure and reduced dynamism of the international context (principally the slowdown in the economies of some of the main economic partners of the country, like China or neighboring Argentina and Brazil).

### Insurance Market

The premium volume of Uruguay's insurance market in 2013 was 24.749 billion pesos (€909 million), which represents a nominal increase of 14.8 percent and a real increase of 5.8 percent compared with the previous year. 29 percent of the premiums correspond to the Life Insurance businesses, and the other 71 percent to the Non-Life lines.

The Life Insurance business lines experienced robust growth (24.9 percent in nominal terms), although it was less than in 2012 (when nominal growth was 33.4 percent). Once again, the growth of pension insurance (31.6 percent) stands out, sold exclusively by Banco de Seguros del Estado (for though there are private companies authorized to operate in this business line, to date none have done so) Non-pension insurance also grew by 18.4 percent.

Non-Life Insurance business lines grew 11.1 percent, thus experiencing a slowdown compared to the previous year (when growth was 18.7 percent). The most important line continues to be Automobile Insurance, whose premiums, which represent 41 percent of all Non-Life Insurance, grew by 13.2 percent. There were also nominal double-digit increases in the Fire, Third-Party Liability, Surety and Credit and Workplace Accident lines, the latter line (which remains a monopoly of the Banco de Seguros del Estado) being the second largest after Automobile (34.9 percent of the all Non-Life Insurance). Although all the lines grew in nominal terms, in real terms the following lines decreased: Other Lines (-6.1 percent), Transport (-6.8 percent) and Theft (-2.5 percent).

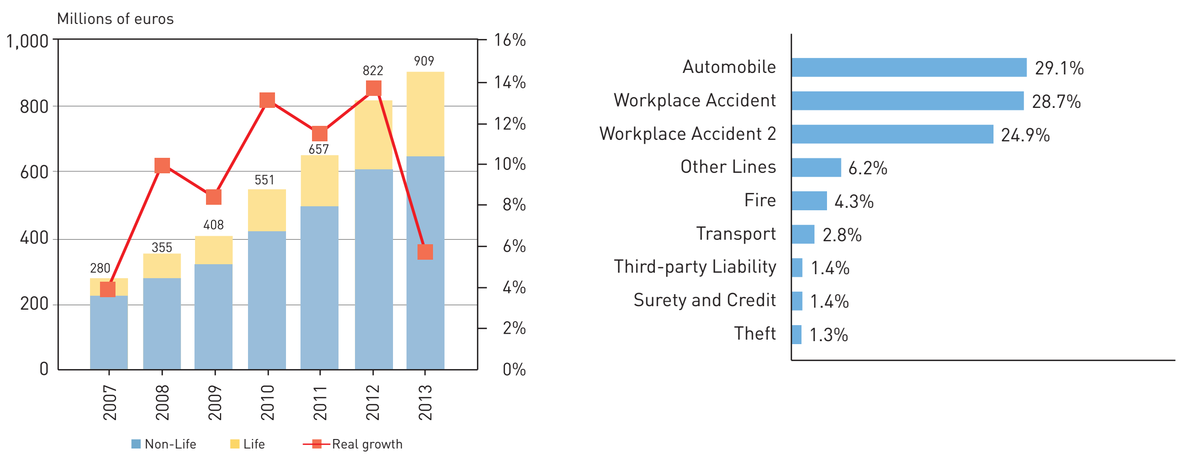
The penetration of insurance in Uruguay for 2013, or percentage of premiums in relation to the GDP, was 2.2 percent.

**Figure 106. Uruguay. 2013 premium volume[1] by lines**

| Line | Millions of pesos | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 24,749 | 909 | 14.8 | 5.8 |
| Life | 7,100 | 261 | 24.9 | 15.1 |
| Pension | 3,704 | 136 | 31.6 | 21.3 |
| Non-Pension | 3,396 | 125 | 18.4 | 9.1 |
| Non-Life | 17,648 | 648 | 11.1 | 2.4 |
| Automobile | 7,201 | 265 | 13.2 | 4.3 |
| Other Lines | 1,525 | 56 | 1.9 | -6.1 |
| Fire | 1,067 | 39 | 13.8 | 4.9 |
| Transport | 692 | 25 | 1.2 | -6.8 |
| Third-Party Liability | 355 | 13 | 10.1 | 1.5 |
| Theft | 314 | 12 | 5.8 | -2.5 |
| Surety and Credit | 341 | 13 | 28.9 | 18.8 |
| Workplace Accident[2] | 6,154 | 226 | 11.5 | 2.8 |

(1) Premiums issued net of cancellation.
(2) All premium volume for Workplace Accident corresponds to Banco de Seguros del Estado.
**Source:** elaborated based on data published by the Superintendency of Insurance.

**Figure 107. Uruguay. 2013 progress of premiums and market share by lines**

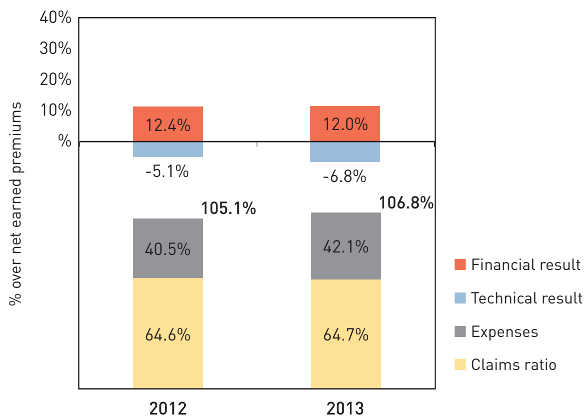



At the end of 2013, there were fourteen insurance companies operating in the Uruguay market, 13 of which are private and one (Banco de Seguros del Estado) which is state-owned. The latter company leads the market with 65.3 percent of all premiums (54 percent if we exclude the line of Accident Insurance), followed by MAPFRE and RSA, with market shares of 8.9 percent and 6.5 percent, respectively.

