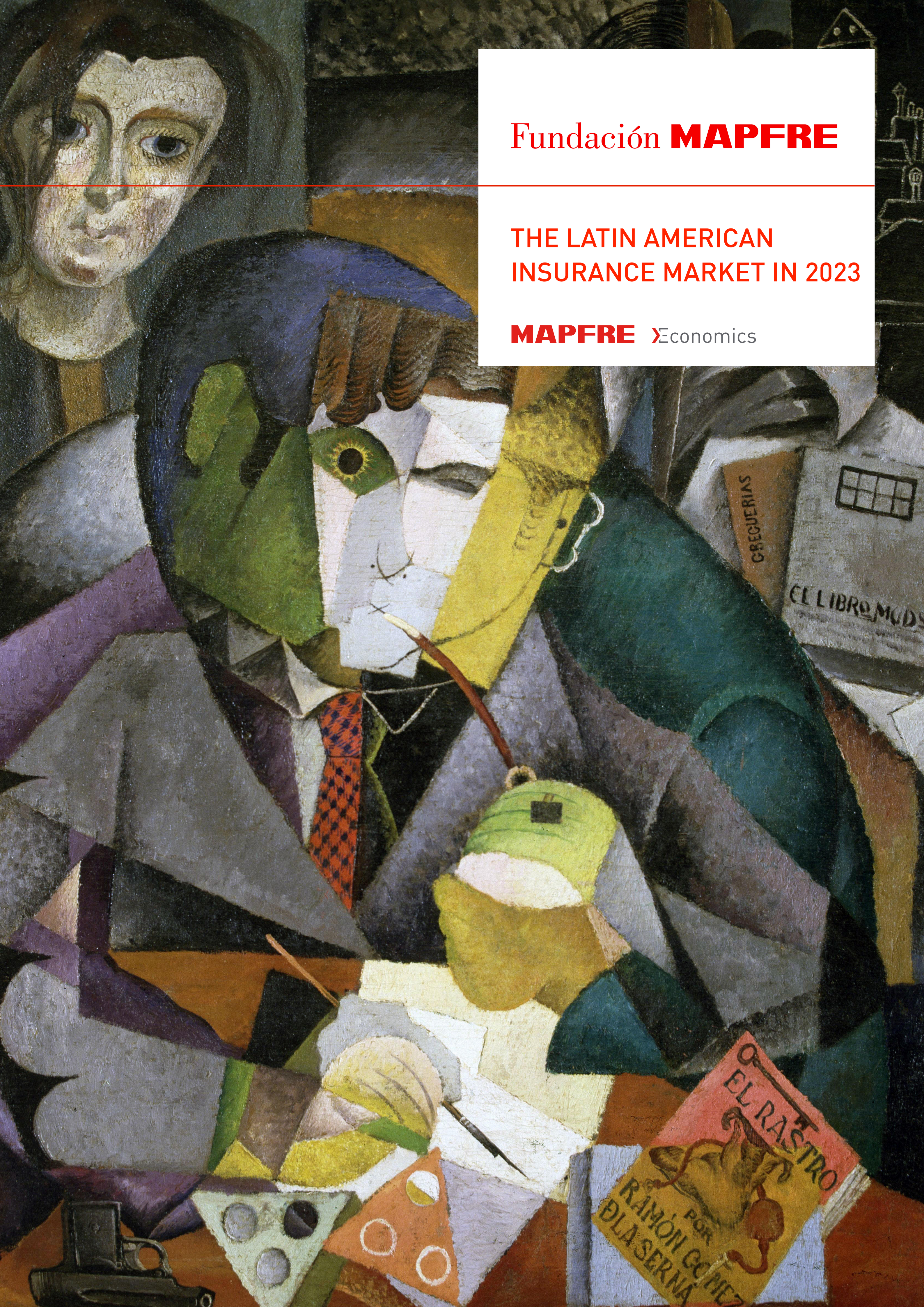

Fundación MAPFRE

THE LATIN AMERICAN INSURANCE MARKET IN 2023

MAPFRE Economics

The Latin American Insurance Market in 2023

Diego Rivera
Portrait of Ramón Gómez de la Serna (1915)
Oil on canvas

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MAPFRE Economics recognizes and appreciates the valuable collaboration of the regulatory and supervisory bodies of insurance markets in Latin America. Their participation and support have contributed significantly to the preparation of this report.

Contents

Presentation

The Latin American Insurance Market in 2023, prepared by MAPFRE Economics and published by Fundación MAPFRE, looks at the performance of the region's insurance markets for another year, with aggregate industry data for all of Latin America and detailed information on each of the 19 countries included in the study. In addition to examining what happened in 2023, the report includes a medium-term analysis of the sector's progress between 2013 and 2023. As usual, the publications of the insurance oversight organizations and the insurance associations in each country were used as information sources to obtain insurance data.

The results of the analysis indicate that, despite an environment of moderate economic growth in the region, the Latin American insurance industry performed quite favorably in 2023, with premium growth and positive results in practically all markets. This strong performance helped increase the Latin American insurance industry's market share in the world as a whole, standing at 2.8% in 2023, while the structural indicators of penetration (premiums/GDP) and density (premiums per capita) also increased over the previous year, reaching 3.1% and 324.3 dollars, respectively. However, these data remain low if we compare the insurance coverage effectively acquired in the region and what is economically necessary and beneficial for society, called the Insurance Protection Gap, which stood at 301.3 billion dollars in 2023, 11.5% more than the 2022 estimate. Nevertheless, despite some occasional setbacks, the development of the region's insurance industry continues to trend upward, with positive growth for the Latin American market in the medium term.

This study was published by Fundación MAPFRE as part of its objective to disseminate knowledge and culture of insurance and social protection among the population while highlighting the importance of the insurance industry as a fundamental driver of economic development and social welfare.

Fundación MAPFRE

Introduction

As it does every year, MAPFRE Economics presents its *Latin American Insurance Market* report, offering an analysis of the behavior and performance of the insurance industry in that region during 2023 and, from a medium-term perspective, over the last decade. Generally, in 2023, the strong performance of Latin American insurance industry, along with moderating inflation in most countries, resulted in a real increase in premiums in nearly all markets. Thus, total premiums in the region stood at 203.4 billion dollars, a nominal increase of 17.1% over the previous year, with nominal and actual growth in premiums in local currency in most markets. Moreover, broken down by major segments of activity, this growth was perfectly balanced, with Life insurance again showing a higher increase than the previous year, 17.1%, as was the case with Non-Life insurance premiums, which grew by an identical 17.1%.

Meanwhile, the report individually reviews the main figures of insurance markets in the region, considering aspects such as premium growth, investment, technical provisions, technical performance, and results and profitability. Additionally, the main structural trends of the insurance industry are examined, considering the evolution of insurance penetration, as well as density and depth indicators, and the estimated insurance gap for the region is updated. Also, following up on what was included for the first time in last year's edition, readers can access the interactive online version *Latin American Insurance Market: Interactive Data* (Spanish), where they will find not only a substantial part of the information contained in this report, but also ongoing updates to this data.

We hope this new edition of *The Latin American Insurance Market* contributes to the analysis of the insurance industry's performance in the region, becoming another factor that drives its development and expansion.

MAPFRE Economics

Executive summary

The global economy and the insurance industry

In 2023, global GDP growth continued losing steam, standing at 3.3% (3.5% in 2022), given the cycle of monetary tightening started the previous year by the central banks of the main economies worldwide, but exceeding expectations of a further slowdown in economic activity. However, uncertainty remained high due to geopolitical conflicts, such as the war in Ukraine, and since October 2023, in Israel.

The biggest contribution to global economic growth came from emerging and developing markets, which experienced 1.9% aggregate growth (4.2% in 2022), slightly lower than the 2.2% economic growth in the Latin American and Caribbean region (4.0% in 2022). Among the emerging markets, China's economy grew 5.2% in 2023 (3.0% in 2022). Meanwhile, the advanced economies grew 1.7% (2.7% in 2022), with a major contribution of 2.5% from the United States (1.9% in 2022), while the Eurozone's aggregate economic growth was low at only 0.6% (3.5% in 2022), with the economies of Germany and the United Kingdom practically stalled.

Inflation improved throughout 2023 yet remained far from the monetary policy objectives, without giving clear signs indicating the problem was under control, considering the high levels reached the previous year. This led to additional interest rate hikes by the main central banks, particularly the U.S. Federal Reserve and the European Central Bank. In Latin America, the main central banks that had anticipated the monetary tightening process the previous year, understanding that the inflationary process was not a temporary phenomenon, kept financing conditions in restrictive territory. However, their speedy response to the onset of surging inflation allowed some central banks, particularly the Bank of Brazil, to start to apply the first interest rate cuts during the second half of the year.

In this context, insurance markets around the world showed some recovery in 2023, driven largely by the strong performance of Non-Life Insurance, given a better-than-expected economic environment and the notable turnaround in Life insurance premium growth due to the favorable effect of the rate hikes. However, the speed at which interest rates were raised caused distortions in some markets, more specifically in Western Europe, registering a reduction in Life insurance premium income, although with some exceptions, such as the marked increases in the United Kingdom and Spain. Thus, global insurance premiums reached 7.2 trillion dollars versus 6.8 trillion in 2022, representing 6.1% growth, with a 3.9% increase in Life (-5.2% in 2022) and 7.6% in Non-Life (4.2% in 2022). This equated to density (premiums per capita) of 889 dollars (853 dollars in 2022) and penetration (premiums/GDP) of 7.0% (6.8% in 2022).

In terms of profitability, 2023 was a more benign year after the weaker performance of the previous year. Insurance premium revisions allowed the cost of claims and other operating expenses, to a greater or lesser extent, to be transferred to the price of insurance. Interest rate hikes helped improve the financial profitability of insurance companies' investment portfolios in some markets, in contrast to what happened in 2022, when the insurance industry was harmed by the effect of inflation levels that were significantly higher than predicted.

The economy and the Latin American insurance market

In 2023, Latin America showed aggregate economic growth of 2.2% (4.0% in 2022), suffering a significant slowdown after the previous year's strong performance amid a complex and disparate macroeconomic scenario among its different economies. Despite generally decreasing throughout the year, inflation remained high, requiring interest rates to remain in strongly restrictive territory. At the same time, many economies had limited fiscal space due to high debt with respect to GDP and fiscal deficits. These factors affected purchasing power and access to credit for governments, households, and companies, which slowed internal demand, particularly consumer spending and investments. However, the largest countries in the region, such as Brazil and Mexico, performed better than expected, with a moderate slowdown in 2023, driven mainly by private consumption, which, despite continuing to decline, is still the top driver of regional GDP.

The Latin American insurance market in 2023 reached a premium volume of 203.4 billion dollars, representing growth of 17.1% (15.9% in 2022), posting two consecutive years of significant and balanced growth in both business segments. This strong performance of the Latin American insurance industry occurred in a complex environment in which, despite the economic slowdown in the aggregate, its main economies again performed better than expected, considering the restrictive monetary policy applied by their respective central banks. This also created an environment of interest rates well above inflation (positive real interest rates), very favorable to the development of the Life insurance and pensions segment, making it one of the regions of the world with the greatest momentum once again. Growth was broadly positive, both in actual terms and as measured in dollars, with the help of strong currency performance of the major markets, mainly Mexico and Brazil.

Thus, compared to the global insurance market, this strong performance caused the Latin American insurance industry to attain a 0.27 percentage point (pp) increase in its global market share over 2022, standing at 2.8%. The Non-Life insurance segment improved, as did the Life segment, to a greater extent. However, the percentage remains low considering the size of the regional economy, which represented about 7.3% of global GDP and 8.1% of the world's population in 2023.

Insurance market performance in Latin America

Total premiums in Latin America reached 203.4 billion dollars, a 17.1% increase in 2023 (15.9% in 2022), with identical growth rates in both market segments. Despite an environment of moderate economic growth in the region, the insurance industry performed well in 2023, with nominal and actual premium growth in local currency in most markets. Although this significant increase in 2023 was influenced in part by the appreciation of some currencies in the region, the industry's performance in local currency was quite positive, driven by the higher revenue in Automobile insurance and Fire and Allied Lines, two of the main lines in the Non-Life segment, and by savings and annuity products in Life insurance, which were favored by the high interest rates in these markets, above inflation (positive real interest rates). The region's limited insurance development is another factor that increases its potential, showing elastic growth given GDP variations greater than those of developed markets. Meanwhile, the share of each segment in the total insurance market remains unchanged from the previous year, with 57.7% of premiums corresponding to Non-Life Insurance and the remaining 42.3% to Life Insurance.

The strong performance of the Latin American insurance industry in 2023, along with a moderation of inflation in most countries, led to actual growth in premiums in nearly all markets. The only exceptions were Colombia, where average inflation of 11.7% (10.2% in 2022) resulted in a real decrease in premium revenues of 4.1%, and El Salvador, where there was a drop in premiums in nominal (-5.6%) and actual (-9.3%) terms. On the other hand, as stated above, the appreciation of some currencies against the dollar had a positive effect on several countries, including four of the main markets in the region (Brazil, Mexico, Chile, and Peru), where the nominal increases in premiums were greater in dollars than in local currency.

Broken down by major activity segments, at the regional level, the Life insurance segment again showed significant growth, higher than the previous year, at 17.1% measured in dollars (15.3% in 2022), as did Non-Life insurance premiums, which also grew by 17.1% (compared to 16.4% in 2022). The Life insurance segment was favored again this year by high interest rates, which created an environment ripe for the development of Life savings and annuity products. In the Life segment, premiums for both individual and group Life insurance policies, which represent 36.0% of the total premiums in the region, experienced a growth rate of 17.6% (13.1% in 2022). Pension insurance, in turn, grew 14.3% (29.2% in 2022) with a slight regression in weight, still relatively small, in the region's Life business, accounting for 6.3% of total premiums in 2023.

Meanwhile, in the Non-Life segment, all markets in the region saw an increase in dollars, notably Mexico (34.4%), Costa Rica (24.4%), and Argentina (21.3%). Automobile insurance was the main driver of growth in nearly all markets, exceeding the 2022 aggregate premium volume by 21.9%. Fire and Allied Lines, which include Earthquake coverage, had the highest increase (24%), with very strong performance in countries where this insurance exceeds the Automobile line in premiums (Chile, Peru, El Salvador, Honduras, Nicaragua, and Dominican Republic). The Health line was another top contributor to growth in the Non-Life segment: although it did not have the highest growth rate (13.3%), its volume is significant, representing 14.0% of premiums in that segment.

With respect to profitability of the insurance industry at the regional level, the data for the Latin American markets in 2023 continued to improve, with net positive results in most markets. Thus, the aggregate net result of the Latin American insurance market stood at 15.6 billion dollars, representing growth of 56.4% compared to the previous year. Many of the markets in the region had positive aggregate net results, highlighting, for another year, the significant growth in the two largest markets, Brazil and Mexico, as well as other markets with a significant share of business volume, like Argentina, Colombia, and Peru.

From a competition perspective, in 2023, the Latin American insurance markets with the highest levels of concentration were, again, Uruguay, Costa Rica, and Nicaragua, with indicators above the threshold associated with a highly concentrated industry. Meanwhile, Peru, Venezuela, Honduras, Panama, the Dominican Republic, Guatemala, and El Salvador achieved index values equating to concentrated markets, albeit with a moderate level of concentration. The remaining Latin American markets reported indexes below the threshold associated with moderate levels of concentration.

Structural trends in the insurance industry

With regard to the medium-term development of the Latin American insurance industry, analyzed from the perspective of its main structural indicators, the average penetration ratio (premiums/GDP) in the region stood at 3.1% in 2023, 0.13 pp higher than the previous year. For yet another year, the indicator improved in both the Non-Life segment (1.79%, compared to 1.71% the previous year) and, to a lesser extent, the Life segment (1.31%, versus 1.26% in 2022). Between 2013 and 2023, a 0.4-pp increase in penetration (in terms of GDP) was observed once the distortions due to abrupt GDP fluctuations in the worst phases of the COVID-19 pandemic were overcome. Thus, over the course of the decade, there continued to be an upward trend in insurance penetration in Latin America, where the main contribution came from Life insurance, although Non-Life insurance also made a significant contribution. In this line, in 2023, the growth of Automobile, Fire and Allied Lines, and Health insurance was also a significant factor, helping to narrow the gap with Life insurance over the 10-year period.

The Puerto Rican insurance market continues to show the highest penetration ratio in the region, at 17.7%. This is because the Puerto Rican premium volume includes Health insurance for the oldest and poorest populations, which is managed by the private insurance industry but covered by the government's budget. In addition, this is also the business segment with the best performance in the context of the health crisis caused by the pandemic. After Puerto Rico and Chile (4.7%), Argentina (3.2%) and Colombia (3.2%) were the markets with the highest penetration indexes in 2023, above the regional average (3.1%), followed by Brazil, which coincided with the regional average.

The density indicator (premiums per capita) for the region was 324.3 dollars in 2023, a 16.3% increase over the level registered the previous year. The significant growth in premiums in the insurance industry in 2023 and improved performance of exchange rates against the dollar explain, for yet another year, this improvement in the level of density compared to the previous year in the vast majority of countries in the region. A large part of insurance spending per person remained focused on the Non-Life segment (187.1 dollars), which was down by 16.3% compared to the previous year. Meanwhile, Life insurance density amounted to 137.2 dollars, 16.3% above that of 2022.

Finally, the insurance depth index in the region (the ratio between Life insurance premiums and total premiums) was 42.3% in 2023, identical to the figure registered in 2022, as a result of the balanced growth of both market segments that year. A market-by-market analysis shows that Colombia, Mexico, Brazil, Argentina, Panama, Paraguay, Peru, Uruguay, and El Salvador showed declines in the indicator between 2022 and 2023. Meanwhile, in the medium-term analysis, the indicator for the region shows a slight improvement over the decade analyzed, with a cumulative increase of 0.2 pp and only a few significant declines, such as in the markets of Chile, Argentina, Venezuela and, to a lesser degree, Mexico.

The IPG for the Latin American insurance market is estimated at 301.3 billion dollars for 2023, up 11.5% (31 billion dollars) from the 2022 estimate. As a structural measurement, the composition of the IPG does not show significant changes with respect to our previous report, confirming the predominance of Life insurance in its makeup. As a result, in 2023, 62% of the IPG corresponded to Life insurance (186.7 billion dollars), while Non-Life insurance accounted for 38% of the gap (114.6 billion dollars). In this way, the potential insurance market in Latin America in 2023 (measured as the sum of the actual insurance market and the insurance gap determined that year) was 504.7 billion dollars, or 2.5 times the current market in the region.

This analysis shows that over the 2013–2023 period, the region's insurance market registered average annual premium growth (in dollars) of 2.2%, made up of average annual growth of 2.3% in the Life insurance segment and 2.2% in the Non-Life segment. This growth dynamic has accelerated compared to the 2012–2022 period (especially in the Non-Life line), which experienced growth of about 1% in all segments. As a result, if the same growth rate seen over the 2013–2023 period were to continue in the industry over the next decade, the growth rate of the market as a whole would fall short of closing the 2023 IPG by -7.3 percentage points. A similar situation presents when analyzing the Life insurance segment (short 10.0 pp) and the Non-Life Insurance segment (short 4.9 pp), with some improvement with respect to the 2022 figures in both segments.

In terms of the Market Development Index (an indicator used in this report to show the trend in medium-term development and maturity of the insurance markets), the 2023 update shows that, in the aggregate for the region, the MDI shows sustained YoY advances over the last decade, although with occasional setbacks in 2014, 2018, and 2021. However, despite these setbacks, the regional insurance industry followed an upward development trend over the last decade, demonstrating that the Latin American market maintains positive growth when analyzed in the medium term, isolating the sudden impacts of the pandemic-related economic crisis and subsequent recovery on the region's insurance industry.

It is clear that, in the medium term, Latin America continues to face a complex economic outlook, with significant structural challenges ahead. MAPFRE Economics estimates that the region will experience another slight slowdown in 2024, with aggregate growth of around 1.3%, and the situation improving in 2025, when economic growth of 2.1% is expected. In this context, the report includes a prospective analysis of the growth of insurance demand in Latin America, presenting premium growth forecasts by insurance segment (Life and Non-Life) and for the sub-regions of North America and South America. Overall, that analysis reveals that insurance demand is expected to grow, in nominal terms, around 3% on average over the 2024–2025 horizon.

This report provides a detailed analysis for each insurance market in Latin America. These individual reports begin with an initial assessment of the macroeconomic environment of each country in 2023, before analyzing the main figures and structural trends in their insurance markets.

Latin American insurance market: interactive data

Along with this year's version of the report *The Latin American Insurance Market*, MAPFRE Economics offers readers an interactive online version *(Latin American Insurance Market: Interactive Data)* (Spanish), which incorporates a substantial part of the data contained in this report. The intention is to offer up-to-date information on the Latin American insurance market through a web tool with automated tables, so that users can consult the information in the report. With this tool, you can also periodically view, with a database available at all times, data on the main variables that explain the performance of the Latin American insurance markets.

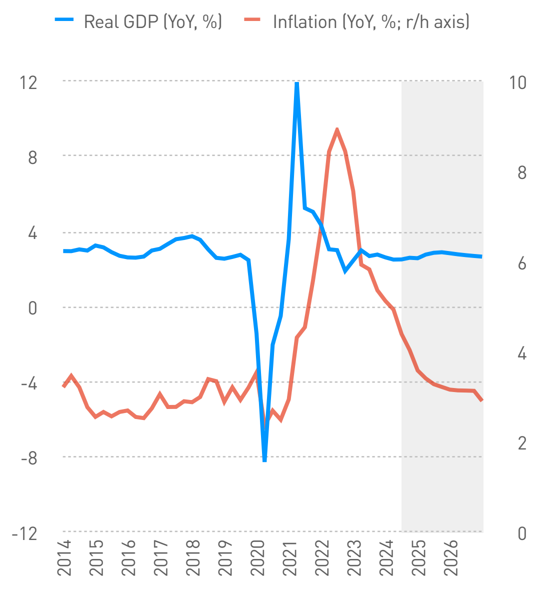
1. Economic and demographic context

1.1 Economy

Overall environment

In 2023, global GDP growth continued losing steam, standing at 3.3% (3.5% in 2022), given the monetary tightening cycle started the previous year by the central banks of the main economies worldwide, but exceeding expectations of a further slowdown in economic activity. However, uncertainty remained high due to geopolitical conflicts, such as the war in Ukraine, and since October 2023, in Israel. Inflation data improved throughout the year, but remained far from the monetary policy objectives, without giving clear signs indicating the problem was under control, considering the high levels reached the previous year. This led to additional interest rate hikes by the main central banks, particularly the Federal Reserve and European Central Bank (See Chart 1.1-a).

Chart 1.1-a
Global: growth and inflation
(quarterly data, year-on-year variation)



Source: MAPFRE Economics (based on Haver data and own estimates)

The major contribution to global economic growth came from emerging and developing markets, which experienced 1.9% aggregate growth (4.2% in 2022), slightly lower than the 2.2% economic growth in the Latin American and Caribbean region (4.0% in 2022). Among the emerging markets, China's economy grew 5.2% in 2023 (versus 3.0% in 2022), while India made the largest contribution, growing 8.2% (7.2% in 2022). Meanwhile, the advanced economies grew 1.7% (2.7% in 2022), with a major contribution of 2.5% from the United States (1.9% in 2022), while the Eurozone presented low economic growth of 0.6% in the aggregate (3.5% in 2022), with the economies of Germany and the United Kingdom practically stalled.

The U.S. economy showed great resistance to the monetary tightening and even accelerated in 2023, with 2.5% GDP growth (1.9% in 2022), supported by the labor market and private consumption, which remain strong, and a still-expansive fiscal policy, including programs like the "*Inflation Reduction Act.*" Inflation improved over the course of the year but remained high, averaging 4.1% at year end (8.0% in 2022). This inflationary environment led risk-free interest rates to continue rising through July 2023, when the Federal Reserve implemented the last rate hike of this monetary tightening cycle (raising rates to the 5.25%-5.5% range); thereafter, they remained unchanged for the rest of the year, marking a turning point in monetary policy. The first drop in interest rates did not occur until September 2024.

This change of direction in monetary policy led risk-free yield curves across all maturities to start coming down from the highs reached at the beginning of the last quarter of 2023, partially alleviating the downward pressure on longer-term fixed income valuations experienced the previous year. Equity in the United States also performed well in 2023, overcoming the sharp declines of the previous year, with the Nasdaq Composite closing the year with an annual revaluation of 42.1% (-33.1% in 2022). The S&P500, meanwhile, behaved similarly, although with less growth than the Nasdaq, at 23.8% (-19.4% in 2022).

The outlook was less friendly for other economies which are important trade partners for the Latin American region, such as China or the Eurozone. China's economy grew 5.2% in 2023 (3.0% in 2022), driven by domestic consumption that showed resilience with significant growth, but weaker than usual. This situation led the central bank to implement accommodative stimulus measures, given weak inflation that even entered negative territory during much of 2023, leaving average inflation at 0.2%.

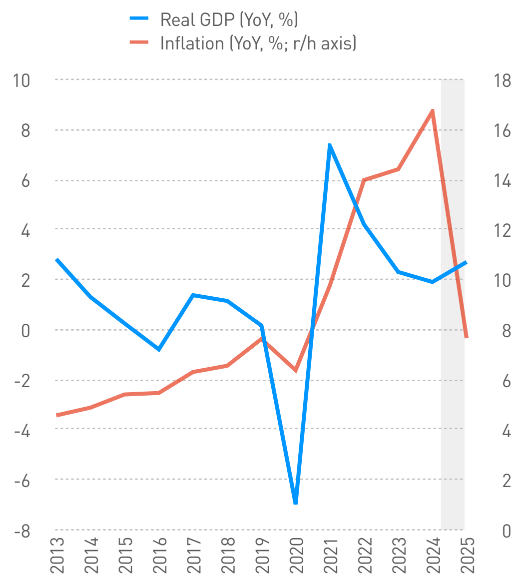
Meanwhile, in the Eurozone, aggregate economic growth of 0.6% was weak (3.5% in 2022), with a marked slowdown due to the poorer performance of three of its main economies (Germany, France, and Italy), especially the investment component. Inflation data improved as the year progressed, with average inflation for 2023 in the Eurozone closing at 5.4% (8.4% in 2022), but still above the European Central Bank's (ECB) target of 2%, showing signs of moderation thereafter. In this environment of persistently high inflation, risk-free interest rates for euro issues continued to rise through October 2023 and remained unchanged thereafter, marking a turning point in the ECB's monetary policy, which had been systematically raising interest rates since July 2022, reaching the highest levels in more than two decades in October 2023. This situation continued during the first half of 2024, and the first important step in changing the monetary policy stance towards less restrictive levels did not occur until June of this year, marking a new turning point in the monetary policy applied by the ECB, which cut interest rates by 25 basis points (bps).

This mild slowdown in the global economy is expected to continue in 2024 and 2025, fueled by financing conditions still at restrictive levels in most of its economies, despite the change in the monetary cycle by major central banks that have already embarked on a path of easing monetary policy rates. MAPFRE Economics forecasts global GDP growth of 3.0% and 2.9% in 2024 and 2025, respectively, in an environment in which the transmission mechanisms of monetary policy to the real economy are working through a credit crunch, weakening of the labor markets, and clear signs of moderation in inflation. This has led main central banks to announce in their latest statements that the easing of (still restrictive) monetary policy will continue in the coming months at a pace that will depend on future growth and inflation data.[1] China's economy is also contributing to this anticipated global slowdown, with lower-than-usual growth in the face of weak domestic consumption, lower global demand, and problems in its real estate market.

Latin American economic environment

In 2023, Latin American showed aggregate economic growth of 2.2% (4.0% in 2022), seeing a significant slowdown after the strong performance of the previous year and amid a complex, disparate macroeconomic scenario for its different economies.[2] Inflation levels, which remained high despite generally declining throughout the year, kept interest rates in highly restrictive territory. The largest countries in the region, such as Brazil and Mexico, performed better than expected, with a moderate slowdown in 2023, driven mainly by private consumption.

Chart 1.1-b
Latin America: growth and inflation



Source: MAPFRE Economics (based on ECLAC and IMF data)

Across the region of Latin America, 2023 was a year in which limited fiscal space (due to high debt-to-GDP levels) and fiscal deficits, together with restrictive monetary policies due to inflation, remained critical issues. They impacted purchasing power and access to credit for governments, households, and businesses, which slowed domestic demand, particularly consumption and investment. Globally, tighter financial conditions, with high interest rates and reduced liquidity, increased volatility in international markets, affecting emerging and developing economies, including Latin America, which has made access to financing in international markets more expensive.[3] In general, the region continued to face significant differences between hydrocarbon exporting countries, which saw their terms of trade fall, and fuel importers, such as in the Caribbean and Central America, which benefited from the drop in energy prices.[4]

As a result, the region's economy returned to its deceleration path and low economic growth as a consequence of the tightening of domestic and international financial conditions, restrictive monetary policies adopted to combat the inflationary process, loss of purchasing power due to price growth, and fiscal measures implemented to control deviations in the public deficit. This overall slowdown affects all components of domestic demand, with investment showing the greatest setbacks for most countries in the region. Meanwhile, consumption has also continued to slow down, mainly as a result of the moderation in private consumption growth, which, nevertheless remained the main driver of regional GDP.

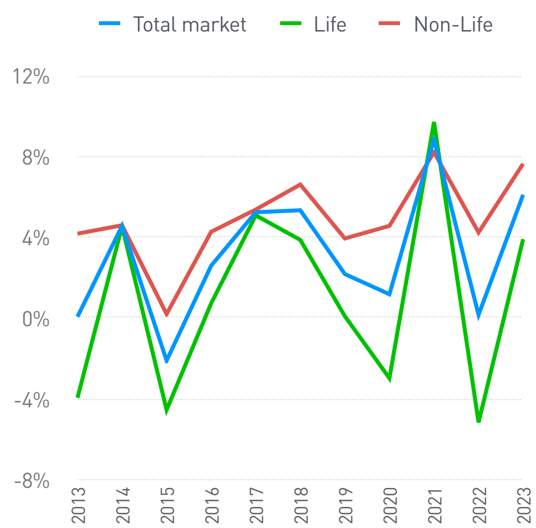
In relation to economic growth forecasts for Latin America, MAPFRE Economics estimates that the region will experience another slight slowdown in 2024, with aggregate growth around 1.3%, and the situation improving in 2025, when growth of 2.1% is expected. ECLAC, on the other hand, anticipates growth of 1.8% for 2024 and a slight improvement to 2.3% for 2025, driven mainly by the expected rebound in South America, the region showing the slowest growth this year. The low activity in the region has led ECLAC to project GDP growth in which all sub-regions exhibit less momentum, with South America growing by 1.5% (2.4% in 2025), the group comprising Central America and Mexico by 2.2% (1.9% in 2025), and the Caribbean (excluding Guyana) by 2.6% (2.3% in 2025). This modest economic growth would be influenced by various foreign and domestic factors. External factors include high global inflation, high interest rates, tight financial conditions, and weak foreign demand. Meanwhile, domestically, the region faces a loss of purchasing power, low productivity, and scarce formal job creation, which limits the growth of private consumption.

In the medium term, the region continues to face a complex outlook, with major structural challenges such as insecurity, inequality (which inflation has accentuated), and the low productivity of its economies, with a potential growth rate that is insufficient to reduce the gap between its per capita income and that of high-income countries. All these challenges are related, as stated in previous versions of this report,[5] to various structural factors, among them notably underdeveloped social security systems facing aging populations and highly informal labor markets, low female labor force participation, and lagging education systems and infrastructure, fostering political instability and social unrest. Meanwhile, domestically, the reduced macroeconomic policy space, both fiscal and monetary, has continued. Thus, there is concern about the job quality in this context of low growth, which will probably result in workers becoming more vulnerable, having lower levels of social protection and being employed in less productive sectors, leading to a decrease in average wages and increased levels of poverty and inequality in the region. Finally, the low economic impetus expected for the immediate future, the lack of a large pool of stable domestic savings, and the limited development of an intra-regional market may have a particular impact on investment, slowing the development of infrastructure projects to help improve the region's endemic structural problems, such as low productivity, as well as the problems associated with natural disasters and climate change, including flooding and severe droughts.

Global economic environment and insurance demand

In 2023, global insurance premiums reached 7.2 trillion dollars versus the 6.8 trillion registered in 2022, which represents 6.1% growth, with a 3.9% rise in the Life insurance segment (-5.2% in 2022) and 7.6% in Non-Life (4.2% in 2022). Thus, density (premiums per capita) reached 889 dollars (853 dollars in 2022) and penetration (premiums/GDP) was 7.0% (6.8% in 2022).[6] The insurance markets around the world showed some recovery in 2023, largely due to the strong performance of Non-Life insurance, given an better-than-expected economic environment and the notable return to premium growth in Life insurance due to the favorable effect of the interest rate hikes. However, the speed at which these interest rate hikes took place

Chart 1.1-c
Global: insurance market growth
(nominal growth rates in USD, % y/y)



	Total	Life	Non-Life
2013	0.1%	-3.9%	4.2%
2014	4.6%	4.5%	4.6%
2015	-2.1%	-4.5%	0.2%
2016	2.6%	0.7%	4.3%
2017	5.2%	5.1%	5.4%
2018	5.3%	3.9%	6.6%
2019	2.2%	0.1%	3.9%
2020	1.2%	-3.0%	4.6%
2021	8.9%	9.7%	8.2%
2022	0.2%	-5.2%	4.2%
2023	6.1%	3.9%	7.6%

Source: MAPFRE Economics (based on Swiss RE data) caused distortions in some markets, more specifically in the Western Europe region, which registered a reduction in premium income in Life insurance, although with exceptions such as the notable increases in the United Kingdom and Spain (See Chart 1.1-c).

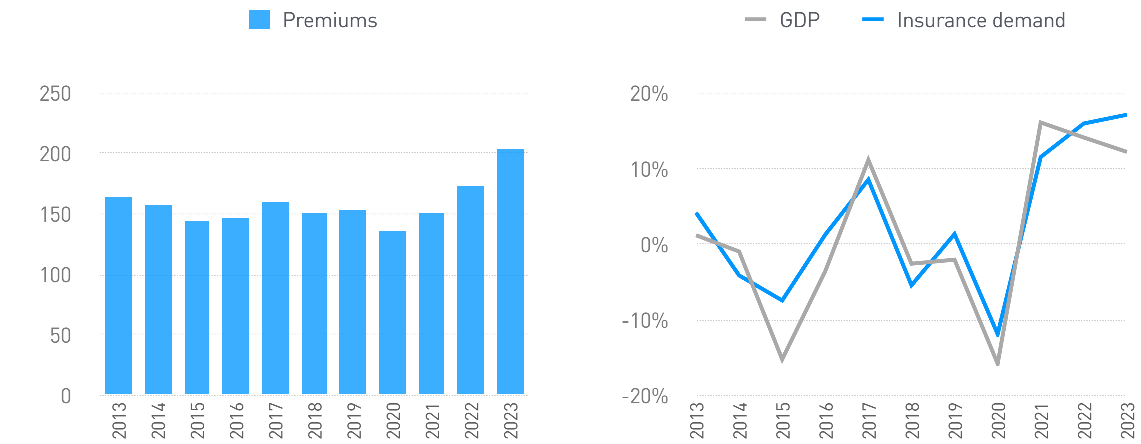
The majority of these main global Non-Life markets, with the exception of Germany and Japan, experienced real growth in premium revenue in 2023 (once corrected for inflation). The growth was largely influenced by increased premium rates, mainly in personal lines, to offset inflationary pressures in claims costs. The emerging markets also showed greater real growth in this segment of 5.3%, compared to the advanced markets, which grew 3.6%. Given the size of its market, the United States made the greatest contribution, with a real increase of 4.4%, and in Western Europe all countries showed increases in premiums in local currency and at current prices, while only a few decreased when adjusted for inflation. In the more advanced Asian markets, real growth was relatively slower than in other regions, standing at 1.5%, due in part due to less severe inflation. Growth in the emerging markets was 5.2%. The Latin American insurance markets also showed very positive growth rates, in local currency and at current prices, with a very significant boost from the Automobile line, but with a more moderate increase (1.9%) when adjusted for inflation.

The year 2023 was more benign in terms of profitability. This was caused by the poorer performance than in the previous year due to insurance premium revisions that allowed higher claims costs and other operating expenses, to a greater or lesser extent, to be transferred to insurance prices and the interest rate hikes that helped improve the financial profitability of insurance companies' investment portfolios in some markets. This was in contrast to what happened in 2022, when the insurance industry was harmed by the effect of inflation levels that were significantly higher than initially predicted.

Economic environment and insurance demand in Latin America

The Latin American insurance market in 2023 reached a premium volume of 203.4 billion dollars, representing growth of 17.1% (15.9% in 2022), posting two consecutive years of

Chart 1.1-d
Latin America: economic growth and the insurance market
(premiums, billions of USD; annual nominal growth rates, % y/y)



Source: MAPFRE Economics (based on regional supervisory body and IMF data) exceptional and balanced growth in both business segments (see Chart 1.1-d). This strong performance of the region's insurance industry occurred in a complex environment in which, despite the economic slowdown in the aggregate, its main economies again performed better than expected, considering the restrictive monetary policy applied by their respective central banks. This also created an environment of interest rates well above inflation (positive real interest rates), very favorable to the development of the Life insurance and pensions segment, making it once again one of the most dynamic regions of the world. Premium growth was widely positive, both in actual terms and as measured in dollars, with the help of strong currency performance of the major markets, mainly Mexico and Brazil.

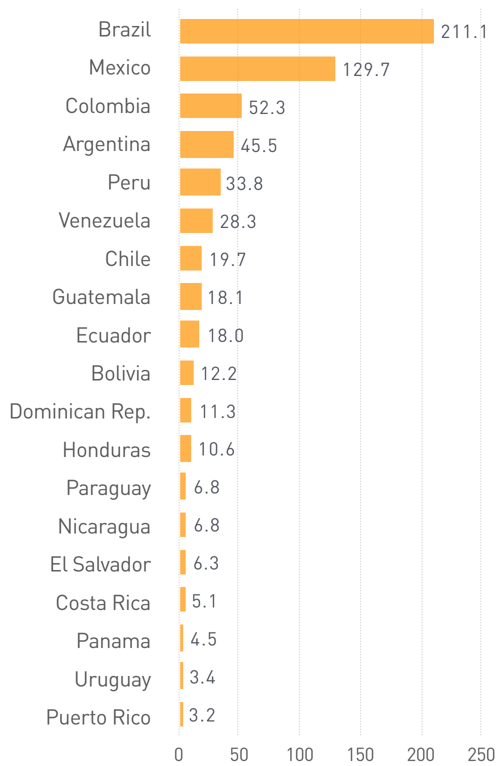
1.2 Demographics

According to the latest population data released by the United Nations (UN), revised in 2024, the estimated population of the 19 Latin American countries featured in this report totaled 627 million people.[7] Brazil and Mexico stand out, with populations of 211.1 and 129.7 million inhabitants, respectively. Colombia and Argentina both have populations of over 40 million inhabitants, with 52.3 and 45.5 million, respectively. These are followed by Peru and Venezuela, with populations of around 33.8 and 28.3 million inhabitants, respectively. The remaining countries of the region have populations of below 20 million, notably Chile, Ecuador and Guatemala, with populations ranging between 17 and 20 million inhabitants (see Chart 1.2-a).

With regard to Latin America's main demographic parameters, the updated projections produced by the UN for the region in 2024 continue to show a trend of declining fertility rates on the one hand, and of increasing population longevity on the other. As Chart 1.2-b shows, the COVID-19 pandemic hit Latin America hard. According to the last United Nations estimates, the region lost 3.5 years of life expectancy at birth between 2019 and 2021, going from 75.3 years in 2019 to 71.8 years in 2021, the greatest loss in the world. However, forecasts points to life expectancy in the region in 2023 exceeding that of 2019, before the pandemic, and continuing its growth trend until the end of the century, above the global average.

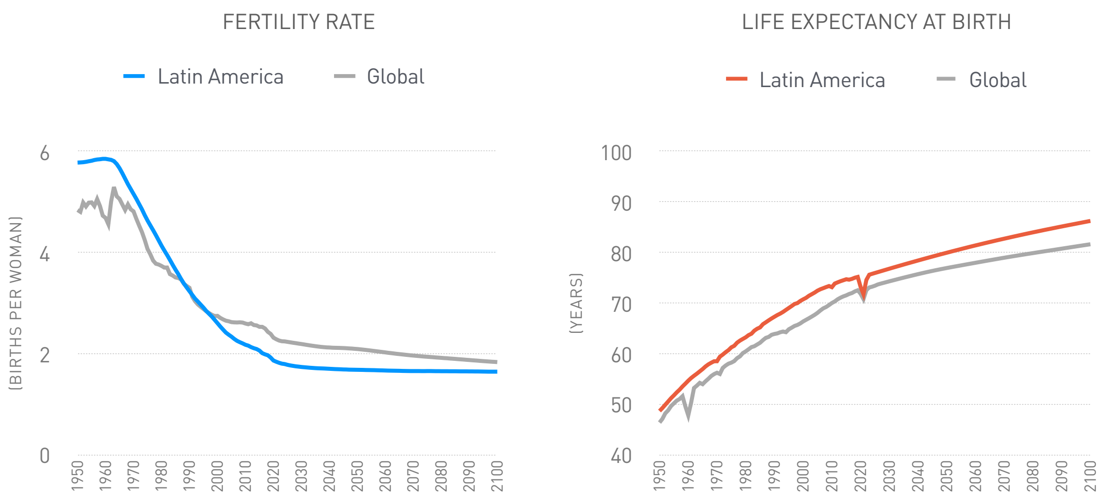
In line with forecasts provided in earlier versions of this report, between 1950 and 2023, life expectancy at birth in Latin America rose from 48.7 to 75.7 years, a gain of 27 years over that time. The projections confirm that, in the future, life expectancy in the region could grow at a pace of approximately two years per decade, to reach over 80 years of age by 2050 and exceed 86 years of age by the end of the century. In turn, birth rate projections show a sustained, drastic decline, falling from numbers close to an average of 5.8 births

Chart 1.2-a
Latin America: population, 2023
(millions)



Source: MAPFRE Economics (based on UN data)

Chart 1.2-b
Latin America: fertility rate and life expectancy at birth, 1950–2100

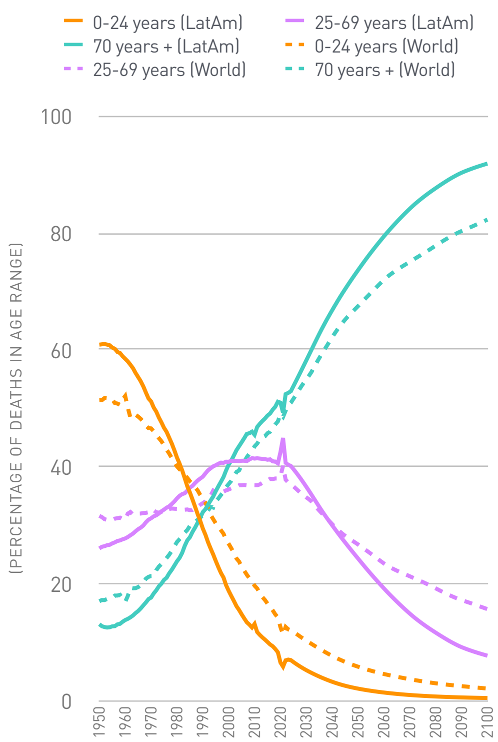


Source: MAPFRE Economics (updated based on UN data)

per woman in the 1950s and stabilizing at 1.6 at the end of this century.

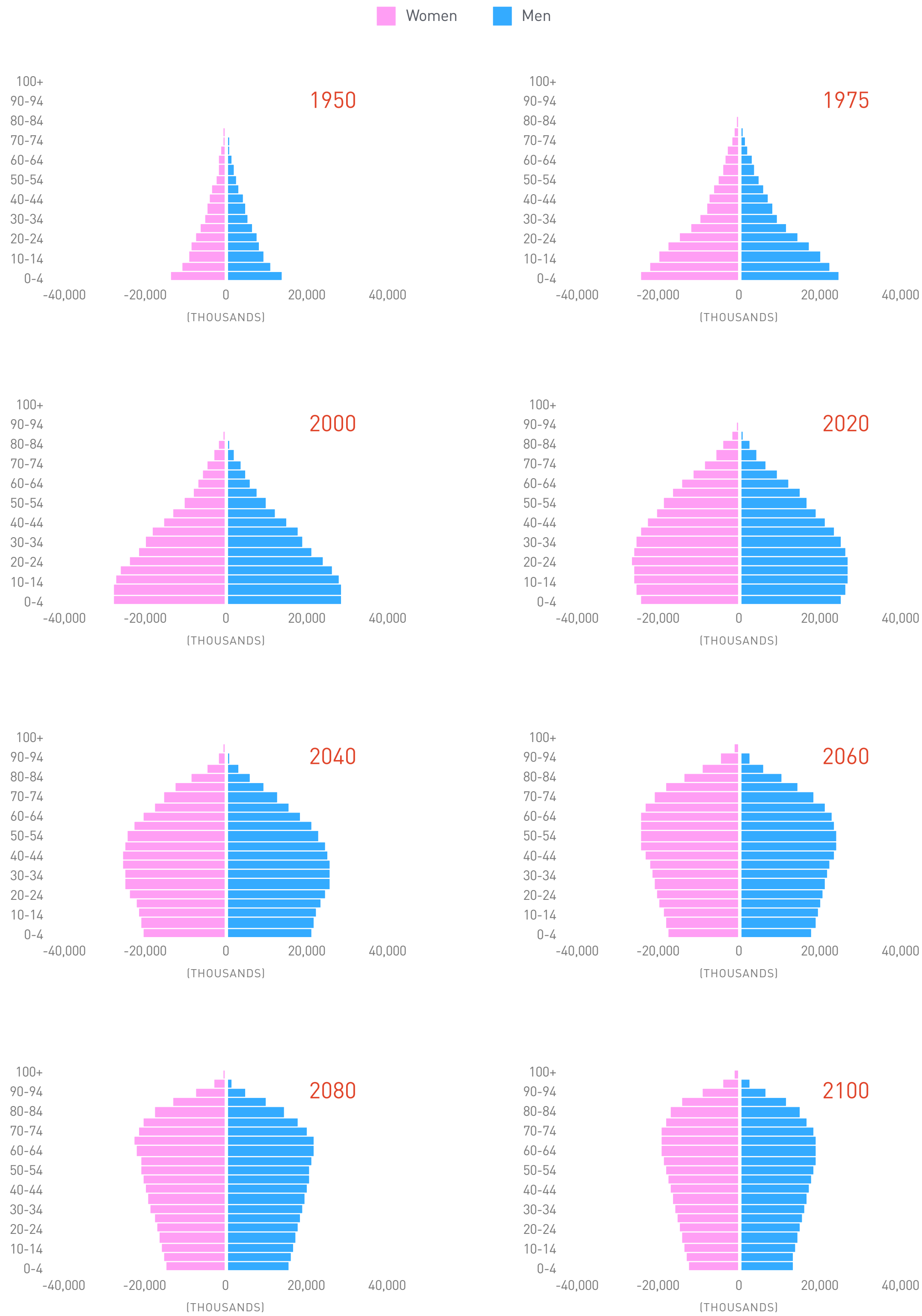
In terms of mortality, the COVID-19 pandemic affected older age cohorts more intensely than younger populations, both worldwide and in the Latin American region. This mortality trend could have significantly altered the demographic trends being observed worldwide in recent decades: a general reduction in mortality rates (which only increase for ever more advanced ages) and the corresponding positive effect on life expectancy, combined with a drastic drop in the fertility rate. These factors have come to sustain a transitional dynamic toward more elderly populations, a process affecting all countries and regions of the world without exception, albeit more immediately and markedly in developed countries, but also in Latin America (see Chart 1.2-c). This process is reducing the labor force while increasing the proportion of people reaching old age, progressively increasing pressure on health and pension systems, especially those with a high weight of pay-as-you-go components.

Chart 1.2-c
Latin America: percentage of deaths by age cohort, 1950–2100



Source: MAPFRE Economics (updated based on UN data)

Chart 1.2-d
Latin America: changes in the population pyramid, 1950–2100



Source: MAPFRE Economics (updated based on UN data)

Finally, it should be noted that some uncertainty still remains about the possible future consequences of the pandemic on demographic trends, taking into account the indirect health effects, especially in patients who required intensive care or people who did not seek a diagnosis for another possible illnesses or who deferred treatment for an existing serious condition during lockdown. However, the latest UN forecasts produced in 2024 again confirm that the COVID-19 pandemic did not have a big enough impact to change these structural dynamics in relation to a demographic transition toward older populations. Thus, as shown in the updated data presented in Chart 1.2-d, all these demographic factors foreshadow a progressive aging of the region's population throughout this century, first giving rise to constrictive population pyramids (with a large share of the population at increasingly advanced ages), which are then set to converge into stationary pyramids toward the end of the 21st century.

2. The Latin American Insurance Market in 2023

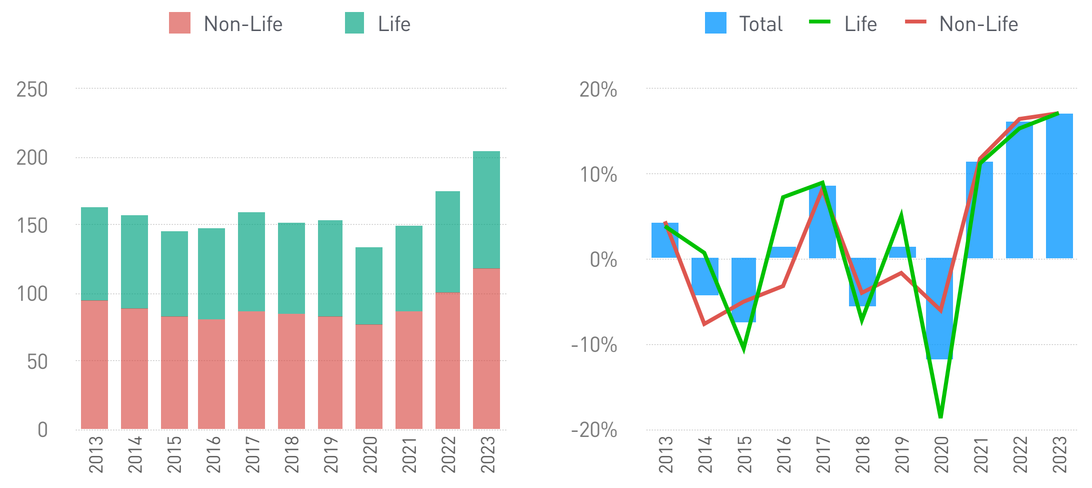
2.1 Insurance market performance

Growth

Despite an environment of moderate economic growth in the region, the insurance industry performed very well in 2023, with nominal and actual premium growth in local currency in practically all markets, with the exception of El Salvador and Colombia. Thus, total premiums reached 203.4 billion dollars, a 17.1% increase in 2023 (15.9% in 2022) with identical growth rates both the Life and Non-Life segments. Although this significant increase was partly influenced by the appreciation of some of the region's currencies, the sector's performance in local currency was very positive, driven by higher revenue in Automobile insurance and Fire and Allied Lines, two of the main lines of the Non-Life segment, and by savings and annuity products in Life insurance, which were favored by the high interest rates prevailing in Latin American markets, higher than inflation (positive real interest rates). The limited development of insurance in the region was also a factor, enhancing its potential, showing elastic growth given GDP variations greater than those of developed markets. Meanwhile, the share of each segment in the total insurance market during 2023 remained unchanged from the previous year, with 57.7% of premiums corresponding to Non-Life insurance and the remaining 42.3% to Life insurance (see Chart 2.1-a).

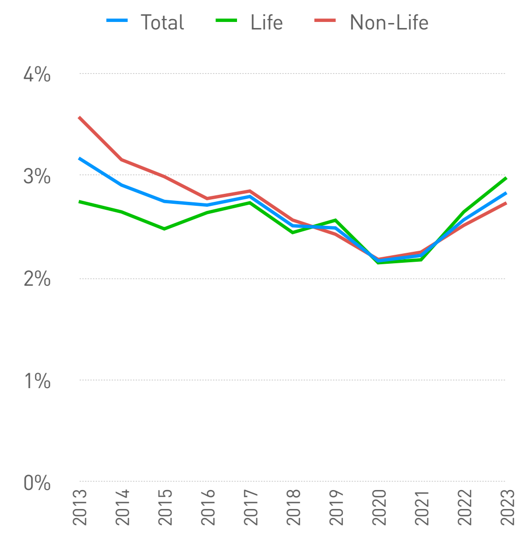
Compared to the global insurance market, Latin America's share of the global insurance industry increased by 0.27 percentage points (pp) between 2023 and 2022, to 2.8%, improving both the Non-Life business, whose share increased by 0.22 pp and, to a greater extent, the Life business, which recovered by 0.34 pp in the last year (see Chart 2.1-b). Latin American participation in the global insurance business has been on an upward trend leading to an

Chart 2.1-a
Latin America: growth development in the insurance market
(premiums, billions of USD; annual nominal growth rates in USD, %)



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

Chart 2.1-b
Latin America: share of global insurance premiums
(%)

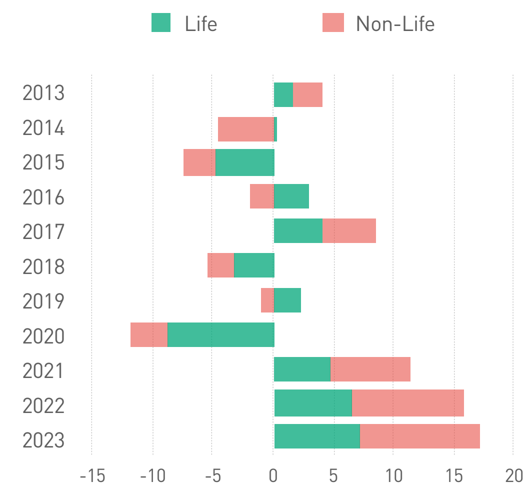


Source: MAPFRE Economics (based on data from supervisory bodies in the region and Swiss Re)

increase in its weight since 1980. That year, its market share was only 1.8%, and by 2023 it had risen to 2.8%. However, it should be noted that since 2013 there has been a change in trends in both the Life and Non-Life business, which is more pronounced in the latter and seems to have reversed part of this progress before starting to recover from 2022 onwards. In any case, the percentage remains low considering the size of the region's economy, which currently represents about 7.3% of global GDP.[8]

Generally, it can be confirmed that the trend toward an increase in the Latin American insurance market's share in the global market has been interrupted during the periods of economic and financial crises that have affected the region, amplified by the depreciation of various countries' currencies, which typically accompanies such cyclical events. Thus, after its positive performance in 2017, in subsequent years the Latin American insurance industry once again experienced the consequences of currency depreciation against the dollar as a result of the process of monetary normalization carried out by the Federal Reserve in 2018. This was compounded by the COVID-19 pandemic in 2020, together with a series of structural weaknesses that have amplified the impact on some of the region's economies. However, in the last three years, the region's currencies have performed better, with greater stability. Until the second quarter of 2023, in general,

Chart 2.1-c
Latin America: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	4.1	1.6	2.5
2014	-4.2	0.3	-4.4
2015	-7.5	-4.7	-2.8
2016	1.2	3.1	-1.8
2017	8.5	4.0	4.5
2018	-5.5	-3.3	-2.2
2019	1.3	2.2	-0.9
2020	-11.9	-8.7	-3.3
2021	11.5	4.8	6.7
2022	15.9	6.5	9.4
2023	17.1	7.2	9.9

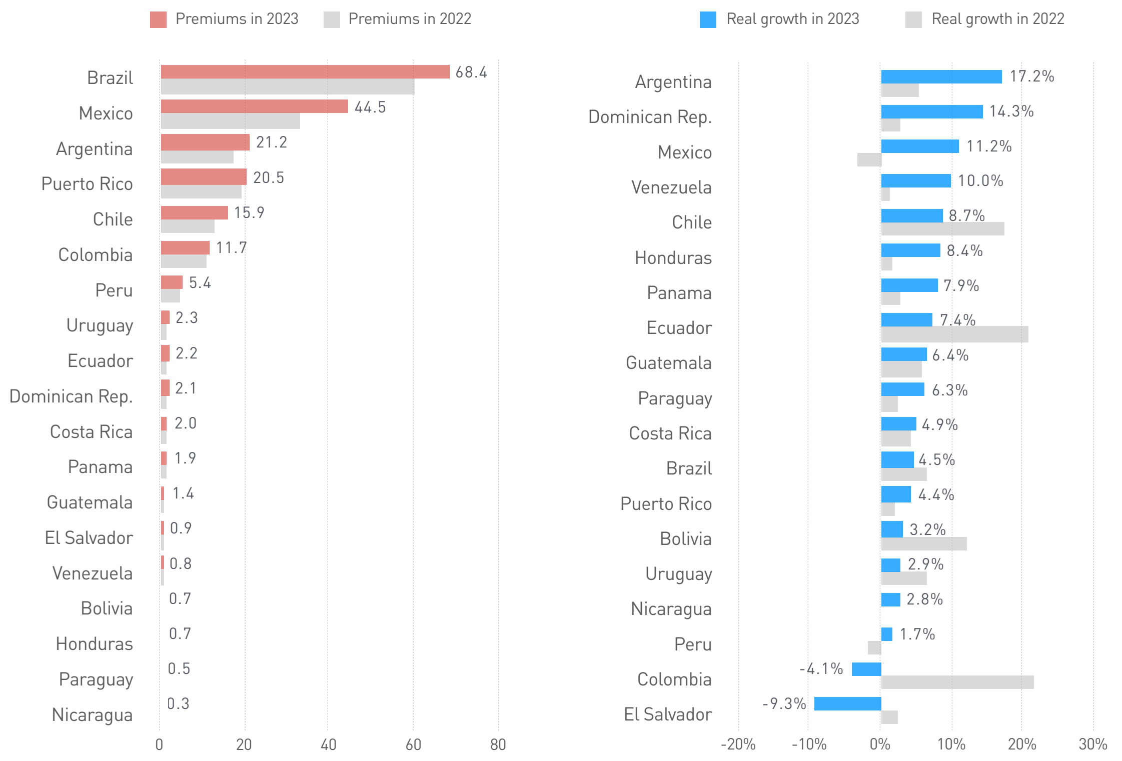
Source: MAPFRE Economics (based on data from supervisory bodies in the region)

its exchange rates showed less volatility than in 2022, increasing as of the third quarter, although at a lower level than the maximums reached in 2020.

However, an analysis of the two major insurance business segments in the region shows that, in 2023, both the Life and Non-Life categories made a positive contribution to the growth of the insurance industry, with the Non-Life segment contributing 9.9 pp (9.4 pp in 2022) and the Life segment contributing 7.2 pp (6.5 pp in 2022). As illustrated in Chart 2.1-c, when analyzing the performance of the region's insurance market in terms of contributions to growth over the last decade, it is clear that in the last three years, the trend of erratic performance that began in 2014 has been broken, influenced by the improved performance of the business in local currency as well as the exchange rates in some of its main markets.

The strong performance of the Latin American insurance industry in 2023, along with moderating inflation in most countries, led to a real increase in premiums in nearly all markets. The exceptions were Colombia, where average inflation of 11.7% (10.2% in 2022) gave rise to a 4.1% drop in premium revenue, and El Salvador, where there was a drop in premiums in nominal terms of 5.6% and in actual terms of 9.3%. It should be noted that the appreciation of some currencies against the dollar has had an especially positive effect on several countries, notably in four of the main markets in the region (Brazil, Mexico, Chile, and Peru), where the nominal increases in premiums were greater in dollars than in local currency (see Chart 2.1-d and Tables 2.1-a and 2.1-b).

Chart 2.1-d
Latin America: insurance market premiums and real growth
(billions of USD; real growth in local currency, %)



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

Table 2.1-a
Latin America: annual changes in premium volume, 2022-2023
(growth in local currency, %)

Country	Nominal growth	Actual growth
Argentina	173.8	17.2
Bolivia	5.8	3.2
Brazil	9.3	4.5
Chile	17.0	8.7
Colombia	7.1	-4.1
Costa Rica	5.5	4.9
Ecuador	9,7	7.4
El Salvador	-5.6	-9.3
Guatemala	13.0	6.4
Honduras	15.6	8.4
Mexico	17.3	11.2
Nicaragua	11.4	2.8
Panama	9.5	7.9
Paraguay	11.2	6.3
Peru	8.1	1.7
Puerto Rico	7.3	4.4
Dominican Republic	19.8	14.3
Uruguay	9.0	2.9
Venezuela	381.3	10.0

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

Performance by line of business

Broken down by major activity segments, at the regional level, the Life insurance segment again showed significant growth, higher than the previous year, at 17.1% measured in dollars (15.3% in 2022), as did Non-Life insurance premiums, which also grew by 17.1% (compared to 16.4% in 2022). The Life segment was favored again this year by high interest rates, which created an environment ripe for the development of Life savings and annuity products. In the Non-Life segment, the Automobiles line, with the greatest share, is still the main driver of growth, with a 21.9% increase in premium volume in 2023, aided by Fire and Allied Lines, which saw a 24.0% increase, and Health, the second largest line, which increased 13.3% (see Table 2.1-c).

As shown on Table 2.1-b, only three countries had decreased Life premium revenue in dollars: Colombia, El Salvador, and Paraguay.

Table 2.1-b
Latin America: premium volume and growth by country, 2023
(premiums, millions of USD; growth in USD, % y/y)

Country	Non-Life		Life		Total	
	Premiums	Growth 2022–2023 (%)	Premiums	Growth 2022–2023 (%)	Premiums	Growth 2022–2023 (%)
Argentina	18,714.5	21.3	2,482.7	16.6	21,197.3	20.7
Bolivia	437.5	5.0	307.4	6.1	744.9	5.5
Brazil	26,410.7	13.3	42,007.0	12.9	68,417.7	13.1
Chile	7,246.9	14.0	8,623.6	28.9	15,870.5	21.6
Colombia	7,799.6	13.0	3,932.4	-6.2	11,731.9	5.7
Costa Rica	1,593.8	24.4	380.9	30.6	1,974.7	25.6
Ecuador	1,529.5	8.7	673.1	12.1	2,202.6	9.7
El Salvador	607.6	9.9	248.2	-29.9	855.8	-5.6
Guatemala	1,083.4	11.7	354.7	12.4	1,438.1	11.9
Honduras	434.3	14.1	236.4	17.6	670.7	15.3
Mexico	24,702.2	34.4	19,791.8	31.3	44,494.1	33.0
Nicaragua	211.3	8.9	48.9	10.6	260.2	9.2
Panama	1,431.9	11.6	432.7	3.3	1,864.6	9.5
Paraguay	423.6	9.3	77.4	-6.7	501.0	6.5
Peru	2,866.2	11.7	2,549.6	9.8	5,415.8	10.8
Puerto Rico	18,101.9	5.6	2,433.8	22.2	20,535.7	7.3
Dominican Republic	1,725.2	17.4	334.7	18.1	2,059.9	17.5
Uruguay	1,171.2	16.2	1,097.5	14.7	2,268.7	15.5
Venezuela	844.6	8.2	5.4	2.1	850.0	8.1
Total	**117,336.0**	**17.1**	**86,018.1**	**17.1**	**203,354.1**	**17.1**

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

Table 2.1-c
Latin America: premium volume by insurance line, 2023
(premiums, millions of USD)

Lines of business	2022	2023	Growth (%)	Share %
Life	**73,456.0**	**86,018.1**	**17.1%**	**42.3**
Life — individual and group	62,230.6	73,190.9	17.6%	36.0
Life — social security and/or pensions	11,225.4	12,827.2	14.3%	6.3
Non-Life	**100,218.8**	**117,336.0**	**17.1%**	**57.7**
Workplace accidents	5,956.8	7,147.8	20.0%	3.5
Personal Accidents	4,093.9	4,290.2	4.8%	2.1
Automobiles	29,676.8	36,181.4	21.9%	17.8
Credit and/or surety	2,575.5	2,878.1	11.7%	1.4
Fire and allied lines	10,125.6	12,553.5	24.0%	6.2
Other Damage	15,641.9	17,856.0	14.2%	8.8
Third Party Liability	3,404.9	3,862.2	13.4%	1.9
Health	25,072.3	28,418.8	13.3%	14.0
Transport	3,671.2	4,148.1	13.0%	2.0
Total	**173,674.9**	**203,354.1**	**17.1%**	**100.0**

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

In the case of Colombia, in contrast to the significant increase obtained in 2022 due to the underwriting of a relevant pension policy, its contribution in 2023 was negative (-6.2%). El Salvador also had a decline in Life insurance premiums (-29.9%), more specifically in pension insurance, as a result of the pension system reform, which eliminated mandatory acquisition of disability and survivor's insurance. Life insurance premiums in Paraguay, meanwhile, represent 15.4% of the total market, and in 2023 experienced a nominal decrease of 6.7% in dollars. The other insurance markets in the region showed premium growth, which was very significant in some cases. Brazil, which accumulated 49.0% of the region's Life premiums, obtained a 12.9% increase in dollars (9.2% in local currency), with a significant increase in insurance linked to private pension plans (*Vida Gerador de Beneficio Libre*, VGBL). The growth of the Mexican market, the second largest in this business segment with a 23.0% share, was 31.3%, favored in part by the appreciation of the peso against the dollar, but with significant increases in the Individual and Group Life lines in local currency, which offset the decrease in the Pensions line. The third largest market by premium volume, Chile, showed 28.9% growth thanks to the strong performance of annuities.

Meanwhile, in the Non-Life segment, the increase in dollars was generalized across all markets in the region, notably Mexico (34.4%), Costa Rica (24.4%), and Argentina (21.3%). Automobile insurance was the main engine for this growth in nearly all markets, exceeding the 2022 aggregate premium volume by 21.9%. The Fire and Allied Lines category, which includes Earthquake coverage, had the highest increase, 24.0%, with very strong performance in countries where this insurance exceeds the Automobile line in premiums (Chile, Peru, El Salvador, Honduras, Nicaragua, and the Dominican Republic). Health also contributed the most to growth in the Non-Life segment, since, although it did not have the highest growth rate (13.3%), its volume is significant, accounting for 14.0% of premiums in that segment.

Results and profitability

Data related to the results of the Latin American insurance markets in 2023 are presented on Table 2.1-d. As this information reveals, the results continued to improve after the setbacks experienced in 2020 and 2021, when the effects of the COVID-19 pandemic worsened the technical result, although with net positive results in most markets. Thus, in 2023, the net result for the period was positive in all markets in the region, with the exception of the Puerto Rican insurance market.

The net aggregate result of the Latin American insurance market grew 56.4% over the aggregate result the previous year (see Table 2.1-e). However, markets like Chile (-15%), Costa Rica (-28.6%), El Salvador (-0.3%), and Puerto Rico (-220.4%) had lower results than the previous year. Conversely, the increases in the insurance markets of Bolivia (321.1%), Argentina (245.9%), Panama (232.2%), and Paraguay (112.7%) are notable.

The information contained in Table 2.1-f complements the analysis with data relating to return on own funds (ROE) and return on assets (ROA) in the region's various insurance markets in 2023. As this information reveals, the insurance markets of Brazil (with an ROE of 30.0%), the Dominican Republic (26.4%), Guatemala (25%), Mexico (23.1%), Peru (22.8%), Colombia (21.6%), and Paraguay (20.4%) had an ROE above 20%. Only the Puerto Rican market showed negative ROE and ROA (-11.1% and -3.0%, respectively) in 2023.

Table 2.1-d
Latin America: income statement by country, 2023
(millions of USD)

Country	Earned premiums	Loss ratio	Operating expenses	Technical result	Financial result	Other revenues and expenses	Net result
Argentina	17,515.3	-8,931.8	-8,044.6	538.9	-19.5	575.1	1,094.5
Bolivia	568.2	-176.4	-385.4	6.4	33.5	0.1	40.0
Brazil	28,790.7	-11,475.4	-13,707.6	3,607.7	5,281.1	-1,569.9	7,318.9
Chile	12,994.2	-12,140.6	-3,349.7	-2,496.2	3,840.6	-138.2	1,206.3
Colombia	7,264.0	-5,486.8	-3,489.3	-1,712.1	2,941.7	-253.5	976.1
Costa Rica	1,499.6	-812.2	-696.5	-9.1	74.2	-0.1	65.0
Ecuador	1,364.5	-619.4	-443.8	301.3	61.3	-290.3	72.3
El Salvador	571.8	-303.3	-269.7	-1.2	27.0	27.4	53.3
Guatemala	922.8	-514.9	-304.2	103.6	67.0	-4.8	165.8
Honduras	276.1	-136.3	-118.6	21.2	20.9	12.6	54.8
Mexico	29,106.0	-23,047.8	-9,278.5	-3,220.3	3,710.6	3,252.3	3,742.6
Nicaragua	120.4	-52.3	-62.0	6.1	20.7	-5.9	20.9
Panama	1,293.0	-786.9	-437.3	68.8	112.6	-	181.4
Paraguay	369.3	-144.4	-186.0	38.9	26.7	-2.3	63.3
Peru	3,324.0	-1,807.4	-1,897.5	-380.9	1,019.0	-32.6	605.5
Puerto Rico	-	-	-	-	-	-	-385.0
Dominican Republic	1,116.4	-645.6	-440.6	30.2	111.3	33.3	174.9
Uruguay	2,023.8	-1,460.6	-697.0	-133.8	269.7	13.1	148.9
Venezuela[1]	321.4	-126.1	-174.7	20.6	11.1	3.6	35.2

Source: MAPFRE Economics (based on data from supervisory bodies in the region)
1/ The data corresponds to the year 2022 (latest available).

Capitalization levels

Information related to the capitalization level (measured as the ratio of own funds to total assets) of the insurance industry of each country analyzed is presented in Chart 2.1-e. As highlighted in previous version of this report, the region's smallest insurance markets tend to show higher capitalization levels, to such an extent that the indicator is lower in relatively more developed markets, in particular when measuring in terms of depth (Brazil, Chile, Uruguay, Mexico, and Peru), more in line with the ratios recorded by the insurance markets of advanced economies. It should be noted that this trend is supported by the 2023 data, as shown in the above-mentioned Chart 2.1-e.

Insurance industry concentration levels

The concentration level of the insurance industry provides us a perspective of competition levels in this market, under the principle that the lower the concentration, the higher the existing competitive stimulus, and with it, yet another factor that drives the market's development. The concentration levels of the Latin American insurance industry in 2023 did not change significantly

Table 2.1-e
Latin America: net result by country, 2023
(millions of USD)

Country	2022	2023	Growth 2022–2023 (%)
Argentina	-750.1	1,094.5	245.9
Bolivia	9.5	40.0	321.1
Brazil	4,428.6	7,318.9	65.3
Chile	1,419.8	1,206.3	-15.0
Colombia	621.5	976.1	57.1
Costa Rica	91.0	65.0	-28.6
Ecuador	65.7	72.3	10.1
El Salvador	53.4	53.3	-0.3
Guatemala	157.1	165.8	5.5
Honduras	40.4	54.8	35.5
Mexico	2,844.3	3,742.6	31.6
Nicaragua	17.5	20.9	19.6
Panama	54.6	181.4	232.2
Paraguay	29.7	63.3	112.7
Peru	387.8	605.5	56.1
Puerto Rico	319.7	-385.0	-220.4
Dominican Republic	99.2	174.9	76.3
Uruguay	83.7	148.9	77.9
Venezuela[1]	35.2	-	-
TOTAL	9,973.4	15,599.4	56.4

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

1/ The data corresponds to the year 2022 (latest available).

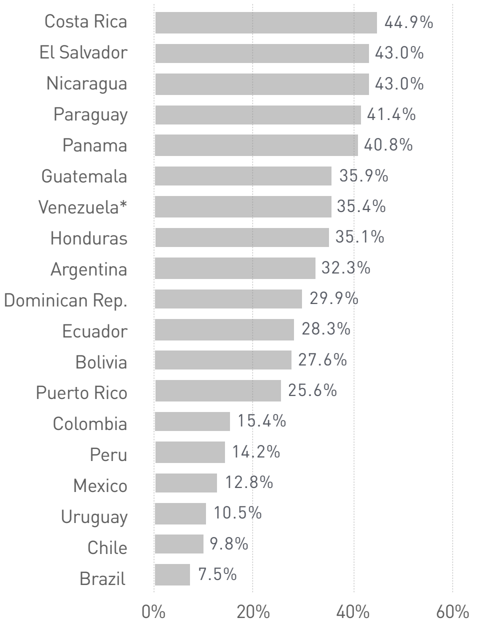
Table 2.1-f
Latin America: profitability by country, 2023
(in local currency)

Country	Equity/ assets	ROE	ROA	Average inflation
Argentina	32.3%	12.2%	3.9%	133.5%
Bolivia	27.6%	11.2%	3.1%	2.6%
Brazil	7.5%	30.0%	2.2%	4.6%
Chile	9.8%	14.7%	1.4%	7.6%
Colombia	15.4%	21.6%	3.3%	11.7%
Costa Rica	44.9%	2.7%	1.2%	0.5%
Ecuador	28.3%	11.2%	3.3%	2.2%
El Salvador	43.0%	11.7%	4.9%	4.0%
Guatemala	35.9%	25.0%	9.0%	6.2%
Honduras	35.1%	17.3%	6.1%	6.7%
Mexico	12.8%	23.1%	3.0%	5.5%
Nicaragua	43.0%	10.8%	4.7%	8.4%
Panama	40.8%	11.8%	4.7%	1.5%
Paraguay	41.4%	20.4%	8.4%	4.6%
Peru	14.2%	22.8%	3.0%	6.3%
Puerto Rico	25.6%	-11.1%	-3.0%	2.8%
Dominican Republic	29.9%	26.4%	7.9%	4.8%
Uruguay	10.5%	15.0%	1.6%	5.9%
Venezuela[1]	35.4%	6.1%	2.1%	200.9%

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

1/ The data corresponds to the year 2022 (latest available).

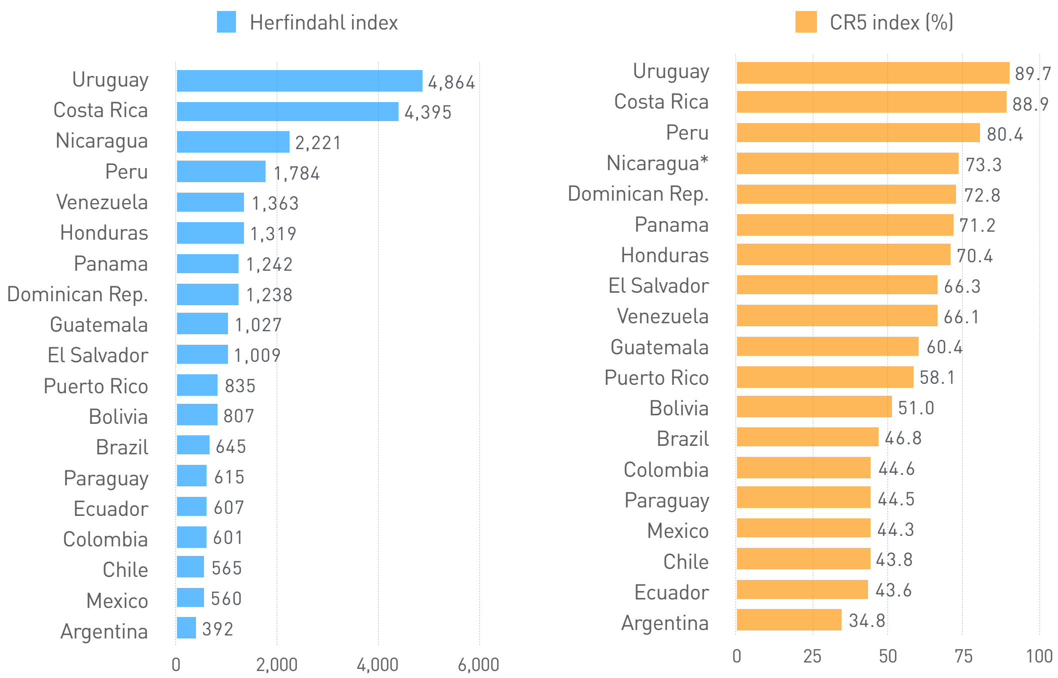
Chart 2.1-e
Latin America: capitalization level, 2023
(equity/assets, %)



Source: MAPFRE Economics (based on data from supervisory bodies in the region)
* The data corresponds to the year 2022 (latest available).

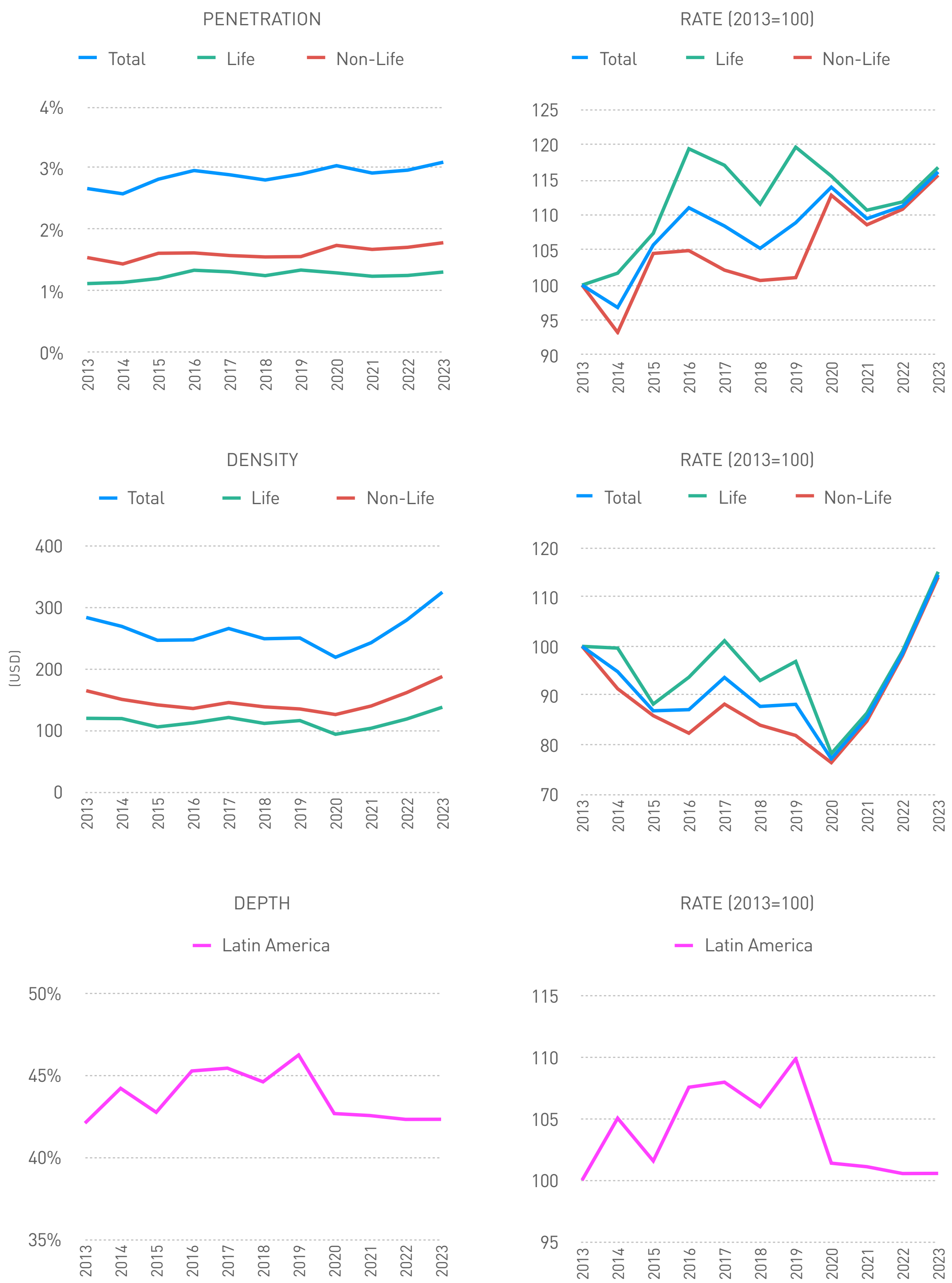
with respect to the previous year. During the year, the Latin American insurance markets with the highest concentration levels were Uruguay, Costa Rica, and Nicaragua with a Herfindahl Index above the threshold associated with a highly concentrated industry (HHI>1800). Meanwhile, Peru, Venezuela, Honduras, Panama, the Dominican Republic, Guatemala, and El Salvador achieved index values equating to concentrated markets, albeit with a moderate level of concentration (1,000< HHI< 1,800). The other remaining Latin American markets reported indexes below 1000 points, i.e. below the threshold associated with moderate levels of concentration. Likewise the market share of the top five largest insurers (CR5) in each market, which confirms the existence of the concentration levels described based on the Herfindahl Index (see Chart 2.1-f).

Chart 2.1-f
Latin America: Herfindahl and CR5 indexes, 2023



Source: MAPFRE Economics (based on data from supervisory bodies in the region)
* Corresponds to the CR3 estimate, whereby a total of only five insurance companies operate in this market.

Chart 2.2-a
Latin America: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, USD; Life insurance premiums/total premiums, %, 2013 index=100)



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

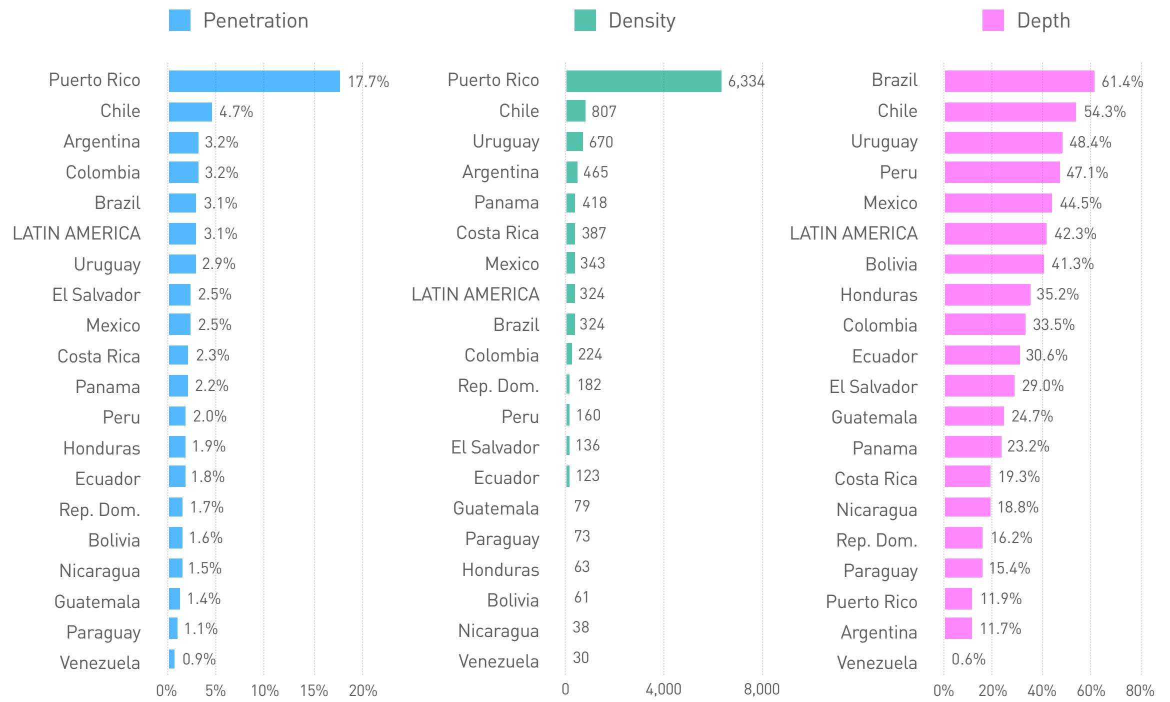
2.2 Structural trends

Penetration, density and depth

Chart 2.2-a[9] reflects the structural trends in the Latin American insurance industry analyzed as a whole over the 2013–2023 period. First, the region's average penetration ratio (premiums/GDP) was 3.1% in 2023, 0.13 percentage points (pp) higher than the previous year. It is notable that this indicator improved in both the Non-Life Insurance segment (1.79% versus 1.71% the previous year) and, to a lesser degree, in the Life Insurance segment (1.31% versus 1.26% the previous year). Puerto Rico continues to show the highest penetration and density (premiums per capita) indexes in the region 17.7% and 6,334 dollars in 2023, respectively (see Chart 2.2-b). This is because the Puerto Rican premium volume includes Health insurance for the poorest populations, which is managed by the private insurance industry but covered by the government's budget. This is also the insurance line with the best performance in the context of the health crisis caused by the COVID-19 pandemic. After Puerto Rico, Chile (4.7%), Argentina (3.2%), and Colombia (3.2%) reported the highest penetration indicators in 2023, above the regional average (3.1%).

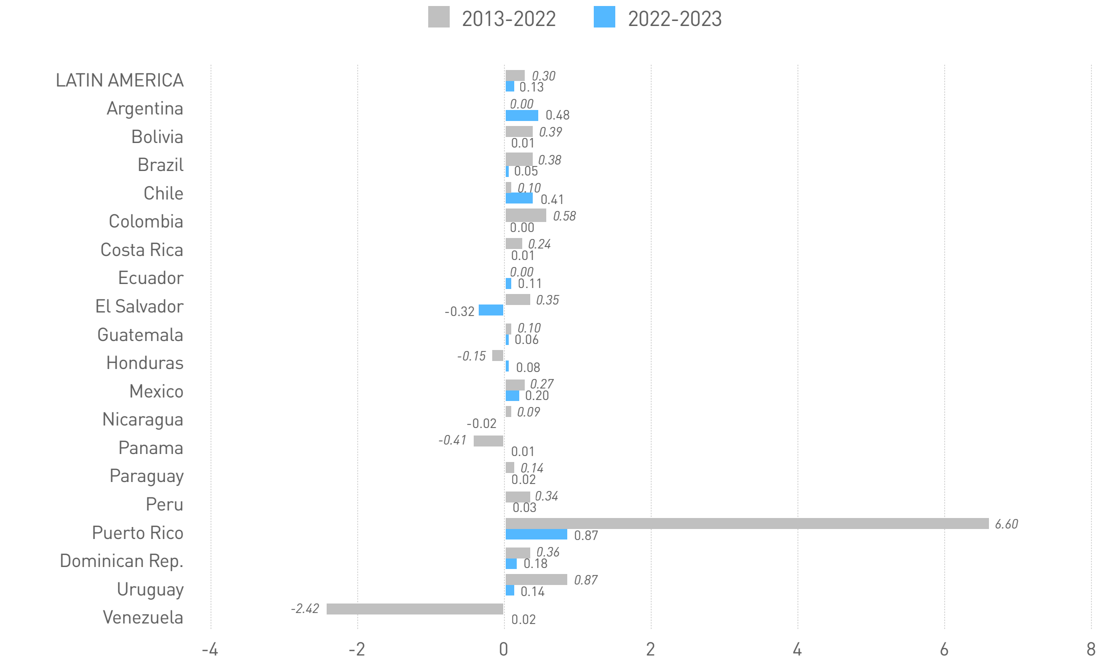
Complementing the analysis of penetration levels, Chart 2.2-c shows penetration level variation for the various markets in 2023 compared to the previous year and between 2013 and 2022. We observe that in 2023, all insurance markets in the region improved their figures for this indicator compared to the previous year, the only exceptions being El Salvador and Nicaragua. Meanwhile, from a medium-term perspective, the greatest advances in the 2013–2022 period occurred in the Puerto Rico and Uruguay markets, while the indicator in Venezuela worsened the most.

Chart 2.2-b
Latin America: penetration, density and depth indexes, 2023
(premiums/GDP, %; premiums per capita, USD; Life premiums/total premiums, %)



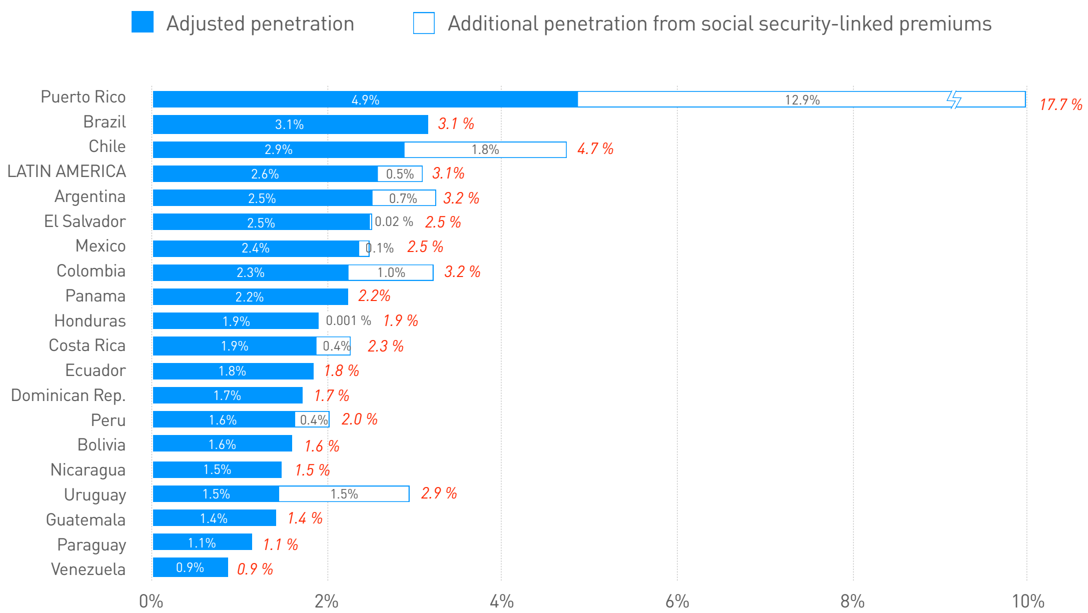
Source: MAPFRE Economics (based on data from supervisory bodies in the region)

Chart 2.2-c
Latin America: changes in penetration, 2013-2023
(percentage points)



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

Chart 2.2-d
Latin America: insurance penetration adjusted for the effect of social security-linked premiums, 2023
(premiums/GDP, %)

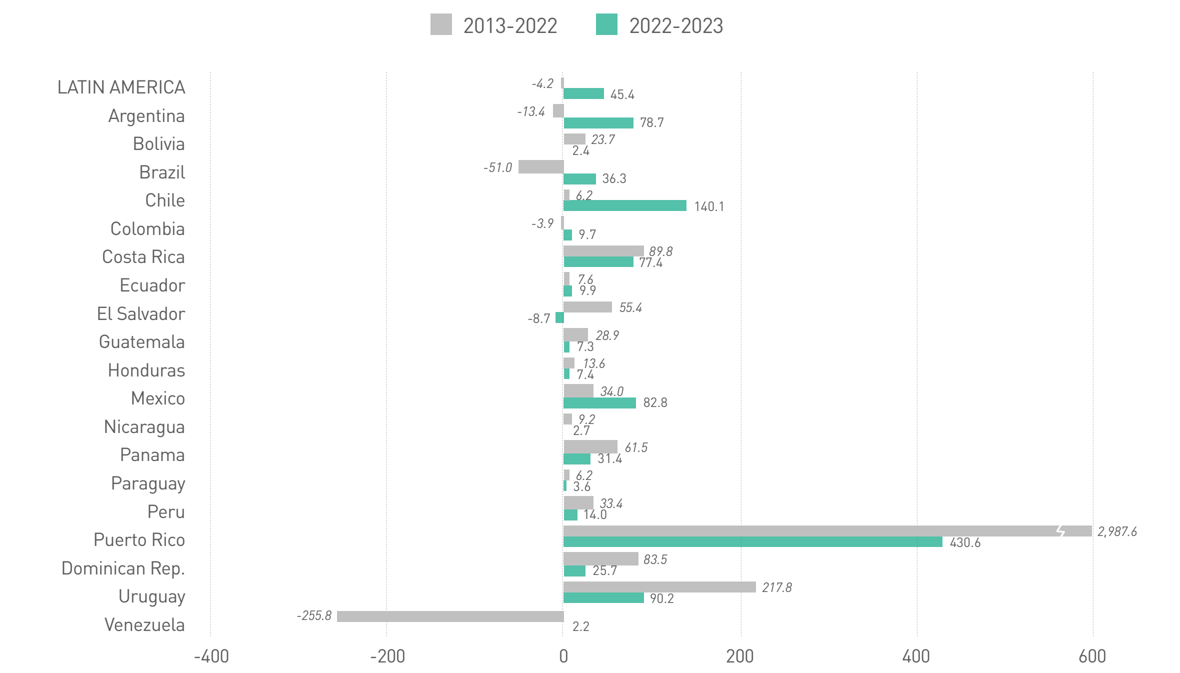


Source: MAPFRE Economics (based on data from supervisory bodies in the region)

The development of penetration levels in the region can be largely attributed to public policies that use the insurance mechanism to help achieve major social objectives. In several countries across the region, the use of these types of public policies linked to social security systems is noteworthy—for instance, the private insurance sector's participation in the pension system by offering life annuities, coverage of the mandatory health care system, and medical care and compensation for work-related accidents and occupational illnesses. Chart 2.2-d presents a comparative analysis of the region's markets, adjusting the penetration levels to neutralize the effect of those public policy decisions on the penetration level of their respective markets. As stated above, the most significant case is Puerto Rico, which follows a system similar to that of the United States for mandatory health coverage managed by private insurance companies. These mechanisms also have considerable influence on penetration levels in the Chilean and Uruguayan markets, due to the role of private insurance companies in their pension systems, which in both cases entail a 1.8 and 1.5 pp increase in penetration, respectively, in 2023, as well as in Colombia and Argentina, due to the coverage of work-related accidents through private insurance companies, among the most noteworthy.

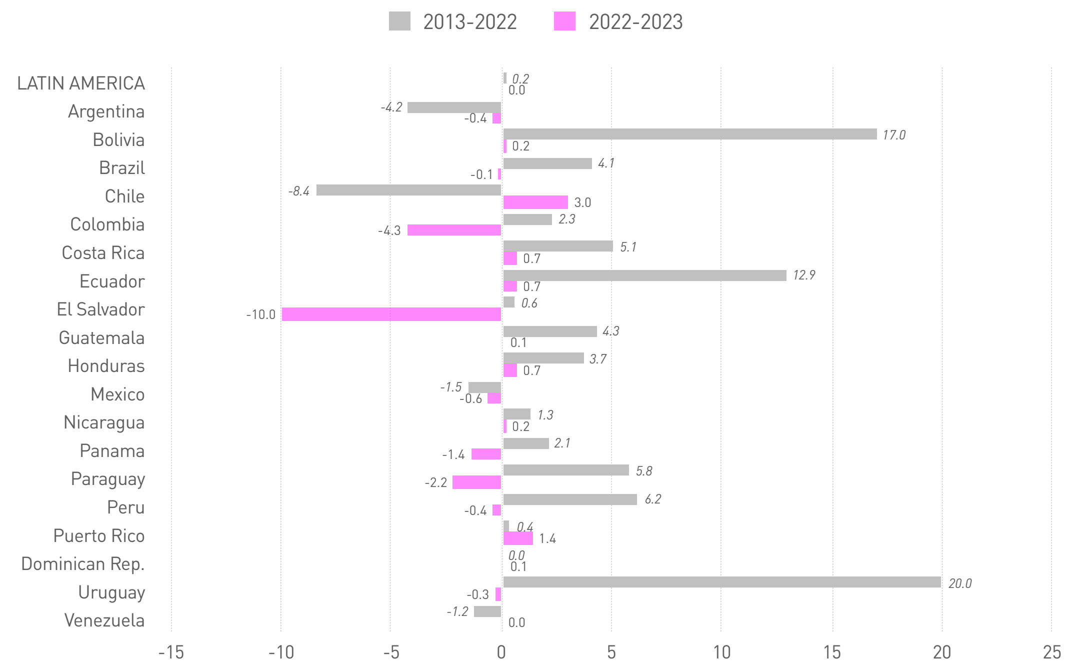
Based on these factors, and in a medium-term perspective (2013–2023), we observe a 0.4 pp increase in penetration in the region. The cumulative growth in the penetration of the Life insurance segment over the decade was 0.2 pp, while the cumulative increase in the Non-Life segment over the same period was also 0.2 pp. In any case, apart from the one-off events resulting from the sharp contraction in GDP caused by the pandemic, which led to an atypical increase in penetration, an upward trend in insurance penetration in Latin America remains apparent throughout the decade.

Chart 2.2-e
Latin America: changes in density, 2013–2023
(USD)



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

Chart 2.2-f
Latin America: changes in depth, 2013–2023
(percentage points)



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

The density indicator (premiums per capita) were 324.3 dollars in 2023, a 16.3% increase over the level of the previous year (see the cited Chart 2.2-a). The significant growth in premiums in the insurance industry in 2023 and the improved performance of exchange rates against the dollar explain this improvement in the level of density compared to the previous year in many countries of the region, many exceeding pre-pandemic levels (see Chart 2.2-e). It should be noted that a large part of insurance spending per person in most of the region remains focused on the Non-Life segment (187.1 dollars), up 16.3% compared to the previous year. Meanwhile, Life insurance density amounted to 137.2 dollars, 16.3% above that of 2022. Between 2013 and 2023, density (measured in dollars) increased 14.5%, largely due to the growth of the last three years. The cumulative increase in the Life insurance market over the period amounted to 15.2% (rising from 119.1 dollars to 137.2 dollars), while cumulative growth in Non-Life insurance was 14.1% (from 164 dollars to 187.1 dollars).

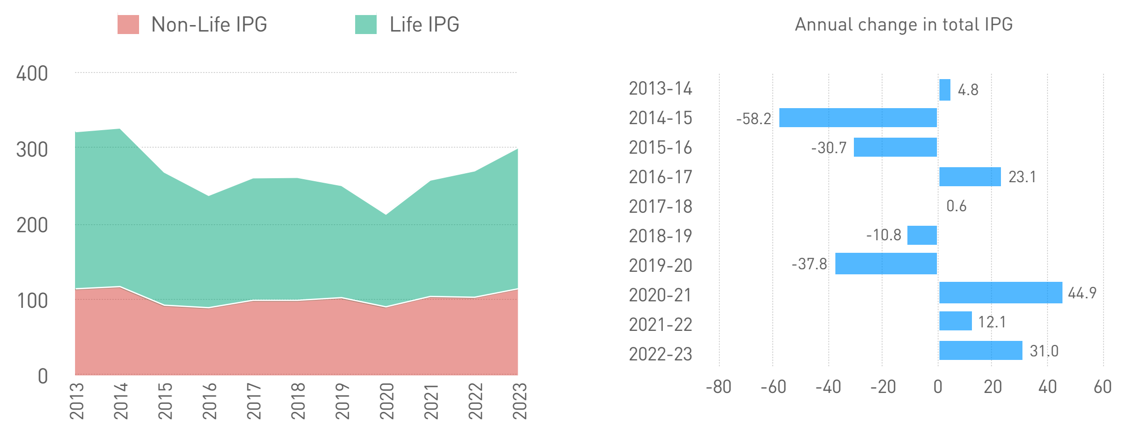
Finally, the insurance depth index in the region (ratio between Life insurance premiums and total premiums) was 42.3% in 2023, identical to the figure registered in 2022, as a result of the balanced growth of both market segments that year (see the cited Chart 2.2-a). A country-by-country analysis shows that Colombia, Mexico, Brazil, Argentina, Panama, Paraguay, Peru, Uruguay, and El Salvador showed declines in the indicator between 2022 and 2023 (see Chart 2.2-f). Meanwhile, in the medium-term analysis (2013–2022), the indicator for the region shows a slight improvement over the decade analyzed, with a cumulative increase of 0.2 pp over that period, with only a few significant downturns such as in the markets of Chile, Argentina, Venezuela and, to a lesser degree, Mexico.

Insurance Protection Gap estimate

The updated estimate of the Insurance Protection Gap (IPG)[10] for Latin America is shown on Chart 2.2-g. As noted in previous versions of this report, the IPG represents the difference between insurance coverage that is economically necessary and beneficial for society, and the amount of that coverage that has been effectively acquired. Its determination helps to identify not only the gap in terms of societal under-insurance, but also the potential market for insurance, which is the market size that could be achieved were the gap eradicated. It is worth noting that, by its nature, the IPG is not a static concept, but rather on the contrary, this potential insurance coverage area is continually modified depending on both the growth of each country's economy and on the emergence of new risks to be covered that are inherent to economic and social development. Furthermore, the insurance gap is also highly correlated with market growth: quantitatively, the gap becomes smaller as penetration increases, and qualitatively it tends to get smaller as markets become more sophisticated and more mature. Hence, factors such as sustained economic growth, low inflation, higher personal disposable income, the general development of the financial system, an efficient regulatory framework, and the application of public policies aimed at increasing financial inclusion and education are factors that stimulate a decrease in the IPG in the medium-term.

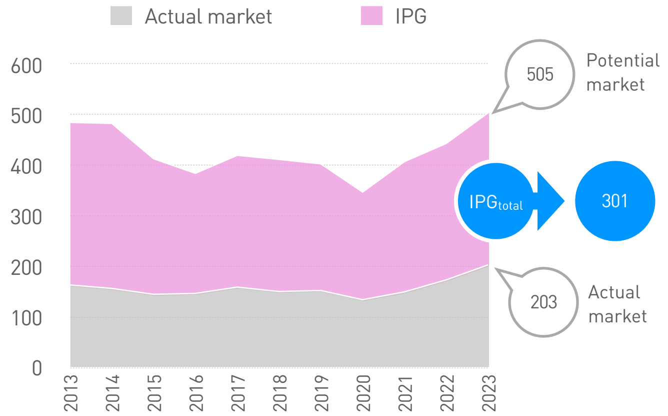
The IPG for the Latin American insurance market is estimated at 301.3 billion dollars for 2023, up 11.5% (31 billion dollars) from the 2022 estimate. This indicates that, despite the strong performance of the Latin American insurance industry in 2023, its optimal insurance level has declined with respect to other advanced markets. As a structural measurement, the composition of the IPG does not show significant changes, confirming the predominance of Life insurance in its makeup. Thus, in 2023, 62.0% of the IPG corresponded to Life insurance (186.7 billion dollars), while Non-Life accounted for the remaining 38.0% of the gap, equivalent to 114.6 billion dollars. In this way, the potential insurance market in Latin America in 2023 (measured as the sum of the actual insurance market and the insurance gap) was 504.7 billion dollars, or 2.5 times the current market in the region (see Chart 2.2-h).

Chart 2.2-g
Latin America: Insurance Protection Gap
(billions of USD)



Source: MAPFRE Economics

Chart 2.2-h
Latin America: Insurance Protection Gap and potential market
(billions of USD)

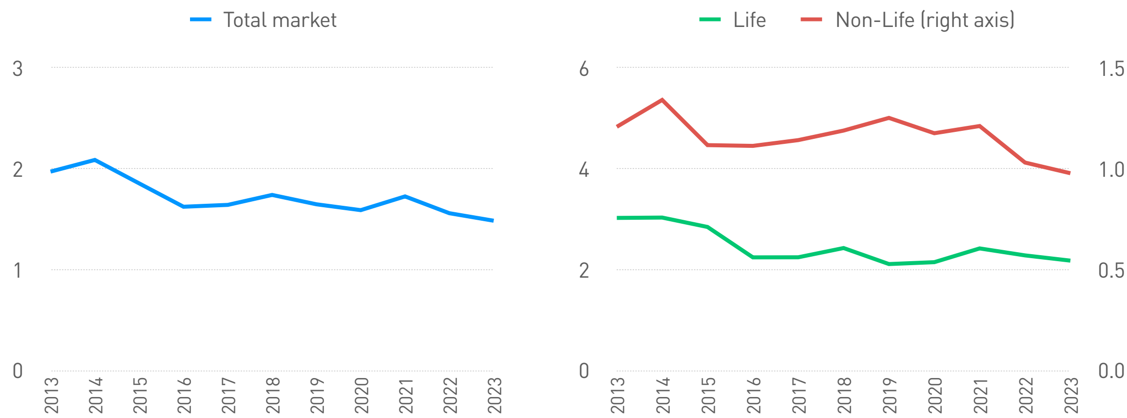


Change	Actual market	IPG
2023-2013	24.3%	-6.4%
2023-2022	17.1%	11.5%

Source: MAPFRE Economics

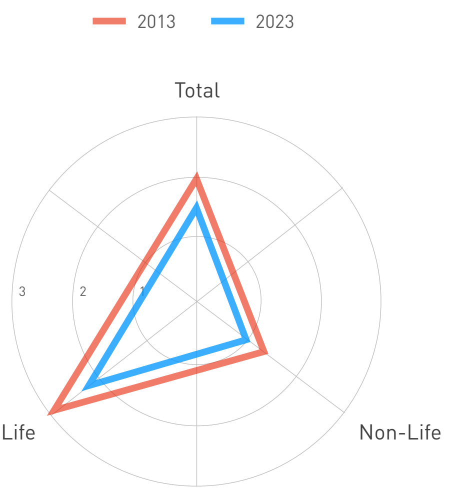
Meanwhile, Chart 2.2-i presents the IPG in relative terms, i.e., as a multiple of the actual market. According to this analysis, the region's insurance gap between 2013 and 2023 trended downward, both when analyzing the total market (which dropped from 2.0 to 1.5 times the actual market during that period) and when analyzing the Life segment (which dropped from 3.0 to 2.2 times the corresponding market) and the Non-Life segment (which dropped from 1.2 to 1 times). This is indicative of the medium-term trend of Latin America as it moves toward the insurance levels of the developed insurance markets. Chart 2.2-j complements this analysis by illustrating the performance of the IPG as a multiple of the actual market for the Life segment, the Non-Life segment, and the total Latin American insurance market in 2013 and 2023. We can see that during this period there was a clear and balanced improvement in the total insurance gap in the region.

Chart 2.2-i
Latin America: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 2.2-j
Latin America: change in IPG as a multiple of the actual market

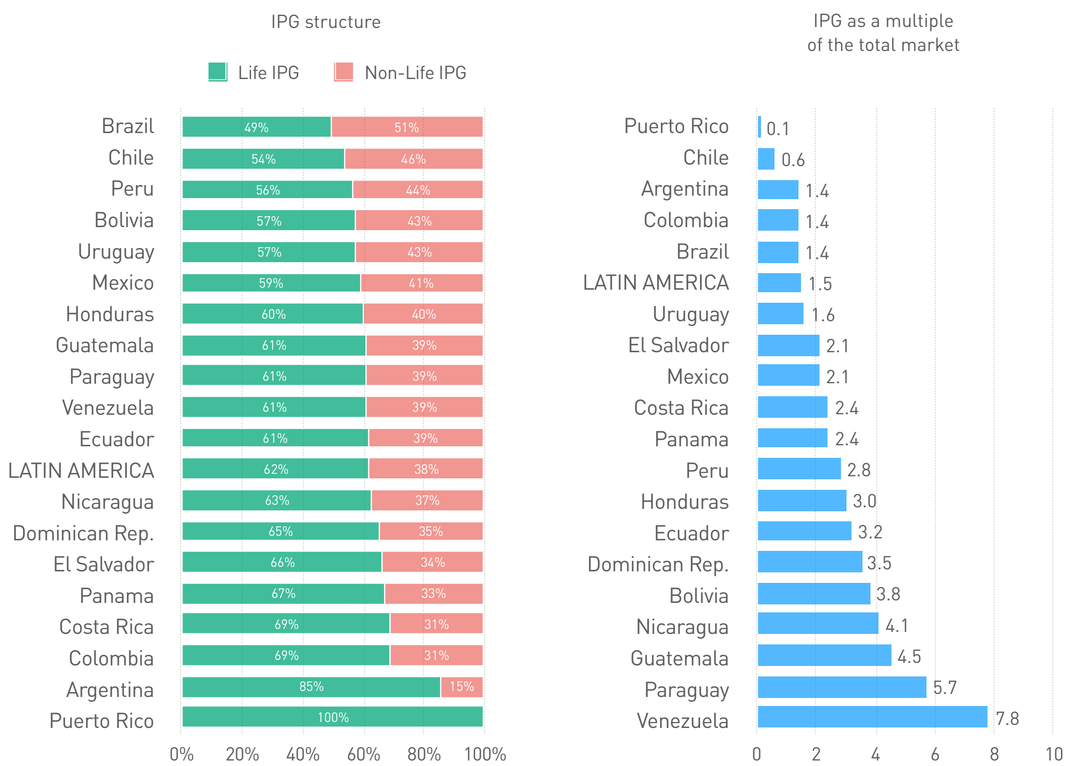


Source: MAPFRE Economics

Considering an individual analysis, Charts 2.2-k and 2.2-l show the structure of the insurance gap for each of the countries in the region, as well as the relative size of the insurance gap compared to the total market that actually exists in the different insurance lines (Life and Non-Life). In addition to the dynamics of their structural trends, the development of insurance markets can also be associated with the level of balance in the existing IPG, which may suggest underdeveloped areas. The degree of progress in market development is therefore linked to the ratio of the insurance gap to the current market.

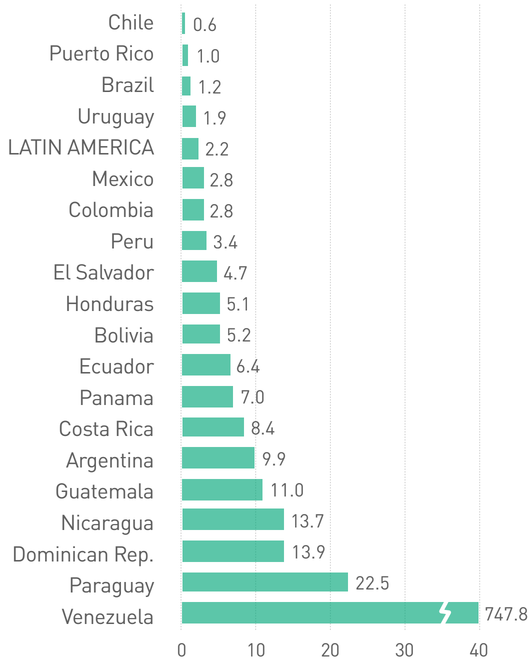
Chart 2.2-m shows the result of the updated assessment of the Latin American insurance industry's capacity to close the insurance gap determined in 2023. This analysis compares the growth rates

Chart 2.2-k
Latin America: structure and relative size of the Insurance Protection Gap, 2023
(structure, %; IPG as a proportion of total market, number of times)



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

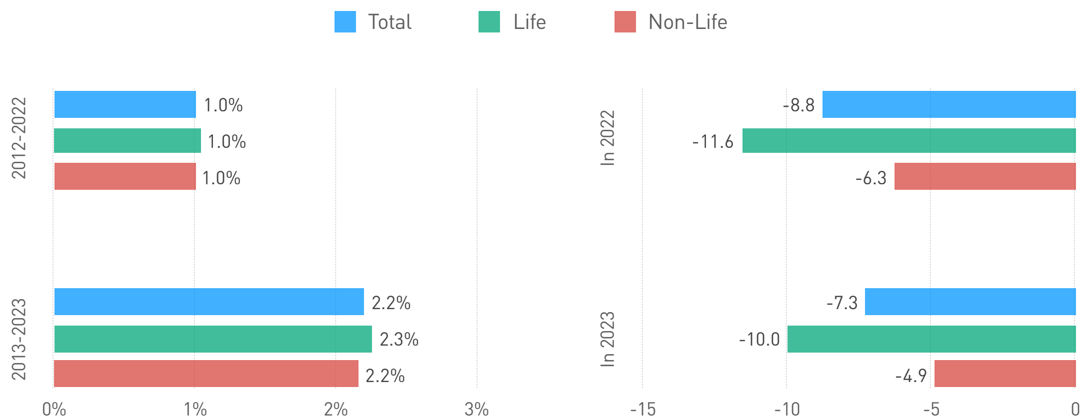
Chart 2.2-l
Latin America: structure and relative size of the Insurance Protection Gap in the Life and Non-Life segments, 2023
(structure, %; IPG as a proportion of the respective market, number of times)



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

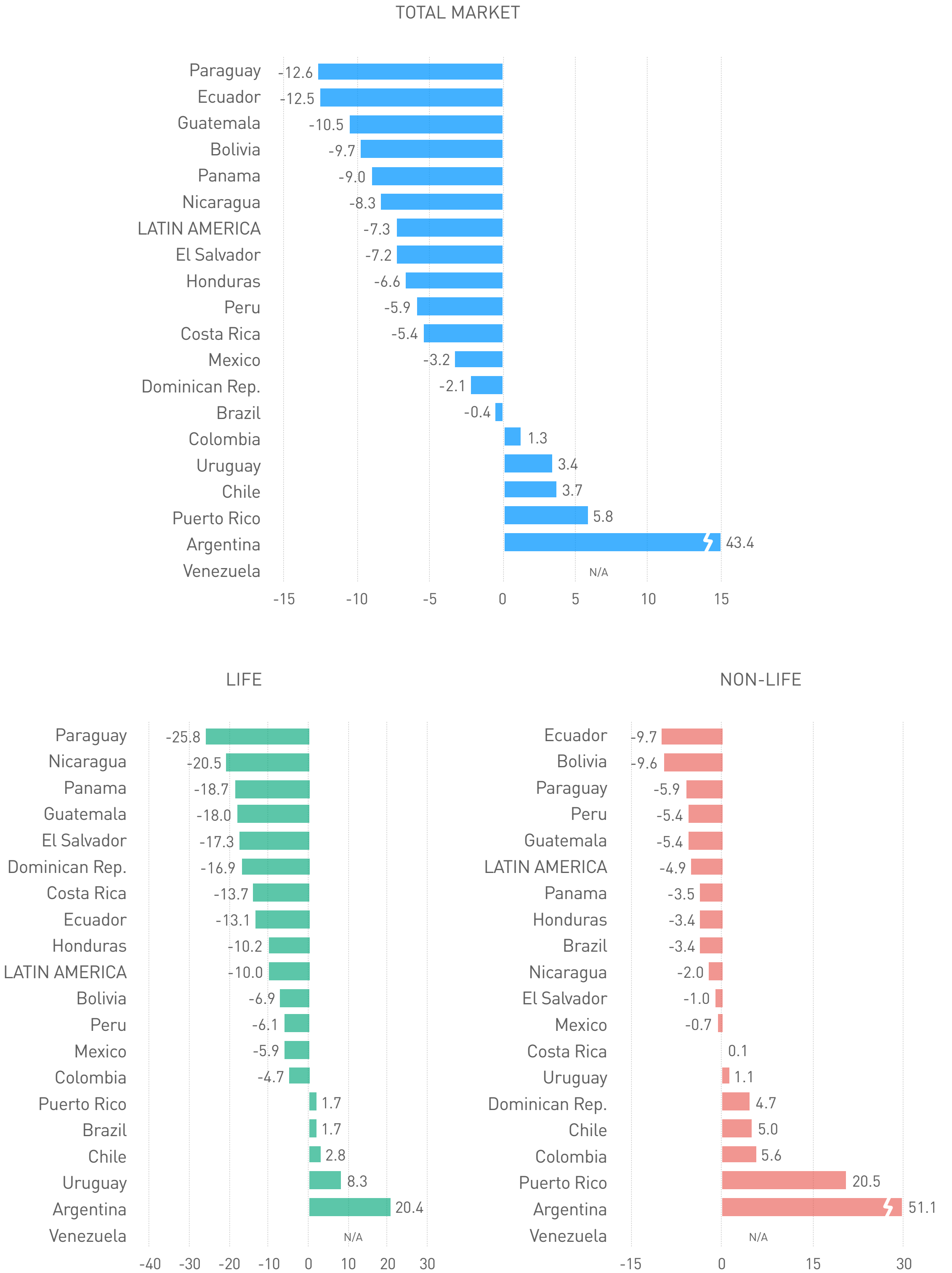
observed over the 2013–2023 period with the growth rates that would be necessary to close the IPG determined in 2023 over the following decade. This analysis shows that over that period, the region's insurance market registered annual average premium growth (in dollars) of 2.2%, made up of annual average growth of 2.3% in the Life

Chart 2.2-m
Latin America: capacity to close the IPG
(annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 2.2-n
Latin America: sufficiency (or insufficiency) to close the 2023 IPG in 10 years
(sufficiency or insufficiency, pp)



Source: MAPFRE Economics

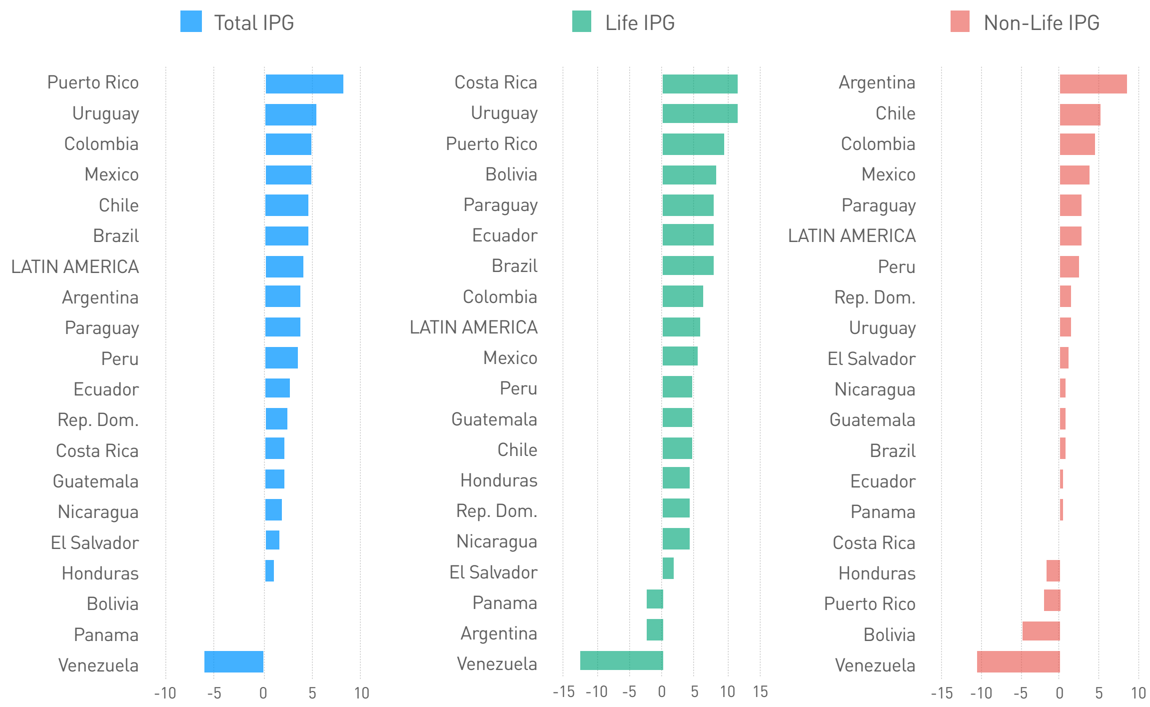
N/A Not relevant for the comparative analysis, due to the effects of overestimation produced by the high inflation levels present in this economy.

insurance segment and 2.2% in the Non-Life segment. This growth dynamic has accelerated notably compared to the 2012–2022 period, which experienced growth of about 1.0% in all segments. Accordingly, if this same growth dynamic observed in 2013-2023 were to continue over the next 10 years, the market growth rate would fall short of covering the 2023 IPG by 7.3 pp. A similar situation appears when analyzing the Life insurance segment (short 10.0 pp) and the Non-Life segment (short 4.9 pp), with some improvement with respect to the 2022 figures in both segments.

Chart 2.2-n shows the result of this analysis considering each market analyzed in this report, in relation to the sufficiency or insufficiency of each to close the insurance gap calculated in 2023 during the coming decade. According to this data, with the exception of Argentina, Puerto Rico, Chile, Uruguay, and Colombia, the remaining markets have an insufficient annual average growth rate to close the insurance gap calculated in 2023 should this growth be maintained over the coming decade. In the Life segment, the markets that would succeed in closing the IPG based on the dynamic observed over the last 10 years are Argentina, Uruguay, Chile, Brazil, and Puerto Rico, while in the Non-Life segment, the markets that show growth sufficient to close the gap are Argentina, Puerto Rico, Colombia, Chile, the Dominican Republic, Uruguay, and Costa Rica. It must be stated that in Argentina's case, the environment of hyperinflation of that economy introduces distortions to this analysis, therefore the capacity to close the insurance gap could be overestimated.

Another way to quantify the capacity of the different markets in the region to close their insurance gap and approach the development levels of insurance activity

Chart 2.2-o
Latin America: IPG consumption rate index*



Source: MAPFRE Economics
*Equivalent to the 2005–2023 CAGR of the reduction in IPG as a multiple of the actual market.