### Results

The combined ratio increased by a little more than a point and a half, due to cost increase, and the technical-financial result fell by two points to 5.2 percent. In spite of this, earnings were 1.086 billion pesos (€40 million), which represents an increase of 45 percent, compared to 2012, and a premium result of 5 percent, compared to 4 percent the previous year. This improvement is due to an improvement in the result due to monetary devaluation.

**Figure 108. Uruguay. Technical account outcome**




**Source:** elaborated based on information from the Superintendency of Insurance.

### Preview 2014

During the first half of 2014, Uruguay's insurance market registered a premium volume of 13.471 billion pesos (€434 million), which represents a nominal increase of 21.3 percent compared to premiums registered during the same period in the previous year. The Life Insurance business lines grew 20.3 percent during this period, which represents a slight slowdown compared to the first half of 2013 (when growth was 27.7 percent). However, the growth of Non-Life Insurance increased to 21.7 percent (14.6 percent during the same period in 2013). All lines experienced robust growth during the period, except for Fire, which suffered a reduction of 14 percent (as compared to the increase of 60.8 percent recorded in the first half of 2013).

**Figure 109. Uruguay. Premium volume[1]. 1st half of 2014 by lines**

| Line | Millions of pesos | Millions of euros | % Δ |
|---|---|---|---|
| Total | 13,471 | 434 | 21.3 |
| Life | 4,065 | 131 | 20.3 |
| Non-Life | 9,406 | 303 | 21.7 |
| Automobile | 3,877 | 125 | 19.8 |
| Fire | 454 | 15 | -14.0 |
| Transport | 369 | 12 | 26.0 |
| Other Lines | 1,507 | 49 | 47.4 |
| Workplace Accident 2 | 3,198 | 103 | 20.7 |

(1) Premiums issued net of cancellation.
(2) All premium volume for Workplace Accident corresponds to Banco de Seguros del Estado.
**Source:** elaborated based on data published by the Superintendency of Insurance.

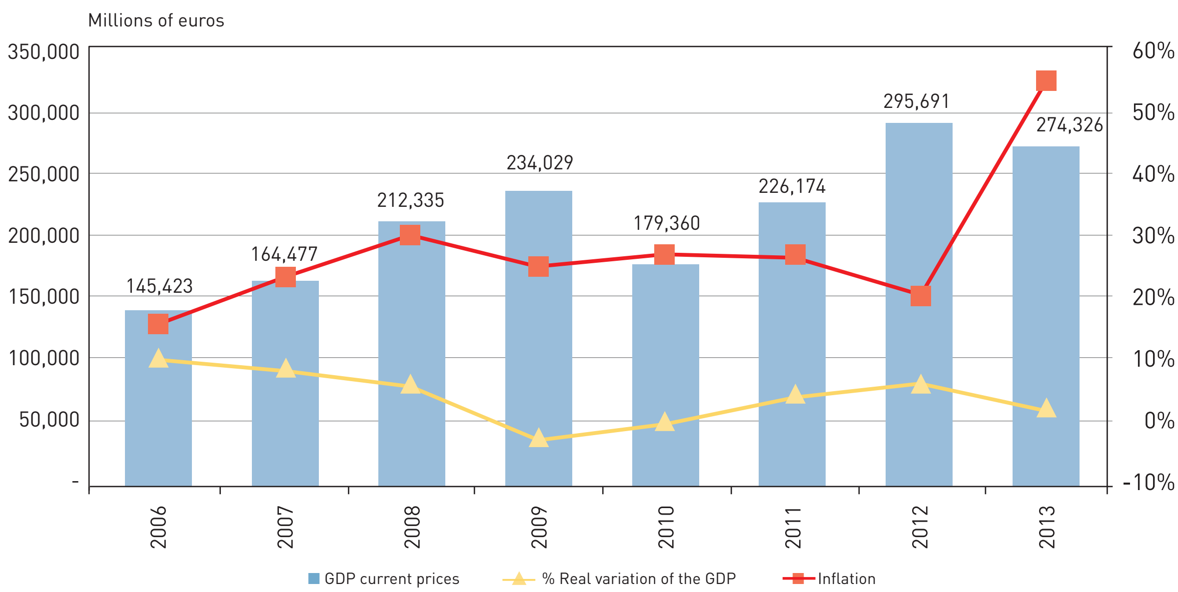
## 3.3.10. Venezuela (Bolivarian Republic of)

### Macroeconomic environment

In 2013, the GDP of the Bolivarian Republic of Venezuela increased by 1.3 percent (compared to 5.6 percent in 2012). This growth was due largely to the contribution of private consumption, which increased by 2.6 percent. The investment contribution was negative. The strongest productive sectors were financial and insurance institutions (with 9.4 percent growth), and to a lesser extent, communications and commercial industries. The oil sector grew by only 0.9 percent

Inflation accelerated during 2013, reaching 56.2 percent at the end of the year (with 20.1 percent the previous year). Nominal salaries increased by 32.5 percent, but they decreased by 4.4 percent in real terms due to high inflation. The unemployment rate decreased slightly to 7.8 percent. Price controls, which the government uses to try and combat inflation, contributed to the increasing shortage of different goods, which reached 28 percent in January 2014 (16.3 percent in December 2012). A shortage of currency, a product of an exchange rate policy that employs three different exchange rates and keeps the Bolivar overvalued, also contributed to this outcome.

**Figure 110. Venezuela. 2013 GDP**




**Source:** elaborated based on information published by ECLAC and the Central Bank.

Regarding the external sector, in 2013, there was a reduction in exports (-9 percent) as well as imports (-11 percent), which reduced the current account surplus by seven tenths, to 2.2 percent of the GDP. The value of exports is threatened by the downward trend of oil prices, since almost all of Venezuela's exports are related to this product. In fact, in 2013, the share of oil exports increased by two tenths, representing 96.3 percent of the total. Moreover, the shortage of currency caused the aforementioned drop in imports, which contributed to the scarcity of some products.

For 2014, Venezuela's GDP is expected to reduce by 3.0 percent.

### Insurance Market

In 2013, the premium volume of the Venezuelan insurance market grew to 85.624 billion dollars (€10.619 billion), which represents a nominal increase of 43.4 percent compared to the previous year. However, in real terms the market reduced by 8.2 percent.

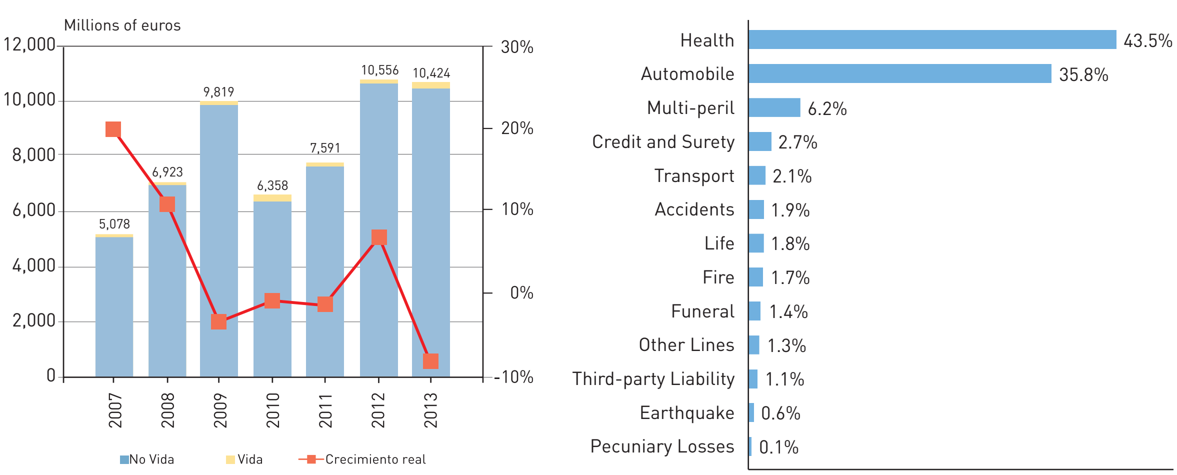
The Life Insurance business lines only represent 1.8 percent of all premiums and continue to have little importance for the insurance market. Non-Life Insurance business lines, which represent the other 98.2 percent, grew by 43.5 percent in nominal terms (and decreased by 8.1 percent in real terms), reaching 84.056 billion bolivars (€10.424 billion). Almost all of the lines had strong nominal growth, but high inflation turned this growth into real losses. Health Insurance, the line with the greatest market share (43.5 percent of the total), decreased by 13.7 percent in real terms. The only exceptions were Transport insurance, which increased by 0.2 percent in real terms, and Automobile insurance, the second most important in the market (35.8 percent), which grew by 1.4 percent in real terms. The lines of Healthcare and Automobile represent jointly four-fifths of the Non-Life Insurance market (specifically 80.7 percent).

**Figure 111. Venezuela. 2013 premium volume[1] by lines**

| Line | Millions of bolivars | Millions of euros | % Δ | % Δ real |
|---|---|---|---|---|
| Total | 85,624 | 10,619 | 43.4 | -8.2 |
| Life | 1,568 | 194 | 38.6 | -11.3 |
| Individual Life | 686 | 85 | 36.0 | -13.0 |
| Group Life - Collective | 882 | 109 | 40.7 | -9.9 |
| Non-Life | 84,056 | 10,424 | 43.5 | -8.1 |
| Health | 37,211 | 4,615 | 34.8 | -13.7 |
| Automobile | 30,613 | 3,796 | 58.4 | 1.4 |
| Multi-peril | 5,285 | 655 | 44.8 | -7.3 |
| Credit and Surety | 2,290 | 284 | 53.6 | -1.6 |
| Fire | 1,464 | 182 | 20.7 | -22.7 |
| Transport | 1,760 | 218 | 56.6 | 0.3 |
| Accidents | 1,612 | 200 | 40.4 | -10.1 |
| Funeral | 1,179 | 146 | 28.3 | -17.8 |
| Other Lines | 1,093 | 136 | 20.1 | -23.1 |
| Third-party Liability | 947 | 117 | 22.9 | -21.3 |
| Earthquake | 551 | 68 | 55.3 | -0.6 |
| Pecuniary Losses | 50 | 6 | -1.9 | -37.2 |