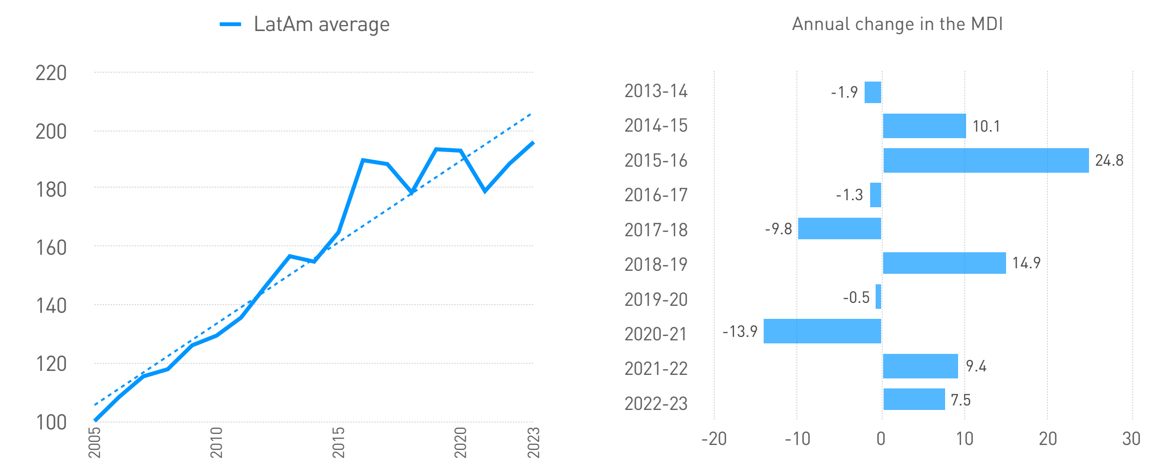
observed in relatively more developed countries is to measure the speed with which the IPG is reduced with respect to the existing market. In this respect, Chart 2.2-o presents the rate of consumption of the insurance gap, which is equivalent to the average YoY growth rate of the IPG reduction as a multiple of the current market, which has been estimated for the 2005–2023 period.

Market Development Index

Finally, Chart 2.2-p shows an updated estimate of the Market Development Index (MDI) for the Latin American insurance industry. It should be noted that this indicator is intended to summarize the trend in the performance and maturity of insurance markets. It is a composite index constructed from four individual indicators based on 2005: (i) the penetration ratio, (ii) the depth ratio, (iii) an evolution index of the IPG (inverse index of the IPG as a market multiple), and (iv) an index for the evolution of the Life insurance IPG (inverse index of the Life insurance IPG as a multiple of that market). This 2023 update shows that, for the region as a whole, the MDI trended toward sustained YoY improvement over the last decade, despite suffering a slight dip in 2014, 2018, and 2021. However, despite these setbacks, the development of the regional insurance industry continues to trend upward, and the Latin American market maintains positive growth when analyzed in the medium term, isolating the sudden impacts of the pandemic-related economic crisis and subsequent recovery on the insurance industry in the region.

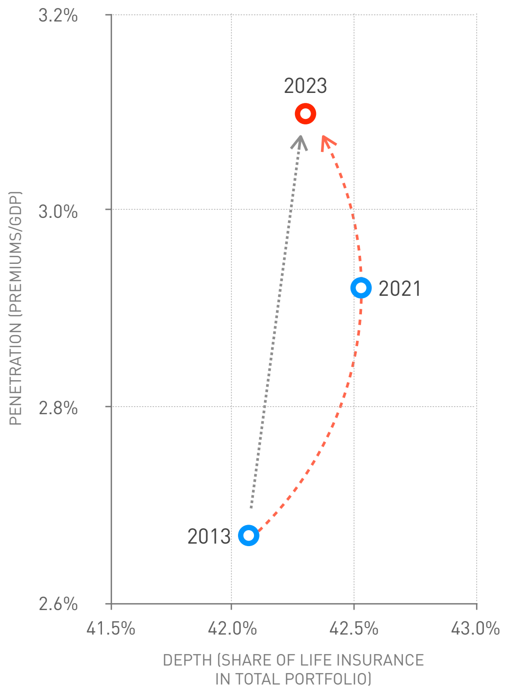
Likewise, the dispersion analysis shown on Chart 2.2-q attempts to identify the development trend of the Latin American insurance market between 2013 and 2023, based on the evolution of penetration (as an indicator of the quantitative growth of this activity) and of insurance depth (as a reflection of the level of maturity in market development, that is, its qualitative dimension). Thus, we observe that, in general terms, the insurance industry in the region has exhibited a balanced development over the last decade (2013–2023), with gains both in terms of penetration (quantitative dimension) and insurance depth (qualitative dimension), a trend that has strengthened with its performance as of 2021.

Chart 2.2-p
Latin America: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 2.2-q
Latin America: medium-term changes in the insurance market, 2013–2023
(penetration vs. depth)



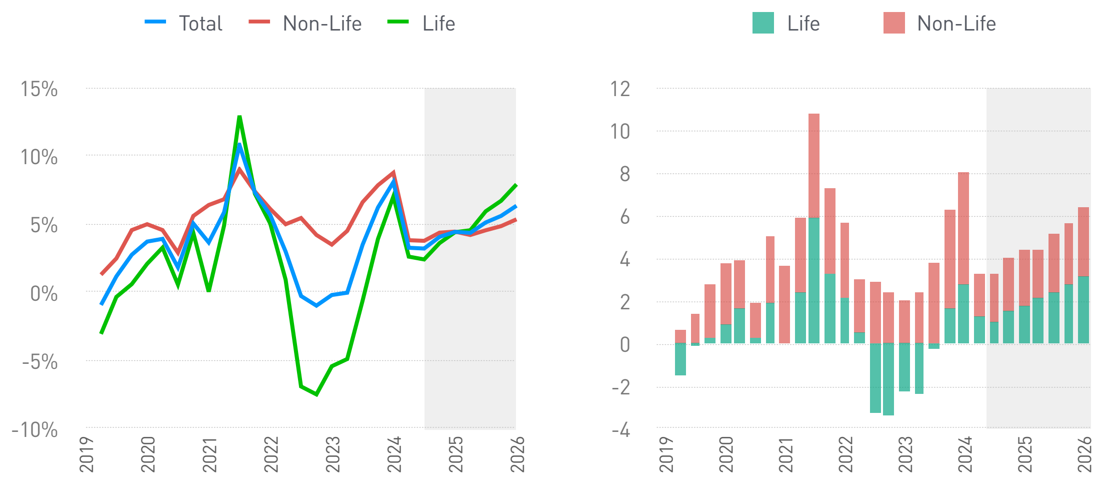
Source: MAPFRE Economics

Medium-term premium growth forecasts

As in 2024, when global GDP growth is expected to be 3.0%, positive growth of around 2.9% is projected for 2025. Forecasts for Latin America are also on a positive growth path, although below its potential, as a result of varying dynamics between those economies more influenced by China's growth and the cyclical nature of raw material exports, and those more linked with U.S. activity.

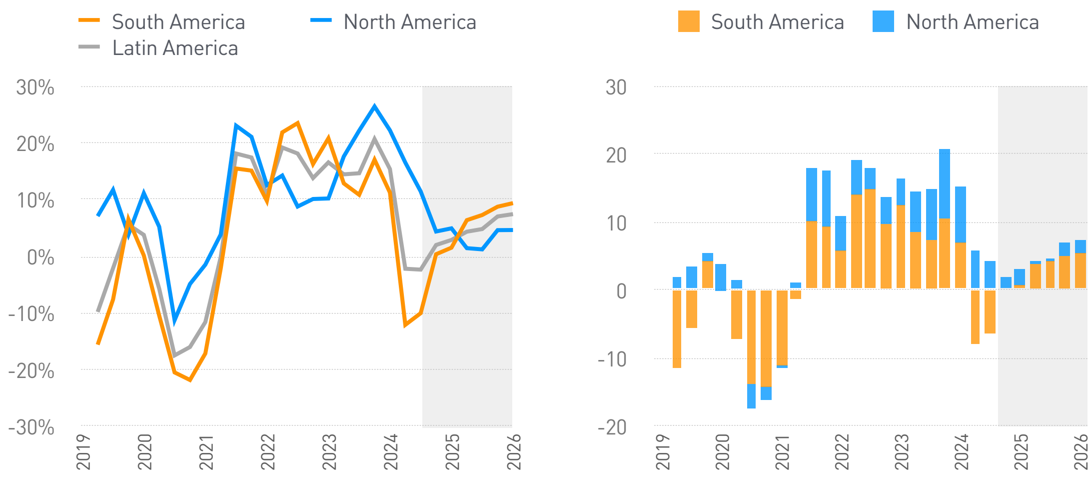
Thus, based on global consumption and investment, which will condition production and demand in the global insurance market, nominal premium growth is expected to average around 4.6% between 2024 and 2025, a figure slightly higher than the nominal growth of world GDP for the same period. The Life insurance segment could grow by an average of around 4.8% over the 2024–2025 period, while the Non-Life segment would grow by around 4.4%. Based on the size and growth of each insurance segment, the Life segment would contribute an average of 2.0 percentage points (pp) to the overall growth of the insurance industry,

Chart 2.2-r
Global: premium growth and contributions to growth by insurance line
(year-on-year growth, %; contribution to growth, percentage points)



Source: MAPFRE Economics

Chart 2.2-s
Latin America: premium growth and contributions to growth by region
(year-on-year growth, %; contribution to growth, percentage points)

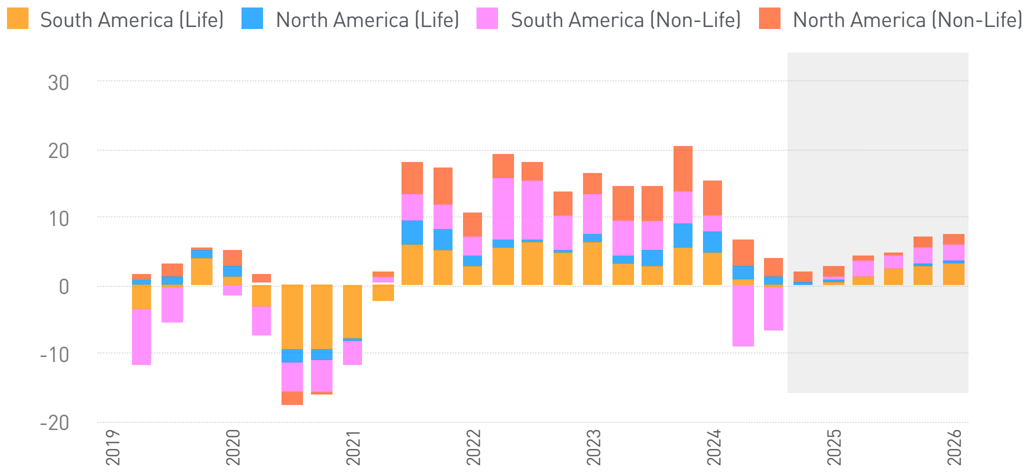


Source: MAPFRE Economics

while the Non-Life segment would contribute 2.6 pp during the 2024–2025 period (see Chart 2.2-r).

Specifically for the Latin American region, insurance demand in 2024–2025 is expected to grow in nominal terms by around 3.0%, with the insurance market in South America growing on average by around 1.4% and that of North America by 6.1% on average (see Chart 2.2-s). Likewise, the contribution to growth by region in the 2024–2025 period shows the existing differences by geographic area.[11] Thus, while the North American subregion would maintain a positive contribution of close to 3.4 pp in 2024, the

Chart 2.2-t
Latin America: premium growth and contributions to growth by region and insurance line
(year-on-year growth, %; contribution to growth, percentage points)



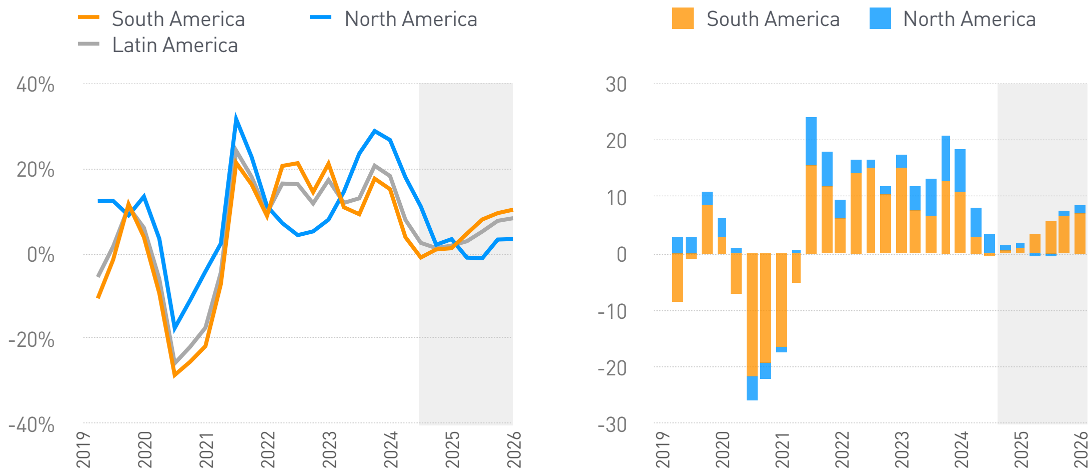
Source: MAPFRE Economics

South American subregion would have an average negative contribution of around -3.3 pp. For 2025, however, the forecast reveals a different situation, since the contribution of the South American subregion would be around 4.7 pp, while that of the North American subregion would be only 1.2 pp.

The trends in economic activity in each Latin American subregion show the differences in the dynamics of the specific Life and Non-Life segments, such that, in a comparison between the northern and southern parts of the region, the development of each is quite different. Looking at both subregions in particular (see Chart 2.2-t), the Life insurance segment in South America is expected to contribute around 1.4 pp of average growth in the 2024–2025 period, largely due to the relevant size of the Brazilian insurance market in this category. Meanwhile, the Life segment in the North American subregion is expected to contribute only 0.6 pp. As for the Non-Life segment, the average contribution to growth of the South American subregion in the same period would be around -0.8 pp, while the North American subregion would contribute 1.7 pp.

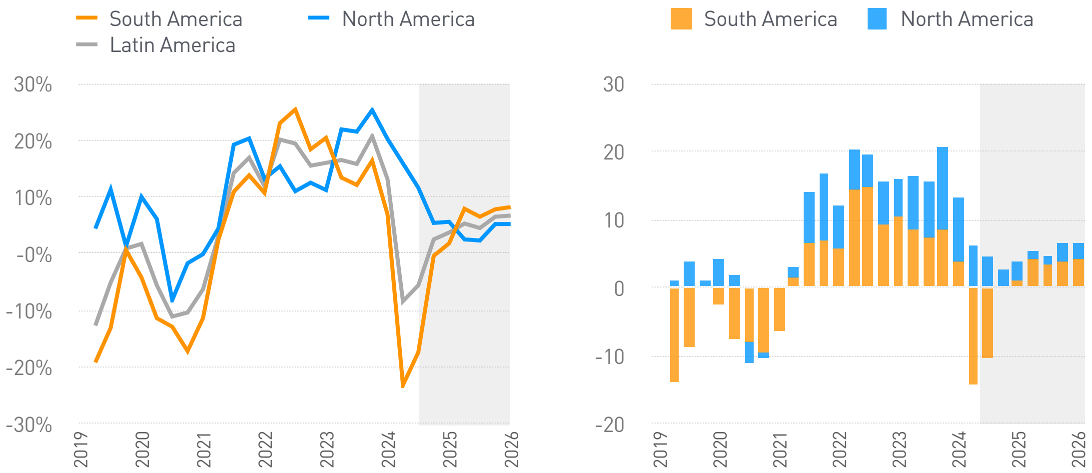
Analyzing the contribution to each insurance segment by subregion in greater detail, in the case of the Life segment, the South American subregion has experienced large variations in its growth between 2018 and 2023, with significantly negative rates between 2018 and 2020, and highly positive rates in the 2021–2023 period (see Chart 2.2-u). In addition, and given that the overall volume of Life business is so important in this subregion (with Brazil's business playing a prominent role), it has been setting a very similar trend for Life premiums in the Latin American region. However, for the 2018–2023 period in North America, we observe that the changes in the Life segment were always positive, except in 2020 due to the COVID-19 pandemic, and also with very outstanding values in some years. Thus, forecasts for the Life segment in the period leading up to 2025 point to average growth of 10.3% for the South American subregion and 3.4% for the North American subregion. For the entire Latin American region, the forecast would be maintained with growth of around 8.3%.

Chart 2.2-u
Latin America: Life premium growth and contributions to growth by region
(year-on-year growth, %; contribution to growth, percentage points)



Source: MAPFRE Economics

Chart 2.2-v
Latin America: Non-Life premium growth and contributions to growth by region
(year-on-year growth, %; contribution to growth, percentage points)



Source: MAPFRE Economics

Meanwhile, looking at the Non-Life segment from a similar perspective (see Chart 2.2-v), we observe that this category has also had very disparate growth rates in the South American subregion, with negative rates between 2018 and 2020, which then became positive by 2021–2023; a situation that is mirrored with a similar trend, but with more moderate values, in the Latin American region as a whole. With the exception of 2020, when the COVID-19 pandemic registered decreases in the North American subregion, positive growth rates were recorded in all other periods, with 2023 being a magnificent year with an average growth rate of 22.2%. Thus, forecasts for the horizon towards 2025 point to average growth for the Non-Life insurance segment of 7.6% for the South American subregion, while North America could see average growth of 3.8%, and the Latin American region as a whole, around 5.7%.

Detailed analytics of Latin American insurance markets

A detailed analysis for each of the Latin American insurance markets is presented in the third chapter of this report. These individual reports begin with an initial assessment of the macroeconomic environment of each country in 2023 before reviewing the main figures and trends in their insurance markets. The individual reports for each market in the region provide a perspective (when the information available so permits) for the 2013–2023 period on premium growth, the main items of the aggregate balance sheet at the sector level, technical performance, and the results and profitability of the insurance industry. They also include a review of the main structural trends in each market, analyzing developments in insurance penetration, density, and depth. Likewise, in order to appropriately portray the dynamics underlying the main trends in each market, the country analysis uses local currency so as to avoid the distorting effects of exchange fluctuations. Finally, each of the individual reports includes an estimate of the insurance gap, in terms of both its size and structure.

Latin American insurance market: interactive data

Along with this year's edition of *The Latin American Insurance Market*, MAPFRE Economics is offering readers an interactive web version (*Latin American Insurance Market: Interactive Data*) (Spanish), which incorporates a substantial part of the data contained in this report. The intention is to offer dynamic, up-to-date information on the insurance markets in Latin America through a web tool with automated tables where users can consult the information contained in the report. With this tool, you can also periodically view, with a database available at all times, data on the main variables that explain the performance of the Latin American insurance markets.

3. The Latin American insurance markets: country analysis

3.1 North America, Central America, and the Caribbean

3.1.1 Mexico

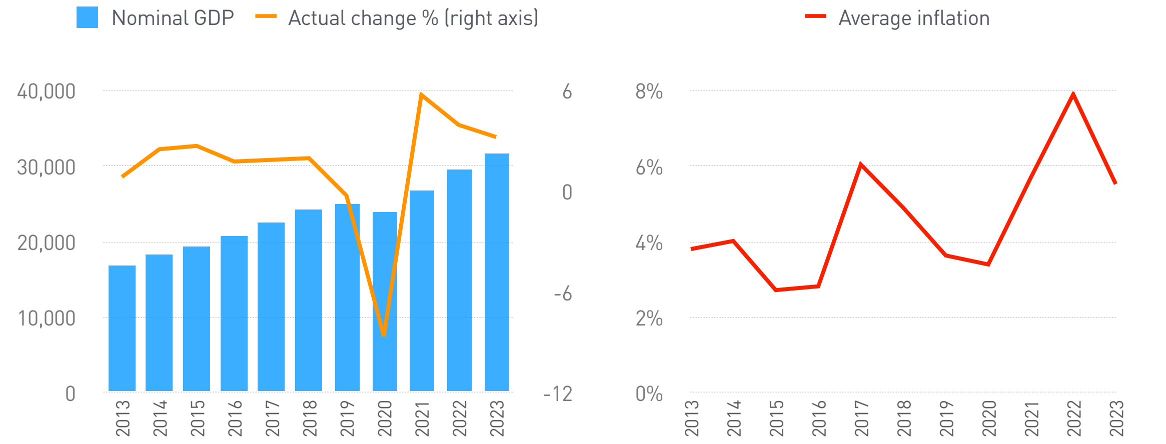
Macroeconomic environment

In 2023, the Mexican economy grew by 3.2%, compared to 3.9% in the previous year, driven mainly by growth in the industrial sector (3.5% YoY), public construction (12% YoY), and private construction (5.5% YoY). The manufacturing sector grew just 0.9%, reflecting a slowdown in the economy. Meanwhile, the services sector grew by 3.1%, driven by the strength of the peso, which favored a 4.0% increase in non-oil imports compared to 2022. Finally, the primary sector experienced growth of 1.9%, supported by a 3.5% increase in agricultural exports (see Chart 3.1.1-a).

Looking at the performance of the external sector, the current account balance was again at a deficit for the year (-0.3% of GDP), although with a smaller imbalance than the previous year (-1.2% of GDP); the negative value was repeated in both the balance of goods and, to a greater extent, in the balance of services, but the deficit was reduced due to increases in both volume and prices. The financial account also failed to close on a positive note, with foreign direct investment figures in annual decline, which means that, in net terms, the balance resulted in net indebtedness in 2023. From the public administration perspective, the public deficit stood at 3.1%, an improvement over the 2022 figure, but with figures that remain far from the historical average, raising debt to 46.8% of GDP.

Meanwhile, inflation continued to slow down in 2023 to close at 4.7% (5.5% on average), compared to 7.9% the previous year, reflecting lower price pressures that are also apparent in the core reading. Given these dynamics, and coupled with the complex international scenario, the Bank of Mexico sought a cautious monetary policy in 2023, maintaining

Chart 3.1.1-a
Mexico: changes in economic growth and inflation
(GDP in local currency, billions of pesos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

Table 3.1.1
Mexico: premium volume[1] by insurance line, 2023

Line	Millions of pesos	Millions of USD	Growth Nominal (%)	Growth Real (%)
Total	**788,993.4**	**44,494.1**	**17.3**	**11.2**
Life	**350,959.7**	**19,791.8**	**15.8**	**9.7**
Individual Life	227,717.2	12,841.8	23.6	17.1
Group Life	86,044.6	4,852.4	10.0	4.2
Pensions	37,197.9	2,097.7	-8.5	-13.3
Non-Life	**438,033.8**	**24,702.2**	**18.5**	**12.3**
Automobiles	153,493.1	8,656.0	27.2	20.5
Health[2]	143,359.0	8,084.5	14.2	8.2
Fires	28,499.2	1,607.2	24.4	17.9
Earthquake and other catastrophic risks	30,301.3	1,708.8	12.5	6.6
Miscellaneous	33,991.5	1,916.9	12.9	7.0
Transport	18,674.4	1,053.1	18.4	12.2
Third Party Liability	19,047.9	1,074.2	14.8	8.8
Personal Accidents[2]	5,776.8	325.8	-2.3	-7.4
Agricultural	1,602.1	90.4	-4.6	-9.6
Credit and Surety	3,288.5	185.5	-2.1	-7.2

Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)
1/ Direct premium
2/ Accident and Illness line

the benchmark interest rate at 11.25%, stressing the need for time to ensure a downward trajectory of inflation, and maintaining the pace of convergence with respect to the Federal Reserve. The average exchange rate in 2023 remained at 17.73 pesos per dollar (16.97 pesos per dollar in December 2023), compared to 20.10 pesos per dollar the previous year, a significant appreciation of the local currency.

For 2024, MAPFRE Economics estimates that growth of the Mexican economy will slow to 1.8% (1.7% in 2025), a result of a downturn in the manufacturing industry, a slight weakness in private consumption, and a deceleration in the foreign sector, particularly in the United States, amid an environment of high uncertainty. The Economic Commission for Latin America and the Caribbean (ECLAC) forecasts a somewhat less pronounced slowdown, with activity expanding by 1.9% (1.4% in 2025).

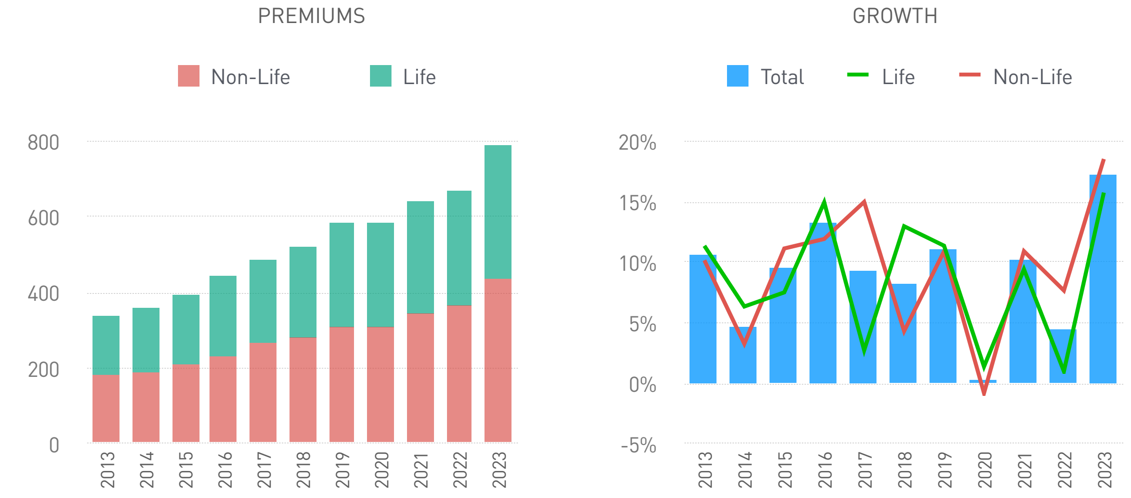
Insurance market

Growth

The Mexican insurance market achieved premium volume of 789 billion pesos (44.5 billion dollars) in 2023, which is nominal growth of 17.3% and an actual increase of 11.2% (see Table 3.1.1 and Chart 3.1.1-b). Thus, over the past decade, the share of total premiums and by Life and Non-Life segments compared to the Latin American market has been favorable, although the significant contraction in the Life insurance business between 2015 and 2017 is notable. Thus, the total proportion of Mexican premiums in the total for Latin America dropped from 16.4% in 2013 to 21.9% in 2023. Similarly, the share in the Life line also grew from 18.1% in 2013 to 23.0% in 2023, and in the Non-Life line from 15.1% to 21.1% (see Chart 3.1.1-c).

From the standpoint of risk portfolio structure, Life insurance accounted for 44.5%

Chart 3.1.1-b
Mexico: growth developments in the insurance market
(premiums, billions of pesos; annual nominal growth rates, %)



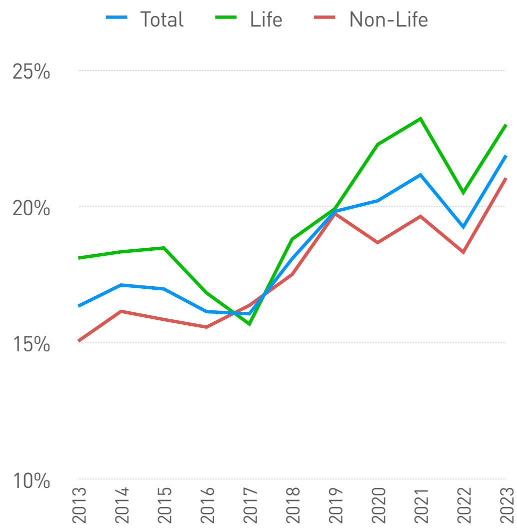
Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

of premiums in 2023 (0.6 pp less than the previous year), and Non-Life insurance accounted for the remaining 55.5%. However, with regard to the explanation of market growth in 2023 (17.3%), Non-Life insurance had a greater contribution with 10.2 percentage points (pp), while the remaining 7.1 pp of the sector's growth came from Life insurance (see Chart 3.1.1-d).

An analysis of the main market segments, presented in Table 3.1.1, shows that premiums on Life insurance grew 15.8% in nominal terms (9.7% in actual terms) to reach 351 billion pesos (19.8 billion dollars). It should be noted that individual Life insurance, which represents 64.9% of Life insurance, grew 23.6% in nominal terms and 17.1% in actual terms, to 227.7 billion pesos (12.8 billion dollars). Meanwhile, Group Life insurance experienced growth of 10.0% and 4.2% in nominal and actual terms, respectively, while Pension insurance, in contrast with the foregoing, decreased 8.5% in nominal terms.

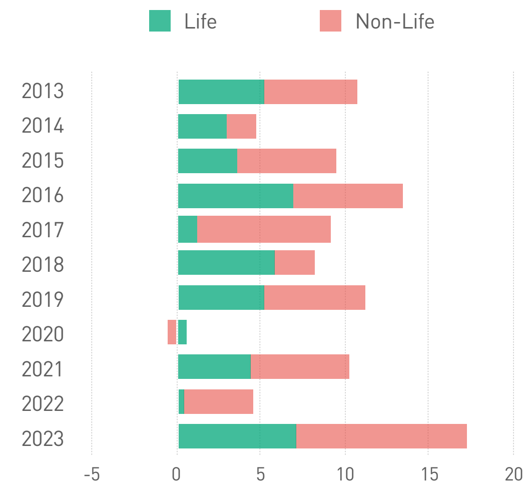
Non-Life insurance premiums in 2023 grew by 18.5% in nominal terms and 12.3% in actual terms to 438.0 billion pesos (24.7 billion dollars). The Agricultural (-4.6%), Personal Accident (-2.3%), and Credit and Surety (-2.1%) lines decreased in nominal terms, while the most representative Non-Life lines of business,

Chart 3.1.1-c
Mexico: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission and supervisory bodies of the region)

Chart 3.1.1-d
Mexico: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	10.7	5.3	5.5
2014	4.7	3.0	1.8
2015	9.4	3.6	5.9
2016	13.3	7.0	6.4
2017	9.2	1.3	7.9
2018	8.2	5.8	2.4
2019	11.1	5.3	5.9
2020	0.2	0.6	-0.4
2021	10.2	4.4	5.8
2022	4.6	0.5	4.1
2023	17.3	7.1	10.2

Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

such as the Health and Automobile lines, continued to grow at double-digit rates of 14.2% and 27.2%, respectively.

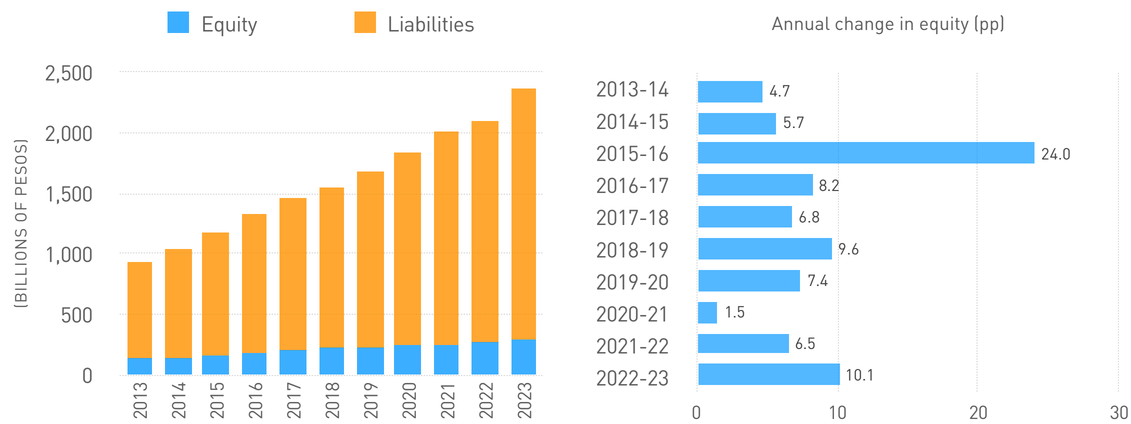
Balance sheet and shareholders' equity

Chart 3.1.1-e shows developments in the overall balance sheet of the Mexican insurance market at sector level between 2013 and 2023. As this information shows, the Mexican insurance industry had total assets of 2.4 trillion pesos (139.3 billion dollars) in 2023, while equity stood at 301.6 billion pesos (17.8 billion dollars), up 10.1 percentage points on 2022.

Investments

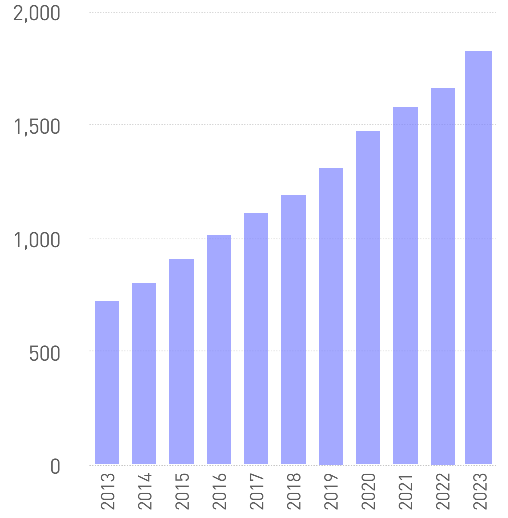
Meanwhile, Chart 3.1.1-f shows the evolution of total investments, while Charts 3.1.1-g and 3.1.1-h illustrate the composition of the aggregate investment portfolio by sector for

Chart 3.1.1-e
Mexico: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-f
Mexico: insurance market investments
(billions of pesos)



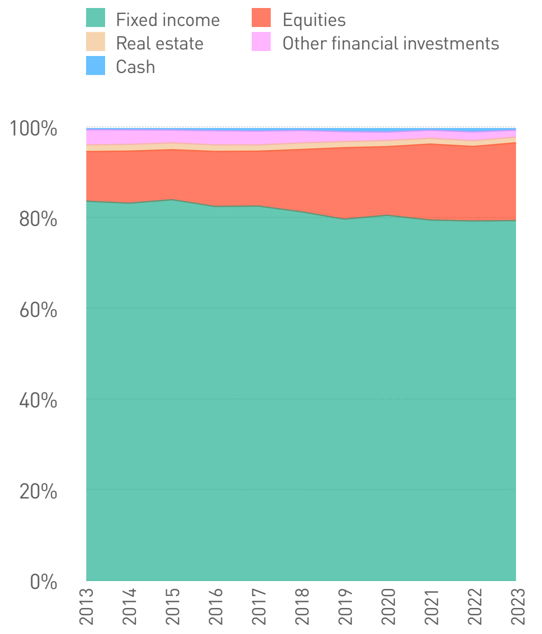
Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

the Mexican insurance market in 2023. That year, total investments amounted to 1.8 trillion pesos (107.6 billion dollars), with a highly concentrated distribution in fixed-income investments (79.6% of the total) and equity (17.1%), segments that grew 0.1 and 0.7 pp compared to the previous year, respectively. It should be noted that the implementation of the new Solvency II-style prudential regulation in Mexico has favored the matching of assets and liabilities, and therefore the use of debt instruments.

Technical provisions

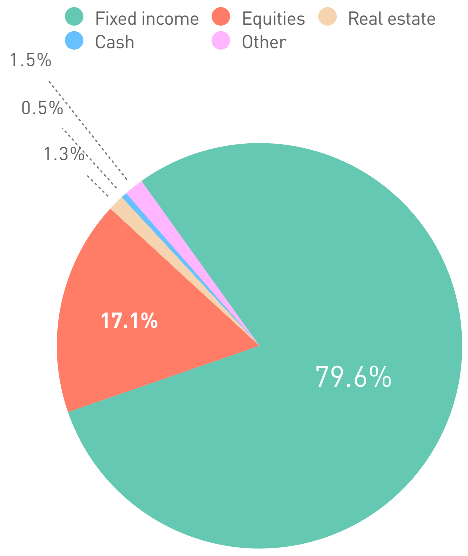
The change in the technical provisions of the Mexican insurance sector is reflected in Chart 3.1.1-i. As observed, total technical provisions amounted to 1.9 trillion pesos (109.7 billion dollars) in 2023. Meanwhile, and as shown in Charts 3.1.1-j and 3.1.1-k, 74.3% of total technical provisions related to Life insurance, 8.3% to provision for unearned premiums and unexpired risks in

Chart 3.1.1-g
Mexico: structure of investments
(%)



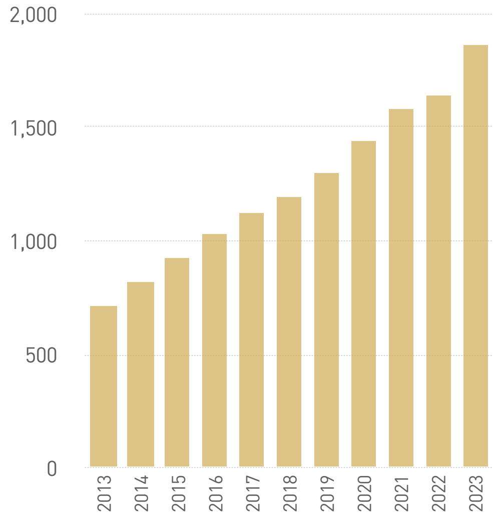
Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-h
Mexico: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-i
Mexico: technical provisions of the insurance market
(billions of pesos)



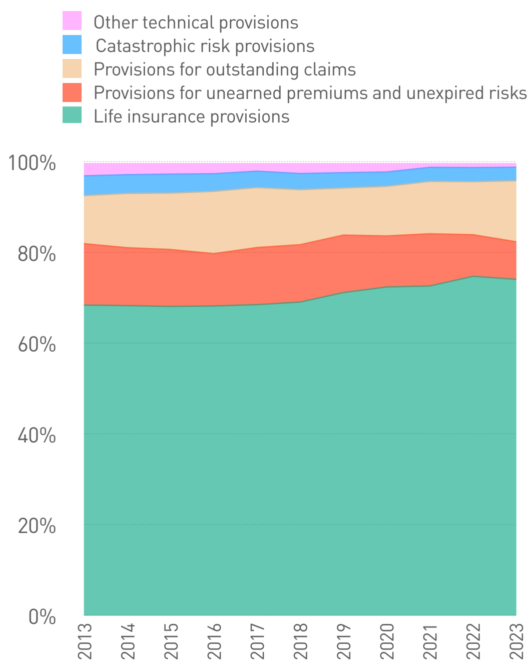
Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Non-Life insurance, 13.5% to technical provision for outstanding benefits, 3.0% to catastrophe reserves and 1.0% to other technical provisions. Notably, between 2013 and 2023, the relative weight of Life insurance provisions went up, rising from 68.6% in 2013 to 74.3% in 2023. Likewise, from 2018 onwards, the shares of the other provisions dropped slightly.

Technical performance

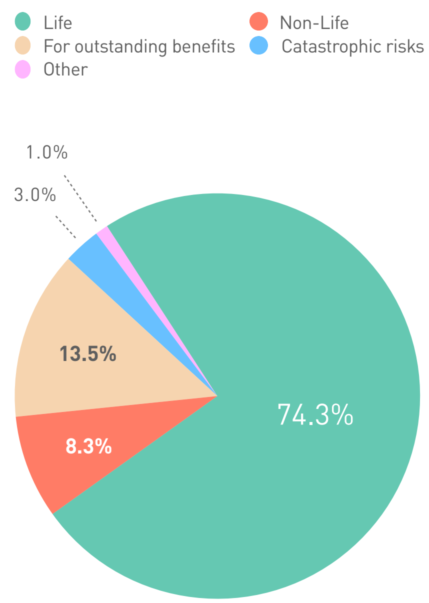
The technical performance of the Mexican insurance industry over the 2013-2023 period is shown in Chart 3.1.1-l. According to this information, the total combined ratio (calculated in relation to the net earned premium) stood at 111.1% in 2023, worsening by 4.3 pp compared to the figure reported in 2022 (106.7%). The change in the 2023 indicator was caused by the increase in the loss ratio (3.5 pp) and the expense ratio (0.9 pp).

Chart 3.1.1-j
Mexico: structure of technical provisions
(%)



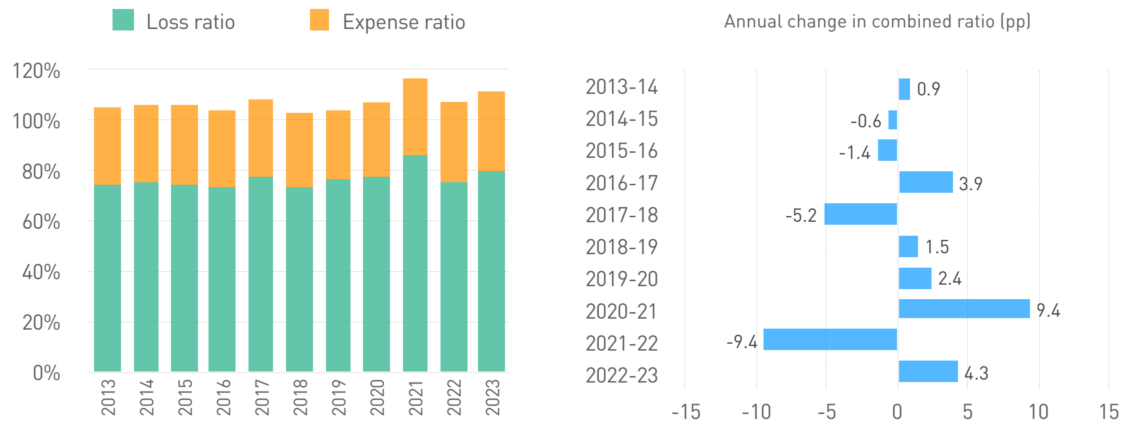
Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-k
Mexico: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-l
Mexico: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)

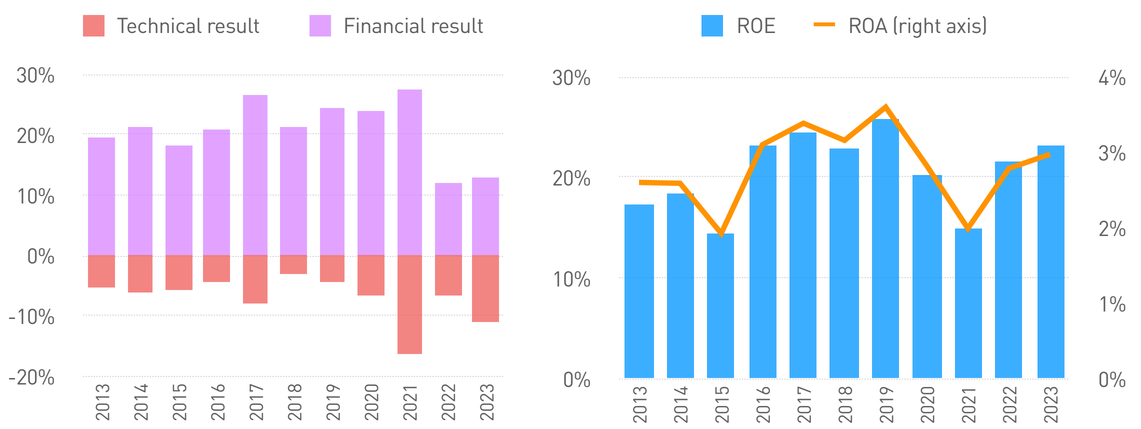


Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Results and profitability

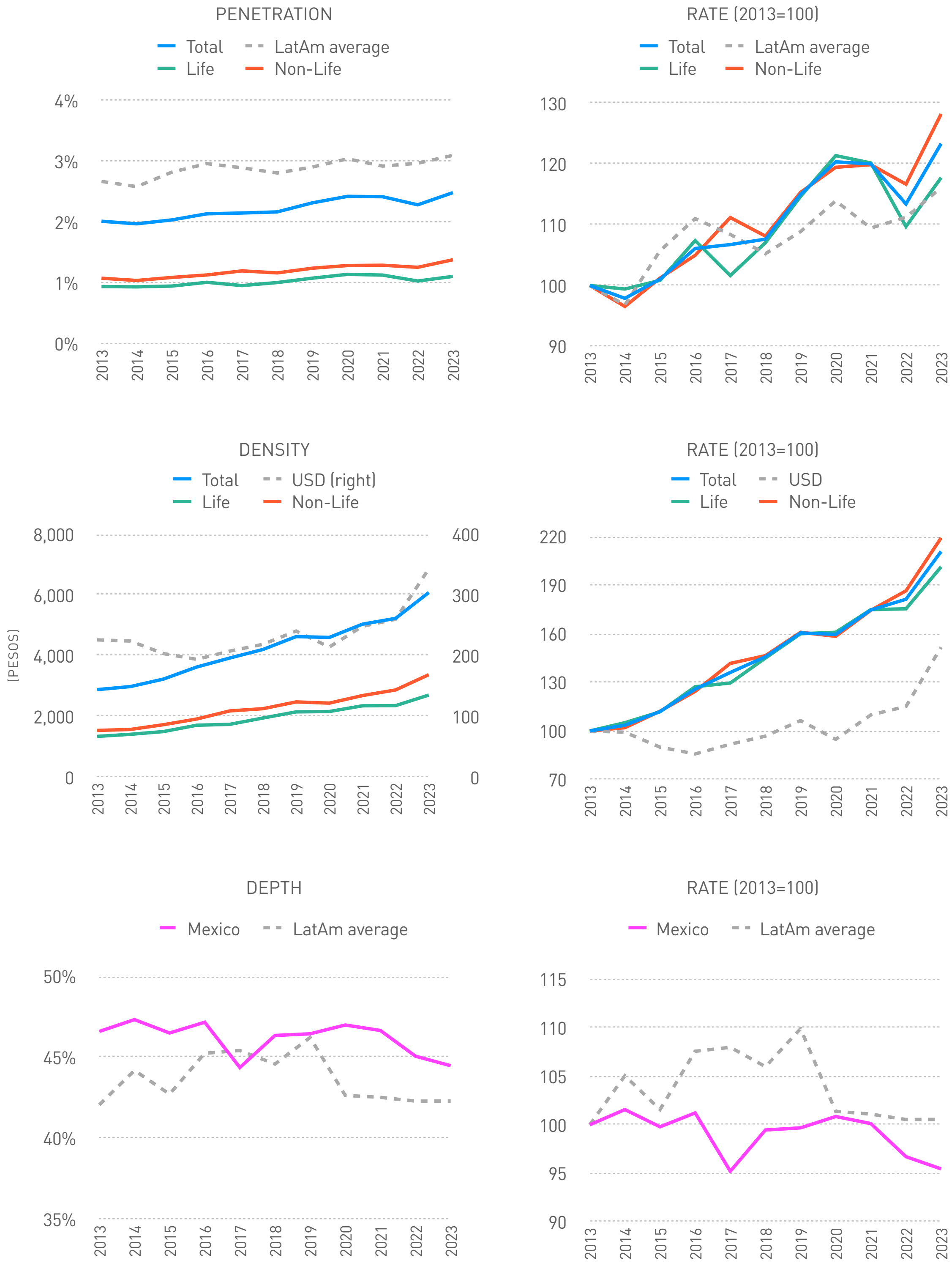
Consolidated for the Mexican insurance industry as a whole, net earnings for fiscal 2023 were 66.4 billion pesos (3.7 billion dollars), 16.1% higher than in the previous year, due to an excellent financial result of 65.8 billion pesos (3.7 billion dollars), representing a 14.4% growth (12.7% growth in earned premiums). During the 2013 to 2023 period, there was an increase in the loss ratio, from 73.7% in 2013 to 79.2% in 2023, with the worst data in 2021 (85.7%). The expense ratio exceeded the 31.0% threshold, a level not seen since 2015, and was far from the 2019 figure, its best result (28.0%). In any case, the indicator stood above 100% in the period analyzed, as it is a ratio for the overall market (see Chart 3.1.1-m).

Chart 3.1.1-m
Mexico: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-n
Mexico: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, pesos and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

With regard to profitability, return on equity (ROE) stood at 23.1% in 2023, up 1.5 pp from the level observed in 2022. Similarly, return on assets (ROA) reached 3.0% in 2023, a slight increase of 0.2 pp compared to the value recorded in 2022.

Insurance penetration, density and depth

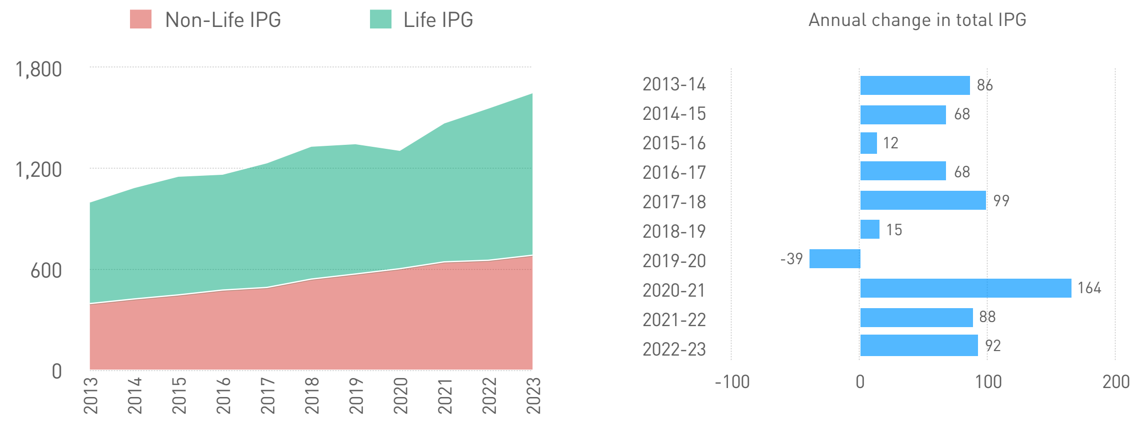
Chart 3.1.1-n shows the main structural trends shaping the development of the Mexican insurance industry over the 2013-2023 period. First, the penetration ratio (premiums/GDP) in 2023 was 2.5% (1.1% for the Life insurance business and 1.4% for the Non-Life business). This indicator has generally been on an upward trend over the 2013–2023 period, in line with the general pattern seen across the wider Latin American region, with a significant increase in 2023. Despite this, the penetration of the Mexican market still remains below the absolute average level for Latin America (3.1%).

Insurance density levels (premiums per capita) reached 6,081.4 pesos (342.9 dollars) in 2023, 16.3% higher than the value recorded in 2022 (5,230.0 pesos). As with penetration, density also shows a growing trend over the last decade, with accumulated growth in local currency of 110.8% over the period analyzed (2013–2023). In terms of depth (measured as Life insurance premiums over total premiums for the purposes of this report), the indicator dropped to 44.5%, 2.1 pp less than in 2013 and 0.6 pp less than in 2022. Since 2013, the difference between the depth trend in the Mexican insurance market and the average levels of the Latin American insurance markets has gradually declined until, in 2017, Mexican depth fell below the Latin American average (44.4% vs 45.4%). However, in 2023, the Mexican indicator landed at 2.2 pp over the regional average.

Insurance Protection Gap estimate

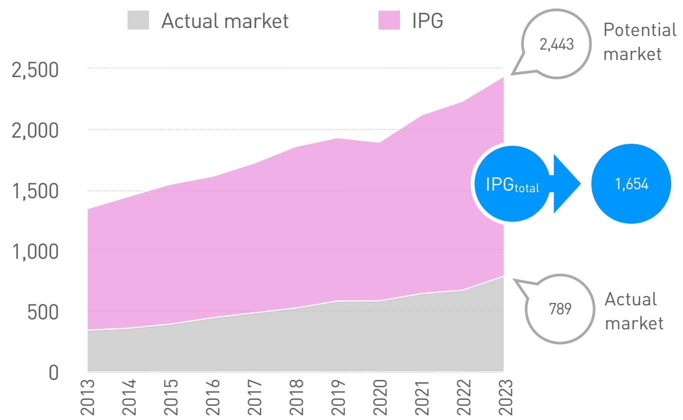
Chart 3.1.1-o shows an estimate of the Insurance Protection Gap (IPG) for the Mexican insurance market between 2013 and 2023. In 2023, the IPG stood at 1.7 trillion pesos (93.3 billion dollars), equivalent to 2.1 times the size of the actual insurance market at the close of the same year. Life insurance was the key segment shaping the structure and performance of the IPG over the last 10 years. Thus, in 2023, 58.6% of the IPG corresponded to Life insurance, equivalent to 969.2 billion pesos. Conversely, Non-Life insurance accounted for 41.4% of the insurance gap, amounting to 684.7 billion

Chart 3.1.1-o
Mexico: Insurance Protection Gap
(billions of pesos)



Source: MAPFRE Economics

Chart 3.1.1-p
Mexico: Insurance Protection Gap and potential market
(billions of pesos)



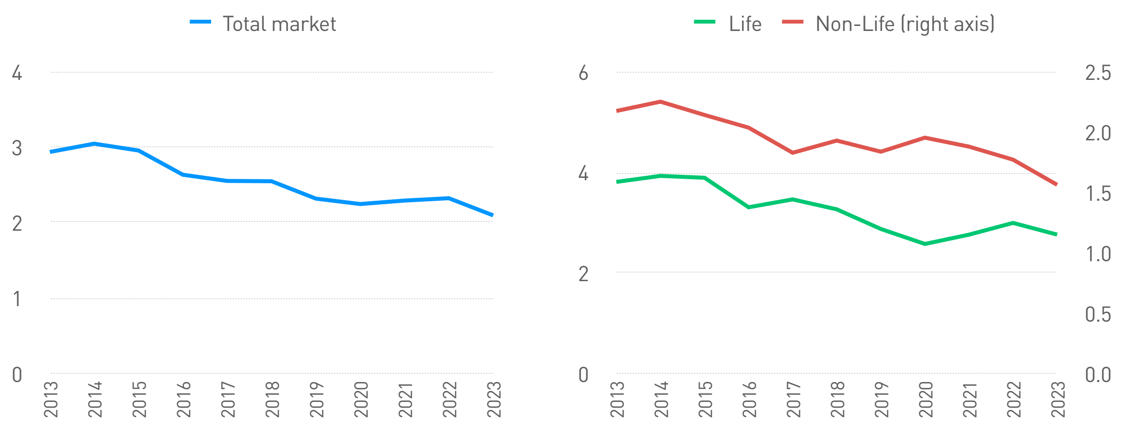
Change	Actual market	IPG
2023-2013	131.1%	65.0%
2023-2022	17.3%	5.9%

Source: MAPFRE Economics

pesos. Based on this estimate, the potential insurance market in Mexico (measured as the sum of the actual market plus the IPG) stood at 2.4 trillion pesos (137.8 billion dollars), that is, 3.1 times the size of the actual market, maintaining the gap with respect to the previous year (see Chart 3.1.1-p).

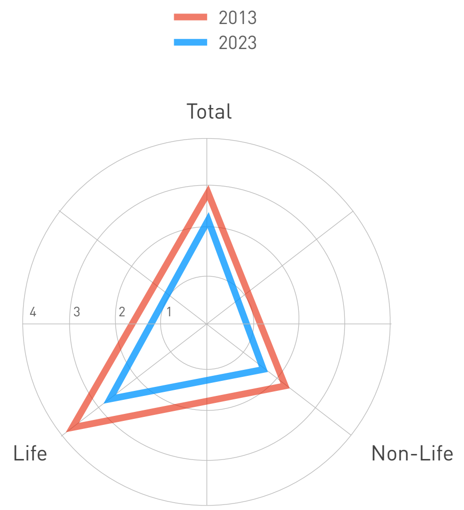
Chart 3.1.1-q presents an estimate of the insurance protection gap as a multiple of the actual market in each year of the period under analysis. This comparison determines the performance trend of the IPG and illustrates whether there is a trend for the gap to close. With regard to the Mexican insurance market, the IPG, as a multiple of the existing market, has been on a clear downward trend over the last decade, both when analyzing the total market and the Life and Non-Life segments. As a result, while the IPG of the Mexican market was 2.9 times the size of the actual market in 2013, it had fallen to 2.1 times in 2023. The same holds true when analyzing the Life and Non-Life

Chart 3.1.1-q
Mexico: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.1.1-r
Mexico: change in IPG as
a multiple of the actual market

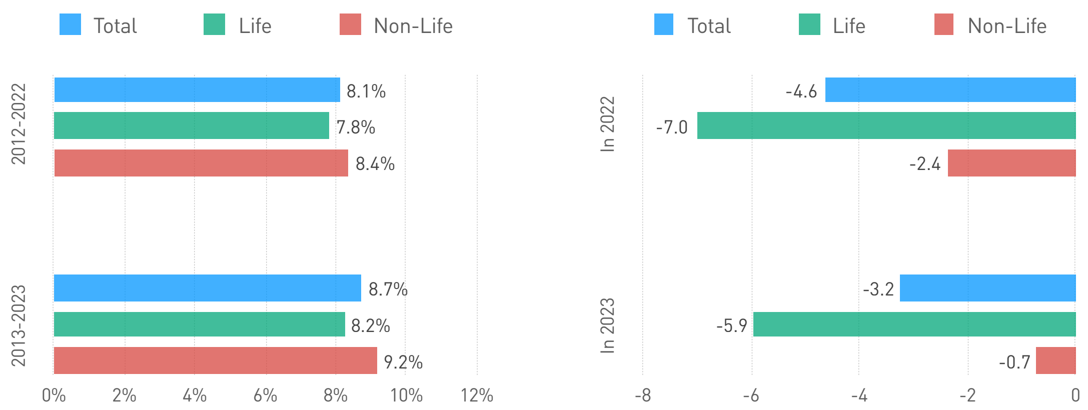


Source: MAPFRE Economics

segments. In the case of the former, the multiple fell from 3.8 to 2.8, while for the latter it shrunk from 2.2 to 1.6 over this decade. Furthermore, Chart 3.1.1-r illustrates a summary of changes in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total insurance market in Mexico over the last decade, comparing the situation in 2023 with that of 2013.

Finally, as has been done in the most recent Latin American insurance market reports, we performed a comparative analysis of the growth rates observed in the Mexican market over the last 10 years and the growth rates that would be needed to close the 2023 IPG in the next decade. According to this analysis, as shown in Chart 3.1.1-s, between 2013 and 2023, the Mexican insurance market registered average annual growth of 8.7%. This was underpinned by an average growth of 8.2% in the Life insurance segment and of 9.2% in the Non-Life insurance segment. Were the same growth rate to continue over the next 10 years, the growth rate of the market as a whole would fall 3.2 pp short of the amount needed to close the IPG calculated for 2023. This means that the Mexican insurance market would need to see average growth of 12.0% over the next 10 years in order to close the IPG calculated for 2023. A similar conclusion can be drawn from an individual analysis of the Life and Non-Life segments. Life insurance would fall 5.9 pp short, while Non-Life insurance would fall just 0.7 pp

Chart 3.1.1-s
Mexico: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

short. Thus, to bridge these gaps, the Mexican insurance market would need to achieve annual average growth of 14.2% and 9.9%, respectively, over the next decade. However, it should be noted that, as illustrated in the aforementioned chart, this shortfall to close the insurance gap widened in 2023 with respect to 2022, due to the weaker data in the Life segment (-5.9% in 2023, compared to -7.0% in 2022), while in Non-Life the shortfall only worsened slightly (from -2.4 in 2022 to -0.7 in 2023).

Market Development Index (MDI)

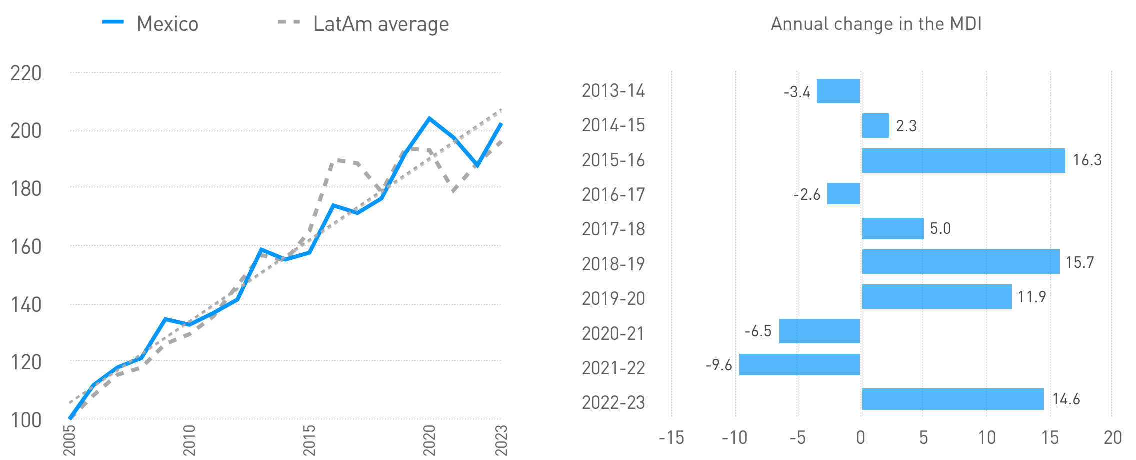
Chart 3.1.1-t shows an estimate of the Market Development Index (MDI) for the Mexican insurance industry. As explained above, the purpose of this indicator is to summarize the trend in the evolution and maturity of insurance markets. In the case of the Mexican insurance market, the indicator shows a positive trend over the last decade, reaching 202.3 in 2023, slightly higher than the regional average (196.0), trending in line with what is observed for the Latin American insurance market as a whole.

Comparative analysis of structural coefficients

Chart 3.1.1-u summarizes the Mexican insurance market's situation in comparison with the average for Latin America, from the perspective of the different structural indicators analyzed (penetration, density, depth, and MDI). Overall, this analysis demonstrates that, while the depth and market development index of the Mexican insurance market are slightly higher than average levels for the region, both still fall short of the penetration levels.

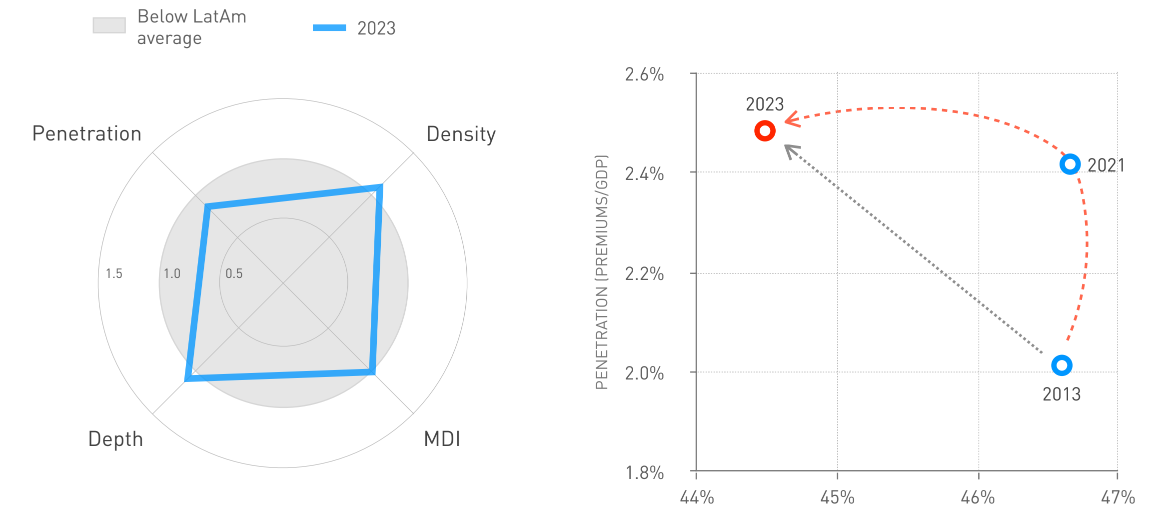
On the other hand, although the development of the Mexican insurance industry over the last 10 years has led to an increase in penetration levels (quantitative dimension), it has reduced depth levels (qualitative dimension). This has led to a certain regression of the insurance industry's progress towards a more mature market over the past decade.

Chart 3.1.1-t
Mexico: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.1.1-u
Mexico: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

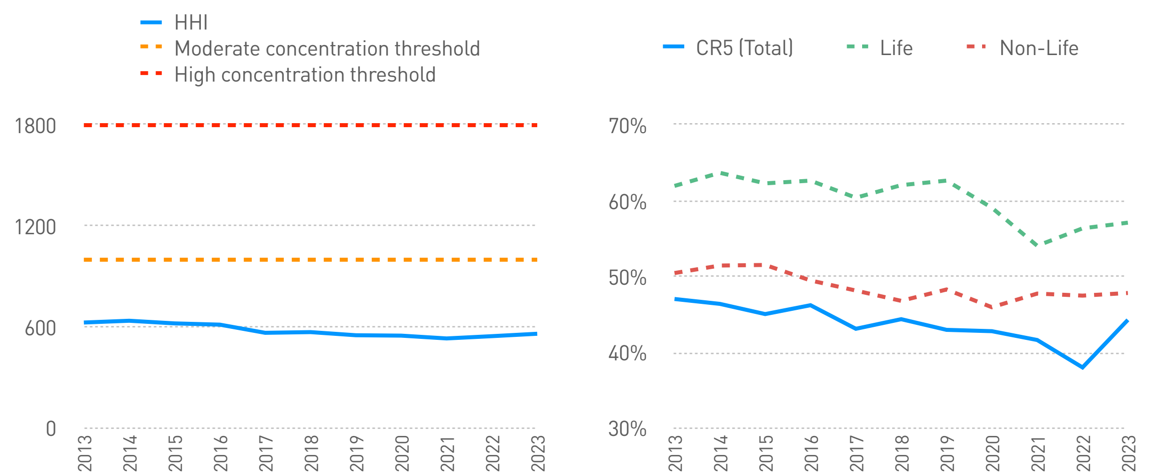
Insurance market rankings

Total ranking

At year-end 2023, the Mexican market was comprised of 116 institutions, including 100 insurance institutions and 16 financial ones.

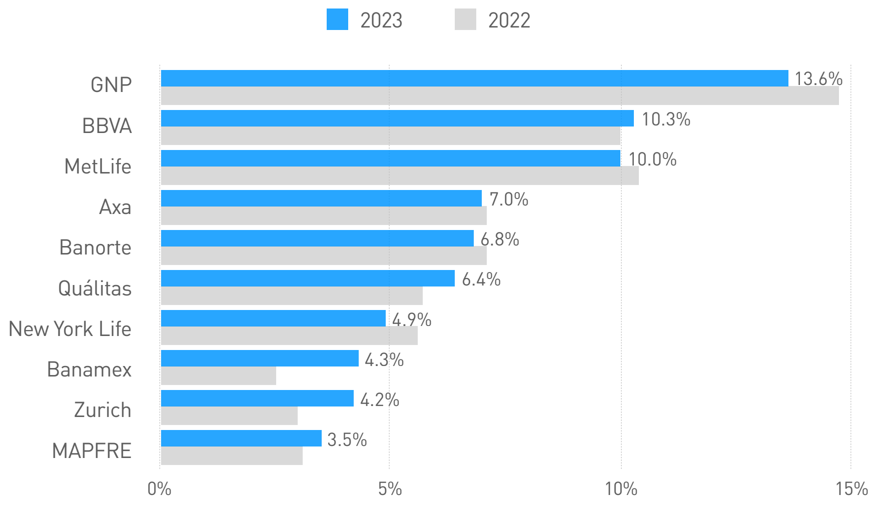
The top five insurance companies accounted for 44.3% of total premiums, up 6.3 pp from the previous year. Despite this, market concentration levels have been on a downward trend over the last 10 years, although this trend was broken in 2023 (with a shift towards a contraction in the Life

Chart 3.1.1-v
Mexico: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

Chart 3.1.1-w
Mexico: overall ranking
(market shares, %)

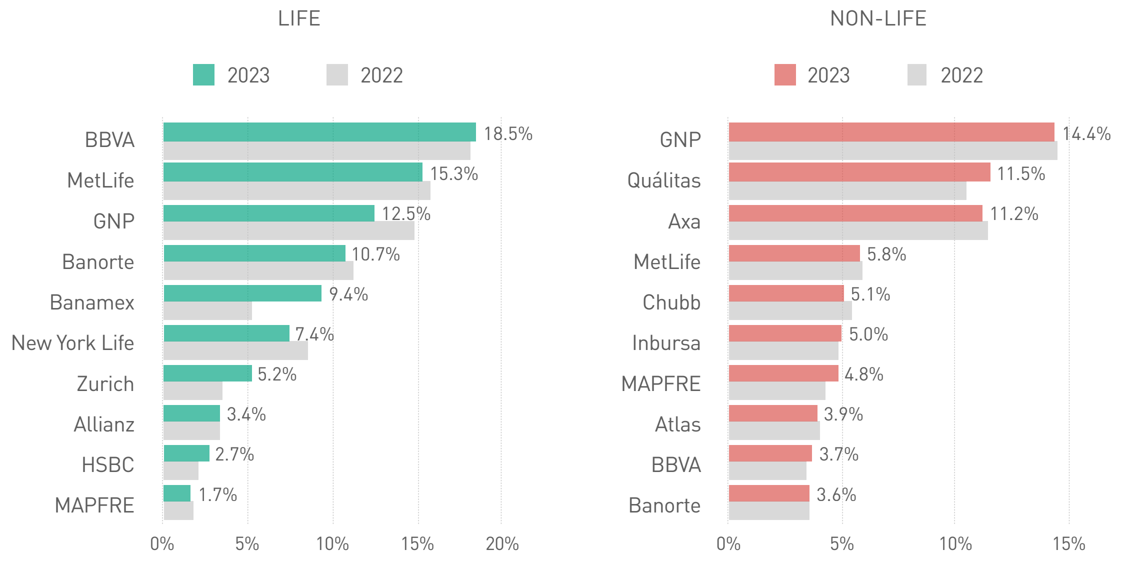


Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

insurance segment), as shown by the evolution of the CR5 Index. However, in general, levels of competition in the Mexican insurance industry measured through the Herfindahl Index are below the thresholds associated with potential competition problems (see Chart 3.1.1-v).

In terms of the overall ranking of insurance companies in Mexico in 2023, Grupo Nacional Provincial, GNP (with a market share of 13.6%), again takes first place. Seguros BBVA (10.3%) overtook MetLife (10.0%) for second place, and Axa (7.0%) overtook Banorte (6.8%). Seguros Banamex,

Chart 3.1.1-x
Mexico: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)

which did not previously appear in the ranking, rose six places to eighth place.

Life and Non-Life rankings

Analyzing the major insurance lines, GNP led the Non-Life ranking in 2023, with 14.4% of total premiums, followed by Quálitas (11.5%), which snatched second place from Axa (11.2%). In the rest of the ranking, Banorte dropped one place to a 3.6% market share, and Seguros BBVA entered the ranking in ninth place with a 3.7% market share. Meanwhile, in the Life line, BBVA continued to lead the market with a share of 18.5%, followed by MetLife (15.3%) and GNP (12.5%). Seguros Banamex (with a 9.4% share) moved up one position, taking fifth place from New York Life (7.4%). Finally, the appearance of MAPFRE in this ranking is noteworthy, occupying tenth position with a market share of 1.7% (see Chart 3.1.1-x).

Key regulatory aspects

There were no amendments to the Insurance and Bonding Institutions Act (LISF) during 2023. However, the regulatory and supervisory body of the Mexican market (*Comisión Nacional de Seguros y Fianzas,* CNSF) issued 16 updates to the Unique Insurance and Surety Circular (*Circular Única de Seguros y Fianzas,* CUSF). These updates seek to deepen regulatory aspects at an operational level and facilitate their implementation. The most notable items include:

- Allowing mutual insurance institutions and companies to adopt the Financial Reporting Standards (FRS) starting on January 1, 2022, as their initial application date. This means that institutions will not have to restate prior years' figures to reflect the impact of the adoption of the FRS.

- Establishing the Secured Overnight Financing Rate (SOFR) as the new benchmark for calculating catastrophe risk reserve financial products, instead of the LIBOR rate.

- The provisions for the calculation of pensions under the Retirement, Severance at Advanced Age and Old Age Insurance applicable to pensions granted by the Institute of Social Security and Services for State Workers (ISSSTE) are updated. New calculation procedures and methodologies are incorporated taking into account the agreements between the Mexican Social Security Institute (IMSS) and ISSSTE, the information provided by the latter, and the provisions of the Law on Retirement Savings Systems.

- The reporting process for insurance and surety companies is simplified by eliminating the duplication of information on technical reserves. Instead of reporting this information twice on both the Regulatory Report-4 (RR-4) and Regulatory Report-3 (RR-3), only RR-3 is now required.

- An additional period of time is granted to regulated entities to implement Financial Reporting Standards (FRS) D-1 and D-2. This extension is until January 1, 2025. FRS D-1 and D-2 establish the criteria for recognition and measurement of income and costs for customer contracts. This postponement will allow insurance and surety companies one more year to prepare their accounting systems and financial reporting processes to comply with the new requirements.

In addition to the above updates, during 2023, some relevant regulatory aspects are identified in the Mexican insurance industry aimed at improving the regulatory scope of the CNSF:

- *Corporate governance*. In accordance with the current regulatory framework, corporate governance is one of the main means through which solvency problems and capital impairment are prevented and detected in a timely manner. The CNSF has made it a priority to take actions to promote the strengthening of corporate governance and transparency.

- *Climate change*. There is greater awareness of the physical, transitional, and financial risks related to climate change. The aim is to adopt regulatory frameworks that consider underwriting and asset management, as well as the incorporation of scenarios in capitalization models.

- *Hurricane Otis*. The timely response to claims arising from Hurricane Otis corroborates the strength of the Mexican insurance industry, its solvency and the effectiveness of the CNSF's supervision to ensure that institutions have the necessary resources to face any loss, including catastrophic events.

- *Environmental, Social and Governance Criteria*. CUSF Amendment Circular 2/24 was issued on June 5, 2024, establishing the obligation for insurance institutions and mutual insurance companies to consider Environmental, Social, and Governance (ESG) criteria in their investment and risk management policies, in line with Mexico's Sustainable Taxonomy, in view of the growing importance of ESG criteria to ensure sustainability and responsibility in investment decisions. In March 2023, the Ministry of Finance and Public Credit (SHCP) issued the document that defines Mexico's Sustainable Taxonomy as a reference framework for identifying and classifying economic activities in order to promote the mobilization of financial resources that favor investment in activities that close socioeconomic gaps and protect the environment.

- *Insurtech*. Intensification of the use of technology in the sector (Insurtech) promotes the development of the various participants in the value chain.

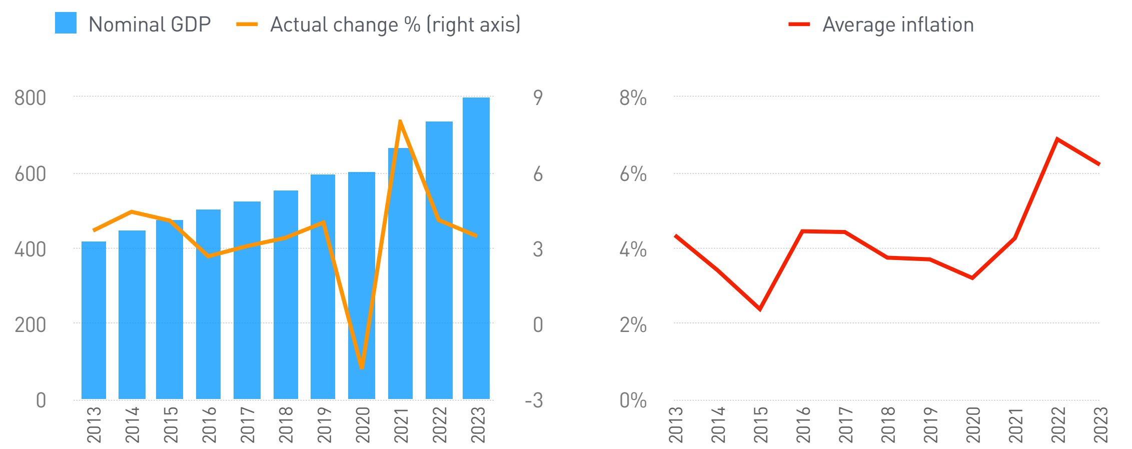
- *Cybersecurity*. The emerging risk of cybersecurity is also beginning to gain momentum on two fronts, the risk of cyber-attacks and the risk of providing coverage for such events.

3.1.2 Guatemala

Macroeconomic environment

In 2023, the Guatemalan economy saw 3.5% growth, performing below the 4.1% growth observed in 2022 (see Chart 3.1.2-a). This slowdown was mainly due to a drop in exports, especially traditional goods

Chart 3.1.2-a
Guatemala: changes in economic growth and inflation
(GDP in local currency, billions of quetzales; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

such as coffee (-15.0%) and sugar (-24.4%), in the midst of a complex international environment and political uncertainty that led international organizations to intervene in the presidential and legislative electoral process. According to ECLAC, the slowdown in the Guatemalan economy was partially offset by a greater boost for domestic demand, in line with increased credit to the private sector and higher family remittances. In addition, the central government's fiscal deficit was 1.3% of GDP in 2023 and total public debt reached 27.7% of GDP.

Thus, the main drivers of economic growth have been private consumption, stimulated by higher remittances, and gross fixed investment, due to the import of capital goods (for transportation and agriculture), as well as the construction of buildings and road infrastructure. On the supply side, the sectors which grew the most were financial activities and insurance (due to the increase in the loan portfolio and associated services), accommodation and food (due to the greater inflow of tourists), and professional services (due to the expansion of public and private education). The value of exports decreased by 9.3%, with traditional exports declining by 11.6%, while non-traditional exports fell by 8.7%. Imports fell by 5.6%, due more to lower average prices than to lower volumes.

Meanwhile, YoY inflation in 2023 registered a significant slowdown from Q2 onwards, reaching values below 5.0% and standing at 4.2% in December (8.7% in Q1), following the dissipation of negative supply shocks and a more restrictive monetary policy. In terms of labor, the open unemployment rate was 1.7% in 2023, improving on recent years' figures.

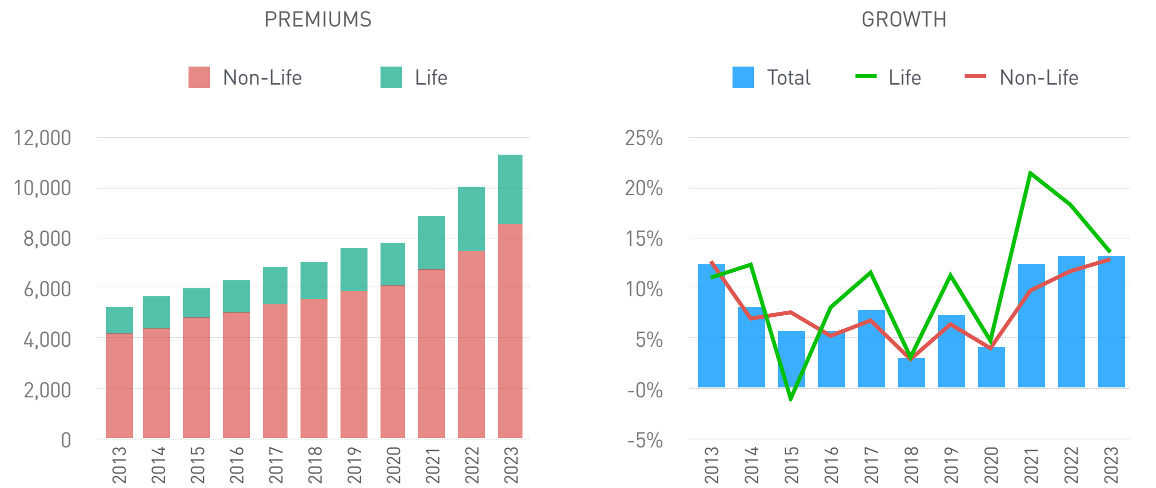
ECLAC forecasts that the Guatemalan economy will grow by 3.4% in 2024 (3.2% in 2025) as a result of lower growth in the flow of remittances and exports due to the deceleration of its main trading partner, the United States. It also forecasts a fiscal deficit of around 1.6% of GDP and current

Table 3.1.2
Guatemala: premium volume[1] by insurance line, 2023

Line	Millions of quetzales	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**11,266.0**	**1,438.1**	**13.0**	**6.4**
Life	**2,778.5**	**354.7**	**13.6**	**6.9**
Public Life	-0.1	0.0	-4.6	-10.2
Individual Life	356.5	45.5	15.4	8.6
Group Life	2,412.9	308.0	13.1	6.5
Pensions	9.1	1.2	119.5	106.6
Non-Life	**8,487.5**	**1,083.4**	**12.9**	**6.3**
Health	2,951.7	376.8	9.3	2.9
Automobiles	1,986.2	253.5	15.2	8.5
Fire and allied lines	725.5	92.6	24.5	17.2
Earthquake	742.7	94.8	21.3	14.2
Other lines	793.8	101.3	18.9	11.9
Transport	348.0	44.4	4.5	-1.6
Surety	302.1	38.6	-5.7	-11.2
Technical risks	232.1	29.6	10.5	4.1
Personal Accidents	253.9	32.4	15.9	9.1
Third Party Liability	151.6	19.4	0.1	-5.8

Source: MAPFRE Economics (based on data from the Superintendency of Banks)
1/ Net direct premiums. Direct insurance.

Chart 3.1.2-b
Guatemala: growth developments in the insurance market
(premiums, millions of quetzales; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

account balance at 2.8% of GDP. The IMF estimates that Guatemala's economy will grow by 3.5% in 2024. MAPFRE Economics forecasts that the Guatemalan economy will grow 3.5% in 2024 and 3.6% in 2025.

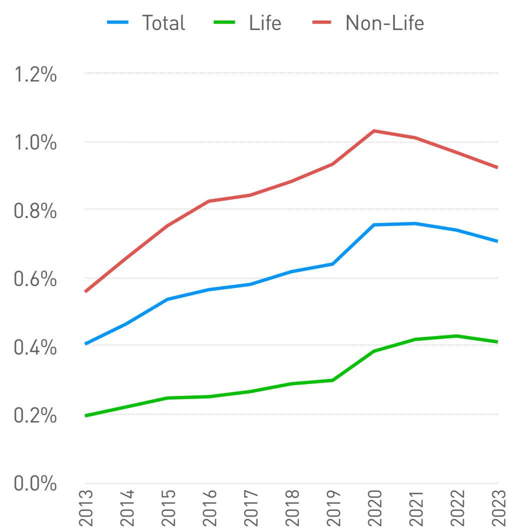
Insurance market

Growth

As shown on Table 3.1.2 and Chart 3.1.2-b, insurance premiums in the Guatemalan market in 2023 reached 11.3 billion quetzals (1.4 billion dollars), an increase of 13.0% in nominal terms and 6.4% in real terms. Thus, the market is growing at a faster pace than in 2022, when it registered growth of 5.9%. Premiums increased by 12.9% in the Non-Life segment, standing at 8.5 billion quetzals (1.1 billion dollars). This business accounts for 75.3% of the total market, and the two most important lines of business (Health and Automobile) grew in nominal terms, with Health at 9.3% and Automobiles increasing 15.2%, which equates to 2.9% growth in the Health business and 8.5% in Automobiles in real terms. Meanwhile, the Life business grew by 13.6% in nominal terms with respect to the previous year (6.9% in real terms), to 2.8 billion quetzals (354.7 million dollars).

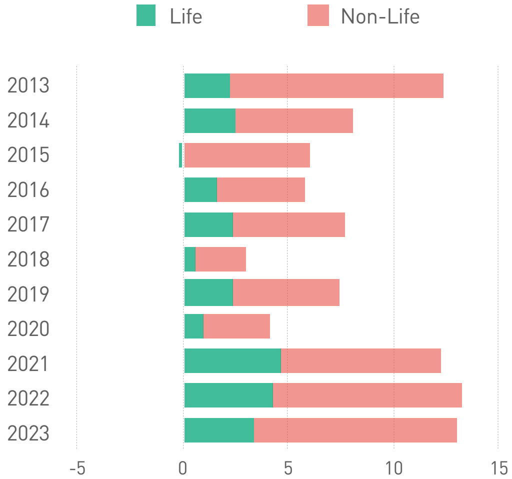
Despite the decline in the relative weight of premiums in the Guatemalan insurance market in relation to the region's total premi-

Chart 3.1.2-c
Guatemala: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and supervisory bodies in the region)

Chart 3.1.2-d
Guatemala: contribution to insurance market growth
(percentage points, pp)



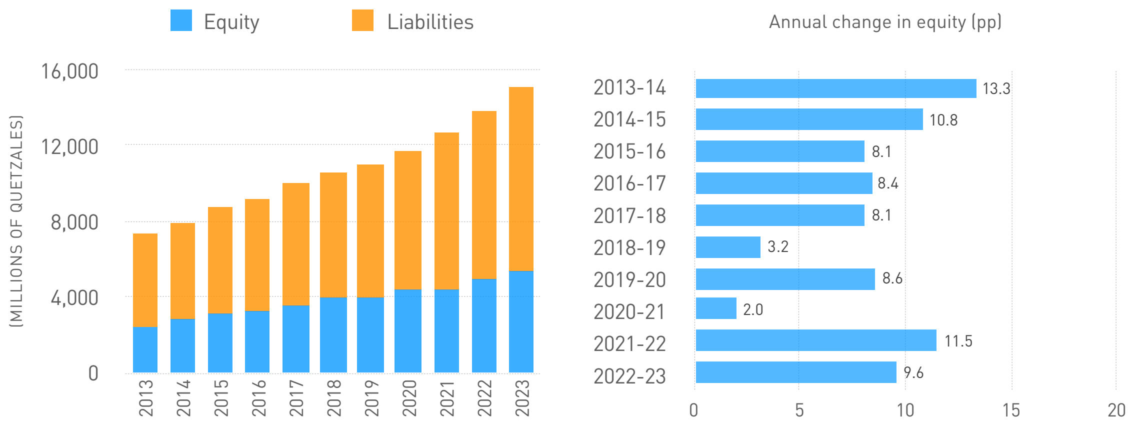
	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	12.3	2.3	10.1
2014	8.1	2.5	5.6
2015	5.8	-0.2	6.0
2016	5.8	1.6	4.2
2017	7.7	2.3	5.4
2018	3.0	0.7	2.3
2019	7.4	2.3	5.1
2020	4.2	1.0	3.2
2021	12.3	4.6	7.6
2022	13.2	4.3	8.9
2023	13.0	3.3	9.7

Source: MAPFRE Economics (based on data from the Superintendency of Banks)

ums since 2021, the development of market share by Life and Non-Life segments has been favorable over the last decade (2013–2023). The total proportion of Guatemalan premiums to all of Latin America has gone from 0.41% in 2013 to 0.71% in 2023. Similarly, the share in the Life line has also grown from 0.20% in 2013 to 0.41% in 2023, and in the Non-Life line from 0.56% to 0.92% (see Chart 3.1.2-c).

Finally, as shown in Chart 3.1.2-d, 9.7 pp of the total 13.0% nominal growth reported for the Guatemalan insurance market in 2023 was generated by the Non-Life insurance segment, while the Life business contributed the remaining 3.3 pp. As a result, the balanced growth profile of the previous year (and that characterizes the last decade) is maintained, with positive

Chart 3.1.2-e
Guatemala: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

contributions from both insurance lines and a certain acceleration since 2021.

Balance sheet and shareholders' equity

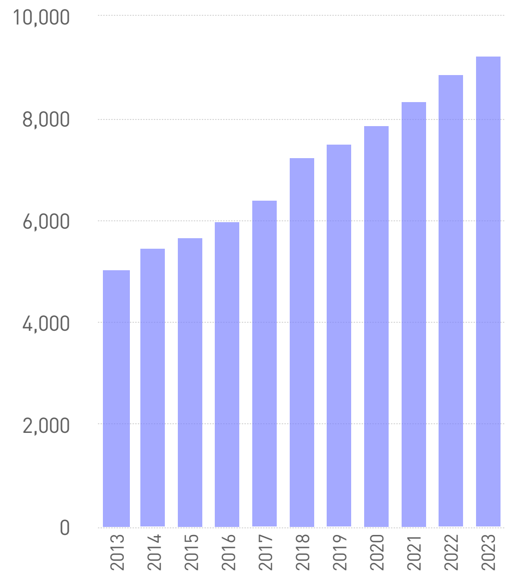
Chart 3.1.2-e shows developments in the overall balance sheet at sector level of the Guatemalan insurance market over the 2013–2023 period. According to this information, the Guatemalan insurance industry had total assets of 15.1 billion quetzals (1.9 billion dollars) in 2023, while equity stood at 5.4 billion quetzals (693.6 million dollars), up 9.6% on the previous year. Aggregate capitalization levels for the Guatemalan insurance industry (measured over total assets) are notable, averaging 35.7% over the last decade and always above 30%. At the end of 2023, the capitalization level represented 35.9% of total assets, versus 33.2% in 2013.

Investments

Charts 3.1.2-f, 3.1.2-g, and 3.1.2-h show the evolution of investments in the 2013-2023 period, as well as the composition of the aggregate investment portfolio at the sector level over the course of this period. Investment in 2023 amounted to 9.2 billion quetzals (1.2 billion dollars), focused on fixed-income investments (59.1%). Other financial investments (mainly bank deposits) also had a significant share, accounting for 28.9% of the portfolio. Debt instruments are therefore the most prevalent, with aggregate investment in equity playing only a minor role (2.1%).

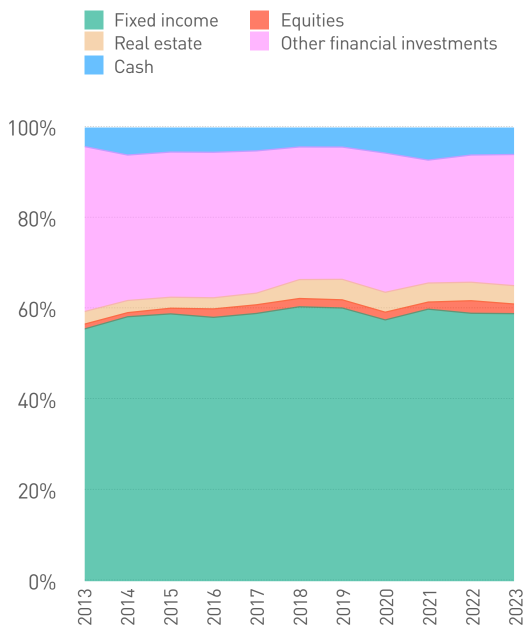
Meanwhile, portfolio performance over the last decade shows a gradual increase in the weight of fixed income investments, climbing from 55.8% in 2013 to 59.1% in 2023 (Charts 3.1.2-f and 3.1.2-g). Meanwhile, the percentage of other financial investments (essentially bank deposits) accounted for 36.3% in 2013, and since then, a change in the trend has been observed, gradually falling to 28.9% by the end of 2023.

Chart 3.1.2-f
Guatemala: insurance market investments
(millions of quetzales)



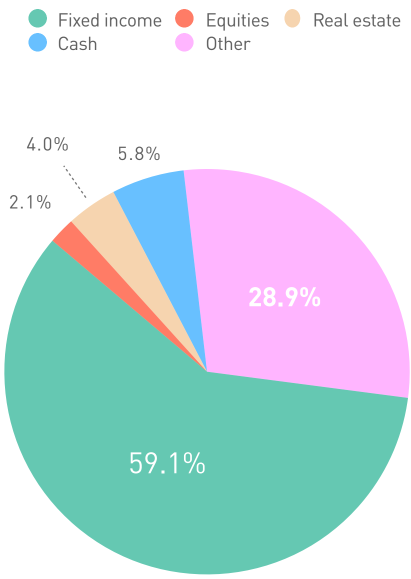
Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-g
Guatemala: structure of investments
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-h
Guatemala: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Technical provisions

The evolution and relative composition of the Guatemalan insurance industry's technical provisions over the 2013–2023 period are shown in Charts 3.1.2-i, 3.1.2-j, and 3.1.2-k According to this data, in 2023, technical provisions amounted to 7.0 billion quetzals (899.1 million dollars). Of this total, 38.9% related to Life insurance technical provisions, 31.2% to provisions for unearned premiums and unexpired risks in Non-Life insurance, 24.9% to provisions for outstanding claims, and the remaining 5.0% to provisions for catastrophic risks.

Technical provisions saw sustained growth in absolute terms over the 2013–2023 period, both in Life and Non-Life insurance (interrupted only in 2017). However, if we consider the weight on the total technical provisions, we observe a general drop in 2016, both in Life and Non-Life, in favor of the provision for outstanding claims, changing the share in the Non-Life line from 31.1% in 2013 to 31.2%, and in the Life line from 43.1% to the aforementioned 38.9%.

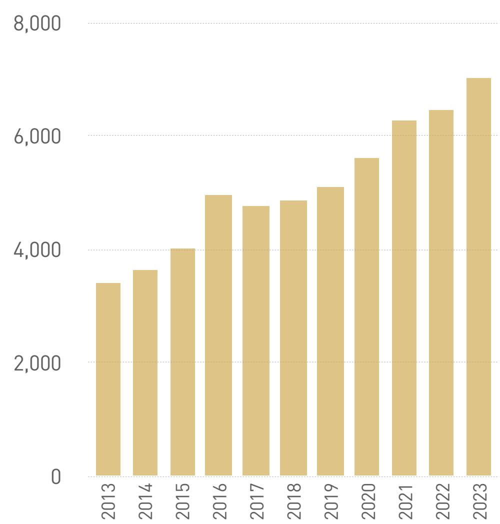
Technical performance

Chart 3.1.2-l shows developments in the Guatemalan insurance industry's technical performance over the 2013-2023 period. According to this information, the combined ratio in 2023 stood at 88.8% (up 0.6 pp), which represents a slight deterioration in technical performance compared to the previous year. This is mainly due to the growth in the expense ratio (2.2% pp), despite the 1.6 pp decrease in the loss ratio compared to the previous year.

Results and profitability

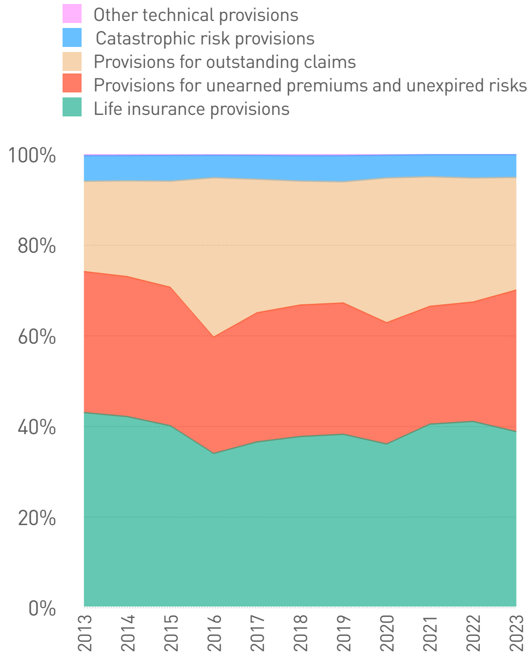
The Guatemalan insurance business posted a net result of 1.3 billion quetzals (165.8 million dollars) in 2023, up 6.6% on the previous year, due to the 6.7% increase in the technical result and 9.7% growth in

Chart 3.1.2-i
Guatemala: technical provisions of the insurance market
(millions of quetzales)



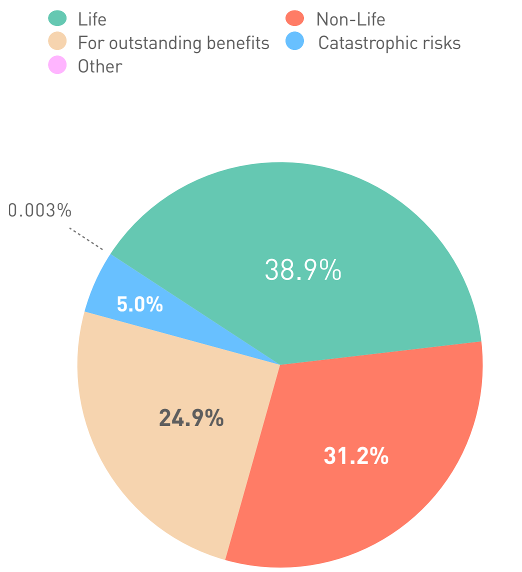
Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-j
Guatemala: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-k
Guatemala: structure of technical provisions, 2023
(%)

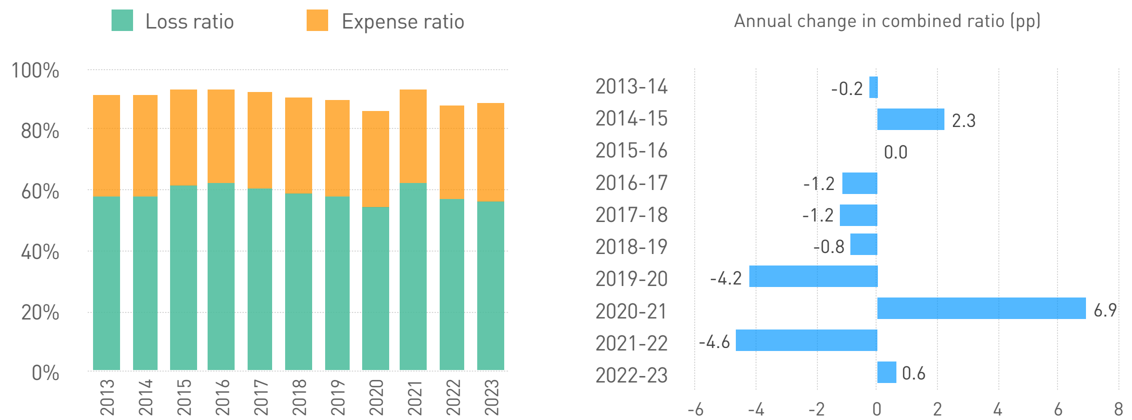


Source: MAPFRE Economics (based on data from the Superintendency of Banks)

the financial result compared to 2022 (see Chart 3.1.2-m).

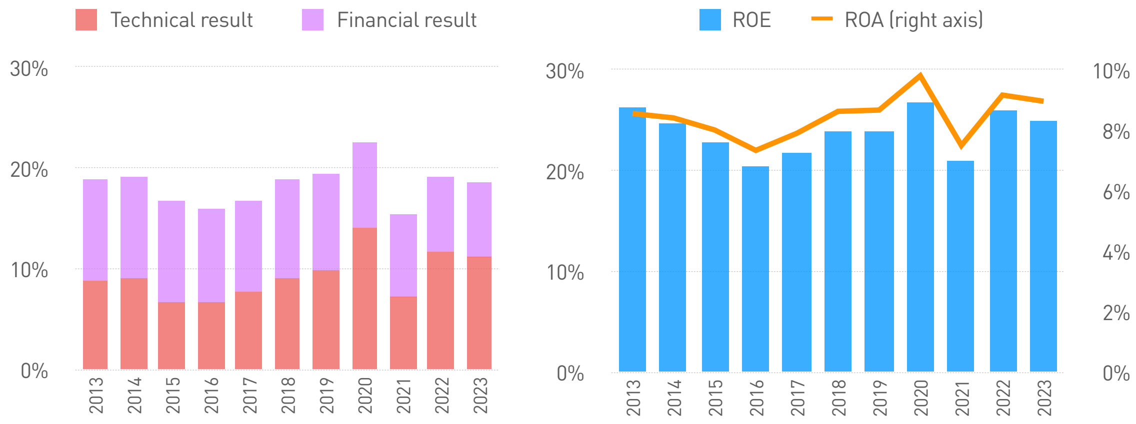
In terms of profitability levels, return on equity (ROE) stood at 25.0%, down by 0.9 pp from the figure recorded in the previous year. A similar situation emerges when analyzing return on assets (ROA), which stood at 9.0%, 0.2 pp down on the figure recorded in 2022, while the financial result

Chart 3.1.2-l
Guatemala: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-m
Guatemala: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

over earned premiums remained stable over the last 10 years from the 10.2% observed in 2013 to 7.3% in 2023, and the technical result on earned premiums reached 11.2% in 2023, from 8.8% in 2013.

Insurance penetration, density and depth

Chart 3.1.2-n shows the performance of the insurance industry's main structural growth indicators and their trend over the 2013–2023 period. First, the penetration ratio (premiums/GDP) in 2023 rose to 1.4%. It is important to note that during the 2013–2023 period, this indicator remained relatively stable at around 1.3%. As a result, its magnitude is well below the average for Latin American insurance markets, and it has gradually diverged over the last 10 years relative to the rest of the countries in the region, where penetration stood at an average of 3.1% in 2023. However, it is worth noting the greater relative momentum of penetration in the Life insurance segment observed from 2021 onwards.

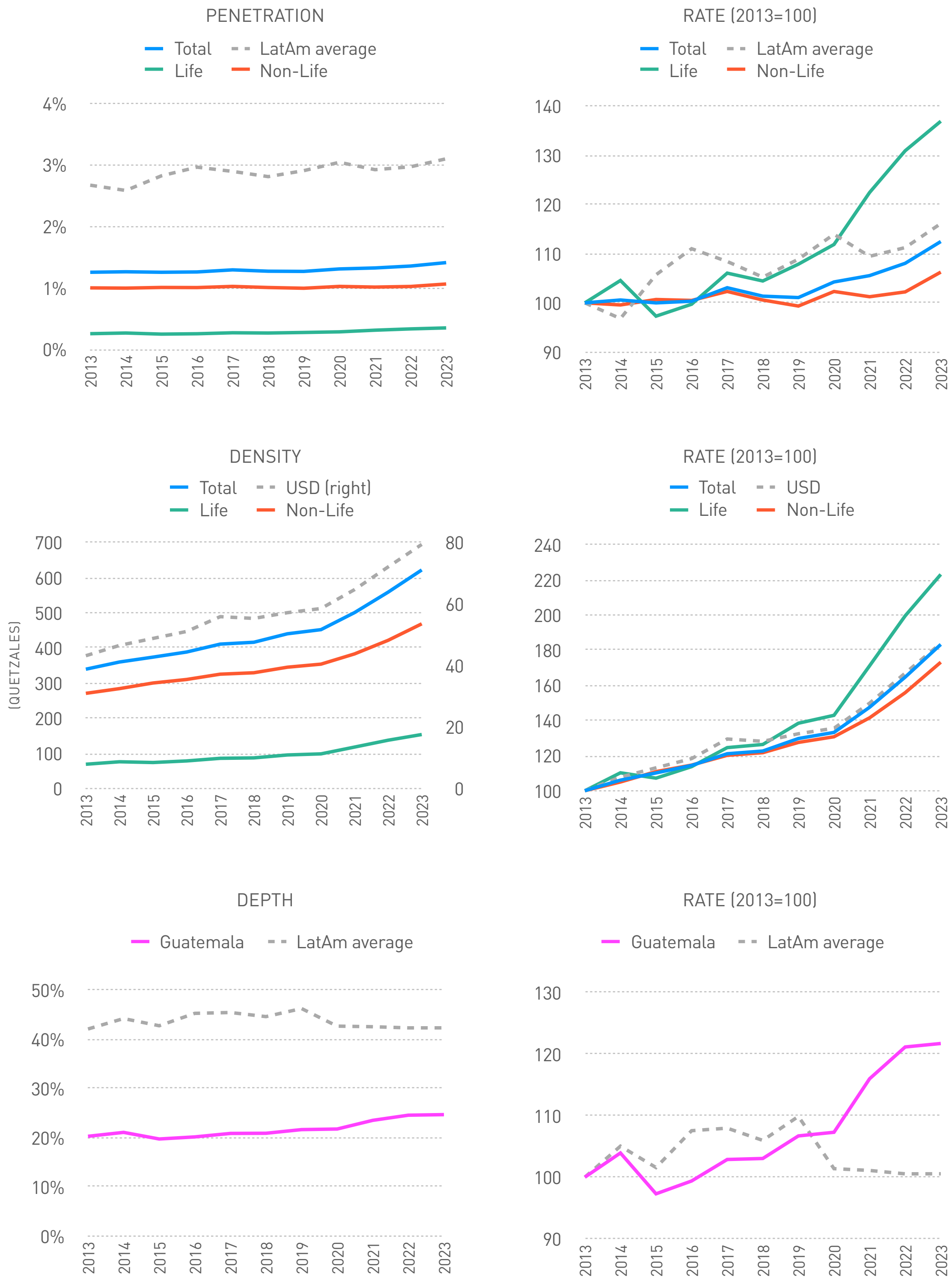
Insurance density (premiums per capita) amounted to 621.6 quetzals (79.3 dollars), 83.3% above the value observed in 2013 (339.2 quetzals). In contrast to penetration performance, the density index has increased over the last decade, meaning that while per capita purchases of insurance have grown at a sustained rate (a very significant increase given the relatively small base), the pace of growth has been insufficient to enable insurance to gain a greater weight among total economic activity in the country.

Finally, the indicator for depth levels (ratio of Life insurance premiums to total premiums) stood at 24.7%, 0.2 pp above the 2022 figure and 4.4 pp above the level registered in 2013. As with the penetration ratio, the Guatemalan insurance market's depth level is 17.6 pp below the Latin American average (42.3%).

Insurance Protection Gap estimate

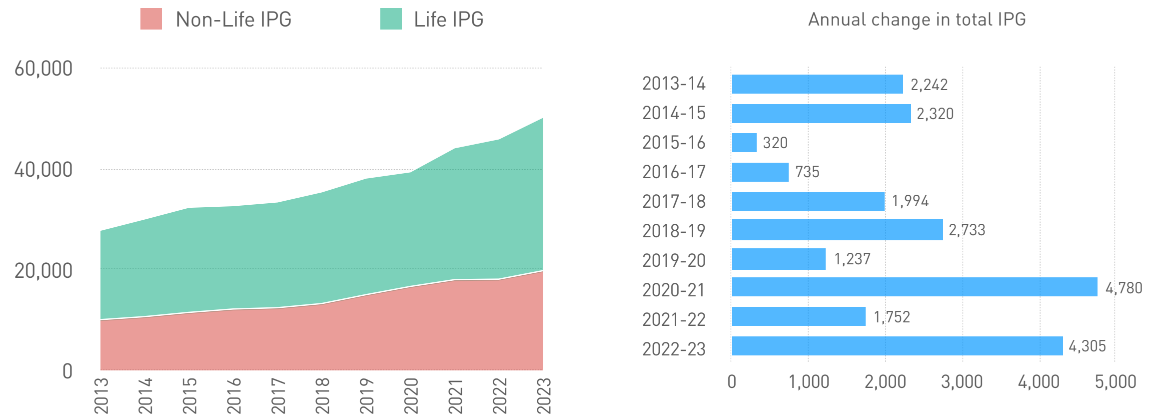
Chart 3.1.2-o shows the IPG estimate for the Guatemalan insurance market over the 2013-2023 period. The insurance gap stood at 50.2 billion quetzals (6.4 billion dollars) during the last year of that period. As in the majority of Latin American insurance markets, the structure and evolution of the IPG demonstrates the predominance of Life insurance. Thus, in 2023, 60.6% of the gap was in Life insurance (30.4 billion quetzals),

Chart 3.1.2-n
Guatemala: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, quetzales and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-o
Guatemala: Insurance Protection Gap
(millions of quetzales)

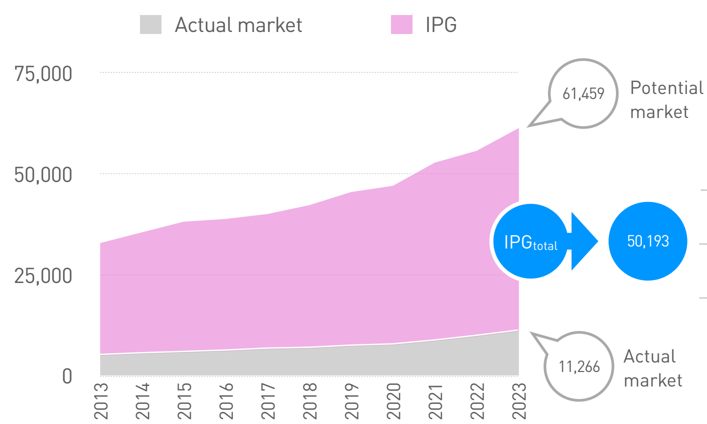


Source: MAPFRE Economics

while the gap in Non-Life insurance represented the remaining 39.4% (19.8 billion quetzals). Thus, the potential insurance market in Guatemala in 2023 (measured as the sum of the actual market plus the IPG) stood at 61.5 billion quetzals (7.9 billion dollars), 5.5 times the size of the current market (see Chart 3.1.2-p).

Additionally, Chart 3.1.2-q presents an estimate of the IPG as a multiple of the actual market in each year of the period under analysis. The insurance gap (measured as a multiple of the existing market) for the Guatemalan insurance market has been on a downward path over the 2013–2023 period, both in terms of the total market and the Life segment. Thus, while in 2013 the IPG was 5.3 times the size of the actual insurance market in Guatemala, in 2023 this had been reduced to 4.5 times. The Life insurance segment has a similar situation; in this case, the multiple decreased from 16.8 to 11.0 times, while the Non-Life insurance segment shows relative stagnation, with a similar indicator in both years (2.4 in 2013 and 2.3 in 2023).

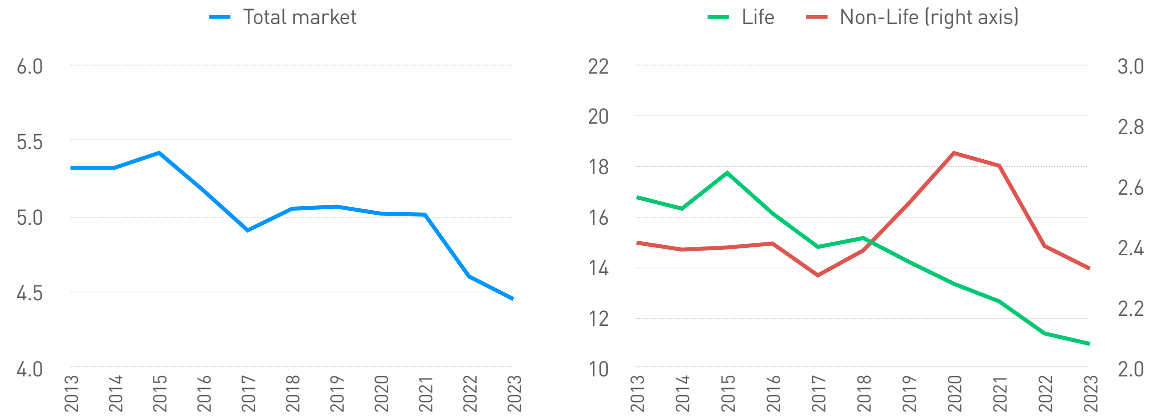
Chart 3.1.2-p
Guatemala: Insurance Protection Gap and potential market
(millions of quetzales)



Change	Actual market	IPG
2023-2013	115.9%	80.7%
2023-2022	13.0%	9.4%

Source: MAPFRE Economics

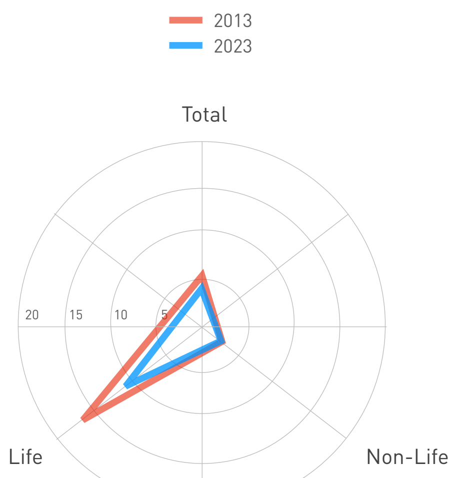
Chart 3.1.2-q
Guatemala: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Schematically, Chart 3.1.2-r presents the change in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total Guatemalan insurance market over the last decade, comparing the situation in 2023 with that of 2013. There has been a slight improvement in terms of the gap as a multiple of the real market, although this improvement is essentially observed in the Life insurance segment.

Chart 3.1.2-r
Guatemala: change in IPG as a multiple of the actual market

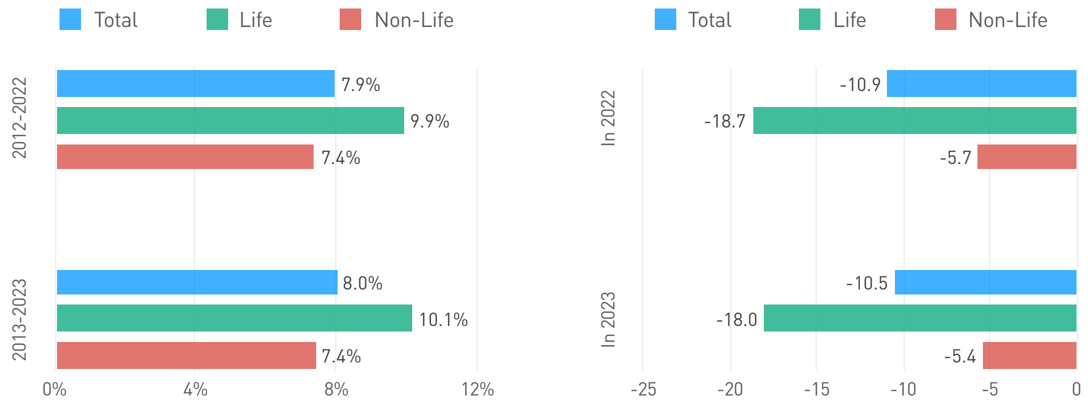


Source: MAPFRE Economics

Lastly, Chart 3.1.2-s summarizes the evaluation of the Guatemalan insurance market's capacity to close the insurance gap. To this end, a comparative analysis has been carried out between the growth rates recorded in the market over the last 10 years and the growth rates that would be needed to close the IPG calculated in 2023 over the next decade. According to this analysis, the Guatemalan insurance market recorded an average annual growth rate of 8.0% over the 2013–2023 period. This was underpinned by an average growth of 10.1% in the Life insurance segment and of 7.4% in the Non-Life insurance segment. Were the same pattern to continue over the next 10 years, the growth rate for the market as a whole would fall short of the rate needed to cover the gap determined in 2023 by 10.5 pp; that is, the insurance market would need an average growth rate of 18.5% over the next decade in order to close the IPG estimated in 2023.

A similar situation occurs in the specific analysis of the Line and Non-Life segments. In the former case, the insufficiency would be 18.0 pp, while for the latter, it would be 5.4 pp. Thus, the Guatemalan insurance

Chart 3.1.2-s
Guatemala: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



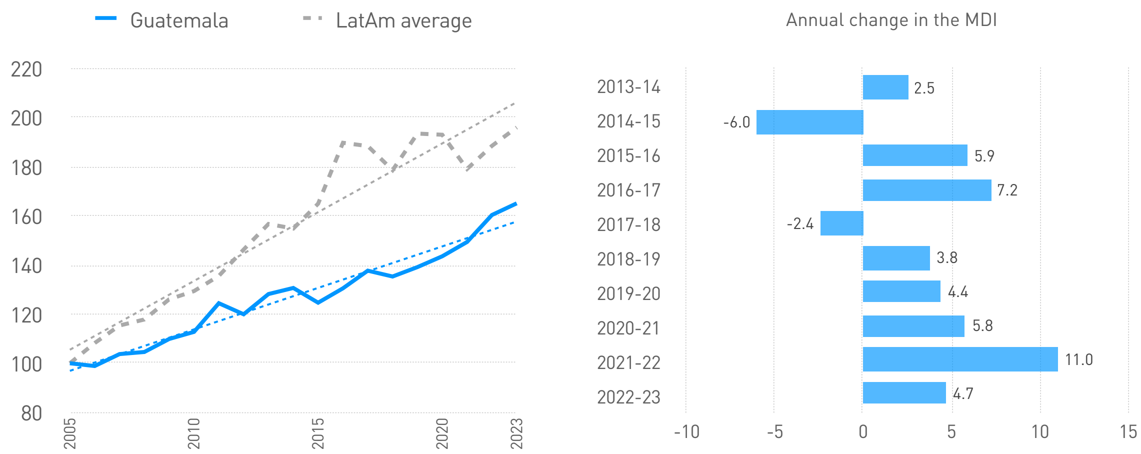
Source: MAPFRE Economics

market would need to achieve annual average growth of 28.2% and 12.8%, respectively, over the next decade to bridge these insurance gaps. Finally, it should be noted that, with regard to the comparative analysis of this fiscal year compared to that conducted in 2022, the insufficiency levels of the total market and of the Non-Life insurance segment have dropped slightly.

Market Development Index (MDI)

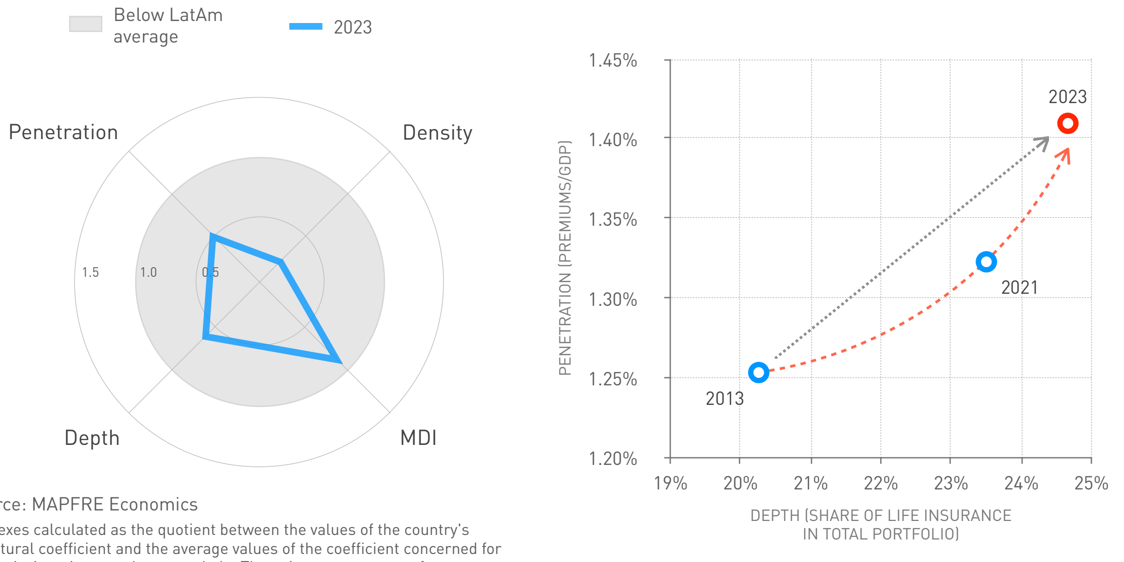
Chart 3.1.2-t shows an estimate of the Market Development Index (MDI) for the Guatemalan insurance industry. This indicator shows a positive trend over the past decade, with annual decreases in 2012, 2015, and 2018. However, it should be noted that its level (165.1) stands below the Latin American market average (196.0), and its growing trend stagnated in the 2011–2015

Chart 3.1.2-t
Guatemala: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.1.2-u
Guatemala: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

period, though it improved again in the final stretch. All in all, a clear divergent trend is observed with respect to the average presented for the Latin American insurance market in the period under analysis.

Comparative analysis of structural coefficients

Chart 3.1.2-u summarizes the Guatemalan insurance market's situation in comparison with the average for Latin America, measured in terms of the various structural indicators analyzed. It is significantly below the Latin American average for all indicators, especially in terms of density (79.3 dollars vs. 324.3 dollars per capita on average for the region), which indicates its fledging level of development compared to the region as a whole. Despite this, we observe that the development of the Guatemalan insurance market over the last decade has been balanced, with gains in both penetration (quantitative dimension) and depth (qualitative dimension).

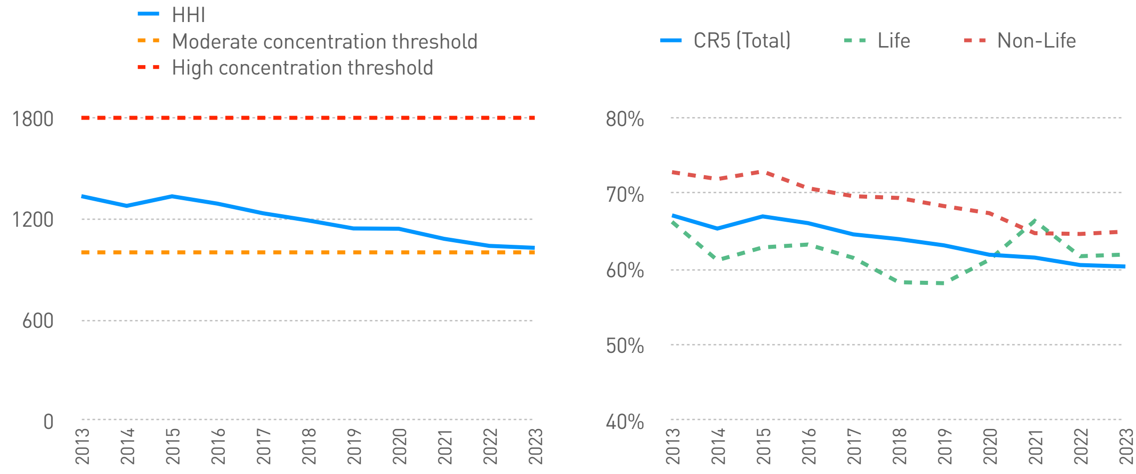
Insurance market rankings

Total ranking

There were 28 insurance companies operating in the Guatemalan insurance industry in 2023. The top five institutions (CR5) accounted for 60.4% of total premiums, 0.2 pp less than in 2022. It should be noted that concentration levels in the market have declined over the last decade. In addition to the evolution of the CR5, the Herfindahl Index also shows that concentration levels, which are still slightly above the theoretical threshold indicating the onset of moderate concentration levels, have been decreasing over the past decade (see Chart 3.1.2-v).