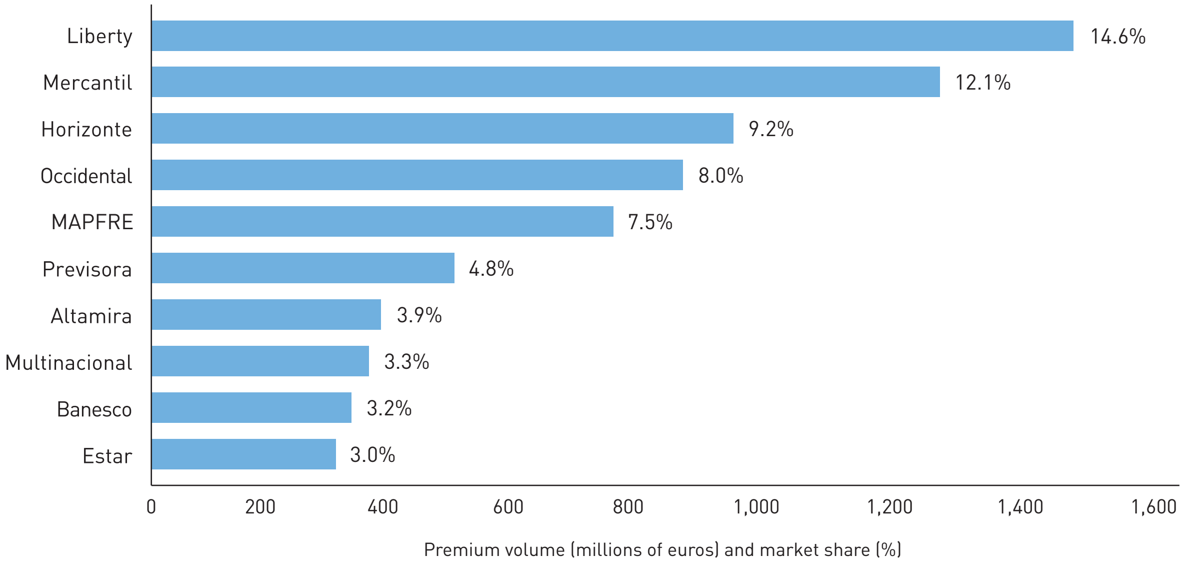
(1) Net collected premiums. Direct insurance. Estimated breakdown of premiums by lines.
**Source:** elaborated based on data published by the Superintendency of Insurance.

**Figure 112. Venezuela. 2013 progress of premiums and market share by lines**



At the end of 2013, the Venezuelan insurance industry comprised 48 insurance companies. The leading ten companies, which together account for almost 70 percent of premiums, are the same as the previous year and their relative positions in the rankings are duplicated as well. The market continues to be led by Liberty, with a share of 14.6 percent, followed by Mercantil (12.1 percent) and Horizonte (9.2 percent).

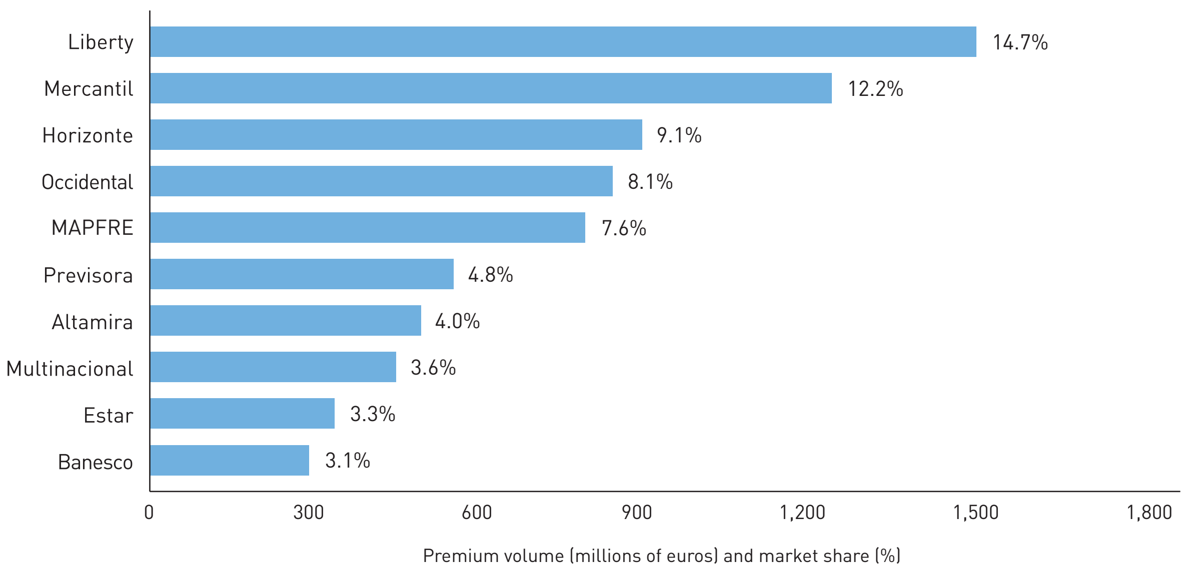
**Figure 113. Venezuela. 2013 Total Ranking**




**Source:** elaborated based on data published by the Superintendency of Insurances.

Given the great importance of Non-Life Insurance, the companies that comprise the Non-Life ranking are the same as those from the overall ranking, and in the same relative order (except that the positions of Banesco and Estar are switched).

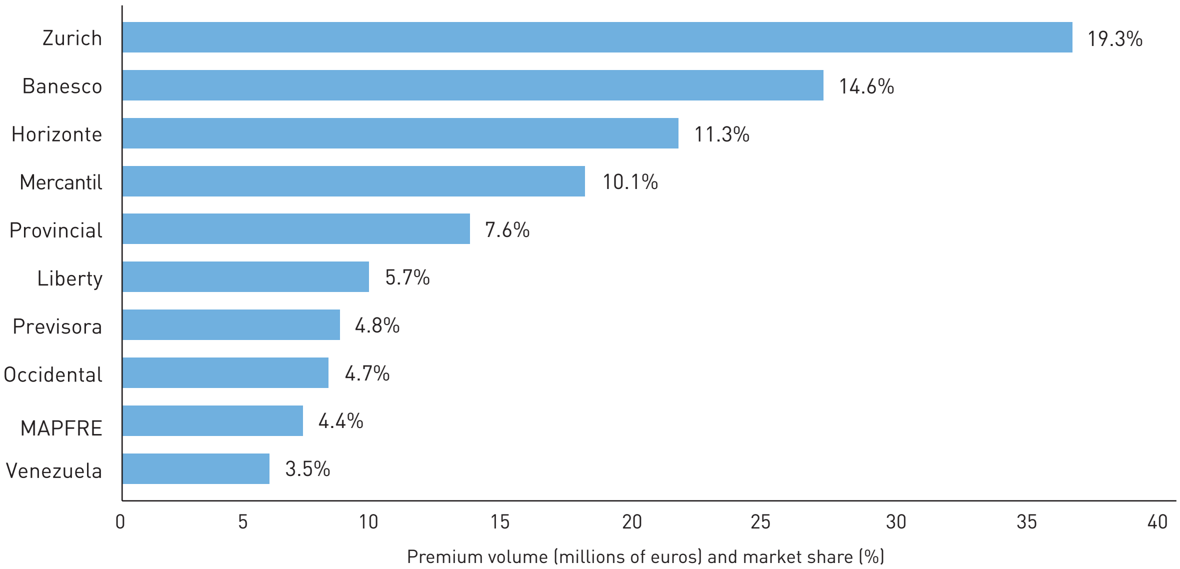
**Figure 114. Venezuela. 2013 Non-Life insurance business Ranking**




**Source:** elaborated based on data published by the Superintendency of Insurances.

The companies that make up the Life Insurance ranking are the same as the previous year. The market continues to be led by Zurich, with a share of 19.3 percent, followed by Banesco (14.6 percent) and Horizonte (11.3 percent), which moves up to third place and pushes Mercantil to fourth place. Occidental moves down two places, which are gained by Liberty.

Figure 115. Venezuela. 2013 Life insurance business Ranking

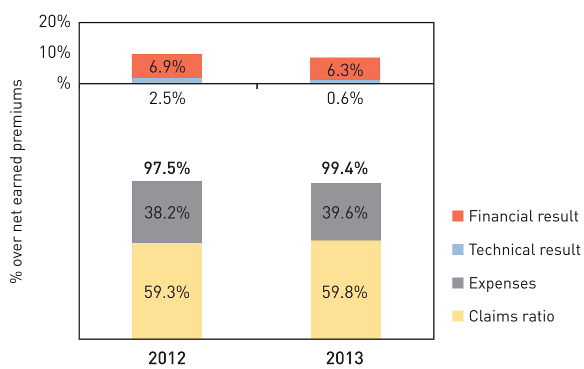



**Source:** elaborated based on data published by the Superintendency of Insurances.

### Results

The earnings for the 2013 fiscal year increased to 5.020 billion bolivars (€622 million). The combined ratio worsened by nearly two tenths due to increased costs and, especially, an increase in claims ratios. The technical result, which is still positive, decreased to 0.6 percent. The technical-financial result was 6.9 percent, two and a half points less than in 2012, due to the decrease in the technical result and a decline in the financial result.

Figure 116. Venezuela. Technical account outcome




**Source:** elaborated based on information from the Superintendency of Insurance Activity.

### Preview 2014

In first half of 2014, the premium volume of the Venezuelan insurance market grew to 57.089 billion bolivars fuertes (€6.172 billion), which represents a nominal increase of 52.7 percent.

Figures in Millions of $. Nominal growth in $

Figure 117. Latin America. 2013 Premium Volume (Millions of $)

| Country | Non-Life | % Δ | Life | % Δ | Total | % Δ |
|---|---|---|---|---|---|---|
| Brazil | 28,843 | 7.3 | 38,495 | -2.3 | 67,338 | 1.6 |
| Mexico | 14,200 | 14.7 | 12,395 | 13.8 | 26,596 | 14.3 |
| Argentina | 13,642 | 18.7 | 2,693 | 14.7 | 16,336 | 18.0 |
| Venezuela | 13,864 | 1.6 | 259 | -1.9 | 14,123 | 1.6 |
| Chile | 4,735 | 5.6 | 7,011 | 5.3 | 11,746 | 5.4 |
| Puerto Rico | 9,487 | -1.3 | 1,069 | 7.1 | 10,556 | -0.5 |
| Colombia | 6,465 | 3.7 | 3,552 | 34.4 | 10,017 | 12.8 |
| Peru | 1,957 | 11.8 | 1,378 | 9.8 | 3,335 | 11.0 |
| Ecuador | 1,377 | 11.9 | 282 | 10.8 | 1,659 | 11.7 |
| Panama | 965 | 9.2 | 280 | 9.7 | 1,244 | 9.3 |
| Uruguay | 862 | 10.2 | 347 | 23.9 | 1,209 | 13.8 |
| Costa Rica | 896 | 9.9 | 139 | 26.2 | 1,036 | 11.8 |
| Dominican Republic | 619 | -1.6 | 120 | 5.4 | 738 | -0.5 |
| Guatemala | 530 | 12.4 | 135 | 10.8 | 664 | 12.0 |
| El Salvador | 336 | -0.8 | 210 | 8.1 | 546 | 2.4 |
| Honduras | 258 | 2.4 | 115 | 10.1 | 373 | 4.7 |
| Bolivia | 282 | 13.5 | 89 | 30.6 | 371 | 17.2 |
| Paraguay | 313 | 15.7 | 44 | 24.6 | 356 | 16.7 |
| Nicaragua | 129 | 11.4 | 27 | 23.6 | 156 | 13.3 |
| Overall Total | 99,762 | 7.8 | 68,640 | 4.0 | 168,401 | 6.2 |