In terms of the total market ranking, presented in Chart 3.1.2-w, El Roble, with 22.1% of market premiums (down 0.3 pp from 2022), and G&T, with a market share of 13.1% (14.1% the previous year), are still the two largest insurance groups in the Guatemalan market. Following at a distance are Seguros Universales, with a share of 9.2% (0.4 pp more than in 2022),

Chart 3.1.2-v
Guatemala: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

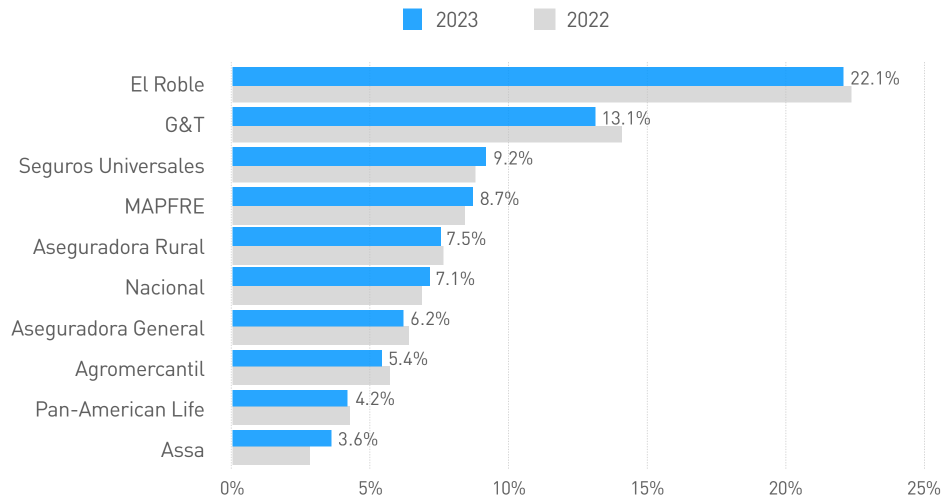
MAPFRE with 8.7%, and Aseguradora Rural with 7.5%.

Life and Non-Life rankings

The Non-Life ranking is also led by El Roble with a 24.2% share in 2023 (compared to 24.6% in 2022), followed by G&T with 15.7%, and Seguros Universales with 9.8% market share. MAPFRE and the insurance company Nacional exchanged positions at fifth and fourth, respectively, with a market share of 7.8% and 8.3% in each case.

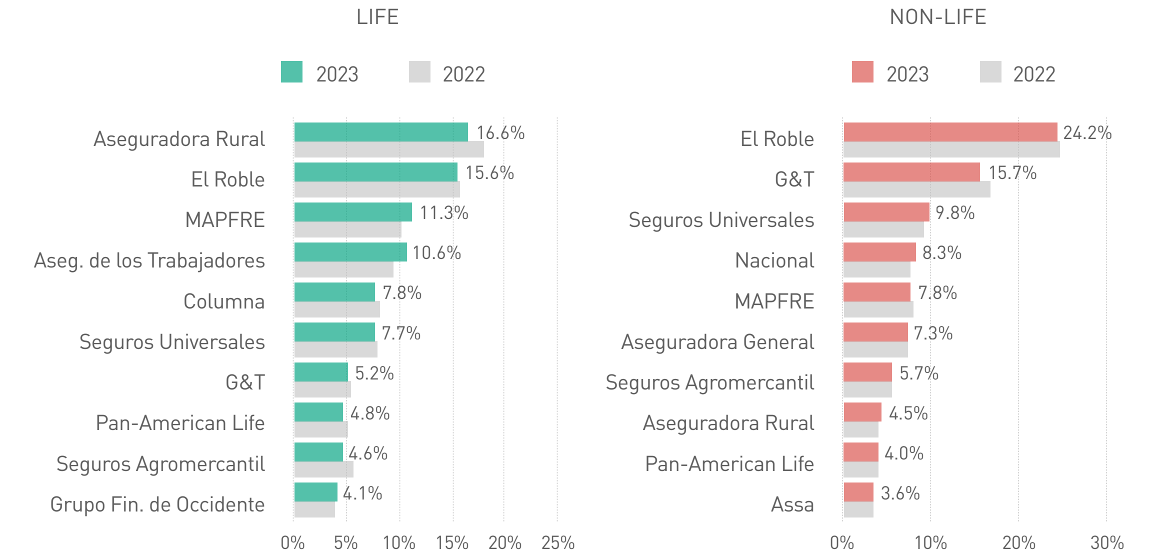
With respect to the Life insurance segment ranking, there were no changes in the top six insurance companies, Aseguradora Rural remaining in first place with a 16.6% market share (compared to 18.0% the previous year). El Roble remains in second place with 15.6% of total premiums,

Chart 3.1.2-w
Guatemala: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

Chart 3.1.2-x
Guatemala: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks)

reducing its market share by 0.2 pp with respect to the previous year, and finally, MAPFRE consolidates its third place with 11.3%, increasing its market share by 1.1 pp with respect to the previous year (see Chart 3.1.3-x).

Key regulatory aspects

With regard to regulations issued during the year on 2023 insurance matters, the following are worth mentioning:

- Resolution JM-86-2023, Group Insurance Regulation, which repealed Resolution JM-14-2016 and modernized the general legal framework for the operation and placement of all-risk group insurance, permitting performance optimization and emphasizing the duties of insurance companies regarding customer service and communication with policyholders.

- Resolution Number 41-2023 of the Superintendency of Banks of October 9, 2023, amending Resolution Number 7-2014, Instructions for Information Disclosures by Insurance and Reinsurance Companies, adjusting the requirements for publication of financial statements in print media and updating the financial indicators, thereby establishing criteria applicable to the nature of the insurance industry, by including historical information based on the same frequency and adequate cash flows.

- Resolution 53-2023, of January 13, 2023, Revision and Setting, for 2023, of the minimum amount of initial paid-in capital of domestic insurance or reinsurance companies to be incorporated, or of foreign insurance or reinsurance companies to be established in the national territory.

In addition, the Superintendency of Banks (the supervisory body of the Guatemalan insurance market) has continued to implement the Financial Reporting Standards for Insurance Companies (NIFA) bill, for which it established a pilot plan consisting of five phases. In 2023, the second phase, related to the preparation of financial information for the transition from the current Accounting Instructions Manual for Insurance Companies to NIFA, was completed. The third phase, scheduled for completion in 2024, involves the preparation of a comprehensive set of comparative financial statements, which will allow for verification of the application of the criteria established in the plan and their financial impact on the insurance industry.

3.1.3 Honduras

Macroeconomic environment

The Honduran economy grew 3.5% in 2023 in real terms, versus 4.0% in 2022. The expansion of final consumption (private consumption was up 4.3% and public consumption 6.0%) and total investment (which grew especially due to a significant increase in public investment, highlighting the 64.5% allocated to roads and hospitals) contributed to this growth, which was slowed down, however, by the decline in foreign demand, especially U.S. demand for textile products (see Chart 3.1.3-a). In 2023, the fiscal deficit stood at 3.6% (up from 1.3% the previous year) due to the higher level of public investment spending mentioned above. Meanwhile, average inflation was around 6.6% (9.1% in 2022), influenced by lower international raw material prices and lower growth. According to the latest ECLAC estimate, the unemployment rate reached 8.0% of the economically active population (EAP) in 2023, 0.9% less than in 2022.

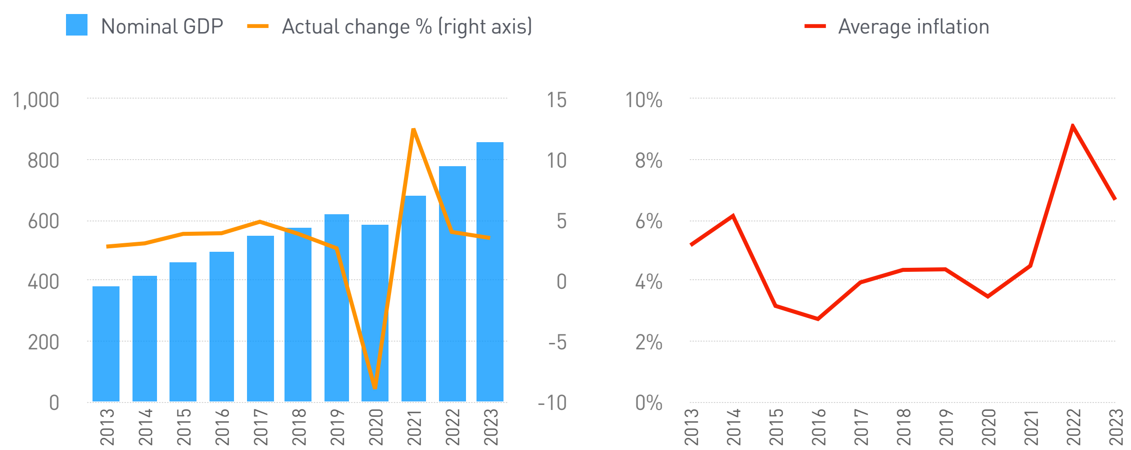
In terms of forecasts for next year, ECLAC estimates that the Honduran economy will grow by around 3.8% in 2024 (3.6% in 2025) despite the slowdown in foreign demand from the United States and other key partners. Positive developments in public and private investment and consumption are expected, thus offsetting the negative factors in the foreign sector. The IMF estimates 3.0% growth for 2024. MAPFRE Economics forecasts that the Honduran economy will grow around 3.6% for 2024 and 3.7% for 2025.

Insurance market

Growth

Premium volume in the Honduran insurance market grew to 16.5 billion lempiras (670.7 million dollars) in 2023. This represents growth of 15.6% in nominal terms and 8.4% in real terms relative to the previous year (see Table 3.1.3 and Chart 3.1.3-b). The growth of the insurance industry in Honduras was 4.5 pp higher than in the previous year, when premiums grew by

Chart 3.1.3-a
Honduras: changes in economic growth and inflation
(GDP in local currency, billions of lempiras; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

Table 3.1.3
Honduras: premium volume[1] by insurance line, 2023

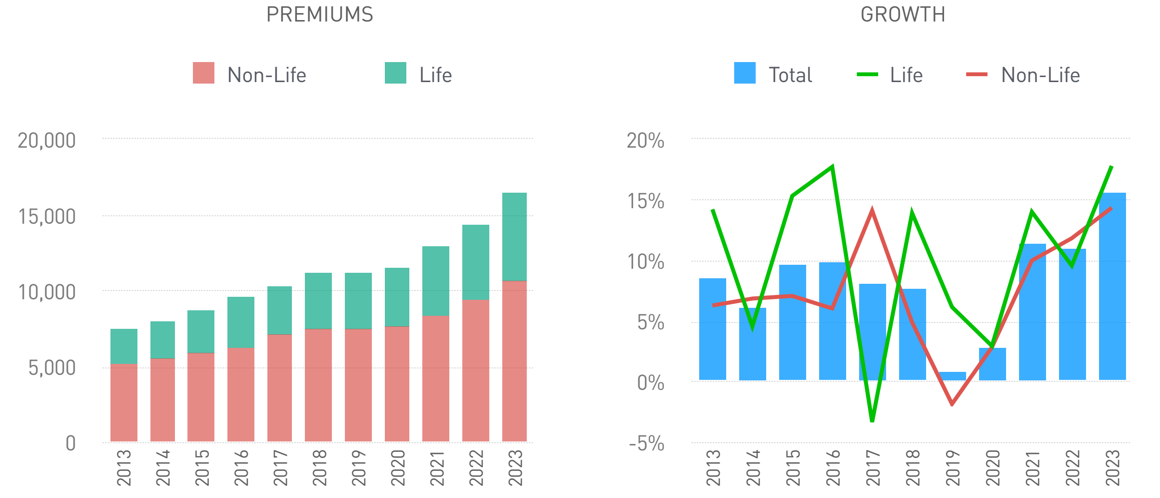
Line	Millions of lempiras	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**16,540.6**	**670.7**	**15.6**	**8.4**
Life	**5,830.4**	**236.4**	**17.8**	**10.5**
Non-Life	**10,710.2**	**434.3**	**14.4**	**7.2**
Fire and allied lines	3,547.7	143.9	17.8	10.4
Automobiles	2,350.5	95.3	18.7	11.3
Health	2,822.3	114.4	13.7	6.6
Other lines	784.8	31.8	8.2	1.4
Transport	375.0	15.2	-1.2	-7.3
Surety	192.5	7.8	20.1	12.6
Personal Accidents	378.1	15.3	6.1	-0.5
Third Party Liability	249.6	10.1	0.4	-5.9
Occupational risks	9.7	0.4	-50.5	-53.6

Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)
1/ Premiums net of returns and cancellations

11.1% in nominal terms. Specifically, Life insurance premiums grew 17.8% in 2023 (compared to the significant growth of 9.6% registered in 2022), reaching 5.830.4 billion lempiras (236.4 million dollars). Meanwhile, Non-Life insurance premiums were up 14.4% (versus 11.9% in 2022), reaching 10.710.2 billion lempiras (434.3 million dollars).

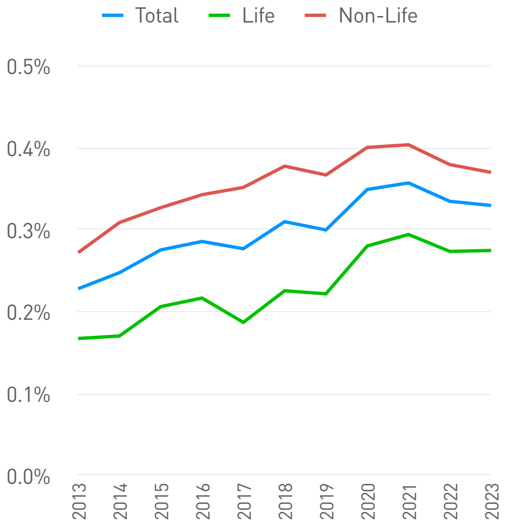
It should be noted that all types of Non-Life insurance grew in nominal terms, except Occupational Hazards (-50.5%) and Transportation (-1.2%). Meanwhile, the Fire, Automobile, and Health lines, which are the most important in this market segment, contributed notably with growth in nominal terms of 17.8%, 18.7%, and 13.7%, respectively.

Chart 3.1.3-b
Honduras: growth developments in the insurance market
(premiums, millions of lempiras; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-c
Honduras: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission and supervisory bodies in the region)

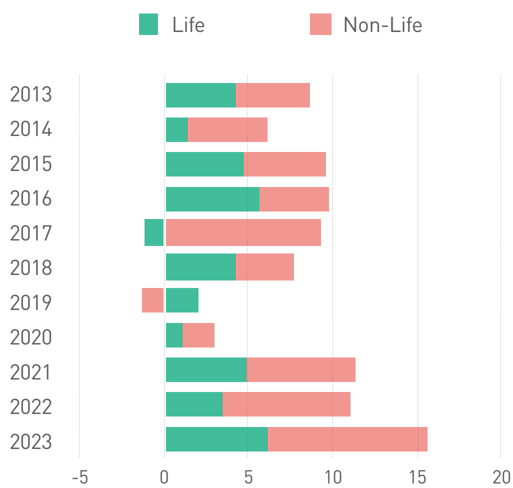
On the other hand, the share of total premiums and by Life and Non-Life segments with respect to the Latin American market has grown 11 and 10 basis points (bps), respectively, in the last 10 years, despite the fact that this share decreased between 2021 and 2023. The Non-Life line has a greater share (0.37% in 2023) in Latin America as a whole than the Life line (0.27%). Thus, the total proportion of Honduran premiums to all of Latin America has gone from 0.23% in 2013 to 0.33% in 2023 (see Chart 3.1.3.-c).

Meanwhile, Non-Life insurance contributed 9.4 pp to the growth of the Honduran insurance market in 2023 (15.6%), while the Life insurance segment contributed the remaining 6.2 pp (see Chart 3.1.3-d). Note that, since 2020, both insurance segments have been contributing positively to the nominal growth of the insurance industry in that country.

Balance sheet and shareholders' equity

The performance of the Honduran insurance industry's aggregate balance sheet over the 2013–2023 period is shown in Chart 3.1.3-e. The industry's total assets amounted to 23.3 billion lempiras (940.5 million dollars), while equity stood at 8.2 billion lempiras (330.2 million dollars), showing a growth trend that was only interrupted in 2018 and 2021. In the case of this insurance market, the aggregate capitalization levels (measured in relation

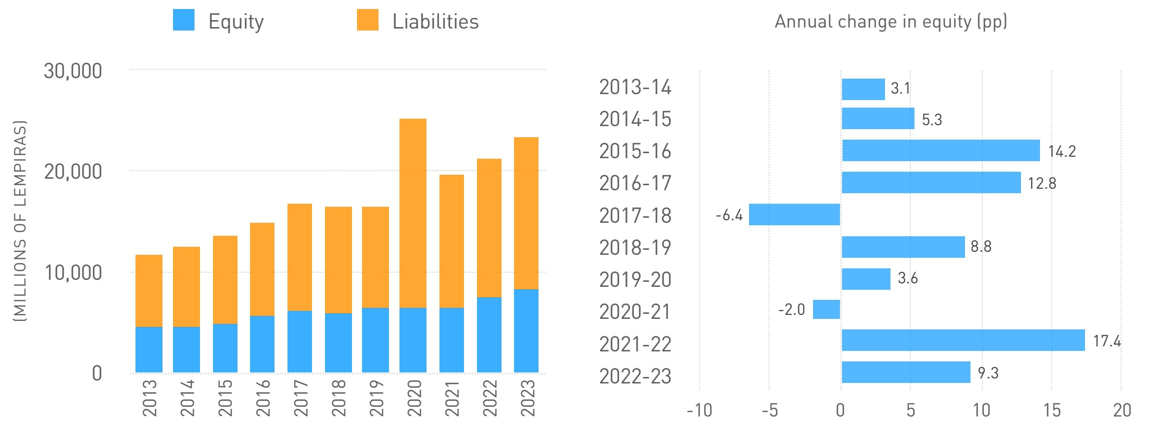
Chart 3.1.3-d
Honduras: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Non-Life
2013	8.6	4.2	4.5
2014	6.2	1.4	4.8
2015	9.6	4.7	4.9
2016	9.8	5.7	4.1
2017	8.1	-1.1	9.3
2018	7.7	4.3	3.4
2019	0.8	2.0	-1.2
2020	2.9	1.0	1.9
2021	11.4	4.8	6.6
2022	11.1	3.4	7.7
2023	15.6	6.2	9.4

Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-e
Honduras: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

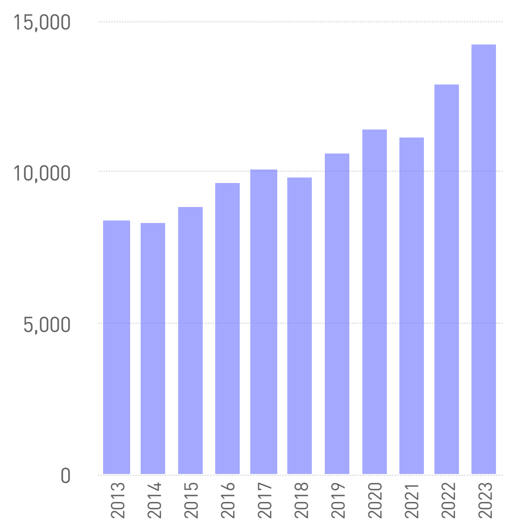
to total assets) are significant, at around 39% on average in the 2012–2014 period. Since 2013, the sector has experienced relative stagnation at average values close to 35.1% of total assets, reaching 35.1% in 2023, a 0.3 pp decrease.

Investments

Chart 3.1.3-f shows changes in investments in the Honduran insurance industry for the 2013–2023 period, while Charts 3.1.3-g and 3.1.3-h show the composition of the aggregate investment portfolio at the sector level over the same period and in 2023. In this last year, investment by insurance companies operating in the Honduran market came to 14.2 billion lempiras (574.3 million dollars), with 86.0% concentrated in debt and equity instruments, 8.0% in cash, 2.4% in real estate, and the remaining 3.6% in other financial investment. The share of treasury investments throughout the period analyzed is noteworthy, decreasing after 2016 but returning to 2018 levels in 2023.

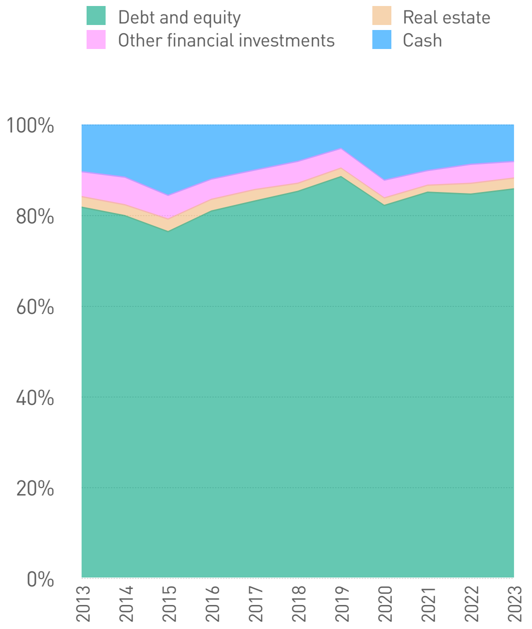
As stated previously, there is a general trend toward growth in the share of debt and equity investments (which seemed to have stagnated as of 2014), landing above the 10-year average (83.2%) in 2023. The decrease in cash investments over this period is also noteworthy, falling from 10.3% in 2013 to 8.0% in 2023.

Chart 3.1.3-f
Honduras: insurance market investments
(millions of lempiras)



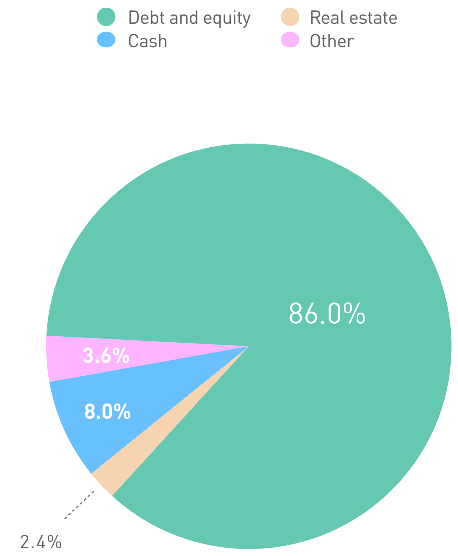
Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-g
Honduras: structure of investments
(%)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-h
Honduras: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

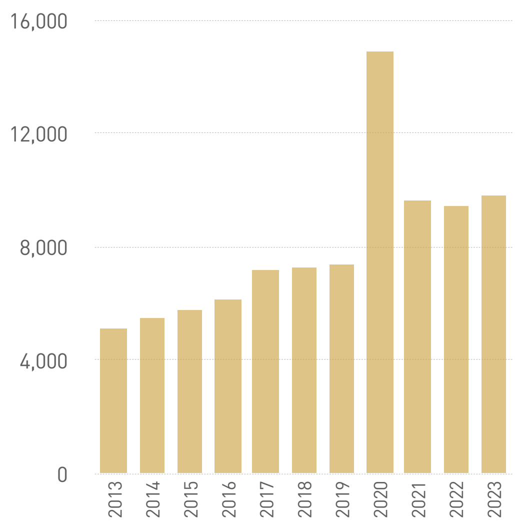
Technical provisions

The change in the technical provisions of the Honduran insurance sector is reflected in Chart 3.1.3-i. It is worth noting that, with the information available, it was not possible to conduct a more detailed analysis of the composition of technical provisions at a sector level. However, at the aggregate level, during the 2013–2023 period, sustained growth was observed in absolute terms, although this was undermined in 2020 by the unusual growth in reserves for claims.

Technical performance

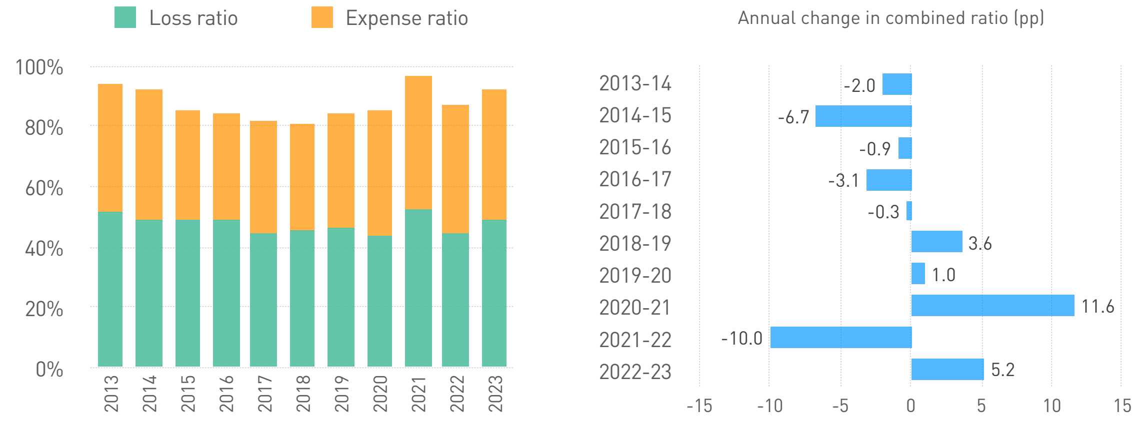
Chart 3.1.3-j presents developments in the technical performance of the Honduran insurance industry over the 2013–2023 period, based on an analysis of the market's total combined ratio. According to this information, in 2023 this technical coefficient deteriorated, standing at 92.32%,

Chart 3.1.3-i
Honduras: technical provisions of the insurance market
(millions of lempiras)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-j
Honduras: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



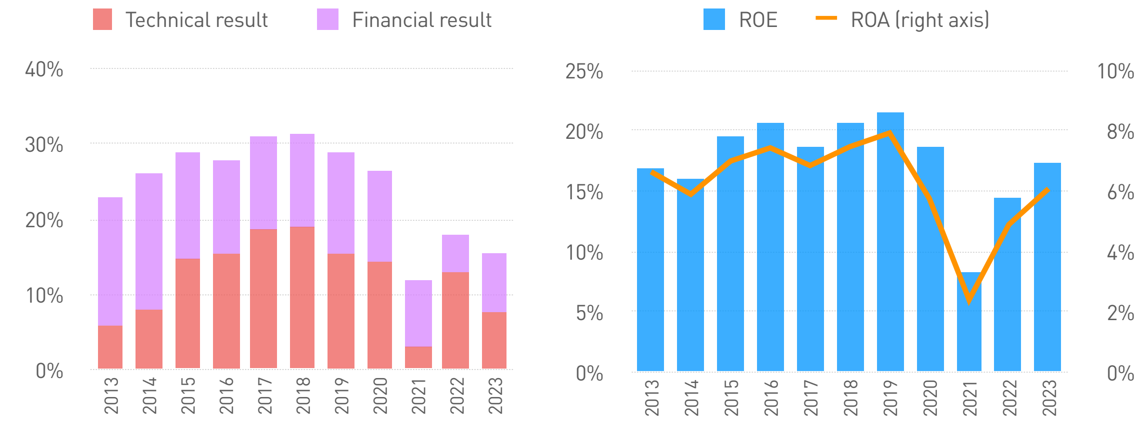
Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

above the level reached in 2022 (87.12%). The expense ratio worsened slightly to 42.96%, up 0.5 pp from the previous year. Meanwhile, the loss ratio worsened, growing 4.7 pp (49.35%), but stood below the historical maximum in the last decade, measured in 2021 (52.37%).

Results and profitability

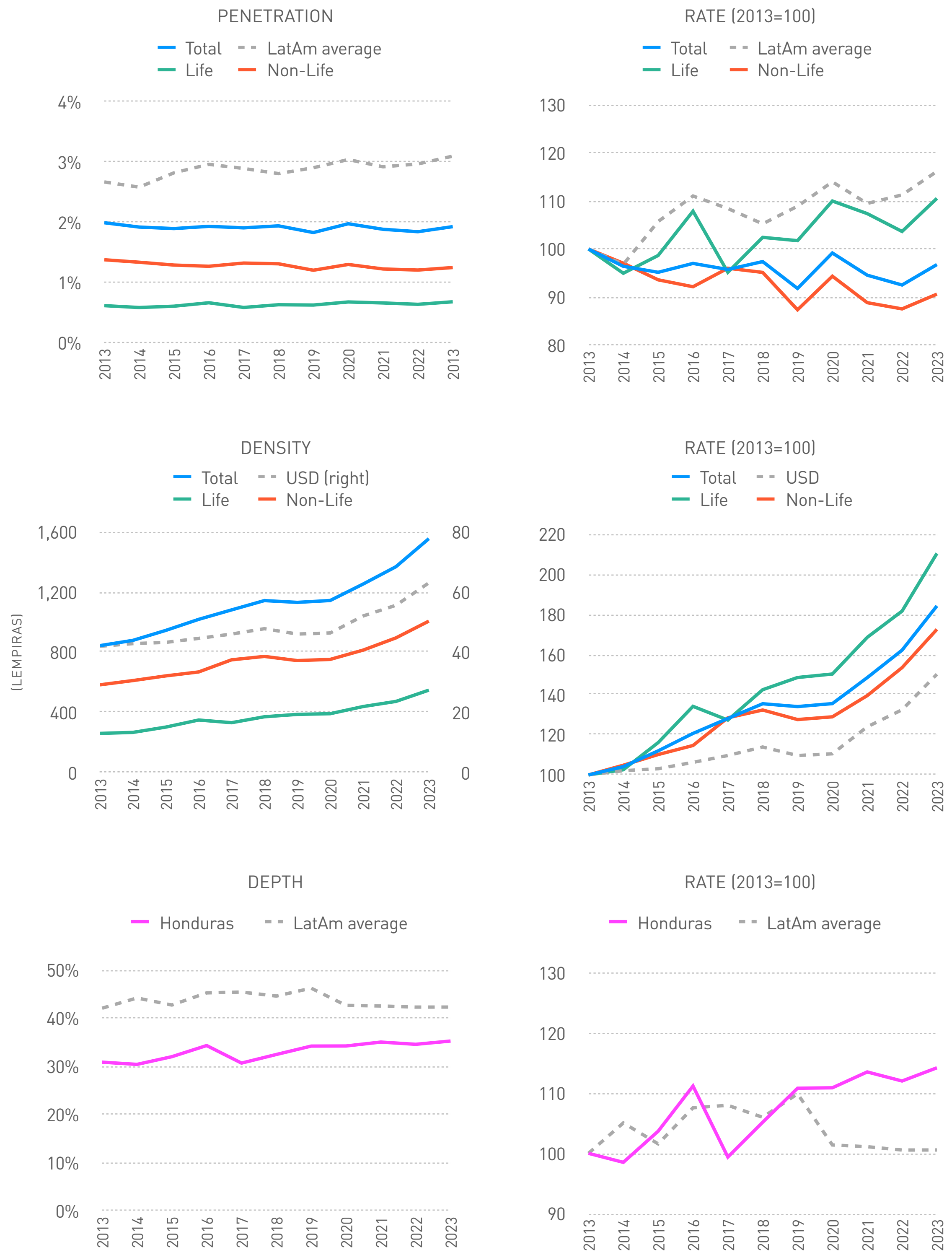
The Honduran insurance industry posted a net result of 1.4 billion lempiras (54.8 million dollars) in 2023, up 35.8% from the previous year. It is important to note that the net result obtained in 2023 by the Honduran insurance industry was based on the 58.1% growth of the sector's financial result, which amounted to 516.6 million lempiras (20.9 million dollars), an amount below the average of the last decade, which was 605.1 million lempiras. Meanwhile, the technical result was positive (523.3 million lempiras) and equivalent to 21.2 million dollars, an amount below the average figure for the last decade

Chart 3.1.3-k
Honduras: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-l
Honduras: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, lempiras and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

(635.9 million lempiras) and also less than in 2022, when the result was 850.0 million lempiras (34.5 million dollars).

In terms of profitability, the return on equity (ROE) of the Honduran insurance industry was 17.3% in 2023, up 2.9 pp compared to 2022 mostly due to the improved results discussed above. Similarly, return on assets (ROA) amounted to 6.1% in 2023, up 1.2 pp from the value reported in 2022 (see Chart 3.1.3-k).

Insurance penetration, density and depth

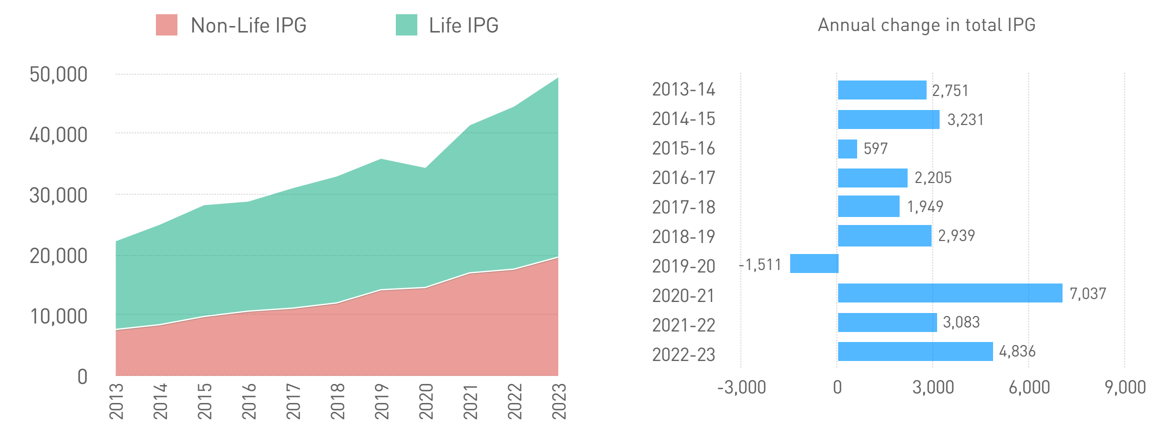
Chart 3.1.3-l shows the main structural trends shaping the development of the Honduran insurance market over the 2013–2023 period. First, the penetration ratio (premiums/GDP) came to 1.9% in 2023, 0.1 pp higher than in 2022. The penetration ratio for the Honduran market has stagnated over the course of the last decade (about 2%), clearly diverging from the average growth trend seen across the Latin American insurance market as a whole (the rate of which stood at 3.1% 2023). Insurance density in Honduras (premiums per capita) amounted to 1,553.90 lempiras, up 13.6% on 2022 (1,367.80 lempiras). In contrast with insurance penetration levels, density in Honduras shows an upward trend, registering cumulative growth of 84.2% over the 2013–2023 period.

Depth in the Honduran market (measured as Life insurance premiums with respect to total premiums) remains at similar levels to those registered in the previous year, standing at 35.2%, in 2023, that is, 4.4 pp above the value registered in 2013. Since 2017, the difference between the Honduran depth indicator and the Latin American depth indicator has decreased, though it still remains below the indicator's absolute values for the average of the region's countries (42.3%).

Insurance Protection Gap estimate

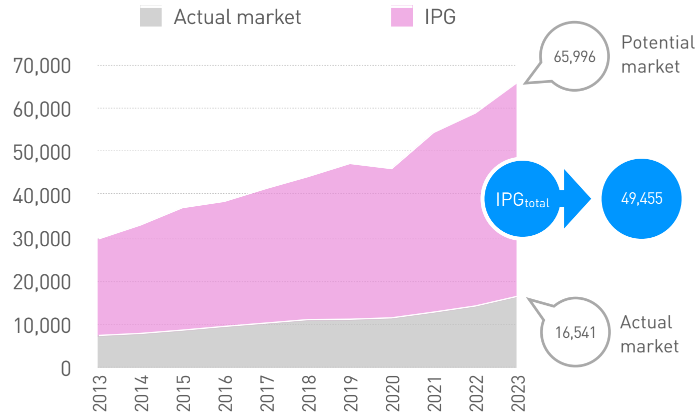
Chart 3.1.3-m provides an estimate of the IPG for the Honduran insurance market between 2013 and 2023, revealing that the insurance gap stood at 49.5 billion lempiras (2.0 billion dollars) in 2023, 3.0 times the size of the actual insurance market in Honduras at the end of that year. The structure and performance of the IPG over the period under analysis are largely attributable to the Life insurance segment, as is the case in most Latin American insurance markets. Thus, Life insurance accounted for 60.3% of the IPG at the end

Chart 3.1.3-m
Honduras: Insurance Protection Gap
(millions of lempiras)



Source: MAPFRE Economics

Chart 3.1.3-n
Honduras: Insurance Protection Gap and potential market
(millions of lempiras)



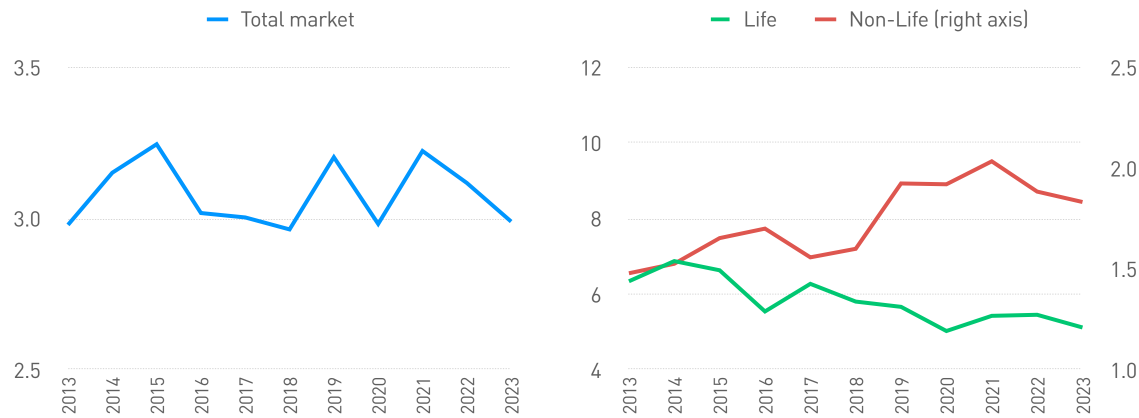
Change	Actual market	IPG
2023-2013	120.6%	121.4%
2023-2022	15.6%	10.8%

Source: MAPFRE Economics

of 2023 (29.8 billion lempiras), which is 5.4 pp below the share for this segment in 2013. The remaining 39.7% of the gap is attributable to the Non-Life insurance segment (19.620.1 billion lempiras). As a result, the potential insurance market in Honduras at the close of 2023 (sum of the actual market plus the IPG) is therefore estimated at 65.995.9 billion lempiras (2.676.0 billion dollars), 4.0 times the size of the total insurance market in Honduras that year (see Chart 3.1.3-n).

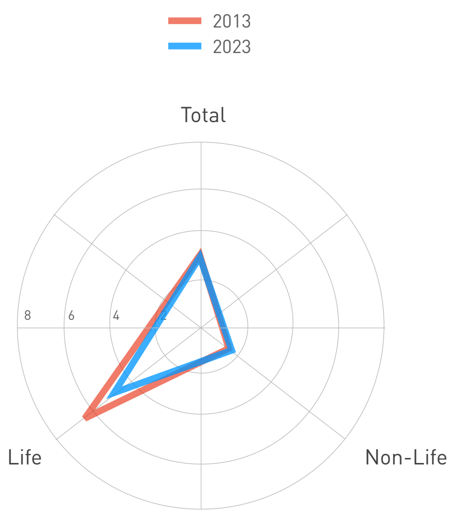
Chart 3.1.3-o provides an estimate of the IPG as a multiple of the actual insurance market in Honduras. The insurance gap as a multiple shows a practically constant trend over the last two years, around 2.98 times. In the Life insurance segment, however, there is a clearly downward trend from 6.34 to 5.12 times between 2013 and 2023. The same cannot be said for Non-Life insurance, where the insurance gap displayed a positive trend over the period under analysis by climbing from 1.48 to 1.83 times over the period.

Chart 3.1.3-o
Honduras: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.1.3-p
Honduras: change in IPG as a multiple of the actual market

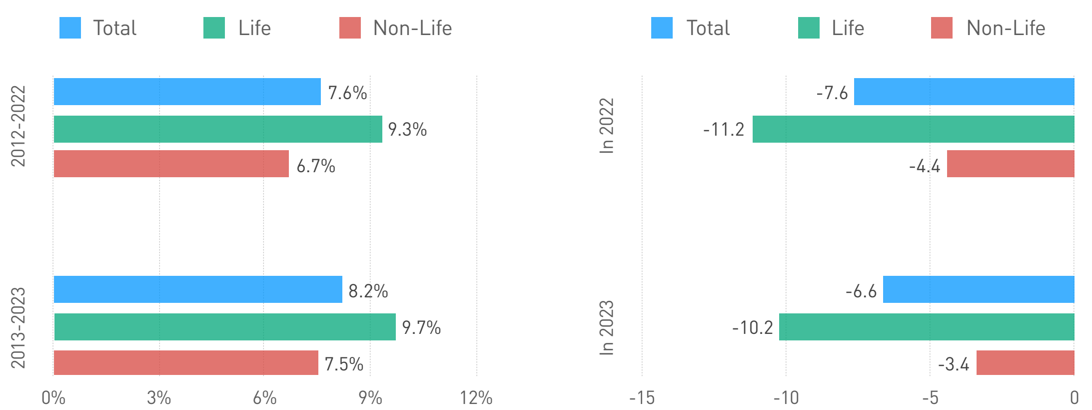


Source: MAPFRE Economics

Complementing this analysis, Chart 3.1.3-p summarizes changes in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total Honduran insurance market over the last decade. In this respect, only the Life segment improved, but not the Non-Life segment, which even lost ground in terms of the insurance gap as a multiple of the actual market.

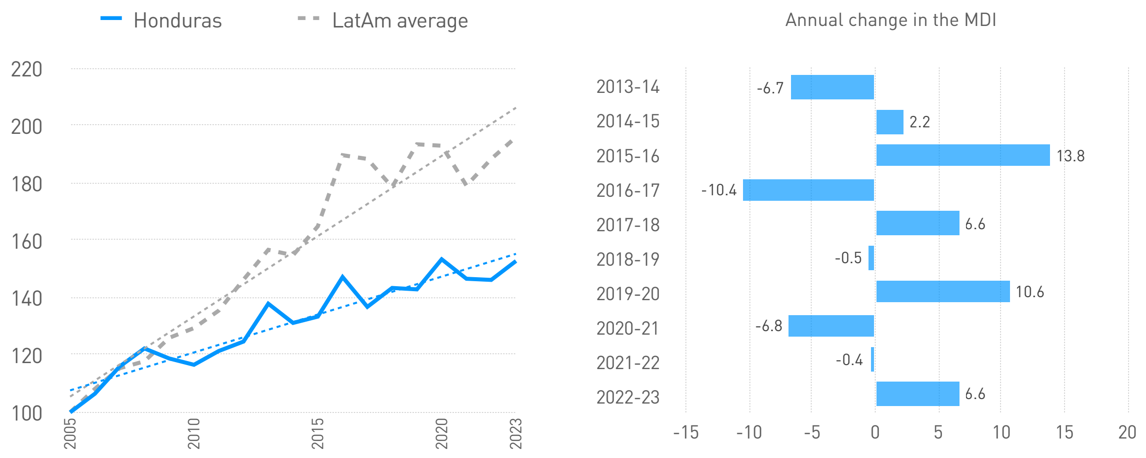
Finally, Chart 3.1.3-q shows an overview of the capacity of the Honduran insurance market to close the insurance gap, by means of a comparative analysis of the growth rates observed over the last 10 years and the growth rates that would be needed to close the 2023 gap over the coming 10 years. This analysis reveals that the Honduran insurance market posted an average growth rate of 8.2% over the 2013–2023 period; the product of an annual growth rate of 9.7% in the Life insurance segment and of 7.5% in the Non-Life segment. We also observe that, were the same growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Honduran insurance market would prove insufficient to achieve the objective indicated. In the case of the Life insurance segment, the rate observed would have a shortfall of 10.2 pp, while for the Non-Life segment the shortfall would be 3.4 pp. It should be noted, however, that the situation has improved in both segments from the measurement taken the previous year. That performance was observed across the entire sector, as in the

Chart 3.1.3-q
Honduras: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.1.3-r
Honduras: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Life segment the shortfall has decreased from 11.2 pp to 10.2 in the last year, while in the Non-Life segment it has gone from 4.4 pp to 3.4 pp.

Market Development Index (MDI)

Chart 3.1.3-r shows an estimate of the Market Development Index (MDI) for the Honduran insurance industry. The MDI (which is used in this report as an indicator of the overall trend in development and maturity of the insurance market) displayed a positive trend over the period under analysis, with spikes in growth in 2007, 2013, 2016, and 2020. As of 2016, this growth trend clearly diverges from the figures recorded for the average of the Latin American insurance markets, registering one of the greatest deviations from the Latin American regional average in recent years (196.0 vs. 152.8) in 2023.

Comparative analysis of structural coefficients

Meanwhile, Chart 3.1.3-s shows the Honduran insurance market's situation in comparison with the average for Latin America, measured in terms of the various structural indicators analyzed (penetration, density, depth, and MDI). This shows that the situation of this insurance market fell short of the average for Latin America for all indicators, especially density, which suggests still fledging levels of development compared to the region as a whole.

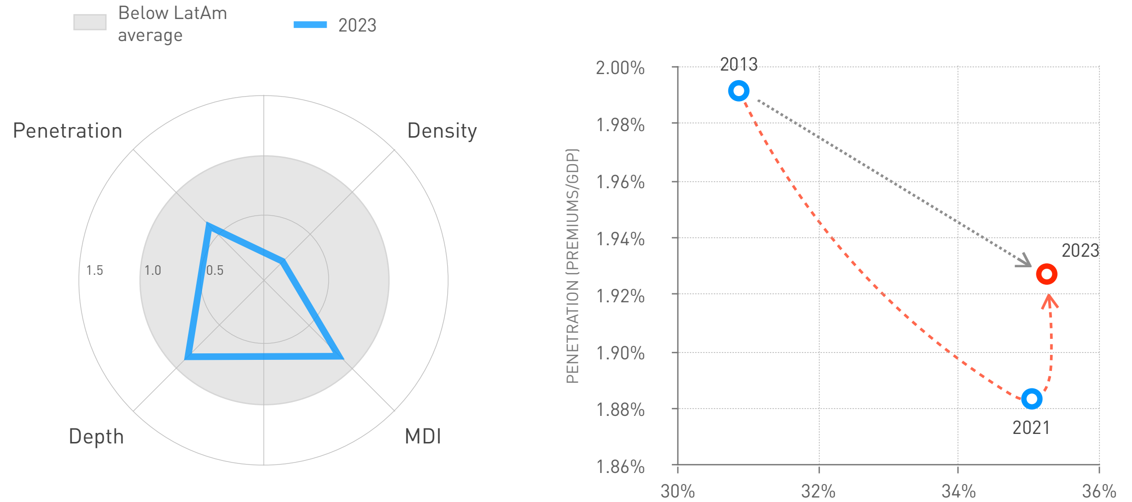
Meanwhile, over the last decade, the development of the Honduran insurance industry has been relatively unbalanced. This is because, in spite of the advances in depth levels (qualitative dimension), there were setbacks in insurance penetration levels (quantitative dimension); this characteristic remains the same as in previous analyses of this market.

Insurance market rankings

Total ranking

There were 12 insurance companies operating in Honduras in 2023, the same as the year before. The market share of the top five insurers (CR5) represented 70.4% of total premiums, registering a 2.0 pp reduction in concentration versus 2022 (72.4%). Thus, the industry's concentration level has been declining in recent years.

Chart 3.1.3-s
Honduras: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



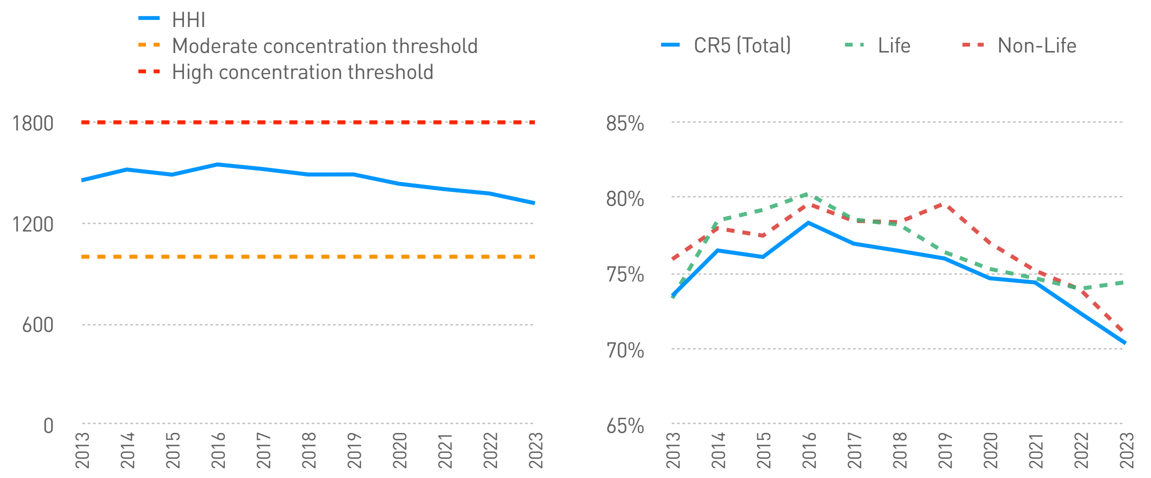
Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Between 2013 and 2023, the CR5 Index has fallen from 73.5% to 70.4%, while the Herfindahl Index has fallen from 1,454.4 to 1,318.6 in that time frame, although still above the moderate concentration threshold (see Chart 3.1.3-t).

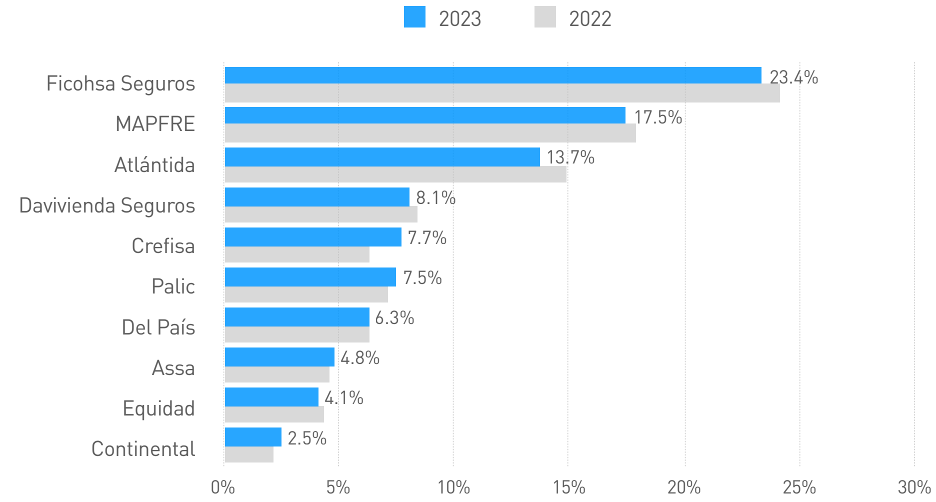
The ranking of insurance groups in the Honduran market in 2023, shown in Chart 3.1.3-u, shows Ficohsa Seguros leading with 23.4% of premiums, reducing its market share by 0.8 pp. MAPFRE (with a market share of 17.5%) and Atlántida (13.7%) follow, both with a market share

Chart 3.1.3-t
Honduras: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

Chart 3.1.3-u
Honduras: overall ranking
(market shares, %)



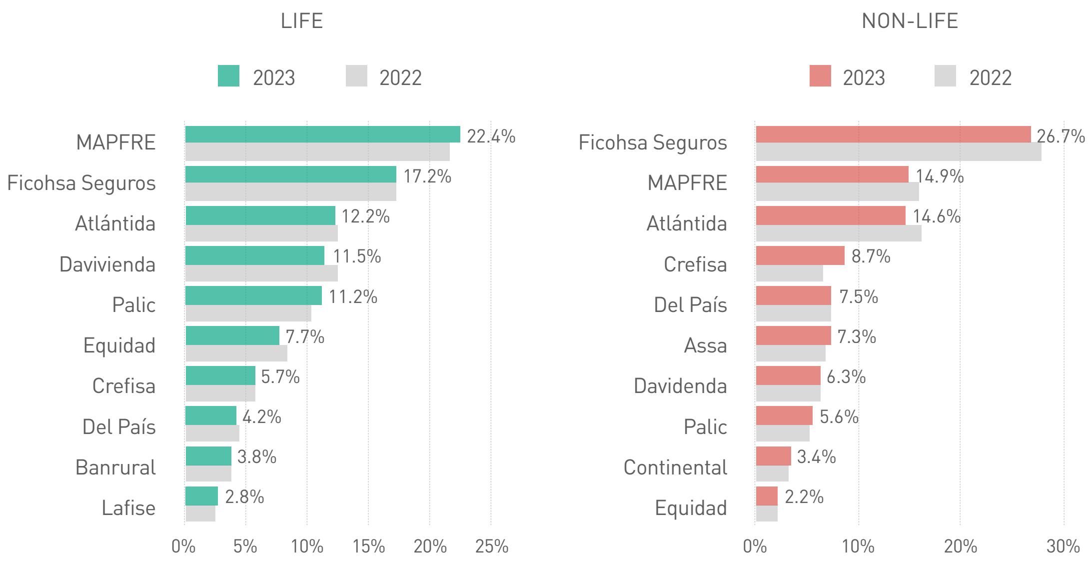
Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

reduction of 0.3 pp and 1.1 pp, respectively. The remaining groups held their places with respect to the previous year, with the exception of Crefisa, which improved its market share by 1.4 pp and overtook Palic and Del País, which dropped one place.

Life and Non-Life rankings

For the Non-Life ranking, as was the case the previous year, Ficohsa Seguros continues to lead the ranking with a share of 26.7% of premiums. It is followed by MAPFRE with 14.9% and Atlántida with

Chart 3.1.3-v
Honduras: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)

14.6% of the market share. Of the remaining companies, special mention should be made of Davivienda and Equidad, which maintain the same market share as the previous year. Finally, in the ranking for the Life insurance segment, MAPFRE remains in first place with 22.4% of total premiums, followed by Ficohsa Seguros with 17.2% and Atlántida with 12.2% of premiums in this market segment. It should be noted that MAPFRE (with an increase of 0.8 pp in its market share), Palic (0.9 pp), and Lafise (0.2 pp) are the only insurance companies that have increased their market share in this line (see Chart 3.1.3-v).

Key regulatory aspects

Among the most relevant changes in regulatory matters during 2023 issued by the National Banking and Insurance Commission, the following are noteworthy:

- CNBS Circular No.008/2023. Reforms the "Minimum Guidelines for Supervised Institutions to Prevent and Mitigate Fraud and Cyberattacks against the Financial User."

- CNBS Circular No.012/2023. Updates and expands the regulatory provisions on financial education, approving GEE Resolution No.473/13-07-2023, "Rules to Strengthen Financial Education in Supervised Institutions."

- CNBS Circular No.003/2024. Prohibits Supervised Institutions from selling financial products through specific platforms, including cryptocurrencies.

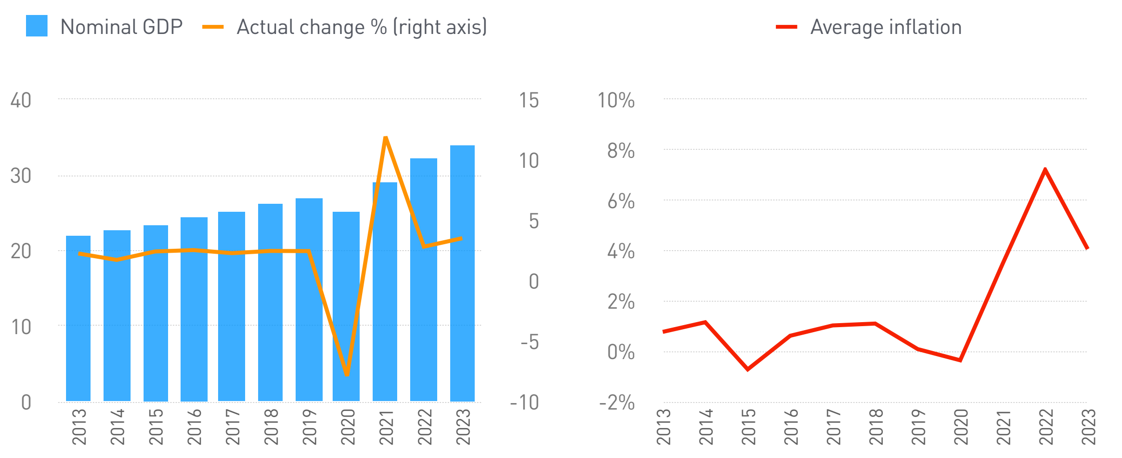
- CNBS Circular No.009/2024. Adapts provisions to market conditions, approving GEE Resolution No.170/18-03-2024, which reforms the "Reinsurance Operating Regulations and Registration of Foreign Reinsurance Companies and Reinsurance Brokers."

3.1.4 El Salvador

Macroeconomic environment

The economy of El Salvador showed real growth of 3.5% in 2023 (2.8% in 2022). Economic activity was driven by the expansion of public and private investment (8.9% in infrastructure such as roads,

Chart 3.1.4-a
El Salvador: changes in economic growth and inflation
(GDP in local currency, billions of USD; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

ports, and hospitals, as well as residential projects, corporate buildings, and shopping centers), the increase in exports (5.2% especially in services, as agro-export products stagnated as a result of the Pilar storm in November 2023), the continued recovery of tourism, the increased flow of family remittances, and the improvement in public safety. All these factors together had a positive effect on the momentum of domestic demand for goods and services. Meanwhile, year-on-year inflation, which was 7.2% in 2022, averaged 4.0% in 2023, thanks to lower international commodity prices and the government's adoption of inflation control measures (see Chart 3.1.4-a). It should be noted that, in 2023, the non-financial public sector deficit was approximately 2.2% of GDP, as public investment spending continued to increase (1.7% in 2022). This brought the total debt to 53.9% of GDP. It is important to point out that the 2023 deficit did not include obligations derived from the pension system as of April of that year, when it was reformed, bringing the registered deficit to a lower level than expected.

ECLAC estimates that El Salvador's economy will grow by 3.5% in 2024 (3.1% in 2025), driven by increased public and private investment in infrastructure. The greatest unknown about the future of this Central American nation is the performance of the U.S. economy, due to the close relationship between the two countries. Meanwhile, MAPFRE Economics forecasts Salvadoran GDP growth of around 2.9% in 2024 and 2.4% in 2025.

Insurance market

Growth

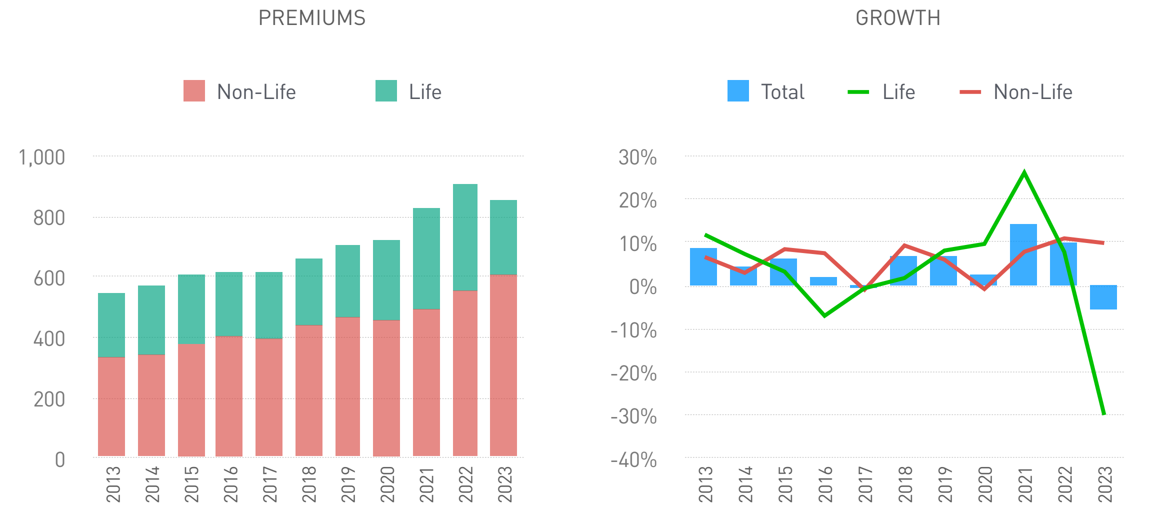
The premium volume of the Salvadoran insurance market fell by 5.6% in nominal terms (9.3% in actual terms) in 2023, to 855.8 million dollars (see Table 3.1.4 and Chart 3.1.4-b). These figures are lower than those of the previous year, due to the decline in the Life line (-29.9%), and despite the growth in the Non-Life line (9.9%). Life line premiums account for 29% of the total Salvadoran insurance market, which fell by 32.6% in actual terms to 248.2 million dollars in 2023. Meanwhile, Non-Life premiums increased by 5.6% in actual terms to 607.6 million dollars. By modality, individual and group Life insurance policies, which are the most significant in this segment, increased 3.6% in nominal terms (-0.4% in actual terms), while social security and Life pension insurance dropped 93.6% in nominal terms. Meanwhile, in the Non-

Table 3.1.4
El Salvador: premium volume[1] by insurance line, 2023

Line	Millions of USD	Growth	
		Nominal (%)	Real (%)
Total	**855.8**	**-5.6**	**-9.3**
Life	**248.2**	**-29.9**	**-32.6**
Individual and group	240.4	3.6	-0.4
Social security and pensions	7.8	-93.6	-93.9
Non-Life	**607.6**	**9.9**	**5.6**
Accident and illness	163.4	4.4	0.3
Fire and allied lines	167.8	18.0	13.5
Automobiles	133.9	12.1	7.7
Other lines	122.0	8.8	4.6
Credit and/or surety	20.6	-8.8	-12.4

Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)
1/ Written premiums net of returns and cancellations

Chart 3.1.4-b
El Salvador: growth developments in the insurance market
(premiums, millions of USD; annual nominal growth rates, %)



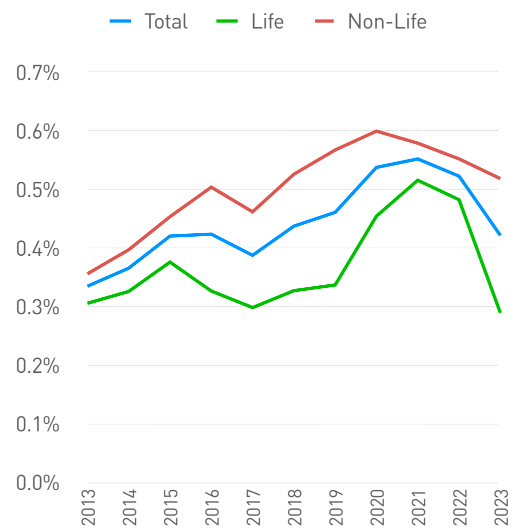
Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Life insurance segment, double-digit nominal growth was registered in the Fire (18.0%) and Automobile lines (12.1%); Accidents (4.4%) and Other Lines (8.8%) grew at a slower rate, and only Credit (-8.8%) decreased.

Over the past decade (2013–2023), the change in the share of total premiums and of the Non-Life segment of the Salvadoran market compared to the Latin American market was favorable and only interrupted by the contraction seen in 2017, 2022, and 2023. Thus, the weight of total Salvadoran premiums in the total for Latin America grew from 0.33% in 2013 to 0.42% in 2023. However, the share in the Life line dropped 0.30% in 2013 to 0.29% in 2023, while the Non-Life line increased from 0.36% to 0.52%, the latter line increasing its share by 16 bps in the last 10 years (see Chart 3.1.4-c).

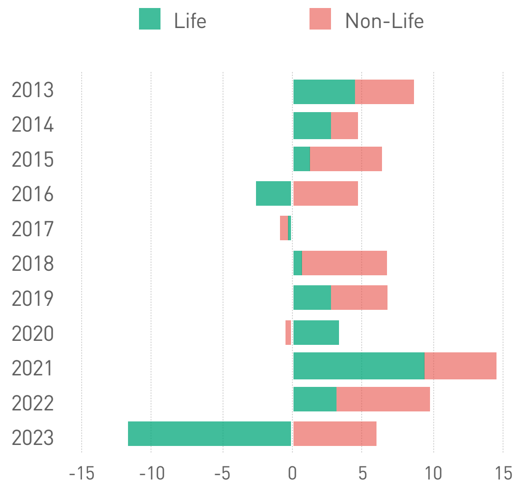
In terms of contribution to growth, in the 5.6% decrease registered by the Salvadoran insurance market in 2023, the Life insurance segment had a negative contribution of -11.7 pp, explained by the pension line, as mentioned above, while Non-Life insurance contributed positively to total growth with 6.0 pp, basically due to the momentum observed in the Fire and Automobile lines (see Chart 3.1.4-d).

Chart 3.1.4-c
El Salvador: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System and supervisory bodies in the region)

Chart 3.1.4-d
El Salvador: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	8.6	4.4	4.2
2014	4.7	2.8	1.9
2015	6.4	1.3	5.1
2016	2.0	-2.6	4.7
2017	-0.8	-0.2	-0.6
2018	6.7	0.6	6.1
2019	6.8	2.7	4.0
2020	2.8	3.3	-0.5
2021	14.5	9.4	5.1
2022	9.7	3.1	6.6
2023	-5.6	-11.7	6.0

Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

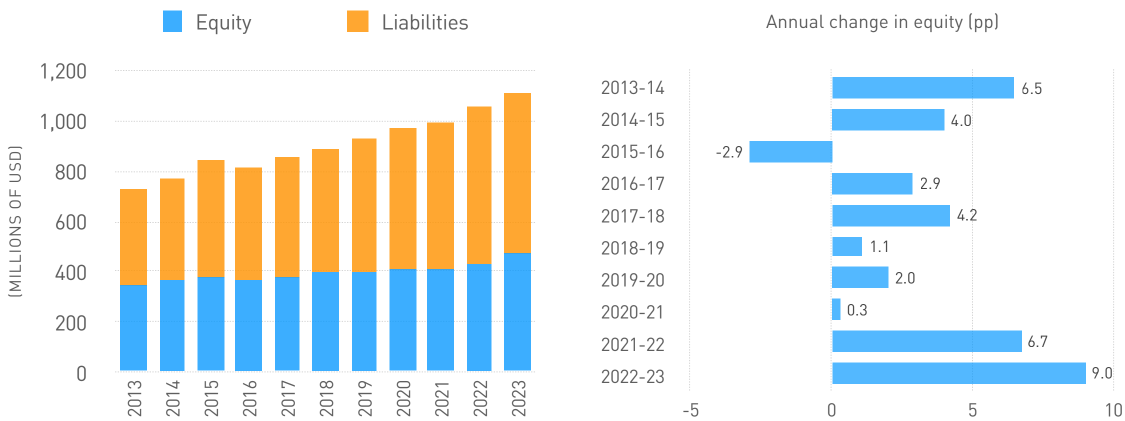
Balance sheet and shareholders' equity

Chart 3.1.4-e shows the performance of the aggregate balance sheet of El Salvador's insurance industry over the 2013–2023 period. This data shows that the industry's total assets in 2023 amounted to 1.1 billion dollars, up 4.6% from the previous year. Aggregate capitalization levels measured over total assets are notable in a balance sheet analysis of the insurance industry in El Salvador. This indicator stood at 44% on average in the 2013–2023 period, peaking at 47.3% in 2013, and decreasing slightly thereafter to 43.1% of total assets in 2023.

Investments

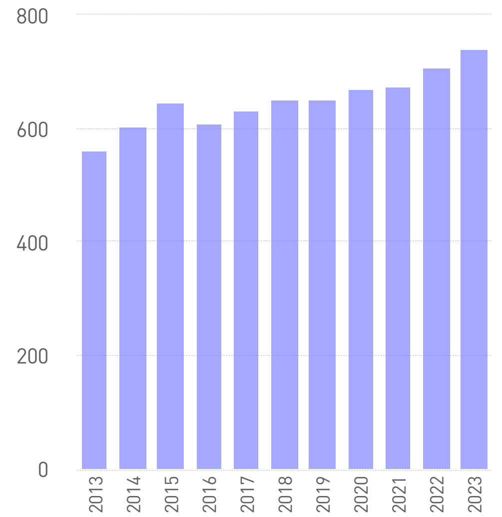
Chart 3.1.4-f shows changes in total investments in the Salvadoran insurance

Chart 3.1.4-e
El Salvador: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-f
El Salvador: insurance market investments
(millions of USD)



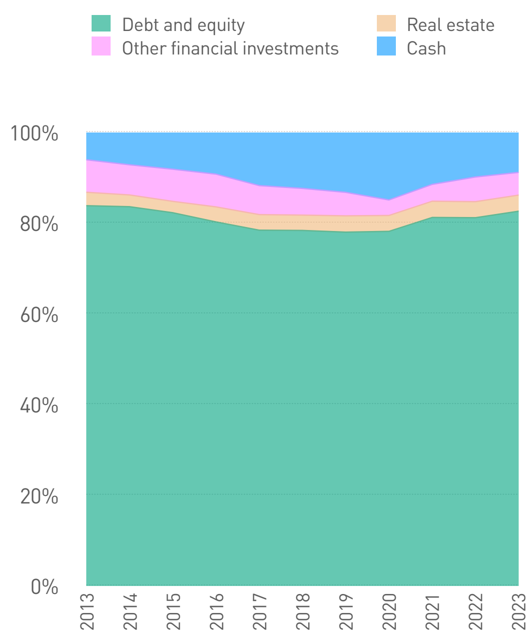
Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

industry, while Charts 3.1.4-g and 3.1.4-h show the composition of the aggregate investment portfolio at the sector level over the 2013–2023 period. This data shows that investments amounted to 740.6 million dollars in 2023 (4.8% higher than in 2022). It is worth noting that 82.7% of investments in 2023 was concentrated in debt and equity instruments, 8.7% in cash, 3.5% in real estate, and the remaining 5.0% in other financial investments. An analysis of the developments in the sectoral structure of investments over the last decade shows a very high share of debt and equities (84.0%) at the expense of assets held as cash (5.9%) in 2013, presenting a shift from equities to cash investments in recent years.

Technical provisions

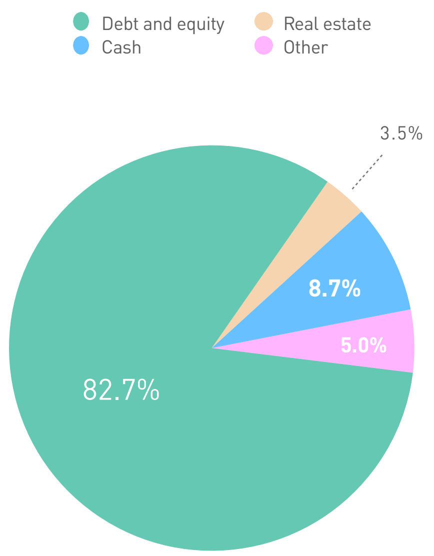
In terms of the Salvadoran insurance industry's technical provisions, Charts 3.1.4-i, 3.1.4-j, and 3.1.4-k show their developments

Chart 3.1.4-g
El Salvador: structure of investments
(%)



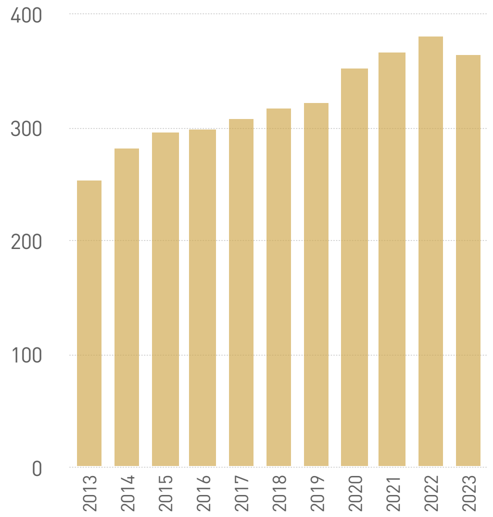
Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-h
El Salvador: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-i
El Salvador: technical provisions of the insurance market
(millions of USD)



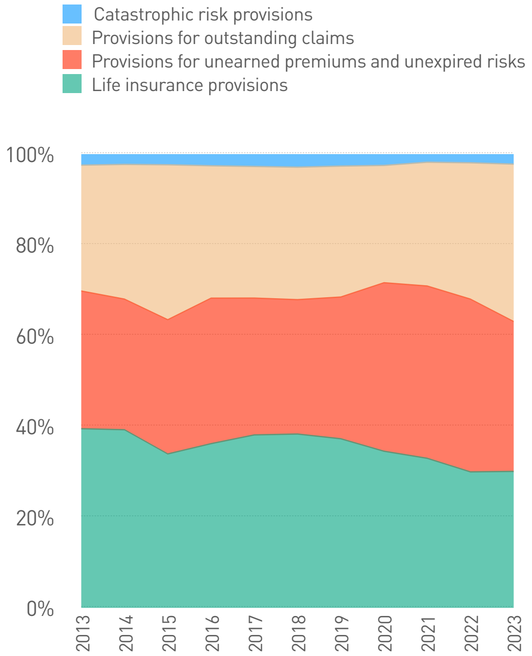
Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

and relative composition over the period analyzed (2013–2023). Thus, technical provisions stood at 363.9 million dollars in 2023, up 16.5 million from the previous year. Of this total, 30.2% related to Life insurance technical provisions, 33.0% to provisions for unearned premiums and unexpired risks in Non-Life insurance, 34.7% to provisions for outstanding claims, and the remaining 2.1% to provisions for catastrophic risks. It should be noted that, over the 2013–2023 period, there was a general sustained increase in the absolute values of all technical provisions, with the exception of Life provisions, which dropped slightly between 2015 and 2016. Apart from this, no significant changes in the composition of technical provisions were observed over the last 10 years.

Technical performance

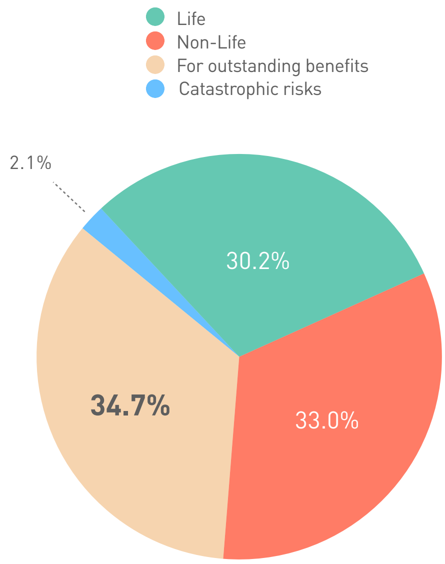
Chart 3.1.4-l presents developments in the technical performance of the Salvadoran insurance industry over the 2013–2023

Chart 3.1.4-j
El Salvador: structure of technical provisions
(%)



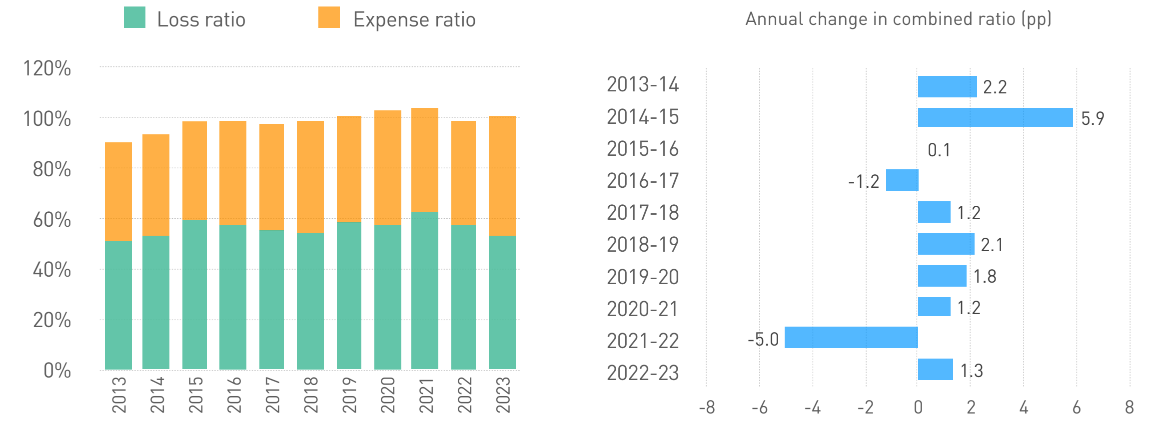
Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-k
El Salvador: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-l
El Salvador: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



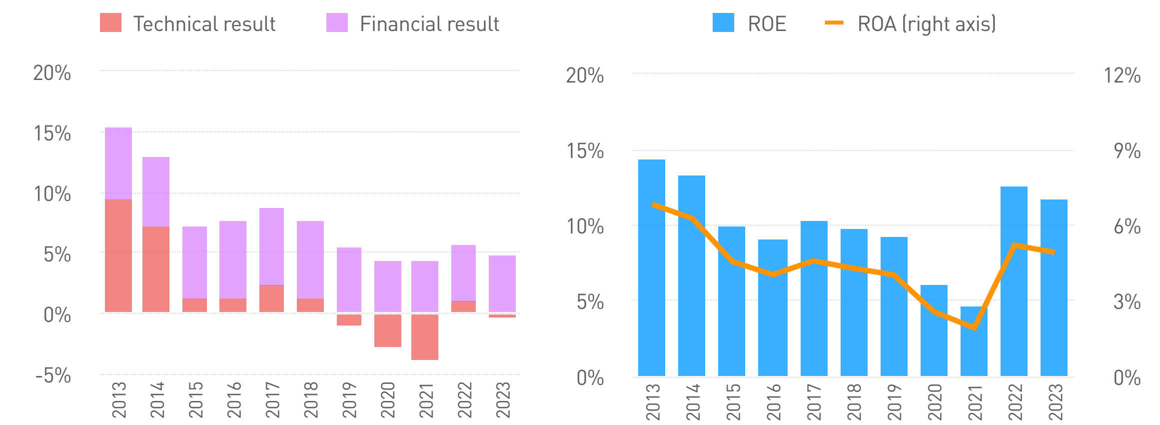
Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

period, based on an analysis of the market's combined ratio. This indicator shows sustained growth from 2013 onward, going from 90.6% to 100.2% in 2023, reaching its maximum over this period in 2021 (103.9%). Changes in this indicator are explained by the impairment of the expense ratio over the last decade, which went from 39.3% of earned premiums in 2013 to 47.2% in 2023 (+7.8 pp).

Results and profitability

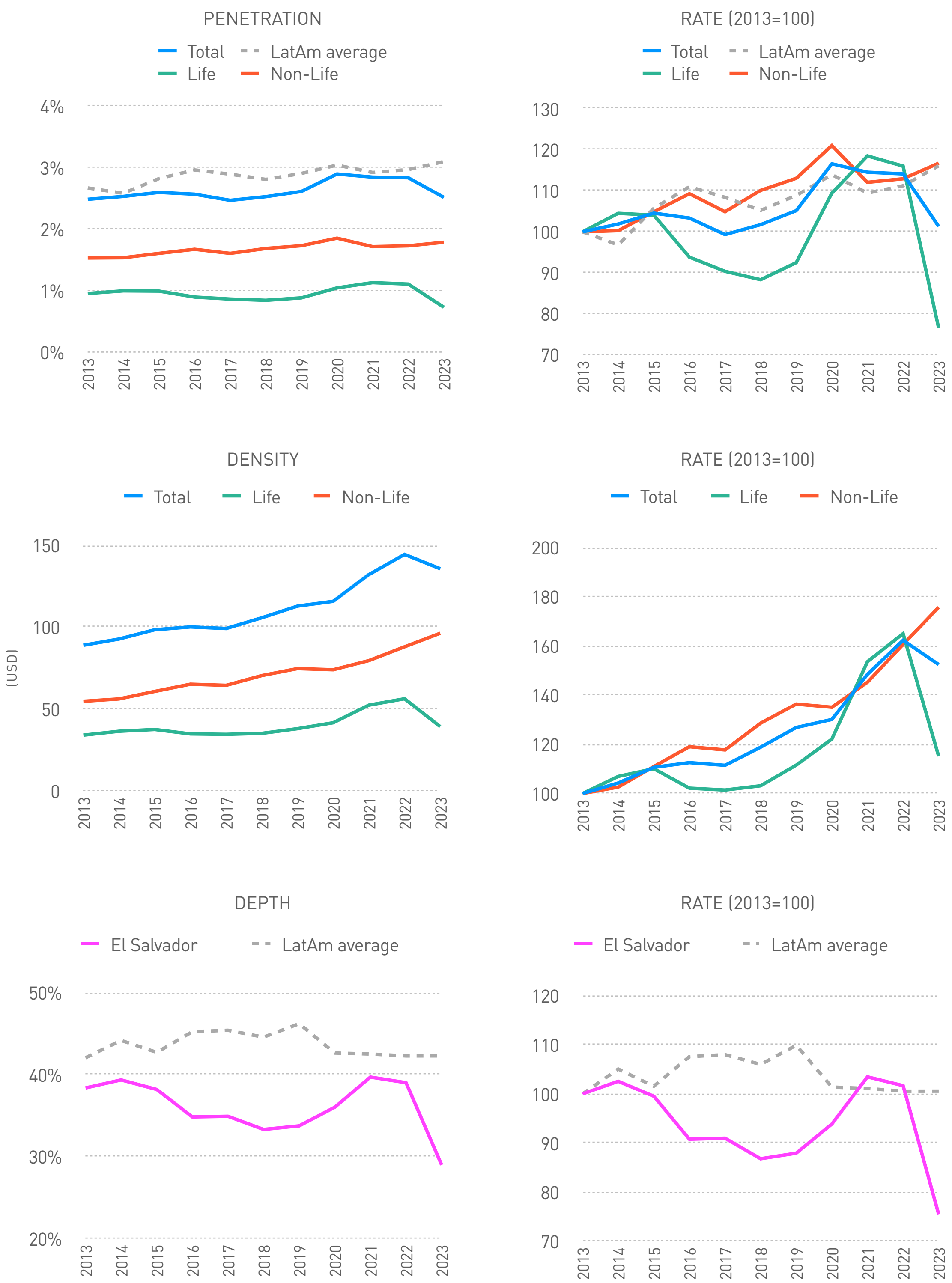
The 2023 before-tax result from the Salvadoran insurance business was 53.3 million dollars, maintaining figures very similar to the year before (53.4 million in 2022). This performance was due to the negative figures in the technical result (-1.2 million dollars), which were offset by a notable change in the financial result (27.1 million dollars). Chart 3.1.4-m shows that

Chart 3.1.4-m
El Salvador: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-n
El Salvador: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, USD; Life insurance premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

as of 2013, with the exception of 2017, there has been a steady reduction in the technical result, which has been impacting the profitability of the insurance industry and which, since 2019, showed negative results, with the exception of the positive result in 2022. Meanwhile, the average financial result in that period (2019–2023) stood at 23.5 million dollars.

In line with the foregoing, the return on equity (ROE) of the Salvadoran market presents a downward trend through 2021 and improvement in 2022 and 2023, obtaining 12.6% and 11.7% profitability, respectively, with a 1.0 pp decrease with respect to 2022. It remains below the 2013 figure (14.3%) by 2.6 pp. A similar situation arises when analyzing the return on assets (ROA); in 2023, the indicator reached 4.9%, 1.9 pp below that recorded in 2013 (6.8%) and 0.3 pp lower than in 2022.

Insurance penetration, density and depth

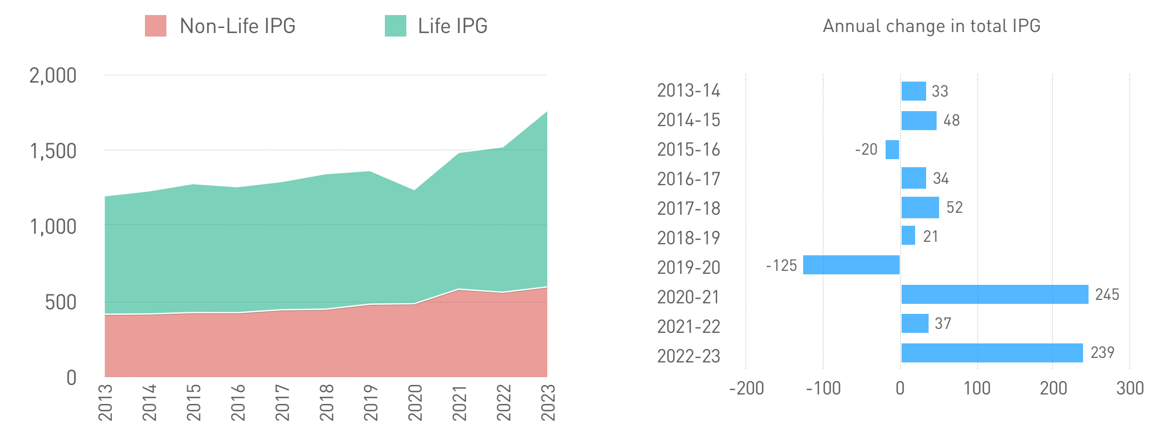
Chart 3.1.4-n shows the main structural trends shaping the development of the Salvadoran insurance industry between 2013 and 2023. The penetration ratio (premiums/GDP) stood at 2.5% in 2023, identical to the level observed 10 years earlier. The penetration ratio in the Salvadoran insurance market has shown a relatively stable trend when compared to the average trend for Latin American markets, which reached 3.1% in 2023. Meanwhile, the density indicator (premiums per capita) stood at 135.6 dollars in 2023, up from the level reported the previous year (144.4 dollars). Despite this, there was a growing trend in density over the period under analysis, with cumulative growth of 52.5% between 2013 and 2023.

With regard to depth levels in the Salvadoran market (Life insurance premiums in relation to total premiums), the index in 2023 stood at 29.0%, 10 pp lower than in 2022 and 9.4 pp higher than in 2013, with a period from 2016–2020 in which the indicator remained stagnant around 34.6%. Likewise, the absolute values of the average indicator for the countries in the region (42.3% for 2023) remained above the Salvadoran insurance market throughout the period under review, although clearly widening the gap in the last year.

Insurance Protection Gap estimate

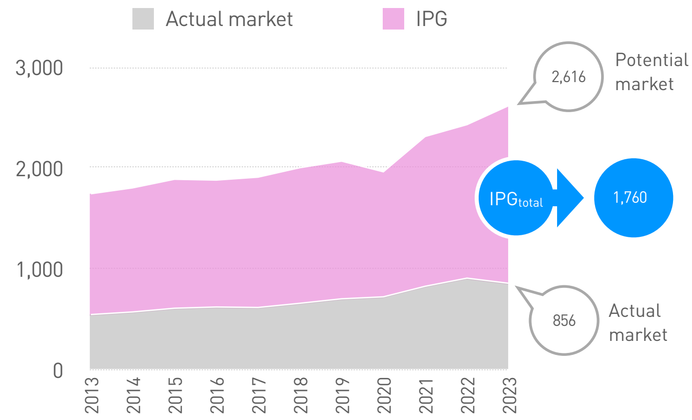
Chart 3.1.4-o shows the IPG estimate for the Salvadoran insurance market between 2013 and 2023. The IPG stood at 1.8 billion dollars in 2023, equivalent to 2.1 times the

Chart 3.1.4-o
El Salvador: Insurance Protection Gap
(millions of USD)



Source: MAPFRE Economics

Chart 3.1.4-p
El Salvador: Insurance Protection Gap and potential market
(millions of USD)



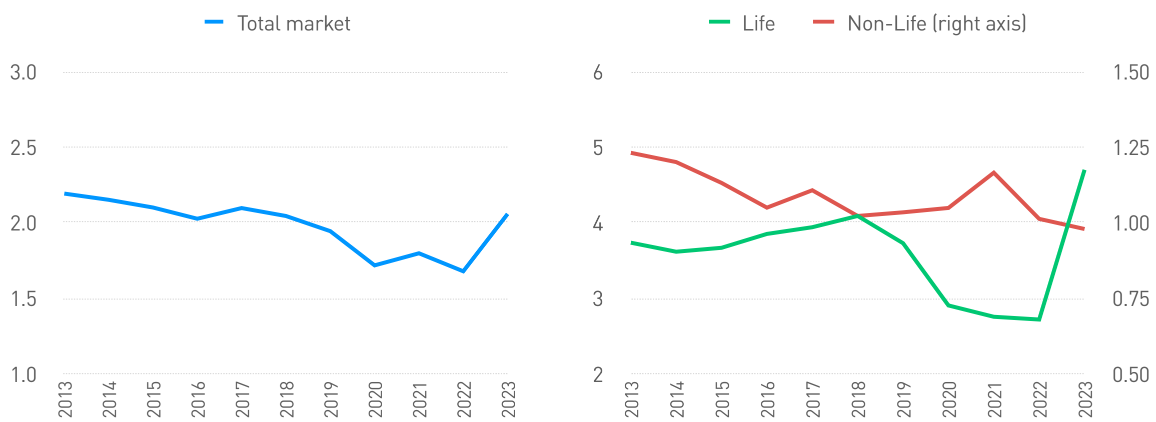
Change	Actual market	IPG
2023-2013	56.7%	47.1%
2023-2022	-5.6%	15.7%

Source: MAPFRE Economics

actual insurance market at the end of the year (the same as the previous year). The structure and performance of the IPG over this period were mainly shaped by the Life insurance segment. Life insurance accounted for 66.2% of the insurance gap at the close of 2023 (1.12 billion dollars), 3.0 pp more than the share observed in 2022 and 0.8 pp more than in 2013. The remaining 33.8% of the IPG is attributable to the contribution of the Non-Life segment (594.5 million dollars). Accordingly, the potential insurance market in El Salvador at the close of 2023 (sum of the actual market plus the IPG) is estimated at 2.6 billion dollars, accounting for 3.1 times the total insurance market in El Salvador that year (see Chart 3.1.4-p).

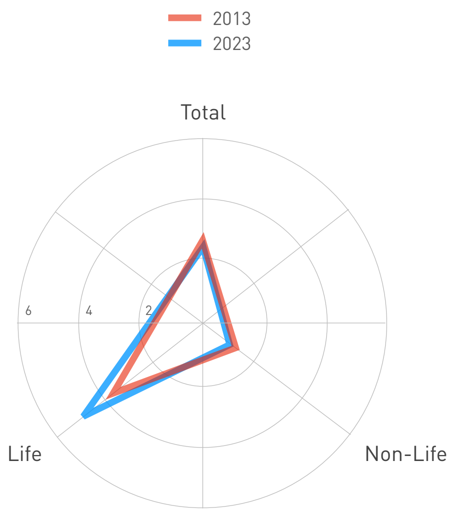
Meanwhile, Chart 3.1.4-q presents an estimate of the insurance gap as a multiple of the actual insurance market between 2013 and 2023. In general, as a multiple of the real market, the IPG for the Life insurance segment presents an upward trend over the period under analysis (going

Chart 3.1.4-q
El Salvador: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.1.4-r
El Salvador: change in IPG as a multiple of the actual market

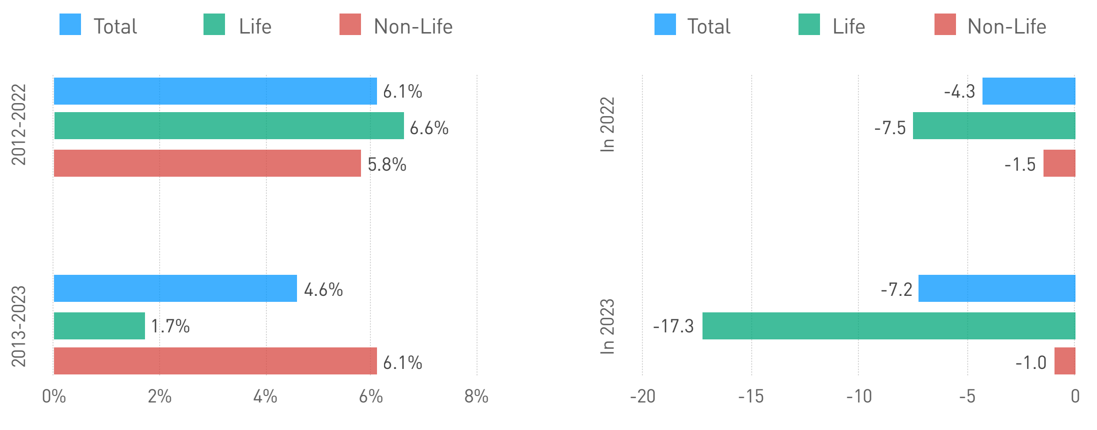


Source: MAPFRE Economics

from 3.7 to 4.7 times), though this trend has shown some signs of reversing since 2019 and changed again in 2023. In the case of the Non-Life insurance segment, the medium-term trend is stable, standing close to 1.1 times during this period (1.0 for 2023 vs. 1.2 for 2013). To complement the analysis, Chart 3.1.4-r summarizes changes in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total Salvadoran insurance market over the last 10 years, comparing the situation in 2023 with the state of the market in 2013. The situation improves in both lines of the Salvadoran insurance market.

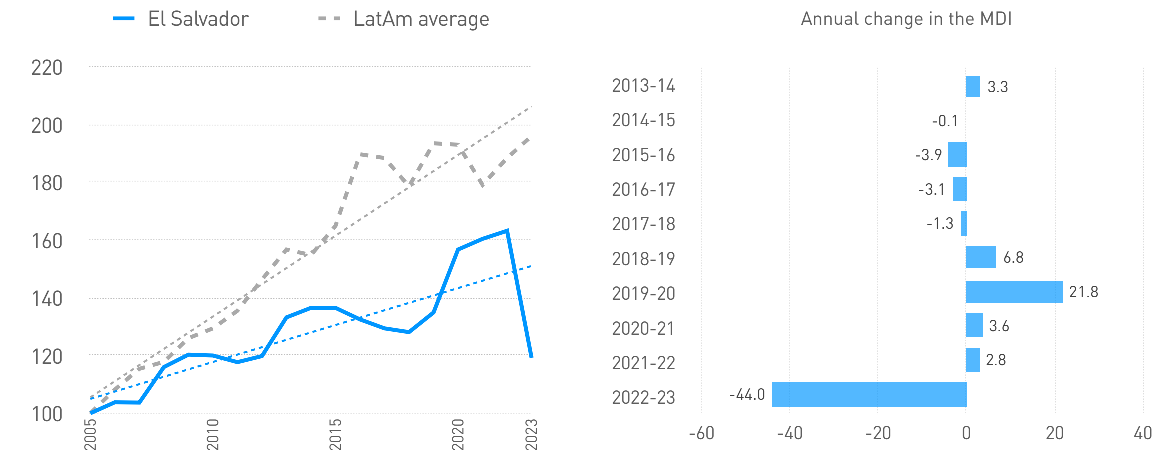
Lastly, Chart 3.1.4-s shows a summary of the Salvadoran insurance market's capacity to close the insurance gap by means of a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap determined in 2023 over the coming 10 years. According to this analysis, the Salvadoran insurance market grew at an average annual rate of 4.6% between 2013 and 2023; the Life segment saw average annual growth of 1.7%, while the Non-Life segment reported annual growth of 6.1%. Thus, were the same rate of growth over the last 10 years to continue over the next 10 years, the growth rate of the Salvadoran insurance market would not be enough to seal the IPG for both the Life segment (short 17.3 pp) and the Non-Life segment (short 1.0 pp). It is worth noting that insufficiency

Chart 3.1.4-s
El Salvador: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.1.4-t
El Salvador: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

dropped compared to the previous year for the Non-Life line of business (-0.5 pp), while it grew 9.8 pp in the Life line.

Market Development Index (MDI)

The Market Development Index (MDI), as noted earlier in this report, is used as an indicator of the overall trend shaping the performance and maturity of insurance markets. The calculated result for the Salvadoran insurance industry is shown in Chart 3.1.4-t. In general, this indicator's trend has been positive and growing throughout the 2013–2022 period, despite standing below and diverging from the Latin American average. However, it should be noted that the difference with the Latin American market average widened significantly in 2023 (-76.8 points), generating a greater divergence with respect to the average trend of the indicator for the region as a whole.

Comparative analysis of structural coefficients

Chart 3.1.4-u schematically summarizes the state of the Salvadoran insurance market in comparison with the average for Latin America, based on the different structural indicators analyzed. In this sense, it shows that the situation of the Salvadoran insurance market falls short of the average for Latin America for all of them, especially density (although it has improved over this last year), which suggests lower levels of relative development compared to the average for the region's markets as a whole.

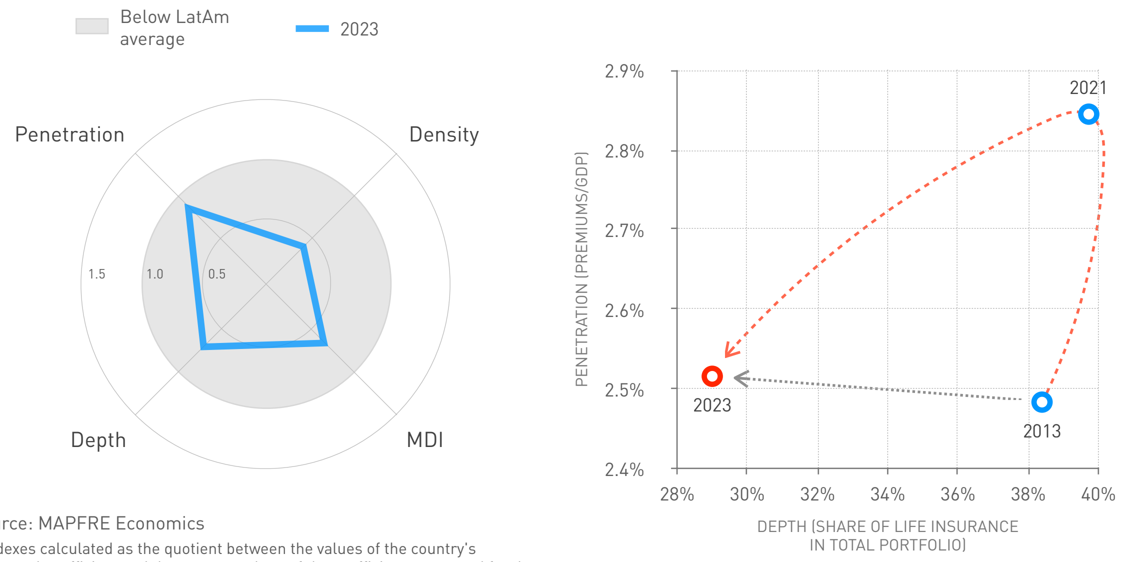
On the other hand, reaffirming this fact, the analysis of changes in the components of the development of the Salvadoran insurance industry indicates that, over the past decade, a very small gain was registered in terms of penetration (quantitative dimension), while a significant loss was observed in depth levels (qualitative dimension). This imbalance in the growth structure is even clearer in last year's analysis, in which both dimensions showed significant setbacks.

Insurance market rankings

Total ranking

There were 23 insurance companies operating in El Salvador's insurance market in 2023, the same as in the previous year. The Herfindahl and CR5 Indexes show

Chart 3.1.4-u
El Salvador: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)

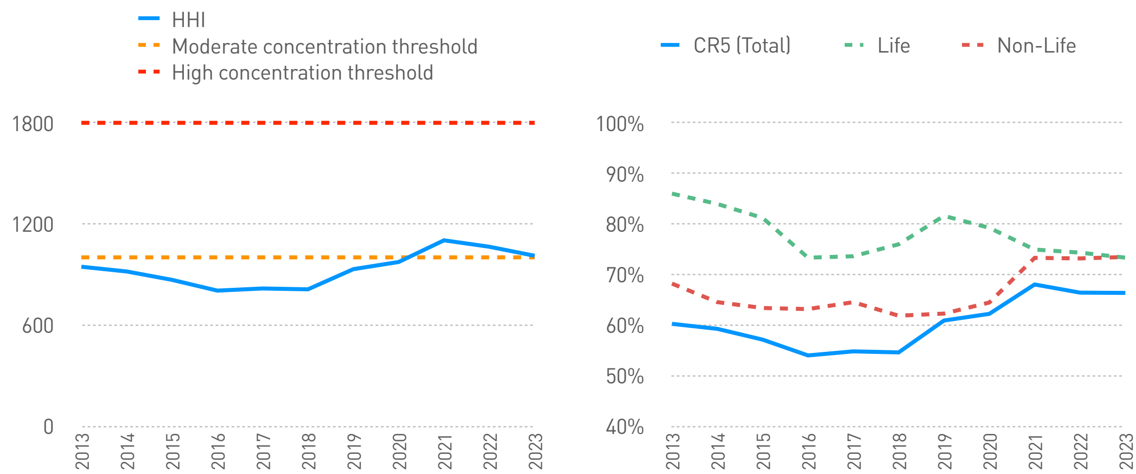


Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

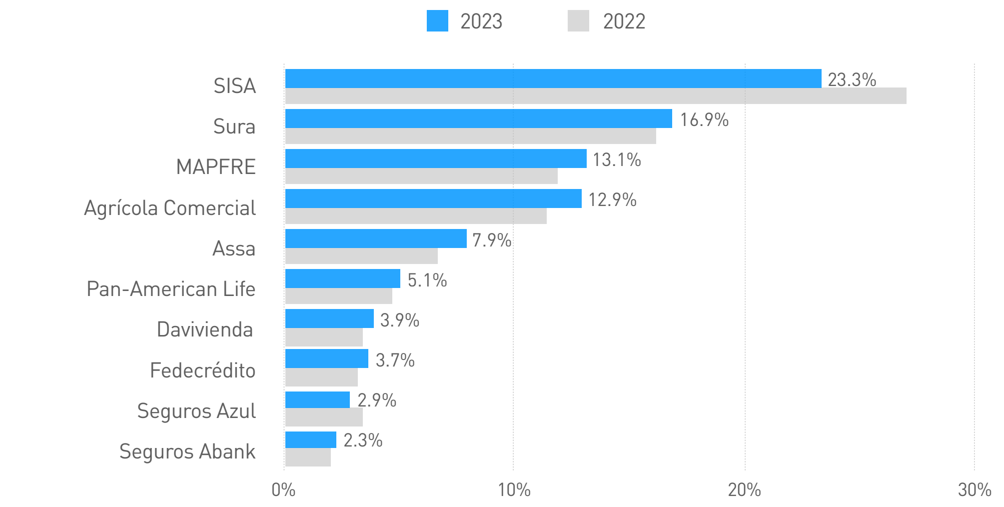
that the degree of insurance industry concentration in El Salvador is at levels above those seen 10 years ago, although it did decline in the 2013–2018 period with signs of recovery starting in 2022. Thus, the market share of the top five insurers (CR5) in 2023 represented 66.29% of total premiums, registering stagnant concentration compared to 2022 (66.35%). The Herfindahl Index, meanwhile, has remained practically in line with the theoretical threshold consistent with

Chart 3.1.4-v
El Salvador: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Chart 3.1.4-w
El Salvador: overall ranking
(market shares, %)

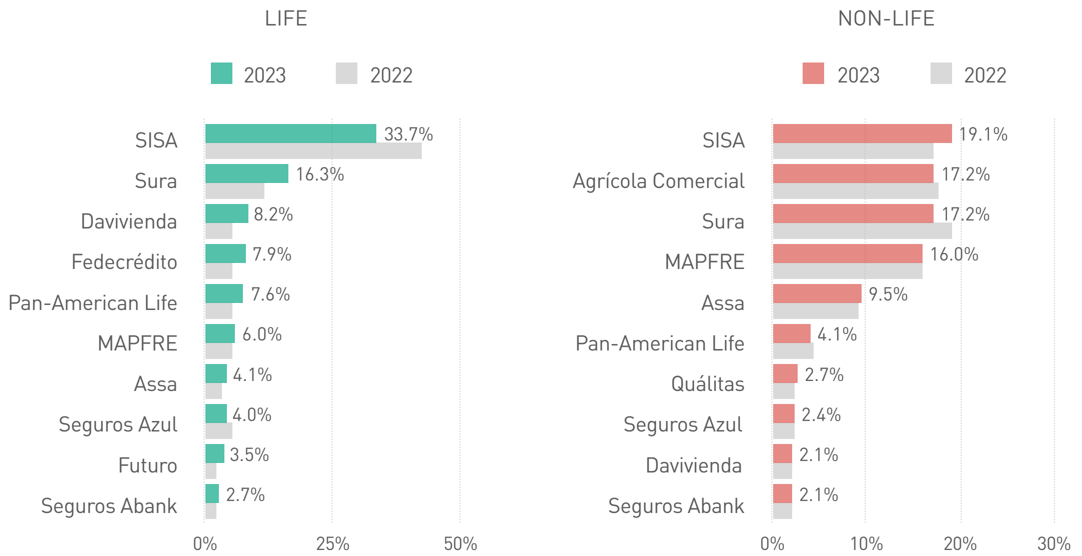


Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

moderate levels of concentration in the insurance industry (see Chart 3.1.4-v).

In the total ranking of insurance groups in 2023, the top six positions remain unchanged from the previous year. Thus, first place goes to Seguros e Inversiones (SISA), with a market share of 23.3% (3.7 pp below the share registered in 2022). In second place is Seguros Sura, with a market share of 16.9% (up 0.9 pp), with MAPFRE in third place (13.1%, increasing its market share by 1.3 pp compared to the previous year). In addition, it is worth noting that

Chart 3.1.4-x
El Salvador: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)

Davivienda and Fedecrédito moved up two places to seventh and eighth place, while Seguros Azul (ninth in the ranking) fell one place and Seguros Abank (tenth in the ranking) moved up one place to close the total ranking for 2023 (see Chart 3.1.4-w).

Life and Non-Life rankings

In the analysis by insurance segment, the first three places in the Non-Life insurance company ranking of the Salvadoran market are held by SISA (with a 19.1% market share), which has risen two places, followed by Aseguradora Agrícola Comercial (17.2%), which maintains second place, and Sura, which has fallen two places, with a 17.2% market share. MAPFRE remains in fourth place with a market share very similar to that of the previous year (16.0%). At the bottom of the ranking, Quálitas moved up two places to seventh place, and Seguros Abank remained in tenth place, with a market share of 2.1%.

In the Life segment, SISA leads the 2023 ranking, with 33.7% of the market's premiums. Meanwhile, Sura, with a market share of 16.3%, and Davivienda (with 8.2%) hold second and third places, respectively. The remaining insurance companies all moved up one place, except for Assa, which moved up two places, Seguros Azul, which maintained its position (due to the departure of Atlántida Vida, which is in twelfth place in the ranking in 2023), and Seguros Abank, which entered the ranking in tenth place (see Chart 3.1.4-x).

Key regulatory aspects

Among the main regulatory adjustments made in 2023 in the Salvadoran insurance market, the following are worth mentioning:

- Technical Standards for the Calculation of Minimum Equity of Insurance Companies (NRP-52), to facilitate the application by insurance companies of the legal provisions related to the Calculation of Minimum Equity and to establish a uniform system for the submission of reports on such calculation to the Superintendency of the Financial System.

- Technical Standards for the Authorization to Incorporate and Start Insurance Company Operations in El Salvador (NRP-56), to establish the requirements and the process that interested parties must fulfill in order to receive authorization to incorporate and start operations of Insurance Companies in El Salvador.

- Technical Standards on Insurance Company Share Transfers (NRP-54), to establish the requirements and procedures to be fulfilled by those interested in receiving authorization to acquire shares of insurance companies, in a percentage higher than one percent (1%) of the share capital of the issuing company, as well as the procedures to be fulfilled by the insurance companies, derived from share transfers.

- Technical Standards for the Control of Investment Diversification of Insurance Companies (NRP-57), to regulate the minimum requirements to be observed by insurance companies in the submission of information on investment diversification to the Superintendency of the Financial System.

- Technical Standards for the Filing of Insurance Policy Forms (NRP-66), to establish the procedure for the filing of policy forms by insurance companies with the Superintendency.

- Technical Standards for the Recognition and Accounting Entry of Insurance Company Loan Fees (NCF-04), to establish the criteria for the recognition and accounting entry of fees that insurance companies charge in advance to their customers for granting loans.

- Technical Standards for the Registration of Insurance Policy Mass-Marketing

Institutions (NRP-67), to establish the requirements for the registration of institutions that promote and mass-market insurance policies on behalf of insurance companies.

- Technical Standards for the Liquidation or Conservation of Extraordinary Assets of Insurance Companies (NCF-05), to establish criteria to be followed by entities required to comply with these standards for the liquidation or conservation of extraordinary assets.

- Technical Standards for the Disposal and Acquisition of Assets by Insurance Companies (NRP-68), to establish the requirements insurance companies must fulfill when carrying out transactions of all kinds of assets with their managers, directors, administrators, shareholders, and with companies in which they hold more than twenty-five percent (25%) of the share capital.

- Technical Standards for the Submission and Collection of Information for the Statistical Accounting System for Insurance Companies (NRP-70), to determine the processes for the submission, data validation, and referral of the financial accounting information that will feed the Statistical Accounting System for Insurance Companies (SCOE), which the institutions subject to its application must submit to the Superintendency of the Financial System, in order for it to be uniform, timely, and of high quality.

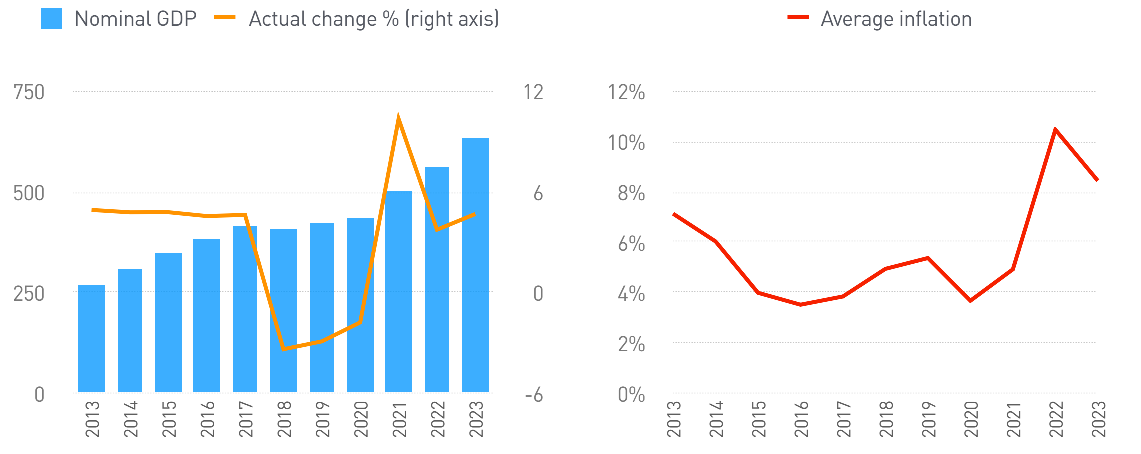
The Legislative Assembly approved an amendment to the Commercial Code, approved by Legislative Decree No. 972 of March 19, 2024, to ensure that the check, as the country's payment instrument, is processed under secure conditions, in order to speed up clearing times and the release of funds to beneficiaries, and to promote market efficiency.

3.1.5 Nicaragua

Macroeconomic environment

In 2023, Nicaragua's economy grew by 4.7% in real terms, nine tenths more than the previous year (see Chart 3.1.5-a). This growth was driven by the increase in domestic demand, spurred by the expansion of private consumption (5.7%) and gross capital formation (20.7%), both stimulated by the expansion of private credit and the increase in remittances. By sector, strong performance was registered in both

Chart 3.1.5-a
Nicaragua: changes in economic growth and inflation
(GDP in local currency, billions of cordobas; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

secondary and primary activities (despite being affected by El Niño). However, the services sector made the greatest contribution to growth, registering an increase of 5.7%. This boost was enough to offset the negative effects of the moderation of exports (linked to international uncertainty), increase in imports (justified by greater domestic economic strength), and public spending that is still on the path of fiscal sustainability. In the foreign sector, the flow of family remittances and income from tourism led to a current account surplus, which stood at 7.7% of GDP, compared to a deficit of 2.5% in 2022. In terms of fiscal policy, it registered a new surplus result in 2023 (2.9% compared to 0.7% the previous year) and improved the debt-to-GDP ratio, which fell to 56.6%, with a fiscal surplus of 2.7% for 2023. Year-over-year inflation by quarter slowed throughout 2023, from 10.1% in Q1 to 5.6% at the end of Q4. Meanwhile, the unemployment rate for 2023 stood at 3.4%.

ECLAC estimates that Nicaragua's economy will grow by around 3.7% for 2024 (3.2% in 2025), supported by a recovery in foreign demand and the continuity of policies to boost private credit. The slowdown is due to lower expected growth in the United States and other advanced economies, which will also have an impact on the volume of remittances. MAPFRE Economics forecasts that the Nicaraguan economy will grow around 3.5% in 2024 and 2025.

Insurance market

Growth

Premiums in the Nicaraguan insurance market totaled 9.5 billion cordobas (260.2 million dollars) in 2023, representing nominal growth of 11.4% and real growth of 2.8% compared to the previous year (see Table 3.1.5 and Chart 3.1.5-b). The Nicaraguan insurance market improved in 2023 compared to 2022 across all lines and modalities in nominal terms, except for Transport (-2.1% YoY). Meanwhile, in real terms, only Automobiles (8.8%), Compulsory Insurance (6.8%), Other Lines (10.1%), and Credit and Surety (6.6%) exceeded the previous year's levels.

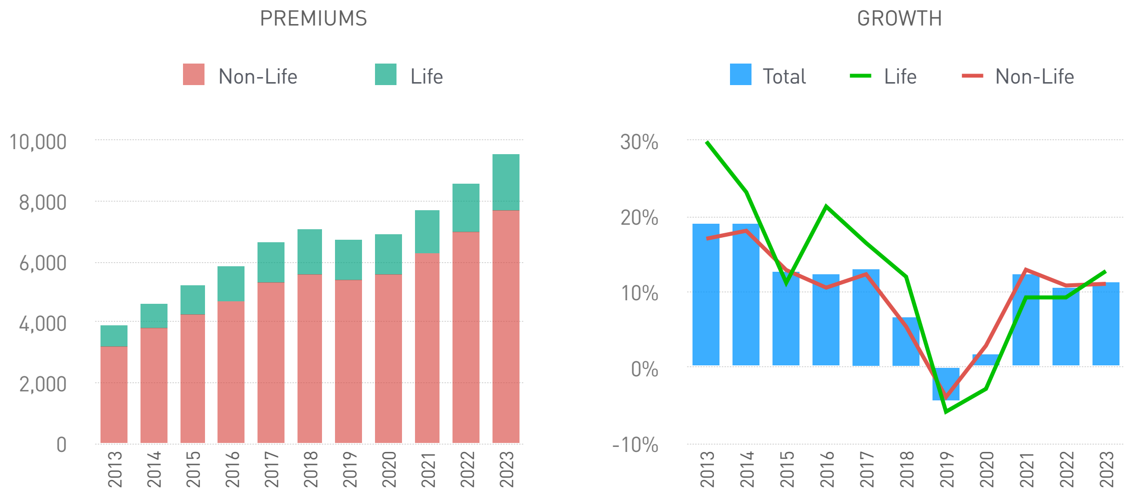
From the market segment standpoint, the Life business represented 18.8% of the total, up 12.8%, reaching 1.8 billion cordobas (48.9

Table 3.1.5
Nicaragua: premium volume[1] by insurance line, 2023

Line	Millions of cordobas	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**9,531.5**	**260.2**	**11.4**	**2.8**
Life	**1,791.8**	**48.9**	**12.8**	**4.0**
Non-Life	**7,739.7**	**211.3**	**11.1**	**2.5**
Automobiles	1,658.4	45.3	17.9	8.8
Fire and allied lines	2,552.2	69.7	6.4	-1.9
Compulsory[2]	1,383.9	37.8	15.8	6.8
Other lines	864.4	23.6	19.4	10.1
Health	530.7	14.5	0.6	-7.2
Personal Accidents	181.6	5.0	1.3	-6.6
Credit and/or surety	156.8	4.3	15.5	6.6
Transport	174.6	4.8	-2.1	-9.7
Third Party Liability	237.0	6.5	7.5	-0.8

Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)
1/ Net written premiums
2/ Includes compulsory automobile insurance

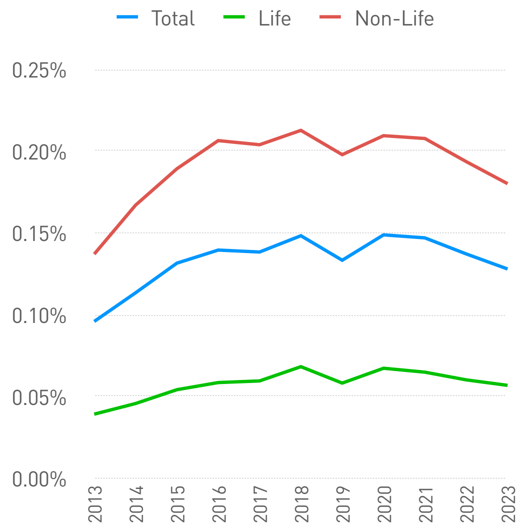
Chart 3.1.5-b
Nicaragua: growth developments in the insurance market
(premiums, millions of cordobas; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

million dollars). Meanwhile, Non-Life premiums grew by 11.1% to 7.7 billion cordobas (211.3 million dollars). With regard to the three most important modalities, the following are notable: Automobiles showed excellent performance (with nominal growth of 17.9%), as well as Credit and/or Surety and Compulsory Insurance, which grew 15.5% and 15.8%, respectively. Finally, the Other Lines segment grew nominally by 19.4% in 2023.

Chart 3.1.5-c
Nicaragua: share of insurance premiums in Latin America
(%)

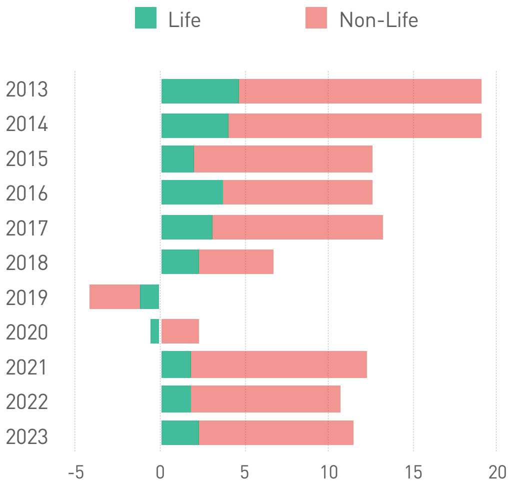


Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions and supervisory bodies in the region)

As shown in Chart 3.1.5-c, the share of total premiums and by Life and Non-Life segments of the Nicaraguan market with respect to the overall Latin American market has grown 0.03 pp in the last 10 years for the total, 0.02 pp for the Life line, and 0.04 pp for the Non-Life line. The Non-Life line has a greater share (0.18% in 2023) over Latin America as a whole than the Life line, which remains at 0.06%. The total proportion of Nicaraguan premiums in the total for Latin America went from 0.10% in 2013 to 0.13% in 2023. However, it is important to emphasize the downward trend in the region's share of premiums observed in all these segments from 2021 onwards.

Thus, the total growth of 11.4% registered by the Nicaraguan insurance market is explained by positive contributions of 2.4 and 9.1 pp from the Life and Non-Life segments, respectively. Thus, the momentum of positive contributions to market growth by both

Chart 3.1.5-d
Nicaragua: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	19.1	4.7	14.4
2014	19.0	4.0	15.0
2015	12.6	2.0	10.6
2016	12.5	3.8	8.7
2017	13.2	3.1	10.0
2018	6.8	2.4	4.4
2019	-4.2	-1.2	-3.1
2020	1.8	-0.6	2.4
2021	12.3	1.8	10.5
2022	10.6	1.8	8.9
2023	11.4	2.4	9.1

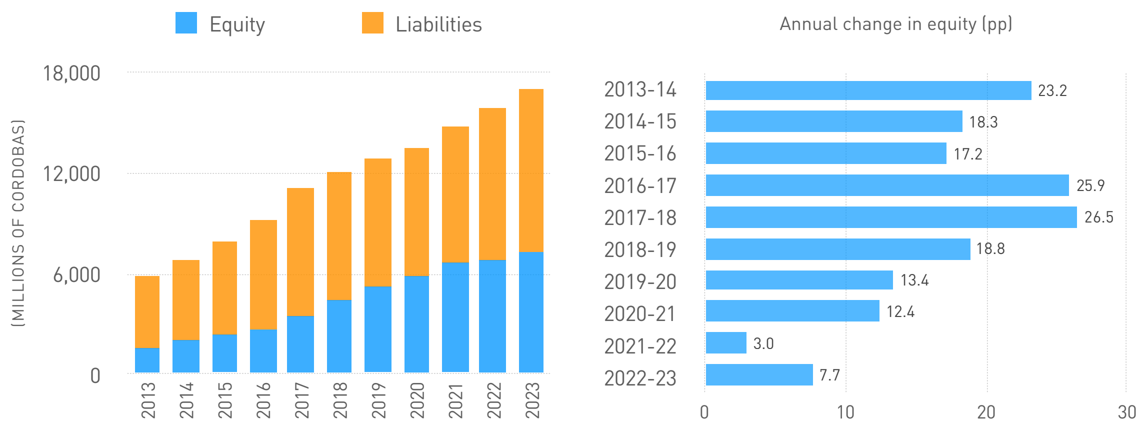
Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

insurance segments registered since 2021 is maintained (see Chart 3.1.5-d).