Premiums in Millions of $

## Figure 118. Latin America. 2013 premium volume by lines (Millions of $)

| Line | 2012 | 2013 | % Δ | % Share |
|---|---|---|---|---|
| Life | 66,001 | 68,640 | 4.0 | 40.8 |
| Collective and Individual Life | 58,099 | 59,679 | 2.7 | 35.4 |
| Private Pension Plan | 7,902 | 8,961 | 13.4 | 5.3 |
| Non-Life | 92,509 | 99,762 | 7.8 | 59.2 |
| Automobile | 33,705 | 36,939 | 9.6 | 21.9 |
| Health | 19,211 | 19,579 | 1.9 | 11.6 |
| Fire and/or Allied Lines | 8,118 | 8,861 | 9.1 | 5.3 |
| Other Damage | 12,978 | 14,107 | 8.7 | 8.4 |
| Transport | 3,745 | 3,794 | 1.3 | 2.3 |
| Third-party Liability | 2,508 | 2,688 | 7.2 | 1.6 |
| Personal Accidents | 4,968 | 5,273 | 6.2 | 3.1 |
| Credit and/or Surety | 1,988 | 2,212 | 11.3 | 1.3 |
| Workplace Accident | 5,288 | 6,309 | 19.3 | 3.7 |
| Total | 158,510 | 168,401 | 6.2 | 100.0 |

**Source:** elaborated based on information published by the insurance oversight authorities of each country.

## Figure 119. Latin America. Earnings by country (Millions of $)

| Country | 2012 | 2013 | Δ% |
|---|---|---|---|
| Brazil | 6,931 | 7,873 | 13.6 |
| Mexico | 1,814 | 1,784 | -1.6 |
| Argentina | 928 | 909 | -2.1 |
| Venezuela | 864 | 827 | -4.3 |
| Chile | 843 | 595 | -29.4 |
| Colombia | 620 | 311 | -49.8 |
| Peru | 261 | 253 | -2.8 |
| Costa Rica | 98 | 81 | -17.3 |
| Guatemala | 58 | 76 | 32.6 |
| Panama | 92 | 71 | -22.6 |
| El Salvador | 55 | 57 | 3.5 |
| Uruguay | 37 | 53 | 44.0 |
| Dominican Republic | 44 | 42 | -4.6 |
| Ecuador | 46 | 39 | -14.4 |
| Honduras | 46 | 37 | -18.5 |
| Paraguay | 34 | 37 | 9.0 |
| Bolivia | 19 | 27 | 46.0 |
| Nicaragua | 11 | 14 | 31.0 |
| Total | 12,798 | 13,088 | 2.3 |

**Figure 120. 2013 balance sheet of the Latin American insurance industry (Millions of $)**

| Countries | Earned premiums | Operating expenses | Claims ratio | Technical result | Financial result | Other income and expenses[1] | Earnings |
|---|---|---|---|---|---|---|---|
| Brazil | 32,102 | 14,679 | 15,088 | 2,335 | 5,515 | 22 | 7,873 |
| Mexico | 17,268 | 5,494 | 12,732 | -958 | 3,353 | -610 | 1,784 |
| Argentina | 13,526 | 6,392 | 8,847 | -1,713 | 2,350 | 271 | 909 |
| Venezuela | 9,888 | 3,911 | 5,917 | 60 | 619 | 148 | 827 |
| Chile | 9,301 | 2,702 | 8,484 | -1,885 | 2,411 | 70 | 595 |
| Colombia | 6,959 | 3,386 | 4,174 | -602 | 971 | -58 | 311 |
| Peru | 1,862 | 1,023 | 1,158 | -318 | 585 | -13 | 253 |
| Costa Rica | 724 | 328 | 440 | -43 | 161 | -37 | 81 |
| Guatemala | 426 | 143 | 246 | 37 | 44 | -4 | 76 |
| Panama | 707 | 294 | 402 | 11 | 68 | -8 | 71 |
| El Salvador | 326 | 129 | 167 | 30 | 19 | 7 | 57 |
| Uruguay | 1,057 | 445 | 684 | -72 | 127 | -2 | 53 |
| Dominican Republic | 363 | 175 | 179 | 9 | 33 | 0 | 42 |
| Ecuador | 684 | 190 | 345 | 149 | 33 | -142 | 39 |
| Honduras | 212 | 89 | 110 | 13 | 35 | -11 | 37 |
| Paraguay | 281 | 133 | 118 | 30 | 14 | -6 | 37 |
| Bolivia | 261 | 137 | 106 | 18 | 19 | -10 | 27 |
| Nicaragua | 88 | 44 | 39 | 6 | 7 | 1 | 14 |
| Overall Total | 96,037 | 39,696 | 59,237 | -2,895 | 16,364 | -382 | 13,088 |

(1) including taxes
**Source:** elaborated based on information published by insurance oversight authorities