Balance sheet and shareholders' equity

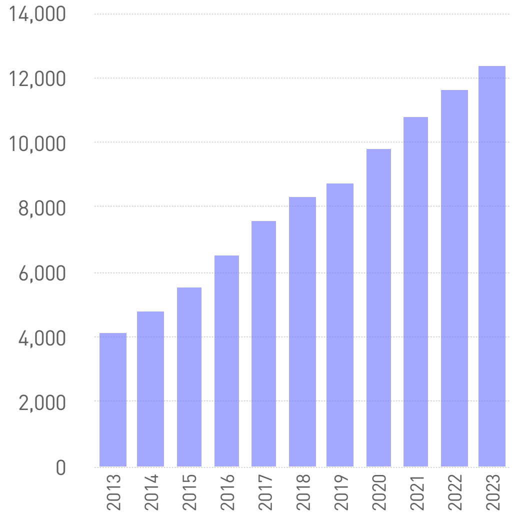
Chart 3.1.5-e shows the performance over the 2013–2023 period of the Nicaraguan insurance industry's aggregate balance sheet. In 2023, total assets stood at 17.0 billion cordobas (464.9 million dollars), while equity increased to 7.3 billion cordobas (7.7% higher than in 2022). It should be noted that in 2013, aggregate levels of capitalization within the Nicaraguan insurance industry, relative to total assets, stood at 27.7%, gradually increasing over the 2013–2023 period to reach 43% of total assets by the end of 2023.

Chart 3.1.5-e
Nicaragua: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-f
Nicaragua: insurance market investments
(millions of cordobas)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

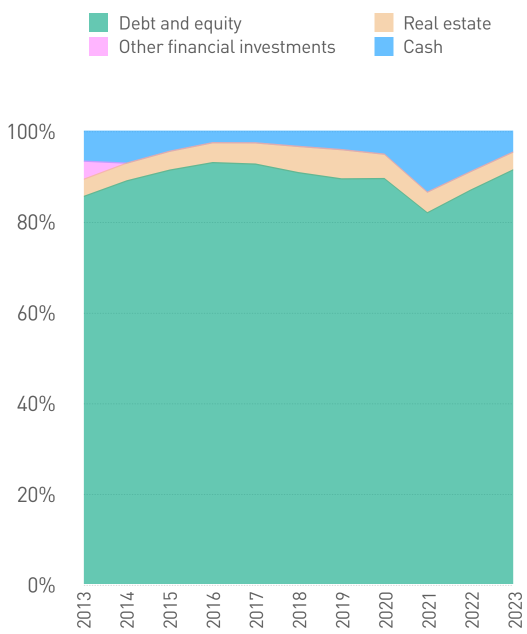
Investments

Chart 3.1.5-f shows developments in investments in the Nicaraguan insurance industry, while Charts 3.1.5-g and 3.1.5-h present a breakdown of the aggregate investment portfolio at industry level over the 2013–2023 period. According to this information, investment in 2023 totaled 12.4 billion cordobas (337.5 million dollars), with 91.5% concentrated in debt and equity instruments, 4.6% in cash, and the remaining 3.9% in real estate investments. The composition of insurance market investments in Nicaragua generally shows the dominance of investments in debt and equity instruments.

Technical provisions

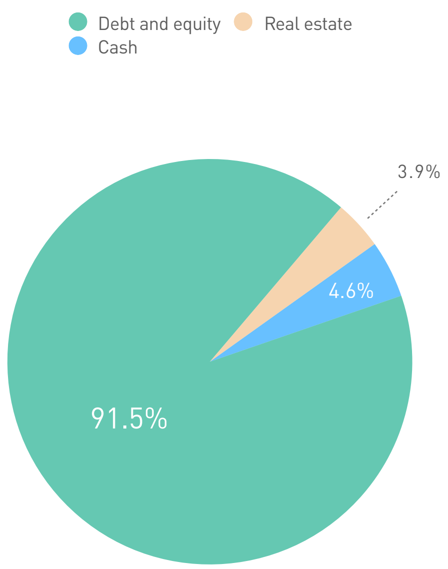
Meanwhile, Charts 3.1.5-i, 3.1.5-j, and 3.1.5-k show the relative composition and performance of the Nicaraguan insurance industry's technical provisions over the period analyzed. In 2023, technical provisions

Chart 3.1.5-g
Nicaragua: structure of investments
(%)



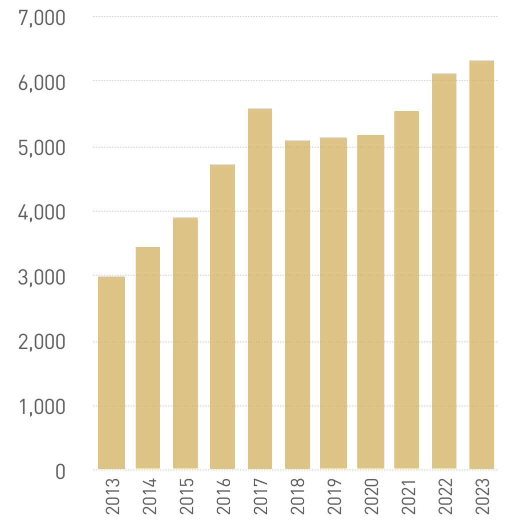
Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-h
Nicaragua: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-i
Nicaragua: technical provisions of the insurance market
(millions of cordobas)



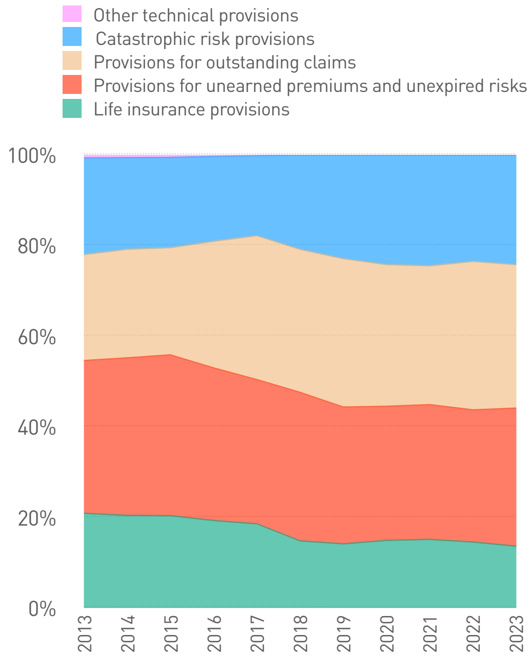
Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

amounted to 6.3 billion cordobas (172.7 million dollars). Of this total, 13.8% related to Life insurance technical provisions, 30.4% to provisions for unearned premiums and unexpired risks in Non-Life insurance, 31.7% to provisions for outstanding benefits, and the remaining 24.1% to provisions for catastrophic risks. It could be said that over the 2013–2023 period, there was sustained growth in technical provisions in absolute terms, related to both Life and Non-Life insurance. This trend was interrupted in 2018 for both provisions, though their relative weights stayed fairly stable throughout the period. As highlighted in previous reports, the significant percentage of catastrophic risk provisions should be noted, which accounted for 24.1% of the total technical provisions of Nicaragua's insurance industry in 2023.

Technical performance

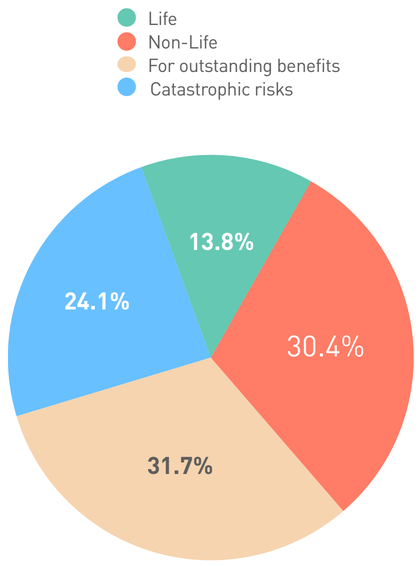
With regard to the technical performance of the Nicaraguan insurance industry,

Chart 3.1.5-j
Nicaragua: structure of technical provisions
(%)



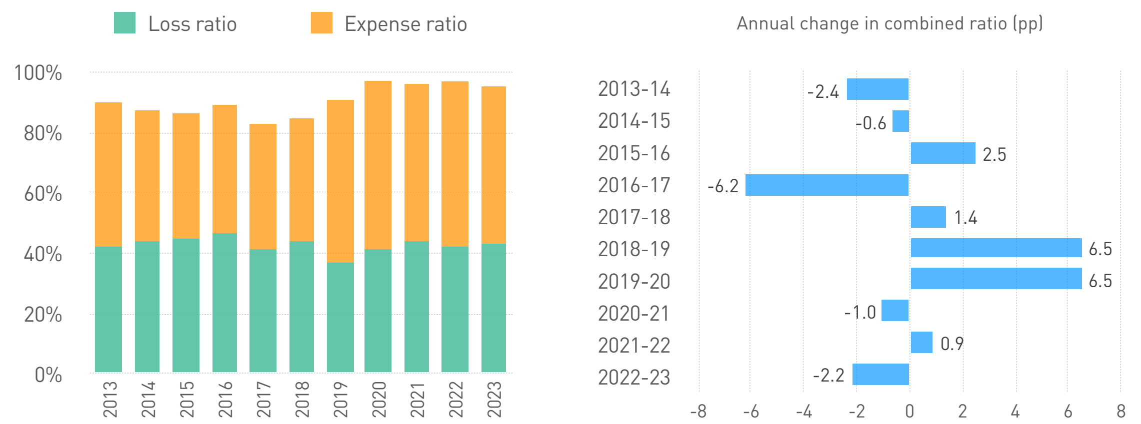
Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-k
Nicaragua: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-l
Nicaragua: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



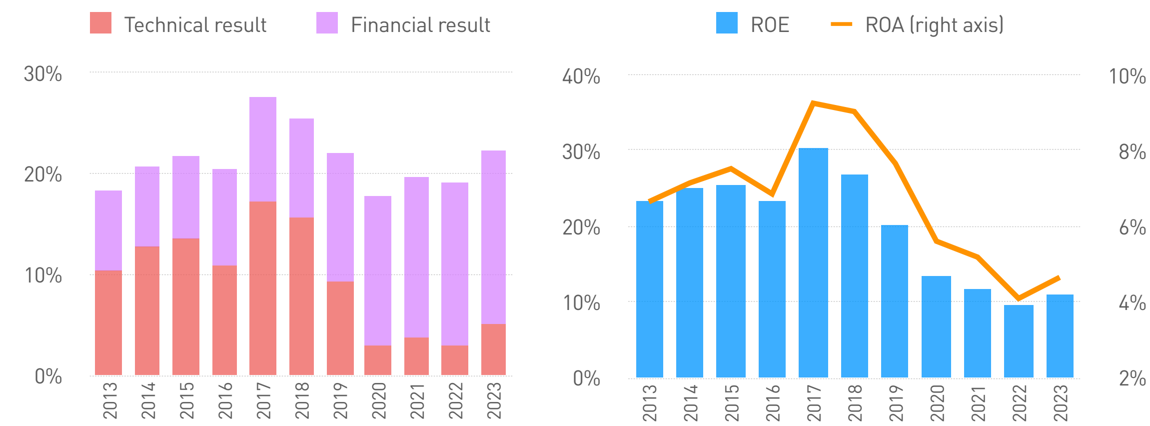
Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-l illustrates the evolution of the industry's total combined ratio between 2013 and 2023. As we can see, the combined ratio shows how the technical performance of the sector improved by 2.2 pp in 2023, to 94.9%, due mainly to the decrease in the expense ratio by 3.2 pp to 51.5%. The loss ratio fell by 1.0 pp to 43.4%

Results and profitability

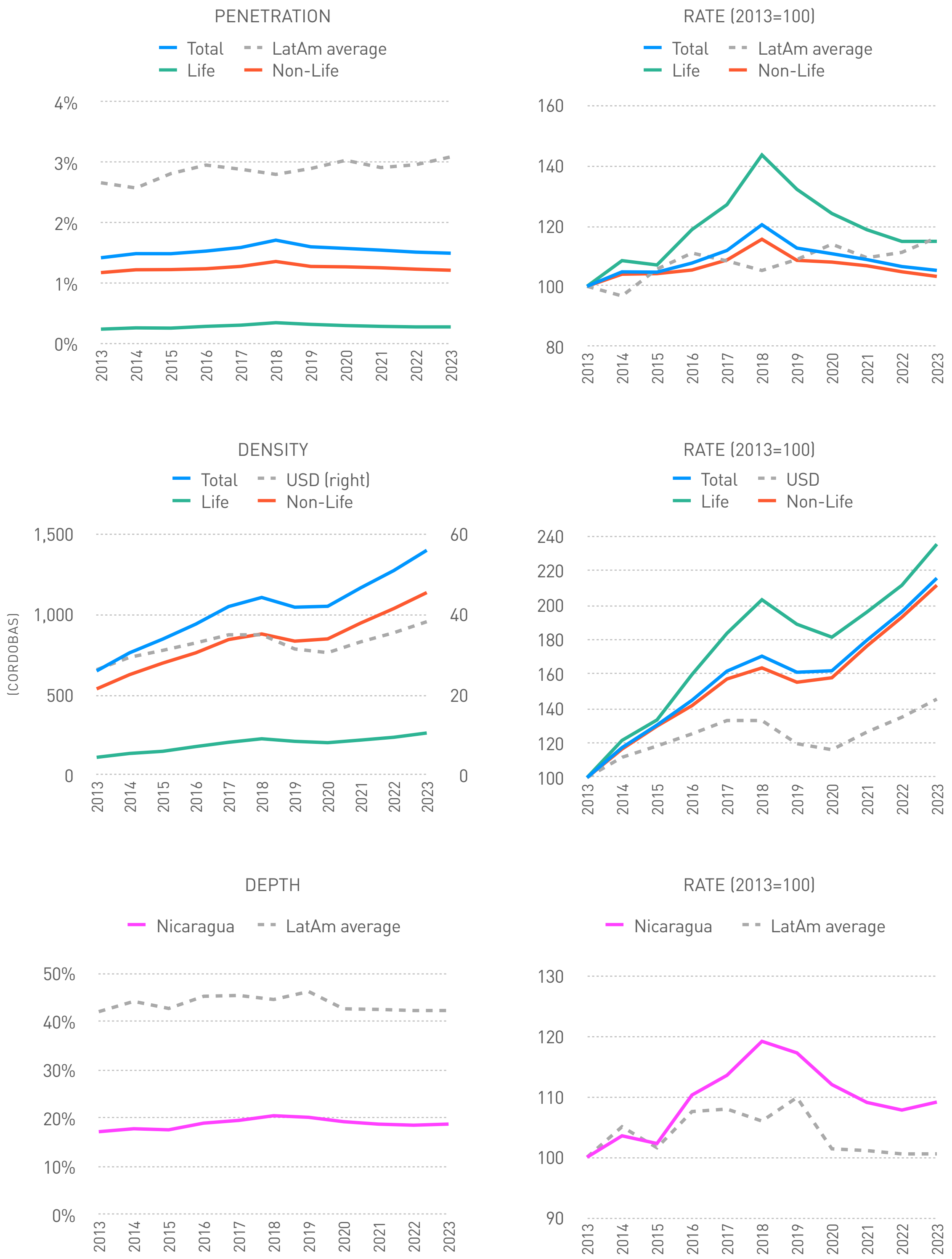
The net result of the Nicaraguan insurance business in 2023 was 766.6 million cordobas (20.9 million dollars), 22.0% higher than the figure for the previous year, supported by a better technical result, which grew by 94.5% YoY, and a better financial result, which increased by 17.7% YoY. The technical and financial result on net earned premiums increased by 2.2 pp

Chart 3.1.5-m
Nicaragua: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-n
Nicaragua: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, cordobas and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

and 1.0 pp with respect to the previous year, to 5.1% and 17.2%, respectively (see Chart 3.1.5-m). In terms of profitability, return on equity (ROE) stood at 10.8% in 2023, up 1.5 pp from 2022. A similar situation emerges when analyzing return on assets (ROA), which reached 4.7% in 2023, increasing 0.6 pp compared to the previous year. Overall, Nicaragua's insurance industry performed consistently and positively, averaging around 20% over the decade, although in the last four years it has been below this figure.

Insurance penetration, density and depth

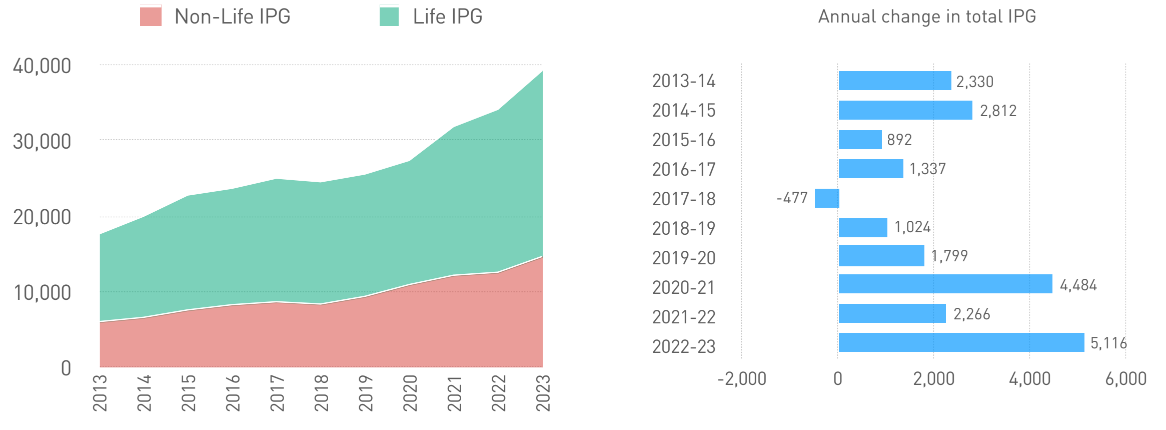
Chart 3.1.5-n shows the main structural trends shaping the development of the Nicaraguan insurance industry over the 2013–2023 period. First, the penetration ratio (premiums/GDP) was 1.5% in 2023, 1.6 pp below the Latin American average. We observe that the penetration ratio in the Nicaraguan market grew until 2018, starting to stabilize as of this year at around 1.6%, while the similar average trend for the Latin American insurance market as a whole since 2018 diverges slightly, approaching 3%. Meanwhile, insurance density in Nicaragua (premiums per capita) amounted to 1,396.8 cordobas (38.1 dollars), up 9.9% year on year (1,270.9 cordobas). As opposed to penetration, the density indicator (measured in local currency) has followed an upward path, except in 2019, with a cumulative increase of 115.6% over the 2013–2023 period.

The depth level (Life insurance premiums to total premiums) of the Nicaraguan insurance market in 2023 came to 18.8%, up 1.6 pp over the level reported in 2013 and, in general, in line with the overall trend across Latin American markets. As a result, in absolute levels, the depth of the Nicaraguan insurance market is still far below the regional average (42.3% in Latin America for 2023).

Insurance Protection Gap estimate

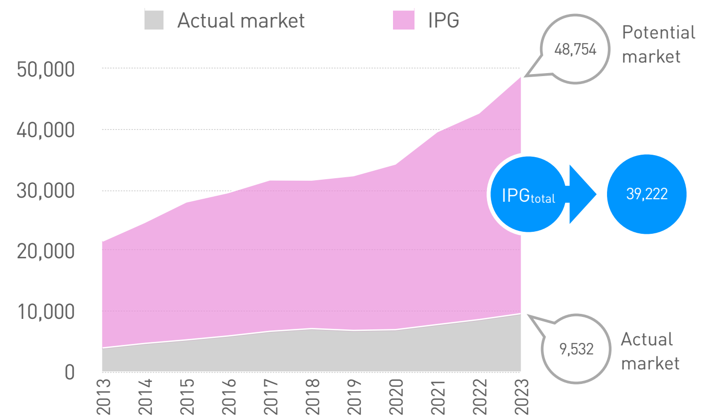
Chart 3.1.5-o shows an estimate of the IPG for the Nicaraguan insurance market between 2013 and 2023. According to this information, the insurance gap amounted to 39.2 billion cordobas (1.1 billion dollars) in 2023, some 4.1 times the size of the actual insurance market in Nicaragua at the end of that year. The structure and performance of the IPG over the period under analysis are largely attributable to the contribution of the Life insurance segment, similar to most Latin American markets. As such, Life insurance accounted

Chart 3.1.5-o
Nicaragua: Insurance Protection Gap
(millions of cordobas)



Source: MAPFRE Economics

Chart 3.1.5-p
Nicaragua: Insurance Protection Gap and potential market
(millions of cordobas)



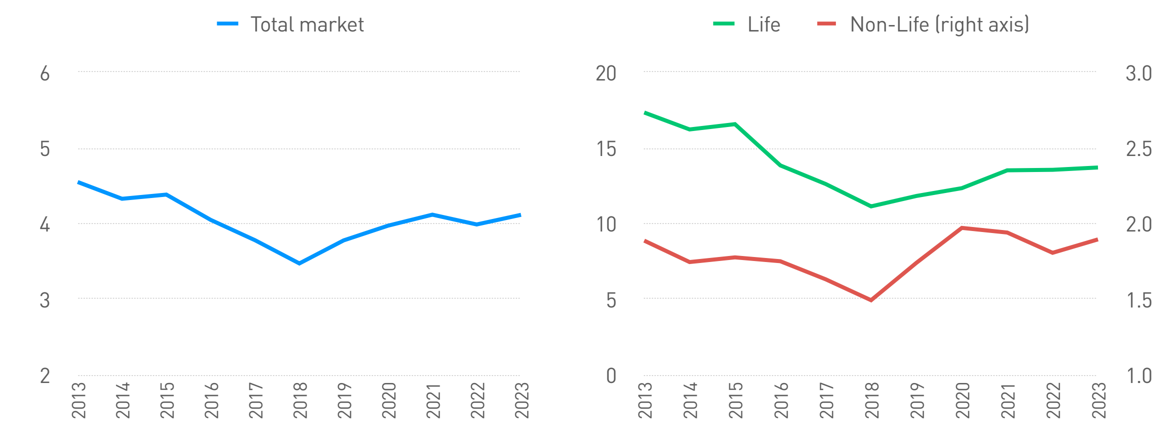
Change	Actual market	IPG
2023-2013	145.8%	122.4%
2023-2022	11.4%	15.0%

Source: MAPFRE Economics

for 62.6% (24.6 billion cordobas) of the insurance gap at the close of 2023 (63.1% in 2022), 3.1 pp below the share for this segment in 2013. The remaining 37.4% of the gap is attributable to the contribution of the Non-Life insurance segment (14.7 billion cordobas). The potential insurance market in Nicaragua at the close of 2023 (the sum of the actual market plus the IPG) was therefore estimated at 48.8 billion cordobas (1.3 billion dollars), 5.1 times the size of the total insurance market in that year (see Chart 3.1.5-p).

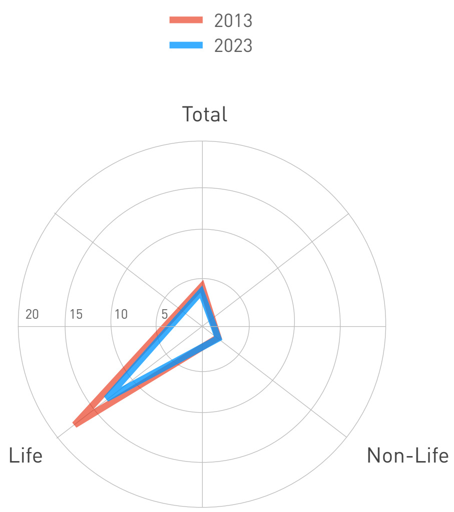
Meanwhile, Chart 3.1.5-q illustrates the estimate of the IPG as a multiple of the actual insurance market in Nicaragua. According to this metric, the IPG as a multiple showed a decline over the 2013–2023 period; for the Life insurance segment, it fell from 17.3 to 13.7 times, while for the Non-Life insurance segment, it held steady at 1.9 times (with a 10-year average of 1.8%). However, it should be noted that a clear reversal of this trend began in 2019 and has remained through 2023.

Chart 3.1.5-q
Nicaragua: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.1.5-r
Nicaragua: change in IPG as a multiple of the actual market

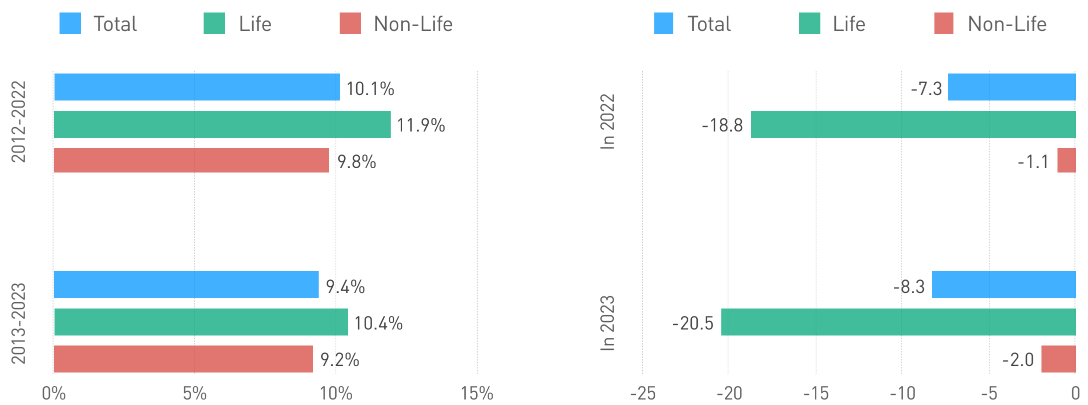


Source: MAPFRE Economics

Chart 3.1.5-r summarizes the change in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total Nicaraguan insurance market over the last decade, comparing the situation in 2023 with that of 2013. This analysis shows that the market situation is improving only in the Life line of business, while remaining practically unchanged in the Non-Life segment.

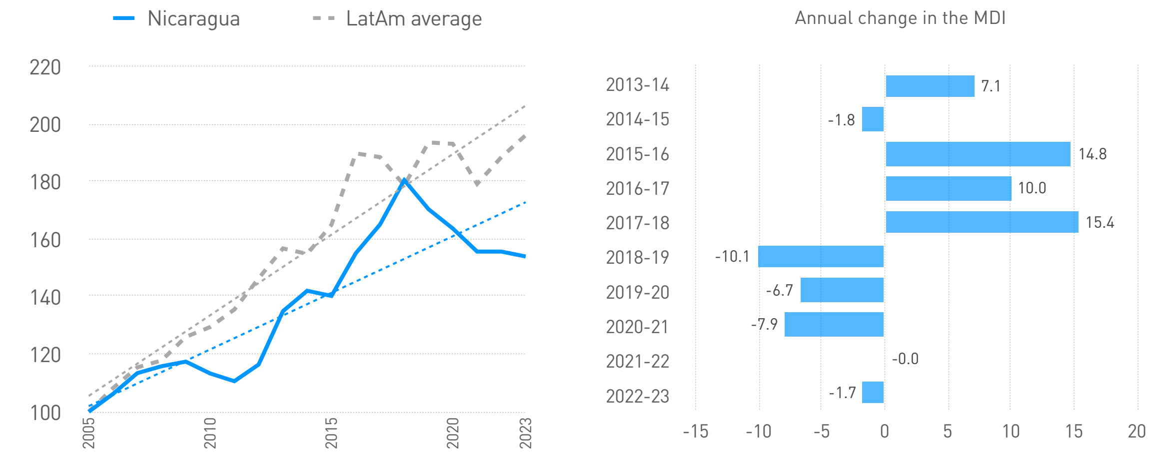
Finally, Chart 3.1.5-s shows a summary of the Nicaraguan insurance market's capacity to close the IPG, based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap determined in 2023 over the coming decade. As such, the Nicaraguan insurance market grew at an average annual rate of 9.4%, underpinned by an average annual growth rate of 10.4% in the Life insurance segment and an average annual growth rate of 9.2% in the Non-Life insurance segment. The analysis completed during 2023 shows that, were the same growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Nicaraguan insurance market would prove insufficient to achieve the objective indicated by 8.3 pp for the whole market. Specifically in relation to the Life segment, the observed growth rate would fall short by 20.5 pp, and by 2.0 pp for the Non-Life segment. It is worth noting that, compared to the analysis conducted in 2022, the deterioration in the Nicaraguan insurance market's capacity to cover the IPG has increased by 1.0 pp.

Chart 3.1.5-s
Nicaragua: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.1.5-t
Nicaragua: Market Development Index (MDI)
(2005 index=100; annual change)

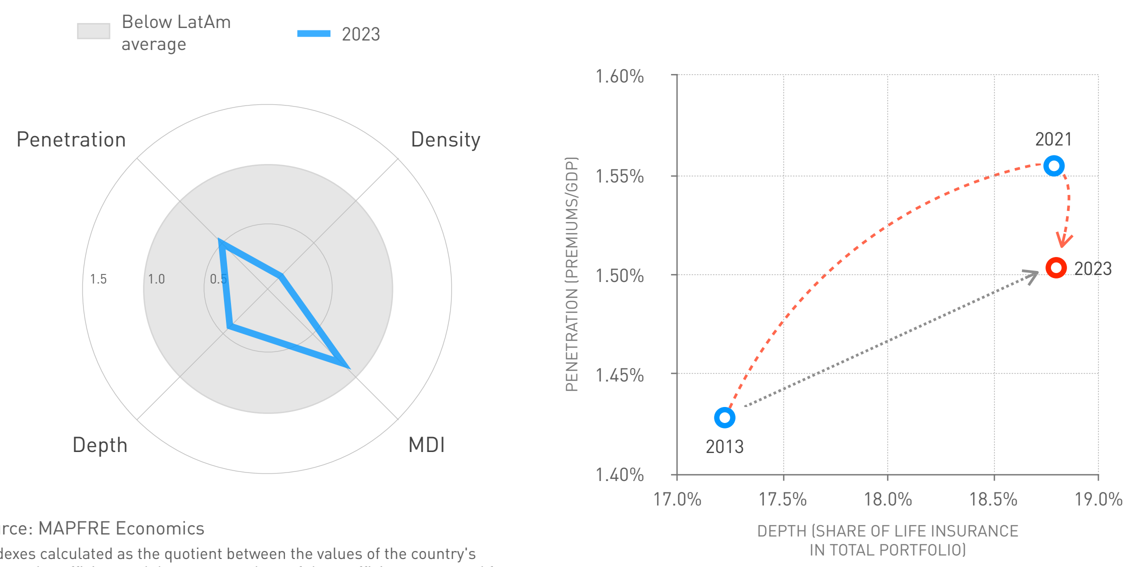


Source: MAPFRE Economics

Market Development Index (MDI)

Chart 3.1.5-t shows an estimate of the Market Development Index (MDI) for the Nicaraguan insurance industry. The MDI, which is used in this report as an indicator of the overall trend in development and maturity of the insurance market, displayed a positive trend over 2013–2018 period, presenting a drop since than which clearly diverges from the Latin American average. As the cited chart shows, the trend generally follows that registered on average for the Latin American insurance markets, converging in 2018 and then showing the aforementioned change in trend until 2023,

Chart 3.1.5-u
Nicaragua: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

when the greatest difference in this indicator between Nicaragua and the Latin American average (-42.1 points) is seen.

Comparative analysis of structural coefficients

Chart 3.1.5-u summarizes the Nicaraguan insurance market's situation in comparison with the average for Latin America, measured in terms of the various structural indicators previously analyzed. As such, the Nicaraguan insurance market falls short of the Latin American average, especially in terms of density and depth, although the MDI is closer to the region's average.

Likewise, the analysis of characteristics of the Nicaraguan insurance market development shows that, throughout the decade studied, it was generally balanced, with gains in both penetration (quantitative dimension) and depth (qualitative dimension). However, it is worth noting that both dimensions decreased in the last two years of the analysis.

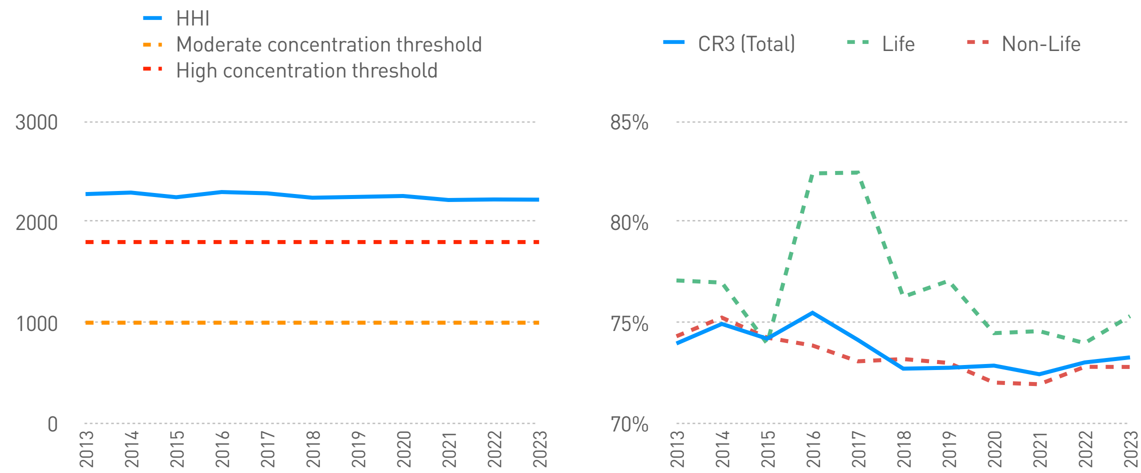
Insurance market rankings

Total ranking

The Nicaraguan insurance industry maintained its structure in 2023, with just five insurers operating in the market. Given this structure, market concentration has stagnated over the last decade (see Chart 3.1.5-v). Over the entire 2013–2023 period, the Herfindahl Index has remained above the theoretical threshold indicative of high levels of concentration. The same occurs when reviewing the CR3 Index (the market share of the three largest institutions) constructed for the Nicaraguan market, which shows the same stagnation in the level of concentration in the industry, except for the 2016–2017 period in the Life insurance segment.

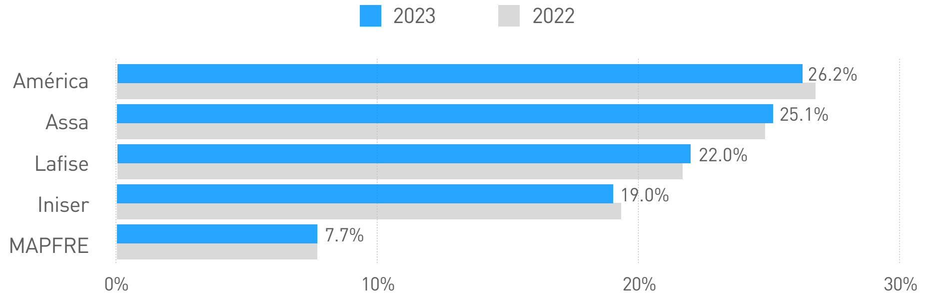
In terms of the total ranking of the Nicaraguan market in 2023, América continues to lead the market for yet another year with a 26.2% share. The following two positions in the ranking are occupied by Assa with 25.1% and Lafise with 22.0% (see Chart 3.1.5-w).

Chart 3.1.5-v
Nicaragua: insurance industry concentration
(Herfindahl index; CR3 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Chart 3.1.5-w
Nicaragua: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

Life and Non-Life rankings

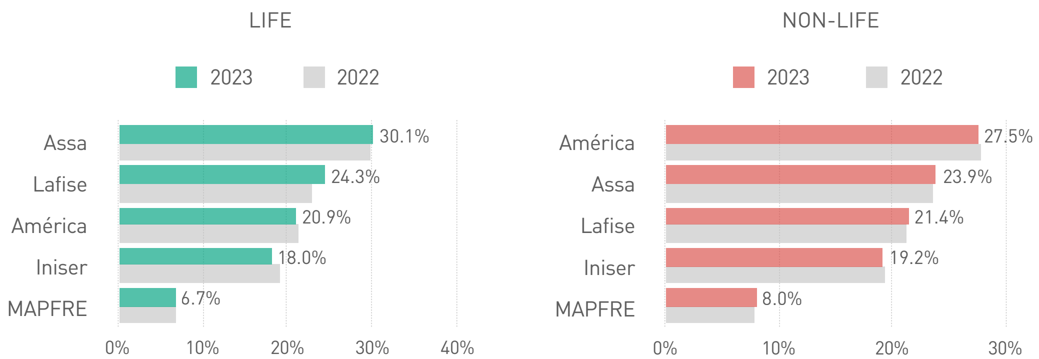
In the Non-Life ranking, América once again topped the Nicaraguan market in 2023 with a 27.5% market share (0.4 pp less than the year before), while second and third places were held by Assa (23.9%) and Lafise (21.4%), respectively, as occurs in the market as a whole. The ranking of Life insurance companies is still headed by Assa, with 30.1% of the market (0.5 pp higher than the year before), while Lafise, with a 24.3% market share (1.4 pp more than the previous year) overtakes América, which is in third place (20.9% market share, 0.5 pp less than the previous year). They are followed by Iniser, with an 18.0% share, and MAPFRE closes the ranking with 6.7% of market premiums (see Chart 3.1.5-x).

Key regulatory aspects

No laws or reforms to laws related to insurance were approved in 2023 with respect to the main regulatory adjustments in the Nicaraguan insurance market. However, in regulatory matters, various regulatory adjustments were issued by the Superintendency of Banks and Other Financial Institutions, the entity in charge of supervising the insurance activity in that country:

- Draft Amendment to the Accounting Framework for Insurance, Reinsurance, and Bonding Institutions - IFRS 17, DS-IS-3685-12-2023/LAME, MUC 12/15/2023, requesting information on the expected accounting treatment and policies related

Chart 3.1.5-x
Nicaragua: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)

to premiums on deposit, creditors for premiums to be refunded, credits on securities guaranteed by Life policies, provisions on expenses not associated with insurance contracts, transaction-based taxes in accordance with IFRS 17, and income (expenditures) for exchange-rate variations linked to cash flows from insurance contracts.

- Presentation of Capital Reserve Adjustment in Financial Statements and Notes (audited) DS-IS-2725-09-2023/LAME, MUC 09/20/2023.

- Participation of the Superintendency in working meetings with External Auditing firms, DS-IS-2117-07-2023-LAME, Other Topics, 07/21/2023 .

- Standard on purchases and sales of credit assets, CIRCULAR DS-IS-0705-03, 2023-LAME, MUC 03/10/2023, where changes have been made to the accounting framework, adding deferral and suspension periods in the accounting policies section, and adding new accounts and sub-accounts in the groupings and notes sections, as well as accounting models in Excel, Word, and PDF.

- Requirement for Brokerage Companies (Deed, Bylaws, Board of Directors, Powers of Attorney), DS-IS-0466-02-2023/LAME, Insurance Intermediaries, 02/27/2023.

- Changes in the Accounting Framework for Insurance, Reinsurance, and Bonding Companies - Insurance Accounting Framework Configuration File CIRCULAR DS-IS-0216 -01-2023-LAME, MUC 01/27/2023. The resolution amends the accounting framework for insurance, reinsurance, and bonding companies, establishing new exceptions and changes to accounts 4508.00.00.00 ("Income tax related to components of other comprehensive income") and 6503.00.00.00 ("Income tax expense"). These accounts will be adjusted depending on whether their balance is credit or debit, ensuring an appropriate classification according to the specified changes.

- Instruction on non-material external audit adjustments and reclassifications DS-IS-1278-04-2024/LAME, Other issues 04/30/2024.

3.1.6 Costa Rica

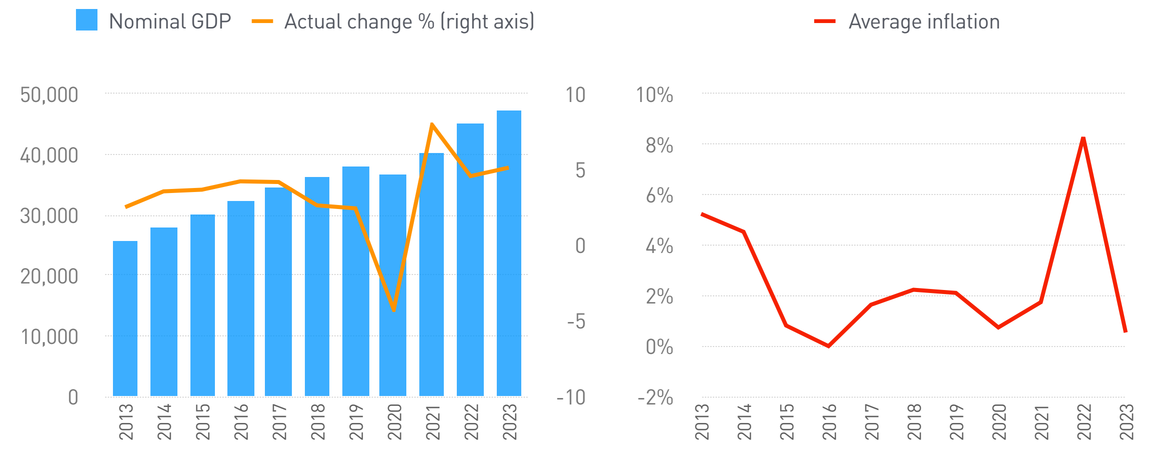
Macroeconomic environment

In 2023, Costa Rica's economy grew by 5.1% in real terms, up from 4.6% the previous year, driven by growth in private consumption and investment (in line with lower inflation, private credit expansion, and the recovery of the construction sector), as well as exports of goods (various crops and medical equipment) and services (from tourism and the business sector). When analyzed by economic sector, the momentum of the private construction sector stood out in 2023. The services sector also stood out, especially professional and business support services, as well as those associated with tourism. The average unemployment rate was around 8.9%, compared to 12.2% the previous year (see Chart 3.1.6-a).

Public debt reached 61.1% of GDP at the end of 2023 (63% in 2022), with a very sharp increase in foreign debt (which grew by 13.6% YoY) compared to an increase in domestic debt of only 3.1% YoY. Meanwhile, the estimated fiscal deficit for 2023 stood at 3.3% of GDP, compared to 2.5% the previous year, due to the worsening of the financial deficit (-3.3%). Likewise, and in the absence of final data for the year as a whole, the deficit in the balance of payments current account seems to show more positive dynamics in its comparison with 2022, due to continuous improvement in the services account, as well as improved performance in the balance of goods (historically in deficit).

It should be noted that this performance of the Costa Rican economy was supported by

Chart 3.1.6-a
Costa Rica: changes in economic growth and inflation
(GDP in local currency, billions of colones; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

the expansive monetary policy, with reductions in the benchmark interest rate as inflationary pressures faded. In this respect, the inflation rate slowed down considerably throughout 2023, even reaching negative territory, going from 4.4% in Q1, to remain negative in the next three quarters, ending December at -1.8%, well below the central bank's target of 3% (with a tolerance range of one percentage point in both directions).

ECLAC estimates a slight slowdown in the Costa Rican economy in 2024, with real growth of around 4.0% (3.8% in 2025). Thus, a weaker momentum in foreign and domestic demand is expected in the face of a slight decline in disposable income from remittances. The IMF's growth estimate for 2024 is 4.0%, while MAPFRE Economics forecasts GDP growth of 4.0% for 2024 and 3.4% for 2025.

Insurance market

Growth

Premium volume in the Costa Rican insurance market climbed to 1.07 trillion colons (1.97 billion dollars) in 2023, which is nominal growth of 5.5% and real growth of 4.9% with respect to the previous year (see Table 3.1.6-a and Chart 3.1.6-b). The Costa Rican market grew 8.5% on average over the last eight years after the drop recorded in 2015 (-9.4%), when the National Insurance Institute of Costa Rica (the insurance company with the largest market share) changed the way premiums were accounted for to adapt to the applicable regulations in 2015. However, these modifications make it more difficult to compare statistical data for 2015 onward with data for previous years, both in terms of revenue per premium and in terms of the balance sheet and income statements.

Life insurance, which accounts for 19.3% of the total, increased by 9.7% in nominal terms in 2023 to 207.0 billion colons (380.9 million dollars), while Non-Life premiums grew by 4.5% to 866.4 billion colons (1.6 billion dollars). Generalized growth was observed in 2023 in the Non-Life insurance lines, except Agriculture and Livestock (-32.5%), Transportation (-3.7%), and Fire (-2.8%). The most representative line, Automobiles (5.0%), grew, as did the line with the second-highest volume, Accident and Health (5.6%). The nominal growth of the Workplace Accidents line is also noteworthy, at 10.6%, placing it as the second-most significant line.

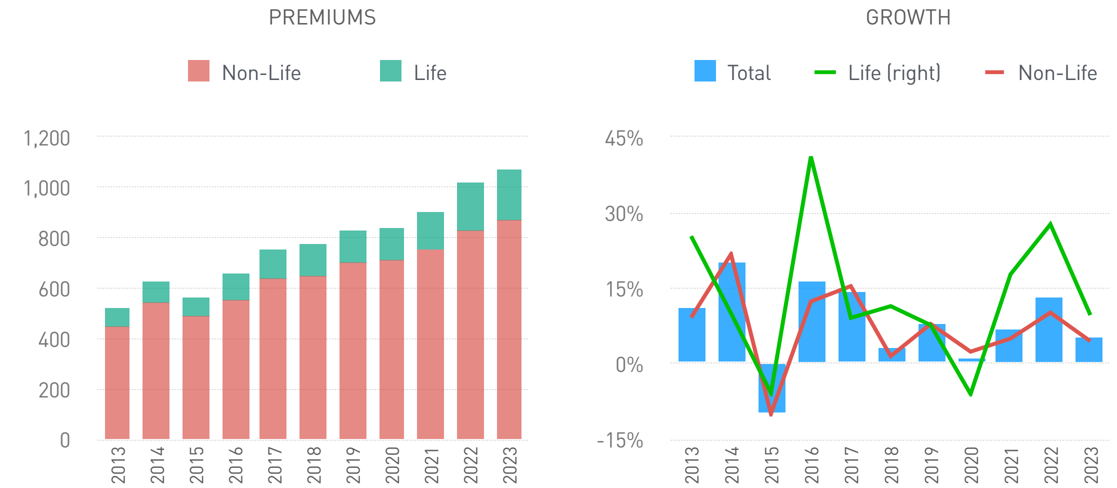
Table 3.1.6-a
Costa Rica: premium volume[1] by insurance line, 2023

Line	Millions of colones	Millions of USD	Growth Nominal (%)	Growth Real (%)
Total	**1,073,411.9**	**1,974.7**	**5.5**	**4.9**
Life	**207,040.8**	**380.9**	**9.7**	**9.1**
Non-Life	**866,371.0**	**1,593.8**	**4.5**	**4.0**
Automobiles	251,950.0	463.5	5.0	4.4
Fire and allied lines	116,018.4	213.4	-2.8	-3.3
A&H	183,381.1	337.4	5.6	5.0
Other lines	85,616.1	157.5	0.9	0.4
Transport	13,963.5	25.7	-3.7	-4.2
Third Party Liability	24,000.4	44.2	3.1	2.6
Credit and Surety	4,166.2	7.7	6.9	6.3
Agriculture and livestock	193.2	0.4	-32.5	-32.8
Workplace accidents	187,082.3	344.2	10.6	10.0

Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)
1/ Gross premium (direct insurance plus accepted reinsurance)

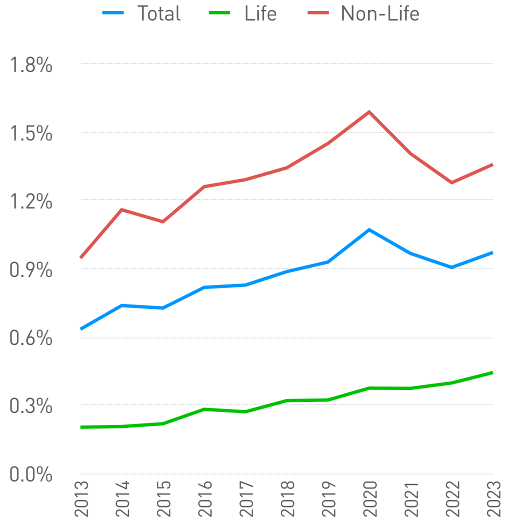
Over the past decade, the share of total premiums and by Life and Non-Life segments of the Costa Rican insurance market with respect to the Latin American market trended upwards. This was clear through 2020, when the trend reversed until 2022 and was recovered in 2023. Thus, the total proportion of Costa Rican premiums in the total for Latin America has dropped from 0.63% in 2013 to 0.97% in 2023. Similarly, the share in the Life line grew from 0.20% in 2013 to 0.44% in 2023, and in the Non-Life line from 0.95% to 1.36% (see Chart 3.1.6-c).

Chart 3.1.6-b
Costa Rica: growth developments in the insurance market
(premiums, billions of colones; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Chart 3.1.6-c
Costa Rica: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance and supervisory bodies of the region)

Looking at the composition of growth of the Costa Rican insurance market, the largest contribution came from the Non-Life insurance segment. This segment contributed 3.7 pp to the 5.5% growth of the sector in 2023; the contribution of Life insurance, meanwhile, was 1.8 pp. It should also be noted that, since 2021, the growth of the country's insurance industry has been supported by positive contributions from both insurance segments (see Chart 3.1.6-d).

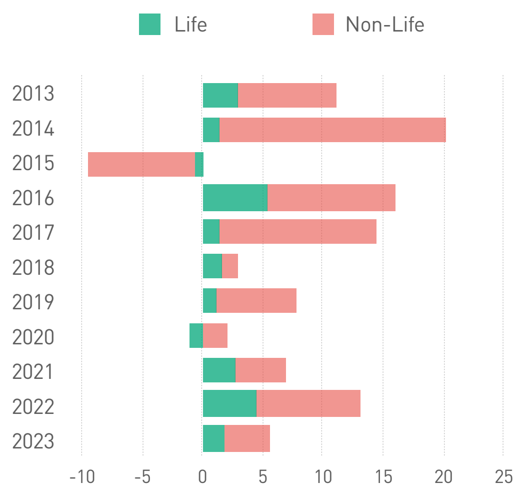
Balance sheet and shareholders' equity

Chart 3.1.6-e illustrates the Costa Rican insurance industry's aggregate balance sheet for the 2013–2023 period. Total assets in 2023 amounted to 3.0 trillion colons (5.7 billion dollars), while equity amounted to 1.3 trillion colons (2.6 billion dollars), with growth of 7.7 pp compared to the previous year. Meanwhile, the Costa Rican insurance industry had aggregate capitalization levels (measured over total assets) of around 43.1% over the last decade, representing 44.9% of total assets in 2023.

Investments

Chart 3.1.6-f shows the evolution of investments, while Charts 3.1.6-g and 3.1.6-h illustrate the composition of the aggregate investment portfolio by sector in the 2013–2023 period. Investment totaled 2.2 trillion colons (4.1 billion dollars) in 2023, with 83.6%

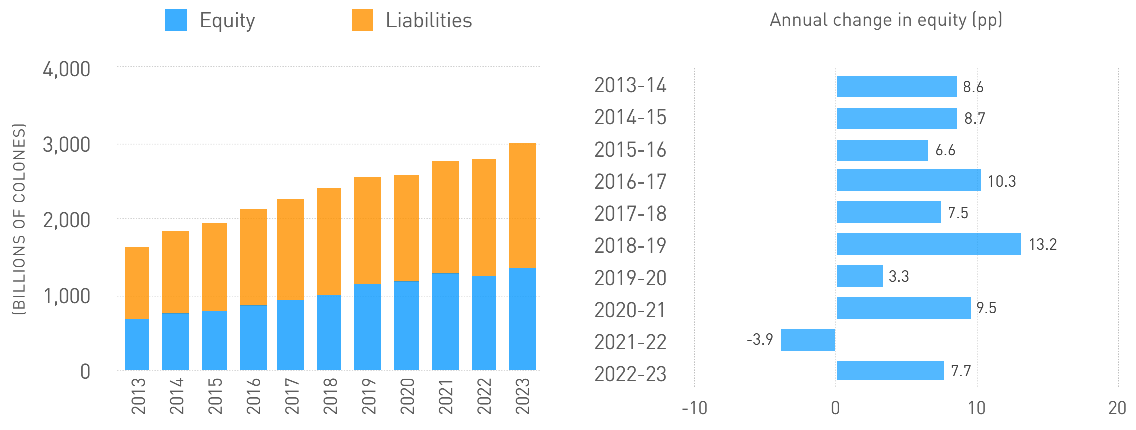
Chart 3.1.6-d
Costa Rica: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	11.1	3.0	8.1
2014	20.2	1.4	18.8
2015	-9.4	-0.7	-8.7
2016	16.1	5.3	10.8
2017	14.5	1.4	13.0
2018	3.0	1.7	1.3
2019	7.9	1.2	6.7
2020	1.1	-1.0	2.0
2021	6.9	2.7	4.3
2022	13.1	4.5	8.5
2023	5.5	1.8	3.7

Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

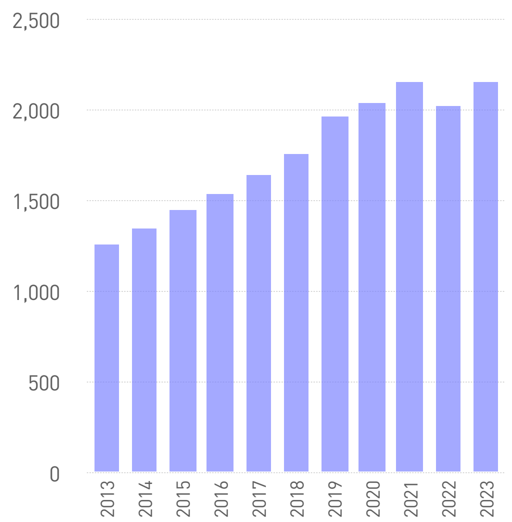
Chart 3.1.6-e
Costa Rica: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

concentrated in financial instruments, 7.0% in cash, and 9.4% in real estate. Throughout the period, this investment structure has remained practically unchanged.

Chart 3.1.6-f
Costa Rica: insurance market investments
(billions of colones)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

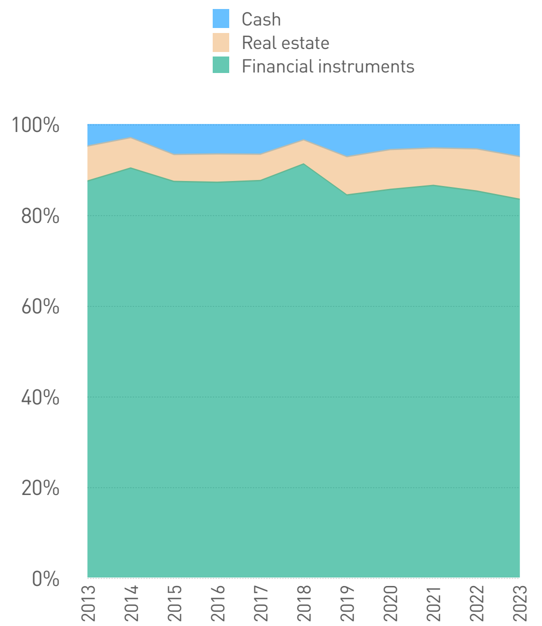
Technical provisions

Chart 3.1.6-i shows changes in the technical provisions of the Costa Rican insurance industry between 2013 and 2023. It shows that technical provisions amounted to 1.1 trillion colons (2.1 billion dollars) in 2023, compared to 709.3 billion colons in 2013. It is important to note that technical provisions constituted by the Costa Rican insurance industry saw sustained growth in aggregate terms over the course of the 2013–2023 period, notably spiking in 2014.

Technical performance

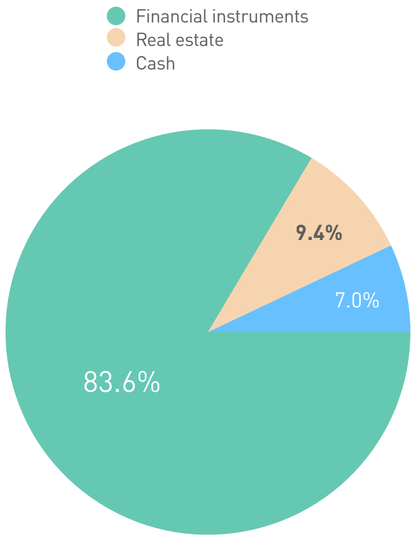
Chart 3.1.6-j shows the evolution of the technical performance of the Costa Rican insurance industry over the 2013–2023 period, measured based on the industry's combined ratio. This period notably included a surge in the loss ratio in 2014 and 2015, when it peaked (69.9%), while it fell 1.7 pp in 2023 to 54.2%. Meanwhile, the expense ratio improved by 1.7 pp to 46.4%. The combined ratio slightly surpassed the 100% barrier to stand at 100.6%, a figure similar to that of the previous year.

Chart 3.1.6-g
Costa Rica: structure of investments
(%)



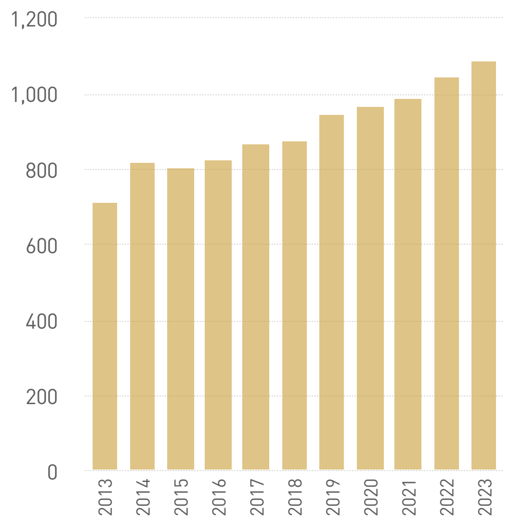
Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Chart 3.1.6-h
Costa Rica: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Chart 3.1.6-i
Costa Rica: technical provisions of the insurance market
(billions of colones)



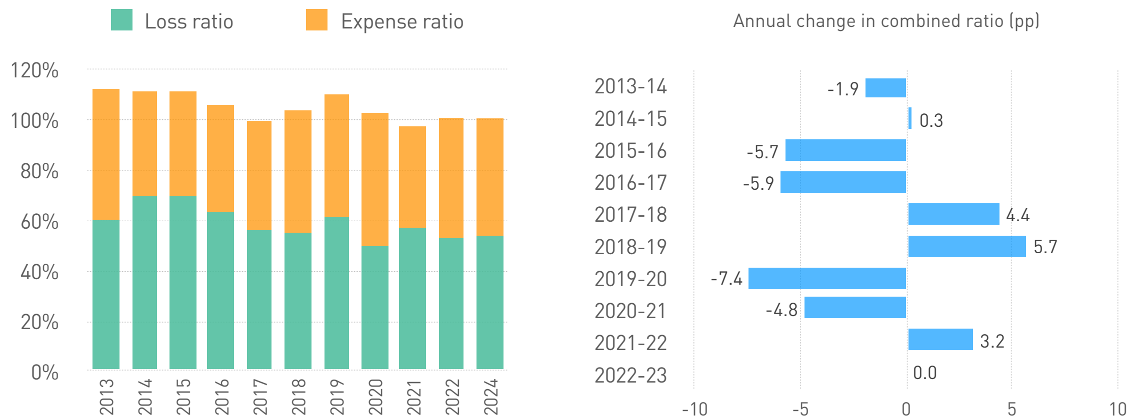
Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Results and profitability

The Costa Rican insurance industry posted a net result of 35.3 billion colons (65.0 million dollars) in 2023, the lowest figure in the last decade. The financial result fell again by 45.7% to 40.3 billion colons, representing 4.9% of premiums (10% the previous year). Meanwhile, the technical result showed a loss of 5.0 billion colons, repeating the previous year's loss of 4.6 billion colons (see Chart 3.1.6-k).

In terms of profitability, indicators have also shown a downward trend from 2017 onward, with the exception of the 2020–2021 period. Thus, the return on equity (ROE) stood at 2.7% in 2023, a decrease of 1.9 pp compared to 2022. The same occurred with return on assets (ROA), which reached 1.2% in 2023, down 0.9 pp from the previous year.

Chart 3.1.6-j
Costa Rica: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)

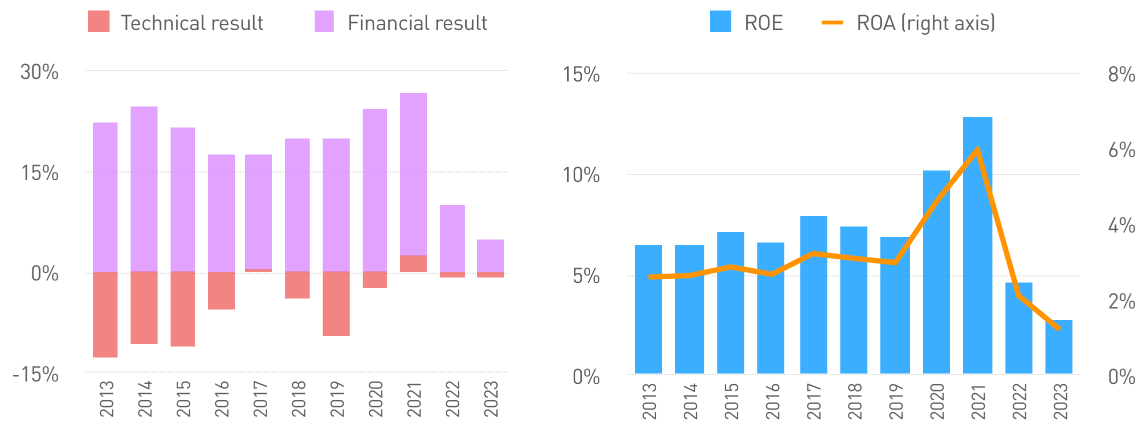


Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Insurance penetration, density and depth

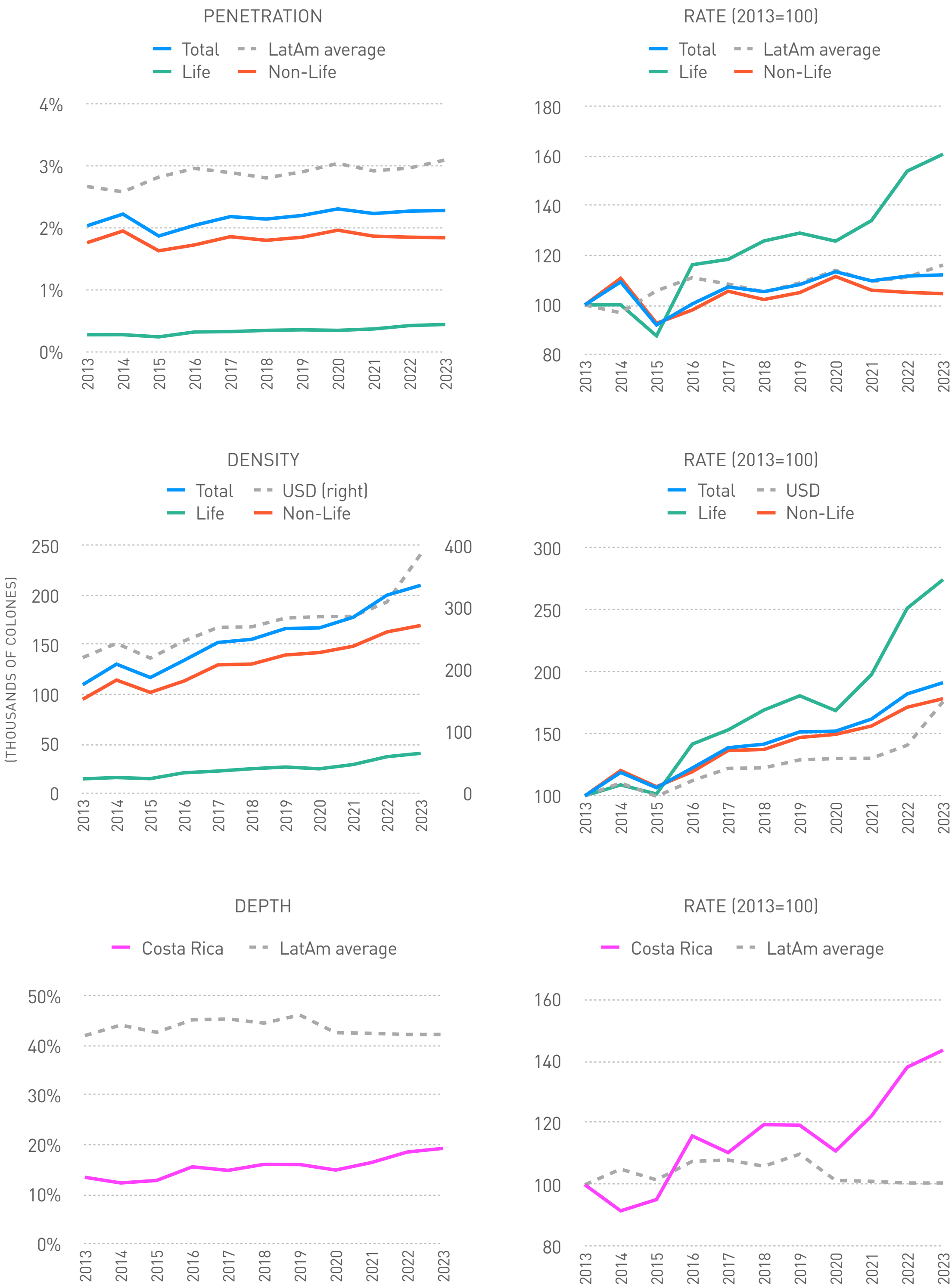
Chart 3.1.6-l shows the main structural trends shaping the development of the Costa Rican insurance industry over the 2013–2023 period. The penetration ratio (premiums/GDP) stood at 2.3% in 2023, the same as the previous year, showing a 0.3-pp increase over the course of the last decade. The penetration ratio in the Costa Rican market has maintained a slightly upward trend, less dynamic than the trend registered for all Latin American insurance markets and below the absolute figures for average penetration in Latin America (3.1%). In terms of insurance density in Costa Rica (premiums per capita), the indicator reached 210,245.10 colons (386.8 dollars), up 5.0% from 2022 (200,276.10 colons). Density in the Costa Rican market (measured in local currency) has generally shown a growing trend between 2013 and

Chart 3.1.6-k
Costa Rica: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Chart 3.1.6-l
Costa Rica: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, colones and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

2023, with the exception of 2015 when there was a 10.4% dip in the market's premium volume (which was essentially the result of changes to the accounting treatment of premiums, as mentioned previously in this section of the report).

The depth rate in the Costa Rican insurance market (Life insurance premiums vs. total premiums) in 2023 stood at 19.3%, 5.8 pp above the value reached in 2013. It grew over the analyzed period but remained consistently below the average for the region (42.3% in 2023).

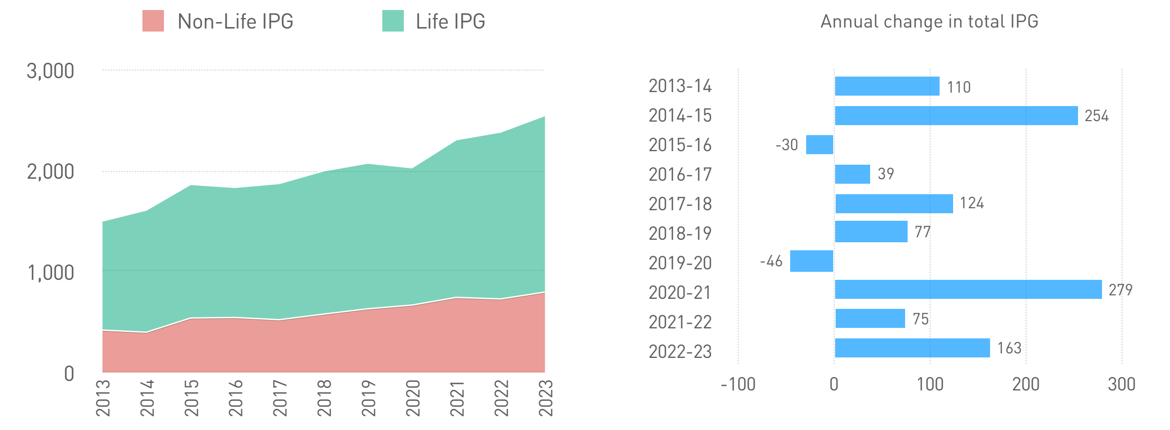
Insurance Protection Gap estimate

Chart 3.1.6-m provides an estimate of the IPG for the Costa Rican insurance market between 2013 and 2023, revealing that the insurance gap stood at 2.6 trillion colons (4.7 billion dollars) in 2023. The structure and performance of the IPG between 2013 and 2023 were shaped mainly by the Life insurance segment. At the close of 2023, Life insurance accounted for 68.7% of the IPG (1.7 trillion colons), which was 3.3 pp below the contribution of that segment in 2013. The remaining 31.3% of the IPG is attributable to the Non-Life insurance segment (796.7 billion colons). The potential insurance market in Costa Rica at the close of 2023 (estimated as the sum of the actual market plus the insurance gap) was therefore estimated at 3.6 trillion colons (6.7 billion dollars), 3.4 times the size of the total Costa Rican insurance market in 2023, compared to 3.3 times in 2022 (see Chart 3.1.6-n).

However, the insurance gap measured as a multiple of the actual market (see Graph 3.1.6-o) presents a stable trend for the Non-Life insurance segment (remaining at a multiple close to 0.9), while the IPG for the Life insurance segment presents a downward trend over the period under analysis (falling from 15.5 to 8.4 times the actual market).

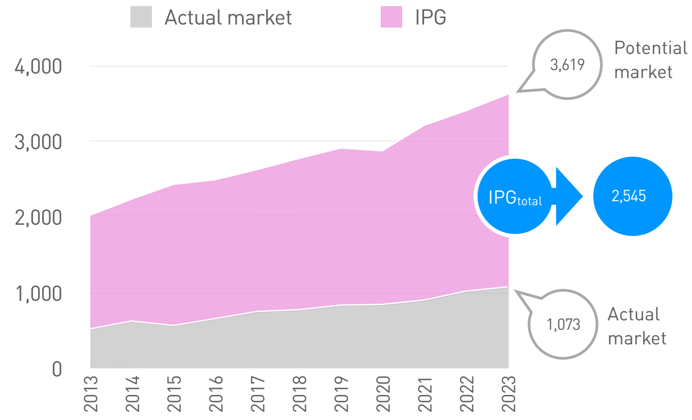
Chart 3.1.6-p, meanwhile, schematically summarizes the change in the IPG as a multiple of the actual market for the Life and Non-Life business segments and for the total Costa Rican insurance market over the last decade, comparing the situation in 2023 with that of 2013. This analysis shows that the situation, in terms of the gap, is essentially improving in the Life business, while remaining practically unchanged in the Non-Life insurance segment.

Chart 3.1.6-m
Costa Rica: Insurance Protection Gap
(billions of colones)



Source: MAPFRE Economics

Chart 3.1.6-n
Costa Rica: Insurance Protection Gap and potential market
(billions of colones)

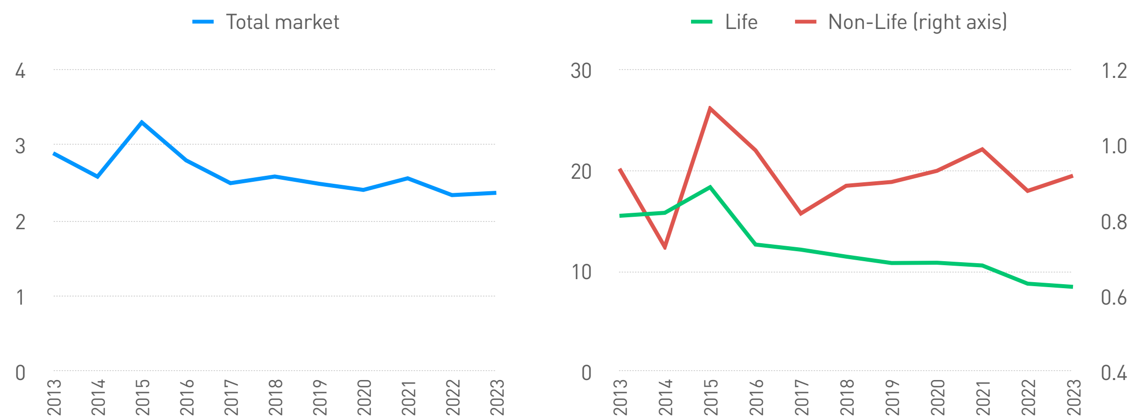


Change	Actual market	IPG
2023-2013	107.2%	69.7%
2023-2022	5.5%	6.8%

Source: MAPFRE Economics

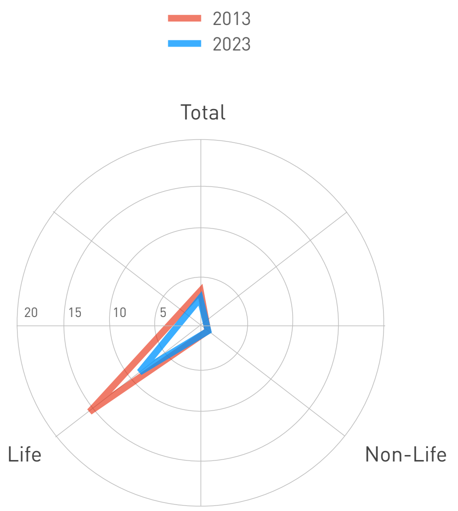
To complement the analysis, Chart 3.1.6-q presents the evaluation of the Costa Rican insurance market's capacity to close the insurance gap. As indicated previously in this report, this is based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap determined in 2023 over the next decade. This analysis shows that the Costa Rican insurance market grew at an average annual rate of 7.6% over the period under analysis; the product of an annual growth rate of 11.5% in the Life insurance segment and an average annual growth rate of 6.8% in the Non-Life insurance segment. Were the same growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Costa Rican insurance market would be barely sufficient to bridge the insurance gap in the Non-Life insurance segment, falling short by 13.7 pp for Life insurance. It should be noted that, compared to the exercise carried out in 2022, we find a slight impairment in the capacity of the

Chart 3.1.6-o
Costa Rica: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.1.6-p
Costa Rica: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

Costa Rican insurance market to cover the IPG, with the shortfall going from 4.7 to 5.4 pp in the total market, and from 12.6 to 13.7 pp in the case of the Life segment.

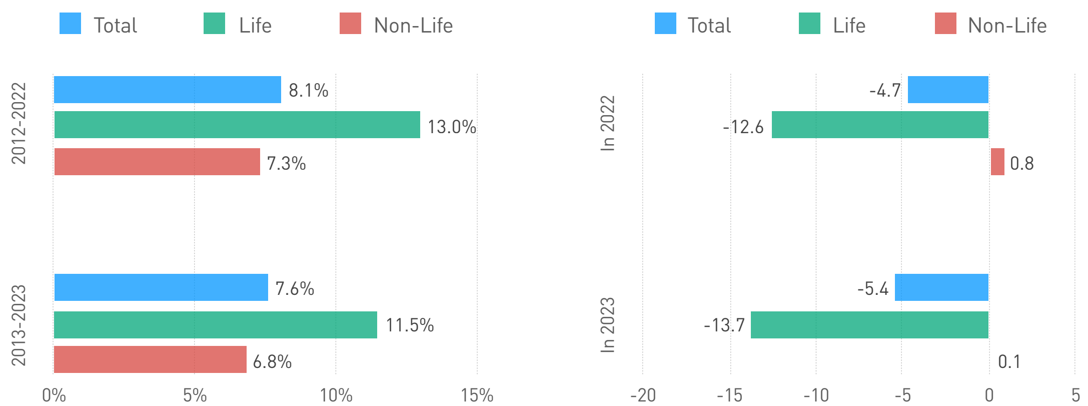
Market Development Index (MDI)

Chart 3.1.6-r presents an estimate of the Market Development Index (MDI) for the Costa Rican insurance industry. As discussed previously, the MDI is used in this report as an indicator of the general trends shaping the performance and maturity of insurance markets. In the case of the Costa Rican insurance industry, the MDI has shown a positive trend over the period under analysis. However, it is important to note that this trend could be overestimated considering the rapid growth of the Life insurance market, which started from a very small base in 2005. Chart 3.1.6-r therefore also shows an adjustment to eliminate this overestimation and present the underlying trend in this market's performance more accurately. After the respective adjustment, the Costa Rican insurance market proves to have performed in line with the average development of the region's markets and always above the regional average, except in 2015.

Comparative analysis of structural coefficients

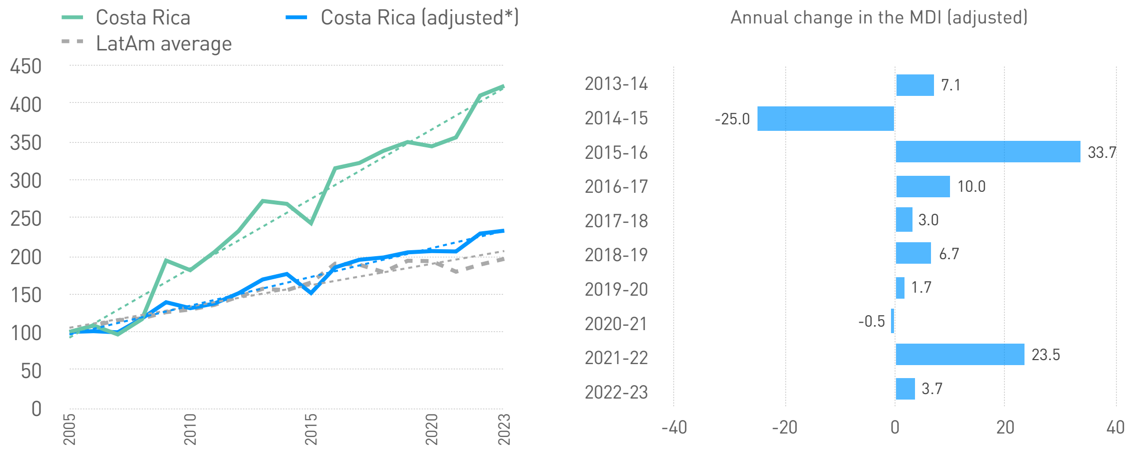
Chart 3.1.6-s illustrates the Costa Rican insurance market's situation compared to the average for Latin America from the perspective of the different structural

Chart 3.1.6-q
Costa Rica: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.1.6-r
Costa Rica: Market Development Index (MDI)
(2005 index=100; annual change)

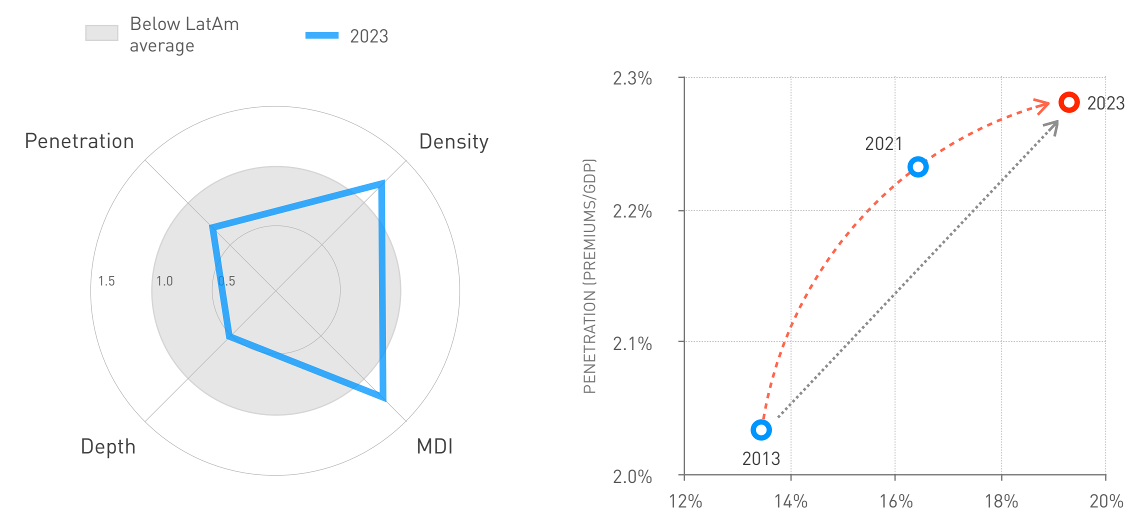


Source: MAPFRE Economics
* Adjustment to eliminate overestimation in the speed to close the Life IPG

indicators analyzed: penetration, density, depth, and MDI. This data shows that the market still remains below the average for Latin America in terms of insurance penetration and depth, but not in terms of density and the MDI. This relative comparison reveals the low level of development in the Life business within the Costa Rican market compared to the wider region, while also showing the growth potential of this insurance activity segment in the country.

Meanwhile, the analysis of the development of the Costa Rican insurance industry during

Chart 3.1.6-s
Costa Rica: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics
* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

2013–2023 shows that the quantitative and qualitative dimensions remain in balance. Thus, on the one hand, this period registered gains in terms of penetration (quantitative dimension) and, on the other, improvements in depth levels (qualitative dimension).

Insurance market rankings

Total ranking

In 2023, 12 insurance companies operated in Costa Rica, one less than the previous year, as Triple-S Blue disappeared from the market, closing its operations in Costa Rica and agreeing to the sale of a commercial establishment to Assa Compañía de Seguros. This market only opened up to competition in 2008 and remains highly concentrated, with a single company (Instituto Nacional de Seguros [the National Insurance Institute], or INS) accounting for the majority of all premiums.

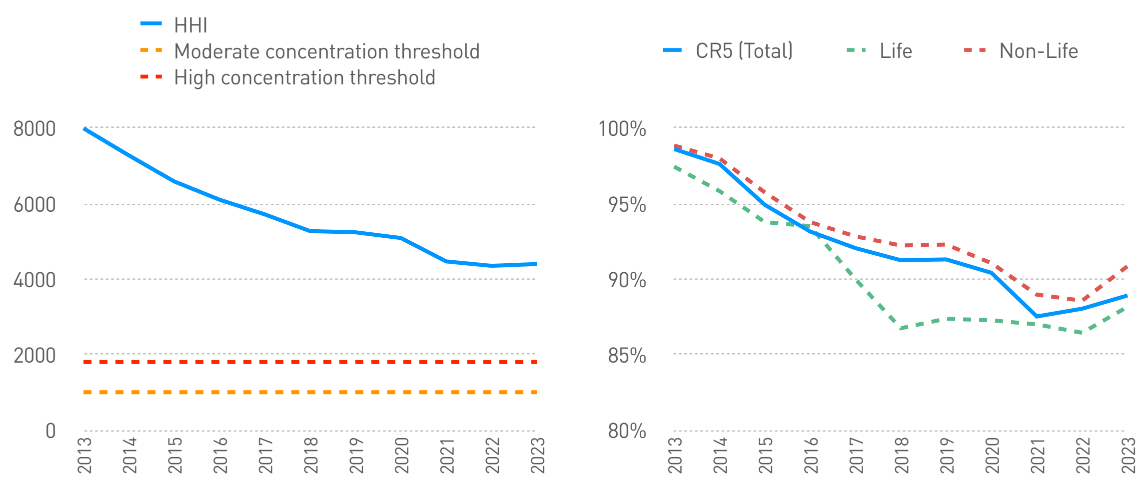
Chart 3.1.6-t illustrates the Herfindahl and CR5 Indexes of the Costa Rican Insurance industry. This information reveals that levels of concentration are well above the theoretical threshold associated with a high degree of market concentration, although concentration levels are decreasing. In the medium term, this could lead to greater levels of competition within the insurance market.

As regards the total ranking in 2023, the same five groups listed in 2022 remain. The ranking is once again led by INS, with a 65% market share, followed at quite some distance by Assa (7.9%), Pan American Life (7.5%), and MAPFRE, with a 4.9% market share. Seguros del Magisterio (2.2%), in seventh place, dropped one position, being unseated by Quálitas (2.4%). Sagicor has also climbed two places, overcoming Best Meridian and Oceánica, which each fell one place (see Chart 3.1.6-u).

Life and Non-Life rankings

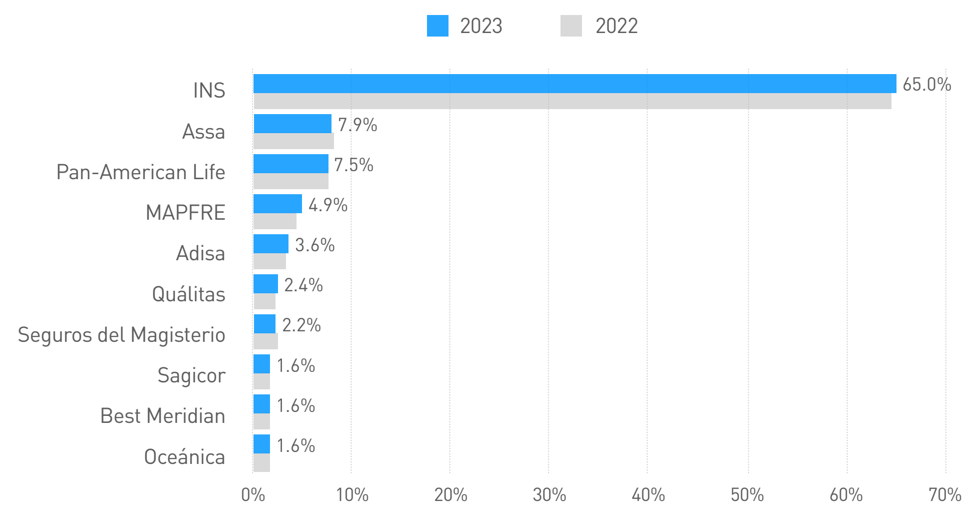
The positioning of the top three insurance groups in the Non-Life group ranking in 2023 remains unchanged from the previous year and was yet again led by INS, with a market share of 68.0%. They are followed by Assa (with an 8.6% share), Pan American Life (7.9%), Adisa (3.3%), Quálitas (3.0%), and MAPFRE (2.7%). Meanwhile, INS is also the leading insurance company in the Life insurance

Chart 3.1.6-t
Costa Rica: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Chart 3.1.6-u
Costa Rica: overall ranking
(market shares, %)

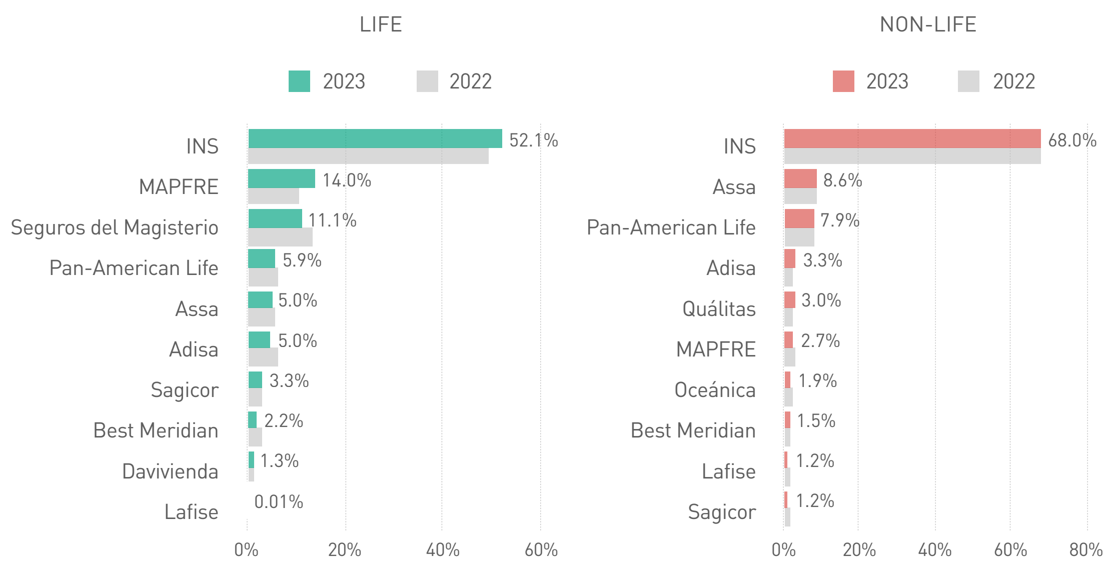


Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

segment in the Costa Rican market, with a market share of 52.1%, while MAPFRE climbs to second place (14.0%) and Seguros del Magisterio holds 11.1% of the market. Adisa falls two places, with a 5.0% market share, being overtaken by Pan-American Life (5.9%) and Assa (5.0%).

Finally, Sagicor (with a 3.3% share) takes seventh place from Best Meridian (2.2%). Lafise enters the ranking in tenth place, and Triple-S Blue, as indicated above, closed its operations in Costa Rica (see Chart 3.1.6-v).

Chart 3.1.6-v
Costa Rica: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)

Key regulatory aspects

During 2023 and 2024, the regulatory development for the insurance sector in Costa Rica has focused on amending current regulations, both those specific to the industry and those with a transversal scope for the entire financial system. The key changes are:

- Group insurance reforms: The reporting requirements on insurance certificates have been expanded, and new legends have been established to inform policyholders of their rights and options in the event of modification or termination of group policies. Specific deadlines have been set for the delivery of preliminary information to policyholders. Requirements have been defined for the migration of personal insurance group policies.

- Implementation of IFRS 17. The entry into force of IFRS 17 for solvency and financial reporting has been postponed from January 1, 2024, to January 1, 2026, due to implementation difficulties reported by insurers.

- Issuing of General Superintendent of Insurance Resolutions. Changes have been made for the submission of accounting and

Table 3.1.6-b
Costa Rica: resolutions of the General Superintendency of Insurance issued during 2023

Code	Date	Title	Subject-matter
SGS-A-0094-2023	20-04-2023	Amendment of the final provision II of Resolution SGS-A-0085-2021, in order to extend the deadline to file forms 18, 19, and 20, incorporated into Article 2 of Resolution SGS-DES-A-021-2013, required to comply with the adoption of IFRS 17.	First notification of the deadline to file the parallel reporting forms under IFRS 17.
SGS-A-0095-2023	22-06-2023	Amendments of Resolution SGS-A-021-2013 to standardize the reporting of credit information in accordance with CONASSIF RESOLUTION 14-21, Regulation on calculation of credit estimates.	Incorporation of reporting requirements in adherence with CONASSIF Resolution 14-21.
SGS-A-0096-2023	26-07-2023	Amendment of Superintendency Resolution SGS-DES-A-021-2013, provisions for the reporting of accounting and statistical information to the General Superintendency of Insurance by supervised companies, in order to file the mandatory insurance claim form for automotive vehicles (SOA) through the Insurance Supervision System (SSS).	Change to how SOA information is sent from email to an Insurance Supervision System (SSS) form.
SGS-A-0097-2023	25-08-2023	Amendment of Superintendency Resolution regarding general insurance product registration guidelines for insurance companies.	Adjustment of product registration guidelines to regulatory reforms for self-issue policies.
SGS-A-0098-2023	05-10-2023	Amendment of Superintendency Resolution SGS-DES-A-021-2013, provisions for accounting and statistical reporting to the General Superintendency of Insurance by supervised companies, in order to change the manner of sending audited financial statements for insurance brokers and to include the manner of filing the outside auditor's LC/FT/FPADM report, for all supervised companies.	Introduction of request to file the outside auditor's report related to LC/FT/FPADM, as well as changing the way in which some requests are sent from email to the Study Execution and Monitoring Service (EES).
SGS-A-0099-2023	15-12-2023	Amendment of Part VI with the final provisions of Resolution SGS-A-0085-2021, in order to change the deadlines to file the reporting forms for the adoption of International Financial Reporting Standard 17 (IFRS 17).	Postponement of the effective date of IFRS 17, decrease in the frequency of filing, and second postponement of the deadline to file the parallel reporting forms with IFRS 17.

Source: General Superintendency of Insurance statistical information, adjusting the submission of loss ratio forms for Compulsory Automobile Insurance (SOA) and how audited financial statements are sent. Likewise, guidelines for registering insurance products have been adjusted, and new dates and frequencies for submission of parallel information forms under IFRS 17 have been established (see Table 3.1.6-b).

- Transversal Regulatory Developments. Work has been done to amend the regulations on financing supervisory bodies and the definition of systemically important institutions. Similarly, cybersecurity and IT management frameworks have been strengthened, incorporating provisions on emerging technologies and cybersecurity.

These efforts reflect a comprehensive approach to strengthen insurance market regulations and ensure alignment with international standards such as IFRS 17 and best practices in cybersecurity and risk management.

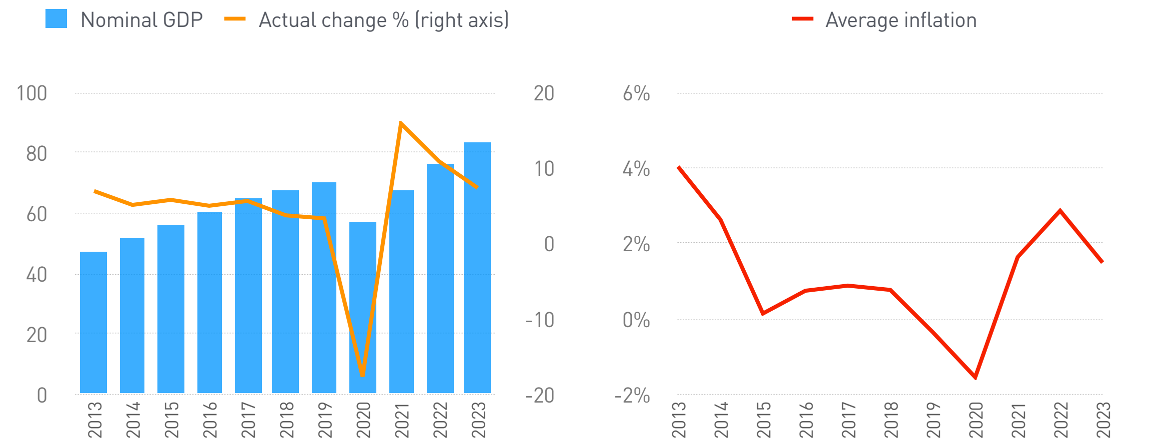
3.1.7 Panama

Macroeconomic environment

The Panamanian economy grew by 7.3% in 2023 (10.8% in 2022). Despite the loss of momentum, the country has maintained high growth rates since 2013, with a significant increase in 2021 and 2022 due to the rebound effect of its economy, far outpacing the previous year's sharp drop as a result of the pandemic (see Chart 3.1.7-a). This performance is due to the momentum of sectors such as construction (up 36.7% in 2023) and trade (up 7.3%, driven by fuel sales). The manufacturing industry also contributed to the country's growth with a 17.7% increase in cement production, while some sectors, such as hydroelectric power generation, fell by 23.0%. Meanwhile, average inflation in 2023 rose to 1.5% and unemployment fell to 7.4% in August from 9.9% at the end of 2022.

In terms of fiscal policy, the deficit stood at 2.95% of GDP in 2023, driven by higher spending (which grew by 6.6%) and an insufficient increase in revenue (12.6%), with key factors including higher revenue collection, the social security fund (CSS), and higher contributions from the extractive

Chart 3.1.7-a
Panama: changes in economic growth and inflation
(GDP in local currency, billions of balboas; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

sectors and state-owned companies. Despite this, the 3.0% deficit maximum established in the Fiscal Social Responsibility Law was achieved. Central government public debt stood at 58.0% of GDP in 2023 (62.1% in 2022).

ECLAC estimates that Panama's GDP will increase by 2.7% in 2024 (3.3% in 2025), which would be a pronounced slowdown compared to 7.3% in 2023; this would be explained by a sharp drop in mining activities in all areas (termination of concessions and greater restrictions on operations), the ongoing drought, and its impact on the Panama Canal. However, this negative effect is expected to be partially offset by an improvement in the construction and services sectors. Meanwhile, MAPFRE Economics forecasts that the Panamanian economy will grow 2.4% in 2024 and 3.5% in 2025.

Insurance market

Growth

The premium volume of the Panamanian insurance market was 1.9 billion balboas (exchange rate pegged to the dollar). As illustrated in Table 3.1.7 and Chart 3.1.7-b, nominal growth in 2023 was 9.5% (versus 5.6% the previous year), which translates to 7.9% in real terms. Non-Life insurance premiums, which account for 76.8% of the entire Panamanian insurance market, performed more favorably than Life premiums and amounted to 1.4 billion balboas. Specifically, Non-Life premiums grew by 11.6% in nominal terms (10.0% in real terms), while Life insurance premiums (23.2% of the portfolio) grew by 3.3% to 432.7 million balboas. In 2023, no line has decreased compared to 2022, with the most significant growth in the Third-Party Liability line (43.8%). Among the most representative lines, Health showed great momentum with 11.7% growth (10.1% in real terms) and 471.4 million premiums. The Automobile line, the second largest in the Non-Life segment, with 306.0 million premiums, grew by 7.2% in nominal terms (5.6% in real terms). Finally, nominal growth of 8.1% in the Surety line and 9.7% in the Fire and Allied Lines are noteworthy.

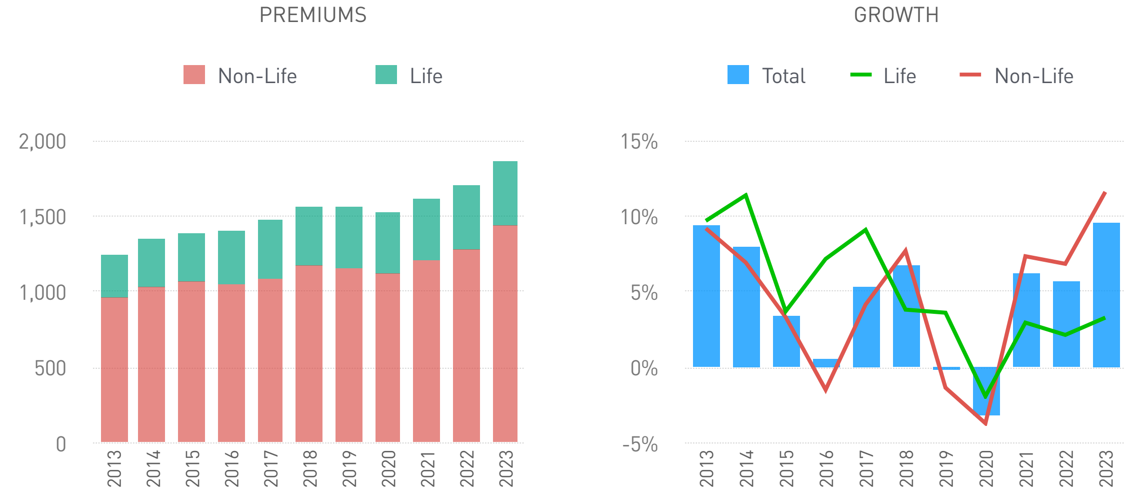
The Panamanian market's share in total premiums and by Life and Non-Life

Table 3.1.7
Panama: premium volume[1] by insurance line, 2023

Line	Millions of balboas (= USD)	Growth	
		Nominal (%)	Real (%)
Total	**1,864.6**	**9.5**	**7.9**
Life	**432.7**	**3.3**	**1.8**
Non-Life	**1,431.9**	**11.6**	**10.0**
Automobiles	306.0	7.2	5.6
Health	471.4	11.7	10.1
Other lines	128.6	16.7	15.0
Surety	124.7	8.1	6.5
Fire and allied lines	191.8	9.7	8.1
Third Party Liability	66.9	43.8	41.7
Transport	75.1	6.9	5.3
Technical risks	30.7	24.8	23.0
Personal Accidents	28.1	8.9	7.3
Multirisk	8.4	4.9	3.4

Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)
1/ Underwritten premiums, direct insurance

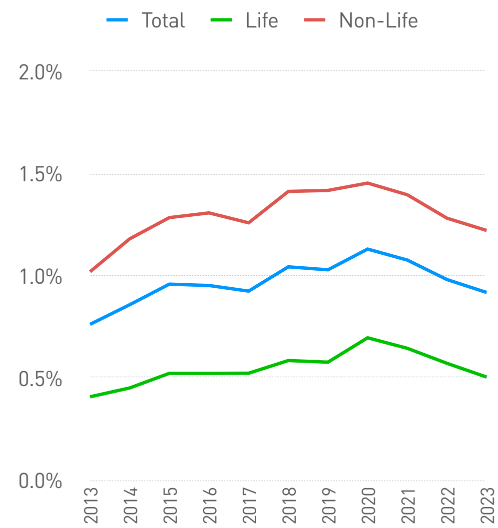
Chart 3.1.7-b
Panama: growth developments in the insurance market
(premiums, millions of balboas; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

segments of the Latin American market as a whole has generally shown a growing trend over the last decade, although its weight has been declining since 2021 in both lines. Thus, the proportion of total premiums in Panama out of the total for Latin America rose from 0.76% in 2013 to 0.92% in 2023. Consequently, the country's share in the Life insurance segment grew from 0.41% in 2013 to 0.50% in 2023, while in the Non-Life segment it increased from 1.02% to 1.22% (see Chart 3.1.7-c). Finally, from the standpoint of the composition of Panama's insurance industry growth in 2023, which was 9.5%, the Life insurance segment contributed 0.8 pp, while Non-Life insurance contributed 8.7 pp (see Chart 3.1.7-d).

Chart 3.1.7-c
Panama: share of insurance premiums in Latin America
(%)

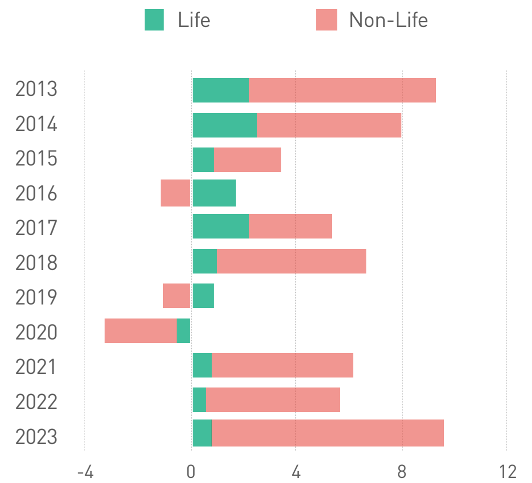


Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance and supervisory bodies of the region)

Balance sheet and shareholders' equity

Chart 3.1.7-e presents the aggregate balance sheet of the Panamanian insurance industry between 2013 and 2023. Total assets in 2023 came to 4.0 billion balboas, up by 8.6% more than the previous year, while equity during the year stood at 1.6 billion balboas, 11.4% up on the previous year. The Panamanian insurance industry's aggregate capitalization levels (measured over total assets) rose 2.8 pp over the last 10 years. Since 2013 (37.9%), it has presented a trend that places it at values close to 40.1% on average (40.8% in 2023), although with sharp downward fluctuations in 2018 (36.7%) and 2022 (39.7%),

Chart 3.1.7-d
Panama: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	9.3	2.2	7.1
2014	7.9	2.6	5.4
2015	3.4	0.9	2.5
2016	0.5	1.7	-1.1
2017	5.4	2.3	3.1
2018	6.7	1.0	5.7
2019	-0.1	0.9	-1.0
2020	-3.2	-0.5	-2.7
2021	6.2	0.8	5.4
2022	5.6	0.5	5.1
2023	9.5	0.8	8.7

Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

years in which capitalization over total assets suffered a sharp contraction.

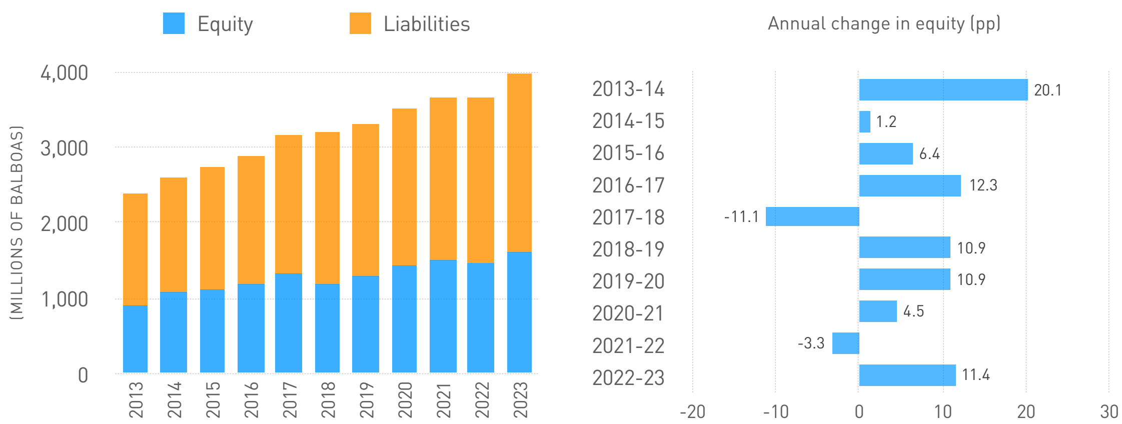
Investment and technical provisions

The information related to this section is not included as, at the closing date of this report, timely statistical information for the last three years was not available.

Technical performance

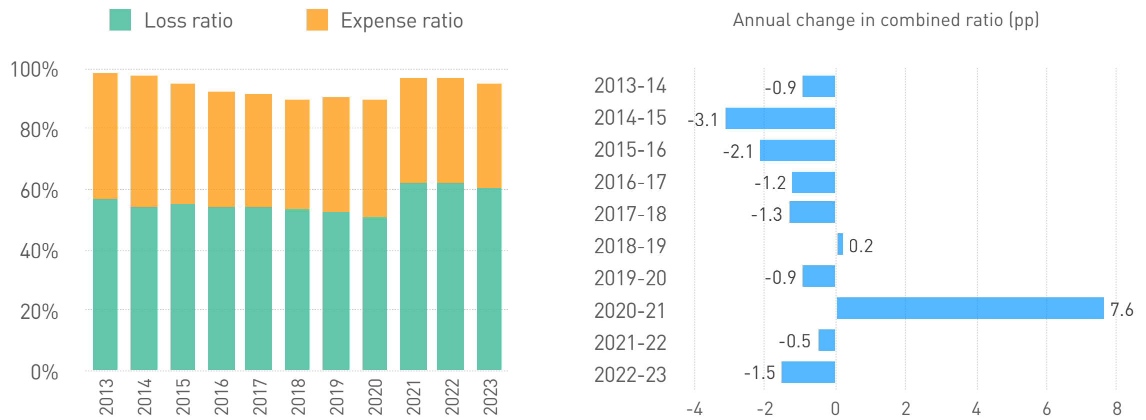
The aggregate combined ratio of the Panamanian insurance industry shows favorable performance compared to the previous year, down by 1.5 pp in 2023, to 94.7%. Thus, in 2023, it stands above the 10-year average (93.7%), indicating an improvement in technical efficiency. The decrease of the loss ratio by 1.7 pp, from

Chart 3.1.7-e
Panama: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

Chart 3.1.7-f
Panama: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



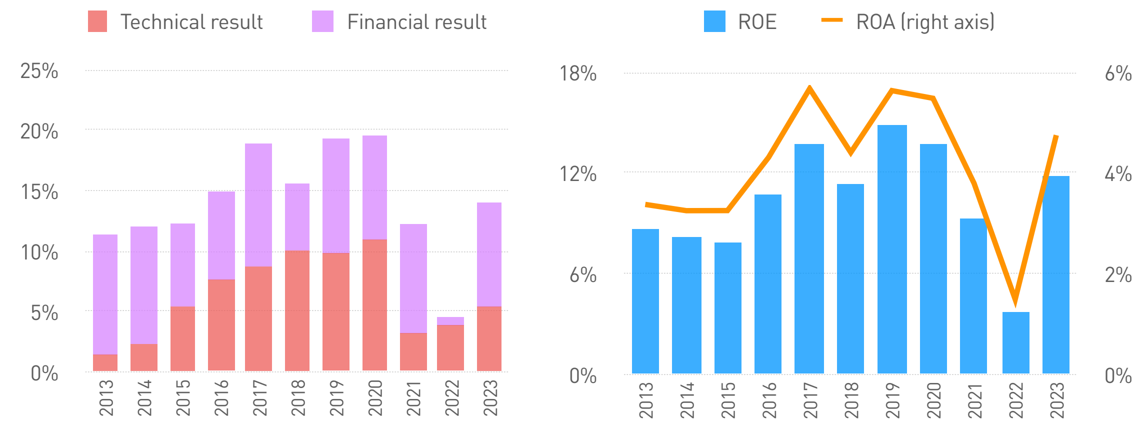
Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

62.5% to 60.9% in 2023, was offset by the worsening of the expense ratio by 0.2 pp, standing at 33.8% (33.7% in 2022), leading to the improvement in the total combined ratio of the Panamanian market (see Chart 3.1.7-f).

Results and profitability

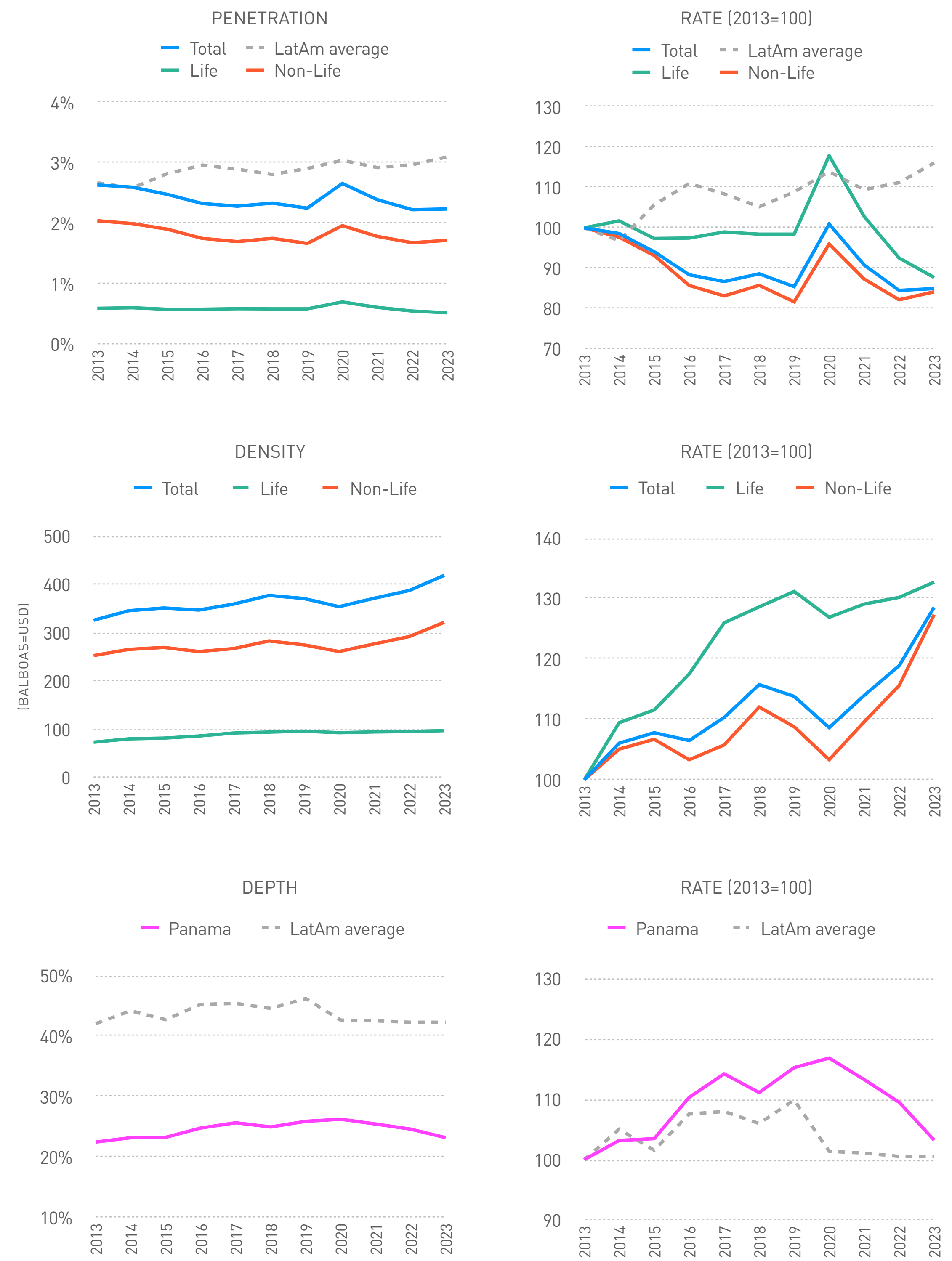
The net result of the Panamanian insurance industry in 2023 was 181.4 million balboas (up 232.2% over the previous year), returning to 2019–2020 figures and recovering from the previous year's weak result (54.6 million and a drop of 59.9%). This performance was supported by the technical result, which stood at 68.8 million balboas (46.2 million balboas in 2022), representing a 48.9% growth, while the financial result also recovered to 112.6 million balboas (8.4 million balboas in 2022). Meanwhile, profitability figures show a growing trend, albeit unevenly with years in which it lost

Chart 3.1.7-g
Panama: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

Chart 3.1.7-h
Panama: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, balboas; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

growth momentum (2015, 2018, and 2022), although this last year it recovered with a return on equity (ROE) of 11.8% (8.1 pp higher than the previous year). The same is true for the return on assets (ROA), which reached 4.7% in 2023, an increase of 3.3 pp from the previous year (see Chart 3.1.7-g).

Insurance penetration, density and depth

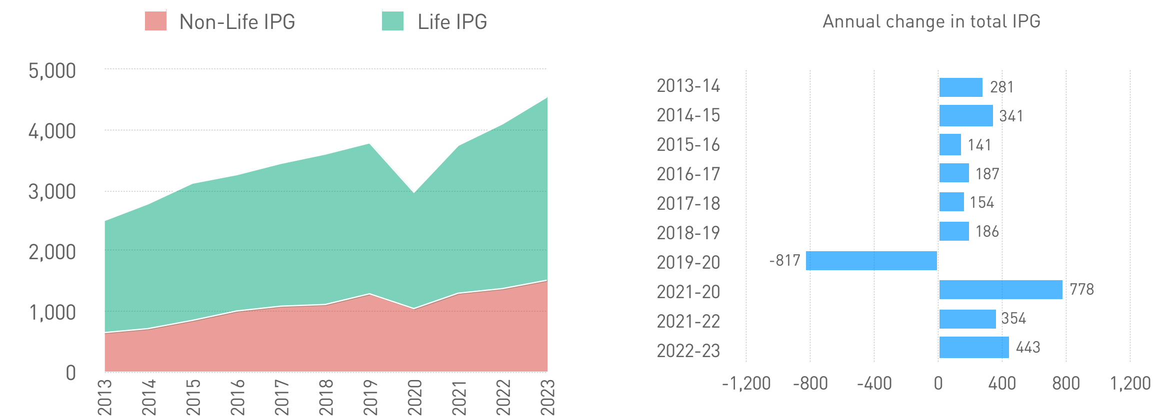
Chart 3.1.7-h shows the main structural trends shaping the development of the Panamanian insurance industry over the 2013–2023 period. The penetration ratio (premiums/GDP) in 2023 stood at 2.2%, at levels identical to the previous year and 0.4 pp less than in 2013. As the aforementioned chart shows, the penetration ratio of the Panamanian market has maintained a slightly downward trend, unable to keep pace with the growth of the average for the Latin American insurance market as a whole (standing 0.9 pp below this in 2023), which grew in recent years from 2.7% in 2013 to 3.1% in 2023. Meanwhile, insurance density in Panama (premiums per capita) stood at 418.2 balboas, representing accumulated growth of 28.5% with respect to 2013 and 8.1% with respect to the level reached the previous year (386.8 balboas). In contrast to the penetration ratio, density shows an upward trend and is above the Latin American average of 324.3 dollars in 2023.

The depth of the Panamanian market (measured as the ratio of Life insurance premiums to total premiums) stood at 23.2% in 2023, down by 1.4 pp on the previous year and up 0.7 pp on the figure from 2013. Depth was virtually stagnant over the last decade, at figures 19.1% below those shown by the average for Latin American insurance markets as a whole.

Insurance Protection Gap estimate

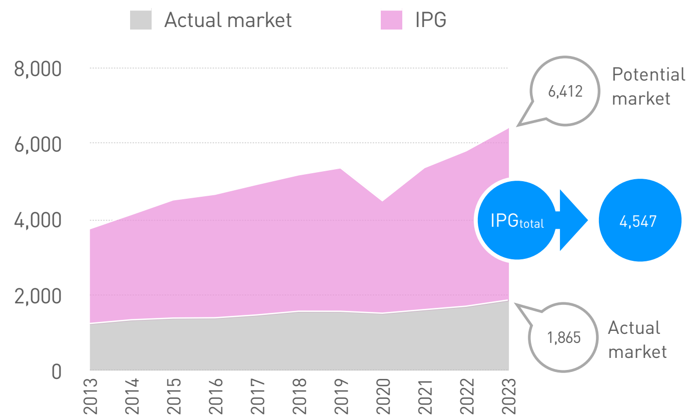
Chart 3.1.7-i shows an estimate of the IPG for the Panamanian insurance market between 2013 and 2023. This data indicates that the insurance gap in 2023 stood at 4.6 billion balboas, 2.4 times the size of the actual insurance market in Panama that year. The structure and performance of the IPG between 2013 and 2023, for most Latin American insurance markets, a dominance of the Life insurance segment. At the close of 2023, 66.7% of the IPG (66.4% in 2022) corresponded to Life insurance (3.0 billion balboas), meaning that the share of this segment fell by 7.4 pp compared to 2013 and by 0.3 pp compared to the previous year. Meanwhile, the remaining 33.3% of the IPG is a product of the Non-Life insurance segment

Chart 3.1.7-i
Panama: Insurance Protection Gap
(millions of balboas)



Source: MAPFRE Economics

Chart 3.1.7-j
Panama: Insurance Protection Gap and potential market
(millions of balboas)



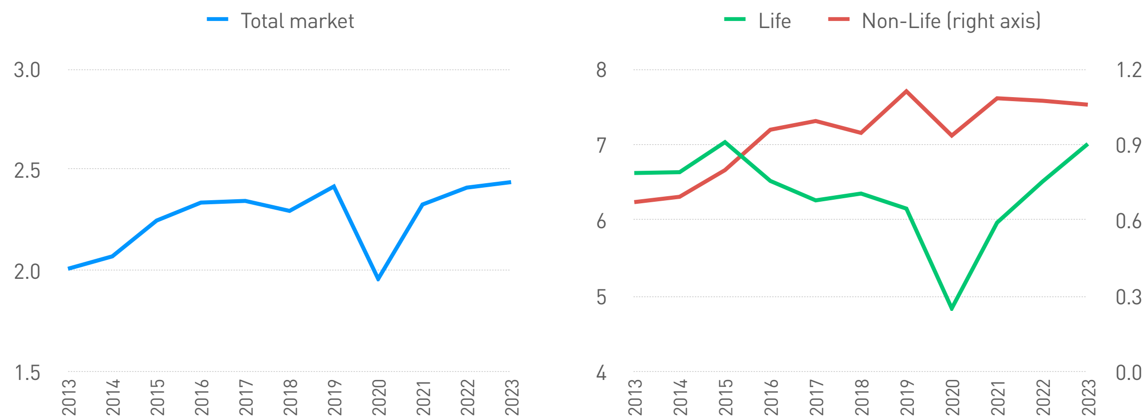
Change	Actual market	IPG
2023-2013	49.8%	81.8%
2023-2022	9.5%	10.8%

Source: MAPFRE Economics

(1.5 billion balboas). The potential insurance market in Panama at year-end 2023 (the sum of the actual market plus the IPG) was therefore estimated at 6.4 billion balboas, 3.4 times the size of the total insurance market that year (see Chart 3.1.7-j).

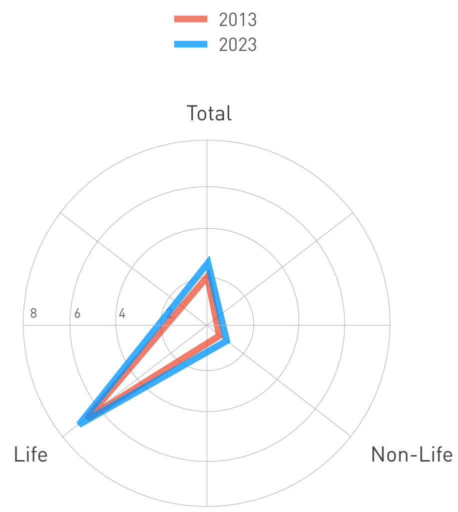
Meanwhile, Chart 3.1.7-k shows an estimate of the insurance gap as a multiple of the actual insurance market in Panama. The IPG as a multiple of the market followed an upward trend throughout the period analyzed, except in 2020 as a result of the expansion of the IPG in the Life segment, which rose from 6.6 in 2013 to 7.0 in 2023. In the last year the indicator grew from 6.5 to 7.0 times in the Life insurance segment, while remaining at 1.1 times for the Non-Life line. Chart 3.1.7-l summarizes the development of the IPG as a multiple of the actual Life and Non-Life markets and the Panamanian insurance market as a whole over the last decade. As this schematic presentation shows, over the 2013–2023 period the IPG as a multiple of the actual market grew in both the Life and Non-Life insurance segments.

Chart 3.1.7-k
Panama: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.1.7-l
Panama: change in IPG as a multiple of the actual market



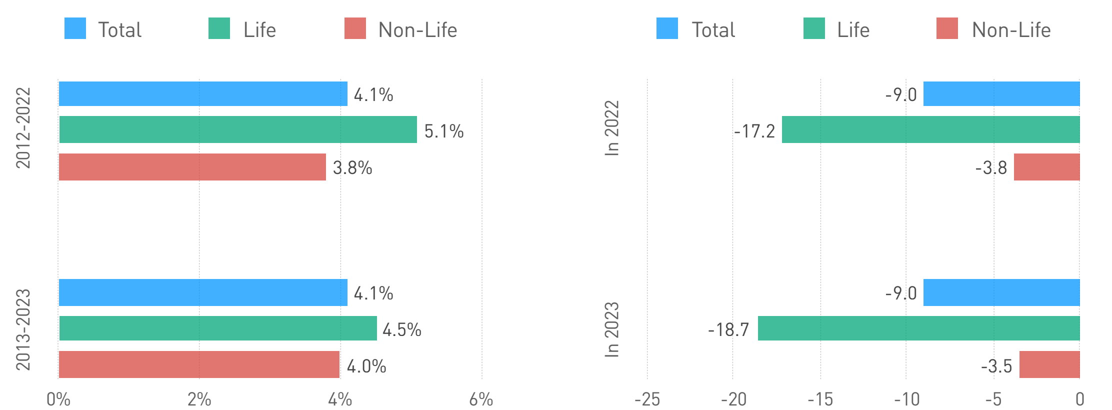
Source: MAPFRE Economics

Finally, Chart 3.1.7-m presents the evaluation of the Panamanian insurance market's capacity to close the insurance gap. This is based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the insurance gap determined in 2023 over the next decade. The Panamanian insurance market grew at an average annual rate of 4.1% (the same as in the previous period), underpinned by average annual growth of 4.5% in the Life insurance segment and average annual growth of 4.0% in the Non-Life insurance segment. This analysis confirms that, if the same growth dynamics observed in the past decade are maintained over the next 10 years, the growth rate of the Panamanian insurance market would fall short of the target in the case of the Non-Life insurance segment by 3.5 pp (a slight improvement over the quantification made in 2022), while in the case of the Life insurance segment the rate observed would fall short by 18.7 pp (which means a worsening of the shortfall with respect to the previous year's measurement).

Market Development Index (MDI)

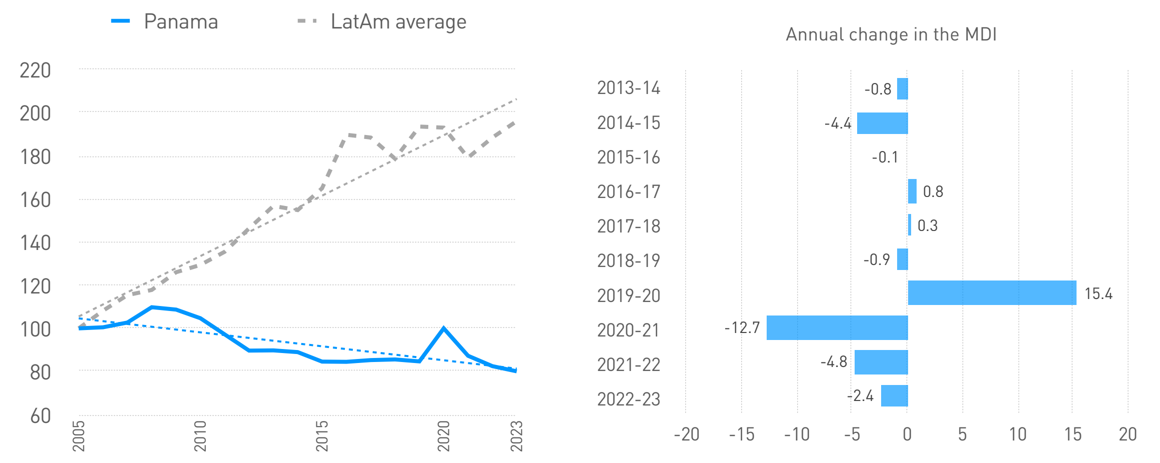
Chart 3.1.7-n shows an estimate of the Market Development Index (MDI) for the Panamanian insurance industry between 2005 and 2023. In this last year, the indicator was down 2.4 points from the previous year, marking a historical low. As noted throughout this report, the MDI is used as a benchmark for the general trends observed in the performance and maturity of insurance markets. In the case

Chart 3.1.7-m
Panama: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.1.7-n
Panama: Market Development Index (MDI)
(2005 index=100; annual change)



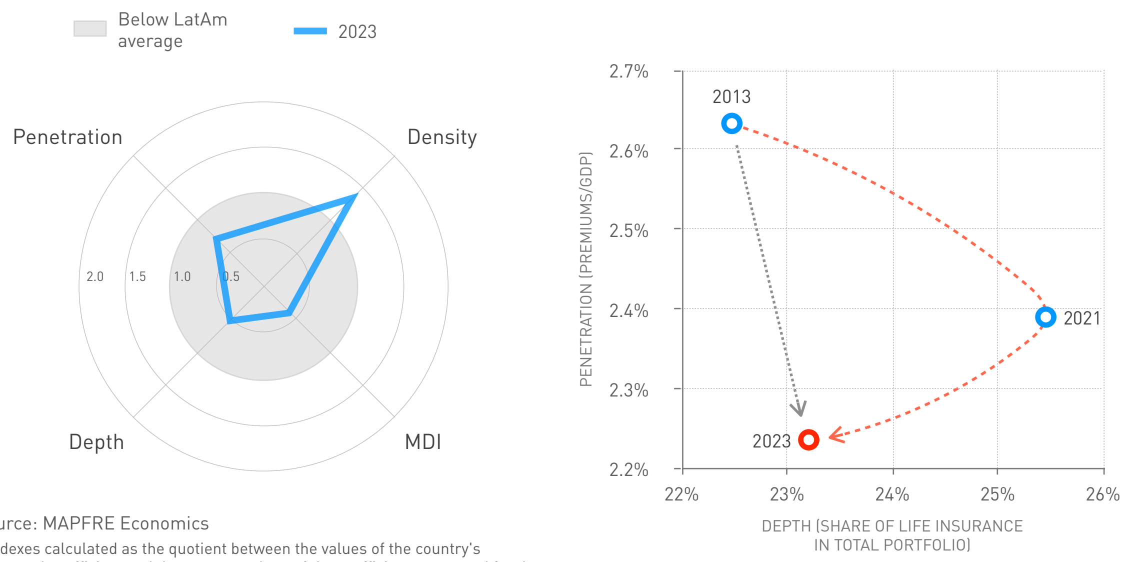
Source: MAPFRE Economics

of the Panamanian insurance market, the indicator's trend clearly diverges from the average performance of the region's insurance markets. In 2023, its distance from the average MDI in Latin America widened YoY (from -105.9 to -115.9 points), as the index fell 2.4 points, while the average for Latin America increased from 188.4 points in 2022 to 196.0 in 2023.

Comparative analysis of structural coefficients

Finally, Chart 3.1.7-o schematically illustrates the Panamanian insurance market's situation compared to the average for Latin America, from the perspective of the different structural indicators analyzed: penetration, density, depth, and MDI. In this respect, it is clear that

Chart 3.1.7-o
Panama: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics
* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

the Panamanian market remains below the average level for all Latin American insurance markets in relation to four of the structural indicators analyzed, the density index being the only exception.

Meanwhile, between 2013 and 2021, Panama's insurance market growth was clearly unbalanced, showing losses in both penetration levels (quantitative dimension) and insurance depth (qualitative dimension). As of 2021, this trend seems to have begun to turn around, but only in the qualitative dimension of market development, with a slight advance in depth levels.

Insurance market rankings

Total ranking

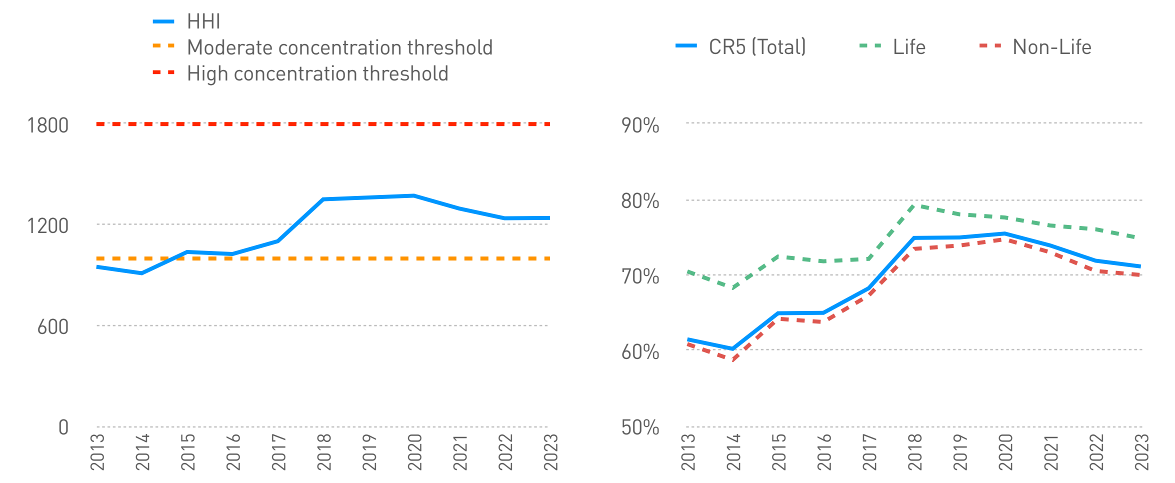
A total of 23 insurance companies were operating in Panama at the end of 2023, the same as in previous years. The Herfindahl and CR5 Indexes reflect increasing levels of concentration through 2020; thereafter, the Herfindahl Index decreased, stabilizing in 2023, but still above the theoretical threshold that indicates the beginning of a moderate level of industry concentration, a parameter that the Panamanian market had already exceeded as of 2015. The CR5 Index (market share of the five largest companies operating in the market) stood at 71.2% in 2023, with 74.9% for the Life segment and 70.0% for the Non-Life segment (see Chart 3.1.7-p).

In 2023, the total ranking of insurance companies in Panama is led once again by Assa, with a market share of 23.8% (22.6% in 2022), followed by Internacional de Seguros (15.9%) and MAPFRE (14.7%). The remaining members also maintain their relative positions, except for Worldwide Medical, which drops to last place, being overtaken by Seguros Fedpa and Mercantil, which occupy eighth and ninth places, respectively (see Chart 3.1.7-q).

Life and Non-Life rankings

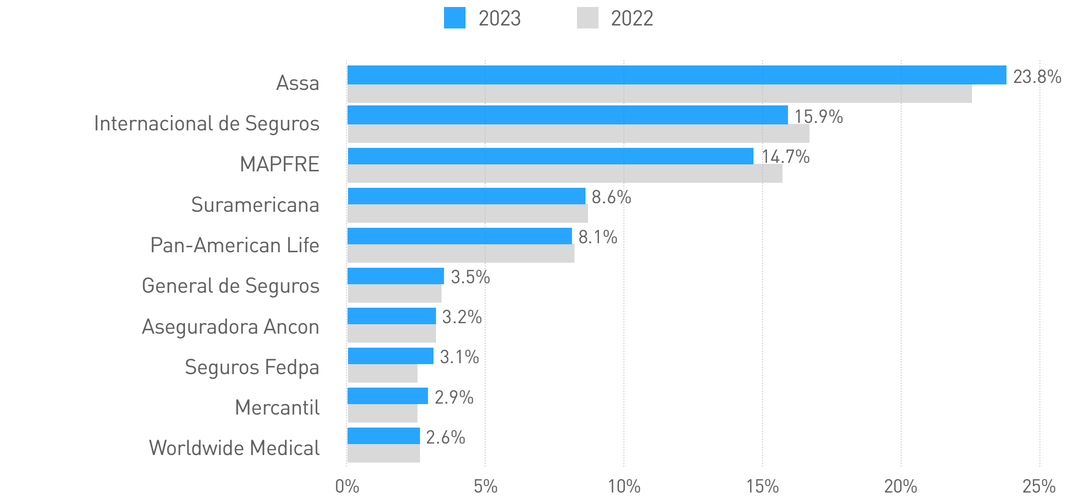
As Chart 3.1.7-r shows, the Non-Life ranking for 2023 remains unchanged from the previous year, except for Mercantil and Aseguradora Ancon, which swap the sixth and seventh places, respectively. Assa once again leads the ranking, with a 23.9% market share, followed by MAPFRE with a 16.0% market share (17.4% the previous year) and Internacional de Seguros in third place with a 15% market share (-1.2 pp with respect to the previous year). The

Chart 3.1.7-p
Panama: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

Chart 3.1.7-q
Panama: overall ranking
(market shares, %)

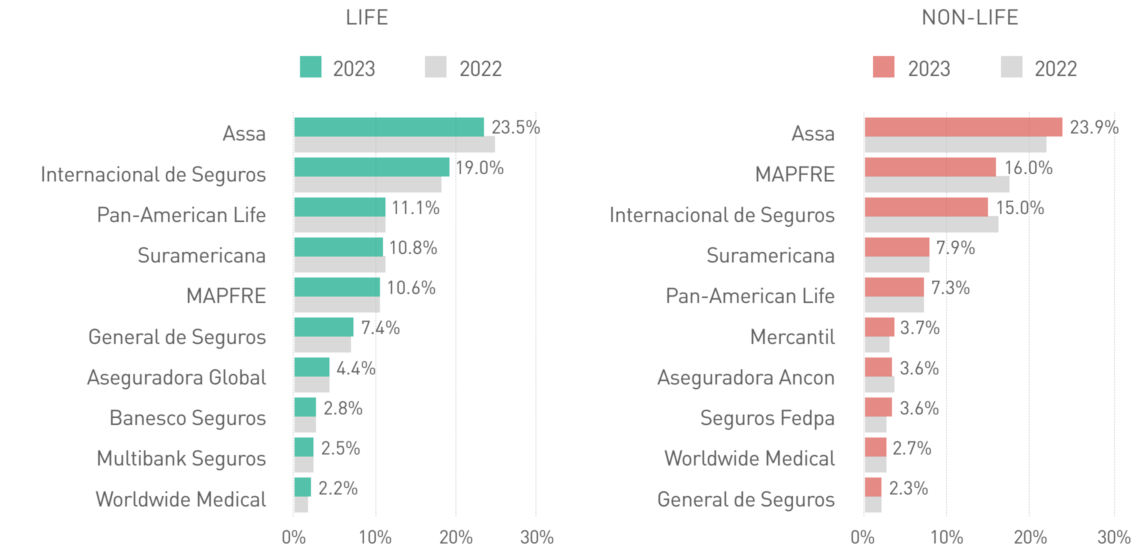


Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

ranking in this segment is closed out by General de Seguros with a 2.3% market share (0.1 pp more than the previous year).

Finally, the two insurance groups that topped the Life ranking last year remain in the same places as last year: Assa with a 23.5% share (24.6% in 2022) and Internacional de Seguros with 19.0% (+0.8 pp YoY). Pan American Life moved up one place, with 11.1% of premiums, leaving Suramericana in fourth place, with a 10.8% market share. MAPFRE, with a 10.6% market share, holds fifth place, and the remaining companies maintain relative positions.

Chart 3.1.7-r
Panama: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)

Key regulatory aspects

In terms of the main regulatory adjustments related to the Panamanian insurance market in 2023, it is important to highlight the issuing of the following regulations by the Board of Directors of the Superintendency of Insurance and Reinsurance, the entity in charge of supervising the insurance activity in the country:

Resolutions and Decisions

- 10-17-2023 Draft Resolution – 2023. Establishes the provisions for the adoption of International Financial Reporting Standards (IFRS 17), applicable to insurance, reinsurance, and related operations and the solvency capital requirement, solvency margin, and minimum liquidity requirement.
- 03-15-2023 Resolution-001-2023. Issues provisions on Insurance Company Risk Rating.
- 02-15-2024 Resolution IFRS17. Establishes the provisions for the adoption of International Financial Reporting Standards applicable to insurance, reinsurance, and related operations and the solvency capital requirement, solvency margin, and minimum liquidity requirement.

Circulars

- 05-20-2024 Cir-029-2023. Request for additional information when Rate Adjustments are submitted for Health policies.
- 12-18-2023 Cir-038-2023. Individual Health Policies (Rate Increase).
- 11-07-2023 Cir-032-2023. Basic Compulsory Traffic Accident Insurance (*Seguro Obligatorio de Accidentes de Tránsito*, SOAT) Policy and Statistical Information.
- 11-07-2023 Cir-028-2023. Basic Compulsory Traffic Accident Insurance (SOAT) Policy.

Resolutions

- 09-25-2023 Resolution-DG-SSRP-014-2023. Consolidated supervision methodology manual for individuals and corporations
- 07-26-2023 Resolution-DG-SSRP-012-2023. Establishes the procedure for requesting information from the Private and Unique Registration System for Final Beneficiaries.
- 05-18-2023 Resolution-JD-024-2023. Interpretation Guide to Resolution No. 1 of February 23, 2023.
- 05-10-2023 Resolution-JD-023-2023. Amends Article 35 of the SSRP's Internal Labor Regulations.

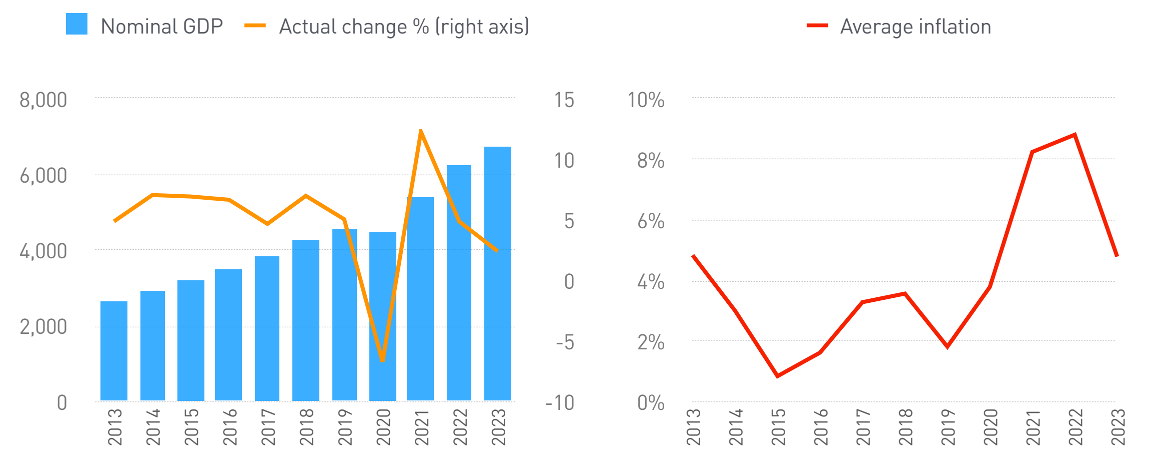
3.1.8 Dominican Republic

Macroeconomic environment

In 2023, the economy of the Dominican Republic grew by 2.4% in real terms, continuing on its path of recovery since the pandemic, but its expansion continued to slow down compared to the previous year (4.9% in 2022). This performance is partly explained by the cumulative tightening of monetary policy, which was clearly restrictive during the early stages of the year, affecting domestic demand and other interest rate sensitive sectors such as housing, construction, and manufacturing. Furthermore, there was a moderation in foreign demand due to a complex international trade environment, and despite the positive contribution of tourism-related activities, which managed to expand by double digits, growing 10.7% in 2023 (see Chart 3.1.8-a).

The current account deficit moderated to 3.6% (two percentage points lower than the

Chart 3.1.8-a
Dominican Republic: changes in economic growth and inflation
(GDP in local currency, billions of pesos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

previous year) thanks to the balance of services (noted in the surplus), less pressure from the balance of goods (owing to a decrease in imports), as well as a financial account that continues to register favorable foreign direct investment inflows. These factors, along with the government's efforts to maintain a better balance between revenue and expenditures, led to positive progress in the fiscal situation, so that the deficit stood at 3.0 % of GDP, achieving a 0.4 pp reduction from the previous year, while public debt was reduced by another 0.4 pp, reaching 45.1% of GDP in 2023. Meanwhile, after the central bank's efforts to control the price growth process with interest rates remaining in the 8.0-8.5% range during the first half of 2023, inflation registered an average increase of 4.8% in 2023, although price pressures eased dynamically in the second half to return to the central bank's target range (4% ±1%).

Finally, regarding growth forecasts, ECLAC estimates that the Dominican economy will grow by 5.2% in 2024 (4.5% in 2025) due to a less restrictive monetary policy, higher public spending, and exchange rate stability from the improvement in the current account. The IMF forecasts even greater momentum, with an estimated growth rate of 5.4% for 2024. Meanwhile, MAPFRE Economics forecasts Dominican GDP growth of around 4.9% in 2024 and 5.0% in 2025.

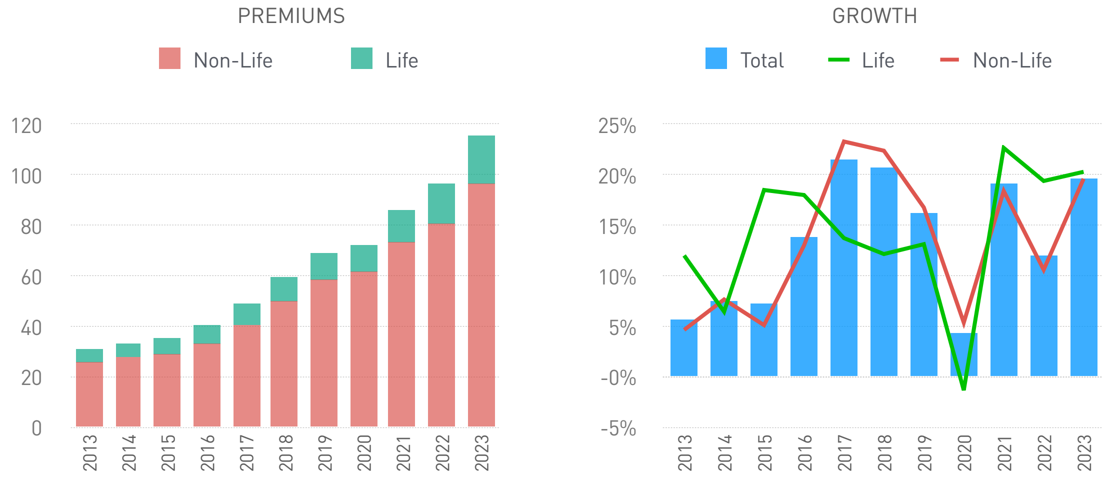
Insurance market

Growth

Premium volume in the Dominican insurance market in 2023 stood at 115.4 billion pesos (2.1 billion dollars), representing a nominal increase of 19.8% and actual growth of 14.3% (see Table 3.1.8 and Chart 3.1.8-b). Life insurance premiums grew by a nominal 20.4% to 18.7 billion pesos (334.7 million dollars). Individual Life insurance increased by 140.7% to 1.2 billion pesos. Meanwhile, group Life insurance rose to 17.6 billion pesos, 16.4% more than the previous year.

Premiums in Non-Life lines (which represent 83.8% of the total risk portfolio of the Dominican insurance industry) showed 19.7% nominal and 14.2% real growth, reaching 96.6 billion pesos (1.73 billion dollars). The Health, Fire and Automobile lines continue to

Chart 3.1.8-b
Dominican Republic: growth developments in the insurance market
(premiums, billions of pesos; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

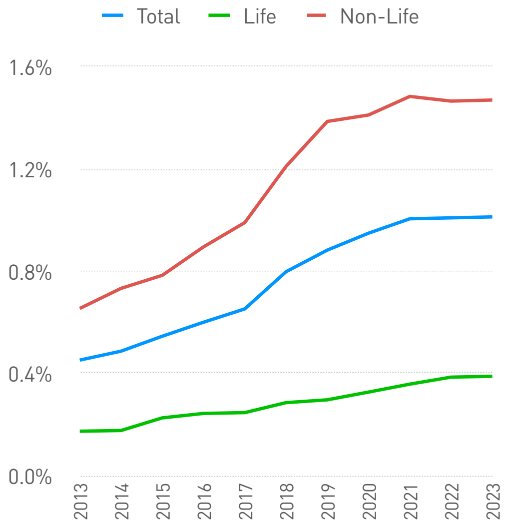
be the most important in the Non-Life segment. The Health line grew by 15.4% in nominal terms to 28.6 billion pesos. Meanwhile, Fire and Allied Lines, with 29.0 billion pesos of premiums (518.4 million dollars), increased by 22.7% in nominal terms (17.1% in actual terms), while Automobile grew in nominal and actual terms by 16.2% and 10.9%, respectively, reaching 25.3 billion pesos of premiums in the year. The remaining Non-Life lines grew both nominally and in actual terms, with Personal Accident (66.6%), Surety (20.1%), and Other lines (37.4%) standing out.

Table 3.1.8
Dominican Republic: premium volume[1] by insurance line, 2023

Line	Millions of pesos	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**115,356.2**	**2,059.9**	**19.8**	**14.3**
Life	**18,742.8**	**334.7**	**20.4**	**14.9**
Individual Life	1,198.3	21.4	140.7	129.7
Group Life	17,544.6	313.3	16.4	11.1
Non-Life	**96,613.4**	**1,725.2**	**19.7**	**14.2**
Fire and allied lines	29,029.4	518.4	22.7	17.1
Automobiles	25,279.7	451.4	16.2	10.9
Health	28,576.6	510.3	15.4	10.1
Other lines	7,790.4	139.1	37.4	31.1
Transport	2,360.5	42.2	8.1	3.2
Surety	2,351.5	42.0	20.1	14.6
Personal Accidents	1,225.2	21.9	66.6	59.0

Source: MAPFRE Economics (based on data from the Superintendency of Insurance)
1/ Written premiums net of returns and cancellations

Chart 3.1.8-c
Dominican Republic: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance and supervisory bodies of the region)

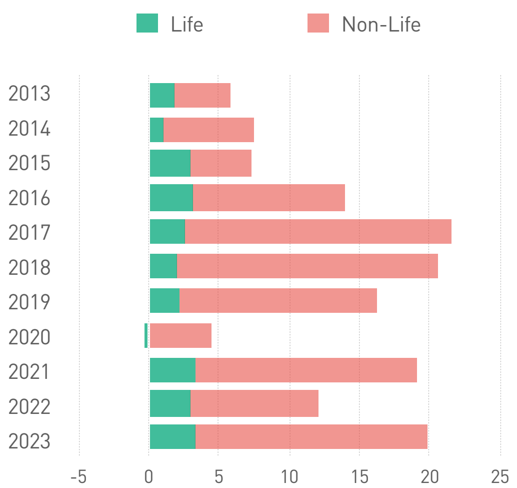
The Dominican insurance market's share of total premiums and of Life and Non-Life premiums in the Latin American market as a whole has increased. As observed in Chart 3.1.8-c, the Dominican Republic's share of total premiums in Latin America rose from 0.45% in 2013 to 1.01% in 2023. Specifically, its share in the Life segment grew from 0.17% in 2013 to 0.39% in 2023, while its share in the Non-Life segment grew from 0.65% to 1.47% in that period.

In terms of contributions to the industry's growth, the 19.8% increase in premiums registered by the Dominican insurance market in 2023 was mainly explained by the contribution of the Non-Life insurance segment with a 16.5 pp contribution to growth, while the Life segment also contributed positively to growth, albeit to a lesser extent, with 3.3 pp (see Chart 3.1.8-d).

Balance sheet and shareholders' equity

Chart 3.1.8-e shows the aggregate balance sheet for the Dominican insurance industry. According to this information, the industry's total assets in 2023 amounted to 135.9 billion pesos (2.3 billion dollars). Meanwhile, equity on the aggregate within the industry came to 40.6 billion pesos (699.2 million dollars), up 21.4 pp on the value reported in 2022. These variations are notably higher than the figures registered the previous year. It is important to note that over the 2013–2023 period,

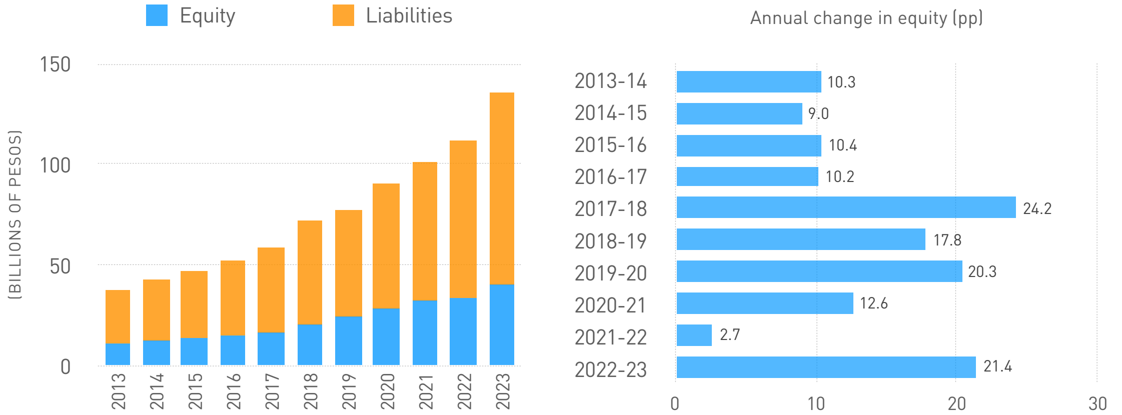
Chart 3.1.8-d
Dominican Republic: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	5.8	1.8	4.0
2014	7.5	1.0	6.4
2015	7.3	3.0	4.3
2016	13.9	3.2	10.7
2017	21.6	2.5	19.1
2018	20.7	2.1	18.6
2019	16.2	2.1	14.1
2020	4.3	-0.2	4.6
2021	19.1	3.3	15.7
2022	12.0	2.9	9.0
2023	19.8	3.3	16.5

Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

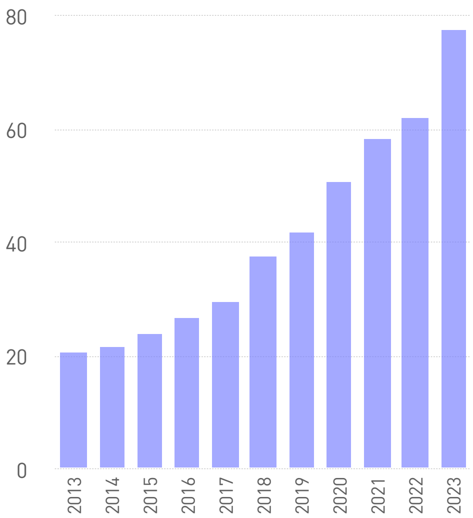
Chart 3.1.8-e
Dominican Republic: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

there was a consistent annual increase in equity levels in the Dominican insurance industry. Aggregate capitalization levels in the insurance industry (measured relative to total assets) stood at values close to 29.8% throughout the period, bottoming out at 28.1% in 2017 before rising to 29.9% at the end of 2023.

Chart 3.1.8-f
Dominican Republic: insurance market investments
(billions of pesos)

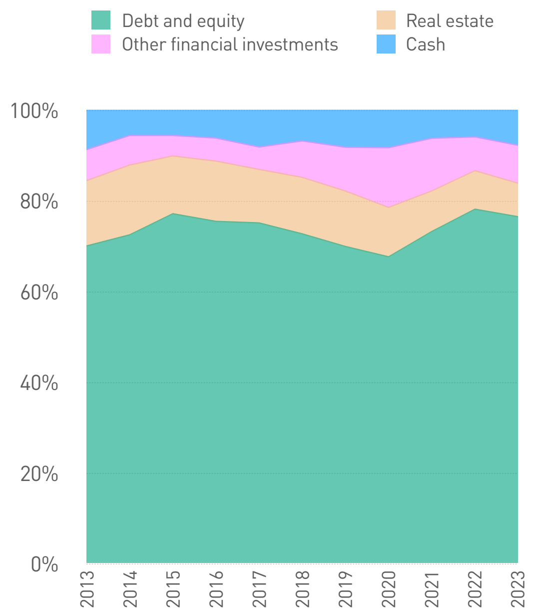


Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Investments

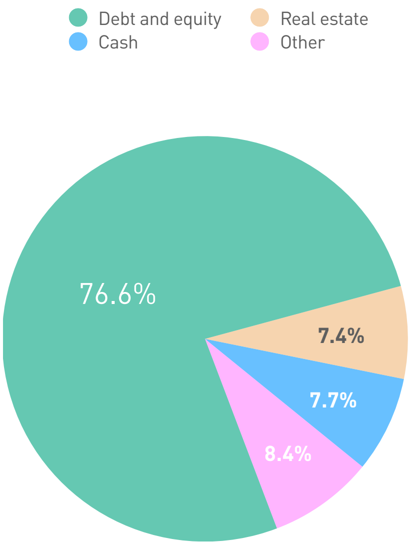
Chart 3.1.8-f shows the performance of the aggregate investment portfolio in the sector between 2013 and 2023, while Charts 3.1.8-g and 3.1.8-h show the performance of the investment structure over the cited period. These data show that in 2023, total investments made by the insurance industry in that country amounted to 77.5 billion pesos (1.3 billion dollars), focused on debt and equity instruments (76.6%), and in a relatively smaller proportion, real estate (7.4%) and cash and cash equivalents (7.7%). Likewise, in the analysis of the performance of the aggregate investment portfolio, the change is notable in the weight of real estate investments, which steadily declined from 2013 (when it represented 14.4% of the portfolio) to 7.4% at the end of 2023, amounting to 5.7 billion pesos, compared to 5.3 billion pesos in 2022, down 8.7% from the previous year. In addition, other financial investments grew by 40.3 pp to 6.5 billion pesos, recovering ground from the previous year, although still below the levels observed in 2020–2021.

Chart 3.1.8-g
Dominican Republic: structure of investments
(%)



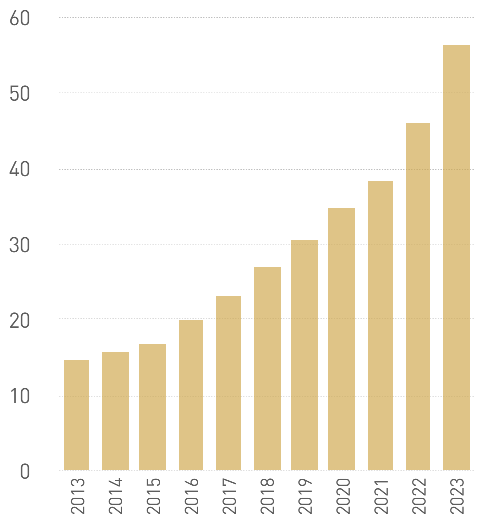
Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Chart 3.1.8-h
Dominican Republic: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Chart 3.1.8-i
Dominican Republic: technical provisions of the insurance market
(billions of pesos)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

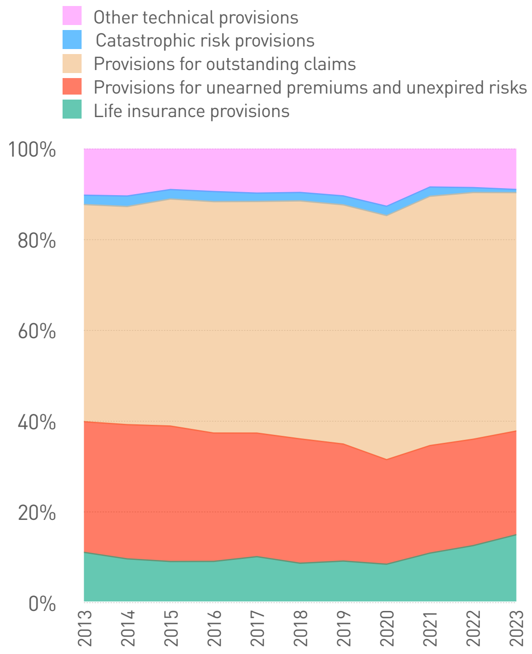
Technical provisions

Chart 3.1.8-i shows the performance of technical provisions within the Dominican insurance market, while Charts 3.1.8-j and 3.1.8-k show the changes in the relative composition of said provisions over the 2013-2023 period. As these data demonstrate, technical provisions in 2023 stood at 56.2 billion pesos (967.2 million dollars). Only 15.1% were related to mathematical provisions and unexpired risks in personal insurance, 22.8% to provisions for unearned premiums and unexpired risks in Non-Life insurance, 52.5% to provisions for outstanding benefits, 0.7% to provisions for catastrophic risks, and the remaining 8.9% to other technical provisions.

Technical performance

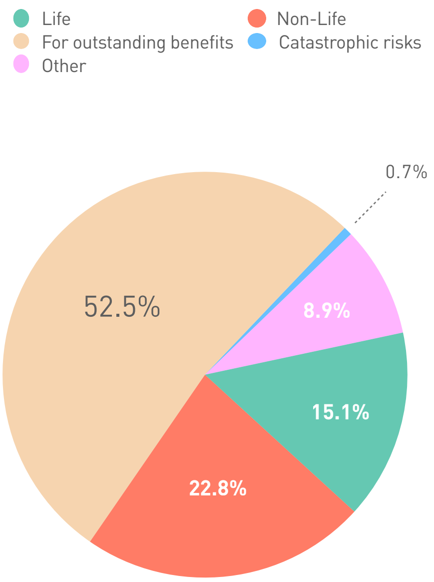
Chart 3.1.8-l presents the performance of the aggregate combined ratio for the Dominican insurance industry as a whole

Chart 3.1.8-j
Dominican Republic: structure of technical provisions
(%)



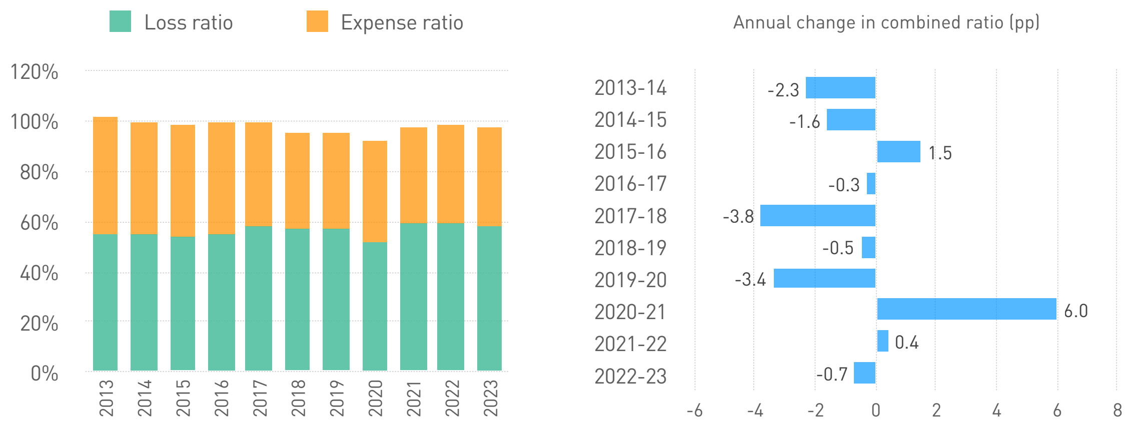
Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Chart 3.1.8-k
Dominican Republic: structure of technical provisions, 2023
(%)



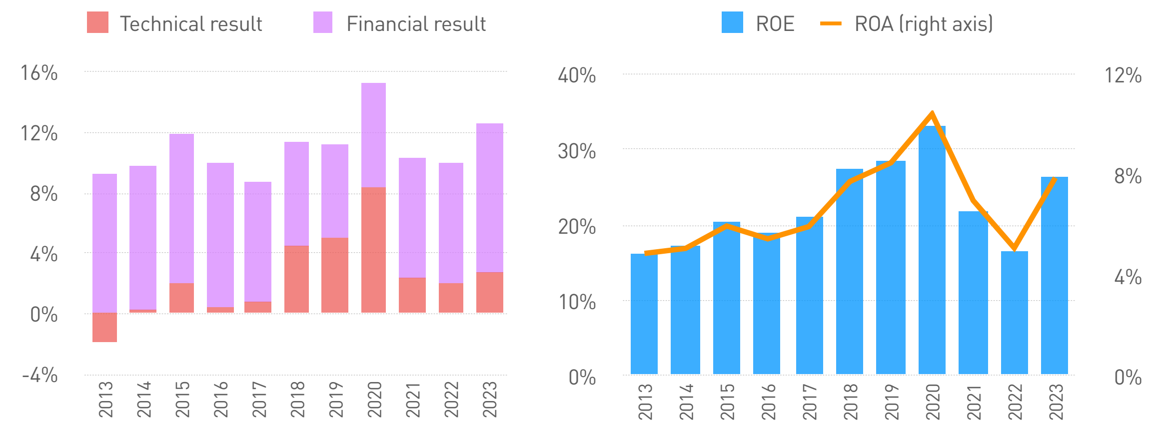
over the 2013–2023 period. As shown, the technical indicator improved by 0.7 pp in 2023, supported basically by a reduction in the loss ratio, which fell 1.3 pp to 57.8%, and a containment of the expense ratio, which grew slightly by 0.6 pp to 39.5%.

Chart 3.1.8-l
Dominican Republic: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Chart 3.1.8-m
Dominican Republic: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Results and profitability

The Dominican insurance industry posted a consolidated result of 9.8 billion pesos (174.9 million dollars) in 2023, up 79.7% from the previous year. This figure was supported by a technical result over earned premiums 0.74 pp higher than the previous year, reaching 2.71%, based on an improvement in the loss ratio. Likewise, the financial result in relation to earned premiums grew by 2.02 pp from 2022, reaching 9.97% (see Chart 3.1.8-m). Thus, return on equity (ROE) stood at 26.4% in 2023, up by 9.9 pp from the previous year. Likewise, return on assets (ROA) reached 7.9% in 2023 (up by 2.8 pp from 2022).

Insurance penetration, density and depth

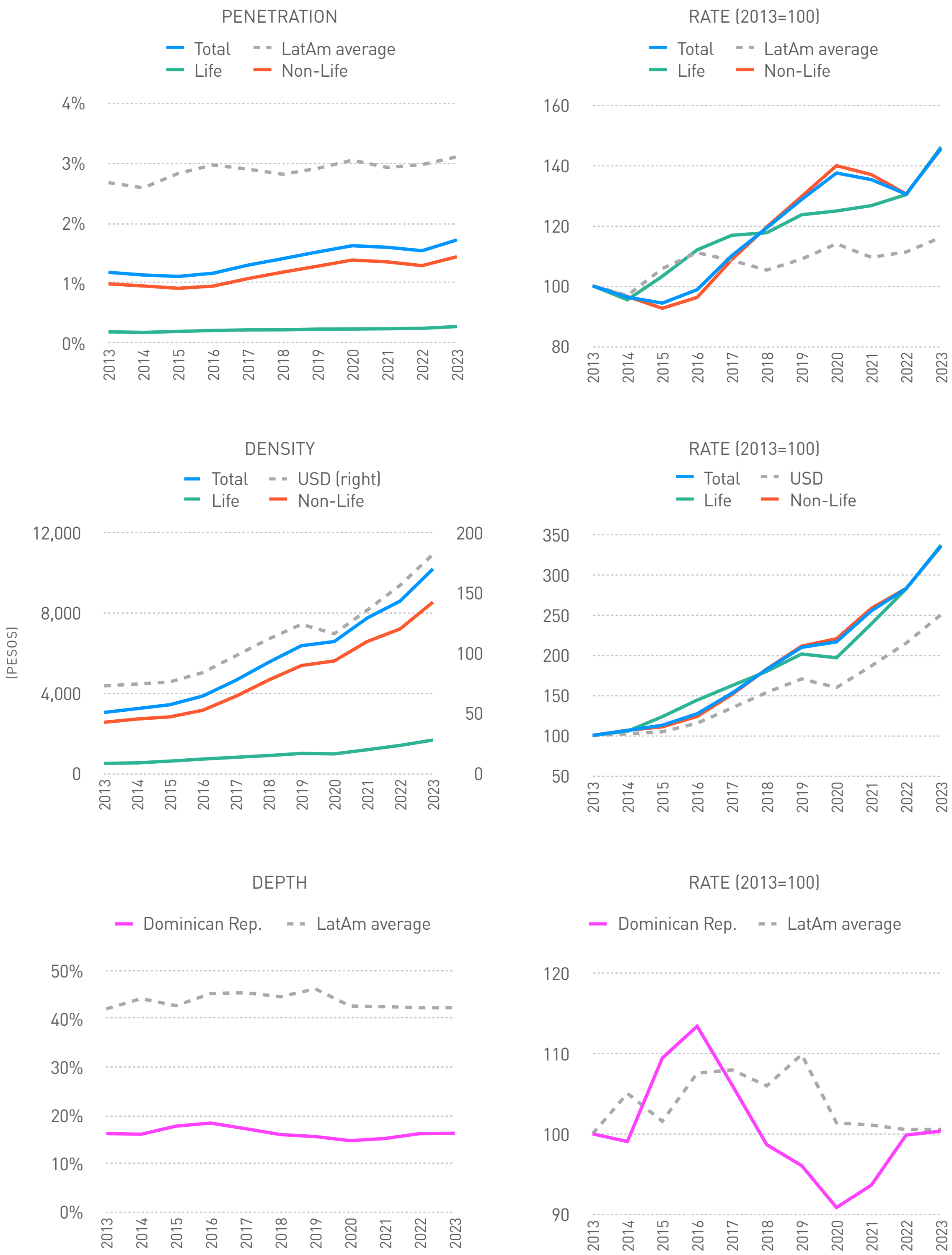
The main structural trends in the performance of the Dominican insurance industry between 2013 and 2023 are shown in Chart 3.1.8-n. First, the penetration ratio (premiums/GDP) declined between 2013 (1.2%) and 2015 (1.1%) and then started to grow, reaching 1.7% in 2023. As observed, the penetration ratio in the Dominican insurance market trended slightly upwards during the period analyzed, fundamentally due to the momentum observed in the Non-Life insurance segment, although it has remained far below the absolute averages for the markets in the region for the last decade, standing at 3.1% in 2023. Meanwhile, insurance density (premiums per capita) stood at 10,180.30 pesos (181.8 dollars), 18.7% higher than in 2022 (8,575.90 pesos). The density of the Dominican market (measured in local currency) followed an upward trend over the period under analysis, registering cumulative growth of 235.9% between 2013 and 2023.

Finally, the insurance depth index in the Dominican market (Life insurance premiums as a percentage of total premiums) remained at the previous year's levels (16.2%). It should be noted that, although depth in the Dominican market grew practically in step with the market trends for Latin America as a whole, its absolute levels were 26.1% below the regional average in 2023.

Insurance Protection Gap estimate

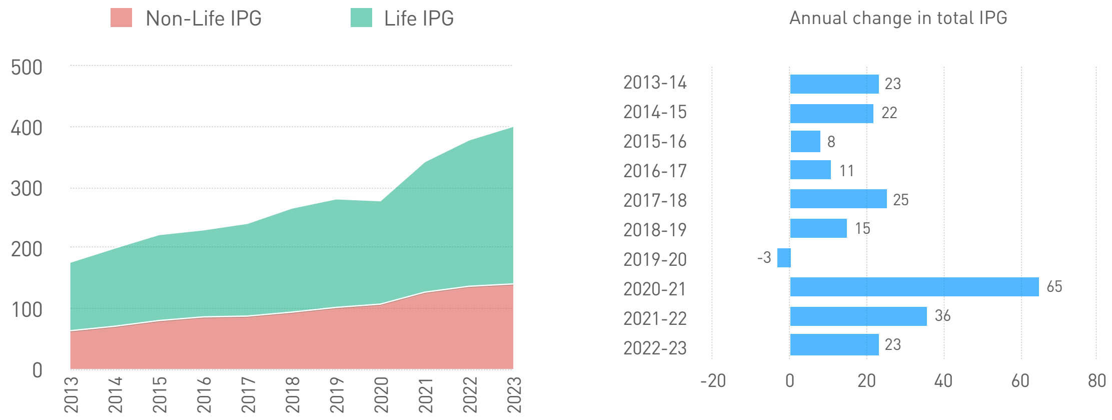
Chart 3.1.8-o shows an estimate of the IPG for the Dominican Republic insurance market between 2013 and 2023. The insurance gap stood at 401.2 billion pesos

Chart 3.1.8-n
Dominican Republic: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, pesos and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Chart 3.1.8-o
Dominican Republic: Insurance Protection Gap
(billions of pesos)

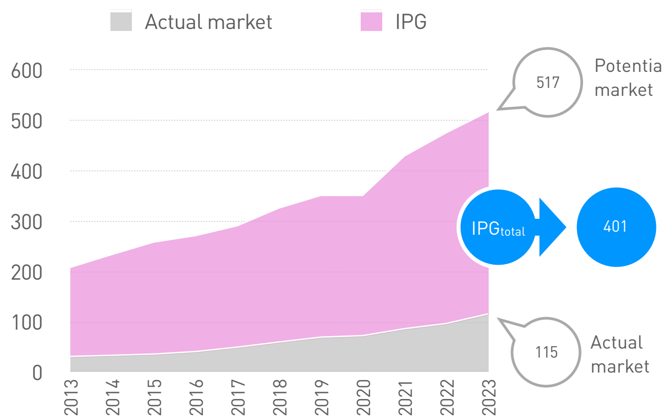


Source: MAPFRE Economics

(7.2 billion dollars) in 2023, 3.5 times the size of the Dominican insurance market at the close of that year. The structure and evolution of the IPG in the period under analysis were mainly shaped by the Life insurance segment. Thus, 64.9% of the IPG was attributable to Life insurance (260.4 billion pesos) at the close of 2023, down by 1.1 pp compared to 2022. The remaining 35.1% of the IPG can be explained by the contribution of the Non-Life insurance segment (140.8 billion pesos). Accordingly, the potential insurance market in the Dominican Republic at the close of 2023 (calculated as the sum of the actual market plus the IPG) was estimated at 516.6 billion pesos (9.2 billion dollars), 4.5 times the size of the total insurance market that year (see Chart 3.1.8-p).

Chart 3.1.8-q shows an estimate of the IPG as a multiple of the actual insurance market in the Dominican Republic between 2013 and 2023. The insurance gap as a multiple of the market shows an increasing trend until 2015, at which point the trend

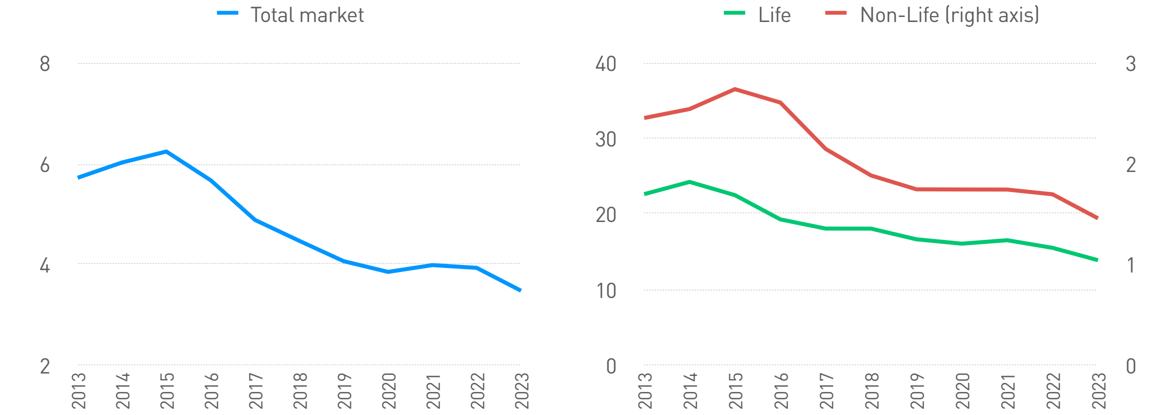
Chart 3.1.8-p
Dominican Republic: Insurance Protection Gap and potential market
(billions of pesos)



Change	Actual market	IPG
2023-2013	273.4%	127.1%
2023-2022	19.8%	5.9%

Source: MAPFRE Economics

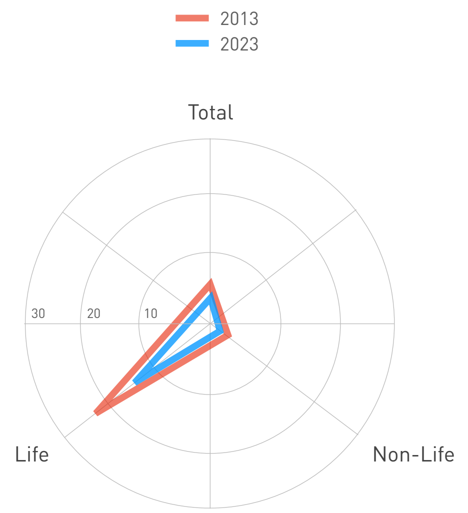
Chart 3.1.8-q
Dominican Republic: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

reverses, as both insurance segments show a gradual narrowing of the IPG sustained over time. Thus, the IPG as a multiple of market went from 5.7 to 3.5 times in that period, dropping notably in the last six years. In the Life insurance segment, the indicator clearly decreased from 2013 to 2023, going from 22.6 to 13.9 times, while the decrease in Non-Life was not as pronounced, going from 2.5 to 1.5 times in the last decade.

Chart 3.1.8-r
Dominican Republic: change in IPG as a multiple of the actual market

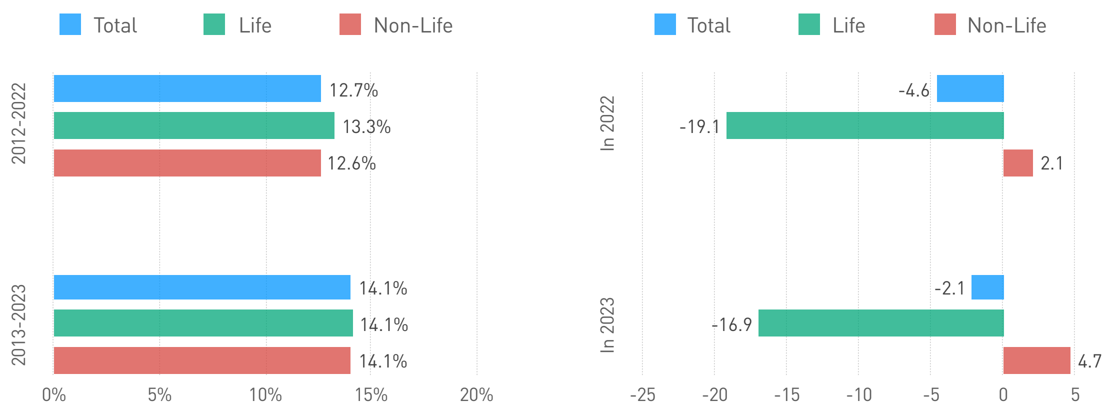


Source: MAPFRE Economics

To complete this analysis, Chart 3.1.8-r schematically summarizes the changes in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total Dominican insurance market over the last decade. Said chart shows how both lines of business narrowed the gap as a multiple of the market, although the insurance gap continued to be notably larger than in the case of Life insurance.

Finally, Chart 3.1.8-s shows a summary of the Dominican insurance market's capacity to close the insurance gap, based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap determined in 2023 over the coming decade. Thus, the Dominican insurance market grew at an average annual rate of 14.1%, supported by the same growth rate in both segments of the market. Were the same growth rate seen over the last decade to continue over the next 10 years, the Dominican insurance market would be unable to close the IPG in the Life insurance segment or the total market (with shortfalls of 16.9 pp and 2.1

Chart 3.1.8-s
Dominican Republic: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



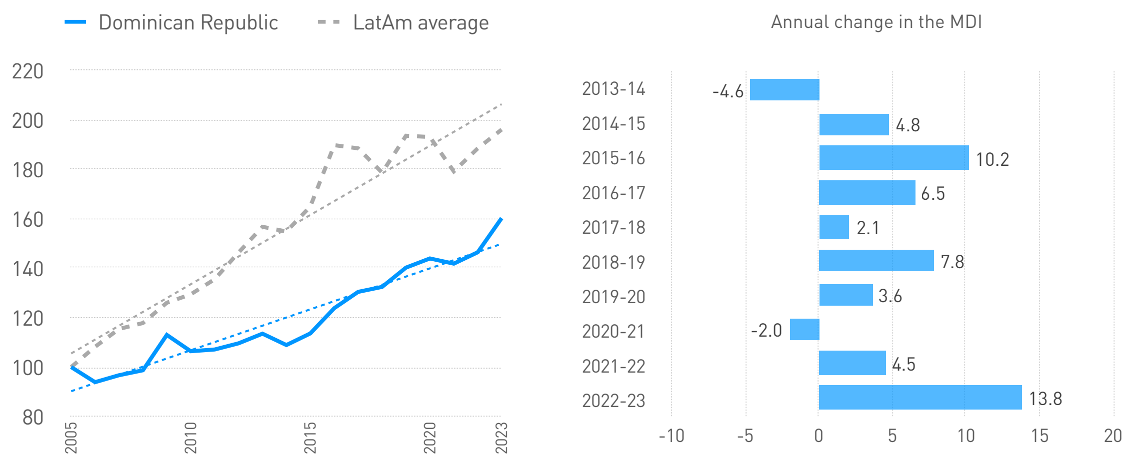
Source: MAPFRE Economics

pp, respectively). It is worth highlighting that the shortfall decreased slightly for Life insurance, by 2.2 pp, since the analysis conducted in 2022.

Market Development Index (MDI)

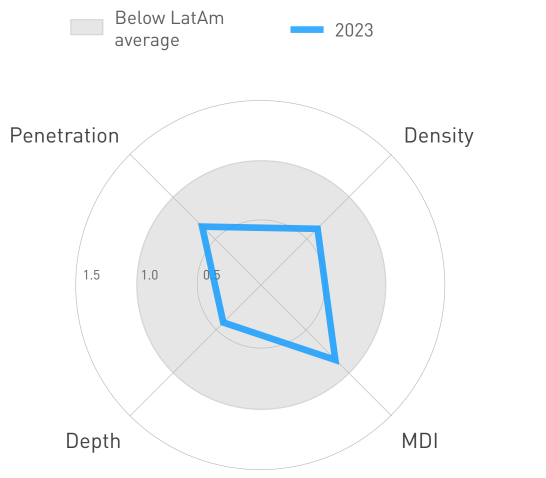
Chart 3.1.8-t shows an estimate of the Market Development Index (MDI) for the Dominican insurance industry. In this case, the MDI (an indicator used in this report to analyze the overall trend in the development and maturity of insurance markets) presented a positive trend throughout the 2005–2023 period, although clearly not enough to converge with the average performance of the insurance markets in Latin America during the period, standing 36 points below in 2023 and with a spread that increased until 2016, where it reached

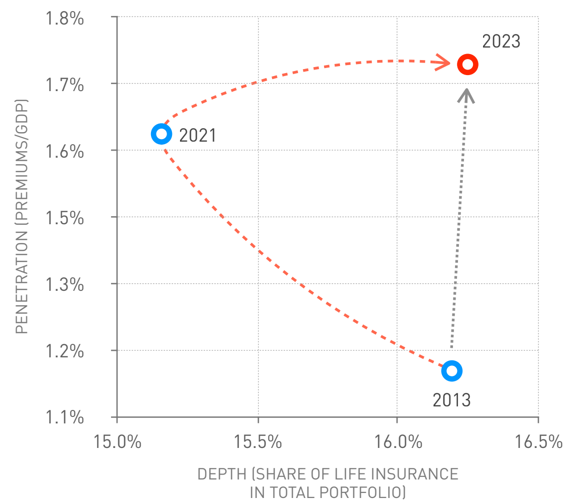
Chart 3.1.8-t
Dominican Republic: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.1.8-u
Dominican Republic: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)





Source: MAPFRE Economics
* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

its maximum. It declined from that point until 2021, where it has stabilized in the last three years.

Comparative analysis of structural coefficients

Chart 3.1.8-u illustrates the Dominican insurance market's situation compared to the average for Latin America from the perspective of the different structural indicators analyzed: penetration, density, depth, and MDI. This data shows that the situation of the Dominican market is generally below the Latin American average, especially in reference to depth. This situation indicates that the market is still at a lower level of development than the region as a whole.

However, when analyzing the dimensions of development of the Dominican insurance market, we see that the process was balanced throughout the 2013–2023 period. On the one hand, there was a significant advance in penetration levels (quantitative dimension) over the past decade, and on the other, a more moderate but also positive gain in depth levels (qualitative dimension), highlighting the progress made in the development of this market.

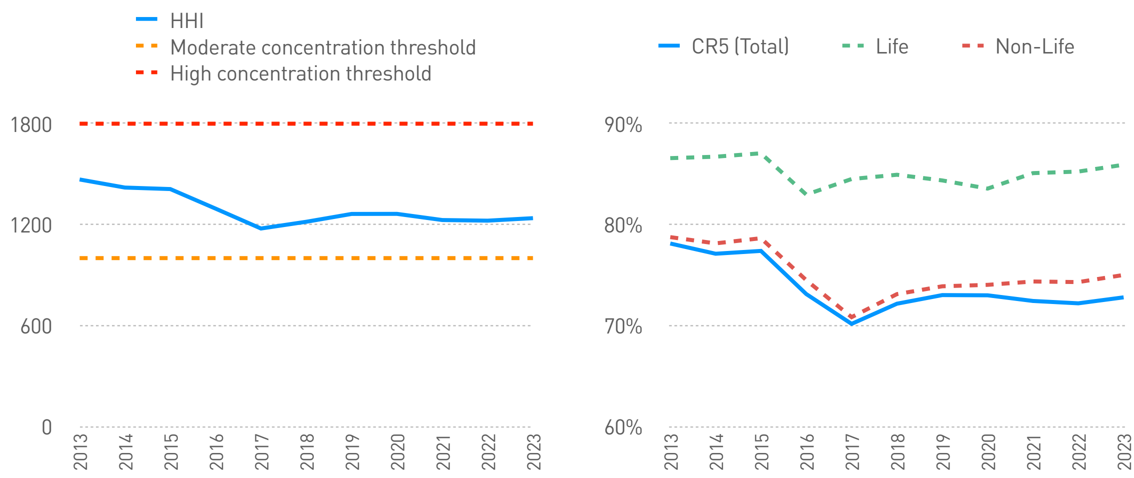
Insurance market rankings

Total ranking

A total of 33 insurance companies and two reinsurance companies operated in the Dominican Republic in 2023, the same as in the previous year. The market is highly concentrated, although there has been a trend toward a decrease in concentration accompanied by stagnation since 2017. The Herfindahl Index (1,237.8 in 2023) decreased over the last year, although it has remained above the theoretical threshold indicating moderate concentration. The CR5 Index also increased in 2023 (72.8%) and was higher than in the previous two years (see Chart 3.1.8-v).

The 10 largest insurance companies in the overall ranking remained unchanged from the previous year, except for the swap

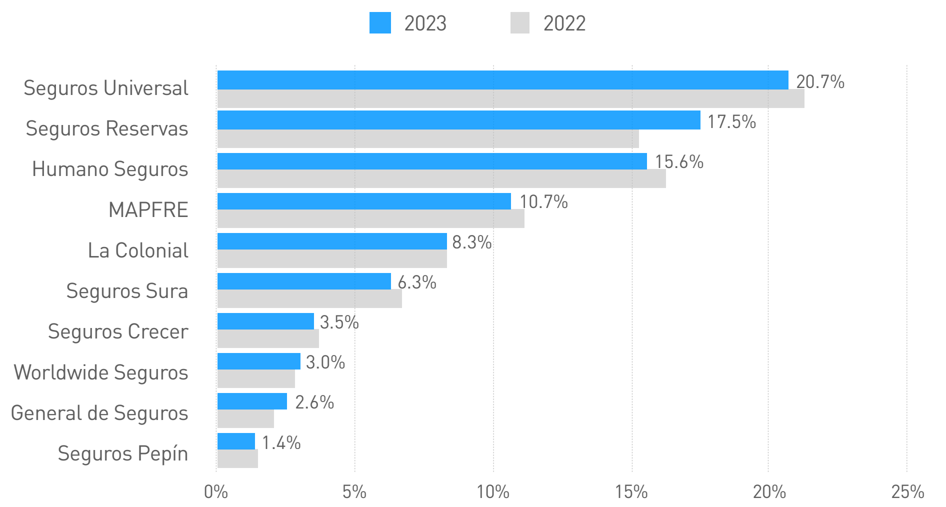
Chart 3.1.8-v
Dominican Republic: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

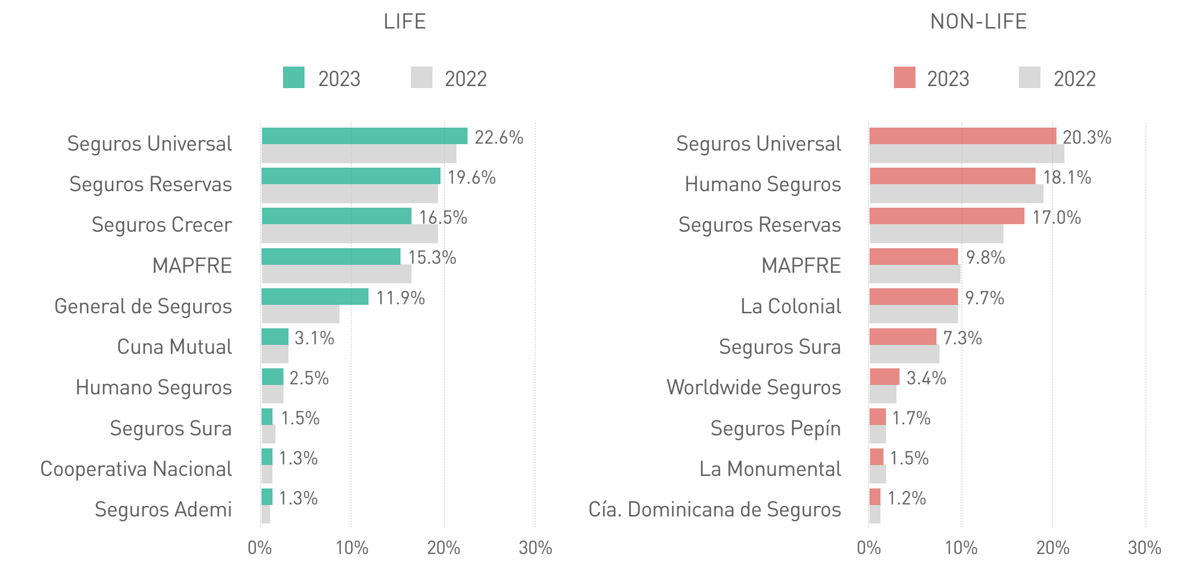
between Seguros Reservas (now second in the ranking) and Humano Seguros (which dropped to third place). Seguros Universal tops the table, with a 20.7% market share (21.3% in 2022) and 23.9 billion pesos in premiums. In second place, Seguros Reservas maintains a 17.5% market share, reaching premium volume of 20.1 billion pesos, while Humano Seguros, with 18 billion pesos in premiums and a 15.6% market share (0.6 pp less than the previous year), rounds out the top three in the ranking. Notably, MAPFRE takes fourth place with a market share of 10.7% (see Chart 3.1.8-w).

Chart 3.1.8-w
Dominican Republic: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Chart 3.1.8-x
Dominican Republic: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance)

Life and Non-Life rankings

Given the relative weight maintained by Non-Life insurance within the total Dominican market, the ranking for this segment is very similar to the total ranking (see Chart 3.1.8-x). Thus, the insurance companies that make up the ranking corresponding to the Non-Life segment in 2023 are the same as the previous year and their relative positions remain unchanged, led by Seguros Universal, with 20.3% (-0.9 pp with respect to 2022), Humano Seguros, with 18.1% (-0.8 pp), and Seguro Reservas, with 17% (+2.5 pp).

Meanwhile, in the ranking for the Life insurance segment, Seguros Universal remains in the lead, with 22.6% of market premiums (1.2 pp more than in 2022), followed by Seguros Reservas (19.6%), and Seguros Crecer in third place with a 16.5% market share (-2.8 pp). Finally, MAPFRE is in fourth place, with a 15.3% share.

Key regulatory aspects

The most relevant regulatory aspects that occurred in 2023 in the Dominican Republic's insurance market that impact the development of this activity include the following provisions on prudential regulation issued by the Superintendency of Insurance (SIS):

- Resolution 08-2023, which Regulates the Exercise of the Administrative Sanctioning Power of the SIS within the Scope of Application of Law No. 155-17.

- Resolution 09-2023, which establishes the cost of fees for services and supervision offered by the SIS, suspended through Resolution 02-2024.

- Resolution 10-2023, which establishes the regulations governing external audits for the prevention of money laundering and financing of terrorism.

- Resolution 11-2023, whereby a member of the Purchasing and Contracting Committee of the SIS is appointed.

- Resolution 03-2024, which creates the Commission for the study, coordination, structuring, promotion, and execution of the protection of assets owned by the Dominican state.

3.1.9 Puerto Rico

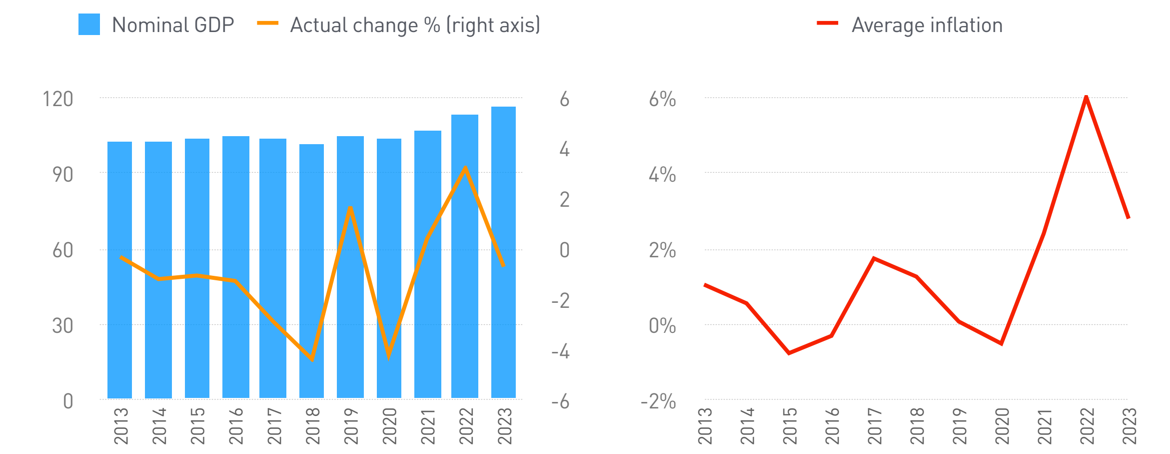
Macroeconomic environment

Puerto Rico's economy registered a slight recession in 2023 after dropping 0.7%, leaving behind the recent positive years and resuming the negative trend that has characterized the last decade (see Chart 3.1.9-a). Despite the improvement in private consumption, driven by the gradual recovery of the labor market and government support through the minimum wage hike, the loss of purchasing power due to the erosion from another year of high inflation ended up offsetting much of the boost from domestic demand. In terms of public spending, although contributions were clearly positive through funds such as the Federal Emergency Management Agency (FEMA), the Public Assistance Program (PA), or the Individual Assistance Program (IA); they did not constitute a decisive driver of growth, and the structural deficit in the public accounts continues to widen.

The trade balance once again showed a deficit. Despite the increase in exports of goods and services in 2023, the value of imports again prevented the gap from closing. In contrast, the financial account showed a positive balance in 2023, in favor of a surplus in the current account, according to data from the Puerto Rico Planning Board. Looking at labor market dynamics, the unemployment rate remained around 6%, with the participation rate continuing to recover from the impact of the COVID-19 pandemic, as shown by the Department of Labor and Human Resources surveys, whose seasonally adjusted employment data show an increase of 31,200 people working in the fiscal year.

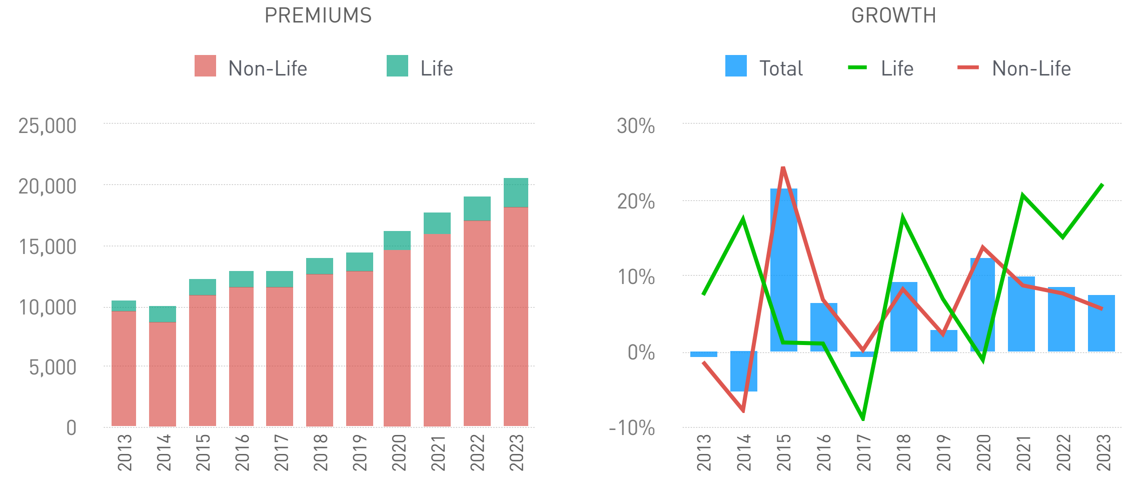
Inflation closed 2023 with an average variation of 2.8%, allowing the moderation process to continue. However, the pace has been less favorable than anticipated due to the prolongation of ongoing geopolitical events in Europe and the Middle East. Among the largest contributors to the rise in prices were increases in Goods and Services (4.4%), Entertainment (3.8%), and Food and Beverages (2.8%).

Chart 3.1.9-a
Puerto Rico: changes in economic growth and inflation
(GDP in local currency, billions of USD; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

Chart 3.1.9-b
Puerto Rico: growth developments in the insurance market
(premiums, millions of USD; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)

Looking ahead to 2024, the International Monetary Fund forecasts a further decline of 0.2 percentage points in Puerto Rico's GDP, compared to a more positive scenario by the Financial Oversight and Management Board predicting growth between 2.4% and 2.8%. Meanwhile, MAPFRE Economics forecasts a decrease in Puerto Rican GDP of around 0.2% in 2024 and 0% growth in 2025.

Insurance market

Growth

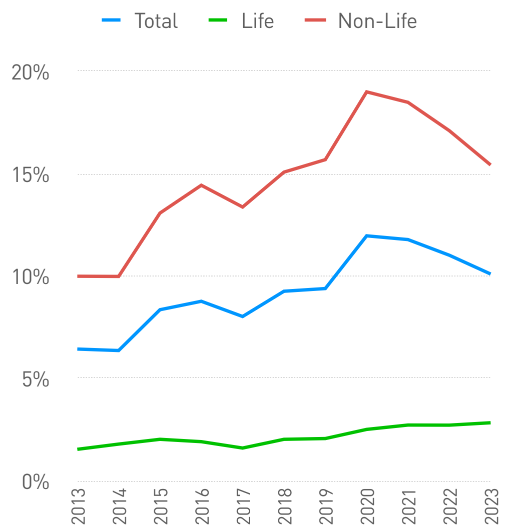
As shown in Chart 3.1.9-b and Table 3.1.9, the Puerto Rican insurance market grew by 7.3% in nominal terms in 2023 (4.4% in real terms) to reach an estimated 20.5 billion dollars in premium volume, compared to the 8.4% nominal growth seen in 2022. In 2023, Life insurance premiums (which represent 11.9% of the market) increased 22.2% in nominal terms, while they grew in

Table 3.1.9
Puerto Rico: premium volume[1] by insurance line, 2023

Line	Millions of USD	Growth	
		Nominal (%)	Real (%)
Total	**20,535.7**	**7.3**	**4.4**
Life	**2,433.8**	**22.2**	**18.8**
Non-Life	**18,101.9**	**5.6**	**2.7**
Health	14,890.7	4.3	1.4
Automobiles	1,030.2	8.1	5.1
Third Party Liability	361.0	8.2	5.3
Fire and allied lines	377.0	18.9	15.7
Transport	161.8	9.3	6.3
Other lines	1,281.3	15.5	12.3

Source: MAPFRE Economics (based on data from the Insurance Commissioner's Office)
1/ Written premiums net of returns and cancellations

Chart 3.1.9-c
Puerto Rico: share of insurance premiums in Latin America
(%)

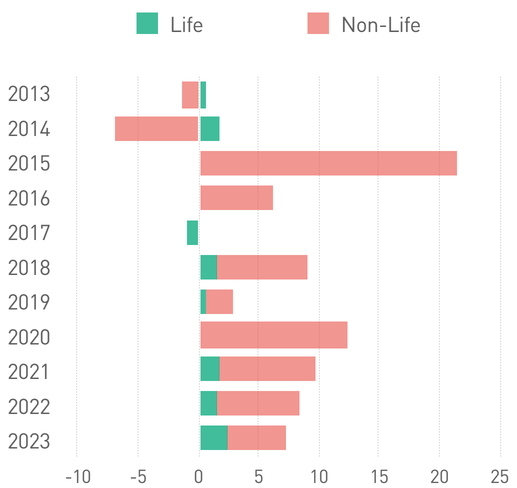


Source: MAPFRE Economics (based on data from the Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC, and supervisory bodies of the region)

real terms by 18.8%. Meanwhile, Non-Life premiums increased by 5.6% in nominal terms, which translates into 2.7% growth in real terms. Health accounted for 82.3% of the Non-Life insurance segment and grew by 4.3% in nominal terms (1.4% in real terms) in 2023; the other Non-Life modalities, except Fire and Other Lines, which grew more than 10%, experienced moderate growth in both nominal and real terms.

The Puerto Rican insurance market (the third-largest with respect to the Latin American market as a whole and sixth in relation to the Life market) shows very positive development in its share of premiums in the Latin American market. Despite during the 2011-2014 period (in particular in the Non-Life segment), its weight in relation to the overall Latin American market decreased, since 2015 it has shown an upward trend. Even so, the total proportion of Puerto Rican premiums to the Latin American total has gone from 6.4% in 2013 to 10.1% in 2023. Similarly, its share of the Life insurance business also increased from 1.5% in 2013 to 2.8% in 2023, while that of Non-Life grew from 10.0% to 15.4%, up 3.7, 1.3, and 5.4 pp, respectively, during that period (see Chart 3.1.9-c). In terms of contributions to growth, as illustrated in Chart 3.1.9-d, the 7.3% growth of the Puerto Rican insurance market registered in 2023 was due to both the Life insurance segment, which contributed 2.3 pp of that total, and more significantly, to the 5.0 pp contribution

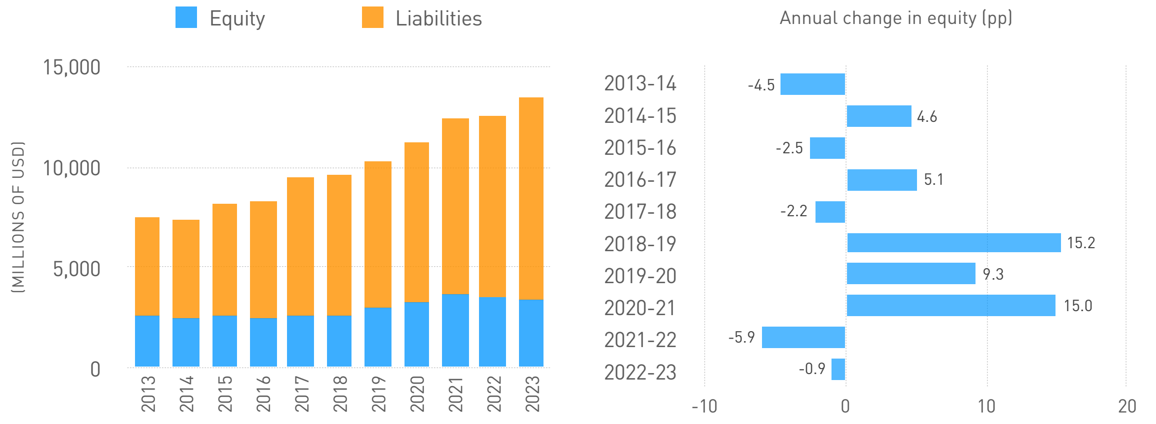
Chart 3.1.9-d
Puerto Rico: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	-0.6	0.7	-1.3
2014	-5.2	1.7	-7.0
2015	21.5	0.1	21.4
2016	6.2	0.1	6.1
2017	-0.7	-0.9	0.2
2018	9.1	1.6	7.5
2019	2.7	0.7	2.1
2020	12.3	-0.1	12.4
2021	9.8	1.8	8.0
2022	8.4	1.5	6.9
2023	7.3	2.3	5.0

Source: MAPFRE Economics (based on data from the Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)

Chart 3.1.9-e
Puerto Rico: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)

of the Non-Life insurance segment. It is worth noting that growth of the insurance industry in Puerto Rico since 2021 has been sustained by the positive contribution of both insurance segments.

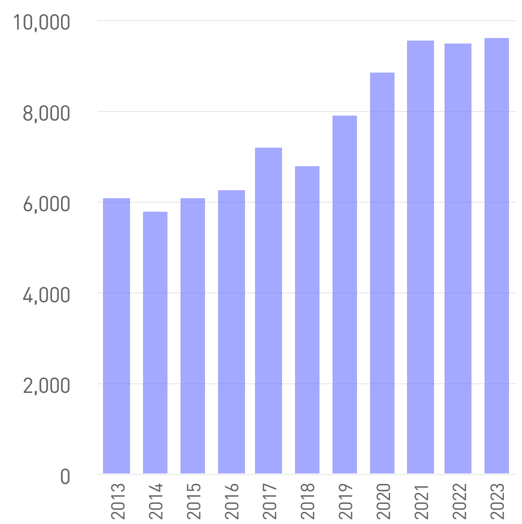
Balance sheet and shareholders' equity

Chart 3.1.9-e shows the performance of the aggregate balance sheet for insurance companies that operated in Puerto Rico between 2013 and 2023. Thus, the total estimated assets in the insurance industry amounted to 13.5 billion dollars in 2023, while equity amounted to 3.5 billion dollars, 0.9 pp below the previous year. Aggregate capitalization levels for the insurance industry in this country (measured over total assets) were above 30% until 2016. They peaked in 2013 at 34.3% and fell subsequently, reaching 25.6% in 2023.

Investment and technical provisions

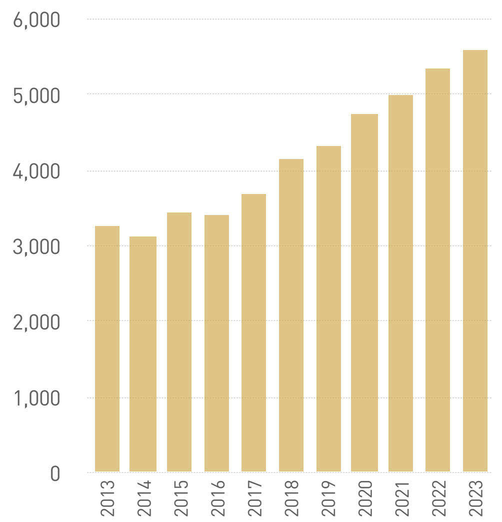
Chart 3.1.9-f shows the performance of the aggregate investment portfolio at the sector level for insurance companies in Puerto Rico over the 2013–2023 period. According to this data, in 2023, the total portfolio amounted to 9.7 billion dollars, up 1.4% on the previous year. Meanwhile, Chart 3.1.9-g shows changes in technical provisions at sector level over the period under analysis. Technical provisions came to 5.6 billion dollars in 2023, up by 4.4% versus 2022 data (5.3 billion dollars). It should be noted that it is not possible on the basis of available data to provide a more detailed disaggregation of

Chart 3.1.9-f
Puerto Rico: insurance market investments
(millions of USD)



Source: MAPFRE Economics (based on data from the Puerto Rico Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)

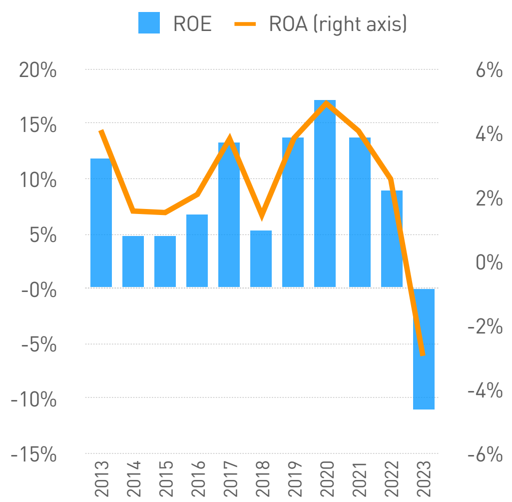
Chart 3.1.9-g
Puerto Rico: technical provisions of the insurance market
(millions of USD)



Source: MAPFRE Economics (based on data from the Puerto Rico Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)

the composition of both investments and technical provisions.

Chart 3.1.9-h
Puerto Rico: profitability
(%; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Puerto Rico Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)

Results and profitability

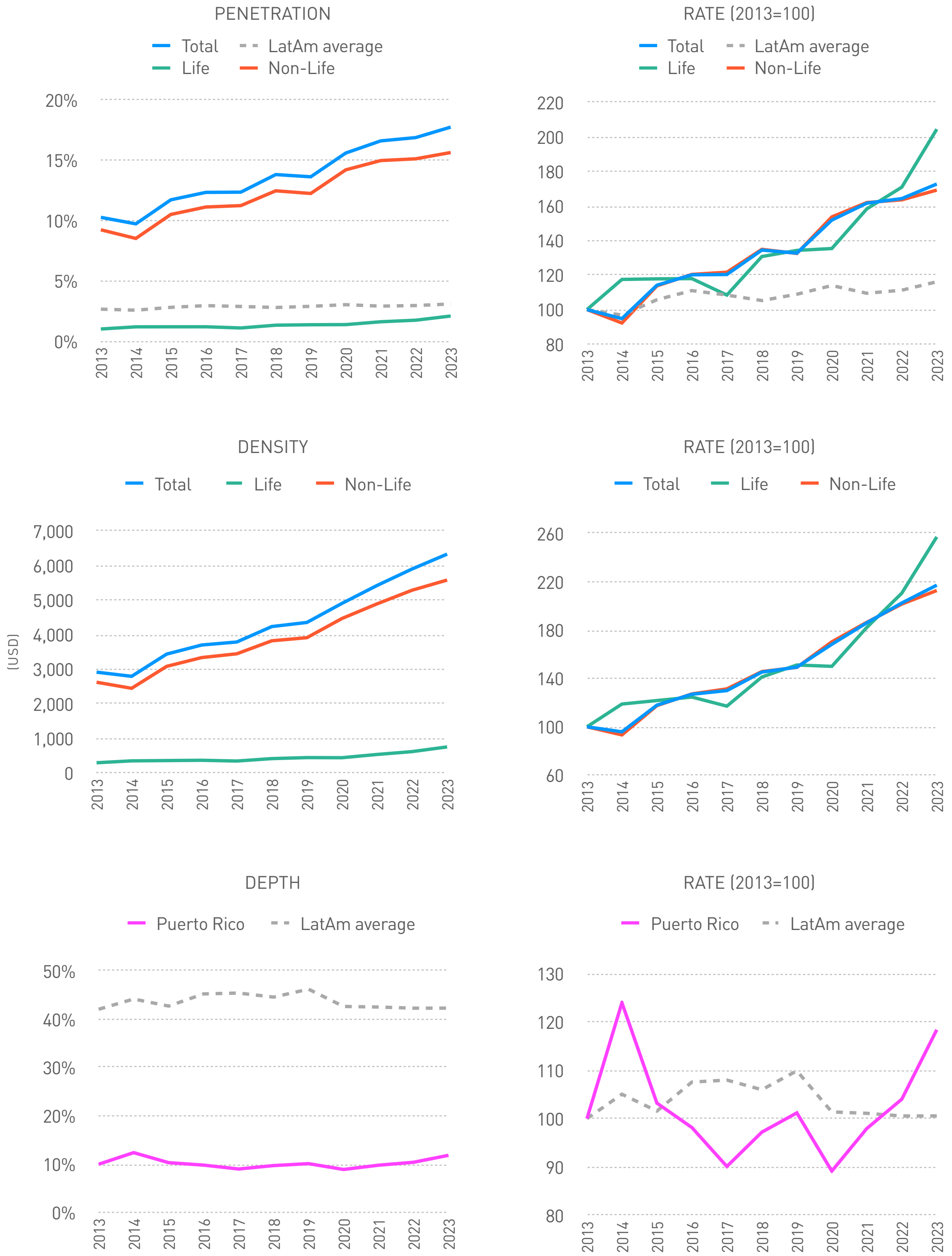
The consolidated result for all insurance companies operating in Puerto Rico for fiscal year 2023 was a loss of 385 million dollars, which is explained by losses in the Health line (551 million dollars) due to the poor performance of the Medicare Advantage plan. Turning to profitability parameters in the market, the industry achieved return on equity (ROE) of -11.1% in 2023, down by 19.9 pp on 2022. The same holds true for return on assets (ROA), which reached -3.0% in 2023, down by 5.5 pp on 2022. The performance of both indicators registered the first net loss in the decade; the previous one having been in 2006 (see Chart 3.1.9-h).

Insurance penetration, density and depth

Chart 3.1.9-i shows the main structural trends shaping the development of the Puerto Rican insurance industry over the 2013-2023 period. The penetration ratio (premiums/GDP) stood at 17.7% in 2023, up 7.5 pp on 2013. It is the highest indicator value among all Latin American markets, and is largely because premium volumes in this segment include Health insurance for the poorest groups of society, which is managed by the insurance industry but covered by government budgets. Meanwhile, insurance density in (premiums per capita) came to 6,334.2 dollars, also the highest in the region, up by 7.3% from the previous year (5,903.7 dollars). As with penetration, density has continued to grow over the period under analysis, with cumulative growth of 117.2% over the 2013–2023 period, strongly influenced by the behavior of the Health insurance line.

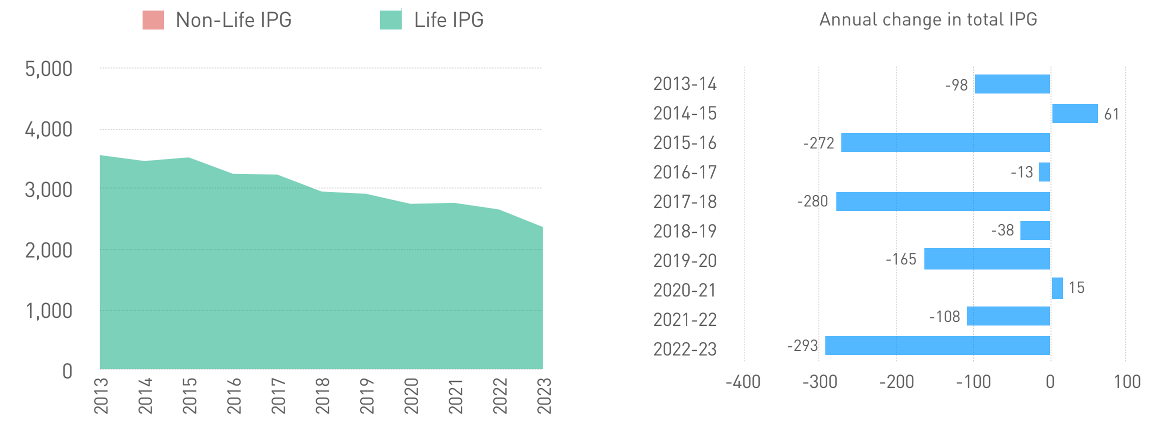
With regard to the insurance depth index in the Puerto Rican market (measured as the ratio of Life insurance premiums to total premiums), the indicator was below the average parameters for the region. Thus, in 2023, it stood at just 11.9%, 1.4 pp above the figure for 2022 and 1.8 pp above the level registered a decade earlier. Thus, unlike the

Chart 3.1.9-i
Puerto Rico: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, USD; Life insurance premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Puerto Rico Insurance Commissioner's Office)

Chart 3.1.9-j
Puerto Rico: Insurance Protection Gap
(millions of USD)



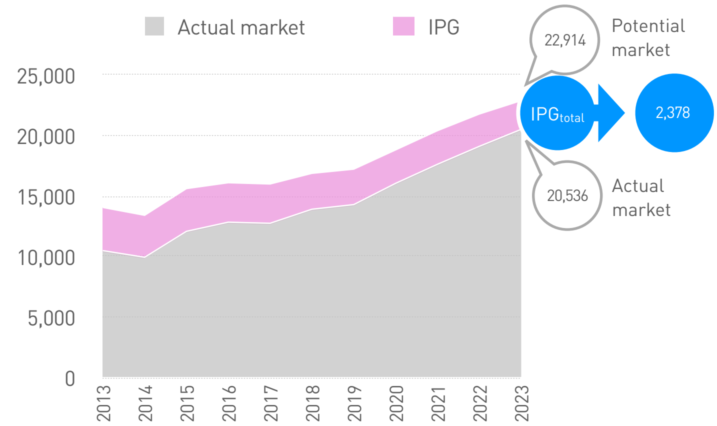
Source: MAPFRE Economics

penetration and density indicators, the depth of the Puerto Rican insurance market is 30.4 pp below the average for Latin American markets as a whole.

Insurance Protection Gap estimate

Chart 3.1.9-j shows an estimate of the IPG for the Puerto Rican insurance market between 2013 and 2023. As illustrated on that chart, the insurance gap amounted to 2.4 billion dollars in 2023, some 0.1 times the size of the actual insurance market in Puerto Rico at the end of that year. As noted in previous editions of this report, the structure and development of the insurance gap in Puerto Rico shows the absolute predominance of the contribution of Life insurance, given the relative size of the Non-Life insurance segment (dominated by the growth of Health insurance). Thus, the potential insurance market in Puerto Rico at the close of 2023 (the sum of the actual market plus the IPG) is estimated at 22.9 billion dollars, 1.1 times the size of the total insurance market that year (see Chart 3.1.9-k).

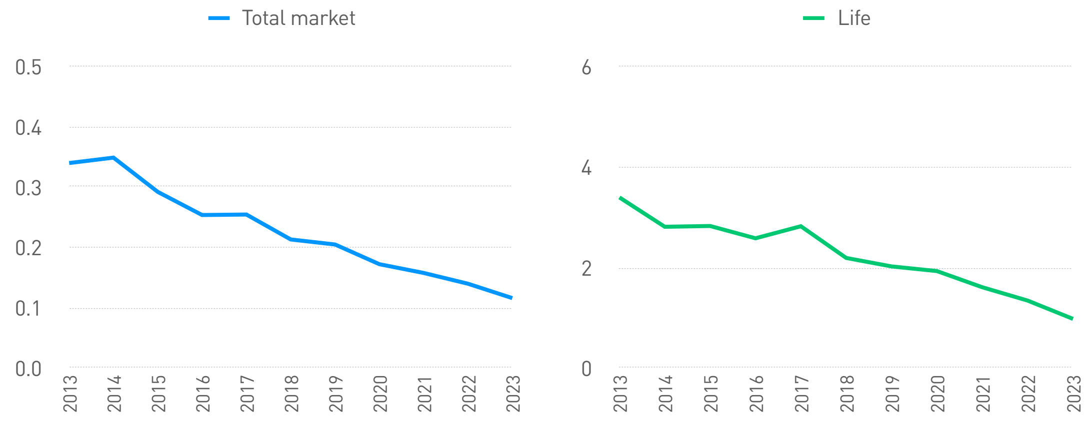
Chart 3.1.9-k
Puerto Rico: Insurance Protection Gap and potential market
(millions of USD)



Change	Actual market	IPG
2023-2013	95.2%	-33.4%
2023-2022	7.3%	-11.0%

Source: MAPFRE Economics

Chart 3.1.9-l
Puerto Rico: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



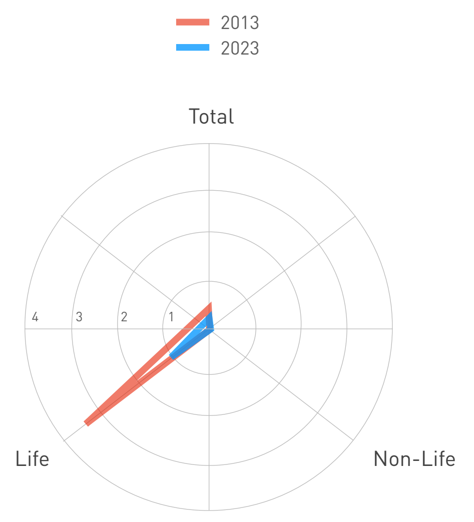
Source: MAPFRE Economics

Meanwhile, Chart 3.1.9-l shows an estimate of the IPG as a multiple of the actual market in Puerto Rico. This analysis shows that the insurance gap as a multiple of the market (concentrated in the Life insurance segment) has been on a clear downward trend over the 2013–2023 period, going from 0.3 to 0.1 times during that period.

Chart 3.1.9-m supplements this analysis by schematically summarizing the changes in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the total Puerto Rican insurance market over the last 10 years, comparing the situation in 2023 with that of 2013. As we can see, there has been an improvement in the insurance gap, mainly in the Life segment, while the gap in Non-Life insurance is practically zero.

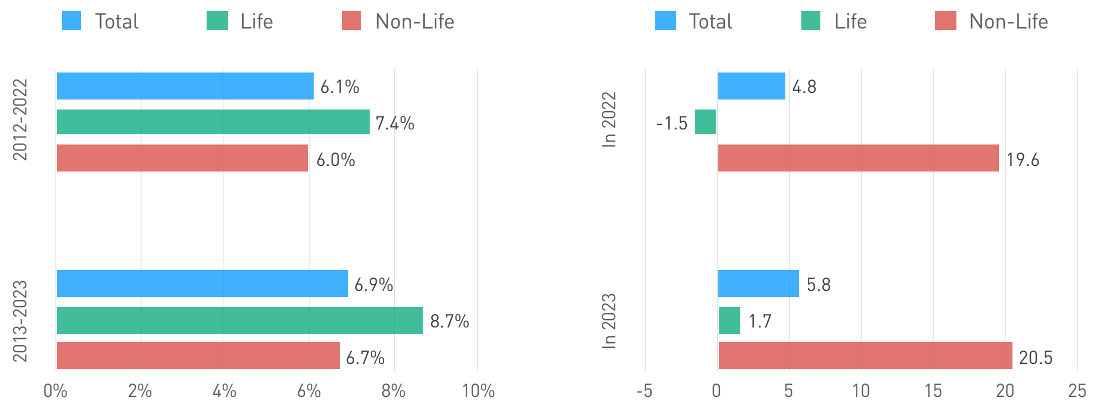
Finally, Chart 3.1.9-n shows the Puerto Rican insurance market's capacity to close the insurance gap, based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap determined in 2023 over the coming 10 years. In the last decade, the Puerto Rican insurance market grew at an average annual rate of 6.9%, comprised of an annual growth rate of 8.7% in the Life insurance segment and 6.7% in the Non-Life insurance segment. Thus, were the same growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Puerto Rican insurance market would be enough to achieve this objective in the Life insurance segment, which accounts

Chart 3.1.9-m
Puerto Rico: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

Chart 3.1.9-n
Puerto Rico: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



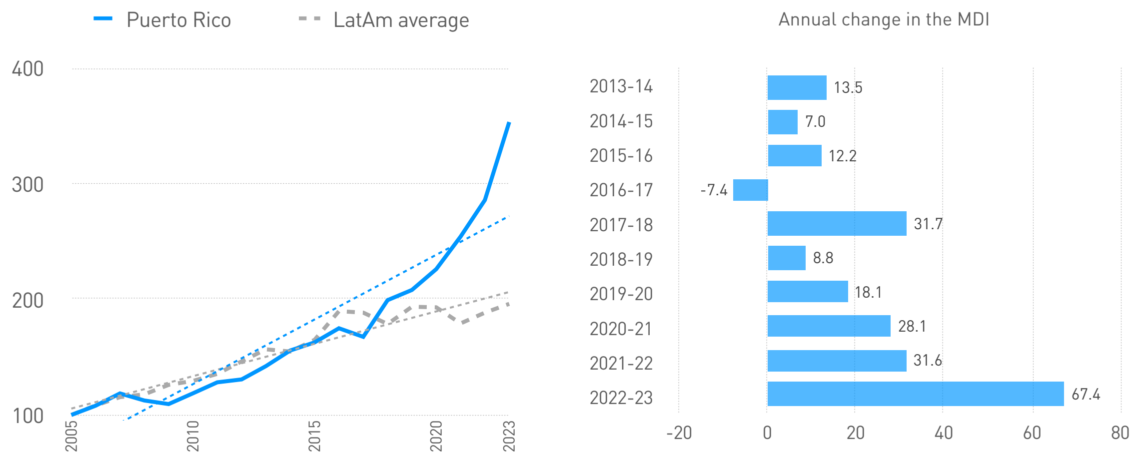
Source: MAPFRE Economics

for the bulk of the IPG in this insurance market, thus covering the insufficiency that has been decreasing with respect to the 2013 measurements.

Market Development Index (MDI)

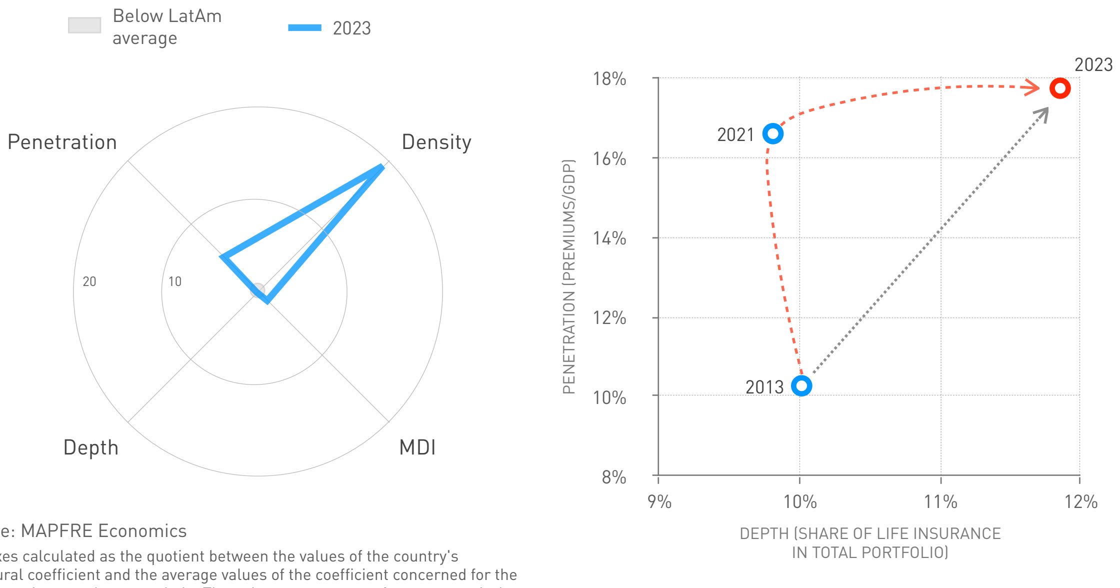
In the case of the insurance industry in Puerto Rico, the Market Development Index (MDI) is shown in Chart 3.1.9-o. We can see that the MDI, which is an indicator of progress towards maturity of insurance markets, shows a positive trend, which is especially clear from 2018 onwards. In fact, the trend of the indicator began to diverge positively as of that year from the average trend for insurance companies in the Latin American region.

Chart 3.1.9-o
Puerto Rico: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.1.9-p
Puerto Rico: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics
* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Comparative analysis of structural coefficients

Finally, Chart 3.1.9-p summarizes the Puerto Rican insurance market's situation compared to the average for Latin America from the perspective of the different structural indicators analyzed: penetration, density, depth, and MDI. With the exception of depth (due to the insufficient relative development of the Life insurance segment within the Puerto Rican market), all the other indicators, especially penetration and density, are well above the average for Latin America. Similarly, the analysis of the development of the Puerto Rican insurance industry confirms a balanced trend over the past decade, with improvements in both the quantitative (penetration) and qualitative (depth) dimensions.

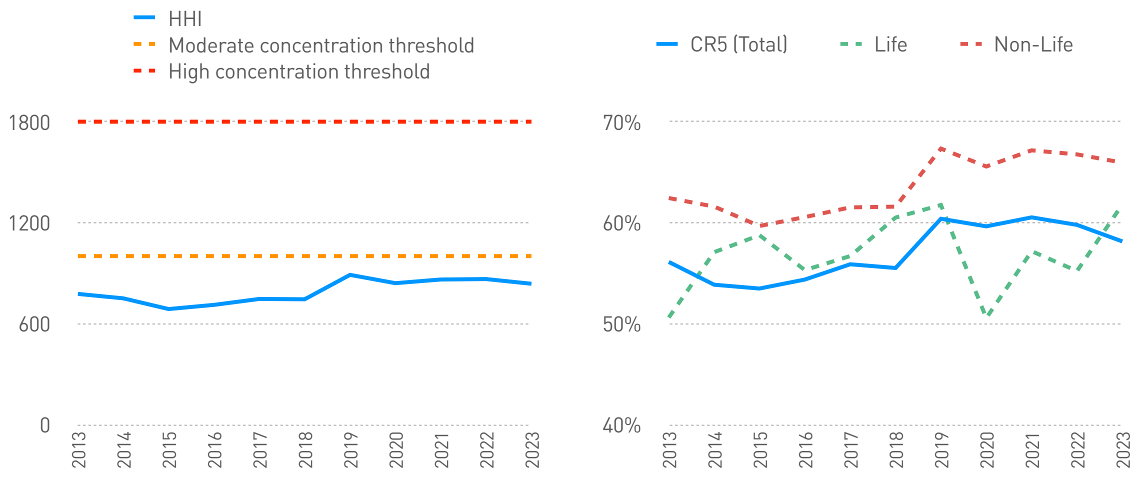
Insurance market rankings

Total ranking

In 2023, there was an increase in the number of insurance companies authorized to offer insurance services in Puerto Rico. Thus, at year-end, the Puerto Rican market had 106 Life and Disability insurers, 209 Property and Casualty insurers, 44 reinsurers, and 13 Health service organizations. The analysis of indicators that measure market concentration (see Chart 3.1.9-q) shows levels below the theoretical threshold that indicates moderate concentration. However, there has been a notable spike in concentration in the Non-Life insurance segment, only interrupted in 2015 and 2020.

In the overall ranking of the Puerto Rican market, the first three places are occupied by Elevance, with a 23.6% market share, GuideWell, in second place, after the purchase of Triple-S (with a 20.9% share), and MHH, in third place, with 14.9% of the market's premiums. It should be noted that these market shares are much larger than those of other market participants. Also noteworthy is the decline of Cooperativa de Seguros, which drops from seventh place in 2022 to last place in 2023 (see Chart 3.1.9-r).

Chart 3.1.9-q
Puerto Rico: insurance industry concentration
(Herfindahl index; CR5 index, %)

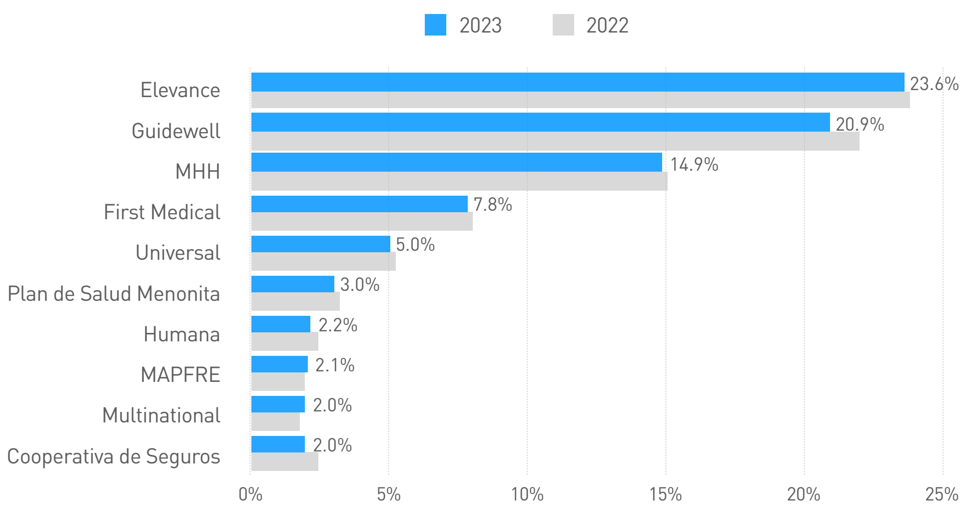


Source: MAPFRE Economics (based on data from the Puerto Rico Insurance Commissioner's Office)

Life and Non-Life rankings

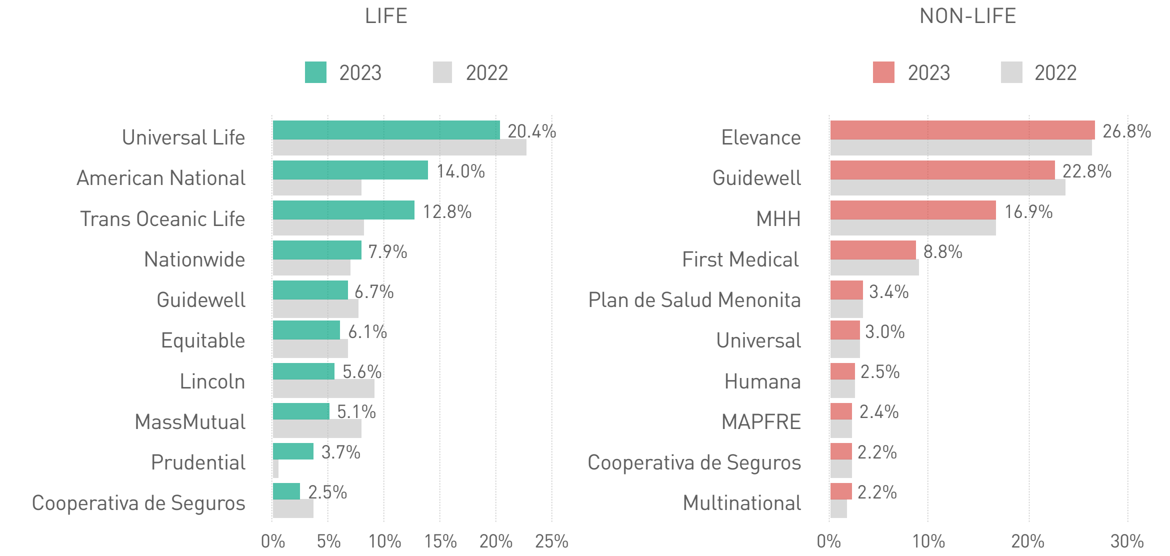
Given the relative weight of the Health segment in Puerto Rico, the total and Non-Life rankings are therefore very similar. Thus, Elevance holds first place in the Non-Life ranking, with 26.8% of premiums; in second place is GuideWell, with a market share of 22.8%, and in third place is MHH, with a 16.9% market share in this segment (see Chart 3.1.9-s). Only MAPFRE and Cooperativa de Seguros swap positions, occupying eighth and ninth place in the Non-Life ranking, respectively. However, if the Non-Life ranking is analyzed without considering the Health line, given the specialization of the

Chart 3.1.9-r
Puerto Rico: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the National Association of Insurance Commissioners, NAIC)

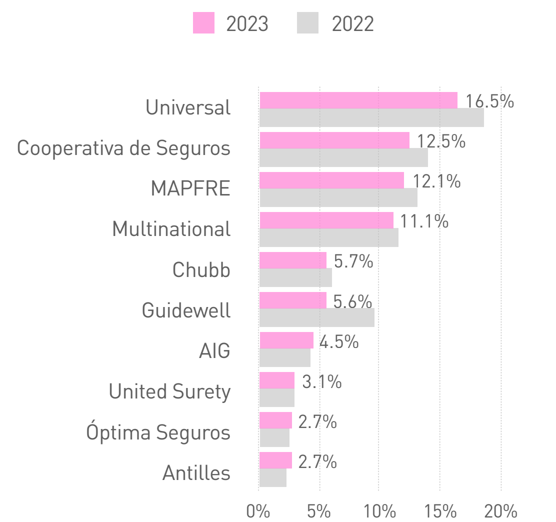
Chart 3.1.9-s
Puerto Rico: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the National Association of Insurance Commissioners, NAIC)

companies participating in this market segment (see Chart 3.1.9-t), and taking into account only the remaining insurance lines, the ranking would be led by Universal, with 16.5% of premiums, followed by Cooperativa de Seguros (12.5%), and MAPFRE (12.1%). Finally, in the Life insurance segment, the top three places in the ranking are held by Universal Life, with a 20.4% share of premiums, followed by American National (14.0%), which is up three places from last year, and Trans Oceanic, with a 12.8% market share.

Chart 3.1.9-t
Puerto Rico: Non-Life ranking
(without Health)
(market shares, %)



Source: MAPFRE Economics (based on data from the National Association of Insurance Commissioners, NAIC)

Key regulatory aspects

With regard to legal changes in insurance matters in 2023 and 2024, as well as regulatory adjustments issued by the Office of the Insurance Commissioner of Puerto Rico (OCS), we can highlight the following:

Laws

- Law No. 30-2023 amending Article 5 of Law No. 237 of 2004 and Article IX, Section 2, paragraph (h) of Law No. 72 of 1993, Health Insurance Administration Act.
- Law No. 40-2023 amending Article VI, Section 6 of Law No. 72 of 1993, Health Insurance Administration Act, and

amending Article 19,030, paragraph (5) of Law No. 77 of 1957, Puerto Rican Insurance Code.

- Law No. 67-2023, creating the "Hepatitis A, B, and C Screening and Diagnosis in Puerto Rico Act," establishing the eradication of the various modalities of the hepatitis virus by 2030 as a public policy for the Commonwealth of Puerto Rico; providing the provision of the hepatitis A, B, and C screening test as part of routine testing in all medical assessments; providing that hepatitis A, B, and C screening and diagnostic tests are covered, and amending Article 3 of Law 232-2000, known as the "Puerto Rico Health Certification Act," to include hepatitis A, B, and C tests among those tests required to obtain a health certificate; and for other related purposes.

- Law No. 73-2023, amending Law No. 72 of 1993 "Puerto Rico Health Insurance Administration Act"; amending Article 18,040; adding new Articles 18,051, 18,052, and18,053 to Law No. 194 of 2011, Puerto Rico Health Insurance Code; amending Article 7,010 of Law No. 77 of 1957, Puerto Rico Insurance Code.

- Law No. 94-2023, amending Article 7 of Law No. 136 of 2006, the Regional Academic Medical Centers Act; amending Article 21(c) of Law No. 139 of 2008, the Medical Licensing and Disciplinary Board Act; and amending Article 41,050 of Law No. 77 of 1957, the Insurance Code of Puerto Rico.

- Law No. 109-2023, amending Article 4,050 of Law 194-2011, as amended, known as the "Puerto Rico Health Insurance Code," to insert a subsection (E) and provide that any health insurance organization or contracted third party shall include in the calculation or in the contribution or cost-sharing requirement any payment, discount, or item that is part of an assistance program, discount plan, coupons, or contribution offered to the insured party by the drug manufacturer, considering this contribution for all purposes for the exclusive benefit of the patient in the calculation of his or her contribution.

Rules and amendments

- Rule 105 of the Puerto Rico Insurance Code Regulations, which establishes requirements for the submission and processing of parametric insurance.

- Rule 106 of the Puerto Rico Insurance Code Regulations, which establishes standards to regulate the appraisal process in insurance claims.

Regulatory documents

- CN-2024-358-D. Applicable standards in the determination of total loss and handling of vehicular property. Insurer's obligation to notify the Department of Transportation and Public Works and the Puerto Rico Police of a total loss vehicle.

- CN-2024-357-D. Implementation of the "Property & Casualty Insurance Market Intelligence Data Call" for the collection of property insurance policy data.

- CN-2024-354-D. Requirement to register in the Electronic Portal to apply for Insurance Commissioner Certification ("ICC"), to comply with the Federal Emergency Management Agency's ("FEMA") Obtain and Maintain Program.

- CN-2024-351-D. Extension of Mandatory Liability Insurance Coverage during the period of extension of the terms of validity and renewal of motor vehicle licenses and their tags, as provided in Resolution No. 2024-08 of 2/29/2024 of the DTOP.

- CN-2024-348-CIS. Implementation of the Notice of Intent to Expand Business Form.

- CN-2024-347-D. Uniform Standards provided by Law to Medical Plans on

Cancer Patient and Survivor Diagnosis and Treatment Coverage.

- CN-2024-346-D. Circular Letter No. 2024-004 of February 13, 2024, of the Puerto Rico Department of Health on Legal Provisions Applicable to the Immunization and Treatment of COVID-19.

- CN-2024-345-D. Extension of Mandatory Liability Insurance Coverage during the period of extension of terms of validity and renewal of motor vehicle licenses and digital tags, as provided in Resolution No. 2024-05 of January 23, 2024, of the Puerto Rico Department of Transportation and Public Works.

- CN-2023-343-D RE: OA-2023-579. Department of Health. Obligation of all Health Service Organizations and Insurers that subscribe to Private Medical Plans in Puerto Rico to provide treatment, medication, and diagnostic tests for influenza. Mandatory Immunization Coverage

- CN-2023-342-D RE: Request for information on properties covered under property policies underwritten with Government Entities.

- CN-2023-340-D. Extension of Mandatory Liability Insurance Coverage during the period of extension of the terms of validity and renewal of motor vehicle licenses and digital tags, as provided in Resolution No. 2023-20 of September 1, 2023 of the DTOP.

- CN-2023-341-D. Request for information to apply for Insurance Commissioner Certification (ICC) in compliance with FEMA's Obtain and Maintain Program.

- CN-2023-339-D. Implementation of the Uniform Application Form for the Collection of Data Required in the Healthcare Provider Credential Verification Process, and the Implementation of the OCS Digital Credentialing Platform.

- CN-2023-338-D. Extension of Mandatory Liability Insurance Coverage during the period of extension of the terms of validity and renewal of motor vehicle licenses and digital tags, as provided in Resolution No. 2023-15 of July 31, 2023, of the DTOP PR.

- CN-2023-337-AS. Amendments to Regulatory Document CN-2023-332-AS of March 27, 2023, as a result of the decision in Case No. 20-1760 (DRD).

- CN-2023-336-D. Recovery of Communal Repairs Paid to the Miscellaneous Insurance Guarantee Association of Puerto Rico.

- CN-2023-335-D. Executive Order EO-2023-12, May 11, 2023, ending the State of Emergency declared as a result of the coronavirus, and repealing Regulatory Documents CN-2020-(265, 268, 269, 270, 271, 274, 278, 279, 289)-D, CN-2021-(292, 301)-D, CN-2022-315-AS. Modified Case No. KLRA- 2023-0276.

- CN-2023-334-D RE: Amendment to Regulatory Document 2022-324-D, Use of the "Complaint Management System" for filing the report "P.R. Insurance Data Collection Report for Hurricane Fiona."