Figures in Millions of $. Nominal growth in $

**Figure 121. Latin America. Premium volume for first half of 2014 by country (Millions of $)**

| Country | Non-Life | % Δ | Life | % Δ | Total | % Δ |
|---|---|---|---|---|---|---|
| Brazil | 15,578 | 5.0 | 18,708 | -11.9 | 34,286 | -5.0 |
| Mexico | 7,118 | -7.9 | 6,461 | 1.1 | 13,579 | -3.8 |
| Venezuela | 8,306 | 32.7 | 152 | 25.1 | 8,459 | 32.6 |
| Argentina | 6,074 | -12.1 | 1,202 | -8.4 | 7,275 | -11.5 |
| Chile | 2,051 | -11.8 | 3,248 | -15.0 | 5,299 | -13.8 |
| Puerto Rico | 4,385 | -9.5 | 559 | 4.2 | 4,944 | -8.1 |
| Colombia | 3,261 | 3.6 | 1,391 | 1.8 | 4,652 | 3.0 |
| Peru | 969 | 4.8 | 764 | 8.5 | 1,734 | 6.4 |
| Ecuador | 642 | 0.1 | 132 | -1.8 | 774 | -0.2 |
| Panama | 516 | 13.6 | 141 | 4.6 | 658 | 11.5 |
| Uruguay | 415 | 4.4 | 179 | 3.2 | 594 | 4.0 |
| Costa Rica | 501 | 18.8 | 69 | -8.7 | 570 | 14.6 |
| Guatemala | 306 | 9.6 | 73 | 11.3 | 378 | 10.0 |
| Dominican Republic | 315 | 2.2 | 57 | -2.7 | 372 | 1.4 |
| El Salvador | 187 | 5.0 | 119 | 15.1 | 306 | 8.7 |
| Honduras | 144 | 4.3 | 61 | 8.0 | 205 | 5.4 |
| Paraguay | 177 | 7.4 | 25 | 11.8 | 203 | 7.9 |
| Bolivia | 152 | 9.2 | 49 | 15.7 | 200 | 10.7 |
| Nicaragua | 73 | 5.1 | 15 | 24.4 | 88 | 7.9 |
| Overall Total | 51,170 | 2.0 | 33,406 | -8.2 | 84,576 | -2.3 |

**Source:** elaborated based on information published by insurance oversight authorities

## Figure 122. 2013 premium volume by country and line (Millions of $)

| Line | Argentina | Bolivia | Brazil [1] | Chile | Colombia |
|---|---|---|---|---|---|
| Life | 2,693 | 89 | 38,495 | 7,011 | 3,552 |
| Collective and Individual Life | 2,358 | 89 | 38,495 | 2,190 | 2,401 |
| Private Pension Plan | 335 | 0 | | 4,821 | 1,151 |
| Non-Life | 13,642 | 282 | 28,843 | 4,735 | 6,465 |
| Automobile | 5,661 | 82 | 15,590 | 1,078 | 1,167 |
| Health | 37 | 36 | | 700 | 535 |
| Fire and/or Allied Lines | 533 | 48 | 2,011 | 1,301 | 635 |
| Other Damage | 1,771 | 40 | 5,830 | 742 | 1,230 |
| Transport | 256 | 32 | 1,673 | 198 | 161 |
| Third-party Liability | 283 | 14 | 573 | 181 | 390 |
| Personal Accidents | 415 | 9 | 2,233 | 398 | 1,129 |
| Credit and/or Surety | 261 | 21 | 932 | 137 | |
| Workplace Accident | 4,424 | 0 | | | 1,218 |
| Total | 16,336 | 371 | 67,338 | 11,746 | 10,017 |

| Line | Costa Rica | Ecuador | El Salvador | Guatemala | Honduras |
|---|---|---|---|---|---|
| Life | 139 | 282 | 210 | 135 | 115 |
| Collective and Individual Life | 139 | 282 | 133 | 135 | 115 |
| Private Pension Plan | | | 76 | | |
| Non-Life | 896 | 1,377 | 336 | 530 | 258 |
| Automobile | 312 | 482 | 68 | 144 | 61 |
| Health | 96 | 57 | 81 | 136 | 61 |
| Fire and/or Allied Lines | 142 | 32 | 93 | 107 | 85 |
| Other Damage | 61 | 339 | 81 | 55 | 23 |
| Transport | 16 | 148 | | 34 | 11 |
| Third-party Liability | 17 | 77 | | 12 | 4 |
| Personal Accidents | | 120 | | 15 | 7 |
| Credit and/or Surety | 7 | 122 | 14 | 27 | 4 |
| Workplace Accident | 245 | | | | 1 |
| Total | 1,036 | 1,659 | 546 | 664 | 373 |

| Line | Mexico | Nicaragua | Panama | Paraguay | Peru |
|---|---|---|---|---|---|
| Life | 12,395 | 27 | 280 | 44 | 1,378 |
| Collective and Individual Life | 10,829 | 27 | 280 | 44 | 548 |
| Private Pension Plan | 1,566 | | | | 830 |
| Non-Life | 14,200 | 129 | 965 | 313 | 1,957 |
| Automobile | 5,176 | 36 | 213 | 170 | 426 |
| Health | 3,557 | 10 | 200 | | 248 |
| Fire and/or Allied Lines | 2,312 | 41 | 112 | 29 | 437 |
| Other Damage | 1,468 | 26 | 179 | 65 | 284 |
| Transport | 600 | 4 | 52 | 15 | 134 |
| Third-party Liability | 561 | 4 | 73 | 12 | 71 |
| Personal Accidents | 422 | 6 | 18 | 8 | 201 |
| Credit and/or Surety | 105 | 4 | 117 | 14 | 35 |
| Workplace Accident | | | | | 120 |
| Total | 26,596 | 156 | 1,244 | 356 | 3,335 |

| Line | Puerto Rico | Dominican Republic | Uruguay | Venezuela | Total |
|---|---|---|---|---|---|
| Life | 1,069 | 120 | 347 | 259 | 68,640 |
| Collective and Individual Life | 1,069 | 120 | 166 | 259 | 59,679 |
| Private Pension Plan | | | 181 | 0 | 8,961 |
| Non-Life | 9,487 | 619 | 862 | 13,864 | 99,762 |
| Automobile | 657 | 214 | 352 | 5,049 | 36,939 |
| Health | 7,625 | 63 | | 6,138 | 19,579 |
| Fire and/or Allied Lines | 308 | 249 | 52 | 332 | 8,861 |
| Other Damage | 518 | 49 | 90 | 1,255 | 14,107 |
| Transport | 116 | 20 | 34 | 290 | 3,794 |
| Third-party Liability | 242 | | 17 | 156 | 2,688 |
| Personal Accidents | 22 | 5 | | 266 | 5,273 |
| Credit and/or Surety | | 18 | 17 | 378 | 2,212 |
| Workplace Accident | | | 301 | | 6,309 |
| Total | 10,556 | 738 | 1,209 | 14,123 | 168,401 |

(1) Brazilian health insurance premiums are not included, which is supervised by a different body from the Superintendency of Private Insurance.
**Source:** elaborated based on information published by the insurance oversight authorities of each country.