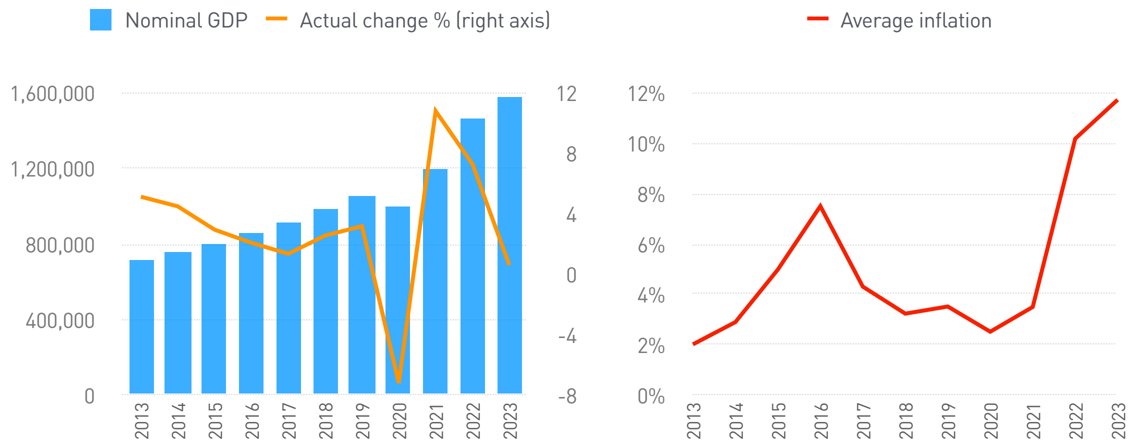
3.2 South America

3.2.1 Colombia

Macroeconomic environment

As illustrated in Chart 3.2.1-a, Colombian GDP increased by 0.6% (7.3% in 2022), representing economic growth below expectations, taking into account the baseline effect due to the previous year's high growth after the reopening of the economy and a context of strong inflation (11.7% annual average in 2023, although it is in a downward swing compared to previous data). In this sense, gross capital formation fell sharply (-24.8%), with private consumption (1.1%) and exports (3.1%)

Chart 3.2.1-a
Colombia: changes in economic growth and inflation
(GDP in local currency, billions of pesos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

slowing down, effects that were partially offset by the decline in imports (-14.7%). This change in trend was especially reflected in the contraction of the construction (-4.2%), manufacturing (-3.5%), and wholesale and retail trade (-2.8%) sectors.

Labor market indicators continued to improve (with a 10.2% unemployment rate in 2023, compared to 11.2% in 2022), but remained below pre-pandemic levels. However, inflation reached 9.3% at the end of 2023. The sectors that contributed most to inflation during the year were accommodation and utilities, transportation, and restaurants and hotels, as a result of the higher price of gasoline, which transmitted its inflation to the services that use it most intensively. In the fiscal area, the central government deficit was further reduced to 4.3% of GDP in 2023 (5.3% in 2022). Meanwhile, central government debt relative to GDP also decreased to 53.9% in 2023 (54.1% in 2022). Although it remains high, which means that the government's fiscal capacity to respond to adverse situations is still limited. In this context, the Central Bank of Colombia continued to tighten its monetary policy, reaching 13.25% (from 12.75% at the start of the year). It should be noted that, in 2024, the central bank has changed the trend and finally lowered interest rates, taking them to 12.75% at its April meeting and keeping them at that level until the closing date of this report, in view of inflation that is moderating but remains high (7.16% YoY in May).

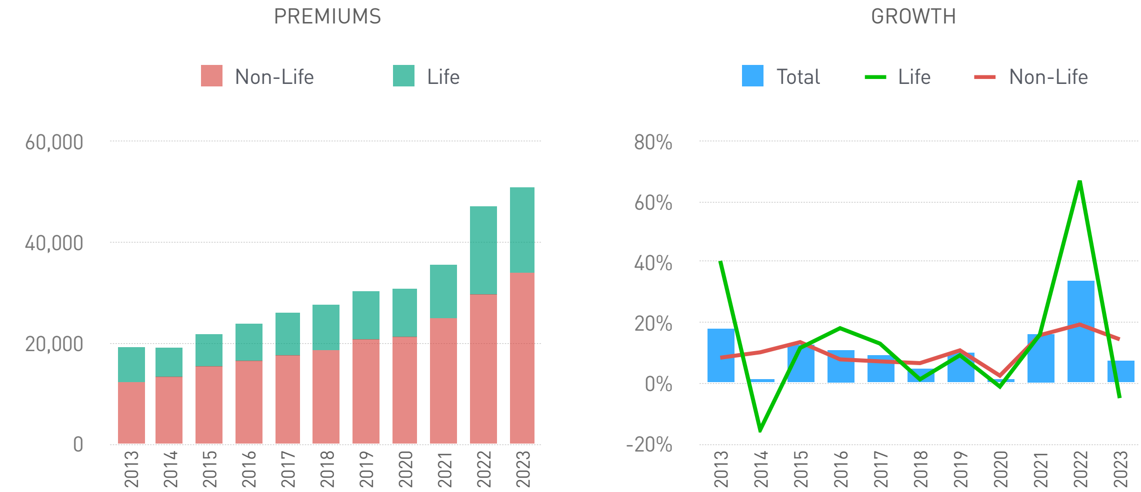
ECLAC estimates Colombian GDP growth of 1.3% in 2024 (2.6% in 2025) due to the tightening of financing conditions and the loss of household purchasing power as a result of high inflation rates, a contractionary fiscal policy, and weaker foreign demand. Meanwhile, MAPFRE Economics estimates a significant acceleration in Colombian GDP growth to around 1.8% by 2024 (2.6% in 2025).

Insurance market

Growth

The Colombian insurance industry registered a total of 50.7 billion pesos (11.7 billion dollars) in premiums in 2023, which represented a nominal increase of 7.1% and a real decrease of 4.1%. This market behavior was due to the positive performance of the Non-Life insurance lines, which had a

Chart 3.2.1-b
Colombia: growth developments in the insurance market
(premiums, billions of pesos; annual nominal growth rates, %)



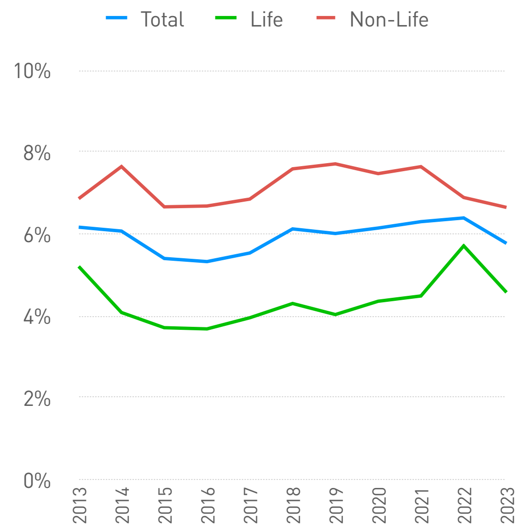
Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Table 3.2.1
Colombia: premium volume[1] by insurance line, 2023

Line	Millions of pesos	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**50,664,877.5**	**11,731.9**	**7.1**	**-4.1**
Life	**16,982,155.0**	**3,932.4**	**-5.0**	**-14.9**
Life — individual and group	8,048,120.9	1,863.6	9.1	-2.4
Pension insurance	8,934,034.1	2,068.8	-14.8	-23.8
Non-Life	**33,682,722.5**	**7,799.6**	**14.5**	**2.5**
Automobiles	6,426,144.7	1,488.0	27.7	14.3
Other lines	5,375,876.1	1,244.8	17.8	5.5
SOAT[2]	3,264,130.7	755.8	-9.9	-19.4
Health	3,317,277.8	768.1	17.5	5.2
Earthquake	1,488,973.7	344.8	18.3	5.8
Fires	1,670,265.4	386.8	23.1	10.1
Third Party Liability	2,235,766.4	517.7	3.7	-7.2
Personal Accidents	1,578,924.6	365.6	1.1	-9.5
Transport	518,307.6	120.0	4.9	-6.1
Theft	632,182.6	146.4	16.7	4.4
Aviation	286,809.3	66.4	11.3	-0.4
Credit	199,358.1	46.2	9.7	-1.8
Workplace accidents	6,688,705.6	1,548.8	20.0	7.4

Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)
1/ Written premiums
2/ Compulsory Traffic Accident Insurance

Chart 3.2.1-c
Colombia: share of insurance premiums in Latin America
(%)

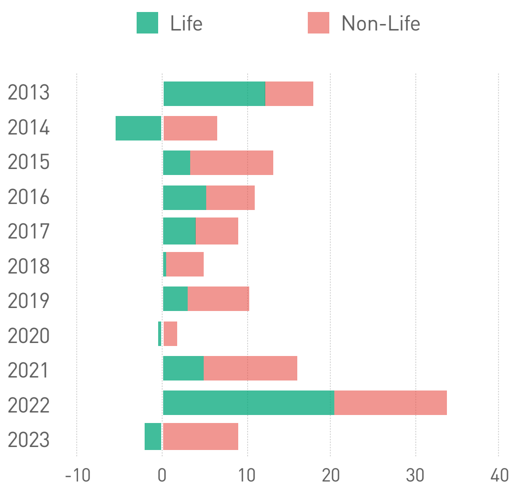


Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia and supervisory bodies of the region)

nominal increase of 14.5% in premium income (2.5% real), while the Life insurance segment had a nominal decrease of 5.0% (-14.9% real), mainly due to the decrease in Pension Insurance (-14.8% nominal and -23.8% real). It should be recalled that, in 2022, pension insurance had experienced a significant increase of 135.4% owing to the issuing of policies in the Annuities-Pensions Act 100 line, to cover the risks of AFP Protección pensioners. Meanwhile, with the exception of SOAT, all Non-Life lines showed nominal increases in premium volume in 2023, highlighting Automobile, with 27.7%, Occupational Accidents with 20%, Fire and Earthquakes, with 23.1% and 18.3%, respectively, and Health, with 17.5% (see Table 3.2.1 and Chart 3.2.1-b).

The development of the share of total premiums of the Colombian market with respect to the Latin American market over the last decade has been favorable in general terms, especially in the case of the Life insurance segment, although the setbacks experienced in 2015–2016 and in fiscal year 2023 have caused the weight of the Colombian insurance market in the last decade to fall slightly in the regional total. As shown on Chart 3.2.1-c, the proportion of total Colombian premiums in the Latin American total increased from 6.2% in 2013 to 5.8% in 2023, thanks to a larger share in the Life line, which rose from 5.2% in 2013 to 4.6% in 2023, while the country's Non-Life share remained stable at around 6.9%, with a slight drop of 0.3 pp in 2023.

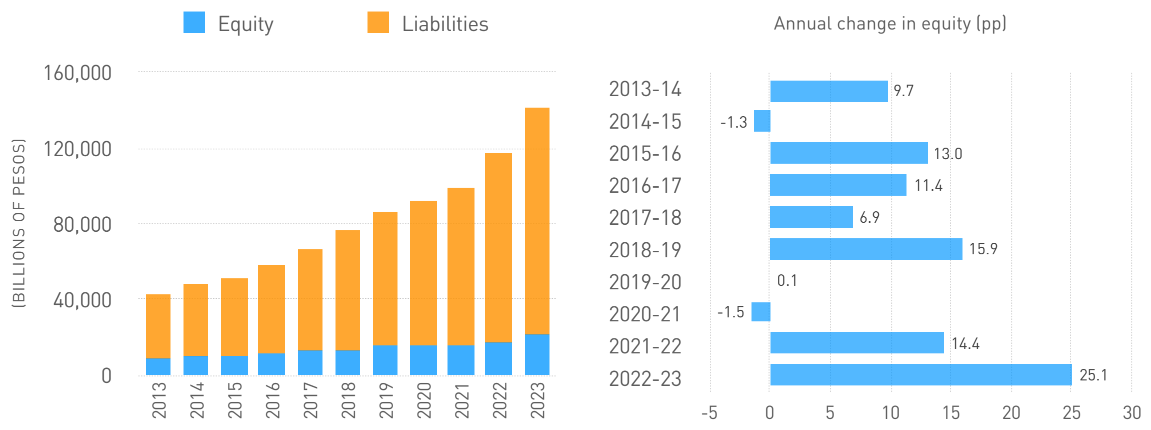
Chart 3.2.1-d
Colombia: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	18.0	12.1	5.9
2014	1.1	-5.5	6.6
2015	13.0	3.5	9.5
2016	10.9	5.3	5.5
2017	9.0	4.1	4.9
2018	4.9	0.4	4.5
2019	10.3	2.9	7.4
2020	1.3	-0.4	1.7
2021	15.9	4.9	11.1
2022	33.8	20.3	13.5
2023	7.1	-1.9	9.0

Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-e
Colombia: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Meanwhile, as a result of the decline in pension insurance premiums in 2023, the largest contribution to the growth of the Colombian insurance industry in 2023 (which was 7.1%) came from the Non-Life insurance segment. This positive contribution that year contributed 9.0 pp to the sector's total growth (7.1%), while the Life insurance segment had a negative contribution of -1.9 pp to that year's growth (see Chart 3.2.1-d).

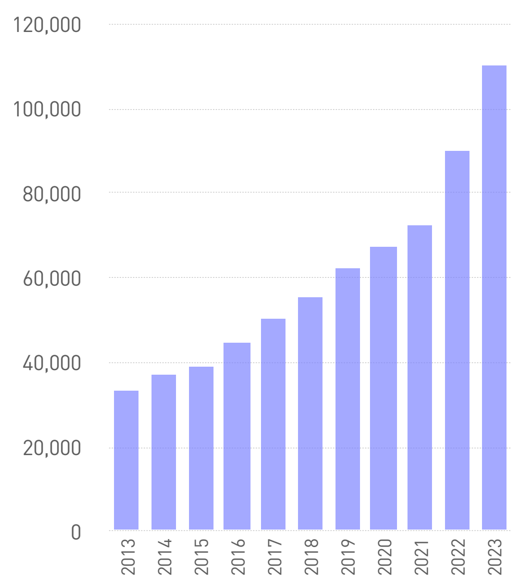
Balance sheet and shareholders' equity

Chart 3.2.1-e shows the performance of the aggregate balance sheet at industry level for the Colombian insurance industry between 2013 and 2023. According to this data, the industry's total assets amounted to 141 trillion pesos (36.6 billion dollars). Similarly, the industry's aggregate equity stood at 21.7 trillion pesos (5.6 billion dollars) for the year, an increase of 25.1% compared to the previous year. Aggregate capitalization levels in the Colombian insurance industry (measured relative to total assets) rose in 2023, representing 15.4% of assets at year end, compared to 14.8% in 2022. This is above the capitalization levels of other markets that have a higher degree of relative development in the region, such as Mexico, Chile or Brazil.

Investments

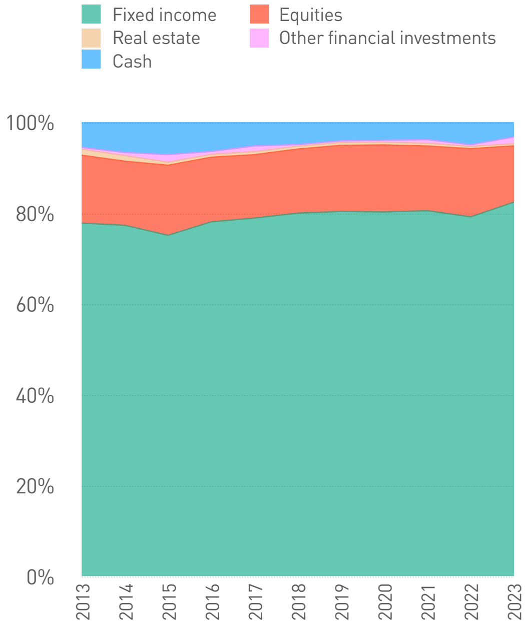
Chart 3.2.1-f shows the performance of the Colombian insurance industry between 2013 and 2023, while Charts 3.2.1-g and 3.2.1-h

Chart 3.2.1-f
Colombia: insurance market investments
(billions of pesos)



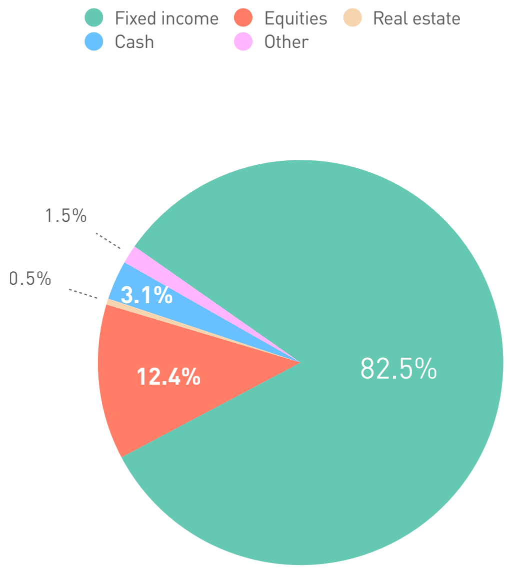
Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-g
Colombia: structure of investments
(%)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-h
Colombia: structure of investments, 2023
(%)



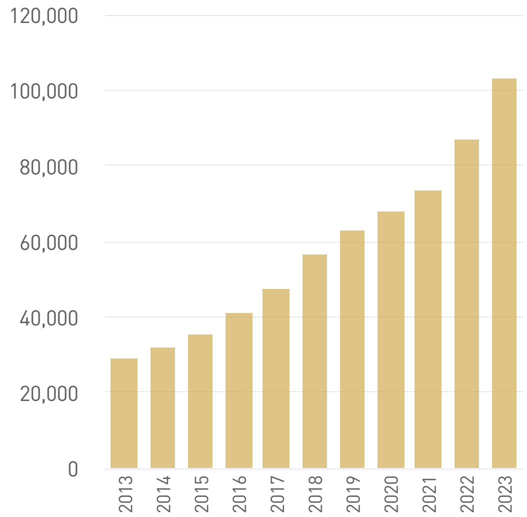
Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

show changes in the structure of the investment portfolio over this period. Accordingly, investments of the Colombian insurance industry totaled 110.0 trillion pesos (28.5 billion dollars) in 2023, including cash and real estate (investment properties), with the total portfolio showing an increase of 22.4% on the previous year. In terms of structure, investment was concentrated in fixed income (82.5%), which has increased its share of the total portfolio throughout the past decade and, to a lesser extent (12.4%), in equity instruments.

Technical provisions

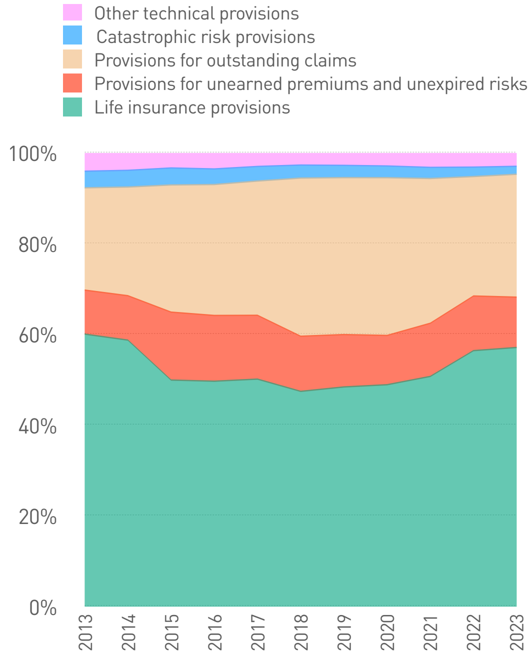
Also, Chart 3.2.1-i provides data on the performance of technical provisions of the Colombian insurance market between 2013 and 2023, while Charts 3.2.1-j and 3.2.1-k illustrate its relative composition during this period. In 2023, technical provisions amounted to 103.2 trillion pesos (26.8 billion dollars); of the total technical provisions, 57.3% related to

Chart 3.2.1-i
Colombia: technical provisions of the insurance market
(billions of pesos)



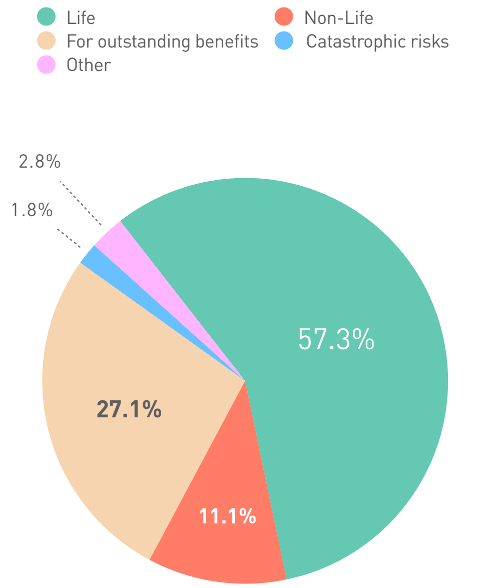
Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-j
Colombia: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

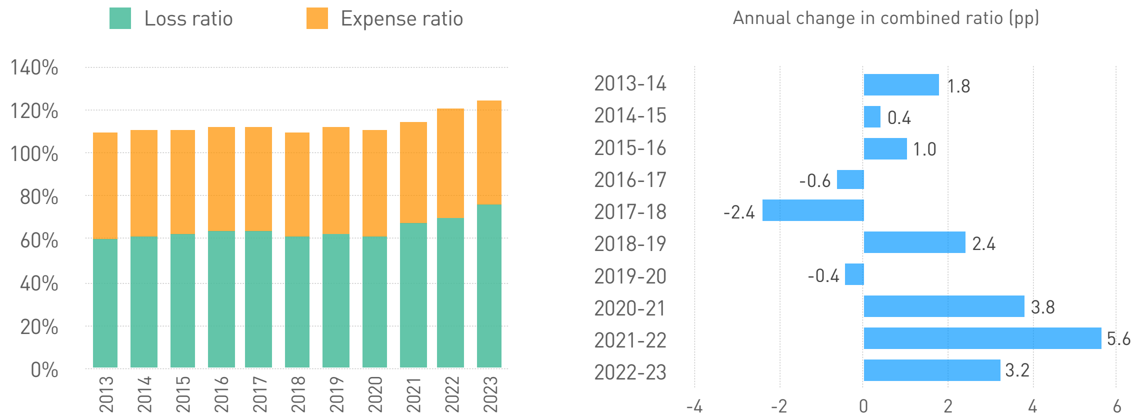
Chart 3.2.1-k
Colombia: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

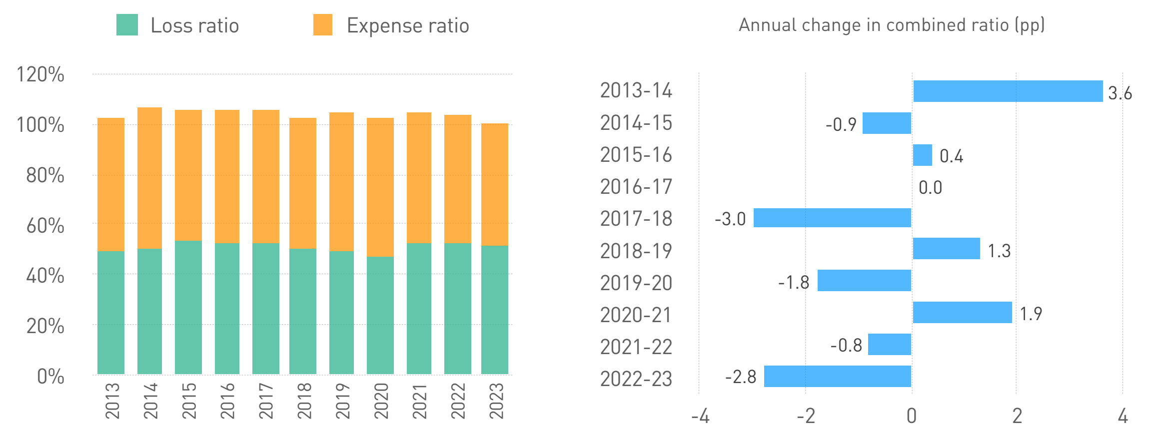
Life insurance (0.7 pp more than the previous year), 11.1% to provisions for unearned premiums and unexpired risks in Non-Life insurance, 27.1% to provisions for outstanding benefits, 1.8% to provisions for catastrophic risks, and the remaining 2.8% to other technical provisions. Sustained absolute growth was observed in technical provisions for the Colombian insurance industry in the 2013–2023 period. Technical provisions for Life insurance almost tripled in volume to 59.1 trillion pesos (15.3 billion dollars), although

Chart 3.2.1-l
Colombia: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-m
Colombia: changes in the technical performance of the Non-Life market
(total combined ratio, %; annual change in combined ratio, percentage points)



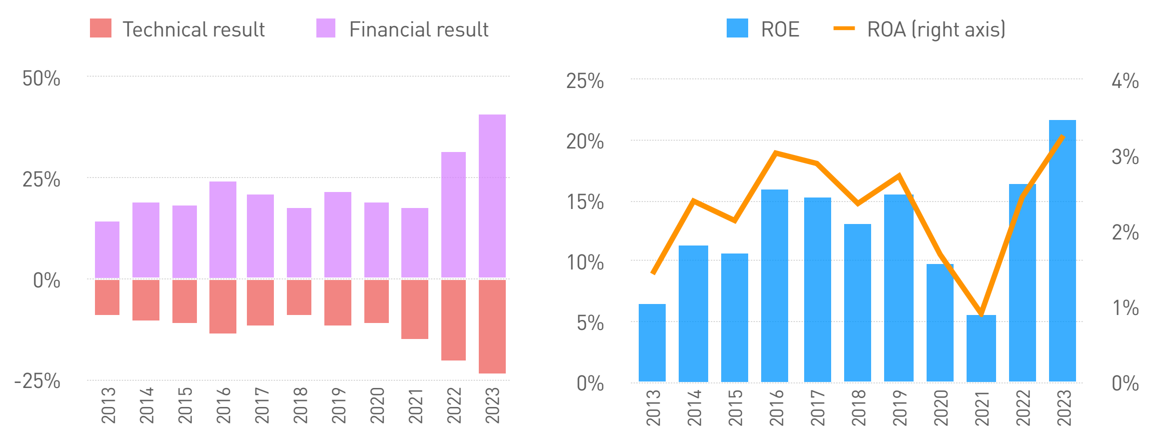
Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

their share of total provisions decreased from 60.2% in 2013 to 57.3% in 2023. Conversely, provisions for outstanding benefits increased their share most, from 22.5% in 2013 to 27.1% in 2023.

Technical performance

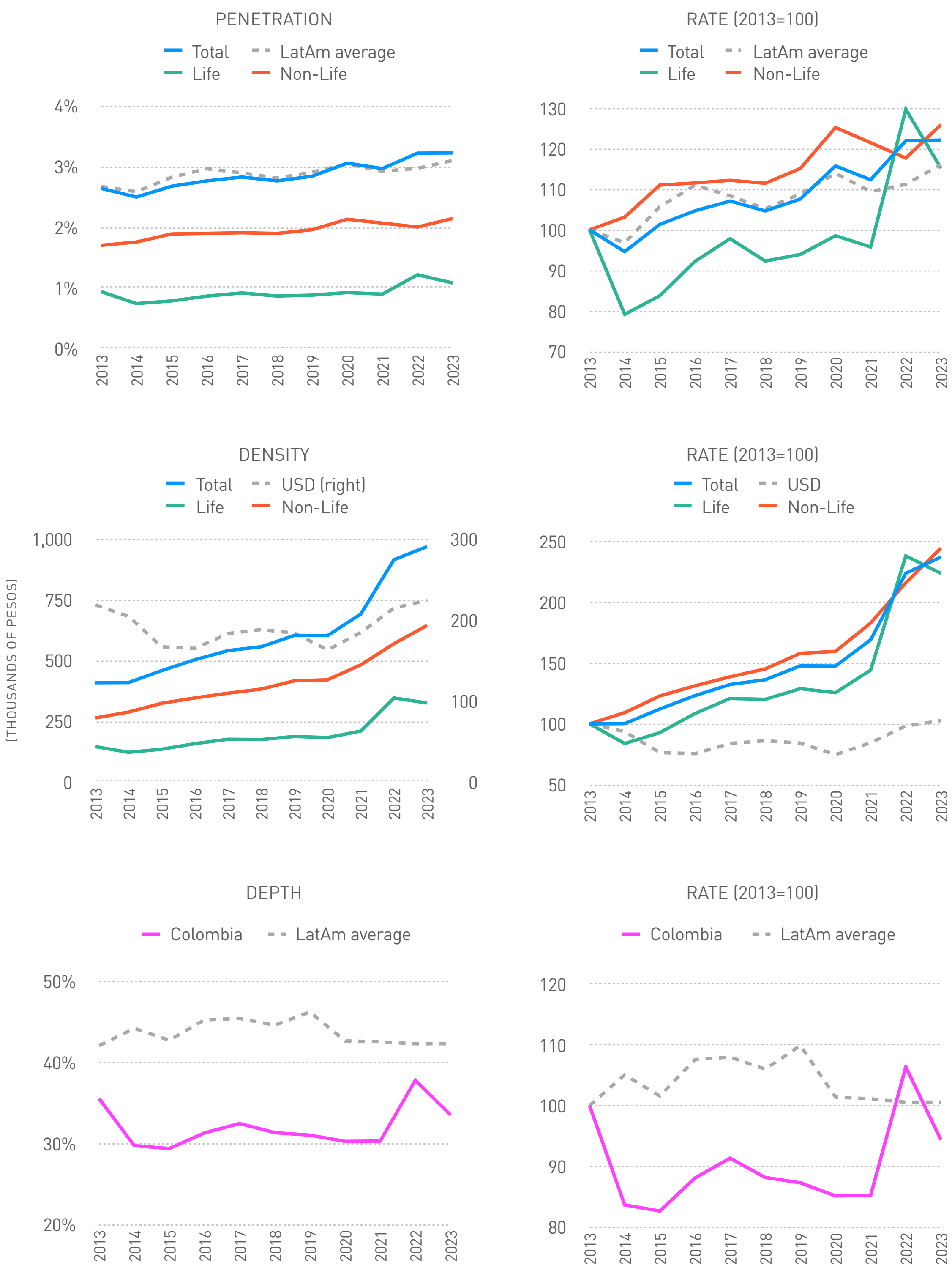
Chart 3.2.1-l shows data on the technical result of the Colombian insurance industry, based on an analysis of the total combined ratio. As this data shows, in 2023, the country's insurance market showed a technical deterioration, with the combined ratio rising 3.2 pp from 2022, to 123.6%, due to the net effect of a 5.7-pp increase in the loss ratio and a -2.5 pp improvement in the expense ratio. The impairment of the combined ratio was mainly due to the performance of Life insurance companies, since, as confirmed in Chart 3.2.1-m, the combined ratio of companies operating in P&C insurance (Non-Life) improved -2.8 pp compared to 2022, reaching 100.4%, due to

Chart 3.2.1-n
Colombia: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-o
Colombia: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, pesos and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

a reduction in expenses of 2.4 pp, combined with a slight improvement in the loss ratio, which went from 52.3% to 51.9% in that period.

Results and profitability

Despite the impairment of the technical result, the net result of the Colombian insurance business in 2023 showed significant growth of 59.2% year-on-year, up to 4.2 trillion pesos (976 million dollars). This was driven by an increase in yields, which amounted to 12.7 trillion pesos (2.9 billion dollars), a 51.6% increase from the previous year, which offset the effect of the technical loss in the year. In turn, as reflected in Chart 3.2.1-n, the profitability of the insurance industry in Colombia in 2023 was up on the previous year. In this regard, return on equity (ROE) stood at 21.6%, compared to 16.3% the previous year (the highest level in the past decade); a similar situation emerges for return on assets (ROA), which reached 3.3% in 2023, representing an increase of 0.8 pp compared to the previous year, setting a new high for the 2013–2023 period.

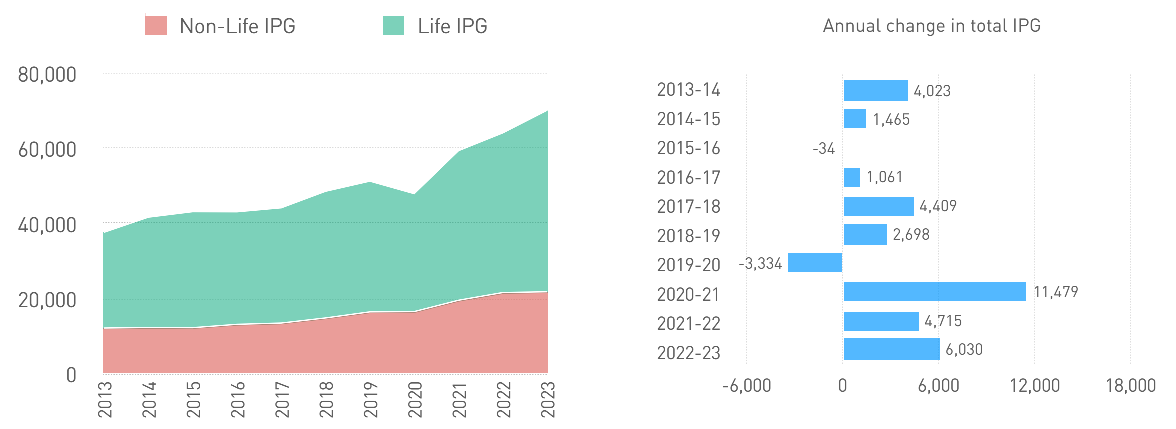
Insurance penetration, density and depth

Chart 3.2.1-o shows the main structural trends shaping the development of the Colombian insurance industry over the 2013–2023 period. According to these data, the penetration ratio (premiums/GDP) in 2023 stood at 3.2%, the same level as in 2022, the result of growth in the Non-Life insurance segment, which was offset by a decrease in the Life insurance segment. The penetration ratio for the Colombian insurance market has been on an upward trend since 2013, in line with the average for the Latin American insurance market as a whole. The density indicator (premiums per capita) amounted to 968.3 pesos (224.2 dollars) in 2023, up 5.9% in local currency on the level reached the previous year. As with the penetration ratio, density in the Colombian market (measured in local currency) followed an upward trend over the 2013–2023 period. When estimated in dollars, there was stagnation between 2015 and 2020, a trend that reversed starting in 2021. Lastly, the depth of the Colombian insurance market (Life insurance premiums in relation to total premiums) stood at 33.5% in 2023, compared to 37.8% in 2022 and 2.0 pp below its level in 2013, and below the regional average of the past decade.

Insurance Protection Gap estimate

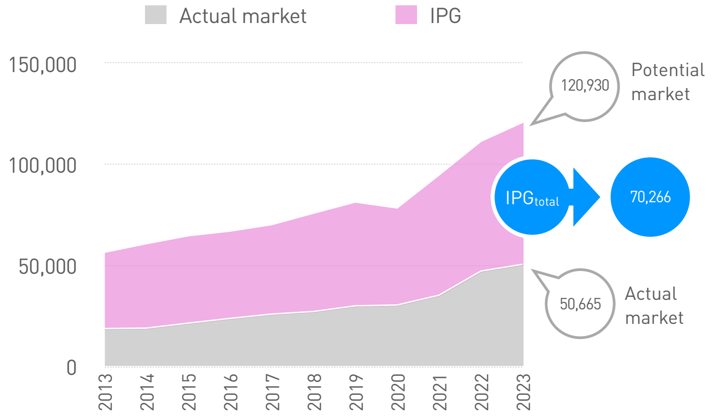
Chart 3.2.1-p shows an update of the estimated insurance gap for the Colombian insurance market. These data indicate that the IPG stood at 70.3 trillion pesos (16.3 billion dollars) in 2023, 1.4 times the actual

Chart 3.2.1-p
Colombia: Insurance Protection Gap
(billions of pesos)



Source: MAPFRE Economics

Chart 3.2.1-q
Colombia: Insurance Protection Gap and potential market
(billions of pesos)



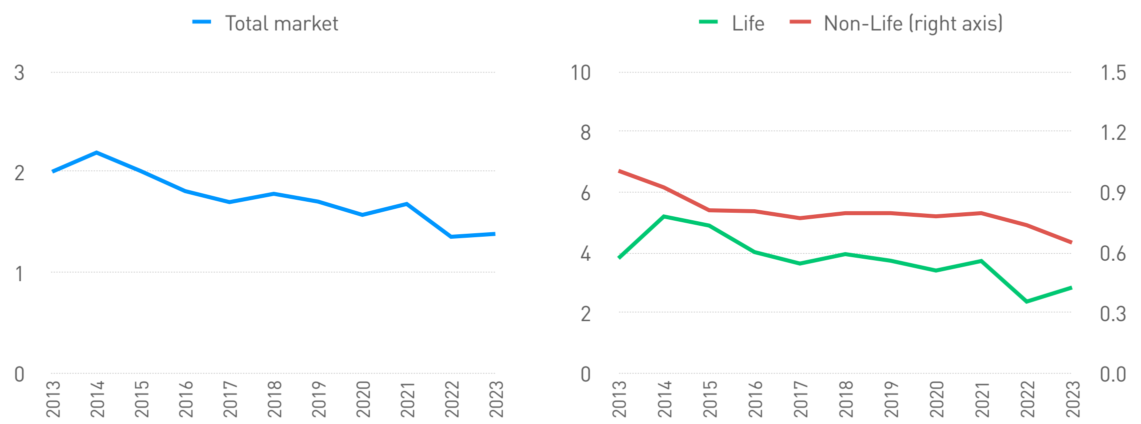
Change	Actual market	IPG
2023-2013	269.0%	186.1%
2023-2022	7.1%	9.4%

Source: MAPFRE Economics

size of the insurance market in Colombia. As is the case in most Latin American insurance markets, the structure and performance of the IPG over the period under analysis continue to reflect the prevalence of the contribution of Life insurance. Indeed, 68.8% of the IPG was a product of Life insurance (48.4 trillion pesos) at the close of 2023, up by 1.2 pp on 2013. The remaining 31.2% of the insurance gap in 2023 is attributable to the contribution of the Non-Life insurance segment (21.9 trillion pesos). On this basis, Colombia's potential insurance market at the close of 2023 (measured as the sum of the actual market plus the IPG) was estimated at 120.9 trillion pesos (28 billion dollars), 2.4 times the size of the total insurance market that year (see Chart 3.2.1-q).

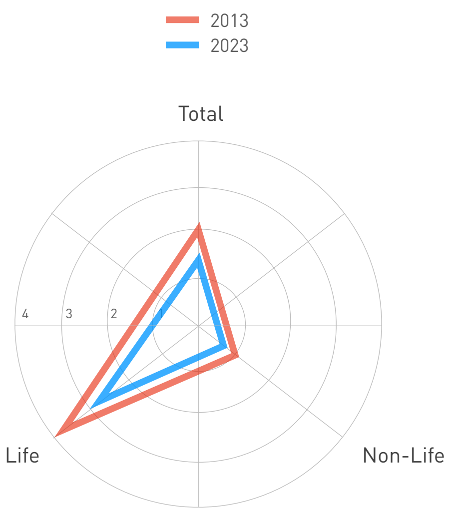
However, as shown in Chart 3.2.1-r, the estimate of the insurance gap of the Colombian market as a multiple of the actually existing market shows a clearly decreasing trend throughout the 2013–2023 period. The total gap measured in relative terms went from 2.0 to 1.4 times the actual market. This

Chart 3.2.1-r
Colombia: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.2.1-s
Colombia: change in IPG as a multiple of the actual market



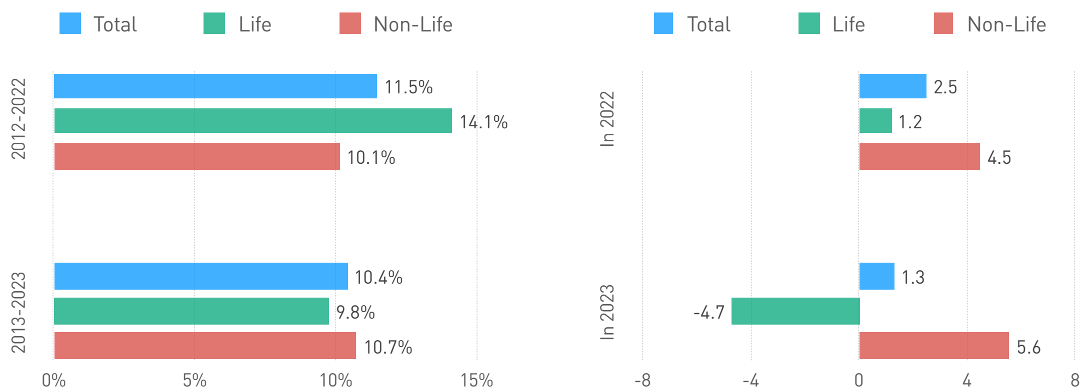
Source: MAPFRE Economics

performance was largely determined by the Life insurance segment, whose multiple was reduced from 3.8 to 2.8 times the size of the market (with a slight rebounds in 2014 and 2021), while that corresponding to Non-Life insurance did so only from 1.0 to 0.7 times, with a stable trend between 2015 and 2021, and a decrease of 0.15 pp in the last two years.

To supplement this analysis, Chart 3.2.1-s shows the trend in the IPG as a multiple of the existing market for the Life and Non-Life segments and for the total insurance market, comparing the situation in 2023 with the state of the market in 2013. This chart confirms the 10-year improvement in terms of the gap as a multiple of the actual market, which has occurred in both the Life and Non-Life insurance segments.

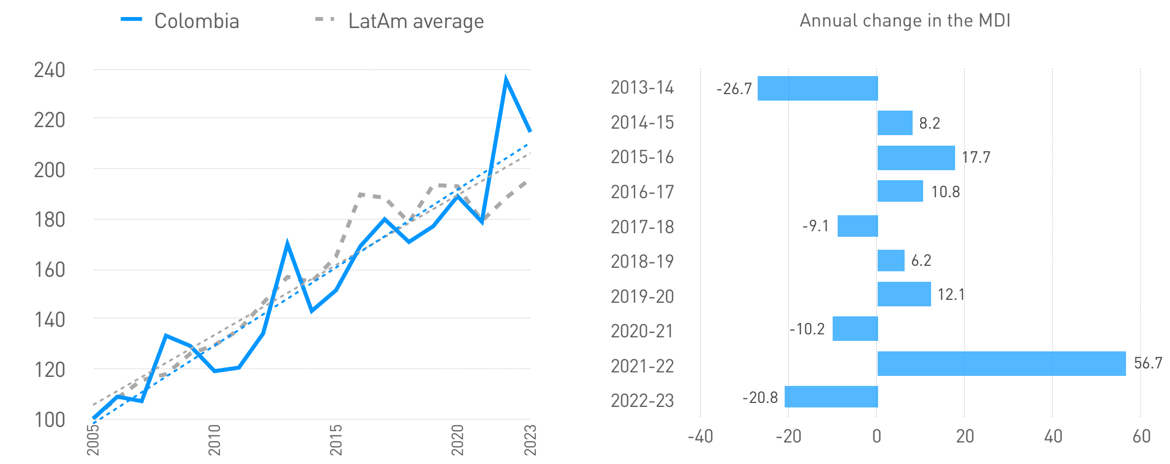
Chart 3.2.1-t shows an updated assessment of the Colombian insurance market's capacity to close the insurance gap determined in 2023, based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap over the coming 10 years. Accordingly, the Colombian insurance market grew at an average annual rate of 10.4% during 2013–2023, underpinned by average annual growth of 9.8% in the Life insurance segment and average annual growth of 10.7% in the Non-Life insurance segment. As a result, assuming that the same growth dynamics seen in the last decade continue in the next 10 years, and contrary to what was determined from the 2022 measurement, the growth rate of the Colombian insurance market would be sufficient to close the insurance gap identified in Non-Life insurance in 2023, but insufficient by 4.7 pp in the Life insurance segment.

Chart 3.2.1-t
Colombia: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.2.1-u
Colombia: Market Development Index (MDI)
(2005 index=100; annual change)

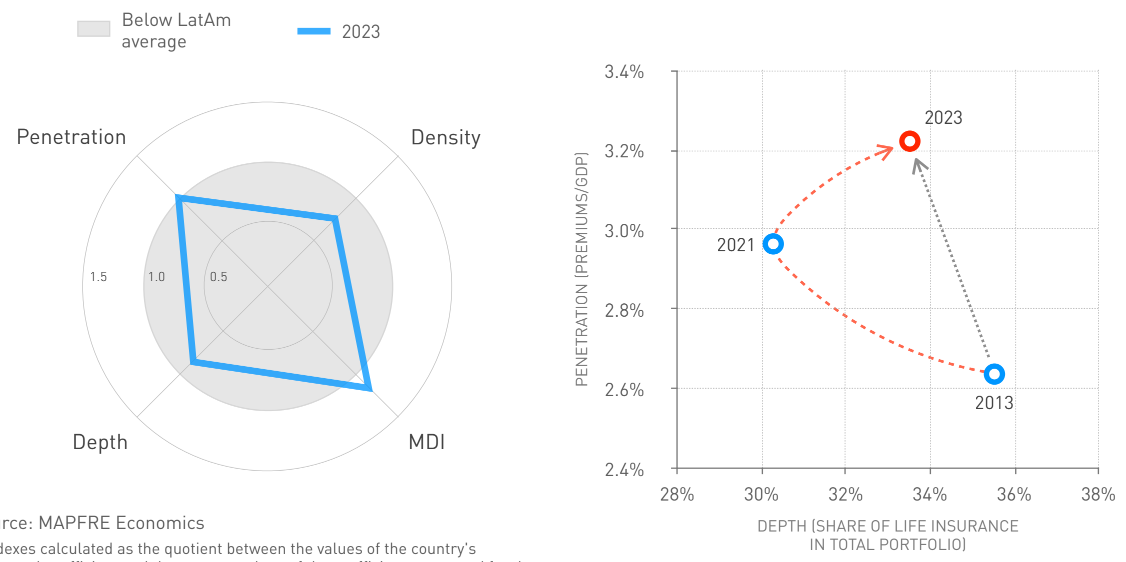


Source: MAPFRE Economics

Market Development Index (MDI)

Chart 3.2.1-u shows an update of the estimate of the Market Development Index (MDI) for the Colombian insurance industry between 2005 and 2023. According to this analysis, the MDI for the Colombian market shows a positive general trend in the period analyzed, with a significant increase in 2022 (particularly driven by the excellent performance of the Life insurance segment in that year) and a decrease in 2023, but still surpassing the average recorded for Latin American insurance markets.

Chart 3.2.1-v
Colombia: Comparative Structural Coefficient Index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Comparative analysis of structural coefficients

Chart 3.2.1-v shows the Colombian insurance market's situation in 2023, compared with the average for Latin America, using the four structural coefficients analyzed: penetration, density, depth, and MDI. In this regard, although the situation of the Colombian market in terms of penetration and the Market Development Index (MDI) was still slightly above the regional average in 2023, depth and density levels remained below the average for Latin American insurance markets. This situation is confirmed by an analysis of the quantitative and qualitative parameters of market development over the past decade. This analysis shows that, although over the past decade there were improvements in terms of penetration (quantitative dimension), these were not accompanied by gains in depth (qualitative dimension). The result is that this development failed to maintain balance in its progress towards greater maturity.

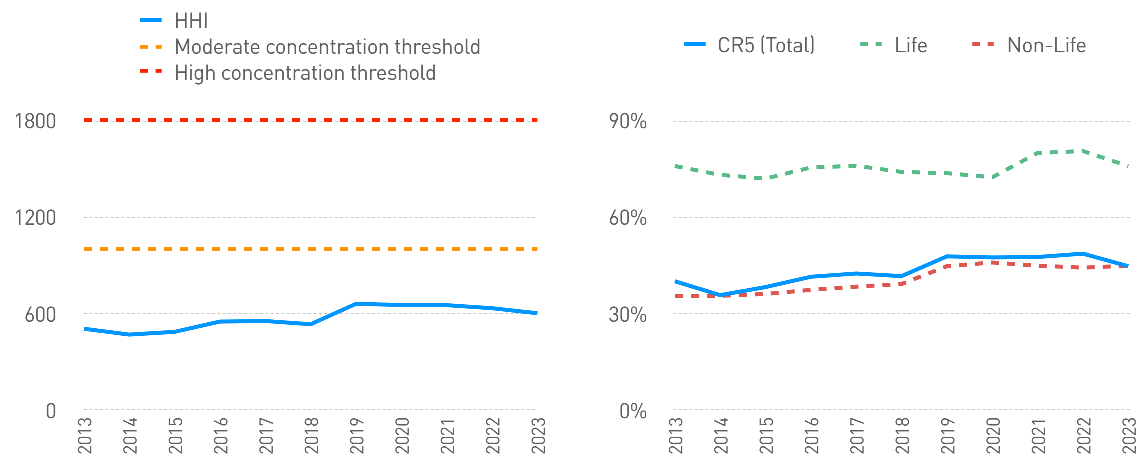
Insurance market rankings

Total ranking

There were 24 general P&C insurance companies, 20 Life insurance companies, and two insurance cooperatives operating in the Colombian insurance market in 2023. Overall, the Colombian insurance market shows low levels of concentration. This is confirmed when reviewing the concentration parameters provided by the Herfindahl and CR5 Indexes (see Chart 3.2.1-w). The Herfindahl Index fell slightly for the fourth consecutive year (to 600.9 points) and remains below the threshold that would indicate moderate levels of concentration in the industry. The concentration level of the top five insurance companies on the market (CR5), which receive 44.6% of premiums, fell 3.9 pp in 2023, with a higher concentration in the Life insurance segment (75.7%) than in Non-Life (44.8%).

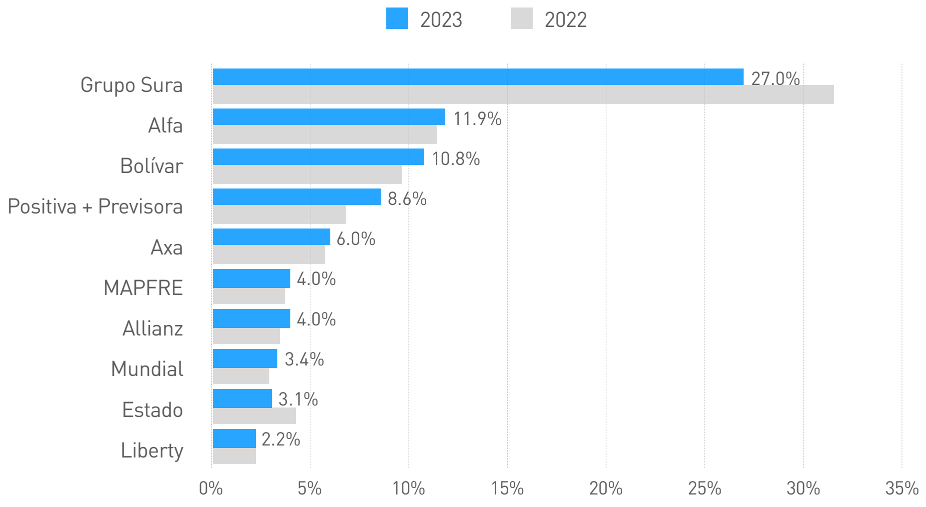
The groups hardly changed position in 2023 in the overall insurance group ranking in Colombia compared to 2022. The ranking is led by Grupo Sura, with 27% of total premiums, placing it well ahead of the next company on the list, Alfa, with an 11.9% market share. The only change is the rise of MAPFRE from seventh to sixth place. Seguros del Estado also moved up to ninth place in the ranking, followed by Allianz and Mundial, which each gained one place. Lastly, Liberty Seguros remains in tenth place in the ranking (see Chart 3.2.1-x).

Chart 3.2.1-w
Colombia: concentration of the insurance industry
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Chart 3.2.1-x
Colombia: overall ranking
(market shares, %)

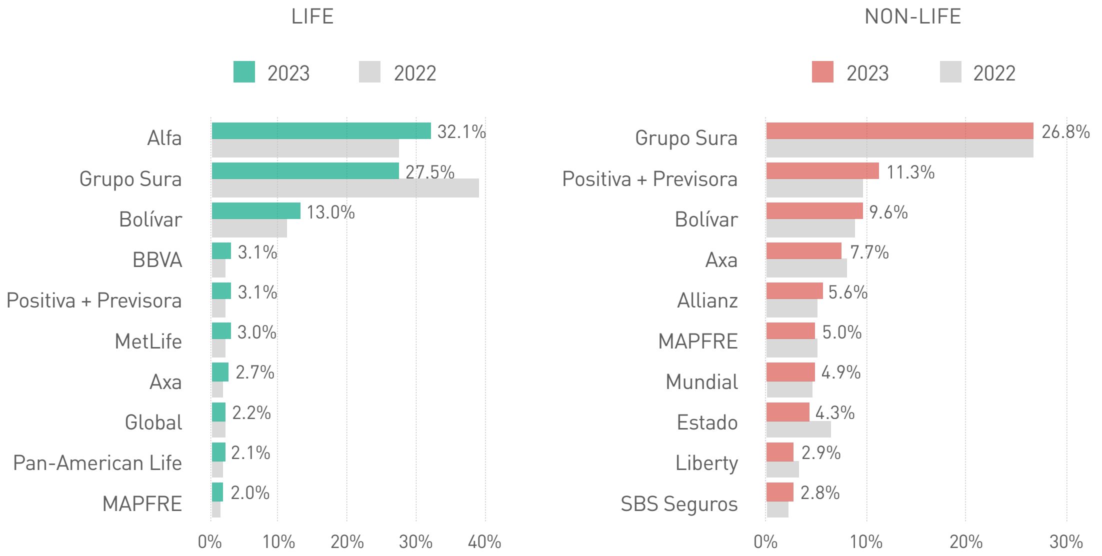


Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

Life and Non-Life rankings

Regarding the Non-Life insurance segment, Grupo Sura continued to lead the ranking in 2023, with 26.8% of premiums in the market and no changes in its market share compared to the previous year. It was followed by Positiva + Previsora in second place, with an 11.3% market share. Bolivar and Axa remain in third and fourth place, with market shares of 9.6% and 7.7%, respectively. Allianz, MAPFRE, and Mundial moved up one place each due to the fall of Seguros del Estado from fifth to eighth place.

Chart 3.2.1-y
Colombia: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)

The decrease in premiums in this group was mainly due to the decrease in premiums written for compulsory traffic accident insurance (SOAT). It should be noted that SBS Seguros entered the ranking in tenth place. In the Life insurance segment ranking, Alfa overtook Grupo Sura to take first place, with a market share of 32.1%, 4.4 pp more than in 2022. It should be noted that both groups account for nearly 60% of Life premiums in the Colombian insurance market. In other movements, Grupo Sura (-1), MetLife (-2), Global (-1), and Pan-American Life (-1) dropped in the ranking, while Axa (2) and BBVA (2) rose, and Positiva + Previsora and MAPFRE remained in the same place (see Chart 3.2.1-y).

Key regulatory aspects

In 2023 and so far in 2024, the regulatory framework of the Colombian insurance industry went through a series of adjustments. These adjustments were envisaged in an extended regulatory framework including laws adopted by the Congress of Colombia, decrees issued by the national government, external circulars issued by the Financial Superintendency of Colombia (SFC), and measures from the central bank. These regulations are presented below, grouped according to the body issuing them.

Laws and decrees

- In 2023, the Congress of the Republic debated and approved Law 2294 of 2023, which issued the National Development Plan, containing provisions that are relevant to the insurance industry. These include Article 97 related to the affiliation of public entities to the general system of occupational risks; Articles 241 and 243 are related to the implementation of parametric or index insurance. Article 191 amends Article 193.5 of the Organic Statute of the Financial System in relation to Compulsory Traffic Accident Insurance (SOAT).

- In 2023, the national government, through the Regulatory Projection and Financial Regulation Studies Unit (URF), and the Congress of the Republic moved ahead with regulatory initiatives that affect the insurance industry.

    - First, Decree 2312 of 2023 amends the Article 1.2 of Decree 2407 of 2022 related to the SOAT, indicating the manner of updating the rates applicable to the categories with differential range by risk defined in Decree 2497 of 2022, taking as a reference the annual change of the Tax Value Unit of the respective year.

    - In prudential matters, the URF has made progress on the bill to adopt IFRS 17 and Solvency II standards in the Colombian insurance industry in order to improve the prudential frameworks and the management of technical reserves. In this regard, at the URF Advisory Council meeting held on May 31, 2024, the draft decrees were approved for issuing: one by which Decree 2555 of 2010 is amended in relation to the technical reserves regime of insurance entities and other provisions are issued, and another by which Financial Reporting Standard IFRS 17, Insurance Contracts, is incorporated into the Sole Regulatory Decree 2420 of 2015 and other provisions are issued.

- Further, several bills have been discussed in the Congress of the Republic that have a direct impact on the regulation of the insurance industry. Among them are bills related to the purchase of insurance policies, such as:

    - PL 5 of 2023 of the House of Representatives, which promotes the protection and responsible ownership of household pets, where it is established that a policy must be in place to ensure coverage of the risks derived from the cessation of operations to legal entities dedicated to the reproduction, breeding, or sale of pets.

- PL 311 of 2023 of the House of Representatives, which regulates medical and surgical procedures for aesthetic purposes, establishing that health service providers that offer or perform surgical procedures for aesthetic purposes must take out a policy for the benefit of the patient that covers medical, hospital, surgical, non-surgical, and pharmaceutical expenses related to the complications of such procedures.

- PL 40 of 2023 of the Senate, which regulates care services for household pets, establishing that a liability policy may be purchased to cover any damages caused by the death, injury, illness, or loss of companion animals.

- PL 169 of 2023, which regulates assisted human reproduction and establishes the availability of an insurance policy or equivalent guarantee to ensure the solvency of in vitro fertilization institutions.

- PL 239 of 2023 of the House of Representatives, which declares coffee as a national beverage and promotes the development of the coffee sector, and in which it is proposed to design and structure the parameters of climate insurance, destined to cover the damages generated by the occurrence of climatic events.

- PL 115 of 2023 of the Senate, which guarantees access to the General System of Social Security in Health for the Directors and Officers of the Community Action Boards, where burial, life, and disability policies are established as benefits.

- PL 211 of 2023 of the Senate, which proposes the purchase of group accident and third-party liability insurance.

- PL 269 of 2023 of the House of Representatives, which enacts measures for the dignifying and progress of the private security and surveillance sector and establishes the purchase of a Life insurance policy.

- PL 286 of 2023 of the House of Representatives, which improves land connectivity in category 4, 5, and 6 municipalities and proposes the purchase of a contractual third-party liability policy to cover the risks inherent to transportation activity.

- PL 76 of 2023 of the House of Representatives, which reforms the Mining Code and establishes a performance bond policy to cover compliance with mining and environmental obligations.

- PL 201 of 2023 of the Senate, which establishes and guarantees the right to cancer forgetting in Colombia, specifying that withholding of data on the part of those policyholders or insured parties who have overcome cancer and are not obliged to declare it after eight years from the end of their treatment shall not be deemed concealment.

- PL 332 of 2023 of the House of Representatives, which establishes mechanisms for the optimal use of resources of the general system of occupational hazards;

- PL 77 of 2023 of the House of Representatives, which enacts the general law on native forests and forest and agroforestry plantations, establishing provisions on investments for national forest development.

- PL 186 of 2023 of the Senate that establishes guidelines for the occupational dignity of sex workers in Colombia, dictating provisions on occupational hazards.

External Circulars of the Financial Superintendency of Colombia

- External Circular 007 of 2023, whereby instructions were issued regarding the maximum rate and term of the Compulsory Insurance for Bodily Injury Caused to Persons in Traffic Accidents for vehicles circulating in border areas, establishing specific conditions for this type of insurance.

- External Circular 001 of 2024, which updated the SOAT rates, adjusting the values according to the new provisions and conditions of the insurance market.

- External Circular 003 of 2024, which issued instructions for the management of limits to large exposures and risk concentration of credit institutions, as well as individual credit quotas of other supervised entities, in line with international best practices and seeking to improve risk management in financial institutions.

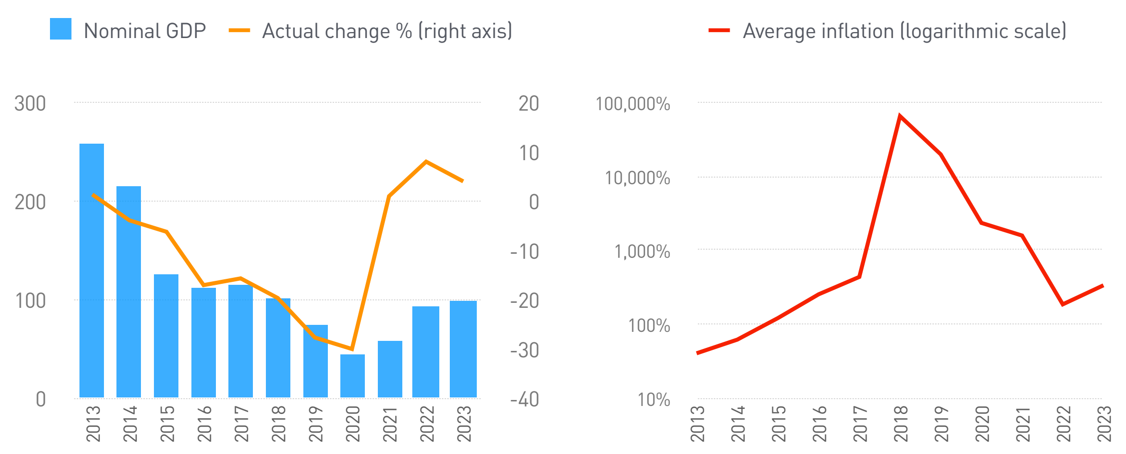
3.2.2 Venezuela

Macroeconomic environment

Venezuela's GDP once again grew in 2023 around 4.0%, compared to 8.0% a year earlier (see Chart 3.2.2-a). This relative slowdown in economic activity continues to show positive figures, although it is strongly influenced by the increase in oil activity and has not significantly affected other sectors of activity. The easing of sanctions applied by the United States allowed Venezuela's oil exports to increase by 12% in 2023 (more than 700,000 barrels a day). This upturn has made it possible to alleviate production figures, which had been in clear decline in recent years; however, the possibilities for recovery remain structurally limited, both because of the licensing scheme and the lack of progress in improving installed capacity. With respect to non-oil activity, it is estimated that there has also been a certain reactivation in certain sectors, but of limited scope, to which remittance income and a certain easing of inflation have also contributed.

In this regard, average inflation in 2023 stood at about 360%, although it closed the year at about 189%, according to central bank figures. And although it continues to be one of the

Chart 3.2.2-a
Venezuela: changes in economic growth and inflation
(GDP in USD, billions; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

highest in the region, it allows for easing pressure on the loss of purchasing power, which still shows no signs of returning to positive figures. Monetary policy has stayed on the course set in previous years, with foreign exchange interventions to halt the depreciation of the bolivar, deeply negative interest rates (the legal reserve requirement remains at 73%), and the management of international reserves, which have again declined when compared in annual terms. However, a certain deceleration can be observed in the monetary aggregates that underlie the decrease in inflation.

The IMF estimates that Venezuelan GDP growth will remain at around 4% for 2024, while the ECLAC forecasts it to be 5% (3% in 2025), but based on expectations that are heavily reliant on the performance of the oil sector. MAPFRE Economics is forecasting economic growth in Venezuela of roughly 3.9% for 2024 and 2.8% for 2025.

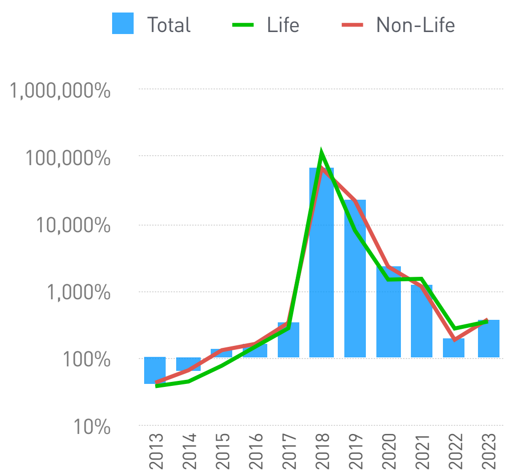
Insurance market

Growth

Premiums in the Venezuelan insurance market saw an increase of 10.0% in real terms (nominal, 381.3%) compared to the previous year, amounting to 25 billion digital bolivars (850 million dollars). The majority of premiums remained concentrated in the Non-Life segment, representing 99.4%, compared to premiums in the Life insurance segment, which accounted for only 0.6% (see Table 3.2.2 and Chart 3.2.2-b).

Furthermore, as shown in Chart 3.2.2-c, over the past decade, the Venezuelan market's share of total premiums and by Life and Non-Life segments in the Latin American market has evolved unfavorably. Thus, the total proportion of Venezuelan premiums in the total for Latin America dropped from 5.2% in 2013 to only 0.4% in 2023, far below the levels seen in the preceding decade. Similarly, the country's share in the Life line also decreased from 0.2% in 2013 to practically zero in 2023 (0.01%), while in the Non-Life line, it dwindled from 8.8% to just 0.7% in that period. With respect to contributions to the growth of the insurance business, Chart 3.2.2-d shows that practically all growth in 2023 came from the Non-Life segment, which is similar to that seen over the preceding decade.

Chart 3.2.2-b
Venezuela: change in insurance market growth
(nominal annual growth rates, %, logarithmic scale)



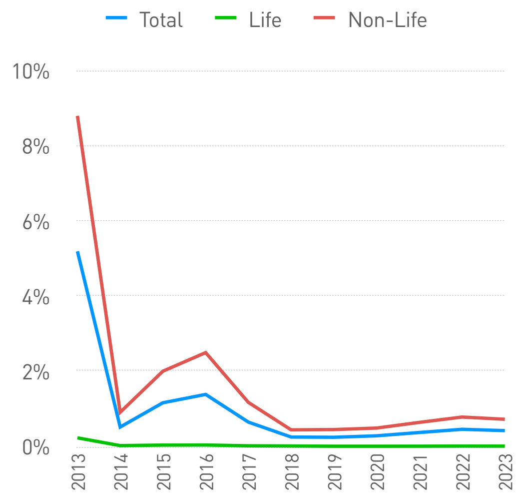
Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)

Table 3.2.2
Venezuela: premium volume[1] by insurance line, 2023

Line	Millions of digital bolivars	Millions of USD	Growth Nominal (%)	Growth Real (%)
Total	**24,940.4**	**850.0**	**381.3**	**10.0**
Life	158.1	5.4	354.6	3.9
Non-Life	24,782.3	844.6	381.5	10.1

Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
1/ Net premiums received from direct insurance.
2/ The VEF/USD exchange rate has been interpolated based on the latest DICOM auctions available.

Chart 3.2.2-c
Venezuela: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity and supervisory bodies of the region)

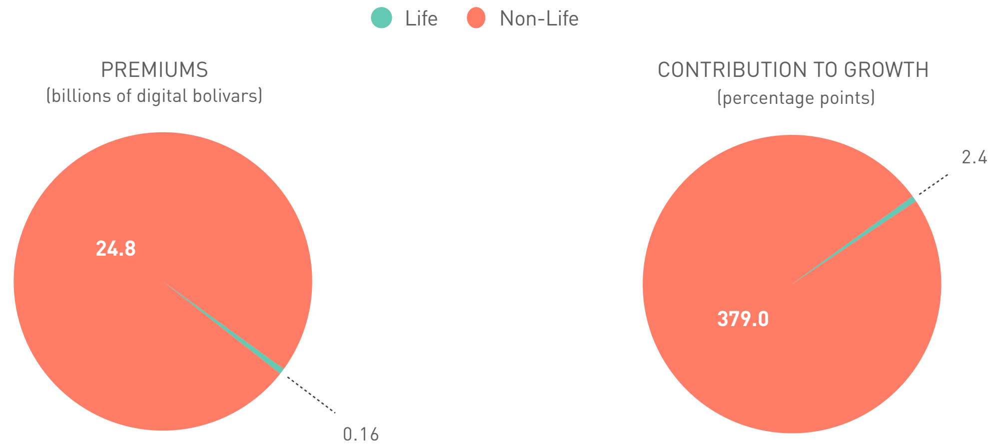
Balance sheet and shareholders' equity

Chart 3.2.2-e shows the aggregate balance sheet for the Venezuelan insurance industry between 2013 and 2022 (the most recent year for which figures are available). According to the figures, the industry's total assets came to 17.6 billion digital bolivars, while equity amounted to 6.2 billion, up 357.6 percentage points on 2021, largely due to the effects of the hyperinflation in the economy and the currency reform undertaken in 2021. The Venezuelan insurance industry saw aggregate capitalization levels (measured over total assets) of around 36% between 2009 and 2013, before peaking in 2017 and then returning towards the average, standing at around 35.4% of total assets in 2022. It is important to note, as pointed out in previous reports, that much of the shareholders' own funds analyzed corresponds to unrealized gains in real estate investments and other financial instruments due to the hyper-inflation that the Venezuelan economy is still experiencing.

Investments

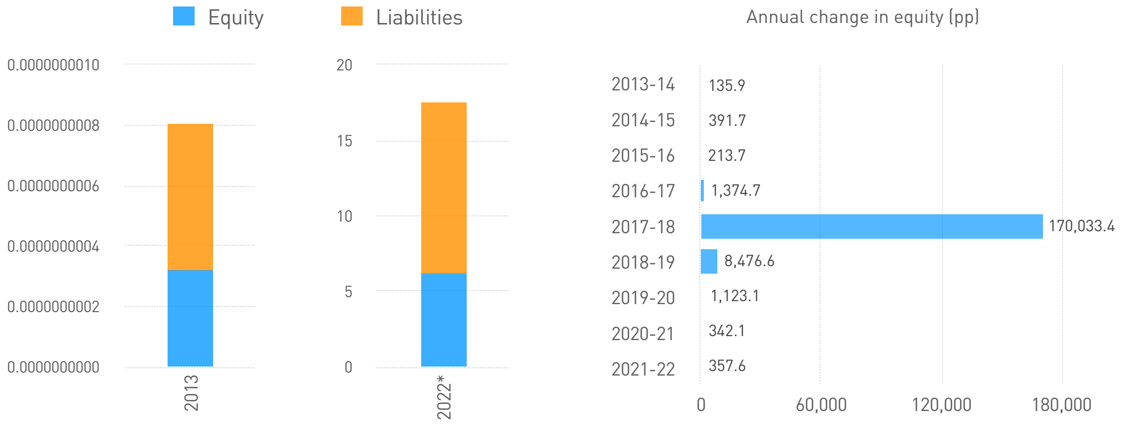
Chart 3.2.2-f shows the latest available changes in investment in the Venezuelan insurance market between 2013 and 2022 (the most recent figure available), which, in the past year, amounted to 10.4 billion digital bolivars. It should be noted, however, that it has not been possible to carry out a more detailed analysis of the portfolio composition at the sector level for Venezuela's insurance industry due to a lack of available data.

Chart 3.2.2-d
Venezuela: insurance market and contributions to growth, 2023
(premiums, billions of digital bolivars; percentage points, pp)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)

Chart 3.2.2-e
Venezuela: changes in the insurance industry's aggregate balance sheet
(billions of digital bolivars; change in equity, percentage points)

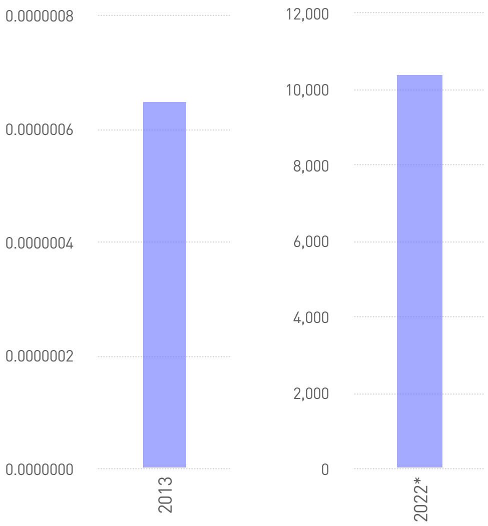


Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

Technical provisions

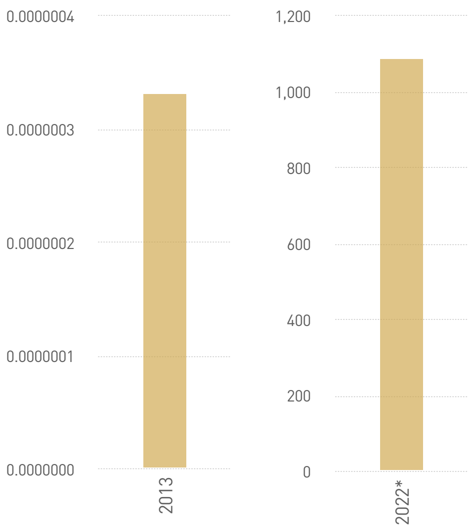
Changes in technical provisions (net of reinsurance) for the Venezuelan insurance industry between 2013 and 2022 (most recent data available) can be seen in Chart 3.2.2-g, while Charts 3.2.2-h and 3.2.2-I show the changes in its structure. The data show that technical provisions stood at 1.1 billion digital bolivars in 2022. Of this total, 58.8% related to provisions for unearned premiums and unexpired risks in Non-Life insurance, 30.6%

Chart 3.2.2-f
Venezuela: insurance market investments
(millions of digital bolivars)



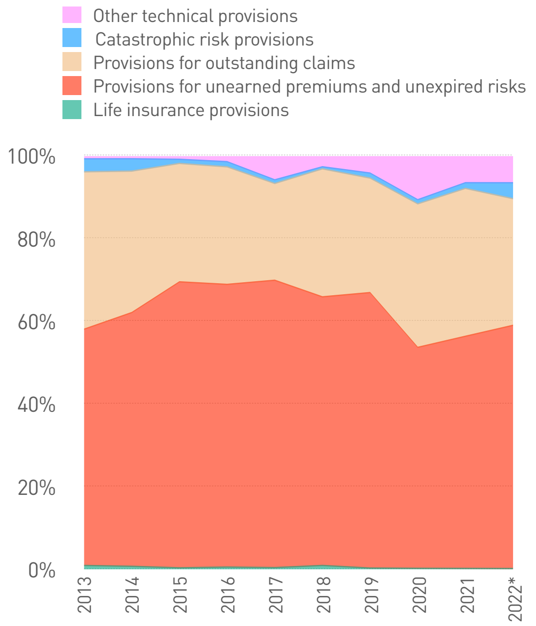
Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

Chart 3.2.2-g
Venezuela: technical provisions of the insurance market
(millions of digital bolivars)



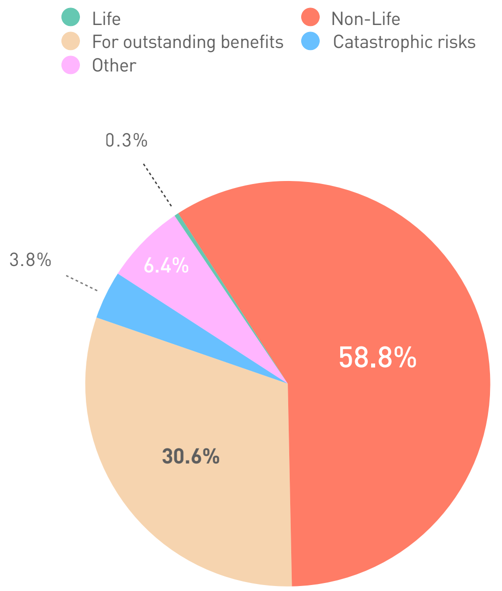
Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

Chart 3.2.2-h
Venezuela: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

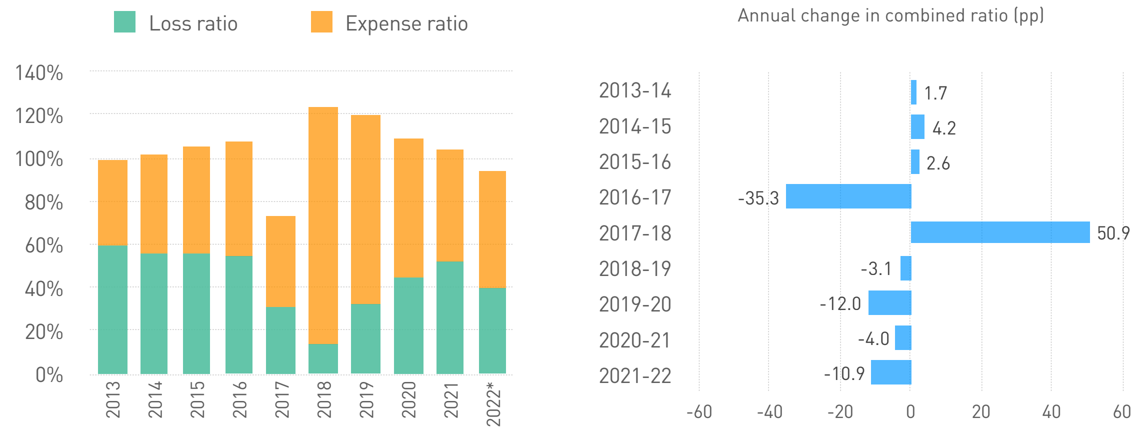
Chart 3.2.2-i
Venezuela: structure of technical provisions, 2022*
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

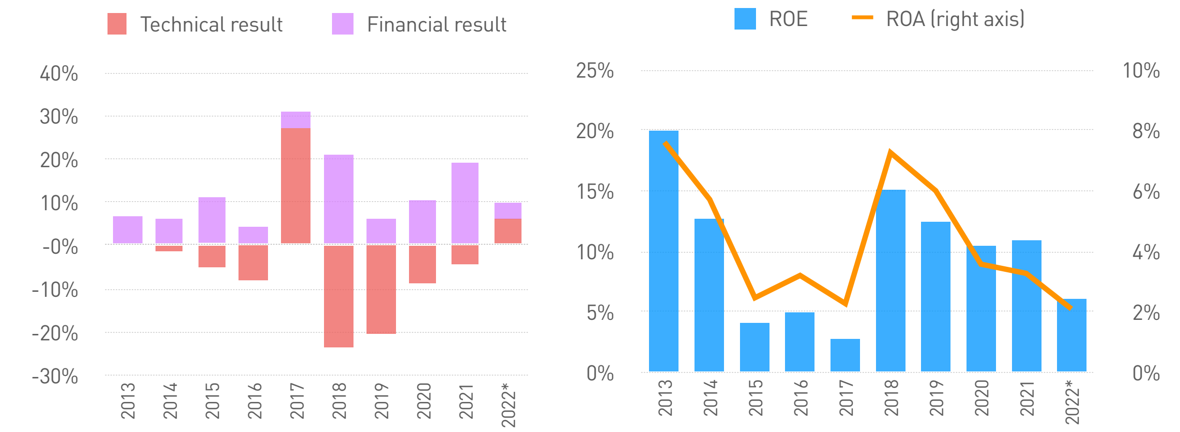
to provisions for outstanding benefits, 3.8% to provisions for catastrophic risks, and 6.4% to other technical provisions. Throughout the 2013–2022 period, the reduced relative weight of Life insurance provisions is notable, as this fell from representing 1.1% of total provisions in 2013 to only 0.3% in 2022, being the segment of insurance most affected by

Chart 3.2.2-j
Venezuela: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

Chart 3.2.2-k
Venezuela: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*Latest data available

the hyperinflationary environment. Meanwhile, provisions for unearned premiums and unexpired risks in Non-Life insurance represented 58.8% in 2022, compared with 57.1% in 2013.

Technical performance

Based on the latest information available, shown in Chart 3.2.2-j, the Venezuelan insurance industry registered a positive technical result in 2022 (the most recent figure available), with a combined ratio of 93.6%, a deterioration of 10.9 percentage points in relation to 2021. Despite the slight increase in the expense ratio (+1.7 pp), the fall in the combined ratio was supported by a significant decrease in the loss ratio (-12.6 pp).

Results and profitability

The Venezuelan insurance industry posted a consolidated result of 356 million bolivars (12.1 million dollars) for 2023. Also, as can be seen in Chart 3.2.2-k, there was a clear negative trend in the profitability of the Venezuelan insurance industry between 2013 and 2022, reaching the lowest level for the decade in 2017 and remaining below average in 2022.

Insurance penetration, density and depth

The main structural trends shaping the development of the Venezuelan insurance industry between 2013 and 2023 can be seen in Chart 3.2.2-l. The penetration ratio (premiums/GDP) stood at 0.9% in 2023, which is virtually unchanged from the 2022 figure, and has remained much lower than the regional average for Latin America since 2014. Meanwhile, insurance density in Venezuela (premiums per capita) reached 881.3 sovereign bolivars (30 dollars), up 379.8% from 2022. This performance continues to reflect the underlying inflationary trend in the economy. Accordingly, density has climbed steadily over the last decade in nominal terms, when measured in local currency, rising exponentially from 2013. However, when the index is calculated in dollars, density has been clearly declining, despite the slight upturn observed in the past two years, which coincided with better economic performance. With regard to depth (Life insurance premiums to total premiums), the indicator in 2023 stood at just 0.6%, 1.2 pp below the value observed in 2013. The trend in the depth of the Venezuelan insurance market clearly diverges from the average performance of the other insurance markets in Latin America, as the Life insurance segment has virtually disappeared in the country.

Chart 3.2.2-l
Venezuela: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, digital bolivars and USD; Life premiums/total premiums, %, 2013 index=100)

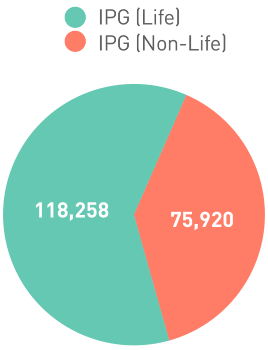
Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)

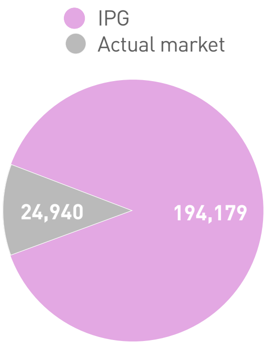
Insurance Protection Gap estimate

Chart 3.2.2-m shows an estimate of the insurance gap for the Venezuelan insurance market in 2023. The IPG this year amounted to 194.2 billion bolivars, 7.8 times the size of the Venezuelan insurance market at the close of the year. The structure and performance of the IPG are largely a product of Life insurance. At the close of 2023, 60.9% of the IPG corresponded to this market segment, compared to 39.1% for Non-Life insurance. As such, the potential insurance market in Venezuela at the close of 2023 (estimated as the sum of the country's actual insurance market plus the IPG) would stand at 219.1 billion bolivars, 8.8 times the size of the total insurance market that year.

Chart 3.2.2-n provides an estimate of the IPG as a multiple of the existing insurance market in Venezuela. The data shows that the insurance gap as a multiple of the market followed an upward trend from 2013 to 2018 and then dropped again, stabilizing at 7.8 times the relative market in 2023. This is a parameter that, like others related to this market, differs significantly from the situation prevailing in most Latin American insurance markets.

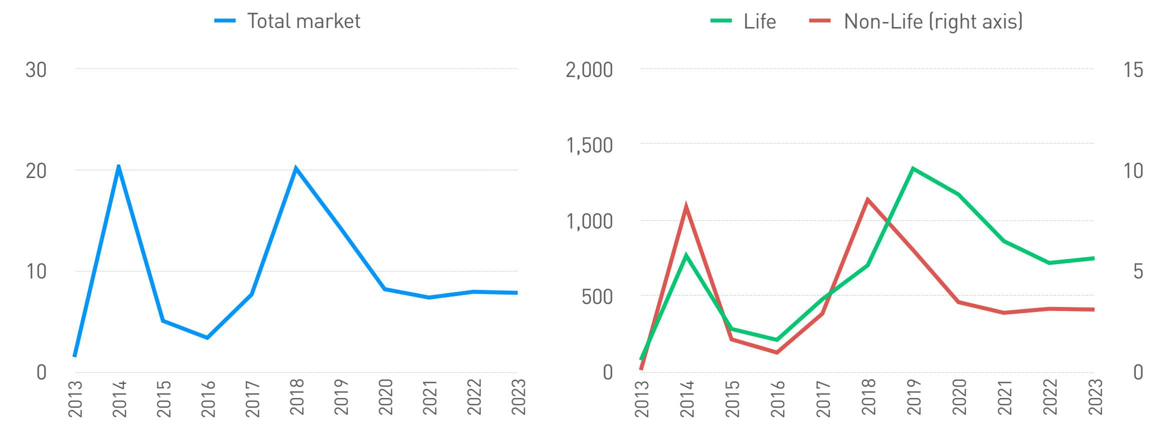
Chart 3.2.2-m
Venezuela: Insurance Protection Gap* and potential market, 2023
(millions of digital bolivars)





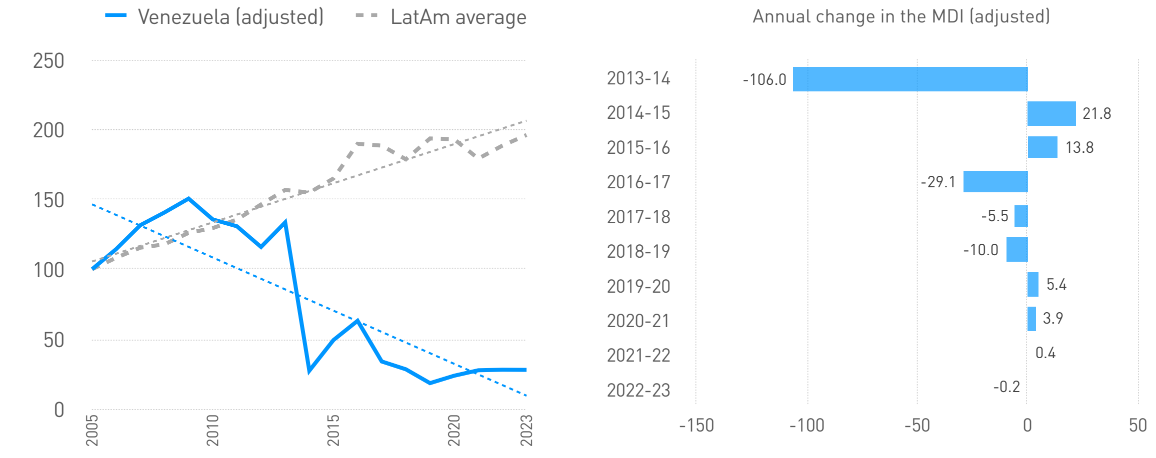
Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
* IPG (estimate adjusted with penetration estimated in USD)

Chart 3.2.2-n
Venezuela: IPG* as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics
* IPG (estimate adjusted with penetration estimated in USD)

Chart 3.2.2-o
Venezuela: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

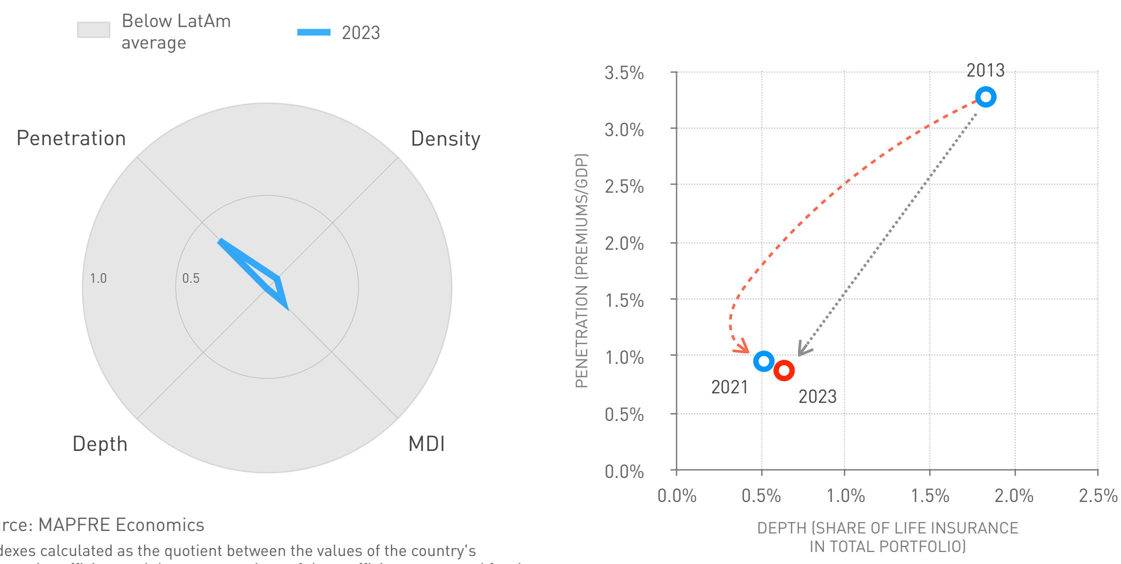
Market Development Index (MDI)

Chart 3.2.2-o shows an updated estimate of the Market Development Index (MDI) for the Venezuelan insurance industry. The indicator had been in line with the average trend seen in Latin America until 2014, at which time it clearly started to deteriorate and diverge from the regional average, remaining the same through 2023.

Comparative analysis of structural coefficients

Chart 3.2.2-p outlines the state of the Venezuelan insurance market when compared

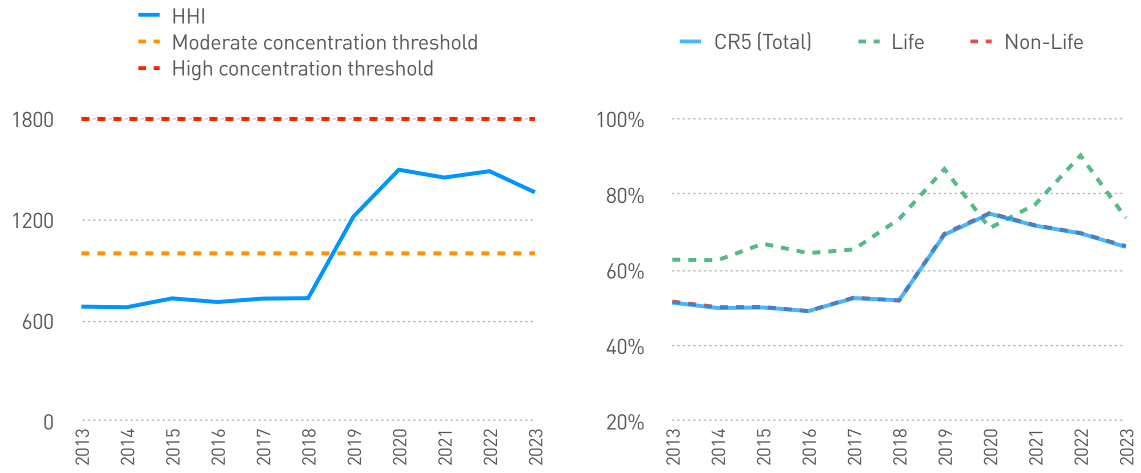
Chart 3.2.2-p
Venezuela: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Chart 3.2.2-q
Venezuela: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)

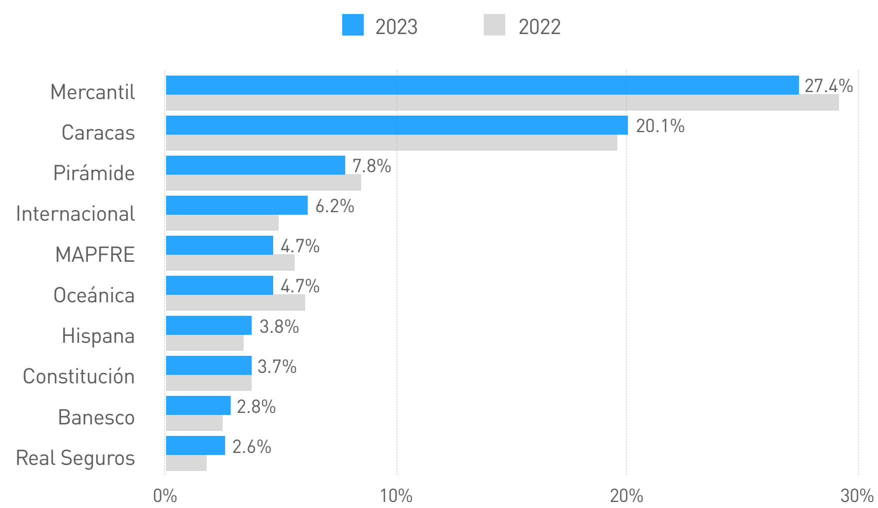
with the average for Latin America, measured in terms of the structural indicators analyzed in this report: penetration, density, depth, and MDI. The breakdown shows that the deterioration of the Venezuelan insurance market has caused all of its structural measures to fall well below the average for the region. This is confirmed when analyzing the market development process over the past decade, which has deteriorated both in terms of quantity (penetration) and quality (depth) during the period subject to analysis.

Insurance market rankings

Total ranking

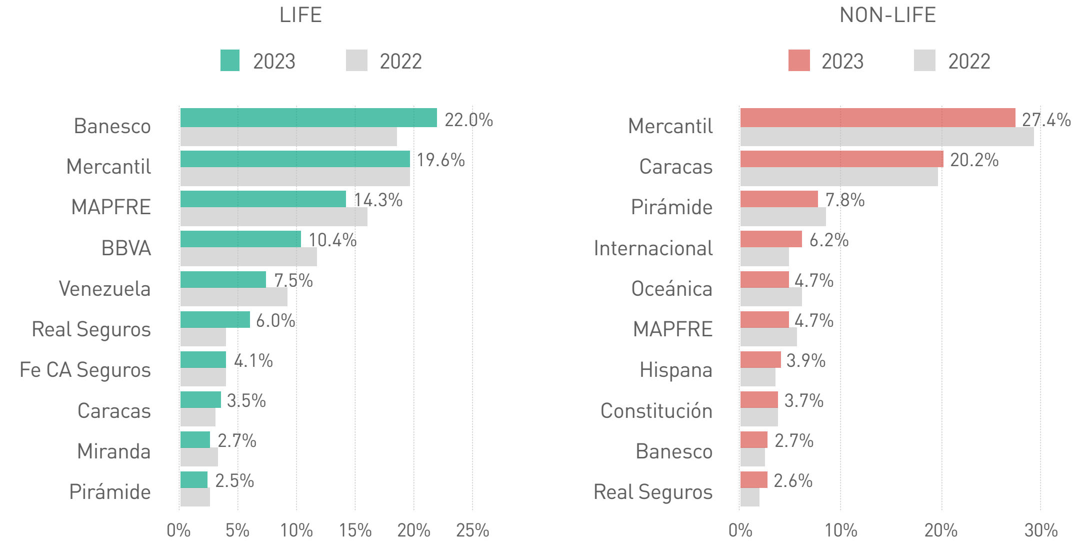
There were 51 insurance companies operating in Venezuela in 2023, 8 more than the previous year. As illustrated in Chart

Chart 3.2.2-r
Venezuela: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)

Chart 3.2.2-s
Venezuela: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
*The figures for the Life and Non-Life lines are based on estimates of the respective market.

3.2.2-q, the Herfindahl Index decreased to 1,363.3 in 2023, although it remains above the threshold indicating moderate industry concentration levels, a threshold at which this market has stood since 2019. In the same regard, the CR5 Index stood at 66.1%, showing a high level of relative concentration in the Life and Non-Life insurance segments.

As regards the 2023 ranking of insurance companies in Venezuela shown in Chart 3.2.2-r, this continues to be led by Mercantil and Caracas, with market shares of 27.4% and 20.1%, respectively. They are followed by Pirámide (7.8%), Internacional (6.2%) and MAPFRE (4.7%), which has overtaken Oceánica (4.7%). Hispana (with a market share of 3.8%), Constitución (with 3.7%), Banesco (2.8%), and Real Seguros (2.6%) complete the overall 2023 ranking.

Life and Non-Life rankings

Meanwhile, Mercantil remains in the lead of the Non-Life ranking for 2023, with a 27.4% market share, followed by Caracas (20.2%) and Pirámide (7.8%). In the ranking for the Life insurance segment, Banesco has overtaken Mercantil to take first place, with a market share of 22.0% and 19.6%, respectively, followed by MAPFRE, in third place, with a 14.3% share of premiums. Other companies have held their relative positions, with the exception of Caracas (ranked eighth) and Miranda (ninth), which exchange places (see Chart 3.2.2-s).

Key regulatory aspects

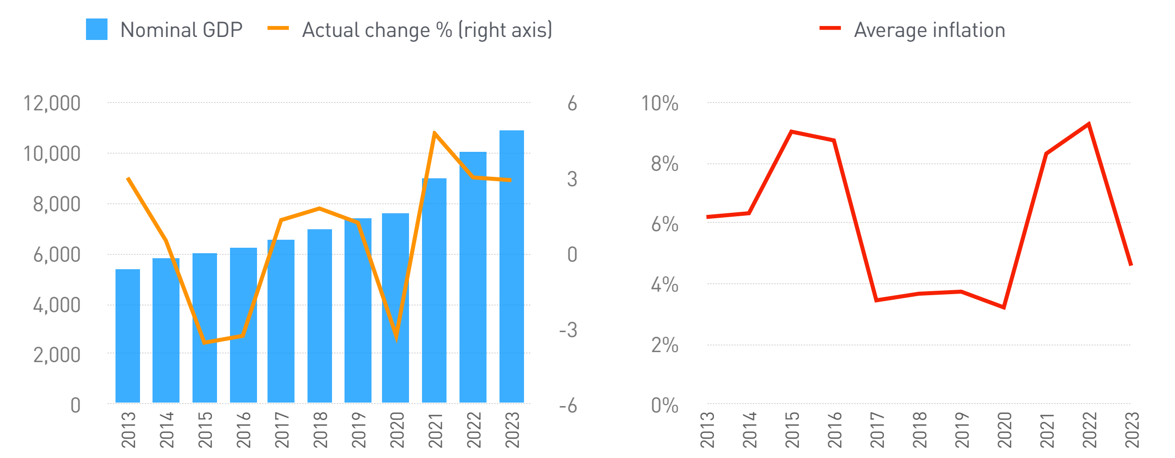
With respect to the main regulatory adjustments carried out in the Venezuelan insurance market during 2023, mention should be made of Ruling SAA-01-01899-2023 on rules that regulate the administrative formalities and procedures carried out in the Superintendence of Insurance Activity of Venezuela through electronic means.

3.2.3 Brazil

Macroeconomic environment

The Brazilian economy again slowed down in 2023, with real GDP growth of 2.9% (3.1% in 2022 and 5.3% in 2021). Despite this, it

Chart 3.2.3-a
Brazil: changes in economic growth and inflation
(GDP in local currency, billions of reais; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

managed to surpass the projections made at the beginning of the year (see Chart 3.2.3-a). This was significantly higher growth than initially forecast, supported by an upturn in exports (9.1%), and less adverse weather conditions (improved water conditions and average temperature compared to 2022) that boosted agricultural crops to record levels, particularly soybeans and corn (which grew 27.1% and 19.0% respectively), as well as an 8.7% improvement in the extractive industries, mainly oil, natural gas, and iron ore. Likewise, 2023 was a year in which inflation remained above the target stipulated by the monetary authority, reaching 4.6% on average (compared to 9.3% in 2022), mainly due to the fall in food prices. Meanwhile, the average unemployment rate fell to 8.0% (9.3% in 2022), an improvement from the pre-COVID-19 pandemic level.

In 2023, the public accounts presented a fiscal deficit that stood at 2.1% of GDP (4.5% in 2022), following the fiscal effort to reduce public spending launched the previous year. Public debt increased by 2.7 pp of GDP to 74.4% (71.7% in 2022). This deterioration is keeping public indebtedness at high levels, which represents one of the main vulnerabilities of the Brazilian economy.

As for interest rates, the Bank of Brazil began to relax its monetary policy towards the second half of 2023, setting the reference rate (SELIC) at 11.25% by the end of the year. Previously, the rapid reaction of the central bank in 2021 and 2022 (which was among the first to shift to a restrictive policy stance with seven rate hikes in 2021 and five in 2022, closing at a record high rate of 13.75%) began to bear fruit in mid-2022. Since then, inflation has been on a downward trend, to 5.8% year-on-year in December 2023, which prompted the shift in monetary policy for 2023.

For 2024, forecasts point to a slowdown in the Brazilian economy as a result of tighter monetary policy, a less dynamic global economic environment, less favorable weather conditions than in 2023, and the government's fiscal adjustment in spending. Thus, ECLAC forecasts Brazilian GDP growth at 2.3% in 2024 (2.1% in 2025), while the International Monetary Fund puts it at 2.2%. In the case of MAPFRE Economics, the economic growth forecast is 2.0% for 2024 and 2025.

Insurance market

Growth

In 2023, insurance premiums in the Brazilian market reached 341.7 billion reais (68.4 billion dollars), an increase of 9.3% in nominal terms and 4.5% in real terms. Both market segments achieved increases in premium revenue, with rates of 9.2% for Life and 9.6% for Non-Life. Life insurance premiums amounted to 209.8 billion reais (42 billion dollars), with an actual increase of 4.4%, which is 1.8 pp more than that registered in 2022. Once again, in 2023, the *Vida Gerador de Beneficio Libre* (VGBL) product, which accounts for 73.1% of premiums in the Life insurance segment, posted a real increase of 4.4%, up from 1.8% in 2022. Life products other than VGBL also grew at a real rate of 4.4%, similar to the 4.9% of the previous year (see Table 3.2.3-a and Chart 3.2.3-b).

The Non-Life insurance segment reached premium volume of 131.9 billion reais (26.4 billion dollars), representing a nominal increase of 9.6% and an actual increase of 4.8%. Except for Agrarian insurance, which saw a 2.7% decrease in premiums, all other lines showed nominal increases, while in real terms, a decrease was observed in Transportation (-3.6%). Automobile insurance again performed positively in 2023, with a nominal increase of 9.1% in premium revenue. Among the lines of business with the highest volume, the growth of Fire (the main coverage of so-called *Comprehensive* insurance) also stands out, with a nominal 17.7% increase. Otherwise, the largest nominal increases were in the Specialty Risks (35.9%) and Burial (24.3%) lines.

The main data on the share of premiums of the Brazilian insurance market with respect to the Latin American market as a whole are

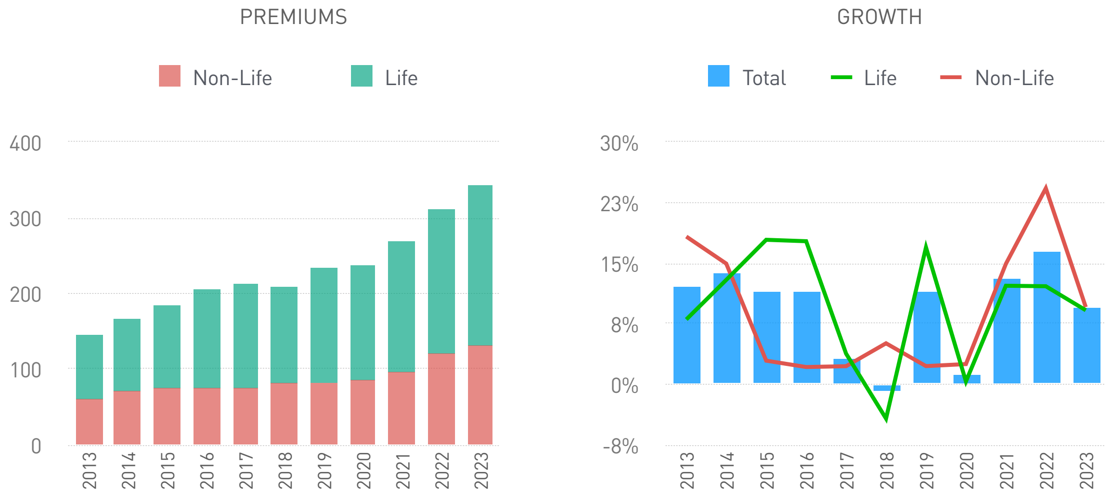
Table 3.2.3-a
Brazil: premium volume[1] by insurance line, 2023

Line	Millions of reais	Millions of USD	Growth Nominal (%)	Growth Real (%)
Total	**341,666.5**	**68,417.7**	**9.3**	**4.5**
Life	**209,775.8**	**42,007.0**	**9.2**	**4.4**
Life — individual and group	56,507.0	11,315.4	9.2	4.4
VGBL[2]	153,268.8	30,691.6	9.2	4.4
Non-Life	**131,890.7**	**26,410.7**	**9.6**	**4.8**
Automobiles	55,889.0	11,191.6	9.1	4.3
Other lines	25,197.2	5,045.7	11.7	6.8
Accidents	7,999.6	1,601.9	8.3	3.5
Fire (Comprehensive Insurance)	9,769.7	1,956.3	17.7	12.6
Transport	5,858.6	1,173.2	0.8	-3.6
Credit and Surety	7,837.5	1,569.4	16.9	11.8
Agricultural	10,040.0	2,010.5	-2.7	-7.0
Third Party Liability	3,969.5	794.9	6.9	2.2
Hull transport	1,649.0	330.2	8.3	3.6
Special risks[3]	2,180.3	436.6	35.9	29.9
Burials	1,500.5	300.5	24.3	18.9

Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

1/ Written Premium (on funding basis) + Insurance Premium
2/ Vida Gerador de Benefício Livre (cash-value life insurance)
3/ Oil, nuclear risks and satellites

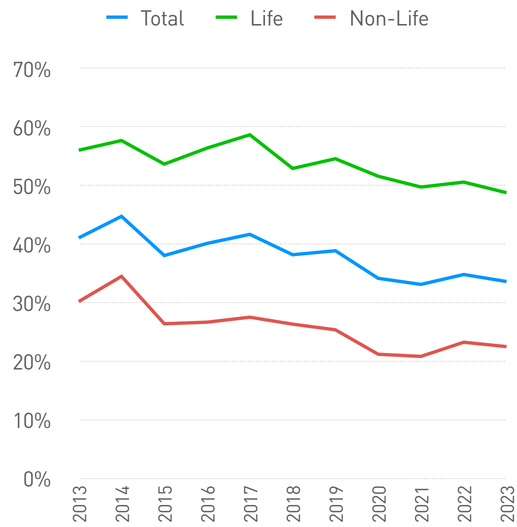
Chart 3.2.3-b
Brazil: growth developments in the insurance market
(premiums, billions of reais; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

presented in Chart 3.2.3-c. The data shows that although this proportion is the highest in the region, it trended downward from 41.1% in 2013 to 33.6% in 2023. Thus, by insurance segment, the Brazilian market's share of Life insurance decreased from 56.1% in 2013 to 48.8% in 2023, while in the Non-Life segment, it dropped from 30.2% to 22.5% over the same period. Regarding contributions of different market segments to nominal growth in the Brazilian insurance industry in 2023, of the 9.3% recorded that year, the most important contribution came from the Life segment, with 5.7 pp, while Non-Life lines contributed 3.7 pp to said growth (see Chart 3.2.3-d). Notably, since 2019, the growth of the Brazilian insurance sector has been sustained by positive contributions from both insurance segments.

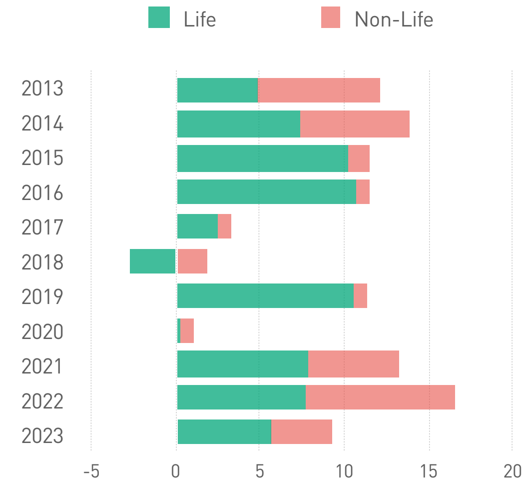
Chart 3.2.3-c
Brazil: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance and supervisory bodies of the region)

It is important to point out that the insurance premium amount should be added to premiums from Private Pension, Health (under the control of the National Health Agency, ANS), and Capitalization insurance. As shown in Table 3.2.3-b, in pension products marketed by insurance companies (not including contributions from open private pension entities, EAPP) it is observed that until December 2023, contributions were 6.9% higher than the revenue registered in 2022, reaching 16.6 billion reais (3.3 billion dollars). The product called *Plano Gerador de Benefício*

Chart 3.2.3-d
Brazil: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	12.2	4.8	7.4
2014	13.8	7.4	6.4
2015	11.5	10.2	1.3
2016	11.6	10.7	0.9
2017	3.2	2.4	0.8
2018	-0.9	-2.7	1.8
2019	11.4	10.5	0.9
2020	1.1	0.2	0.9
2021	13.2	7.9	5.3
2022	16.5	7.8	8.8
2023	9.3	5.7	3.7

Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Livre (PGBL) presented 9.9% higher revenues than in 2022, with an amount of 13.9 billion reais (2.8 billion dollars).

Health insurance companies received a premium volume of 69.5 billion reais (13.9 billion dollars), representing a 20.6% increase, while the Capitalization segment grossed 29.8 billion reais, a 5.0% increase compared to the previous year. Total revenue in 2023 for all market segments amounted to 457.7 billion reais (91.6 billion dollars), with a nominal increase of 10.5% compared to the previous year.

Balance sheet and shareholders' equity

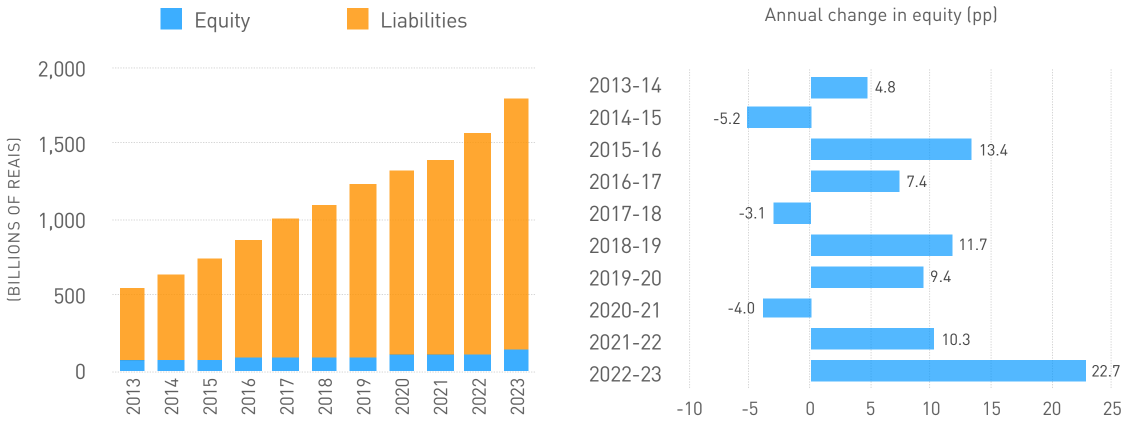
Chart 3.2.3-e shows the change in the size of the aggregate balance sheet for all insurance companies operating in Brazil over the 2013–2023 period. Based on this information, the industry's total assets stood at 1.8 trillion reais (370.0 billion dollars), while shareholders' equity stood at 134.2 billion reais (27.6 billion dollars), up by 22.7% on 2022. Likewise, the aggregate capitalization levels (measured over total assets) in the Brazilian insurance industry followed a downward trend, from 13.2% in 2013 to 7.5% of total assets in 2023.

Table 3.2.3-b
Brazil: private insurance premiums and contributions, 2023

Line	Millions of reais	Millions of USD	Growth 2022–2023 (%)
Insurance	341,666.5	68,417.7	9.3
Private pension	16,628.5	3,329.8	6.9
Health Insurance	69,538.7	13,924.9	20.6
Capitalization	29,817.7	5,970.9	5.0
Total	**457,651.5**	**91,643.3**	**10.5**

Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance and the National Supplementary Health Agency, ANS)

Chart 3.2.3-e
Brazil: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)

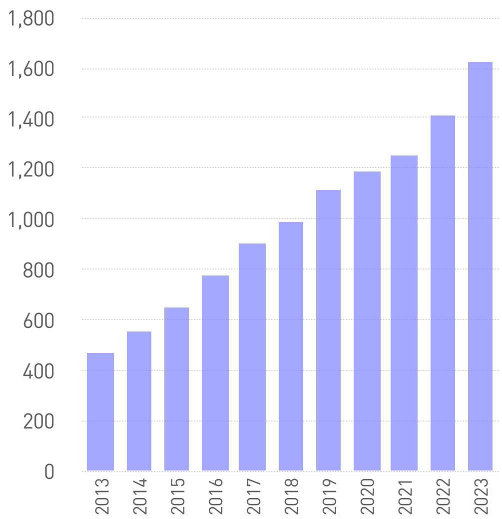


Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Investments

Charts 3.2.3-f, 3.2.3-g, and 3.2.3-h show the performance and structure of the aggregate investment portfolio at the sector level for the Brazilian insurance industry between 2013 and 2023. Investments in 2023 amounted to 1.6 trillion reais, (333.8 billion dollars), mostly concentrated in mutual funds (87.0%) and, to a much lesser extent, in debt instruments (8.9%), equities (3.7%), cash (0.2%), and other financial investments (0.1%). An analysis of the Brazilian insurance industry's aggregate portfolio shows a high percentage of

Chart 3.2.3-f
Brazil: insurance market investments
(billions of reais)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

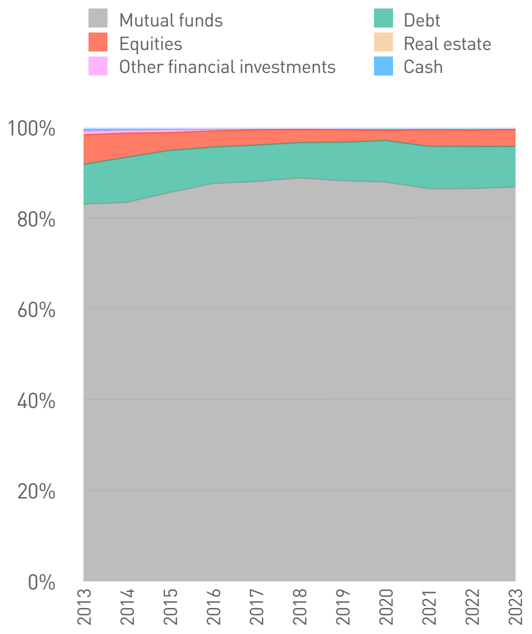
Table 3.2.3-c
Brazil: changes in the structure of investments by underlying asset
(composition, %)

Year	Fixed income	Equities	Real estate	Other investments
2013	91.3%	7.1%	0.4%	1.1%
2014	93.3%	5.5%	0.4%	0.9%
2015	94.7%	4.0%	0.3%	1.0%
2016	95.1%	4.3%	0.2%	0.4%
2017	95.2%	4.3%	0.2%	0.3%
2018	95.4%	4.1%	0.2%	0.3%
2019	94.2%	5.3%	0.1%	0.4%
2020*	92.8%	6.5%	0.2%	0.5%

Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

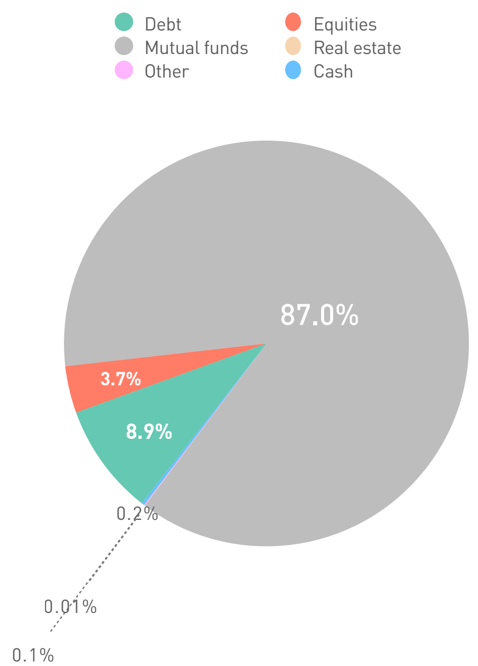
* Latest data available

Chart 3.2.3-g
Brazil: structure of investments
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Chart 3.2.3-h
Brazil: structure of investments, 2023
(%)



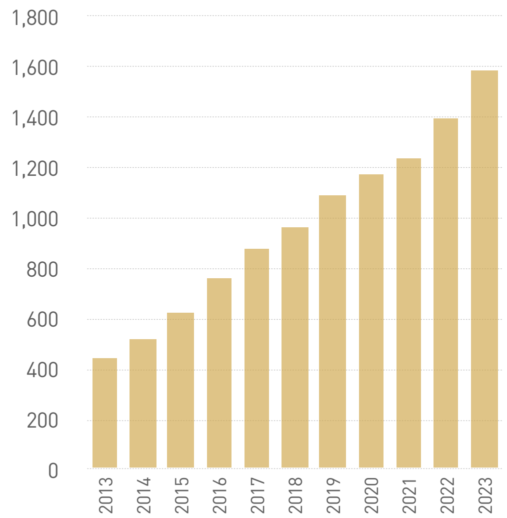
Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

investments managed through mutual funds, and such investments increased both in absolute and relative values compared to other investments in the 2013–2023 period, from 83.3% to 87.0% over the course of the decade. Table 3.2.3-c shows changes in the investment structure considering the underlying assets managed through mutual funds, which are also basically concentrated in fixed income instruments, and which, in 2020 (the most recent year for which this figure is available) accounted for 92.8% of investments.

Technical provisions

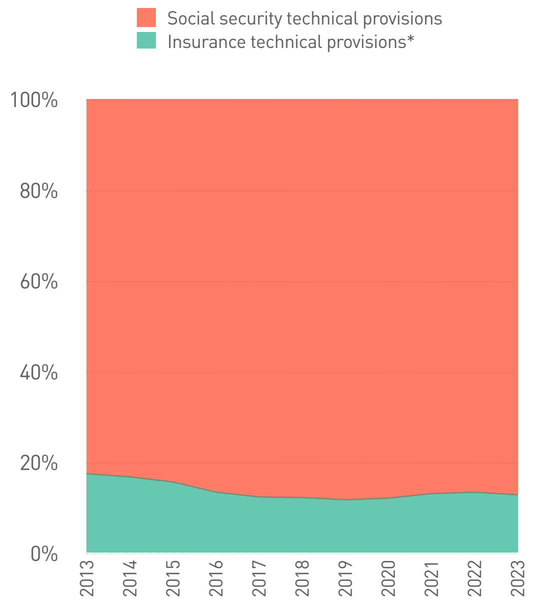
The performance and relative composition of the Brazilian insurance industry's technical provisions over the 2013–2023 period are shown in Charts 3.2.3-i, 3.2.3-j, and 3.2.3-k In 2023, the sector's technical provisions stood at 1.6 trillion Brazilian reais (327.5 billion dollars), with the Life insurance segment accounting for around 87.1% of total

Chart 3.2.3-i
Brazil: technical provisions of the insurance market
(billions of reais)



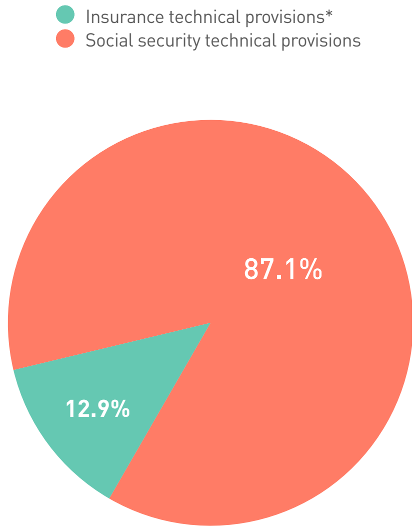
Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Chart 3.2.3-j
Brazil: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)
* Without VGBL

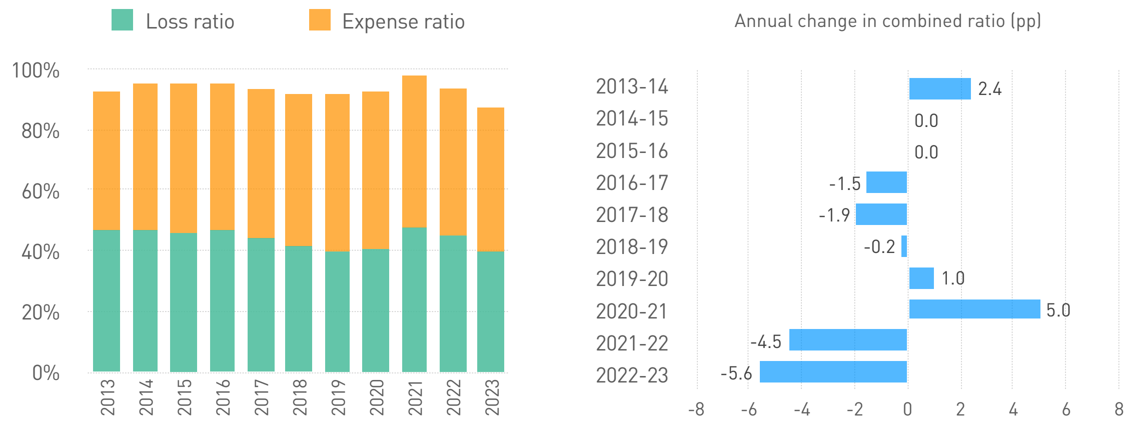
Chart 3.2.3-k
Brazil: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)
* Without VGBL

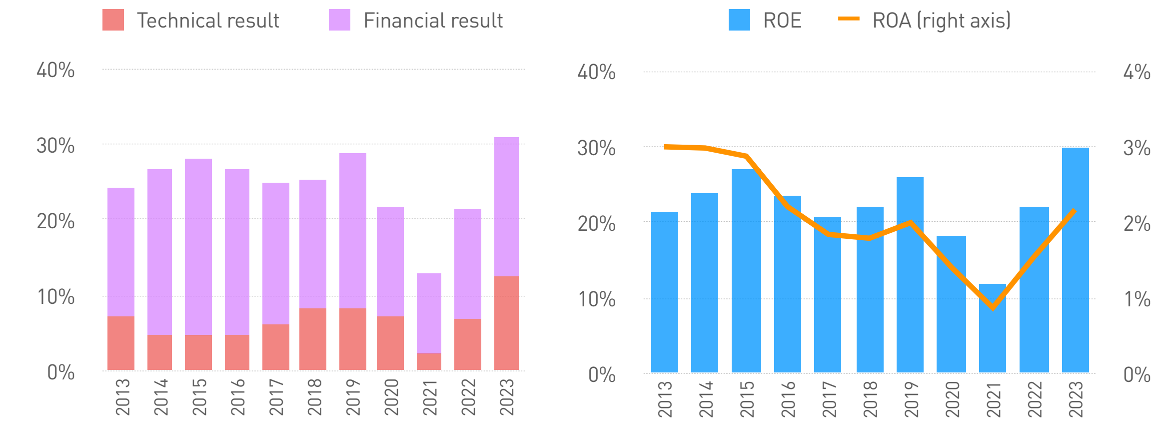
provisions, if the percentage calculation includes the pension business. Although VGBL insurance is included as an insurance product for regulatory and fiscal reasons, it is similar in nature to a pension product. Therefore, if provisions for this product are grouped with other pension products, these provisions can be seen to have increased over the 2013–2023 period, from 82.4% of the total in 2013 to 87.1% of the total in 2023.

Chart 3.2.3-l
Brazil: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Chart 3.2.3-m
Brazil: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Technical performance

Information regarding the aggregate combined ratio for all insurance lines of the Brazilian insurance market in 2013–2023 is shown in Chart 3.2.3-l. The data confirms that following the significant increase in the indicator in 2021 (as a consequence of the impact of the COVID-19 pandemic), the combined ratio decreased by 4.5 pp in 2022 and 5.6 pp in 2023, down to 87.5%, the lowest of the entire 10-year period. This improvement in the Brazilian insurance industry's technical performance in 2023 is explained by both a reduction in the loss ratio (-5.1 pp) and a drop in the expense ratio (-0.5 pp).

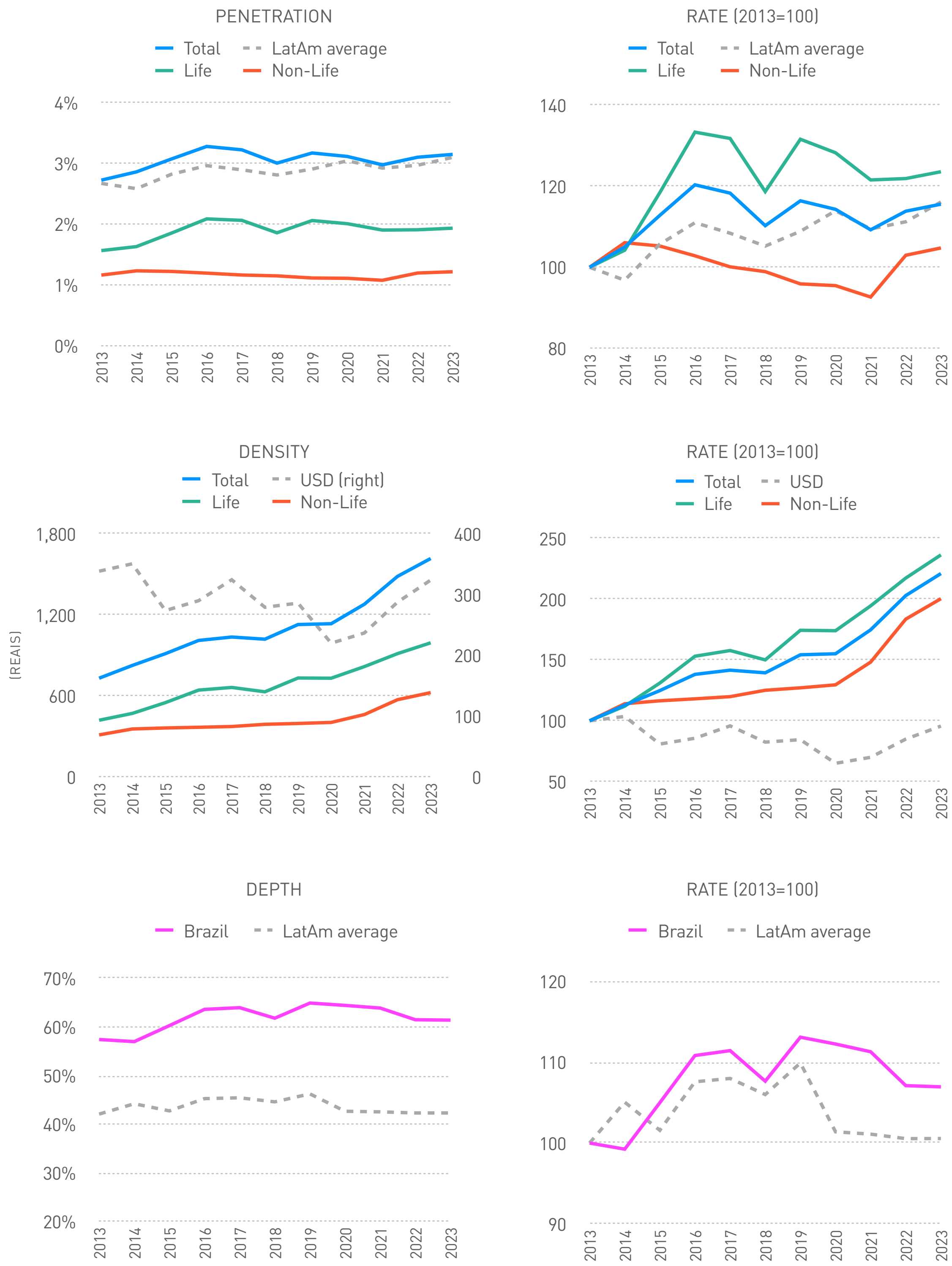
Results and profitability

The strong technical performance of Brazil's insurance market in 2023, together with a 45.1% increase in the financial result, increased the net result for the industry by 59.8%, to 36.5 billion reais (7.3 billion dollars). Thus, the profitability indicators for the insurance industry in Brazil in 2023 showed growth compared to the previous year. Return on equity (ROE) stood at 30.0% compared to 21.9% in 2022, while return on assets (ROA) reached 2.2% in 2023, 0.6 pp higher than the previous year (see Chart 3.2.3-m).

Insurance penetration, density and depth

Chart 3.2.3-n shows the main structural trends shaping the development of the Brazilian insurance industry over the 2013–2023 period under analysis. The data indicate that the penetration ratio (premiums/GDP) in 2023 stood at 3.1%, the same level as in 2022 and 0.4 pp higher than in 2013. The penetration ratio (including only premiums from insurance activity) grew between 2013 and 2016, in line with the average trend for the Latin American insurance market as a whole, and stabilized in the latter year. Density (premiums per capita) stood at 1,618.2 reais (324 dollars), 8.9% more than the amount recorded in 2022 (1,485.8 reais) with similar performance in both market segments. It is worth noting that average density measured in local currency followed an upward trend over the 2013–2023 period. Lastly, due to the larger increase in Non-Life insurance in 2023, the depth level (measured relationship between Life insurance premiums and total premiums) slightly decreased by 0.1 pp in 2023 and stood at 61.4%. As a result, the indicator was 4.0 pp above the value

Chart 3.2.3-n
Brazil: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, reais and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

observed in 2013, and it exceeds the average values recorded in the region.

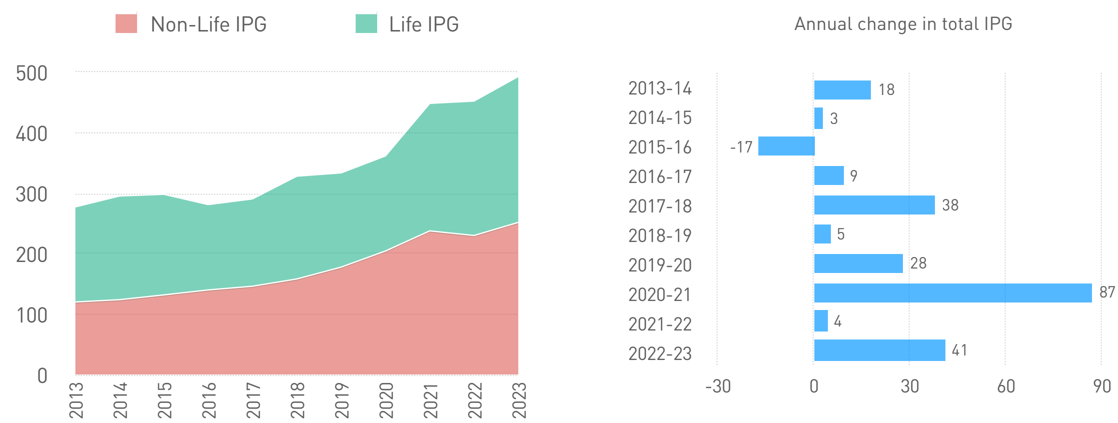
Insurance Protection Gap estimate

Chart 3.2.3-o shows an estimate of the insurance gap for the Brazilian insurance market over the past decade. The IPG came to 493.1 billion reals (98.7 billion dollars) in 2023, equivalent to 1.4 times the size of the actual insurance market in Brazil at the end of that year. Regarding its structure, 48.9% of the estimated IPG for 2023 corresponded to the Life insurance segment (241.4 billion reais), and the remaining 51.1% to the Non-Life insurance segment (251.8 billion reais). It should be noted that over the 2013–2023 period, the Life insurance share in the IPG decreased by 7.7 pp. As a result, the potential insurance market in Brazil (sum of the real market plus the IPG) was estimated at 834.8 billion reais (167.2 billion dollars) in 2023; that is, 2.4 times the size of the total Brazilian insurance market in that year (see Chart 3.2.3-p).

Chart 3.2.3-q provides an estimate of the IPG as a multiple of the existing insurance market. The breakdown indicates that this ratio followed a decreasing trend over the period under analysis, remaining downward in the Life insurance segment and steadily climbing in the Non-Life segment from 2014. This was reversed in 2022 thanks to a significant increase in business in this segment that year, and which held up in 2023. However, considering the entire decade analyzed, the insurance gap fell from 1.9 to 1.4 times the size of the actual market between 2013 and 2023. The multiple for the Life market fell from 1.9 to 1.2, while that of the Non-Life market stood at 1.9 times in 2023, the same level as in 2013. Chart 3.2.3-r shows the changes in the insurance gap as a multiple of the actual market for the Life and Non-Life segments and for the total Brazilian insurance market between 2013 and 2023. This confirms a substantial improvement in closing the gap in the Life segment over the past decade, while in the Non-Life segment, the IPG remained virtually unchanged compared to 2013.

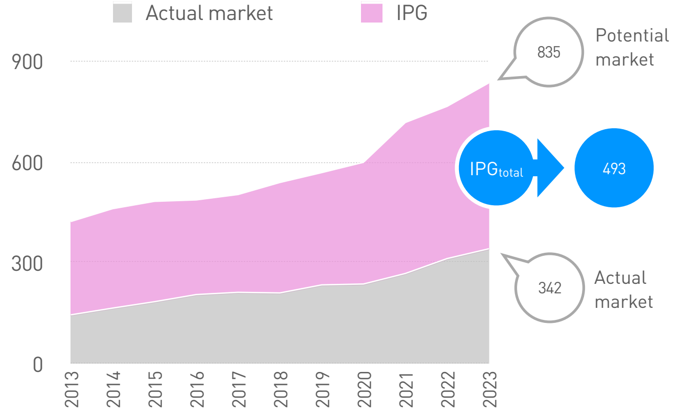
Lastly, Chart 3.2.3-s provides an updated overview of the capacity of the Brazilian insurance market to close the insurance gap determined in 2023, based on a comparative analysis of the growth rates observed over the last 10 years with respect to the growth rates that would be required to close this gap over the next 10 years. The breakdown shows that the

Chart 3.2.3-o
Brazil: Insurance Protection Gap
(billions of reais)



Source: MAPFRE Economics

Chart 3.2.3-p
Brazil: Insurance Protection Gap and potential market
(billions of reais)



Change	Actual market	IPG
2023-2013	135.3%	77.8%
2023-2022	9.3%	9.0%

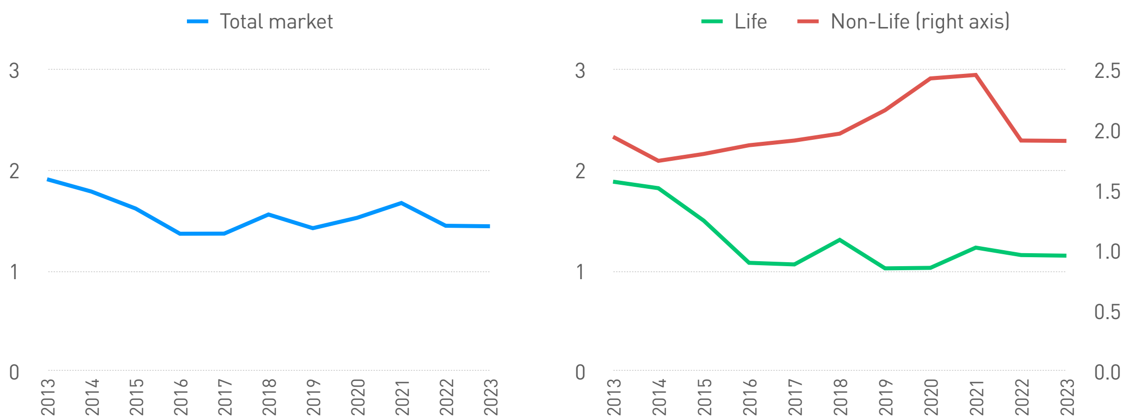
Source: MAPFRE Economics

Brazilian insurance market grew at an annual average rate of 8.9% during the period under analysis, with an annual rate of 9.7% in the Life insurance segment and an annual average of 7.9% for Non-Life insurance. Thus, were the same growth rate seen over the last 10 years to continue for the next 10 years, the Brazilian insurance market's growth rate would be sufficient to close the insurance gap in the Life segment, but not the Non-Life segment, where it would fall 3.4 pp short. This insufficiency increased from that identified as part of the exercise performed the previous year (-2.6 pp).

Market Development Index (MDI)

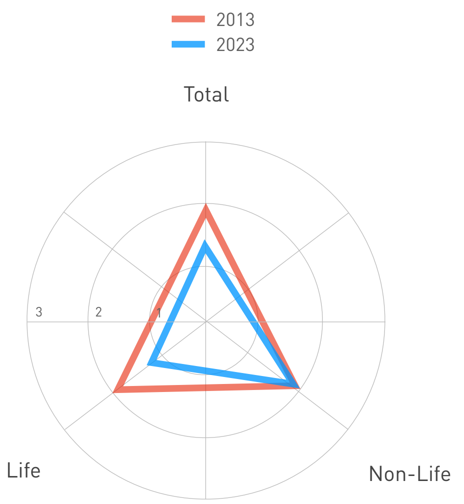
Chart 3.2.3-t shows the estimated Market Development Index (MDI) for the Brazilian insurance industry compared to the average MDI for the Latin American insurance market. The MDI, an indicator used in this report as a measure of the trend observed in the performance and maturity of insurance markets, shows a

Chart 3.2.3-q
Brazil: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.2.3-r
Brazil: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

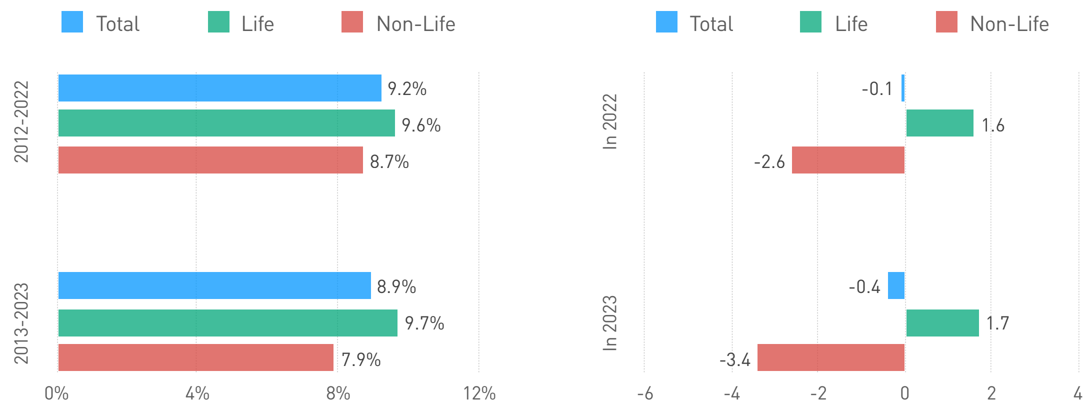
positive overall trend in the 2013–2023 period, with some significant declines in 2018 and 2021, but regaining its momentum from 2022 onwards. It should be noted that, as seen in previous versions of this report, the indicator diverges positively from the average trend of Latin American insurance markets in that period.

Comparative analysis of structural coefficients

Chart 3.2.3-u shows the Brazilian insurance market's situation in comparison with the average for Latin American insurance markets, measured in terms of four structural indicators analyzed above: penetration, density, depth, and MDI. This analysis shows that the Brazilian market exceeds the regional average in all structural aspects, especially in terms of depth and MDI.

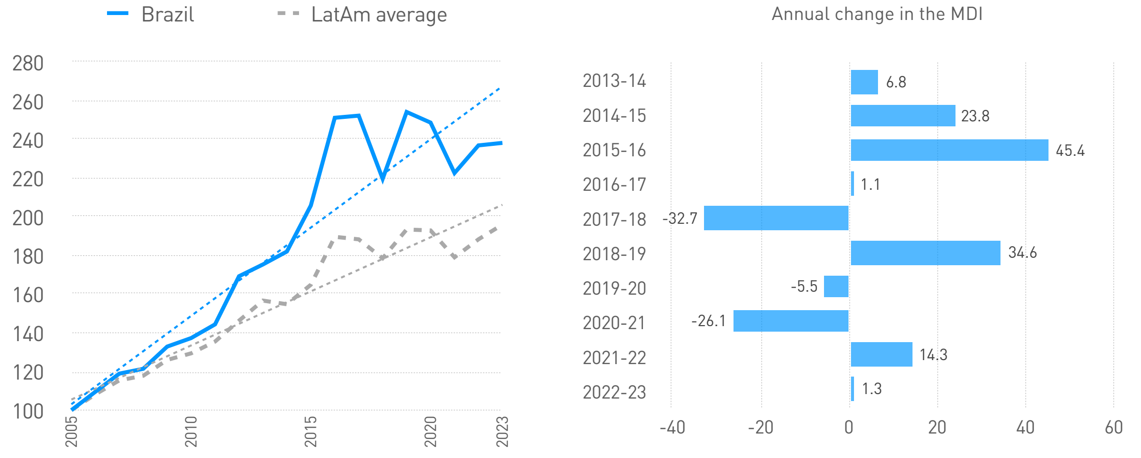
As confirmed by the dispersion analysis showing the market's development over the past decade, the Brazilian insurance industry has continued to evolve in a balanced way, with gains in both penetration (quantitative aspect) and depth (qualitative aspect).

Chart 3.2.3-s
Brazil: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.2.3-t
Brazil: Market Development Index (MDI)
(2005 index=100; annual change)



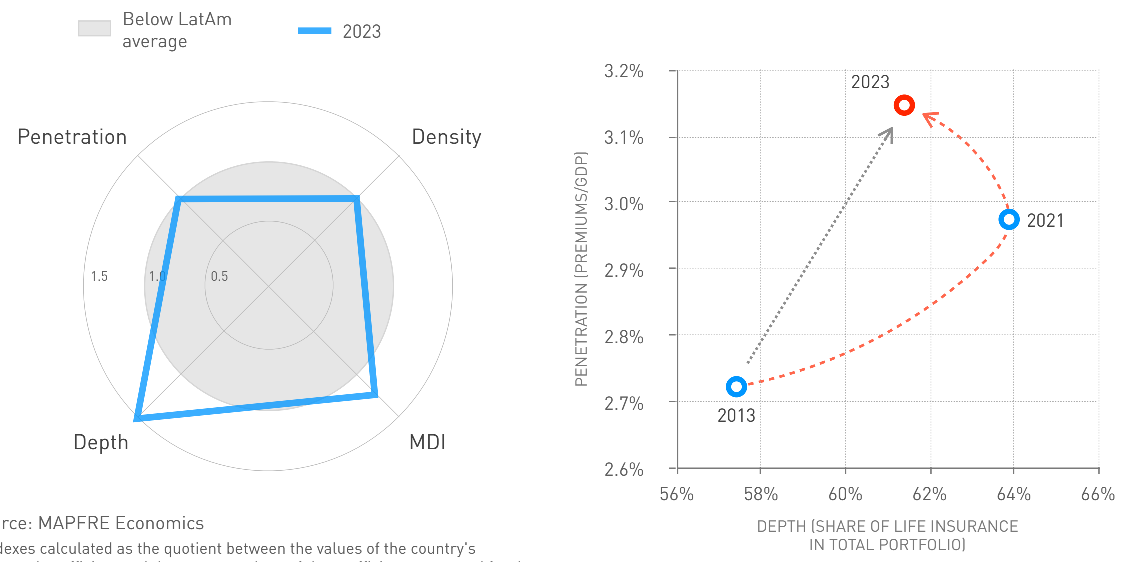
Source: MAPFRE Economics

Insurance market rankings

Total ranking

At the end of 2023, 133 insurance companies, 13 local reinsurers, 19 capitalization companies, and 13 open private pension funds (EAPP) were operating in the Brazilian insurance sector. The level of concentration of the industry, measured by the Herfindahl Index, fluctuated by approximately 700 points over the analyzed period (2013–2023), while remaining below the threshold for moderate concentration. Therefore, it can be said that it

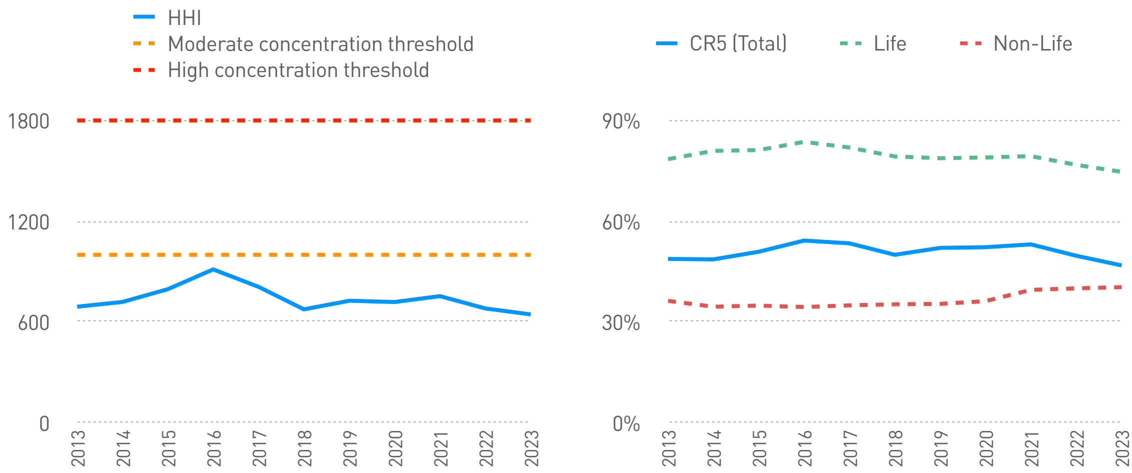
Chart 3.2.3-u
Brazil: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Chart 3.2.3-v
Brazil: insurance industry concentration
(Herfindahl index; CR5 index, %)

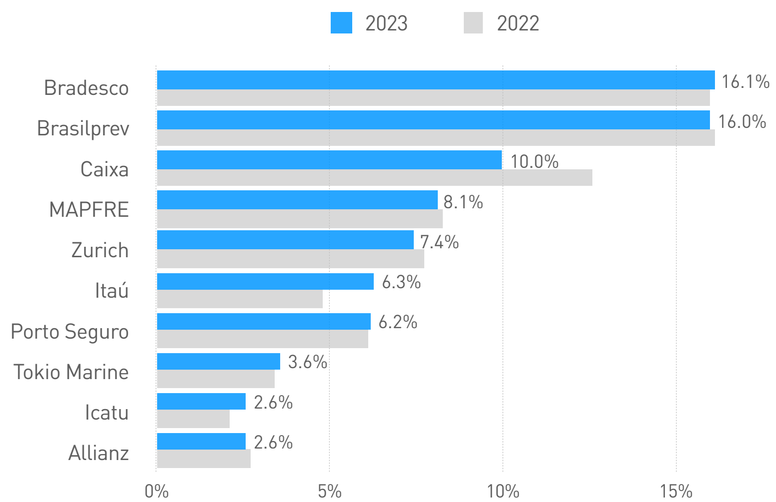


Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

is a highly competitive market. As a result, in 2023, the Herfindahl Index stood at 645.5 points (680.8 in 2022), while the CR5 Index also decreased in 2023, standing at 46.8%, after the increases observed between 2018 and 2021. As shown in Chart 3.2.3-v, the concentration is greater in the Life insurance segment (74.7%) than in the Non-Life insurance segment (40.4%).

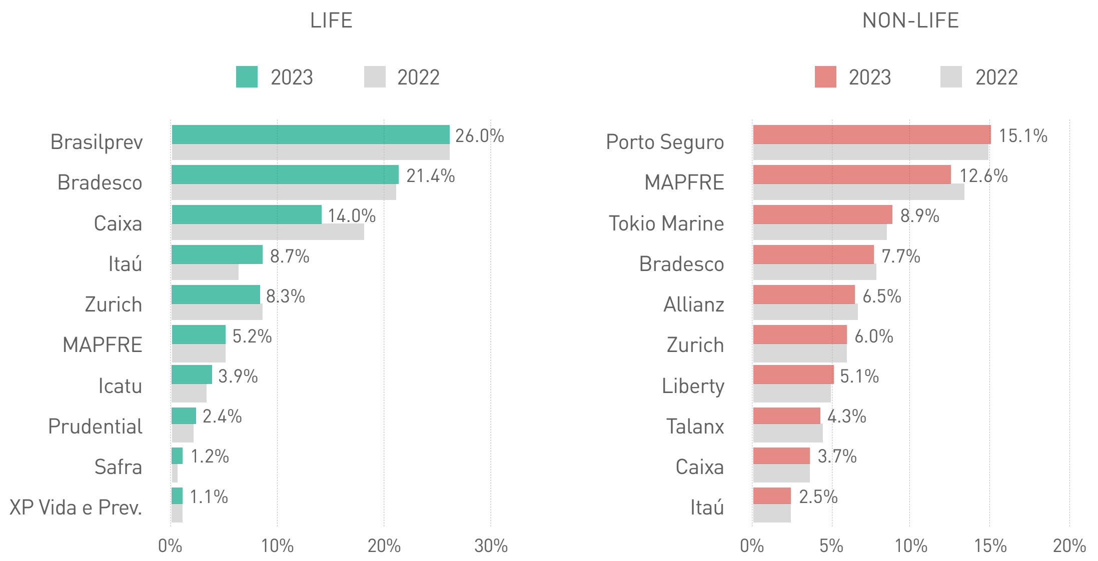
The total ranking of insurance companies in the Brazilian market in 2023 is led by Bradesco, with a market share of 16.1%, surpassing Brasilprev, which is now in second place, accounting for 16.0% of premiums in the market. Caixa remains in third place, with a 10% market share, a 2.6-pp decrease from the previous year. MAPFRE and Zurich continue in fourth and

Chart 3.2.3-w
Brazil: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

Chart 3.2.3-x
Brazil: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)

fifth place, respectively, with market shares similar to those of 2022. The next changes in the ranking are in the sixth and seventh places, swapped by Itaú and Porto Seguro. Tokio Marine is again eighth in the ranking, and Icatu overtakes Allianz to take ninth place, moving the German group down to tenth place (see Chart 3.2.3-w).

Life and Non-Life rankings

The 2023 ranking of Non-Life insurance companies remains almost unchanged from the previous year, both in terms of composition and positioning. There is only one change in the last place in the ranking, which is occupied by Itaú in 2023, instead of Sompo Seguros, which no longer stands among the top 10 insurers in the market. Porto Seguro continues in the lead, with a 15.1% market share, 0.3 pp more than in 2022, followed by MAPFRE, with a market share of 12.6%. In the Life insurance segment, Brasilprev continues to be the leader, followed by Bradesco and Caixa, which together account for 61.3% of premiums. Itaú overtakes Zurich to claim fourth place, with a share of 8.7%. MAPFRE remains in sixth place, and Icatu and Prudential continue in seventh and eighth place. In ninth place, Safra enters the ranking with an increase in premiums of 86.9%, overtaking XP Vida y Previdencia, which now occupies the last place in this ranking (see Chart 3.2.3-x).

Key regulatory aspects

The most significant insurance laws and regulations approved in 2023 and the first half of 2024 include the following:

- In 2023, Supplementary Bill PLP 233/23 was presented, which reforms compulsory insurance to protect victims of traffic accidents in Brazil. Currently, compulsory traffic accident insurance, known as DPVAT insurance, is governed by Law No. 6,194 of 1974 and, as of January 2021, is operated under an emergency and transitory model by Caixa Econômica Federal, following the dissolution of the consortium that had operated under its management since 2008. The bill was approved in May 2024 and became Supplementary Law 207/24, which establishes Compulsory Insurance for the Protection of Traffic Accident Victims (SPVAT). The purpose of SPVAT is to guarantee indemnity for personal damages related to accidents occurring in the country on urban or rural public roads, whether paved or not, caused by land motor vehicles or their cargo, to transported or untransported persons, as well as their beneficiaries or dependents. SPVAT will be covered by a mutual fund and have Caixa Econômica Federal as its operating agent.

- On June 20, 2023, Law No. 14,599/2023, which amends several articles of the Brazilian Traffic Code, came into force. The most significant changes include those relating to civil liability when taking out carrier insurance. The new Law makes it mandatory for carriers and providers of road freight transport services to take out third-party liability insurance for road freight carriers (RCTR -C), cargo disappearance insurance (RC-DC), and third-party liability insurance for vehicles (RC-V).

- In July 2023, Superintendency of Private Insurance (Susep) Circular No. 691, dated 2023, was published, which deals with the new Susep certificate system planned for the second half of 2024. The new system will provide greater transparency for society as a whole with respect to objective situations established in the aforementioned Circular and will have the capacity to improve the tools available for the supervision of the Superintendency.

- Law No. 14,652 of August 23, 2023, which provides for the right to grant, as security for loans, the right of guaranteed redemption to participants of open supplementary pension plans, policyholders of personal insurance policies, shareholders of the Individual Programmed Retirement Fund (Fapi), and holders of capitalization bonds.

- In December 2023, Susep published on its website the Guarantee Insurance Manual in order to clarify the rules laid down in the new regulatory framework for guarantee insurance (Susep Circular No. 662/2022). The document seeks to present definitions and concepts relating to the product in a language that is simple and accessible to the parties involved in this insurance. The Manual outlines, in a clear, objective, and detailed manner, the structure and functioning of the insurance throughout its life cycle.

- On April 15, 2024, Susep published Susep Circular No. 700, which lays down procedures related to the authorization processes analyzed by the Autarky. The Circular consolidates, standardizes, and simplifies within a single rule the procedures related to the processes of prior authorization, approval, and communication of corporate and other acts of insurance companies, capital companies, open supplementary pension entities, local reinsurers, foreign reinsurers, representative offices, and reinsurance brokers before the Susep. Among other matters, it establishes procedures for converting temporary authorization into permanent authorization for companies participating in the Sandbox.

- The National Council of Private Insurance (CNSP) and Susep published, on April 26, 2024, with entry into force May 2, 2024, CNSP Resolution No. 467/2024 and Susep Circular No. 701/2024 amending CNSP Resolution No. 388/2020 (establishing market segmentation for purposes of proportional application of prudential regulation), CNSP Resolution No. 416/2021 (which establishes the Internal Control System, the Risk Management Structure, and the Internal Audit activity) and Susep Circular No. 650/2021 (which establishes procedures for the preparation and submission of the Consolidated Prudential Report to Susep).

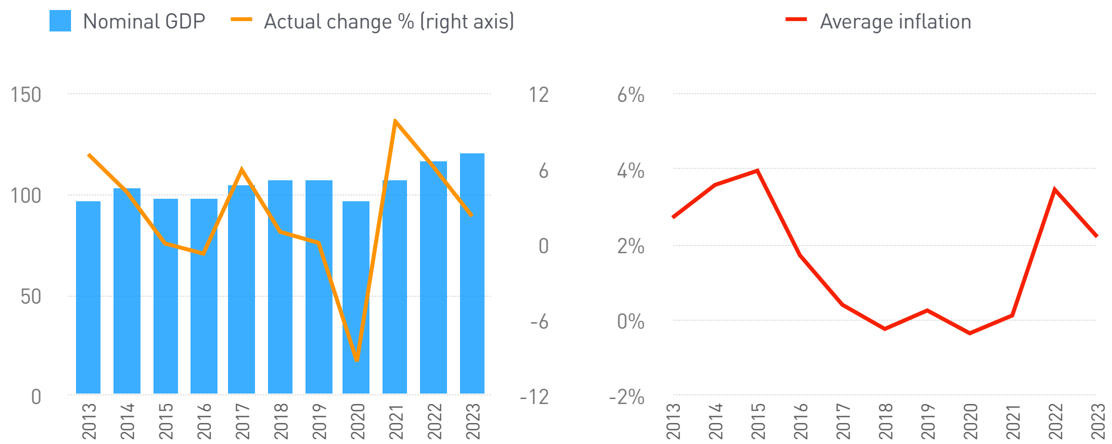
3.2.4 Ecuador

Macroeconomic environment

Ecuador's economy grew by 2.3% in 2023 (following growth of 6.2% the previous year) as a result of lower external demand in an environment of geopolitical uncertainty that generated volatility in international prices. The effect was offset by an increase in domestic demand, mainly through private consumption, as a result of credit expansion, remittances growth, as well as lower inflationary pressures (see Chart 3.2.4-a). Unemployment also fell slightly in 2023, to 3.7% (compared to 4.3% in 2022). Although the positive trend in this indicator is based on the increase in informal jobs, it also highlights the formal sector's difficulty in generating jobs, as they have not yet returned to levels prior to the COVID-19 pandemic.

In addition, in 2023, the trade balance strengthened and recorded a surplus on the back of oil exports (despite the drop in the international price of crude oil and a slight decrease in local production), together with a surplus in the non-oil balance (growth in banana and mineral exports) after two consecutive years in deficit. The fiscal deficit increased as a result of lower public revenues collected from the oil sector, and an increase in public spending due to higher interest payments on the foreign debt, investment in infrastructure, and higher salaries for public employees in the education sector. The year ended with a deficit of 3.9% of GDP, compared to a surplus of 1.5% the previous year, once again falling short of the surplus targets agreed with the International Monetary Fund. According to ECLAC data, aggregate public debt in Ecuador stood at about 56.7% of GDP at year-end 2023 (vs. 56.8% in 2022), allowing the country to stay within budgeted margins. For 2024, continuity is expected in the management of public indebtedness, with commercial loans negotiated with international financial institutions, although with greater restraint given a more unfavorable international environment due to the tightening of financial conditions and the pressure the country may face. As regards the external sector, the balance of payments current account in 2023 returned a surplus of 1.7% (compared to 1.8% in 2022). The average inflation rate, meanwhile, stood at 2.3% (average annual inflation of 3.5% in 2022) and reached a

Chart 3.2.4-a
Ecuador: changes in economic growth and inflation
(GDP in local currency, billions of USD; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

year-on-year rate of 2.3% in the second quarter of 2024, thus maintaining the trend from 2023.

For 2024, the ECLAC estimates a slow recovery of the Ecuadorian economy, with growth of 1.8% (1.6% in 2025), although great uncertainty persists regarding external conditions and the situation of domestic demand. This relates especially to how it will respond to the deceleration of global inflation, the price of oil, the continuity of the expansion of private credit, as well as the recovery of the formal labor market. Exposure to natural disasters is another factor to take into account, given the impact of last year's El Niño phenomenon in the coastal zone. MAPFRE Economics forecasts that Ecuador's GDP will increase by around 0.5% in 2024 and accelerate in 2025 to 1.7%.

Insurance market

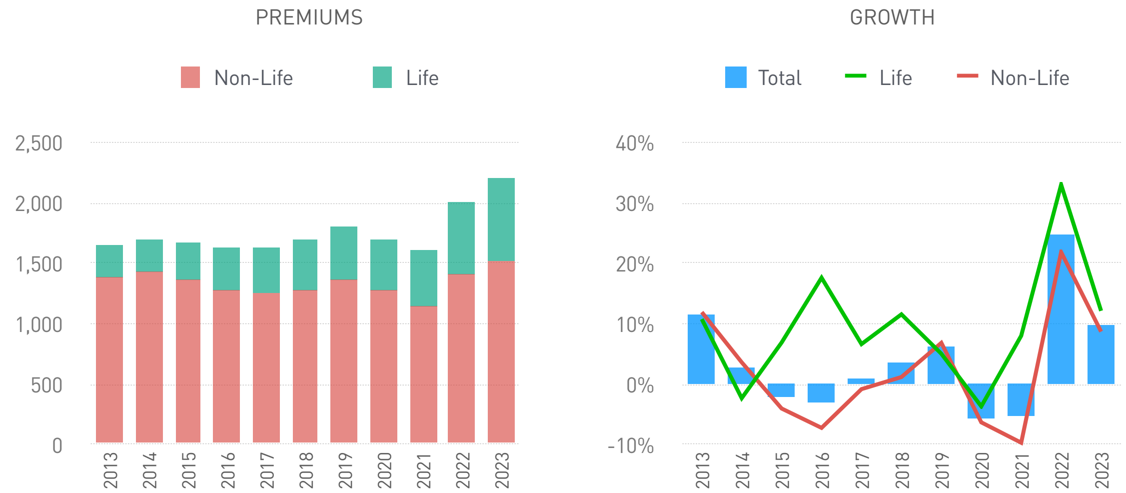
Growth

The Ecuadorian insurance market saw a downturn in 2023 compared to 2022, although it performed well in the year, with a nominal increase in premiums of 9.7% and a real increase of 7.4%, reaching 2.2 billion dollars (see Chart 3.2.4-b and Table 3.2.4). Life insurance accounted for a significant share of this growth, with 673.1 million dollars in premiums, a 12.1% increase from the previous year in nominal terms, with group insurance acting as the main growth engine. The Non-Life insurance segment also performed well, with nominal and real increases across all lines of business, including Fire, Theft & Allied Lines, Transportation (12.2%), and Health (17.9%).

Ecuadorian insurance market premiums represented 1.1% of the Latin American insurance market in 2023, as shown in Chart 3.2.4-c; this share has remained more or less stable over the past decade, with a small increase from the 1.0% of 2013. The share of the Non-Life segment is higher than that of the Life segment, accounting for 1.3% of 0.8%, respectively.

In 2023, Non-Life insurance made a higher contribution to the growth of the Ecuadorian insurance industry as a whole, with a contribution of 6.1 pp, while Life insurance contributed only 3.6 pp. As seen

Chart 3.2.4-b
Ecuador: growth developments in the insurance market
(premiums, millions of USD; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

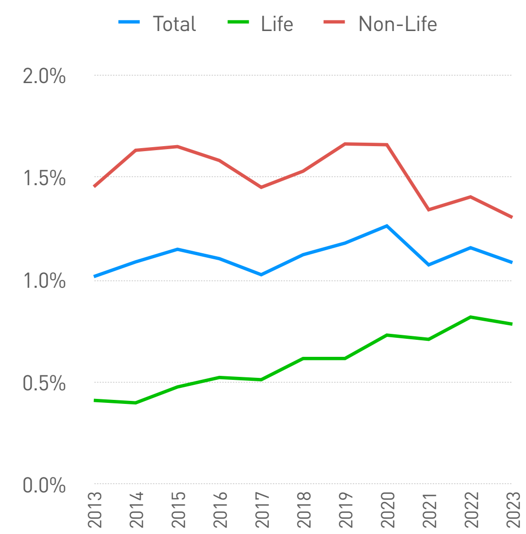
Table 3.2.4
Ecuador: premium volume[1] by insurance line, 2023

Line	Millions of USD	Growth	
		Nominal (%)	Real (%)
Total	**2,202.6**	**9.7**	**7.4**
Life	**673.1**	**12.1**	**9.7**
Individual Life	22.3	-2.4	-4.6
Group Life	650.7	12.7	10.3
Non-Life	**1,529.5**	**8.7**	**6.4**
Automobiles	403.6	7.5	5.2
Other lines	284.2	7.4	5.0
Fire, theft and allied lines	286.9	12.2	9.8
Transport	149.8	4.9	2.6
Personal Accidents	81.5	-2.3	-4.5
Surety and credit	96.2	5.3	3.0
Health	137.4	17.9	15.3
Third Party Liability	89.8	16.6	14.1

Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)
1/ Net written premium

in Chart 3.2.4-d, over the past decade, the Non-Life insurance segment contributed negatively to the industry's growth in five fiscal years, while Life only did so on two occasions. Despite this, in 2022 and 2023, both segments contributed positively to the growth of the sector.

Chart 3.2.4-c
Ecuador: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance and supervisory bodies in the region)

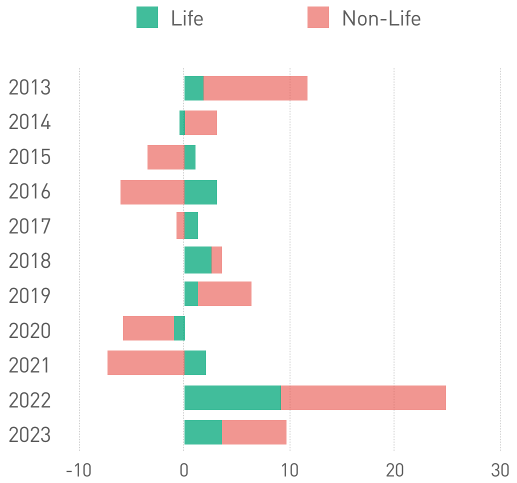
Balance sheet and shareholders' equity

Chart 3.2.4-e shows the Ecuadorian insurance industry's aggregate balance sheet. As can be seen, total assets in 2023 amounted to 2.3 billion dollars, up 243 million dollars from the previous year. Equity stood at 662.1 million dollars, which represents an increase of 30 million dollars from the previous year. In addition, the aggregate capitalization level of the Ecuadorian insurance sector (measured out of total assets) was 25.6% in 2013, growing thereafter to reach a peak of 30.4% out of total assets in 2021, with a decrease in the following years, down to 28.3% in 2023.

Investments

Chart 3.2.4-f shows the performance of the aggregate investment portfolio at the sector level in Ecuador over the 2013-2023 period, while Charts 3.2.4-g and 3.2.4-h

Chart 3.2.4-d
Ecuador: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	11.7	1.9	9.9
2014	2.6	-0.4	3.0
2015	-2.2	1.1	-3.4
2016	-2.8	3.1	-5.9
2017	0.8	1.4	-0.6
2018	3.6	2.6	0.9
2019	6.4	1.2	5.2
2020	-5.6	-0.9	-4.8
2021	-5.3	2.0	-7.3
2022	25.0	9.3	15.7
2023	9.7	3.6	6.1

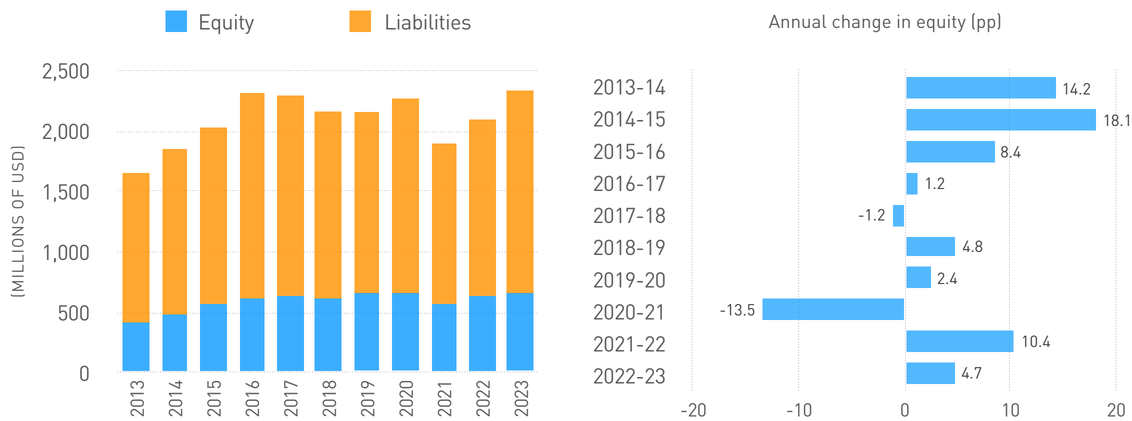
Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

show the performance of the portfolio composition during this period. The sector's total investments amounted to 1.3 billion dollars in 2023, vs. 1.2 billion the previous year. A downward trend is observed in investments in fixed-income instruments (53.3% in 2023 vs. 69.9% in 2013), while equity increased from 9.8% in 2013 to 25.4% in 2023.

Technical provisions

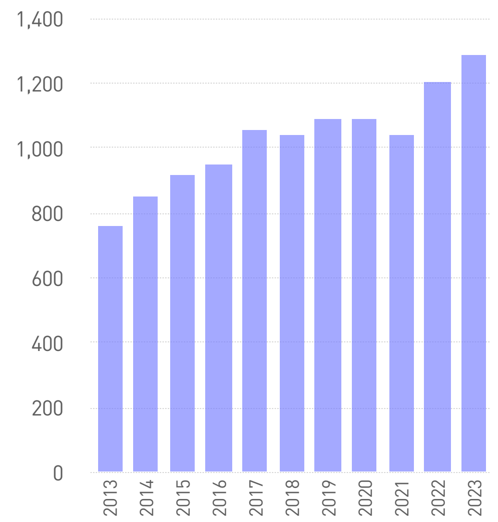
Charts 3.2.4-i, 3.2.4-j, and 3.2.4-k show the relative composition and performance of the Ecuadorian insurance industry's technical provisions during the 2013-2023 period. In the latter year, technical provisions amounted to 825.5 million dollars (704.5 million dollars in 2022). Life insurance provisions continued to grow in

Chart 3.2.4-e
Ecuador: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-f
Ecuador: insurance market investments
(millions of USD)



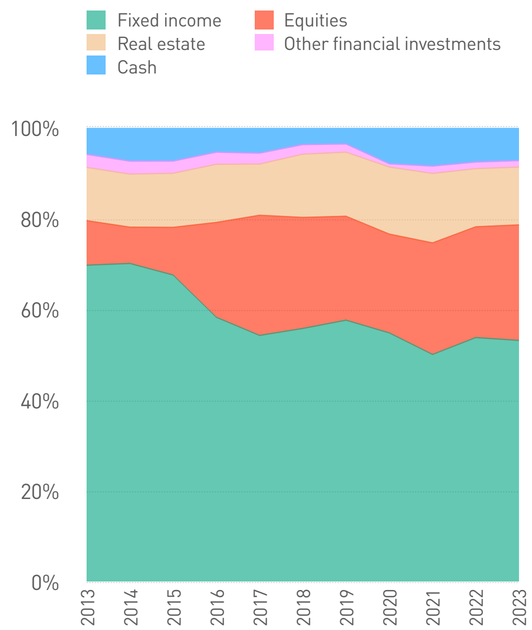
Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

2023 (after increasing significantly in 2017), reaching 17.0% of the total, slightly below their 2022 share (20.8%). In turn, 27.5% of technical provisions in the Ecuadorian insurance sector corresponded to Non-Life insurance unearned premiums and unexpired risks, 51.0% to provisions for outstanding claims, 2.9% to provisions for catastrophic risks, and the remaining 1.7% to other technical provisions. It should be noted that the major change seen in the composition of technical provisions between 2015 and 2016 was due to a relative increase in the provision for outstanding benefits as a result of the earthquake that struck that country in April 2016.

Technical performance

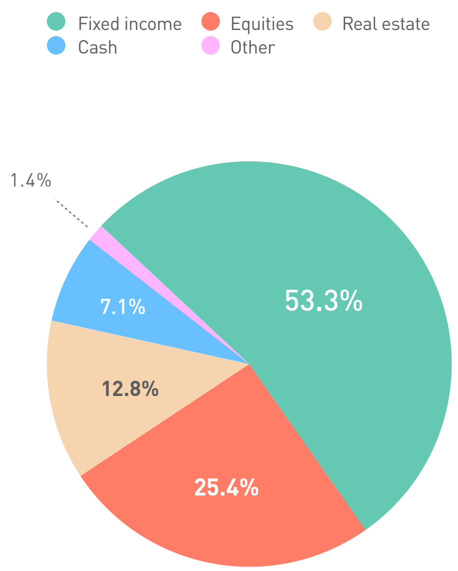
Chart 3.2.4-l shows the main data on the technical performance of the Ecuadorian insurance industry over the 2013–2023 period, based on an analysis of the trend in

Chart 3.2.4-g
Ecuador: structure of investments
(%)



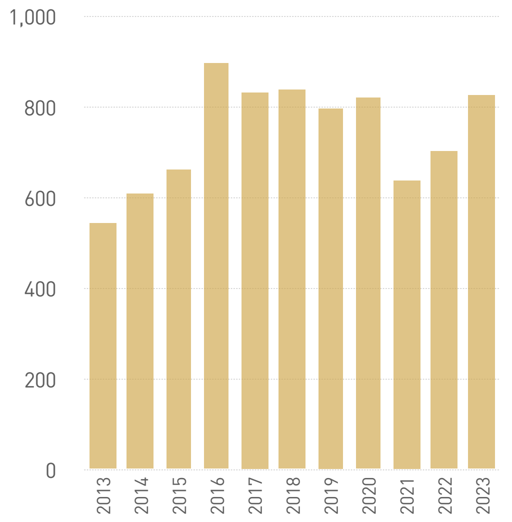
Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-h
Ecuador: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-i
Ecuador: technical provisions of the insurance market
(millions of USD)

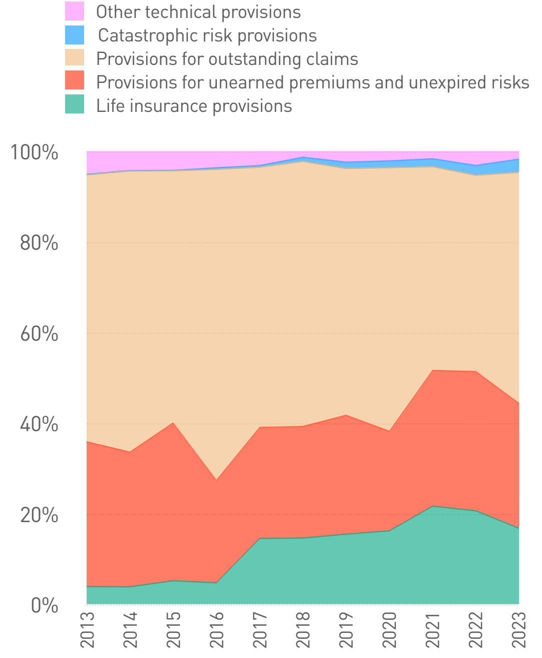


Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

that market's combined ratio. In the latter year of the analyzed period, the combined ratio increased by 5.7 pp to reach 77.9%. The loss ratio increased by 1.9 pp and the expense ratio by 3.8 pp, to 45.4% and 32.5%, respectively. It is important to note that, in spite of this relative decline, the total combined ratio of the insurance market in Ecuador stood well below the parameter of 100% throughout the decade under analysis.

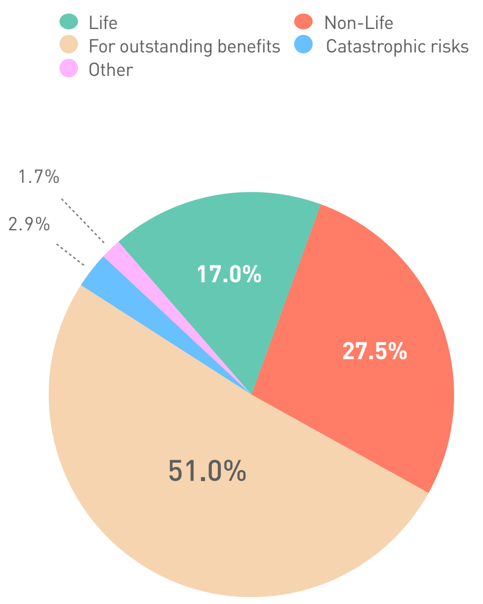
This healthy technical performance is confirmed by the indicator relating to the Non-Life segment shown in Chart 3.2.4-m. As can be seen, the combined ratio increased in 2023 by 4.2 pp to 84.1%. This relative worsening of the Non-Life combined ratio was explained by a 6.1 pp increase in the loss ratio and a -1.9 pp improvement in the expense ratio. However, like the total combined ratio, the Non-Life indicator has remained low, at around 80%, over the past decade. It should be noted, however, that the technical result indicated

Chart 3.2.4-j
Ecuador: structure of technical provisions
(%)



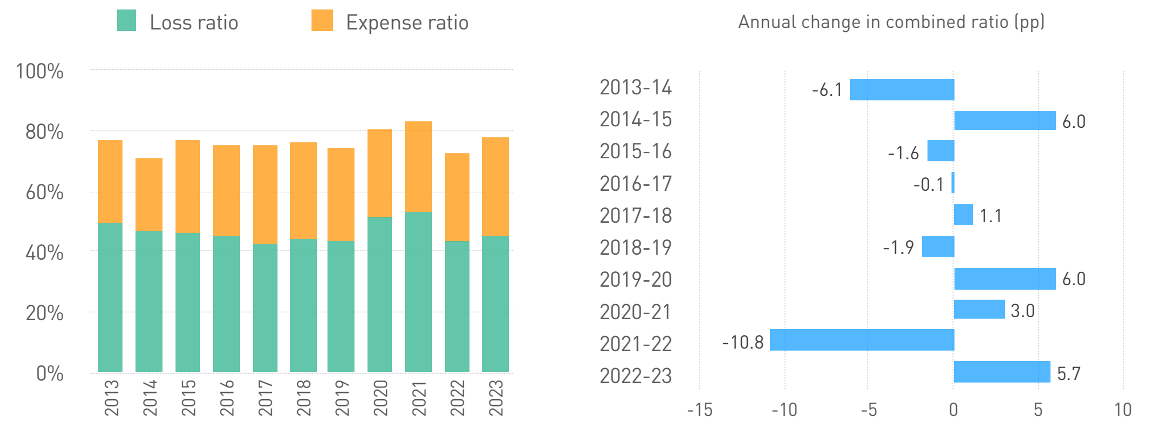
Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-k
Ecuador: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-l
Ecuador: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



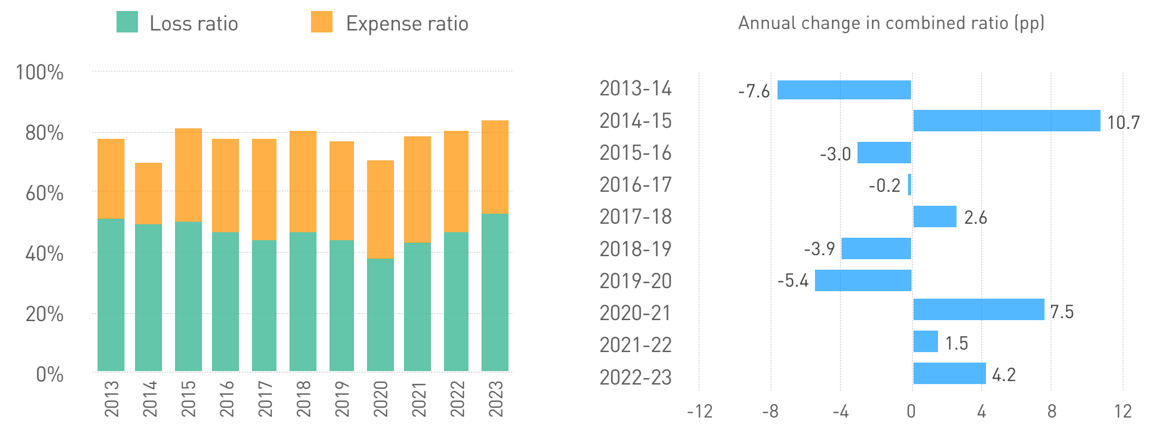
Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

above does not include other revenue and non-operational expenses related, on the one hand, to other lines of business carried out by insurance companies in Ecuador and, on the other hand, to certain administration costs that are not counted as such in the country when calculating the expense ratio. This could explain the remarkably low combined ratio, both at the total level and the Non-Life insurance segment level.

Results and profitability

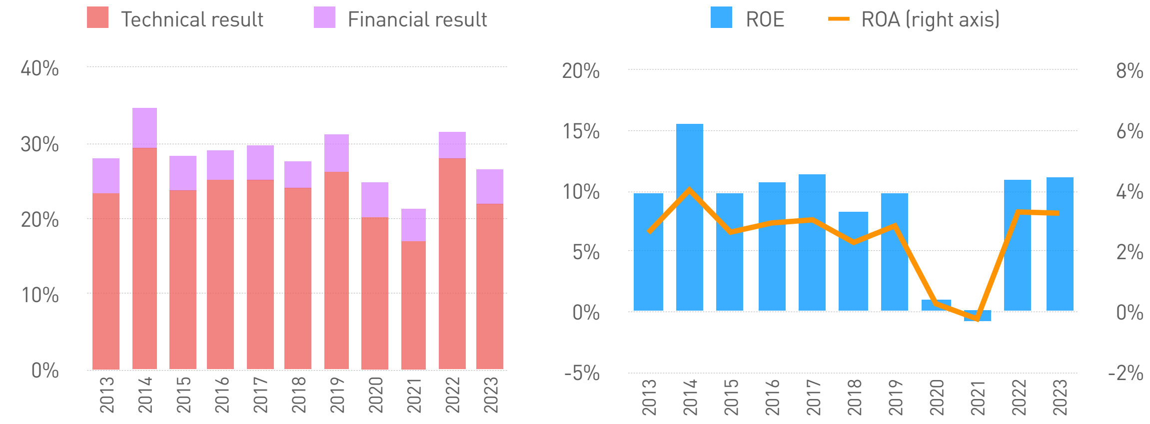
The Ecuadorian insurance industry posted an aggregate technical result of 301.3 million dollars in 2023, which was 12.0% less than in the previous year. This deterioration in the technical result was offset by a 34.9% increase in the financial result to 61.3 million dollars. As a result, the insurance sector's net income amounted to 72.3 million dollars, compared to 65.7 million dollars in the previous year. Accordingly, the main profitability indicators in 2023 were positive:

Chart 3.2.4-m
Ecuador: changes in non-life market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-n
Ecuador: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

return on equity (ROE) was 11.2% (10.9% in 2022), while the return on assets (ROA) was 3.3%, the same as in the previous year, thus confirming the post-pandemic recovery of this indicator (see Chart 3.2.4-n).

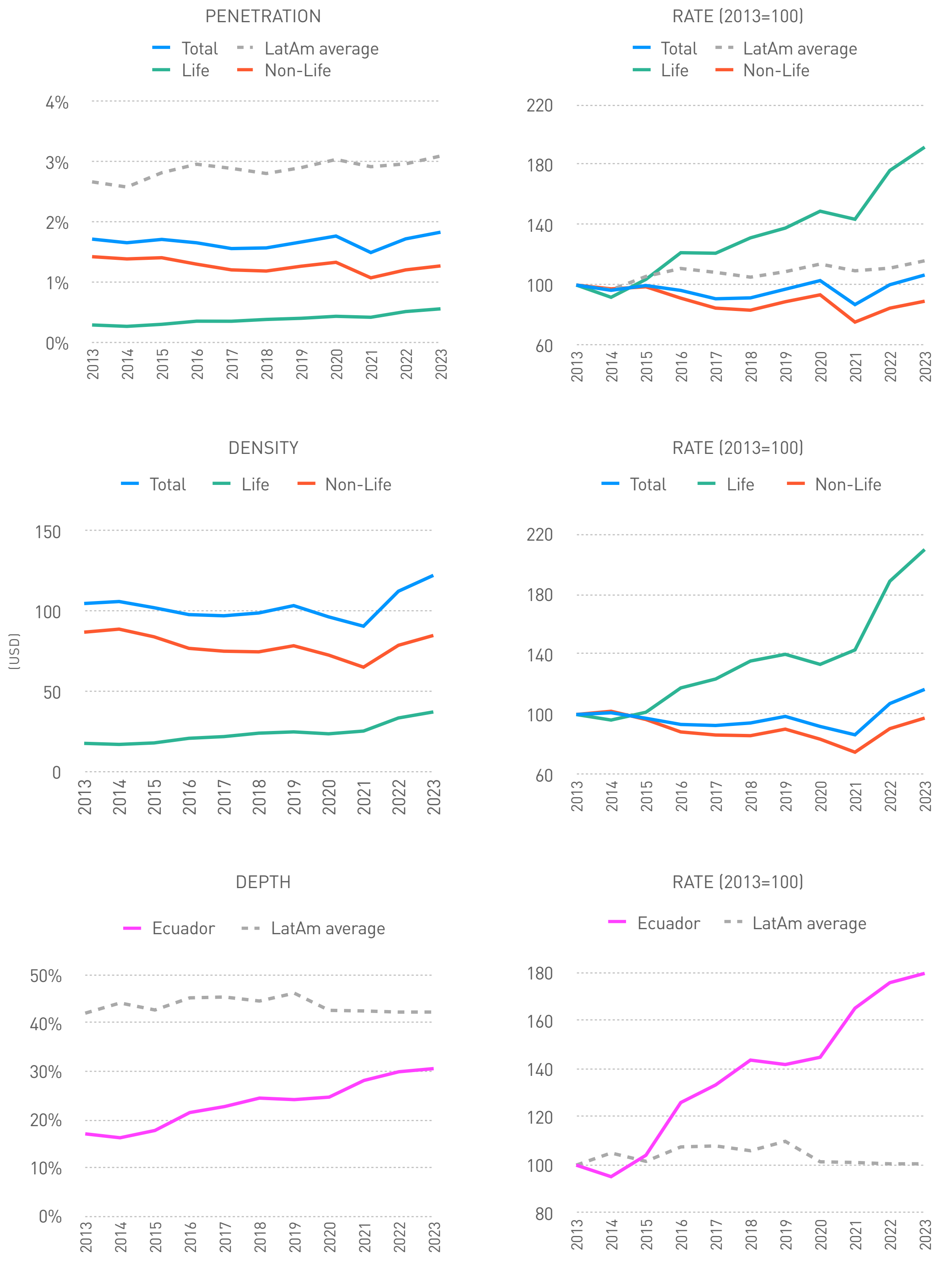
Insurance penetration, density and depth

The most relevant structural trends shaping the development of the Ecuadorian insurance industry between 2013 and 2023 can be seen in Chart 3.2.4-o First, the penetration ratio (premiums/GDP) was 1.8% in 2023 (0.6% in Life and 1.3% in Non-Life), 0.1 pp more than the previous year. In the Life insurance segment, the penetration ratio was significantly below the Latin American average, while penetration in the Non-Life segment came closer to the average for Latin America. The density indicator (premiums per capita) stood at 122.5 dollars in 2023, up vs. the level reached in 2022 (10 dollars), the highest amount of the decade. Lastly, in terms of depth levels (Life insurance premiums in relation to total premiums), the indicator rose over the last 10 years thanks to the positive performance of group Life insurance, but remained well below the average values for countries in the region. In 2023, this indicator was at 30.6%, up 0.7 pp on 2022. From a medium-term perspective, depth in the Ecuadorian insurance market has increased by 13.5 pp since 2013.

Insurance Protection Gap estimate

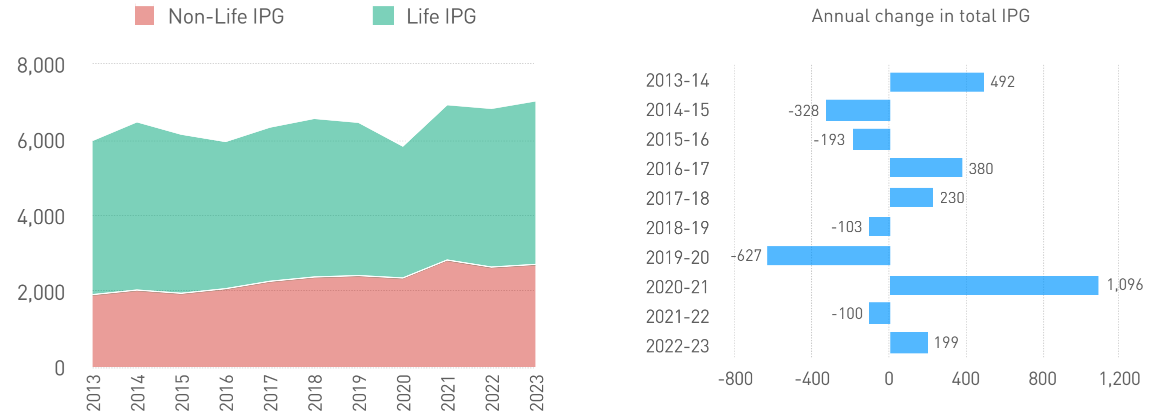
The updated estimate of the insurance protection gap and its trends for Ecuador's insurance market between 2013 and 2023 is presented in Chart 3.2.4-p. In this regard, the IPG in 2023 came to 7.0 billion dollars and, as in most Latin American markets, the structure and evolution of the insurance protection gap over the 2013–2023 period shows a clear predominance in the contribution of Life insurance. Life insurance accounted for 61.4% of the IPG at the close of 2023 (4.3 billion dollars), down 6.6 pp compared to 2013. That means that the remaining 38.6% of the gap is a product of the Non-Life insurance segment (2.717.4 billion dollars). The potential insurance market at the close of 2023 (measured as the sum of the actual market plus the IPG) was therefore estimated at 9.2 billion dollars, 4.2 times the size of the total insurance market in Ecuador that year (see Chart 3.2.4-q).

Chart 3.2.4-o
Ecuador: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, USD; Life insurance premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-p
Ecuador: Insurance Protection Gap
(millions of USD)

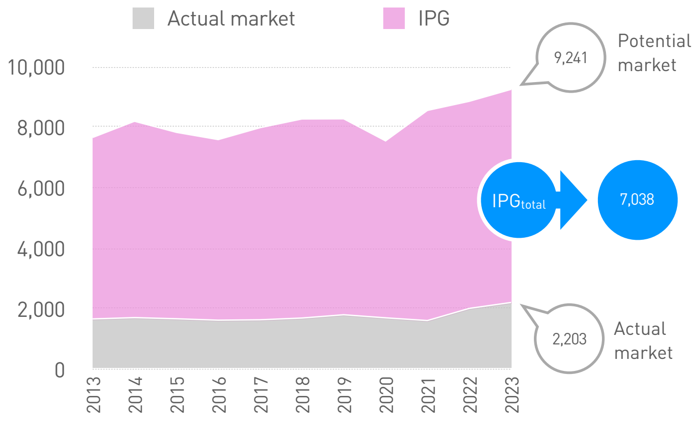


Source: MAPFRE Economics

Charts 3.2.4-r and 3.2.4-s provide an estimate of the IPG as a multiple of the actual insurance market in Ecuador for the 2013-2023 period, as well as a relative comparison of both years. As can be seen, the gap for the Life insurance segment shows a downward trend throughout the period under analysis (falling from 14.4 to 6.4 times), while for the Non-Life segment there was an upward trend between 2016 and 2021 that decreased only in the last two years, reaching 1.8 times, above the 1.4 times of 2013.

Lastly, Chart 3.2.4-t provides an update to the assessment exercise in relation to the Ecuadorian insurance market's capacity to close the IPG determined in 2023, based on a comparative analysis between the growth rates observed over the last 10 years and the growth rates that would be required to close the gap over the coming decade. The Ecuadorian insurance market grew at an average annual rate of 2.9%; the Life insurance market grew at an average annual rate of 9.1% and the Non-Life segment grew at an average annual rate of

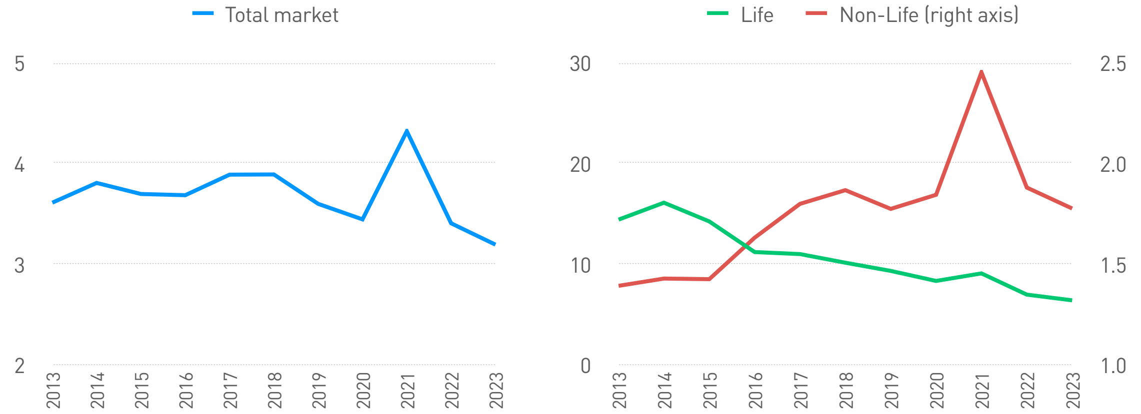
Chart 3.2.4-q
Ecuador: Insurance Protection Gap and potential market
(millions of USD)



Change	Actual market	IPG
2023-2013	32.7%	17.4%
2023-2022	9.7%	2.9%

Source: MAPFRE Economics

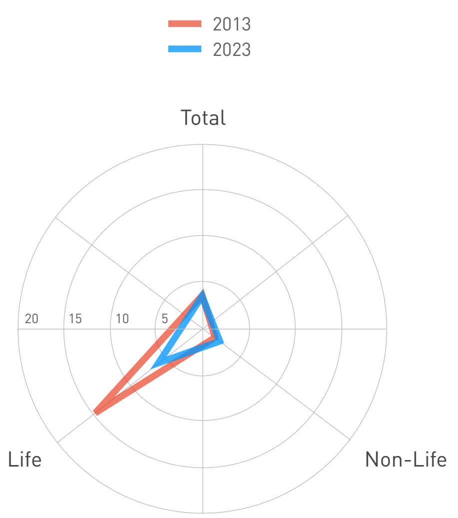
Chart 3.2.4-r
Ecuador: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

1.1%. Were the same growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Ecuadorian insurance market would still fall 12.5 pp short of closing the IPG determined in 2023 over that period. The growth rate for the Life segment would fall 13.1 pp short of bridging the insurance gap, while the growth rate for Non-Life insurance would fall 9.7 pp short. These values, however, are lower than the estimated IPG measured in 2022.

Chart 3.2.4-s
Ecuador: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

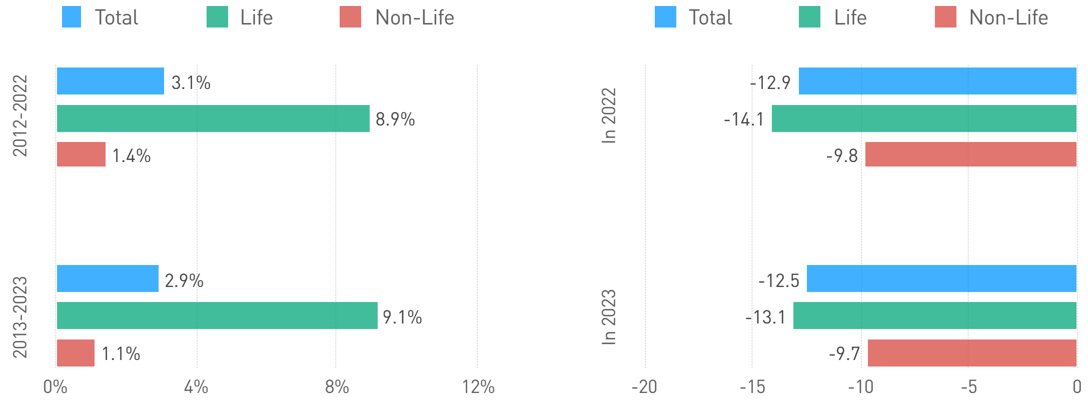
Market Development Index (MDI)

Chart 3.2.4-u shows the estimated Market Development Index (MDI) for the Ecuadorian insurance sector, an indicator used in this report to measure the degree of development of the region's insurance markets. The data confirms that the MDI has been showing, over the 2005–2023 period, a trend that is quite consistent with the average for Latin American insurance markets, with significant gains from 2015 to 2020, and a decline in 2021 from which it has recovered in the last two years.

Comparative analysis of structural coefficients

Chart 3.2.4-v shows the situation of the Ecuadorian insurance market in 2023 compared to the Latin American average in terms of the structural coefficients analyzed (penetration, density, depth, and MDI). The analysis shows that, in all aspects except the market development index, the Ecuadorian insurance market remains below the regional average. Furthermore, the dispersion

Chart 3.2.4-t
Ecuador: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

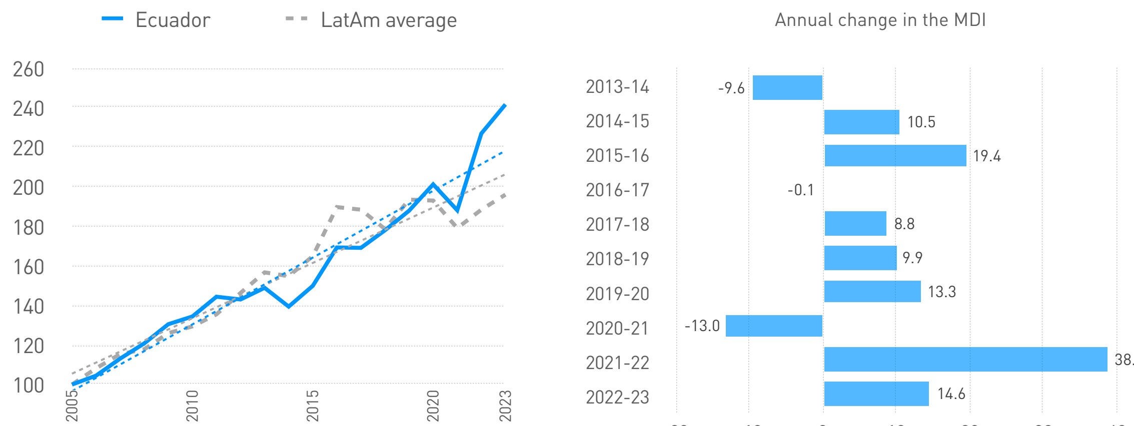
analysis shown in the aforementioned chart to illustrate the long-term performance of insurance activity in the country confirms that, over the 2013–2023 period, the Ecuadorian insurance industry showed balanced development characterized by improvements in both depth (quantity) and penetration (quality) levels.

Insurance market rankings

Total ranking

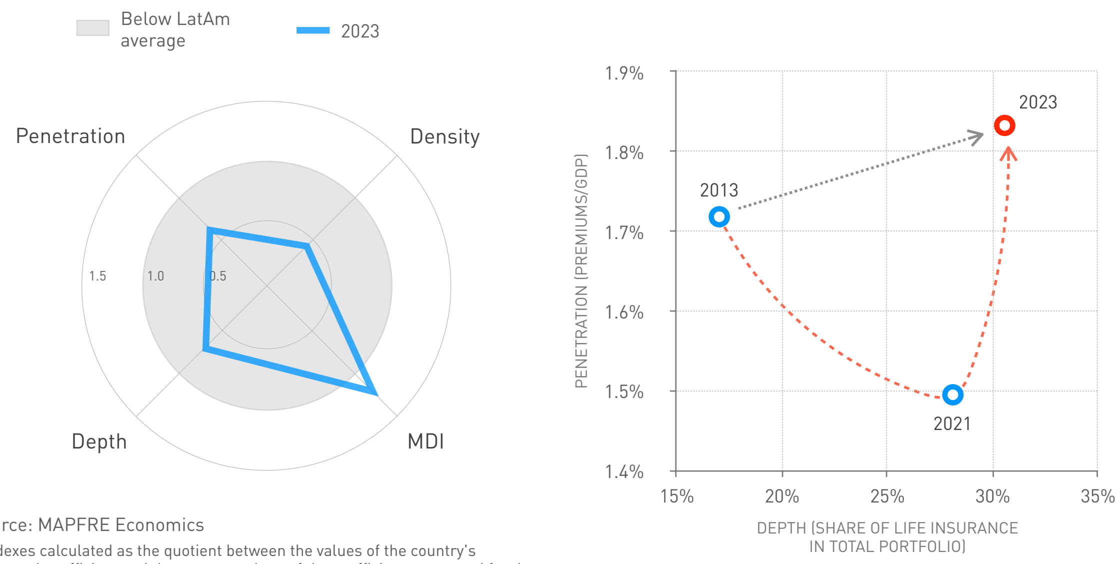
In 2023, 28 insurance companies were operating in the Ecuadorian insurance industry, the same as in the previous year. Thus, in 2023, the first five insurance institutions accounted for 43.6% of the premiums in the sector (CR5), down in terms of concentration from 2022 in both Life and Non-Life insur-

Chart 3.2.4-u
Ecuador: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.2.4-v
Ecuador: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



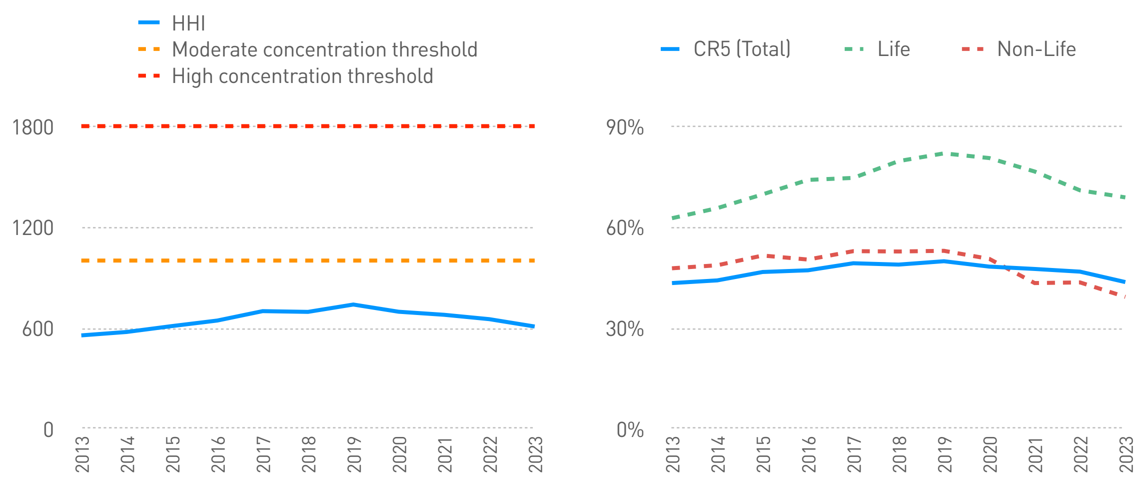
Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

ance segments. The upward trend in market concentration levels has therefore reversed since 2020, as seen in Chart 3.2.4-w. In the same regard, the Herfindahl Index also decreased in 2023, going from 651.2 to 607.5 points, below the technical threshold for moderate concentration.

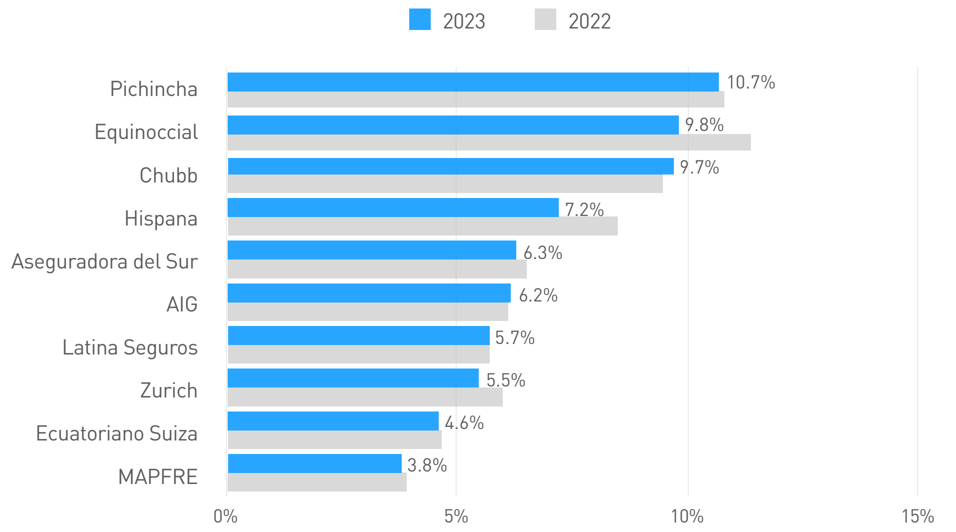
The total ranking of insurance companies in the Ecuadorian market in 2023, shown in

Chart 3.2.4-w
Ecuador: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

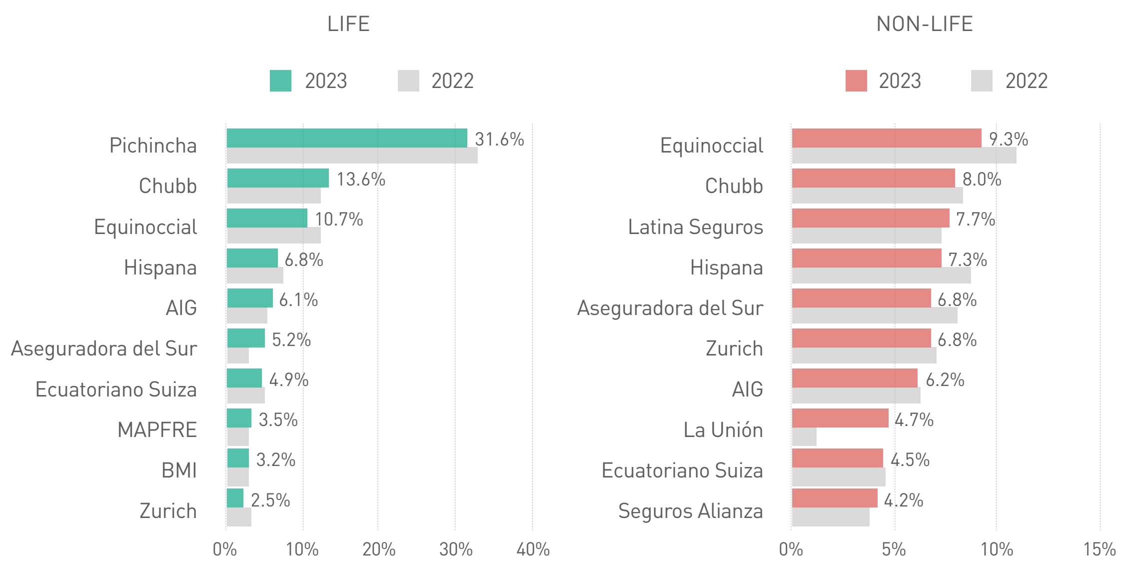
Chart 3.2.4-x
Ecuador: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Chart 3.2.4-x, is led by Pichincha, with a 10.7% share, having overtaken Equinoccial, which has lost 1.7 pp of market share with respect to 2022, coming in second place. The rest of companies remain in the same position as last year, except for Latina Seguros, which moves up one place to seventh, leaving Zurich eighth in the ranking.

Chart 3.2.4-y
Ecuador: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)

Life and Non-Life rankings

The Non-Life insurance segment ranking continues to be led by Equinoccial, with a 9.3% share (11.0% in 2022), followed by Chubb, which gains one place, and Latina Seguros, which rises from fifth place. Hispana, on the other hand, drops two positions to fourth place, and Aseguradora del Sur moves up from fourth to fifth place. In the next five positions, La Unión enters the ranking, moving up from twenty-second to eighth place, thanks to a 3.5-pp increase in its market share, to 4.7%. Lastly, the Life ranking continues to be led by Pichincha, with a 31.6% share. Chubb overtakes Equinoccial, and they are in second and third place, respectively. Of the remaining positions, Aseguradora del Sur moves up to sixth place, from tenth place in 2022, and Zurich drops from seventh to tenth place (see Chart 3.2.4-y).

Key regulatory aspects

The main provisions and regulations associated with Ecuador's insurance industry issued in 2023 and the first half of 2024 are as follows:

- Resolution No. JPRF-S-2023-069. Amends the Regulation on Segments and Maximum Percentages of Mandatory Investment, eliminating the restrictions on insurance companies' investments in mutual funds whose portfolios consist of more than 25% securities issued, endorsed, or guaranteed by the financial system.

- Resolution No. JPRF-S-2023-084. Reform of the rules on financial technical prudence and technical reserves, which includes the definitions of "mass insurance" and "implementation process." In addition, the implementation process for the policies is reformed, which may not exceed 45 days.

- Resolution No. JPRF-S-2023-092. Setting the cumulative amount, coverage, and contribution percentage for the private insurance fund for 2023.

- Resolutions No. SCVS-INS-2023-0004 and No. SCVS-INS-2023-0017. Reform to the regulation for the registration of reinsurers and reinsurance intermediaries not established in the country.

Lastly, as for 2024, via Resolution No. JPRF-S-2024-0106, the Microinsurance Regulation was issued. Its objective is to establish a regulatory framework to promote insurance services for the population whose monthly income is equal to or less than a unified basic salary and is above the poverty line defined by the National Institute of Statistics and Census (INEC).

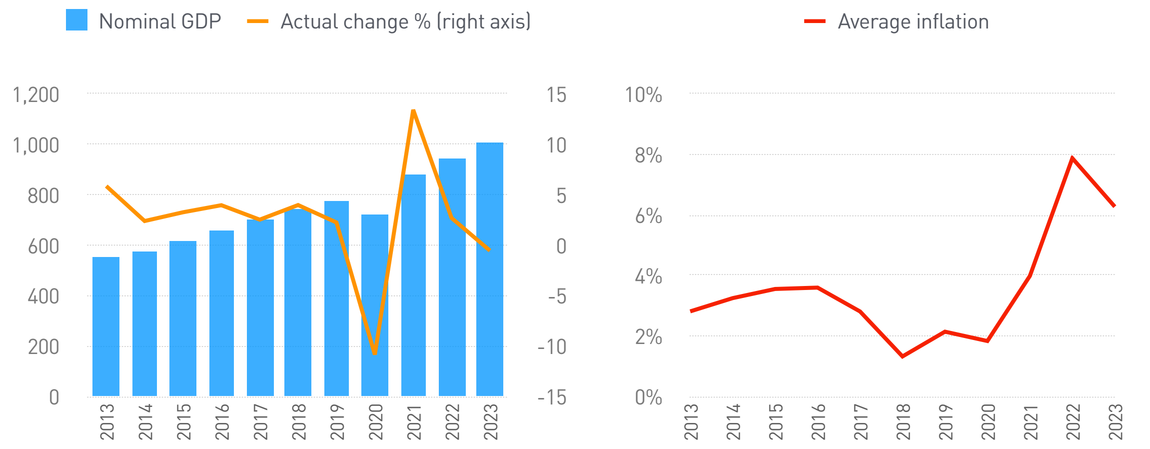
3.2.5 Peru

Macroeconomic environment

The Peruvian economy contracted by 0.6% in 2023, compared to growth of 2.7% in the previous year, due to the effects of the El Niño phenomenon (deteriorating infrastructure and sectors such as fishing and agriculture) and droughts in the northern part of the country, among other factors (see Chart 3.2.5-a). Domestic demand fell (2.2%) due to the deterioration in private investment, which was partially sustained by a slower deceleration in private consumption and an increase in public expenditure aimed at mitigating the effects of the weather and reactivating the economy. The unemployment rate stood at 6.8% in 2023 (compared to 7.7% in 2022), based on the generation of new jobs, especially in the services and manufacturing sectors.

The fiscal deficit, in annual terms, increased from 1.7% to 2.8% between 2022 and 2023. This was due to the drop in tax revenue as a result of the economic slowdown, as well as the increase in spending due to the El Niño phenomenon. The central government's public debt stood about 30% of GDP at year end (31% in 2022 and 33.1% in 2021). With

Chart 3.2.5-a
Peru: changes in economic growth and inflation
(GDP in local currency, billions of soles; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

respect to the external sector, the current account balance closed the year with a surplus of 0.8% (deficit of 4.0% in 2022), as well as a higher trade balance surplus (slightly lower exports due to lower international prices offset by a greater fall in imports as a result of the weakness of economic activity) and the normalization of international freight rates in view of the major problems in the logistics chain in 2022. Likewise, the central bank's sales of dollars, aimed at stabilizing the exchange rate, caused a decrease in net international reserves from June 2023 to 71.0 million dollars at the end of December 2023.

With regard to inflation, the base effect in 2022, when there was an uptick in inflation, together with a mild contraction of the Peruvian economy and the reversal of the impact of the supply shock on food prices, led to a decline in inflation, which decreased from 7.9% on average in 2022 to 6.3% in 2023. Having increased the benchmark interest rate to a record high (7.75%) in mid-January 2023, the central bank gradually decreased it, setting it at 6.75% in late 2023. As of the date of this report, the central bank has maintained the above-described trend, with the benchmark exchange rate currently at 5.5%.

The ECLAC has estimated Peruvian GDP growth for 2024 at 2.6% (2.5% in 2025). The Peruvian economy is expected to recover due to the cessation of transitory events in 2023 and the recovery of the affected sectors, as well as the improvement of domestic demand against a backdrop of lower inflation and the central bank's continuing withdrawal of the restrictive monetary policy, albeit easing the lowering of interest rates compared to 2023. MAPFRE Economics is forecasting economic growth in Peru of roughly 2.4% for 2024 and 2.9% for 2025.

Insurance market

Growth

In the last three years, the Peruvian insurance industry has shown a growth trajectory in both market segments: Life and Non-Life. Premium volume in 2023 reached 20.3 billion soles (5.4 billion dollars), representing a nominal increase of 8.1% and an actual increase of 1.7% (see

Table 3.2.5
Peru: premium volume[1] by insurance line, 2023

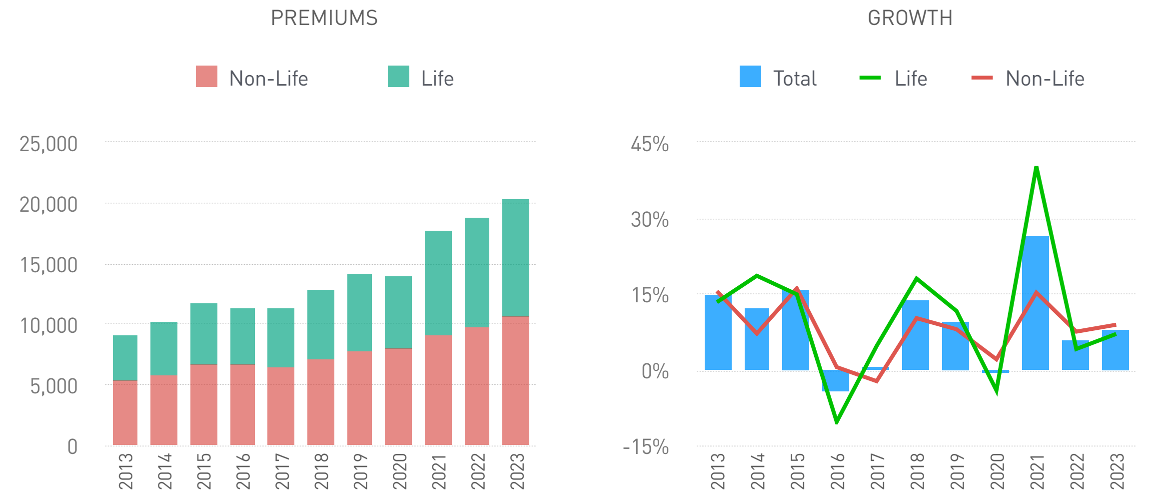
Line	Millions of soles	Millions of USD	Growth Nominal (%)	Growth Real (%)
Total	**20,265.8**	**5,415.8**	**8.1**	**1.7**
Life	**9,540.6**	**2,549.6**	**7.2**	**0.8**
Individual Life	2,974.3	794.8	16.3	9.5
Group Life	3,335.9	891.5	14.6	7.9
Pensions	3,230.4	863.3	-6.0	-11.5
Non-Life	**10,725.2**	**2,866.2**	**9.0**	**2.5**
Automobiles	1,599.0	427.3	4.2	-2.0
Fire and allied lines	2,557.1	683.3	15.9	9.1
Other lines	1,593.6	425.9	39.5	31.3
Health	1,626.6	434.7	3.5	-2.6
Personal Accidents[2]	855.7	228.7	2.3	-3.7
Transport	278.9	74.5	-1.4	-7.2
Third Party Liability	534.0	142.7	10.5	4.0
Burials	161.2	43.1	-2.1	-7.9
Aviation	143.9	38.5	4.3	-1.8
Multirisk	196.4	52.5	-1.3	-7.1
Sea - Hull	125.9	33.7	21.6	14.4
Credit and/or surety	230.9	61.7	-54.5	-57.2
Workplace accidents	822.0	219.7	22.3	15.1

Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

1/ Net insurance premiums

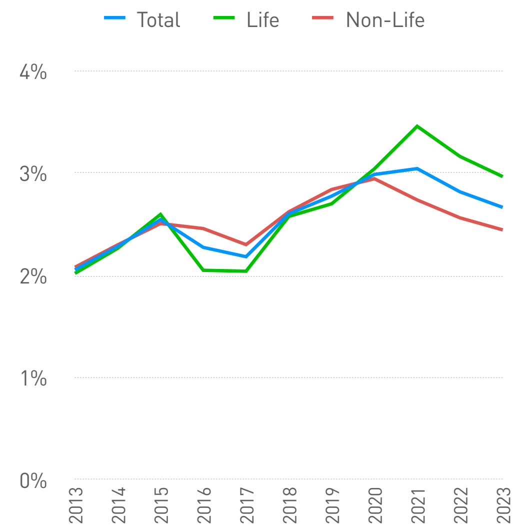
2/ Includes Seguro Obligatorio de Accidentes de Tránsito (SOAT — Compulsory Traffic Accident Insurance)

Chart 3.2.5-b
Peru: growth developments in the insurance market
(premiums, millions of soles; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-c
Peru: share of insurance premiums in Latin America
(%)

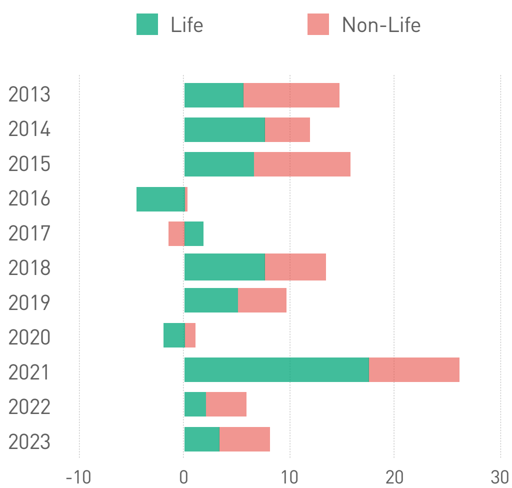


Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators and supervisory bodies in the region)

Chart 3.2.5-b and Table 3.2.5). The Life insurance segment earned 9.5 billion soles (2.5 billion dollars), with significant nominal increases in Individual Life (16.3%) and Group Life (14.6%), which offset the fall in private pension system insurance (-6.0%). Meanwhile, Non-Life insurance lines recorded a nominal growth in premiums of 9.0% (2.5% in real terms), reaching 10.725.2 billion soles (2.866.2 billion dollars). Fire and/or Allied Lines, which includes Earthquake coverage, continues to accumulate the largest premium volume within the Non-Life segment and, in 2023, again performed very well, with premium income up 15.9%. Occupational Accidents and Marine (Hull) saw the largest increases, 22.3% and 21.6%, respectively, while Credit and/or Surety saw the largest decrease (-54.5%).

When analyzing the performance of the Peruvian insurance sector versus that of the overall Latin American insurance market, we observe, in general terms, a progressive increase in Peru's share of insurance premiums in the region over the last decade, from 2.1% in 2013 to 2.7% in 2023, although with a small reduction in the last two years, down from the 3.0% it had reached in 2021. The segment showing the strongest growth over the decade was Life insurance, whose share increased from 2.0% to 3.0%, while that of Non-Life grew from 2.1% to 2.4% in this period (see Chart 3.2.5-c).

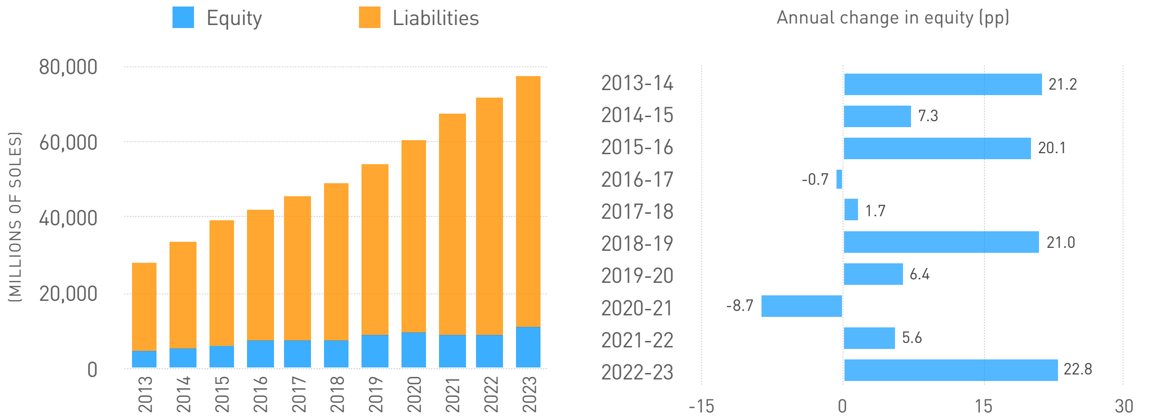
Chart 3.2.5-d
Peru: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	14.7	5.6	9.1
2014	12.0	7.7	4.2
2015	15.7	6.6	9.1
2016	-4.2	-4.5	0.3
2017	0.6	1.9	-1.3
2018	13.6	7.7	5.9
2019	9.7	5.2	4.5
2020	-0.7	-1.8	1.2
2021	26.2	17.5	8.7
2022	5.9	2.0	3.9
2023	8.1	3.4	4.7

Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-e
Peru: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

The Life insurance segment contributed 3.4 pp to the nominal growth of 8.1% of the Peruvian insurance market in 2023. Meanwhile, the remaining 4.7 pp came from the contribution of the Non-Life insurance segment, as illustrated in Chart 3.2.5-d. It should be noted how, as of 2021, the growth of the sector in Peru has come from positive contributions from both the Life and Non-Life insurance segments.

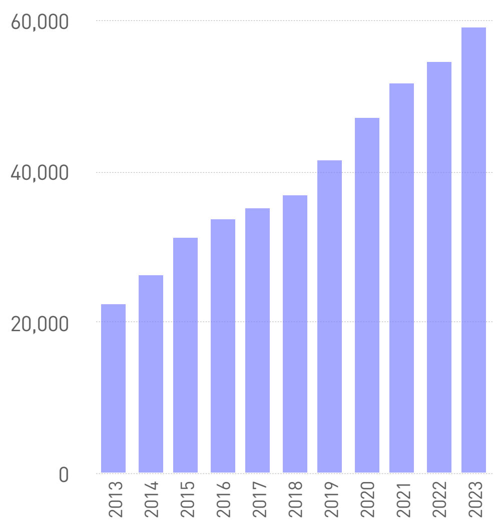
Balance sheet and shareholders' equity

Chart 3.2.5-e shows the performance of the Peruvian insurance industry's aggregate balance sheet at the sector level over the 2013-2023 period. As shown in these figures, total insurance industry assets came to 77.0 billion soles (20.8 billion dollars) in 2023, while equity rose to 11 billion soles (3 billion dollars), up 22.8% on the previous year. As such, aggregate capitalization levels in the Peruvian insurance industry (measured over total assets) have gradually declined over the years, amounting to 15% in the past decade and coming to 14.2% in 2023.

Investments

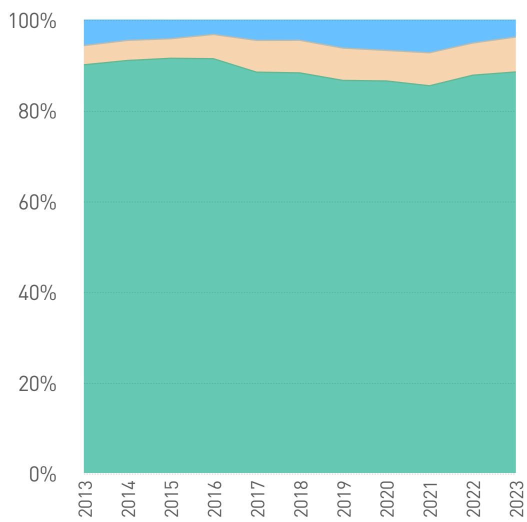
The evolution of investments in the Peruvian insurance market over the 2013–2023 period, as well as the composition of the aggregate portfolio at the sector level

Chart 3.2.5-f
Peru: insurance market investments
(millions of soles)



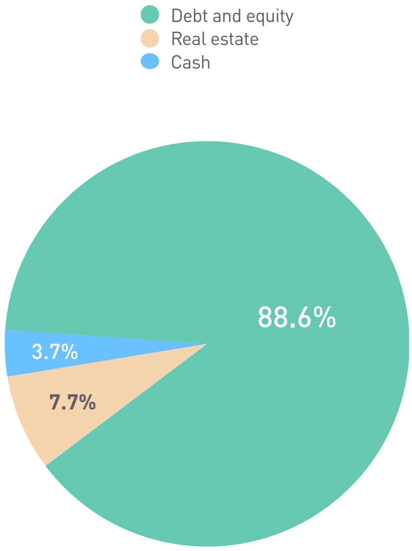
Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-g
Peru: structure of investments
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-h
Peru: structure of investments, 2023
(%)



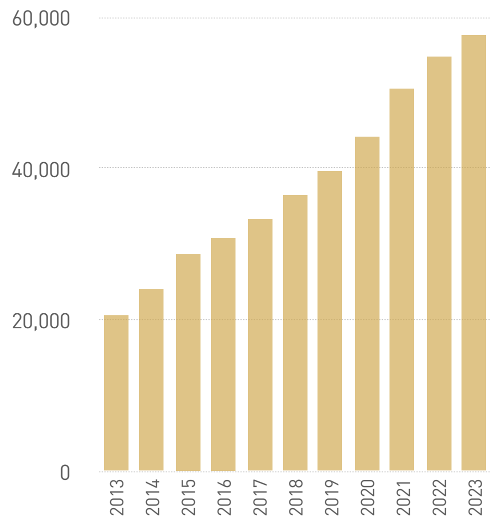
Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

of the Peruvian insurance industry in that period, are illustrated in Charts 3.2.5-f, 3.2.5-g, and 3.2.5-h. Here, it can be seen that the sector's investments in 2023 amounted to 59.0 billion soles (16.0 billion dollars). In addition, the composition of investment in 2023 was as follows: 88.6% concentrated in debt and equities, 7.7% in real estate investments, and the remaining 3.7% in cash.

Technical provisions

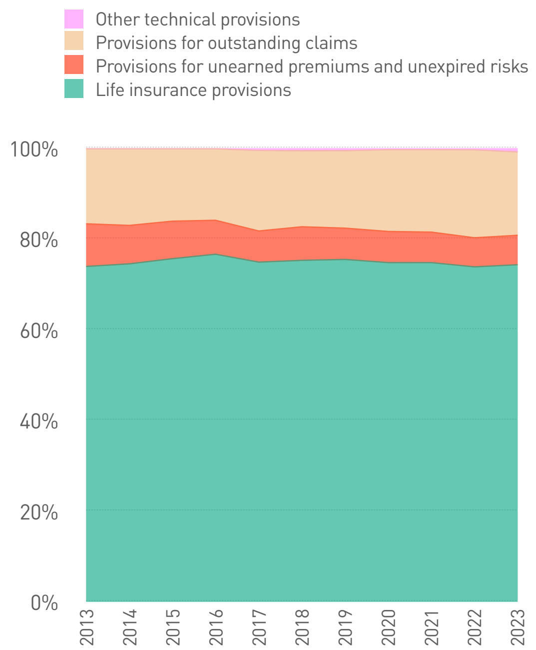
Charts 3.2.5-i, 3.2.5-j, and 3.2.5-k present information on the performance and relative composition of technical provisions between 2013 and 2023. As we can observe, technical provisions amounted to 57.5 billion soles (15.5 billion dollars) in 2023; 74.5% of the total corresponded to Life insurance, 18.4% to the provision for outstanding claims, and the remaining 6.5% to the provision for unearned premiums and unexpired Non-Life insurance risks. Over this period, the

Chart 3.2.5-i
Peru: technical provisions of the insurance market
(millions of soles)



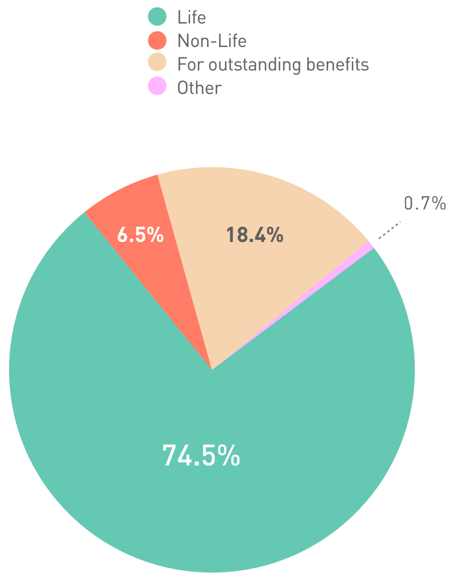
Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-j
Peru: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

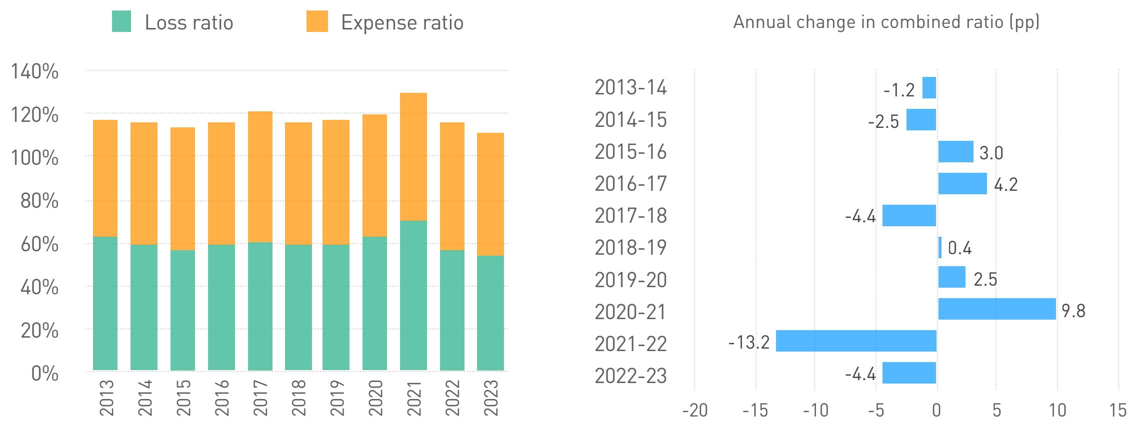
Chart 3.2.5-k
Peru: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

volume of technical provisions of the Peruvian insurance industry steadily increased in absolute terms for both Life and Non-Life insurance. As for the composition of provisions, the proportion of Life insurance stayed at levels of about 75% for the past decade. At the end of 2023, Life accounted for 74.5% of total provisions.

Chart 3.2.5-l
Peru: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Technical performance

Chart 3.2.5-l shows developments in the technical performance of the Peruvian insurance industry over the 2013–2023 period. According to these figures, in 2023 there was a further decrease in the combined ratio, this time of 4.4 pp, to 111.5%. This improvement in the combined ratio was due to a decrease of 2.5 pp in the loss ratio and 1.9 pp in the expense ratio.

Results and profitability

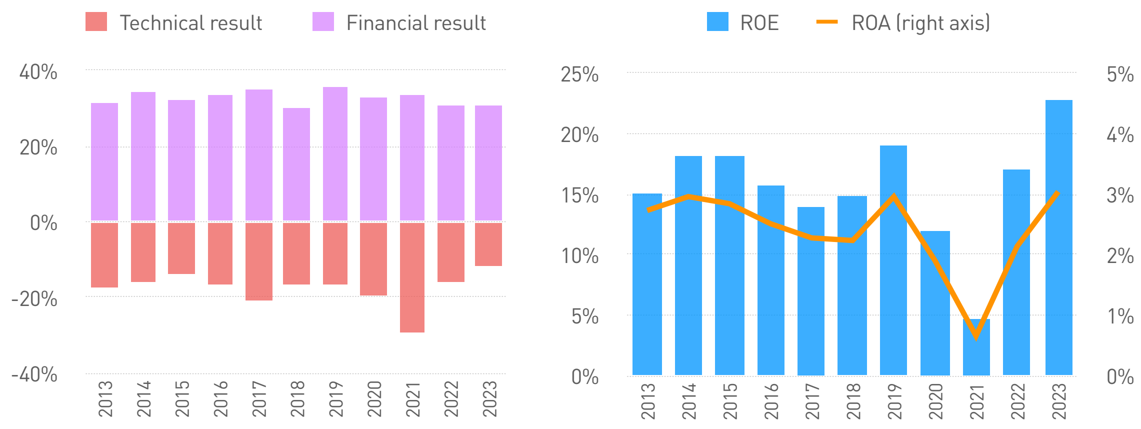
The Peruvian insurance industry posted a net result of 2.3 billion soles in 2023 (605.5 million dollars). This represents an increase of 52.4% from the previous year. It should also be noted that the technical result continued to show a negative contribution (-11.5%) but improved from the previous fiscal year. Therefore, the financial result was the main factor behind the improvement in the net result, having seen a 21.5% decrease in 2023. In terms of profitability levels, return on equity (ROE) stood at 22.8% in 2023, up by 5.7 pp from the previous year. Return on assets (ROA) reached 3.0% in 2023, up 0.9 pp vs. 2022 (see Chart 3.2.5-m).

Insurance penetration, density, and depth

Chart 3.2.5-n shows the main structural trends shaping the development of the Peruvian insurance industry over the 2013–2023 period. In 2023, the penetration ratio (premiums/GDP) stood at 2.0% for the third consecutive year, continuing the trend of gradual recovery of the indicator that began in 2018. Looking at the past decade, the penetration ratio grew steadily over the period under analysis, but remained below the average absolute values of the region's markets.

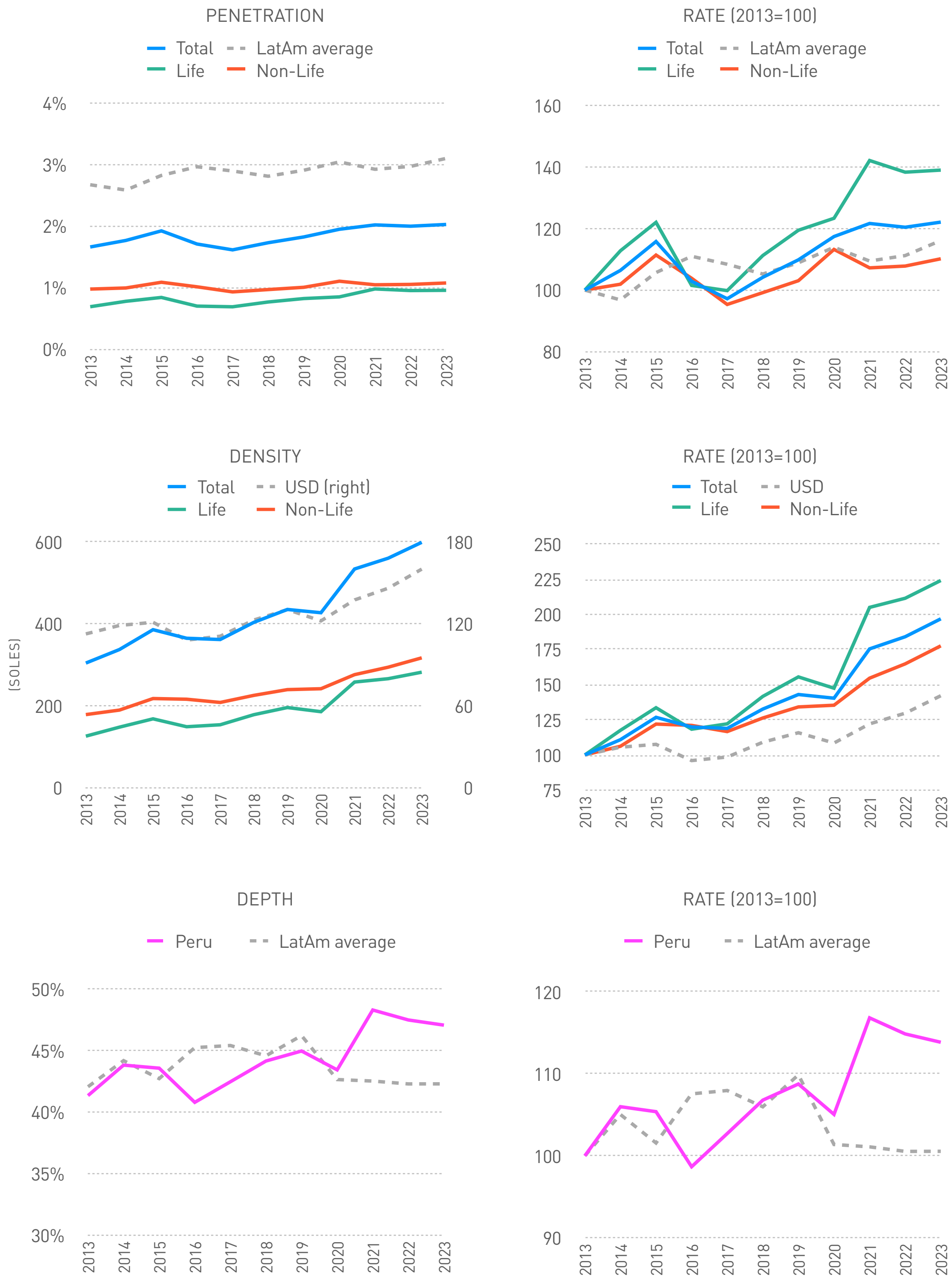
Meanwhile, insurance density in Peru (premiums per capita) stood at 598.8 soles (160 dollars), 6.9% higher than in 2022. It should be noted that this indicator continued to recover in 2023 after dropping in 2020. Lastly, insurance depth (Life insurance premiums in relation to total premiums) stood at 47.1% in 2023, up 5.7 pp from 2013 and 0.4 pp lower than the previous year. The depth indicator for the Peruvian insurance market has continued to fluctuate around the average values of the regional markets over the past decade, but consistently surpassing it starting in 2020.

Chart 3.2.5-m
Peru: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



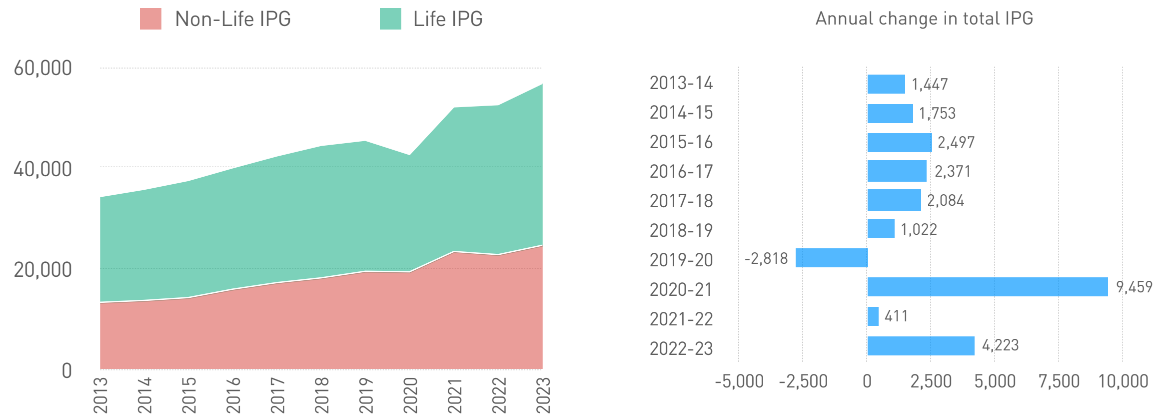
Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-n
Peru: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, soles and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-o
Peru: Insurance Protection Gap
(millions of soles)

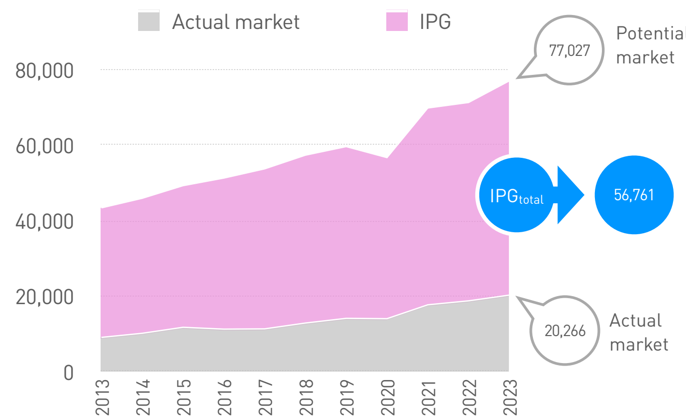


Source: MAPFRE Economics

Insurance Protection Gap estimate

Chart 3.2.5-o shows an estimate of the insurance gap for the Peruvian insurance market between 2013 and 2023. It shows that the IPG amounted to 56.8 billion soles (15.2 billion dollars) in 2023, some three times the size of the actual insurance market in Peru at the end of that year. The structure and performance of the insurance gap over the period under analysis continued to be shaped mainly by the Life insurance segment, rather than by Non-Life. At the close of 2023, 56.5% of the insurance gap was attributable to Life insurance (32.1 billion soles), down by 4.5 pp from 2013. Meanwhile, the remaining 43.5% of the IPG in 2023 was attributable to the Non-Life insurance segment (24.674.9 billion soles). Based on this measure, the potential insurance market in Peru (the sum of the actual market plus the insurance gap) was estimated at 77.0 billion soles at the close of 2023, 3.8 times the total insurance market that year (see Chart 3.2.5-p).

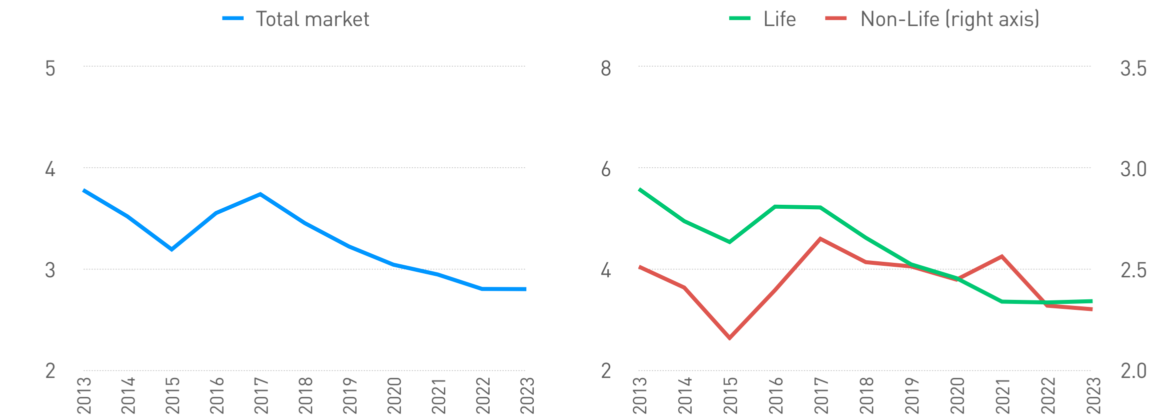
Chart 3.2.5-p
Peru: Insurance Protection Gap and potential market
(millions of soles)



Change	Actual market	IPG
2023-2013	123.5%	65.4%
2023-2022	8.1%	8.0%

Source: MAPFRE Economics

Chart 3.2.5-q
Peru: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



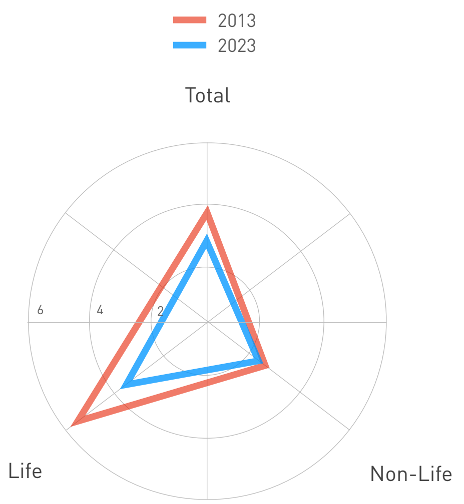
Source: MAPFRE Economics

Likewise, the estimate of the Peruvian market's insurance gap as a multiple of the existing insurance market, which is illustrated in Chart 3.2.5-q, indicates that this multiple presents a decreasing trend throughout the 2013–2023 period; a trend that is especially clear as from 2018, after a reversal of a couple of years. In the case of the Life insurance segment, the IPG as a multiple of the market fell from 5.6 to 3.4 times over the past decade, while in the Non-Life insurance segment, it fell from 2.5 to 2.3 times.