## Figure 123. V2013 premium volume by country and line (millions of €)

| Line | Argentina | Bolivia | Brazil [1] | Chile | Colombia |
|---|---|---|---|---|---|
| Life | 2,078 | 67 | 28,944 | 5,271 | 2,671 |
| Collective and Individual Life | 1,819 | 67 | 28,944 | 1,646 | 1,805 |
| Private Pension Plan | 259 | | | 3,625 | 865 |
| Non-Life | 10,526 | 212 | 21,687 | 3,560 | 4,861 |
| Automobile | 4,368 | 61 | 11,722 | 810 | 878 |
| Health | 29 | 27 | | 526 | 402 |
| Fire and/or Allied Lines | 411 | 36 | 1,512 | 978 | 478 |
| Other Damage | 1,367 | 30 | 4,384 | 558 | 925 |
| Transport | 198 | 24 | 1,258 | 149 | 121 |
| Third-party Liability | 218 | 10 | 431 | 136 | 293 |
| Personal Accidents | 320 | 7 | 1,679 | 299 | 849 |
| Credit and/or Surety | 201 | 16 | 701 | 103 | |
| Workplace Accident | 3,413 | | | | 916 |
| Total | 12,604 | 279 | 50,630 | 8,831 | 7,532 |

| Line | Costa Rica | Ecuador | El Salvador | Guatemala | Honduras |
|---|---|---|---|---|---|
| Life | 105 | 212 | 158 | 101 | 87 |
| Collective and Individual Life | 105 | 212 | 100 | 101 | 87 |
| Private Pension Plan | | | 57 | | |
| Non-Life | 674 | 1,035 | 253 | 398 | 194 |
| Automobile | 235 | 362 | 51 | 108 | 46 |
| Health | 72 | 43 | 61 | 102 | 46 |
| Fire and/or Allied Lines | 107 | 24 | 70 | 80 | 64 |
| Other Damage | 46 | 255 | 61 | 41 | 18 |
| Transport | 12 | 111 | | 26 | 8 |
| Third-party Liability | 13 | 58 | | 9 | 3 |
| Personal Accidents | | 90 | | 11 | 5 |
| Credit and/or Surety | 5 | 92 | 10 | 21 | 3 |
| Workplace Accident | 184 | | | | 1 |
| Total | 779 | 1,248 | 411 | 500 | 280 |

| Line | Mexico | Nicaragua | Panama | Paraguay | Peru |
|---|---|---|---|---|---|
| Life | 9,320 | 20 | 210 | 34 | 1,036 |
| Collective and Individual Life | 8,142 | 20 | 210 | 34 | 412 |
| Private Pension Plan | 1,178 | | | | 624 |
| Non-Life | 10,677 | 97 | 725 | 241 | 1,472 |
| Automobile | 3,892 | 27 | 160 | 131 | 320 |
| Health | 2,674 | 7 | 151 | | 187 |
| Fire and/or Allied Lines | 1,738 | 31 | 85 | 22 | 329 |
| Other Damage | 1,104 | 19 | 135 | 50 | 214 |
| Transport | 451 | 3 | 39 | 12 | 101 |
| Third-party Liability | 421 | 3 | 55 | 9 | 54 |
| Personal Accidents | 317 | 4 | 14 | 6 | 151 |
| Credit and/or Surety | 79 | 3 | 88 | 11 | 26 |
| Workplace Accident | | | | | 90 |
| Total | 19,997 | 118 | 936 | 275 | 2,508 |

| Line | Puerto Rico | Dominican Republic | Uruguay | Venezuela | Total |
|---|---|---|---|---|---|
| Life | 804 | 90 | 261 | 194 | 51,662 |
| Collective and Individual Life | 804 | 90 | 125 | 194 | 44,918 |
| Private Pension Plan | | | 136 | 0 | 6,744 |
| Non-Life | 7,133 | 465 | 648 | 10,424 | 75,283 |
| Automobile | 494 | 161 | 265 | 3,796 | 27,888 |
| Health | 5,733 | 47 | | 4,615 | 14,722 |
| Fire and/or Allied Lines | 232 | 187 | 39 | 250 | 6,673 |
| Other Damage | 389 | 37 | 68 | 943 | 10,643 |
| Transport | 87 | 15 | 25 | 218 | 2,858 |
| Third-party Liability | 182 | | 13 | 117 | 2,027 |
| Personal Accidents | 16 | 4 | | 200 | 3,973 |
| Credit and/or Surety | | 14 | 13 | 284 | 1,669 |
| Workplace Accident | | | 226 | | 4,831 |
| Total | 7,937 | 555 | 909 | 10,619 | 126,945 |

(1) Brazilian health insurance premiums are not included, which is supervised by a different body from the Superintendency of Private Insurance
**Source:** elaborated based on information published by the insurance oversight authorities of each country.

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