Supplementing this analysis, Chart 3.2.5-r shows changes in the insurance gap as a multiple of the actual market for the Life and Non-Life segments and for the total Peruvian insurance market, comparing the situation in 2013 with that of 2023. As can be seen, throughout this decade there has been a clear reduction in the IPG in relative terms, and a particularly sizable reduction in the Life insurance segment.

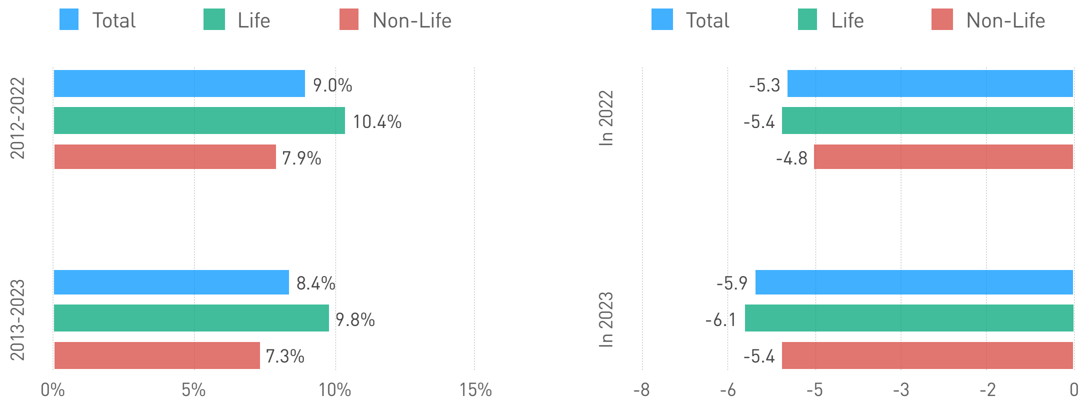
Finally, Chart 3.2.5-s shows the result of update on the evaluation of the Peruvian insurance market's capacity to close the insurance gap estimated in 2023, using a comparative analysis on the growth rates observed over the last 10 years and the growth rates that would be needed to close the gap estimated in 2023 over the next 10 years. The Peruvian insurance market recorded an average annual growth rate of 8.4% between 2013 and 2023, which consisted of an annual growth rate of 9.8% in the Life insurance segment and of 7.3% in the Non-Life insurance segment.

Chart 3.2.5-r
Peru: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

Chart 3.2.5-s
Peru: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

As a result, were the same growth rate seen over the past decade to continue over the next 10 years, the growth rate of the Peruvian insurance market would fall 6.1 pp short of closing the insurance gap estimated for 2023 in the Life segment and 5.4 pp short in the Non-Life segment, showing a slight increase in insufficiency levels compared with the 2022 measurement.

Market Development Index (MDI)

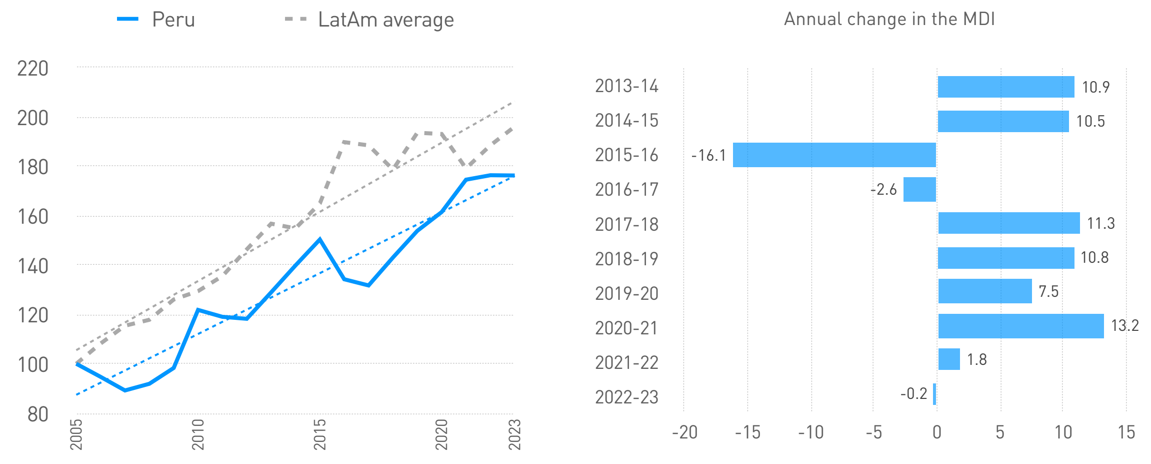
Chart 3.2.5-t shows an estimate of the Market Development Index (MDI) for the Peruvian insurance industry. This indicator, which is used in this report to analyze the trend in the performance and maturity of insurance markets, indicates that the Peruvian market has generally shown a positive performance throughout the 2005–2023 period. It showed shrinkage in 2011–2012 and 2016–2017, with a slight decrease of 0.2 pp in 2023 after three consecutive years of increases in which it had managed to converge with the average trend of the region's insurance markets.

Comparative analysis of structural coefficients

Chart 3.2.5-u outlines the state of the Peruvian insurance market when compared with the average for Latin American markets, measured in terms of the structural indicators analyzed in this report. The chart analysis shows that, except for depth levels (ratio of insurance premiums to total market premiums), in all other structural dimensions the Peruvian market is still below the average for Latin American markets.

The dispersion analysis that seeks to identify the medium-term development trend of the Peruvian insurance market between 2013 and 2023 shows that, in general terms, the market underwent balanced development over this period. There were increases in both penetration levels (quantitative dimension of market development) and market depth (qualitative dimension), although with a slight decline between 2021 and 2023.

Chart 3.2.5-t
Peru: Market Development Index (MDI)
(2005 index=100; annual change)



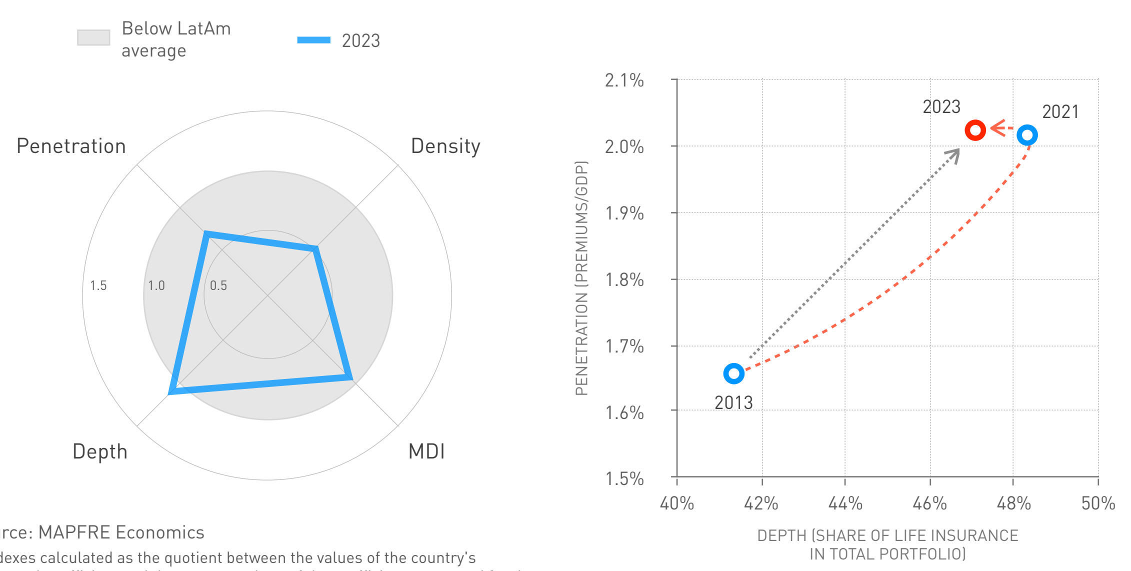
Source: MAPFRE Economics

Insurance market rankings

Total ranking

The Peruvian insurance industry was made up of 17 companies in 2023, of which eight operated in both the Life and General P&C lines of business, while six were exclusively focused on General P&C, and three exclusively on the Life line. The Herfindahl Index confirms that the concentration of the Peruvian insurance market has remained

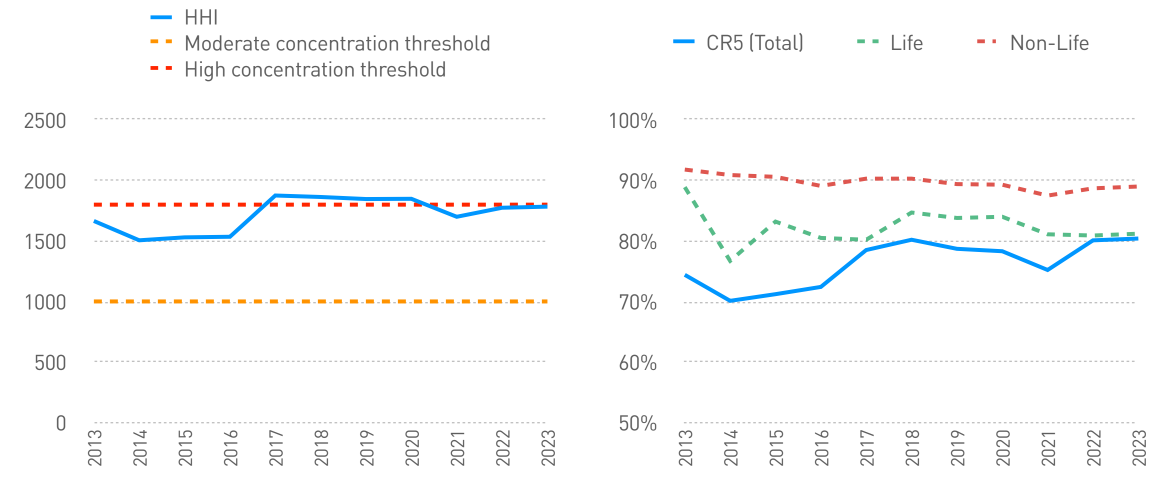
Chart 3.2.5-u
Peru: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Chart 3.2.5-v
Peru: insurance industry concentration
(Herfindahl index; CR5 index, %)

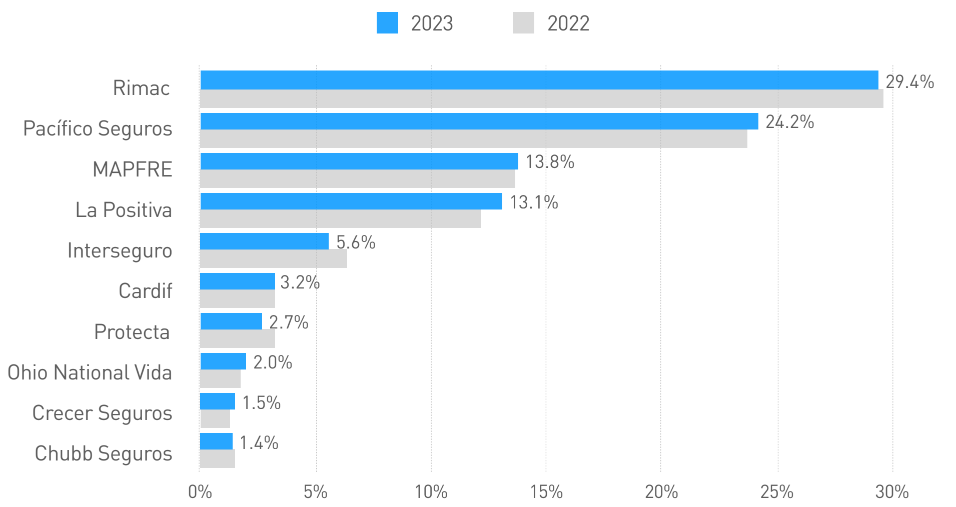


Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

high throughout the period under analysis. It showed a decreasing trend until 2016, then exceeded 1,800 points from 2017 to 2020, and dropped again in the last three years below the high concentration threshold (see Chart 3.2.5-v). This situation is also confirmed when analyzing the CR5 Index (80.4% in 2023), which replicates this performance in both segments of the market, with Non-Life standing at 89.0% and Life standing at 81.2%.

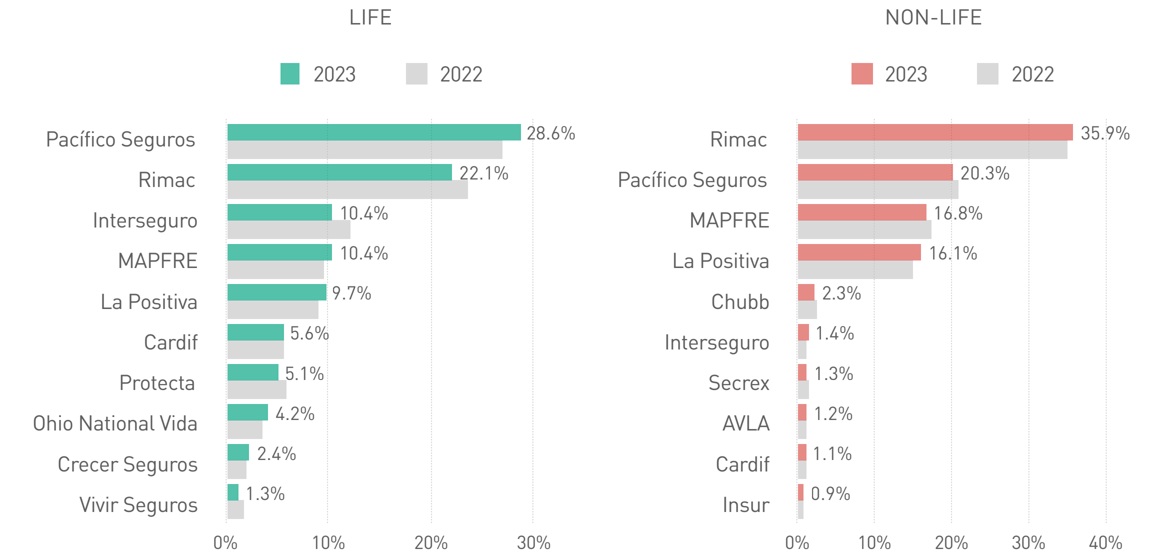
In terms of the overall market ranking, Rimac and Pacífico Seguros continued to hold the top two positions in 2023 with market shares of 29.4% and 24.2%,

Chart 3.2.5-w
Peru: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

Chart 3.2.5-x
Peru: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)

respectively. The remaining groups in the ranking were the same as in 2022, where Crecer Seguros was the only one that improved its position, rising from tenth to ninth place and leaving Chubb last in the ranking (see Chart 3.2.5-w).

Life and Non-Life rankings

In the Non-Life company ranking for 2023, Rimac, Pacífico Seguros, MAPFRE, and La Positiva continue to hold the top places, with market shares of 35.9%, 20.3%, 16.8%, and 16.1% respectively, followed by Chubb (2.3%). Interseguro and Secrex swap positions, with the former moving up, while the other three remain in the same place. In terms of the Life ranking for 2023, Pacífico Seguros remains in first place with a market share of 28.6%%, followed by Rimac with 22.1% and Interseguro with 10.4%. There is only one change in the following places, which is the rise of Cardif from seventh to sixth place, with the consequent fall of Protecta to seventh place (see Chart 3.2.5-x).

Key regulatory aspects

The following regulatory adjustments occurred in the Peruvian insurance market in 2023 and so far in 2024:

- SBS Resolution No. 0053-2023. Model Risk Management Regulations. The Regulations were published for the purpose of approving regulatory framework that establishes guidelines and minimum requirements to address the main elements for model risk management, such as development, validation, implementation, use, monitoring, and contracting of providers. Their main aspects are as follows: (i) model risk is defined as the possibility of losses derived from weaknesses in the development, validation, implementation, use, and monitoring of models, which may arise from inadequate specifications or methodologies, erroneous estimates, incorrect assumptions, calculation errors, inaccurate, inappropriate, or incomplete data, inappropriate, improper, or unforeseen use of the model, lack of understanding of the model's limitations and inadequate monitoring and/or controls, above all; (ii) minimum guidelines and requirements are established for each of the aforementioned model risk management elements; (iii) criteria related to corporate governance are established, such as the responsibilities of the Board of Directors in relation to model risk management or the creation of the model risk committee if necessary, among others; (iv) it is established that companies must submit Appendix A, "Inventory of Models," annually to the Superintendence of Banking, Insurance, and Investments (SBS), which must be submitted for the first time no later than 480 calendar days after the entry into force of the standard. It should be noted that the Regulations do not apply to actuarial models used for calculation of technical reserves and for management of technical risk, which are subject to the provisions of the Actuarial Management Regulations and Regulations on the Constitution of the Catastrophic Risk Reserve.

- Circular No. S-673-2023. Circular establishing information requirements regarding Mandatory Life Insurance for current and former workers. The standard has been issued for the purpose of promoting better market conduct and transparency of information in the insurance system. Insurance companies are required to periodically report information for the development of the database of policies and certificates for this mandatory life insurance. The Circular includes appendixes for reporting information on the contracting parties (employers), insured parties (current and former workers), as well as on the claims and technical reserves associated with this type of insurance. The process of implementing centralized information for the insurance industry As a result continues; this will provide useful and timely information for the supervision of insurance companies. Additionally, better market conduct and transparency of information will be promoted for the benefit of insured parties and the general public. It should be noted that Compulsory Life Insurance, regulated by Legislative Decree No. 688 (Social Benefits Consolidation Law and its amending regulations), is mandatory insurance that every employer must take out to cover its workers in the event of natural or accidental death and total or permanent disability due to accidents.

- SBS Resolution No. 332-2023. Regulations on credit, surety, and bond insurance issued by insurance companies. The Regulations aim to develop a guidelines framework for the accounting and prudential treatment of credit, surety and bond insurance, recognizing its particularities compared to other policies issued by insurance companies. In addition, the standards aim to establish technical and management guidelines to reinforce the regulation and supervision of credit, surety policy and bond insurance. The primary provisions are as follows: (i) differentiated treatments are established between those bonds guaranteeing credit obligations (GOC bonds) and those guaranteeing other types of obligations (GOO bonds); GOO bonds shall receive accounting and prudential treatment similar to that applicable to surety policies, while GOC bonds shall receive treatment similar to that of bonds issued by companies in the financial system (except in relation to executions); (ii) the definition of credit insurance is modified, and a specific methodology is established for calculating the unexpired risk reserve and the accounting treatment associated with this change; (iii) provisions are established for the management of credit, surety, and bond insurance; likewise, differentiated procedures are established for issuing GOC and GOO bonds and for registering models and technical notes of GOO bonds; (iv) amendments are made to the Regulations on the Unexpired Risk Reserve to incorporate a specific methodology for internal credit insurance and export credit insurance, and to the Asset Requirement Regulations to incorporate a specific methodology for surety insurance and GOO bonds based on claims and (v) the Regulations would enter into force on June 1, 2023, except for provisions concerning the accounting treatment of counter-guarantees received in cash.

- SBS Resolution No. 552-2023. Amendment of the Regulations on the Unexpired Risk Reserve. Through SBS Resolution No. 6394-2016, the Regulations on the Unexpired Risk Reserve were approved, establishing, among other provisions, the methodology for calculating the premium deficiency reserve (PDR) and guidelines that insurance and/or reinsurance companies must follow. Resolution No. 2239-2021, issued in the context of the pandemic in order to mitigate the impact of excess mortality on insurance companies, modified the PDR calculation methodology for the group or individual short-term Life insurance risk pooling, so that the PDR is calculated considering the most favorable scenario from: (i) information from the last 24 months, or (ii) information from the last 48 months. Considering that the Declaration of the State of Emergency was repealed in the fourth quarter of 2022, and that excess mortality levels due to COVID-19 decreased dramatically from the beginning of the third quarter of 2021, it was appropriate to revoke the modification of PDR calculation methodology for group or individual short-term Life insurance risk pooling.

- SBS Resolution No. 689-2023. Approving the Regulations on opening, converting, moving, or closing offices. The new Regulations came into force on May 1, 2023, repealing the regulations approved by SBS Resolution No. 4797-2015 and amendments. The scope of the new Regulations extends to companies in the financial system and insurance companies. The standard requires companies to have approved policies and procedures for opening, converting, moving and closing offices that consider, among other aspects, economic feasibility profiles, criteria of action to inform the public, safety measures, etc. Companies must request prior authorization to open, convert, move or close their offices in the national territory. There are two types of authorizations: (i) general authorization, whereby they will be able to open, convert, move or close offices in national territory without requiring specific authorization for each office move; companies with external classification of C- or lower risk can request this type of authorization during the two halves of the year prior to the date of submission of their application, and (ii) specific authorization, which must be requested by companies to move offices when they lack general authorization, either because they do not comply with the risk classification requirement indicated in the above paragraph, or because the general authorization has not been requested, has been denied, or is suspended.

- SBS Resolution No. 3004-2023. Amendment to the Regulations for the Consolidated Supervision of Financial and Mixed Conglomerates approved by SBS Resolution No. 11823-2010, as amended. Legislative Decree No. 1531 amended the General Law of the Financial System and the Insurance System and the Organic Law of the Superintendency of Banking and Insurance - Law No. 26702 and its amendments, in order to strengthen the solvency and stability of the financial system to protect savers. This Legislative Decree adapts the regulations applicable to companies in the financial system related to the composition of effective equity to the Basel III standard: Global regulatory framework to strengthen banks and banking systems of December 2010 and revised in June 2011 of the Basel Committee on Banking Supervision. Given that these changes had an impact on the solvency regulations at the individual level (in the financial system), it was deemed necessary to amend the Regulations for the Consolidated Supervision of Financial and Mixed Conglomerates in order to adapt them to the provisions of Legislative Decree No. 1531. Accordingly, the provisions related to the capital and effective equity requirements corresponding to the consolidated group of the financial system were updated. Likewise, the provisions relating to the capital and effective equity requirements of the financial group were updated, taking into consideration the nature of the company responsible for sending the information (financial system company or insurance company).

- SBS Resolution No. 3240-2023. They amend the *Regulation on Financial System Market Conduct Management,* approved by SBS Resolution No. 3274-2017 and amendments thereto. One of the changes to the Regulation on Financial System Market Conduct Management was applicable to companies in the financial system that offer insurance considered as a condition for taking out a loan (credit insurance and insurance for the protection of collateral). These companies are instructed that additional clauses to the contracted policies or insurance products that provide coverage other than that of the credit loss insurance or insurance oriented to the protection of the collateral must be optional and must be contracted independently, requiring the express consent of the users for each insurance product or additional coverage.

- SBS Resolution No. 3421-2023. Amendment to Model Risk Management Regulations. SBS Resolution No. 3421-2023 provides, among other aspects, that the provisions on the development, implementation, use, validation, and follow-up of models, as well as those relating to services provided by third parties in model risk management, will be applied to insurers according to the following timetable: as from November 30, 2025, for operational risk and money laundering models, and as from January 1, 2025, for credit, market, and liquidity risk models.

- SBS Resolution No. 3797-2023. Amendment of the Regulation for the Management of Information Security and Cybersecurity (SBS Resolution No. 504-2021) and Circular No. S-661-2016 "Insurance products subject to the simplified regime of due diligence in know-your-client processes." SBS Resolution No. 3797-2023 provided for the following changes: (i) the Regulation for the Management of Information Security and Cybersecurity is amended in order to specify that the enrollment of a user through a digital channel requires a single authentication factor with respect to insurance products included in the simplified due diligence regime of know-your client processes; and (ii) Circular No. S-661-2016 is amended in order to update the list of insurance products subject to the simplified due diligence regime in know-your-client processes: mandatory insurance, insurance taken out by individuals or legal entities on behalf of and in favor of their workers, group or collective insurance, mass insurance, school insurance, personal accident insurance and/or medical assistance insurance, funeral expenses insurance, pension insurance and life annuities associated with the SPP, micro-insurance, extended guarantee insurance, Life insurance without savings or investment component, professional third-party liability insurance and insurance products that are associated with a credit transaction (offered through bancassurance).

- SBS Resolution No. 3974-2023. Amendment of the Appendices of the Regulation on Mathematical Provisioning of Income Insurance and Asset Adequacy Analysis (approved by SBS Resolution No. 887-2018) and of the Appendices and Table I of the Information Center for Supplementary Occupational Risk Insurance, SCTR (approved by Circular No. S-670-2019). Supreme Decree No. 022-2023-SA, published on August 11, 2023, amended

Article 20 of the SCTR Technical Standards. This article established that the pensions granted in the SCTR may be granted in local or foreign currency, with the agreed adjustment rate, as agreed in the policy taken out by the employer; for pensions agreed in local currency, a new alternative is incorporated, which may be adjusted at a fixed annual rate of not less than 2%, with a revision in the periods beginning in January, April, July, and October. In order to adapt the information appendices to the aforementioned regulatory changes, SBS Resolution No. 3974-2023 includes the option of a currency in soles adjusted for SCTR income in Appendices SV-17, SV-18, and SV-19 of the "Regulations on Mathematical Provisioning of Income Insurance and Asset Adequacy Analysis" approved by SBS Resolution N° 887-2018 and amendments thereto, as well as in Appendices SV-9A, SV-9B, SV-9C, and Table I of the SCTR Information Center approved by Circular No. S-670-2019.

- SBS Resolution No. 12-2024. Amendment to the Regulations on the Registry of Insurance Intermediaries and Auxiliary Companies, Foreign Reinsurance Companies, and Cross-Border Insurance Activities. SBS Resolution No. 12-2024 amends the "Regulations on the Registry of Insurance Intermediaries and Auxiliary Companies, Foreign Reinsurance Companies, and Cross-Border Insurance Activities." The Resolution lays down registration requirements in order to make the process more efficient. The primary changes are as follows: (i) it is no longer required that the authorization Resolutions be published in the journal; the SBS will publish the registration authorization on its institutional website, and the applicant must do the same on its own website, if it has one; and (ii) it is no longer required that individuals who have passed the competency evaluation to become brokers submit various policies and procedures manuals (in these cases it is only required that they submit a sworn statement indicating that they have such manuals).

- SBS Resolution No. 361-2024. Modification of the Regulations for the opening, conversion, transfer, or closing of offices, due to the implementation of the Office Inventory System (SIOFI). SBS Resolution No. 361-2024 informs that the SBS has implemented a web application, called Office Inventory System, which will allow the administrators to directly record the movements of offices and ensure that such inventory is updated in real time. For such reason, Appendix B, "Office Movements," and Exhibit C, "Inventory of Offices in Operation," are deleted.

- SBS Resolution No. 397-2024. Amendment to the "Regulation on Equity Requirements of Insurance and Reinsurance Companies," the Chart of Accounts for Companies of the Insurance System and other provisions. SBS Resolution No. 397-2024 amends several regulations, including the following: (i) the Chart of Accounts for Companies of the Insurance System is amended in order to have liability risk information for additional premium reserves and risk arising from separable savings and/or investment components, where the financial risk is totally or partially assumed by the company; (ii) the "Regulation on Equity Requirements of Insurance and Reinsurance Companies" is amended by way of clarifications on the calculation of indebtedness; also, considering that the level of excess mortality by COVID-19 decreased drastically since the beginning of the third quarter of 2021, the modification of the calculation methodology, based on claims, of the solvency margin of group Life insurance is rendered null and void; and (iii) Appendix ES-33 is amended in order to specify the type of remunerations that must be reported.

- SBS Resolution No. 854-2024. Amendment of the Chart of Accounts for Companies of the Insurance System (SBS Resolution No. 348-95 and amendments thereto). The Chart of Accounts is amended in order to specify that insurance companies must publish on their official website their audited year-end financial statements and the opinion of the External Auditor on the reasonableness of the financial statements within seven working days of approval by the General Shareholders' Meeting, and must keep them continuously available to the public. It should be noted that insurance companies were previously required to publish annual financial information in two daily journals. Likewise, the Resolution establishes that insurance companies must publish their annual report on their website (previously it was only sent to the SBS).

- SBS Resolution No. 855-2024. New regulation on Subordinated Debt Applicable to Insurance Companies. The new Regulation on Subordinated Debt" Applicable to Insurance Companies" updates the regulatory framework on subordinated debt in line with international standards on the matter, as well as current provisions applicable to companies in the financial system. The main provisions of the regulation are as follows: (i) the definition and general characteristics that subordinated debt must meet are updated, as well as the treatment applicable to amendments to subordinated debt contracts; (ii) the requirements of the authorization procedure for the issuing of subordinated debt instruments or to contract subordinated debt are updated; and (iii) the limit for subordinated debt in effective equity is updated (40% of effective equity).

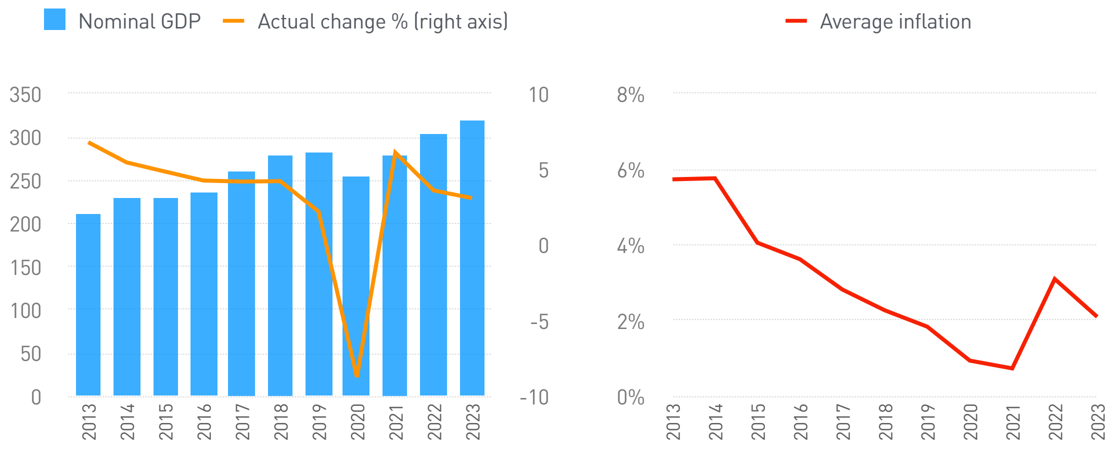
- SBS Resolution No. 1438-2024. Amendment of the Regulation on Micro-insurance Policies. SBS Resolution No. 1438-2024 amended the regulation governing micro-insurance policies (SBS Resolution No. 2829-2016), specifically updating the definition of micro-insurance and including the possibility of terminating the contract without giving a reason. With respect to the definition of micro-insurance, a change is made in the parameter that determines the maximum premium to be charged in order for these products to be deemed micro-insurance. Prior to the amendment, the monthly premium could not exceed 2% of the Minimum Living Wage (RMV); henceforth, it may not exceed 0.60% of the Taxation Unit (UIT). The UIT has been established as the base reference variable for the maximum premium to be charged for micro-insurance because, unlike the RMV, it better reflects the country's economic situation, according to information published by the Ministry of Economy and Finance. In addition, it is a less volatile variable than the Consumer Price Index. Another important change is the inclusion of the "termination without a reason" clause. Thus, it is established that, with the exception of Life and Health insurance, either party has the right to terminate the contract without giving a reason. If the company exercises the right to terminate the contract, it must give prior notice of at least 30 days to the insured party and/or contracting party. If the insured party and/or the contracting party requests termination of the contract, he/she must be informed of his/her right to request the return of the premium based on the unexpired term, when applicable. Lastly, the content of the information report regarding these products is modified, which must be reported semiannually, instead of annually, as previously established.

3.2.6 Bolivia

Macroeconomic environment

Bolivia's economy grew by 3.1% in real terms in 2023 (3.6% in 2022), slowing the pace of recovery of previous years due to an economic situation of internal headwinds from the oil and gas sector, while suffering the adverse effects of natural phenomena such as droughts and La Niña (see Chart 3.2.6-a). Domestic demand continued to moderate throughout the year, showing signs of exhaustion, in line with an unemployment rate that fell to 3.9%, but which continues to be influenced by a high level of precariousness. Added to this is the lack of

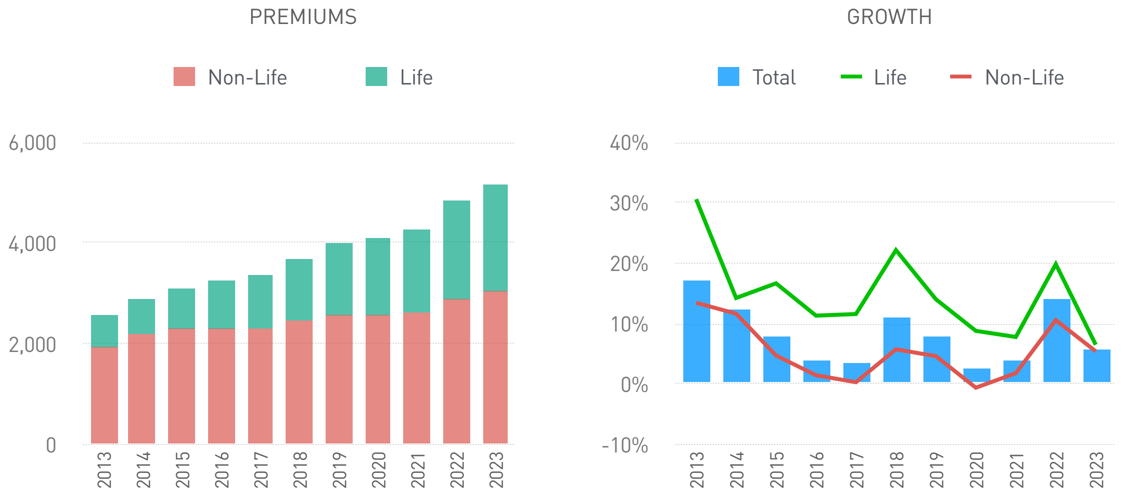
Chart 3.2.6-a
Bolivia: changes in economic growth and inflation
(GDP in local currency, billions of bolivianos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

positive catalysts, such as the scarcity of hydrocarbon-related initiatives, the Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) Plan, which continues to fall short of expectations, and the deterioration of the external environment. This is negatively affecting raw material prices and, accordingly, the outlook for lithium mining activities, which are currently driven by public investment with the Yacimientos de Litio Bolivianos project, as well as the present capacities of other zinc, silver, and lead extractive industries. In fact, the gap between exports and imports continued to widen in 2023, worsening the trade deficit. Nor did fiscal policy show balanced dynamics, as tax revenues have deteriorated throughout the year, while the government continued to pursue the planned fiscal expansion; factors that have raised the debt to GDP ratio to levels of around 68.8%.

Chart 3.2.6-b
Bolivia: growth developments in the insurance market
(premiums, millions of bolivianos; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

In addition, the average inflation rate for 2023 stood at 2.1%, compared to 3.1% the previous year due to several idiosyncratic factors such as La Niña and its consequences. These have had a negative impact on the Food and Beverages item, as well as on Transportation, which included increases in urban and regional public transportation fares. Since the central bank does not use interest rates as an instrument of monetary policy, but relies on an exchange rate mechanism, imported inflation was kept under control owing to the stable behavior of the exchange rate provided by the central bank, a mechanism that is under pressure due to the fall in international reserves.

Thus, for 2024, the ECLAC estimates that the Bolivian economy will grow by 1.7% (2.2% in 2025), compared to the IMF's 1.6%; these forecasts suggest that growth will continue to moderate in the future, although with a tendency towards a certain improvement in the coming year.

Insurance market

Growth

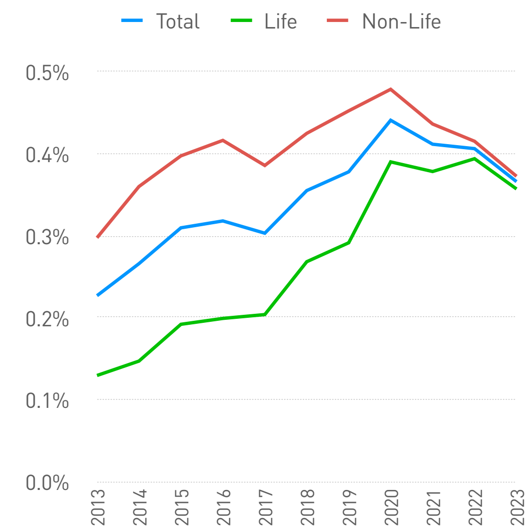
Premiums in the Bolivian insurance market in 2023 amounted to 5.1 billion bolivianos (744.9 million dollars), representing nominal growth of 5.8% and real growth of 3.2% compared to the previous year. Of these 2023 premiums, 58.7% related to Non-Life insurance, with the remaining 41.3% relating to Life insurance (see Table 3.2.6 and Chart 3.2.6-b). Life insurance continued on its upward trend (which has remained uninterrupted for more than a decade), accounting for 41.3% of premiums (24.0% in 2013). Life insurance premiums increased to 2.1 billion bolivianos (307.4 million dollars), which represents a nominal increase of 6.5% and a real increase of 3.8%. Although the largest increase occurred in the Life Annuity line (51.1% in nominal terms and 47.3% in real terms), its premium volume is so small that its contribution to growth is lower than that of the individual Life modality, which accounts for 16.5% of the Life premiums and decreased by

Table 3.2.6
Bolivia: premium volume[1] by insurance line, 2023

Line	Millions of bolivianos	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**5,144.8**	**744.9**	**5.8**	**3.2**
Life	**2,123.1**	**307.4**	**6.5**	**3.8**
Group Life	1,741.3	252.1	8.3	5.6
Individual Life	351.0	50.8	-4.0	-6.4
Life annuity	30.7	4.4	51.1	47.3
Non-Life	**3,021.8**	**437.5**	**5.4**	**2.7**
Automobiles	832.1	120.5	8.5	5.8
Other lines	601.2	87.0	4.9	2.3
Fires	278.0	40.3	-7.2	-9.5
Third Party Liability	136.6	19.8	4.4	1.8
Transport	265.9	38.5	15.3	12.4
Technical risks	138.7	20.1	16.0	13.1
Surety	124.8	18.1	6.3	3.6
Health	548.7	79.4	3.7	1.0
Personal Accidents	95.7	13.9	-4.6	-7.0

Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)
1/ Direct premiums

Chart 3.2.6-c
Bolivia: share of insurance premiums in Latin America
(%)



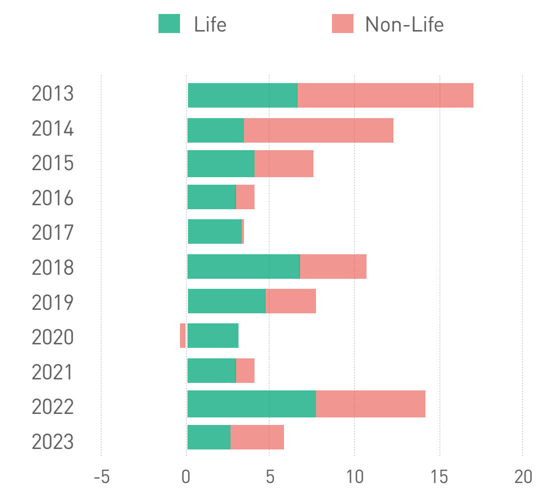
Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority and supervisory bodies in the region)

-4.0% (-6.4% in real terms) in 2023, while collective Life increased by 8.3% (5.6% in real terms). Meanwhile, Non-Life insurance premiums (which made up 58.7% of premiums in 2023) saw nominal growth of 5.4%, or 2.7% in real terms, reaching 3.0 billion bolivianos (437.5 million dollars). Automobile was the most important modality, which includes Compulsory Traffic Accident Insurance (SOAT) and which increased by 8.5% in nominal terms (5.8% in real terms) in 2023.

Over the past decade, the change in the share of total premiums and by Life and Non-Life segments of the Bolivian market compared to the Latin American market has been favorable, although it still carries little weight in the regional total, which went from 0.2% in 2013 to 0.4% in 2023. Similarly, the share in the Life line has also grown from 0.1% in 2013 to 0.4% in 2023, and in the Non-Life line from 0.3% to 0.4% (see Chart 3.1.1-c). However, it should be noted that, as from 2021, this regional market share has begun to show a downward trend, especially in the Non-Life insurance segment.

Also, as shown in Chart 3.2.6-d, in the Bolivian insurance sector's nominal growth of 5.8% in 2023, Life insurance had a positive contribution of 2.7 pp, while the Non-Life insurance segment had a higher contribution of 3.2 pp. It is noteworthy that, except for the year 2020, both market segments have had positive contributions to the sector's growth in the rest of the period analyzed.

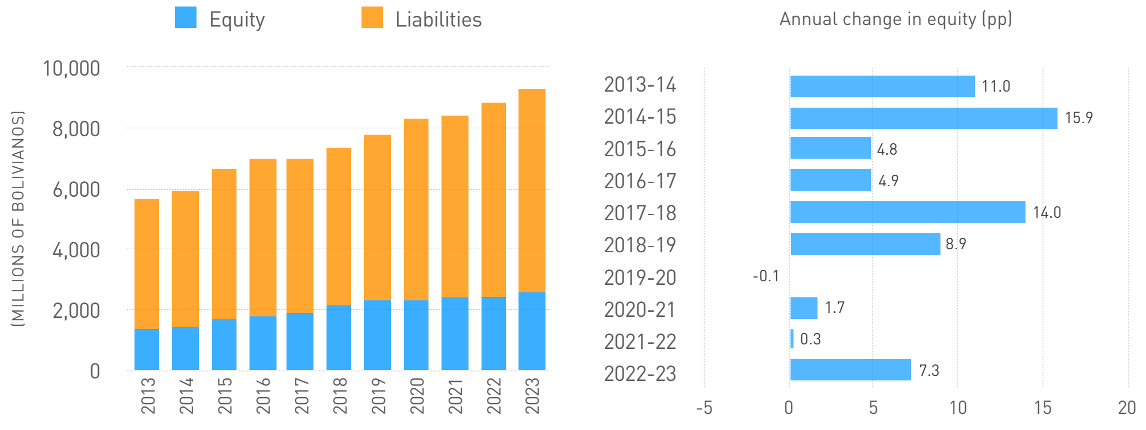
Chart 3.2.6-d
Bolivia: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	17.1	6.6	10.5
2014	12.2	3.4	8.8
2015	7.6	4.1	3.5
2016	4.0	3.0	1.1
2017	3.5	3.3	0.2
2018	10.7	6.8	4.0
2019	7.8	4.7	3.0
2020	2.7	3.1	-0.4
2021	4.0	2.9	1.1
2022	14.2	7.7	6.4
2023	5.8	2.7	3.2

Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-e
Bolivia: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)

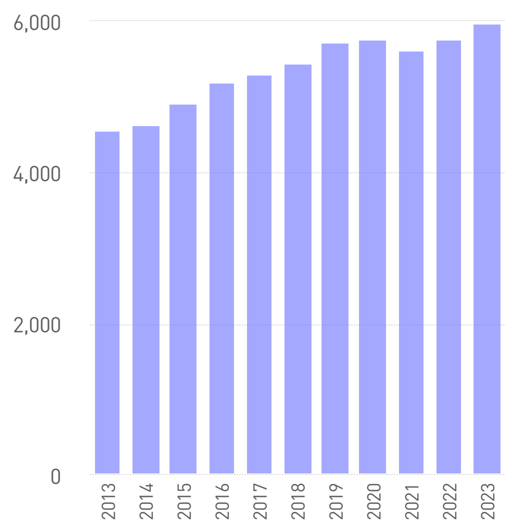


Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Balance sheet and shareholders' equity

Chart 3.2.6-e shows the Bolivian insurance industry's aggregate balance sheet at the sector level. This data shows that the industry's total assets amounted to 9.2 billion bolivianos (1.3 billion dollars) in 2023, while equity totaled 2.5 billion bolivianos (368.8 million dollars), up 7.3 pp from 2022. Moreover, the Bolivian insurance industry maintained aggregate capitalization levels (measured on total assets) of over 20% between 2013 and 2023, reaching 27.6% of total assets in 2023.

Chart 3.2.6-f
Bolivia: insurance market investments
(millions of bolivianos)

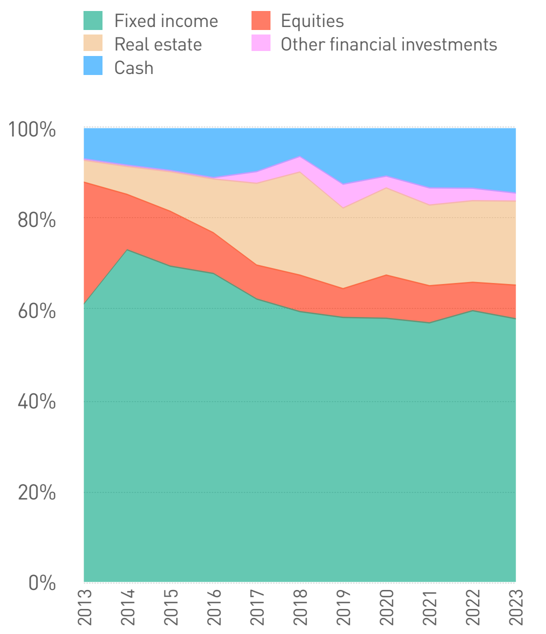


Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Investments

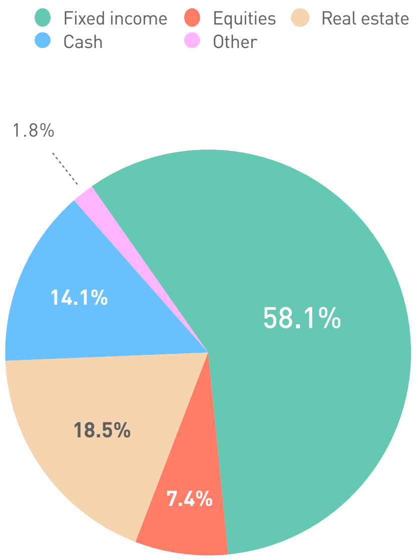
Changes in investment in the Bolivian insurance market between 2013 and 2023 are shown in Chart 3.2.6-f. Total investment reached 5.9 billion bolivianos (861.1 million dollars) in 2023. Charts 3.2.6-g and 3.2.6-h show changes in the composition of the investment portfolio at the sector level in the Bolivian insurance market over the period between 2013 and 2023. In 2023, the investment portfolio was divided into fixed income (58.1%) and, to a significantly lesser extent (7.4%), equity instruments, property (18.5%), cash and cash equivalents (14.1%), and other investments (1.8%). The structure of the portfolio has changed significantly over the period under analysis, with the weight of investment in equities falling from above 26% in 2013 to 7.4% by 2023. Meanwhile, the weight of real estate assets increased from 4.8% in 2013 to 18.5% in 2023.

Chart 3.2.6-g
Bolivia: structure of investments
(%)



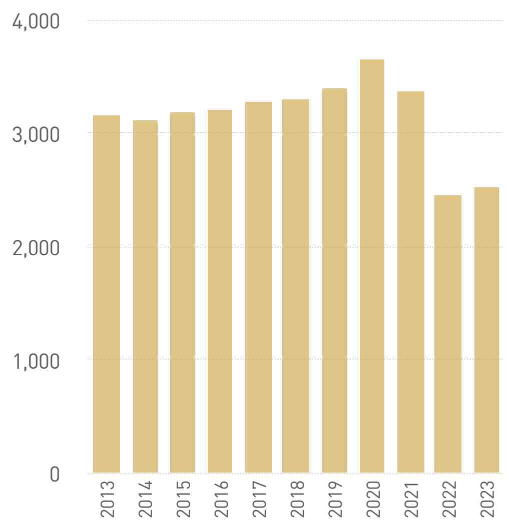
Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-h
Bolivia: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-i
Bolivia: technical provisions of the insurance market
(millions of bolivianos)

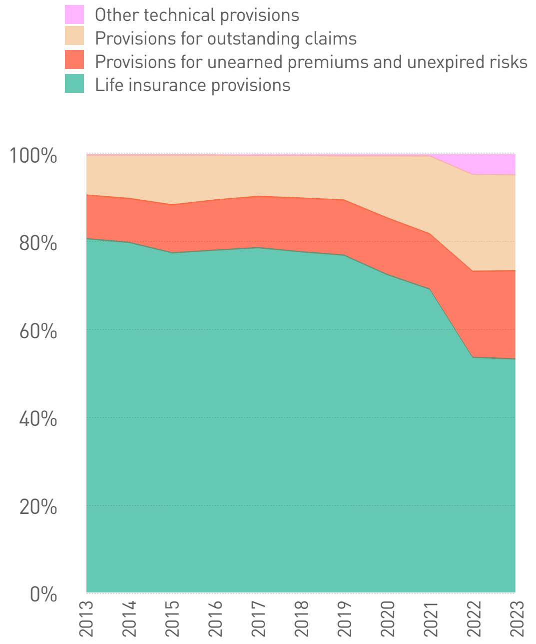


Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Technical provisions

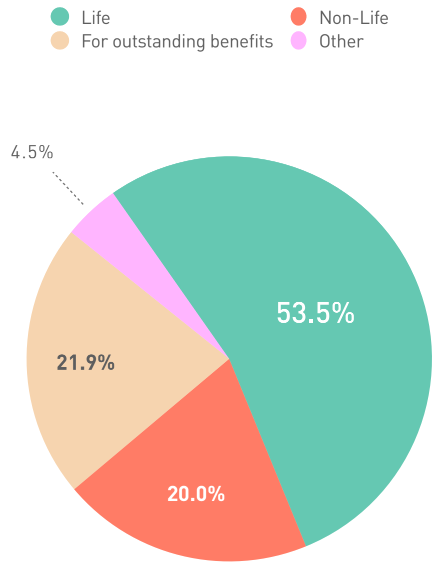
The performance and relative composition of technical provisions within the Bolivian insurance industry are shown in Charts 3.2.6-i, 3.2.6-j and 3.2.6-k. The charts show that in 2023, technical provisions stood at 2.5 billion bolivianos (364.7 million dollars), with a significant decline from 2022. At the close of 2023, 53.5% of total technical provisions related to Life insurance, 20.0% to provisions for unearned premiums and unexpired risks in Non-Life insurance, and 21.9% to provisions for outstanding benefits. Starting in 2013, there is a sustained reduction in the weight of the provision for Life insurance, falling from 80.9% of total provisions in 2013 to 53.5% in 2023. The same is the case in absolute values, which decreased from 2.6 billion bolivianos in 2013 to 1.3 billion bolivianos in 2023. During the same period, provisions for unearned premiums and unexpired risks in Non-Life insurance grew 60.9%, from 313.9 million bolivianos in 2013 to 505.2 million bolivianos in 2023.

Chart 3.2.6-j
Bolivia: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-k
Bolivia: structure of technical provisions, 2023
(%)

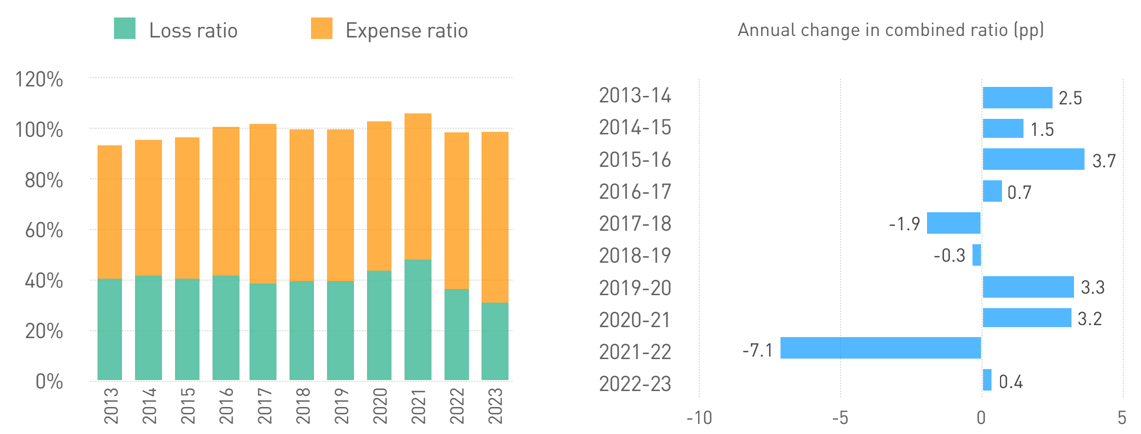


Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Technical performance

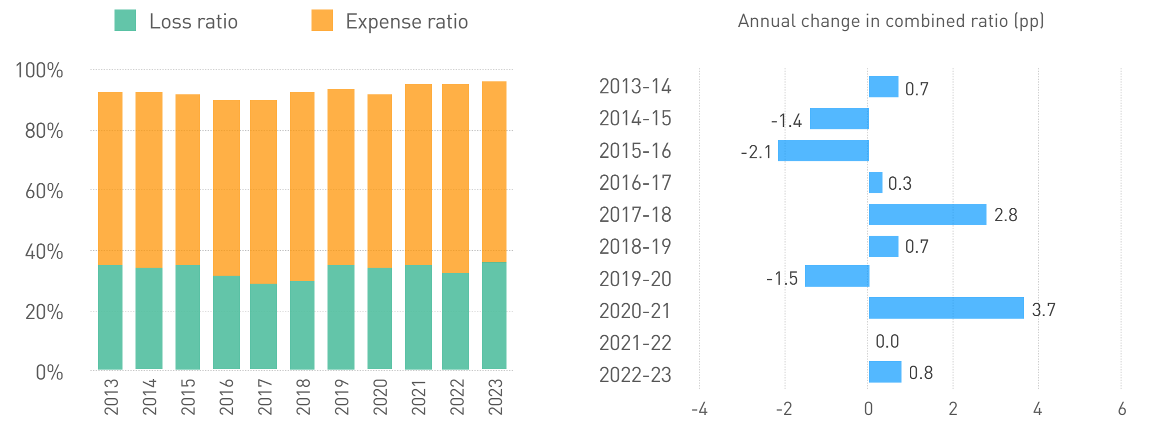
As regards the technical performance of the Bolivian insurance market, as shown in Chart 3.2.6-l, the total combined ratio worsened by 0.4 pp in 2023 to 98.9%, despite a decrease of 4.8 pp in the loss ratio, as the expense ratio increased more substantially (5.2 pp). Meanwhile, the combined ratio for Non-Life insurance companies in 2023 fell by 0.8 pp to 96.2%. This performance was due to a worsening of 3.8 pp in the loss ratio and a

Chart 3.2.6-l
Bolivia: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-m
Bolivia: changes in Non-Life market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

smaller decrease in the expense ratio of 3.0 pp, thus increasing the trend of recent years (see Charts 3.2.6-l and 3.2.6-m).

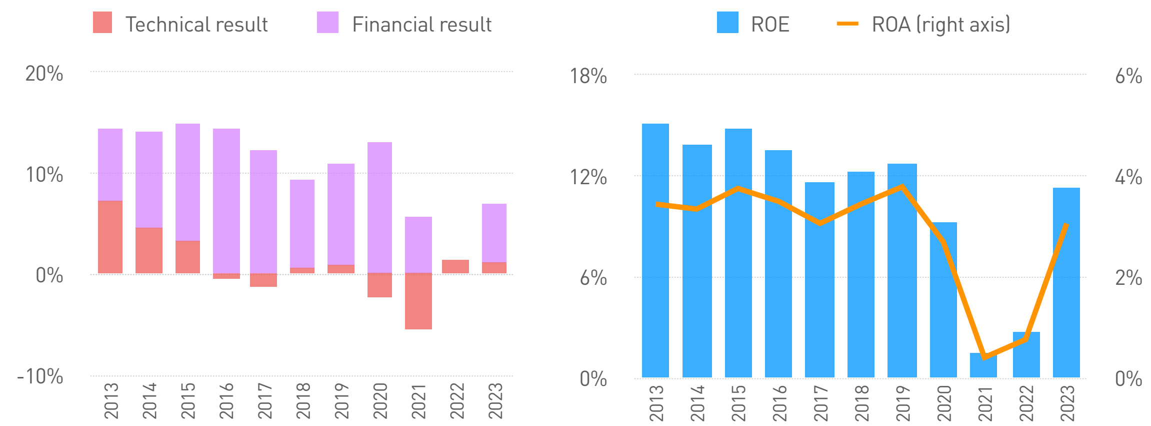
Results and profitability

The financial result of Bolivia's insurance sector in 2023 was a profit of 231.3 million bolivianos (33.5 million dollars), compared to a loss in 2022. As shown in Chart 3.2.6-n, this better financial result offset the lower technical result and led to an increase of 322.4% in the net result for 2023, which came to 276.5 million bolivianos (40 million dollars). In terms of profitability, return on equity (ROE) stood at 11.2% in 2023, increasing by 8.5 pp compared to 2022. The same holds true for return on assets (ROA), which reached 3.1% in 2023, up 2.3 pp on 2022.

Insurance penetration, density and depth

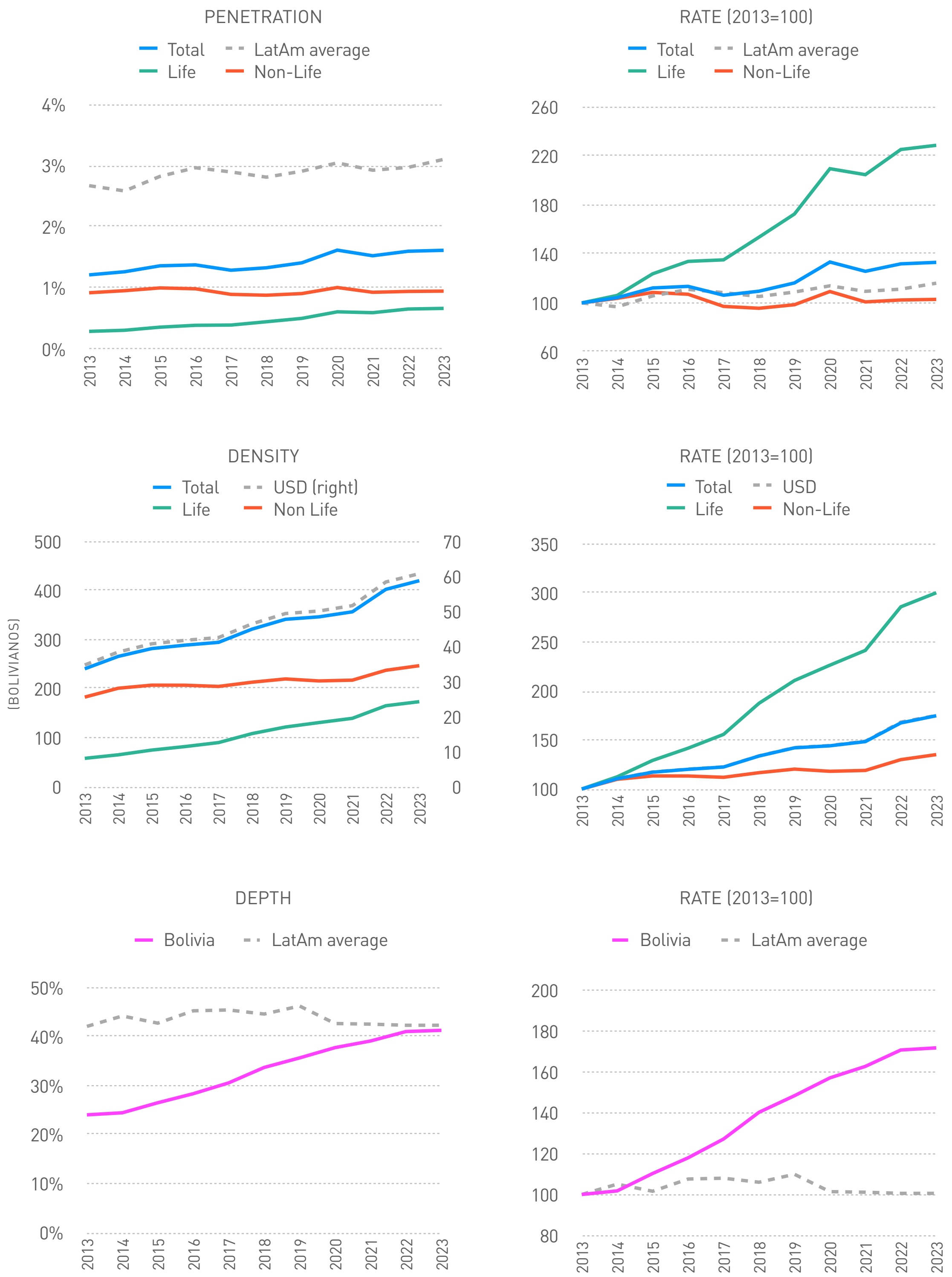
Chart 3.2.6-o shows the main structural trends shaping the development of the

Chart 3.2.6-n
Bolivia: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-o
Bolivia: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, bolivianos and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Bolivian insurance industry over the 2013–2023 period. The penetration ratio (premiums/GDP) was 1.6% in 2023, just 0.4 pp higher than in 2013, still far below the averages observed in the Latin American region. In terms of insurance density (premiums per capita), the indicator stood at 420.2 bolivianos (60.8 dollars) in 2023, following an upward trend over the decade under analysis, showing growth of 74.7% since 2013, when density stood at 240.5 bolivianos. Lastly, with regard to depth (Life insurance premiums in relation to total premiums), the indicator for 2023 stood at 41.3%, up 17.2 pp from 2013. In this case, the depth of the Bolivian market followed an upward trend over the course of the period under analysis, virtually converging with average regional levels in 2023.

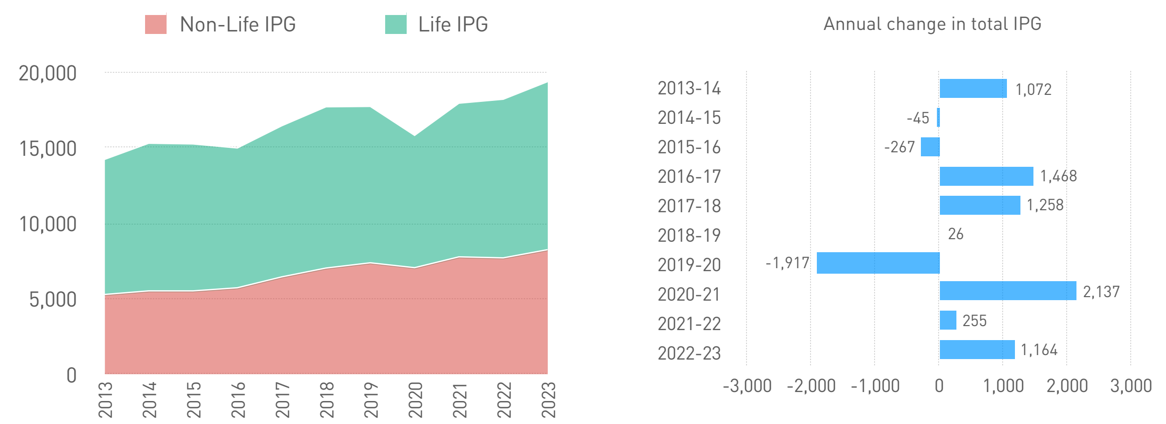
Insurance Protection Gap estimate

Chart 3.2.6-p provides an update of the IPG estimate for the Bolivian insurance market over the 2013–2023 period. The IPG came to 19.4 billion bolivianos (2.8 billion dollars) in 2023, equivalent to 3.8 times the size of the country's actual insurance market at the end of that year. As in other Latin American insurance markets, the structure and performance of the insurance gap over the last decade are largely attributable to the Life insurance segment. In 2013, 62.9% of the IPG was related to Life insurance, which amounted to 8.9 billion bolivianos. By 2023, this had fallen to 57.4% (11.1 billion bolivianos). Thus, the potential insurance market in Bolivia in 2023 (the sum of the existing insurance market and the IPG) was estimated at 24.5 billion bolivianos (see Chart 3.2.6-q).

Chart 3.2.6-r provides an estimation of the insurance gap as a multiple of the actually existing market in each year of the period under analysis. In this case, the IPG, measured as a multiple of the actual market, began to decline significantly from 2013, down from 5.5 to 3.8 times by 2023. The Non-Life insurance segment shows a relatively stable trajectory, standing at 2.7 times after a decade. Lastly, in the Life insurance segment, the IPG as a multiple of the actual market shows a declining trend between 2013 and 2023, falling from 14.5 to 5.2 times over that period.

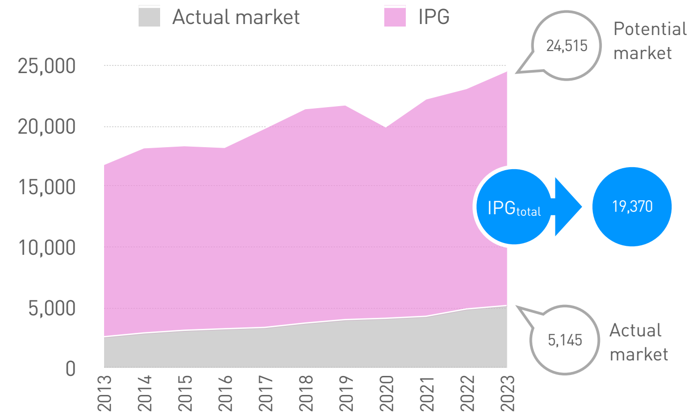
Additionally, Chart 3.2.6-s shows the changes in the insurance gap as a multiple of the actual market for the Life and Non-Life segments and for the total Bolivian insurance market in 2013 and 2023. As shown by the data, during this period the situation improved only in the Life insurance segment, with the IPG (measured in relative

Chart 3.2.6-p
Bolivia: Insurance Protection Gap
(millions of bolivianos)



Source: MAPFRE Economics

Chart 3.2.6-q
Bolivia: Insurance Protection Gap and potential market
(millions of bolivianos)



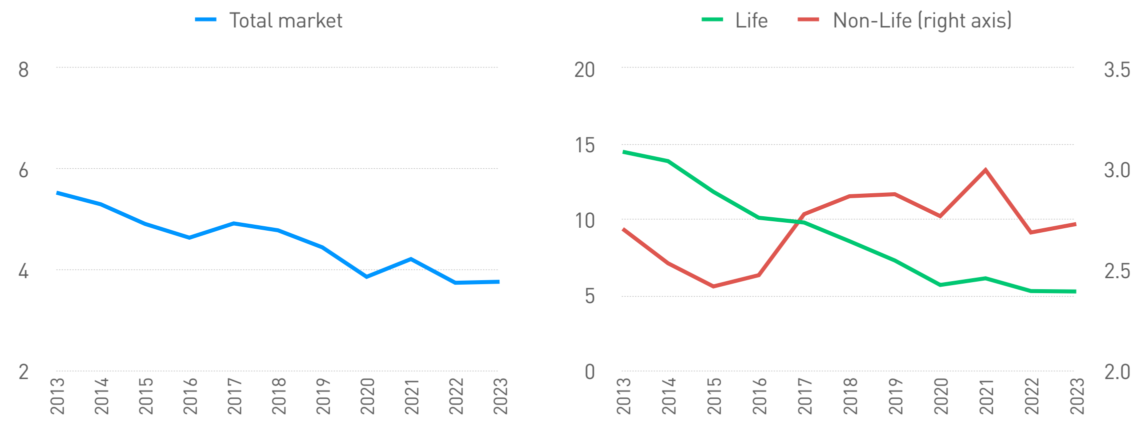
Change	Actual market	IPG
2023-2013	100.3%	36.2%
2023-2022	5.8%	6.4%

Source: MAPFRE Economics

terms) remaining practically unchanged in the Non-Life insurance segment.

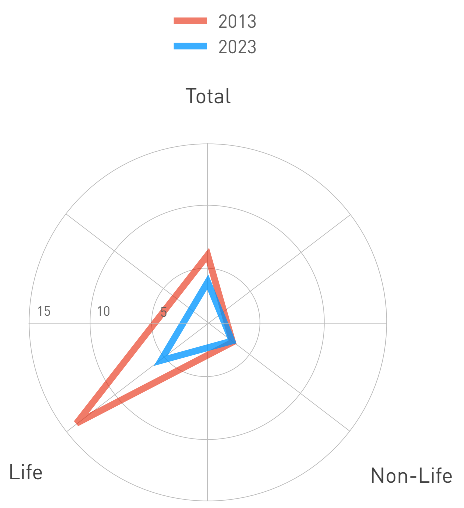
Lastly, Chart 3.2.6-t provides an updated evaluation of the Bolivian insurance market's capacity to close the insurance gap determined in 2023. It uses a comparative analysis between the growth rates observed over the last 10 years in this market and the growth rates that would be required to close this insurance gap. As such, the Bolivian insurance market reported an average annual growth rate of 7.2% between 2013 and 2023, which consisted of an average rate of 13.2% in the Life segment and 4.5% in the Non-Life insurance segment. Thus, were the same growth pattern to continue over the next 10 years, the Bolivian market as a whole would still fall 9.7 pp short of the amount needed to bridge the IPG calculated for 2023. The same would apply to both the Life insurance segment (short by -6.9 pp) and the Non-Life segment (short by -9.6 pp). This means that in order to close the insurance gap estimated for 2023, the

Chart 3.2.6-r
Bolivia: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.2.6-s
Bolivia: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

Bolivian insurance market would require annual growth rates substantially higher than those observed over the last decade: 16.9% for the total market, and 20.1% and 14.1% for the Life and Non-Life segments respectively.

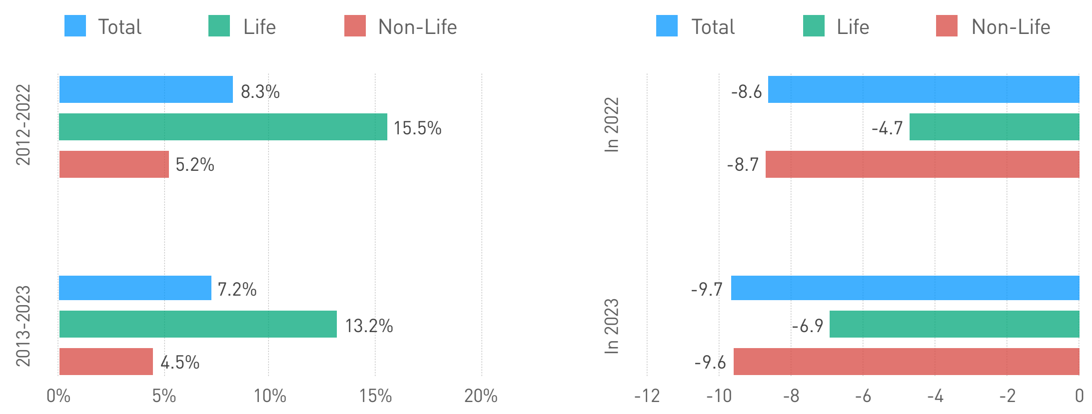
Market Development Index (MDI)

Chart 3.2.6-u shows an estimate of the Market Development Index (MDI) for the Bolivian insurance industry. The purpose of the indicator is to summarize trends shaping the performance and maturity of insurance markets. In the case of the Bolivian insurance sector, the indicator shows a positive trend throughout the period under analysis (2005–2023), with a trend above that recorded by the average of the region's insurance markets from 2019.

Comparative analysis of structural coefficients

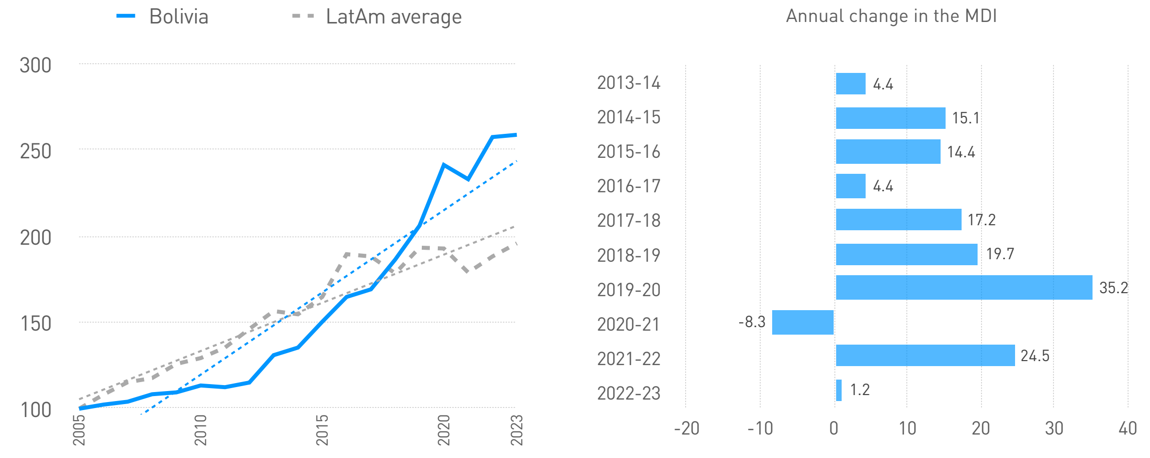
Chart 3.2.6-v shows the Bolivian insurance market's situation in comparison with the average for Latin America, measured in terms of the various structural coefficients analyzed in this report: penetration, density, depth, and MDI. With the exception of the market performance index and depth, these coefficients are below the regional average, especially in terms of density (premiums per capita). The dispersion analysis confirms that, over the 2013–2023 period, the Bolivian insurance industry showed balanced development

Chart 3.2.6-t
Bolivia: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.2.6-u
Bolivia: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

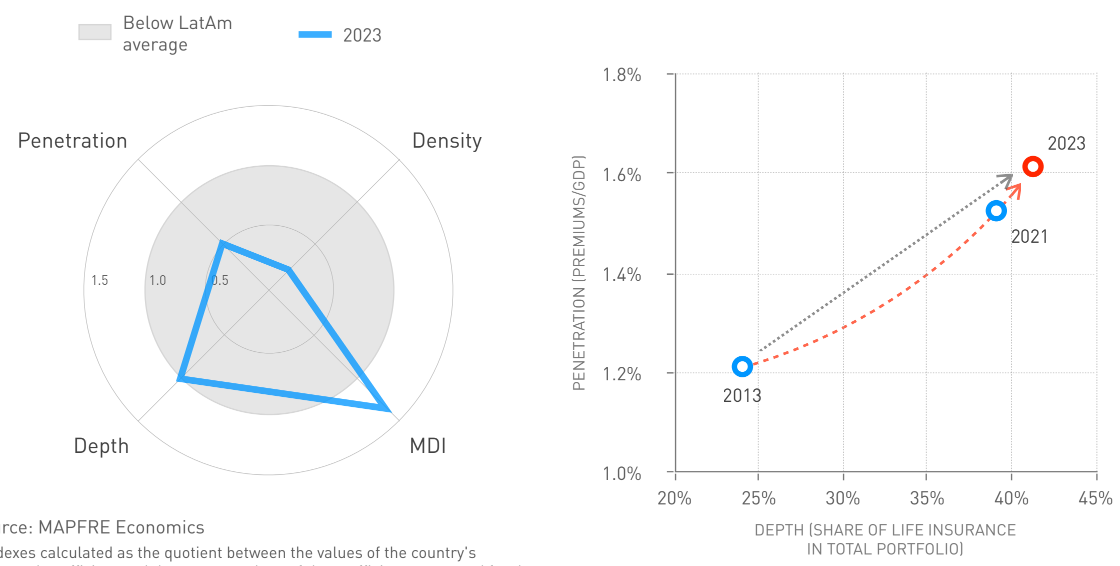
characterized by improvements in both penetration levels (quantitative aspect of market development) and depth levels (qualitative aspect).

Insurance market rankings

Total ranking

There were 19 insurance companies operating in the Bolivian insurance market in 2023, the same as in 2022. Nine of these companies

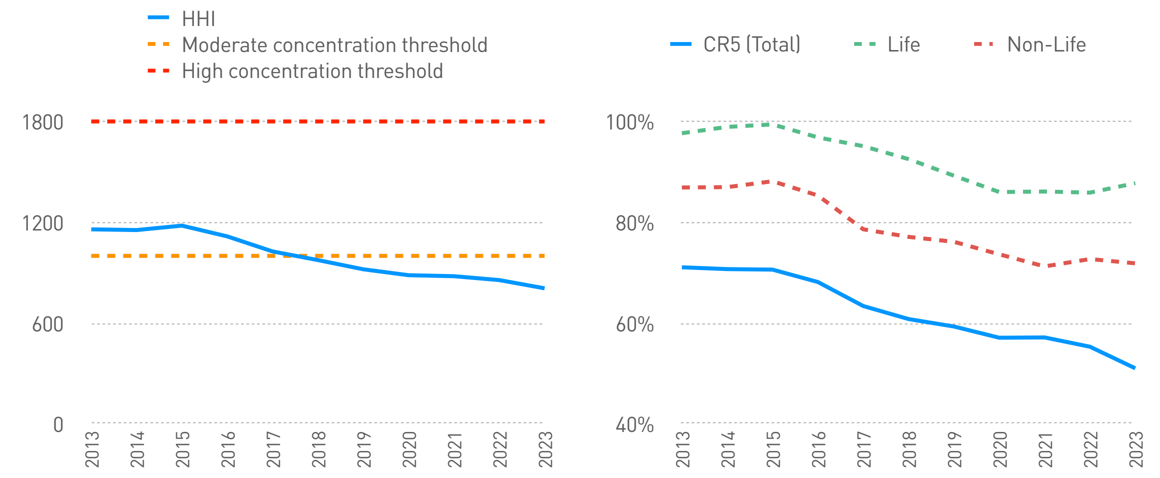
Chart 3.2.6-v
Bolivia: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Chart 3.2.6-w
Bolivia: insurance industry concentration
(Herfindahl index; CR5 index, %)

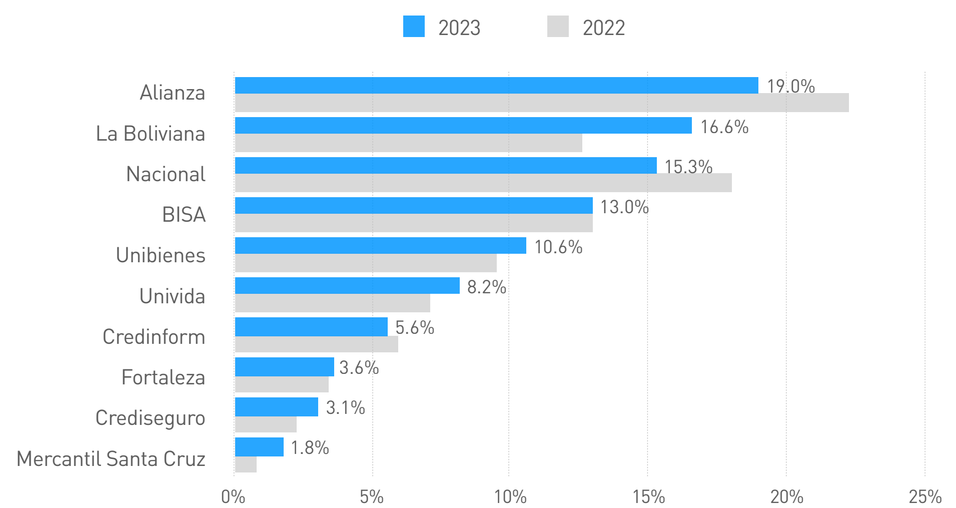


Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

operated exclusively in the People line, while the remaining 10 operated in General P&C and Bonds insurance. Concentration levels in the Bolivian insurance market have shown a declining trend over the past decade, especially since 2016. In 2018, the Herfindahl Index crossed below the threshold indicating a moderate concentration level and stayed below this threshold until 2023. Similarly, the top five insurance companies together accounted for 51.0% of total premiums, a decrease of 4.3% compared to the previous year (see Chart 3.2.6-w).

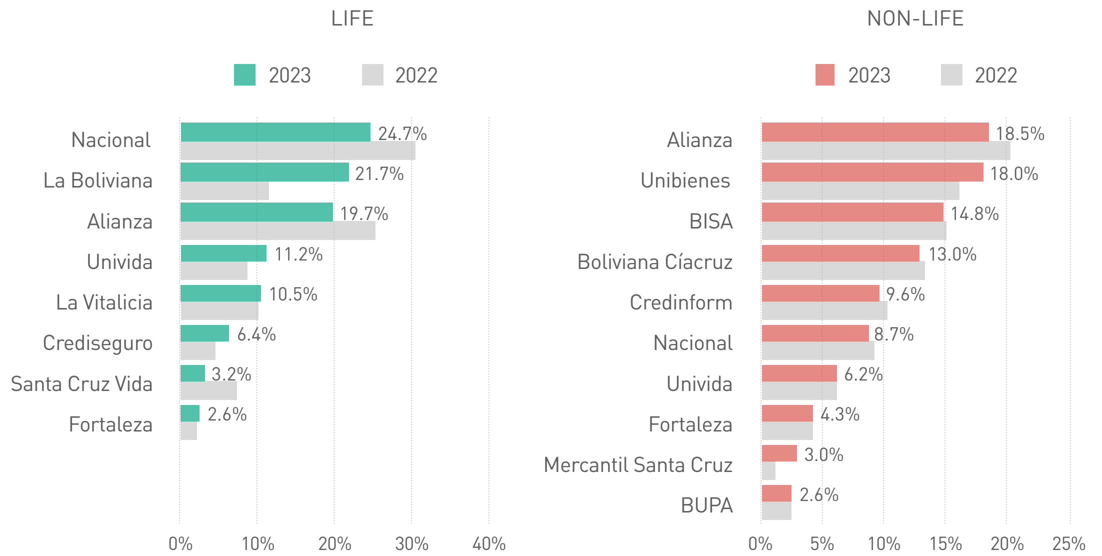
In 2023, the total ranking of insurance companies in the Bolivian insurance market was led once again by Alianza Seguros, with a market share of 19.0%. Following behind were

Chart 3.2.6-x
Bolivia: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

Chart 3.2.6-y
Bolivia: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)

La Boliviana with 16.6% and Nacional with 15.3%. Fourth place was held by BISA, with a market share of 13.0% in 2023 (see Chart 3.2.6-x).

Life and Non-Life rankings

The 2023 Non-Life insurance ranking was also headed by Alianza Seguros with a market share of 18.5%, followed by Unibienes with 18.0%, and BISA with 14.8% in third. The Life insurance ranking for 2023 was again topped by Nacional Seguros with a premium market share of 24.7%, followed by La Boliviana with 21.7%, and Alianza with a market share of 19.7% (see Chart 3.2.6-y).

Key regulatory aspects

In terms of regulations relating to the operation of the Bolivian insurance industry, the most relevant regulations issued in 2023 and so far in 2024 are detailed below:

- Supreme Decree 5145 (04/10/2024). Amends Supreme Decree No. 25465 of 07/23/1999, incorporating a new tax refund modality.
- RA 1621 2023 (12/19/2023). Authorizes Seguros y Reaseguros Personales Univida, S.A. to manage and market the Compulsory Traffic Accident Insurance for Construction Workers (SOATC).
- RA 1432 2023 (11/16/2023). Amendments to the Insurance Sector Sanctions Regulations.
- RA 1414 2023 (11/13/2023). Authorizes Seguros y Reaseguros Personales Univida, S.A. to manage and market the Compulsory Traffic Accident Insurance (SOAT – 2024).
- RA 1318 2023 (09/28/2023). Approval of the Information Receipt and Validation System (SRVI).
- RA 385 2023 (04/14/2023). Approval of the Information Receipt and Validation System (SRVI).
- RA 288 2023 (03/23/2023). The request for clarification of Administrative Resolution APS/DJ/UNE/No. 184/2023, of March 6, 2023, Seguros Illimani, S.A., is not accepted.

- RA 200 2023 (03/09/2023). Amendment of the Regulations on Insurance and Reinsurance Brokers.

- RA 182 2023 (03/03/2023). Amendment of the Regulations on Assistance for Insurance Market Operators.

3.2.7 Chile

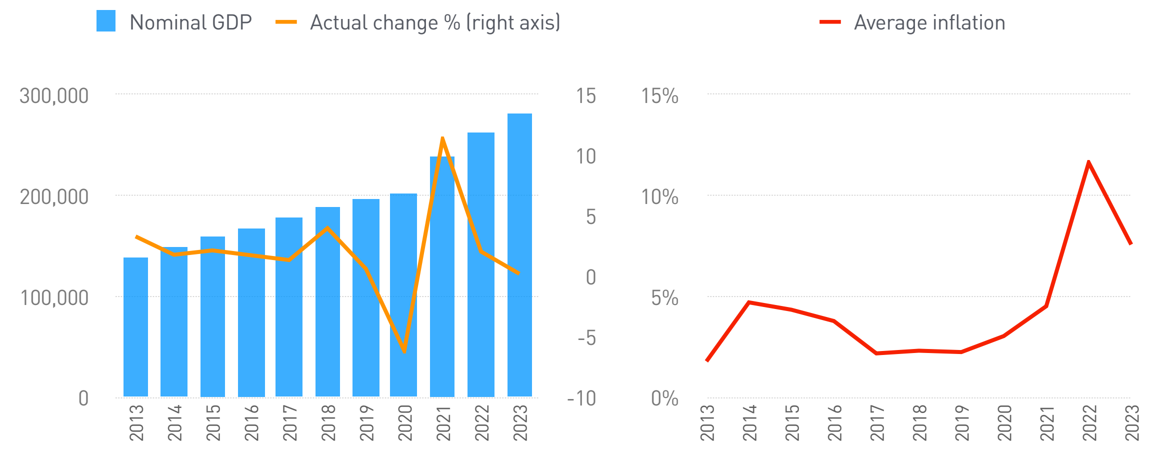
Macroeconomic environment

Chile's economy grew by 0.2% in 2023, at a slower pace than in the previous year (2.1% in 2022). The adjustment occurred in private consumption and investment, with year-on-year declines that eased over the course of the year, while government consumption posted a slight increase. The drop in household consumption significantly affected commerce, while the fall in investment was concentrated in the construction sector. The decline in domestic demand was reflected in a reduction of imports that was much larger that of exports, which partly explains the lower current account deficit. (see Chart 3.2.7-a). In the public sector, a deficit equivalent to 2.4% of GDP was recorded in 2023, following the adjustment in expenditures that allowed for a fiscal surplus of 1.1% in 2022. The latter emerged on the back of lower tax revenues and a significant increase in spending due to the implementation of the Guaranteed Universal Pension. However, gross debt stood at 39.4% of GDP (1.4 pp above the previous year), given the higher interest rate environment.

In addition, average inflation in 2023 stood at 7.6% (11.6% in 2022), showing a clear downward trend. In this context, the central bank decided in May 2023 to activate the countercyclical capital requirement for banks at a level of 0.5% of risk-weighted assets, which has been maintained until the end of 2023. In addition, in June 2023, the monetary authority implemented a program for the replenishment and expansion of international reserves. As a result, monetary policy is moving away from the tightening cycle that began in 2021, and interest rates that were at 11.25% (since October 2022) have been progressively reduced to 8.75% throughout the second half of 2023.

Regarding Chilean GDP growth forecasts, the ECLAC estimates that the increase in

Chart 3.2.7-a
Chile: changes in economic growth and inflation
(GDP in local currency, billions of pesos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

GDP in 2024 will be 2.6% (2.3% in 2025). Main factors include the anticipated weakness of external demand, gradual impact of stricter financial conditions on domestic consumption, and a still-difficult outlook in terms of inflation, as well as international uncertainty, which remains complex and could hamper investment. For its part, MAPFRE Economics expects Chilean GDP to grow by around 2.6% in 2024 and 2.7% in 2025.

Insurance market

Growth

In 2023, Chile's insurance sector performed well, although growth eased from the previous year. Premiums reached a volume of 13.3 billion pesos (15.9 billion dollars), an increase of 17.0% in nominal terms and 8.7% in real terms. The Life insurance segment provided the biggest boost, with nominal growth of 23.9% and real growth of 15.2%. However, a very positive contribution was also made by the Non-Life lines, which registered an increase of 9.7% (see Table 3.2.7 and Chart 3.2.7-b). Total Life insurance premiums amounted to 7.2 trillion pesos (8.6 billion dollars), with a marked increase of 34.5% in Pension insurance and, especially, Life Annuities, which account for 53.2% of the Life segment and increased by 47.6% in 2023. The Non-Life insurance segment saw premium revenue of 6.0 trillion pesos (7.2 billion dollars), which represents a nominal increase of 9.7% and a real increase of 1.9%. The growth of Fire and Allied Lines (18.6%) and Automobile (10.6%), which are the lines with the largest market share, had a favorable influence on this performance. The Health (16.4%) and Personal Accident (5.6%) lines also performed well, while the rest showed negative rates.

The Chilean insurance market is one of the most highly developed in the region. In 2023, it accounted for 7.8% of Latin America's premiums. Considering the period between 2013 and 2023, its highest market share was recorded in 2018, when the country accounted for 9.2% of premiums in the region, and it then experienced some decreases over the next

Table 3.2.7
Chile: premium volume[1] by insurance line, 2023

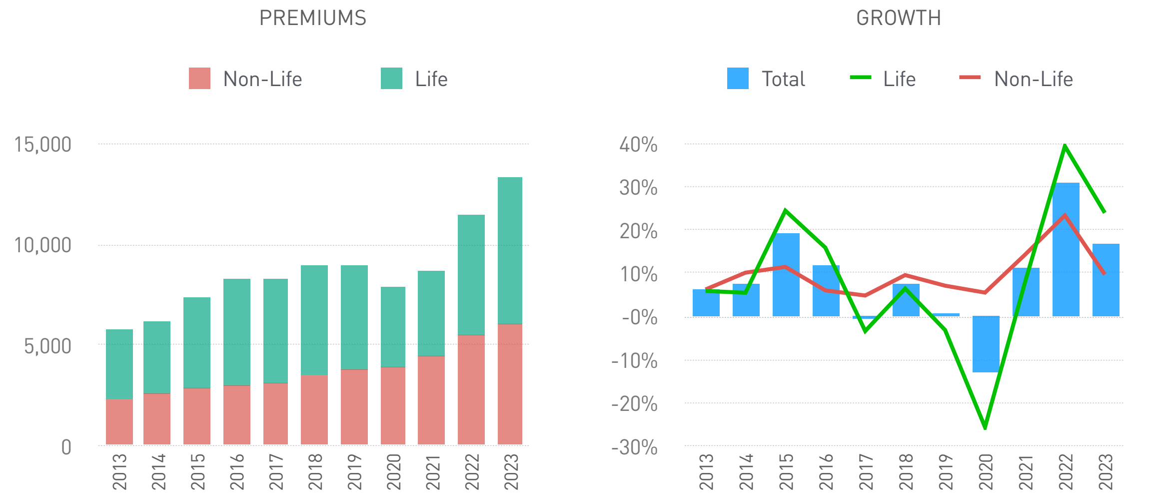
Line	Millions of pesos	Millions of USD	Growth: Nominal (%)	Growth: Real (%)
Total	**13,336,917.2**	**15,870.5**	**17.0**	**8.7**
Life	**7,246,924.4**	**8,623.6**	**23.9**	**15.2**
Individual Life	691,475.3	822.8	-13.1	-19.2
Group Life	958,332.1	1,140.4	7.6	0.0
Pension insurance	5,597,117.1	6,660.4	34.5	25.0
Non-Life	**6,089,992.8**	**7,246.9**	**9.7**	**1.9**
Fire and allied lines	2,123,940.0	2,527.4	18.6	10.2
Automobiles	1,359,684.4	1,618.0	10.6	2.8
Other lines	623,564.0	742.0	-7.6	-14.1
Health	964,529.4	1,147.8	16.4	8.2
Personal Accidents[2]	348,324.7	414.5	5.6	-1.8
Transport	239,580.2	285.1	-1.6	-8.5
Third Party Liability	227,287.3	270.5	-5.7	-12.4
Credit and/or surety	203,082.8	241.7	-5.6	-12.3

Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

1/ Direct premiums

2/ Includes Seguro Obligatorio de Accidentes Personales (SOAP — Compulsory Personal Accident Insurance)

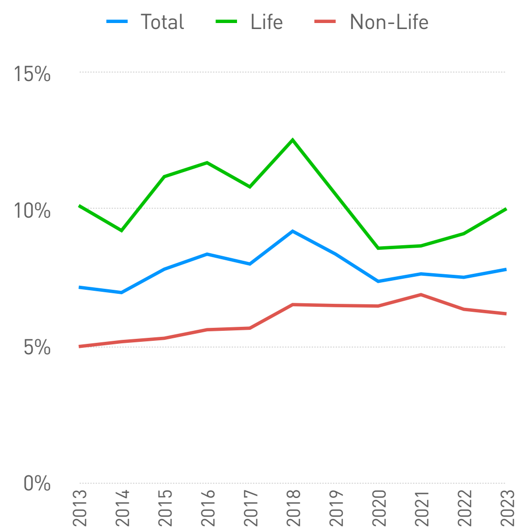
Chart 3.2.7-b
Chile: growth developments in the insurance market
(premiums, billions of pesos; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

few years. In the Life insurance segment, Chile's market share slightly decreased from 10.1% in 2013 to 10.0% in 2023 after reaching its highest point in 2018, with 12.5%. Meanwhile, the Non-Life segment followed an upward trend, going from 5.0% in 2013 to 6.2% in 2023 (see Chart 3.2.7-c). Nevertheless, it should be noted that while the Chilean Life segment increased its share of regional premiums (0.9 pp) in 2023, the representation of the Non-Life segment declined (-0.1 pp).

Chart 3.2.7-c
Chile: share of insurance premiums in Latin America
(%)



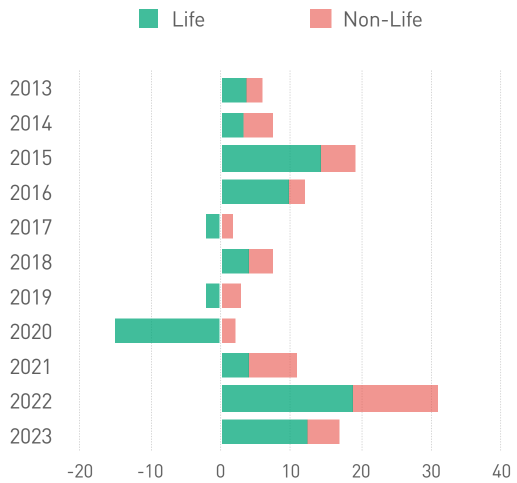
Source: MAPFRE Economics (based on data from the Insurers' Association of Chile and supervisory bodies of the region)

As shown in Chart 3.2.7-d, the Life insurance segment contributed 12.3 pp to the growth of the Chilean insurance market in 2023 (17.0%), while Non-Life insurance contributed 4.7 pp. It should be noted that both market segments have contributed positively to the growth of the insurance industry in the country over the last three years.

Balance sheet and shareholders' equity

Chart 3.2.7-e shows the Chilean insurance industry's aggregate balance sheet at the sector level over the 2013–2023 period. The data indicates that the industry's total assets at the end of 2023 amounted to 72.8 trillion pesos (82.9 billion dollars), while equity stood at 7.2 trillion pesos (8.1 billion dollars), resulting in growth of 7.7 pp compared to 2022. It should be noted that

Chart 3.2.7-d
Chile: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp) Life	Contribution to growth (pp) Non-Life
2013	6.0	3.5	2.5
2014	7.3	3.2	4.1
2015	19.0	14.3	4.7
2016	12.1	9.7	2.3
2017	-0.4	-2.2	1.8
2018	7.6	3.9	3.7
2019	0.8	-1.9	2.8
2020	-12.7	-15.0	2.3
2021	11.0	3.9	7.2
2022	31.0	19.0	12.1
2023	17.0	12.3	4.7

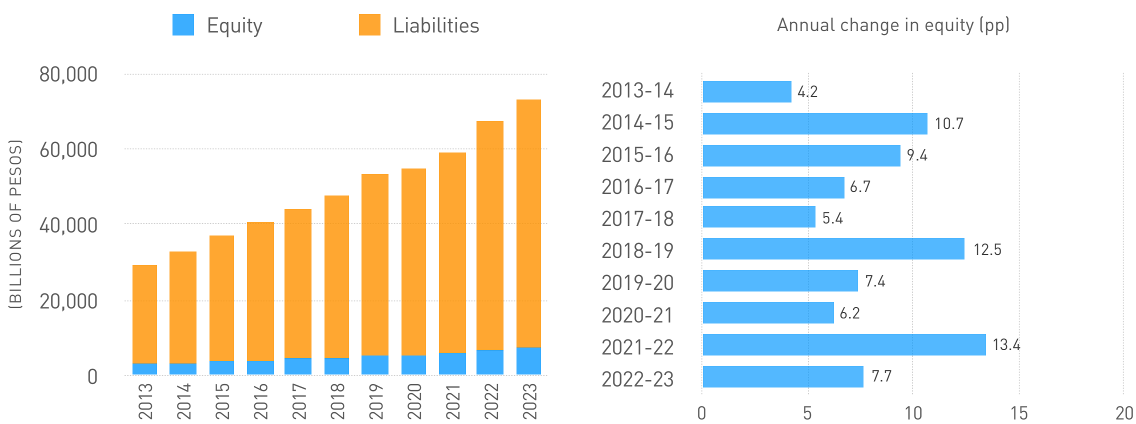
Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

the capitalization level for the Chilean insurance market saw sustained increases in absolute terms over the course of the period under analysis, although in relative terms, the capitalization ratio (capital over total assets) fell from 11.1% in 2013 to 9.8% in 2023.

Investments

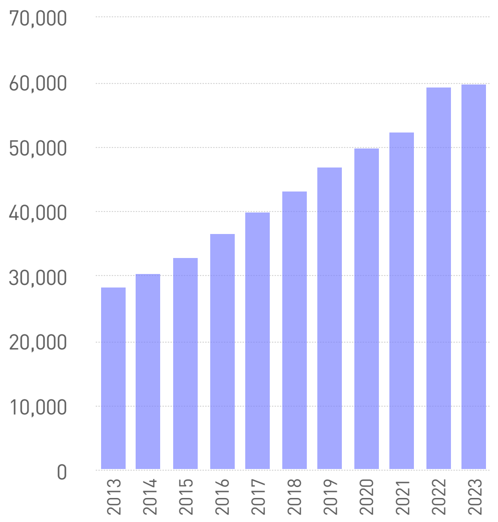
Charts 3.2.7-f, 3.2.7-g, and 3.2.7-h show the performance and composition of the Chilean insurance industry's aggregate investment portfolio at the sector level between 2013 and 2023. This shows that total industry investments reached 59.7 trillion pesos (67.9 billion dollars) in 2023, with fixed income accounting for 55.5% and equities accounting for a significantly smaller proportion, just 7.8%.

Chart 3.2.7-e
Chile: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

Chart 3.2.7-f
Chile: insurance market investments
(billions of pesos)



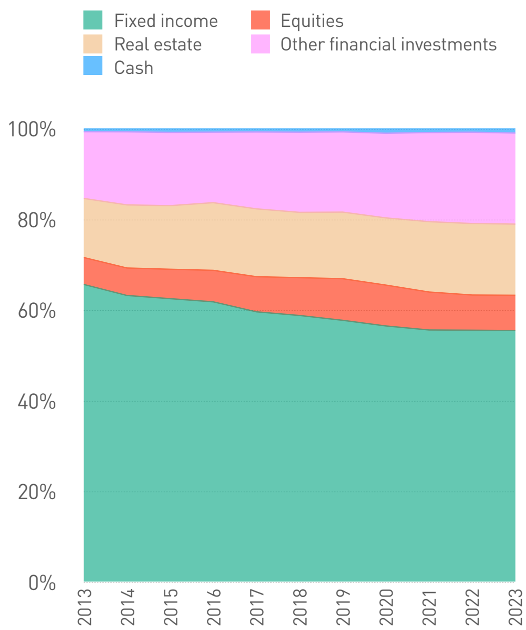
Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

Investments in fixed income instruments lost relative weight in total investments of the Chilean insurance industry over the period analyzed, dropping from 65.7% in 2013 to 55.5% in 2023. In contrast, the weight of real estate investment and other types of financial investments grew during the period, climbing from 13.0% and 14.7% of the portfolio in 2013 to 15.7% and 20.1% respectively in 2023.

Technical provisions

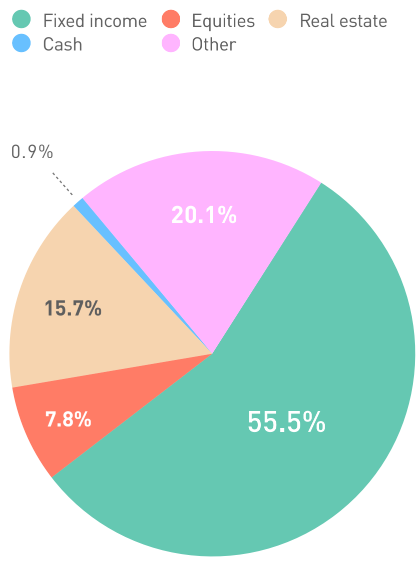
The performance and relative composition of the Chilean insurance industry's technical provisions over the 2013–2023 period are shown in Charts 3.2.7-i, 3.2.7-j, and 3.2.7-k As can be seen, technical provisions amounted to 61.4 trillion pesos (69.8 billion dollars) in 2023; 88.7% of them corresponded to provisions associated with Life insurance, 5.2% to the provision for unearned premiums and unexpired Non-Life insurance risks, 5.2% to the provision for pensions, 0.08% to the provision for catastrophic risks, and the

Chart 3.2.7-g
Chile: structure of investments
(%)



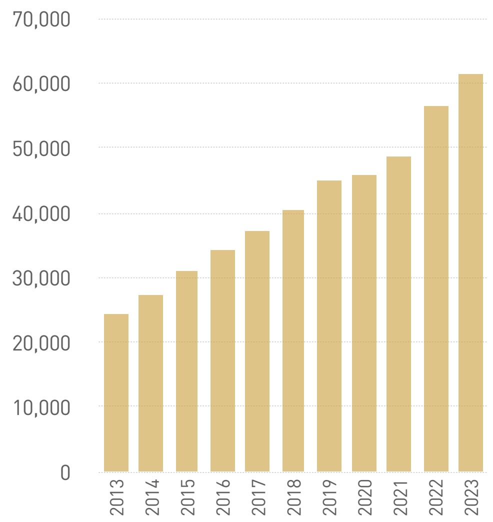
Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

Chart 3.2.7-h
Chile: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

Chart 3.2.7-i
Chile: technical provisions of the insurance market
(billions of pesos)



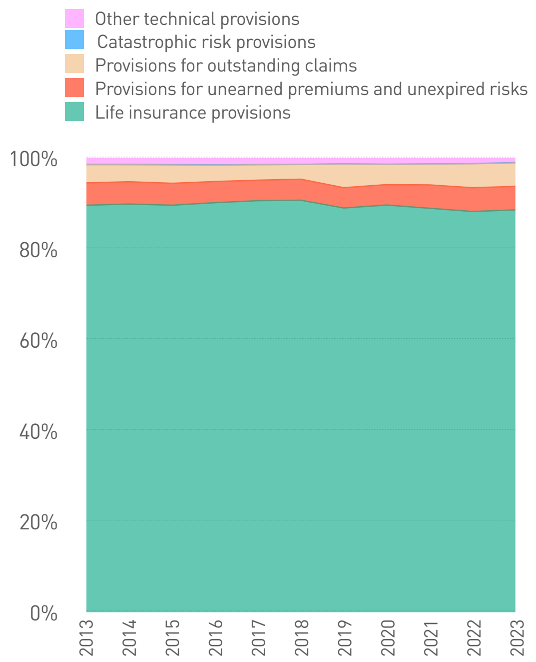
Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

remaining 0.8% to other technical provisions. During this period, the structure of technical provisions remained fairly stable, with a significant weight of those linked to Life insurance and, especially, to Life Annuities associated with the pension system.

Technical performance

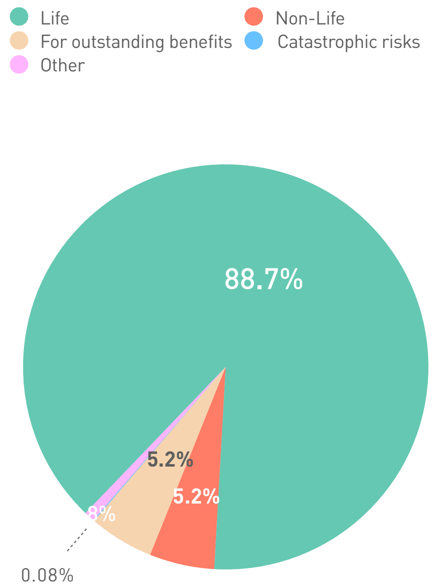
In the technical result of 2023, the sector experienced an 3.3-pp decrease in the combined ratio of the total business, remaining in negative territory, with a total combined ratio of 119.2%. This increase in the total combined ratio was the result of a 2.7-pp higher claims level than in the previous year and a 0.6-pp increase in the expense ratio (see Chart 3.2.7-l). Also, in the Non-Life insurance segment, the combined ratio improved by -6.3 pp to 95.9%, thanks to a decrease of 7.4 pp in the loss ratio, as the expense ratio increased by 1.1 pp (see Chart 3.2.7-m).

Chart 3.2.7-j
Chile: structure of technical provisions
(%)



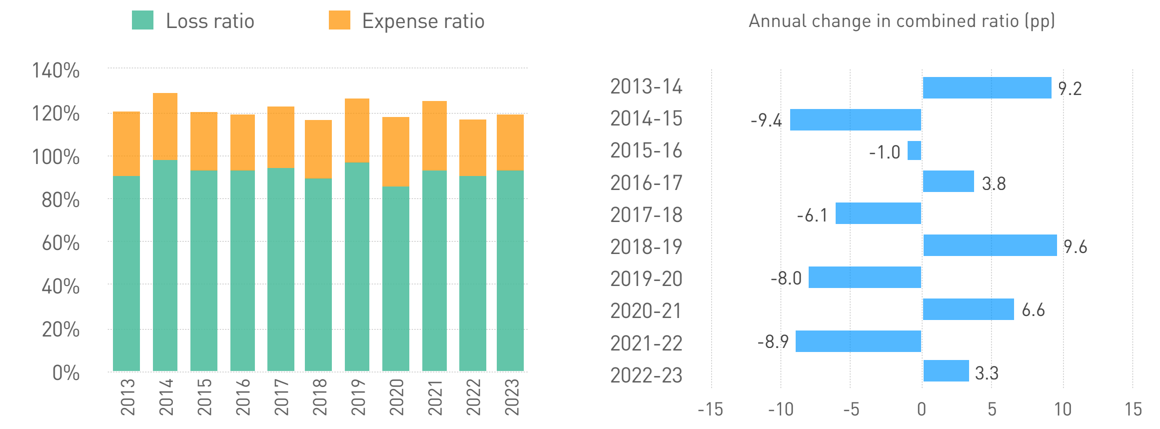
Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

Chart 3.2.7-k
Chile: structure of technical provisions, 2023.
(%)



Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

Chart 3.2.7-l
Chile: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

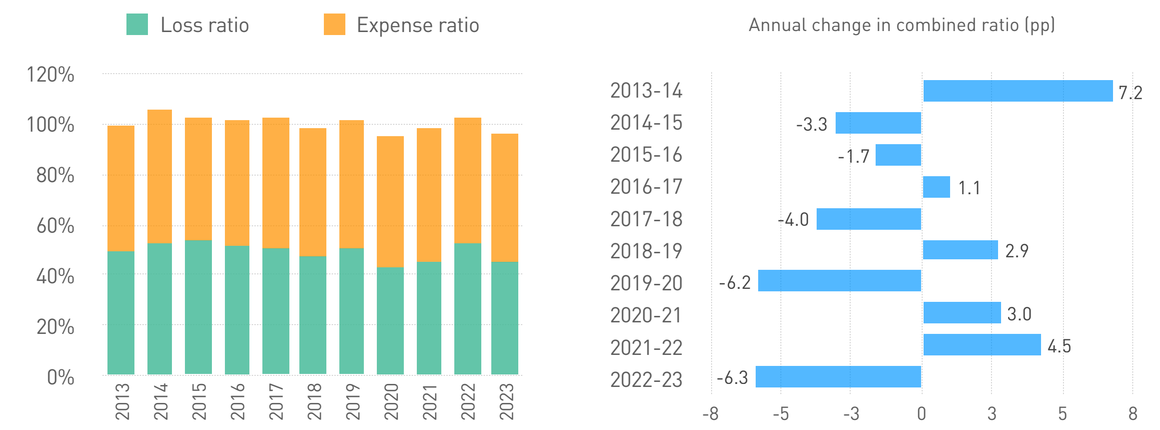
Results and profitability

The worsening in the technical result of the insurance industry in Chile was partially offset by an improvement in the financial result, yielding a net result of 1.0 trillion pesos (1.2 billion dollars), which is still18.3% lower than in 2022. As seen in Chart 3.2.7-n, a positive net result was achieved by the Chilean insurance industry over nearly the entire period under analysis, a product of financial results that offset the negative technical results in that period. Thus, return on equity (ROE) stood at 14.7% in 2023, lower than the 19.8% of the previous year. Likewise, return on assets (ROA) stood at 1.4% (2.0% in 2022).

Insurance penetration, density and depth

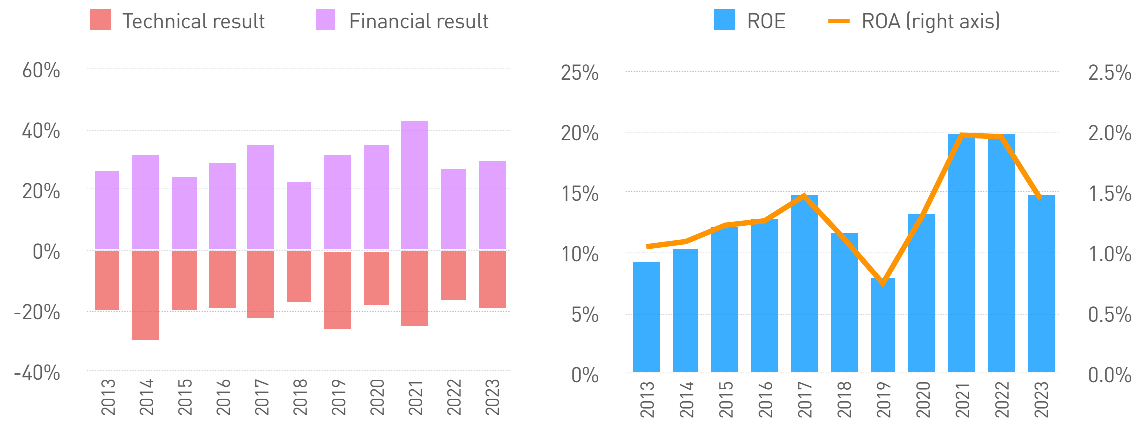
Chart 3.2.7-o illustrates the main structural trends shaping the development of the Chilean insurance industry over the past decade. As can be observed, its

Chart 3.2.7-m
Chile: changes in Non-Life market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

Chart 3.2.7-n
Chile: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



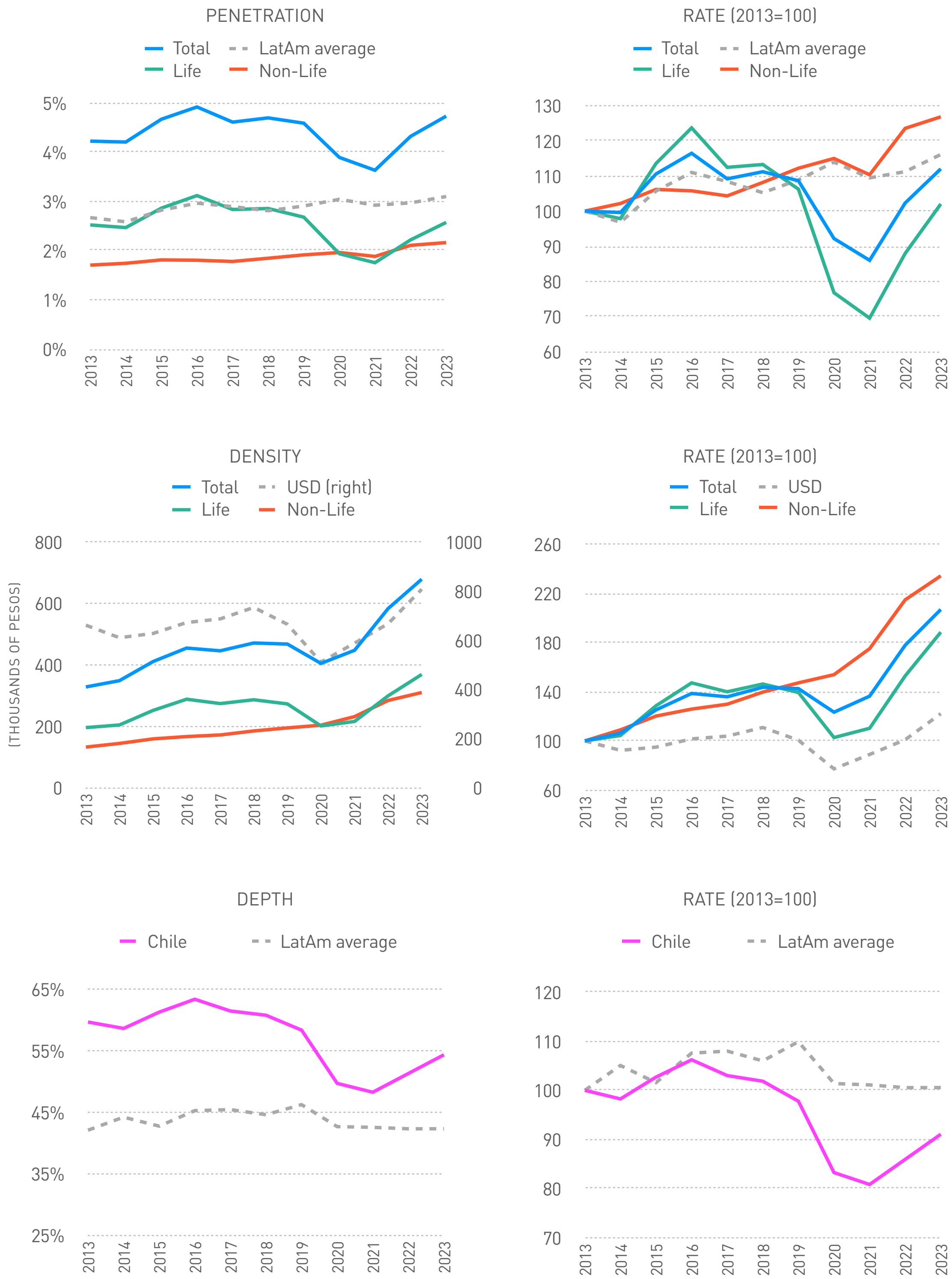
Source: MAPFRE Economics (based on data from the Commission for the Financial Market)

penetration ratio (premiums/GDP) remains the second highest in Latin America and surpasses the regional average, reaching 4.7% in 2023, up from 4.3% the previous year. The penetration ratio in the Chilean market followed an upward trend from 2013 to 2016. The trend reversed from this point onward due to the loss of dynamism in the Life insurance segment, and more specifically, Life Annuities, before returning to a growth path in 2022. Meanwhile, the density ratio (premiums per capita) continues to rise, a trend that started in 2021, reaching 678,418 pesos (807 dollars) in 2023, a 16.3% year-on-year increase. Density in the Chilean insurance market (measured in local currency) showed an upward trend over the 2013–2023 period, with dips in 2017, 2019, and 2020, before growing again in the past three years. As noted in prior reports, the Chilean market's high density level has been largely determined by the participation of the private insurance industry in the pension system through the provision of life annuities, which have recovered their dynamism in the past three years. Lastly, depth (Life insurance premiums over total premiums) registered a 3.0-pp increase in 2023 over the previous year, standing at 54.3%, which is higher than average for the insurance markets in Latin America. Nonetheless, this indicator is still below that of the beginning of the decade (59.7%).

Insurance Protection Gap estimate

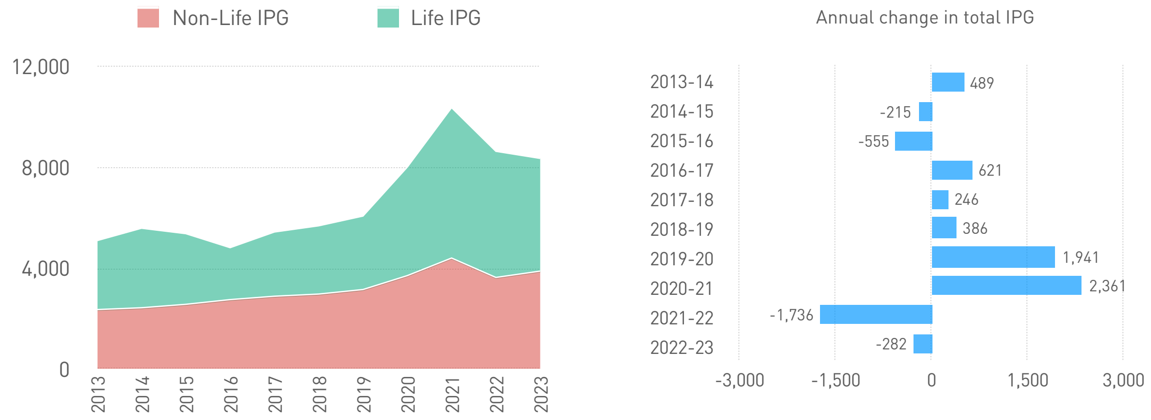
Chart 3.2.7-p shows an update of the estimated insurance gap for the Chilean insurance market over the 2013–2023 period. The IPG in 2023 stood at 8.3 trillion pesos (9.9 billion dollars), 0.6 times the size of the actual insurance market in Chile at the close of that year. The structure and performance of the insurance gap in the period analyzed shows a more balanced contribution of Life and Non-Life insurance than in other markets across the region, and the insurance gap narrowed in Life insurance in the past year. As a result, at the close of 2023, 53.6% of the IPG related to Life insurance (4.466.5 trillion pesos), while the Non-Life insurance segment accounted for the remaining 46.4% of the gap (3.871.2 trillion pesos). As such, the potential insurance market in Chile at the close of 2023 (measured as the sum of the existing market plus the IPG) was estimated at 21.7 trillion pesos (25.8 billion dollars), 1.6 times the size of the total Chilean insurance market that year (see Chart 3.2.7-q).

Chart 3.2.7-o
Chile: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, pesos and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the Commission for the Financial Market and the Chilean Insurance Association)

Chart 3.2.7-p
Chile: Insurance Protection Gap
(billions of pesos)

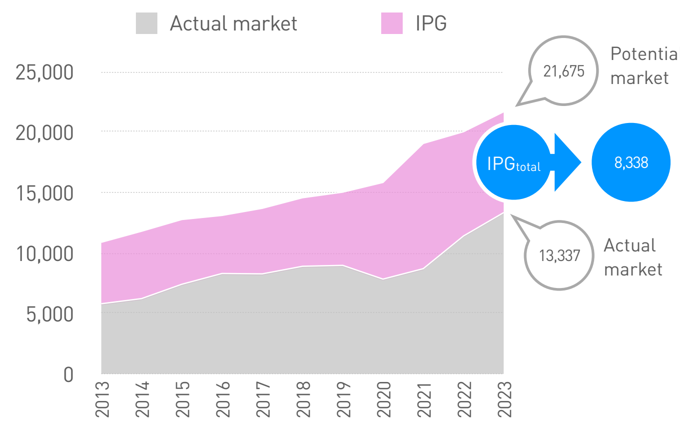


Source: MAPFRE Economics

Chart 3.2.7-r shows an estimate of the IPG as a multiple of the existing market. In relative terms, the insurance gap followed a growth trend between 2018 and 2021, which reversed in the past two years. Therefore, between 2013 and 2023, the total insurance gap as a multiple of the actual market narrowed from 0.9 to 0.6 times, reflecting a stable cumulative trend. Meanwhile the multiple for the Life market decreased in 2015 and 2016, falling from 0.6 to 0.4 times, and increased in subsequent years until representing 1.4 times the size of the actual market in 2021 and dropping again in 2022 and 2023 to 0.6 times. In the Non-Life segment, the indicator followed a declining trend until 2019, going from 1 time in 2013 to 0.8 times in 2019. It then increased slightly over the next two years before decreasing in 2022 and 2023, when it represented 0.6 times the size of the actual market.

Chart 3.2.7-s shows the change in the IPG as a multiple of the actual market for the Life and Non-Life segments and for the

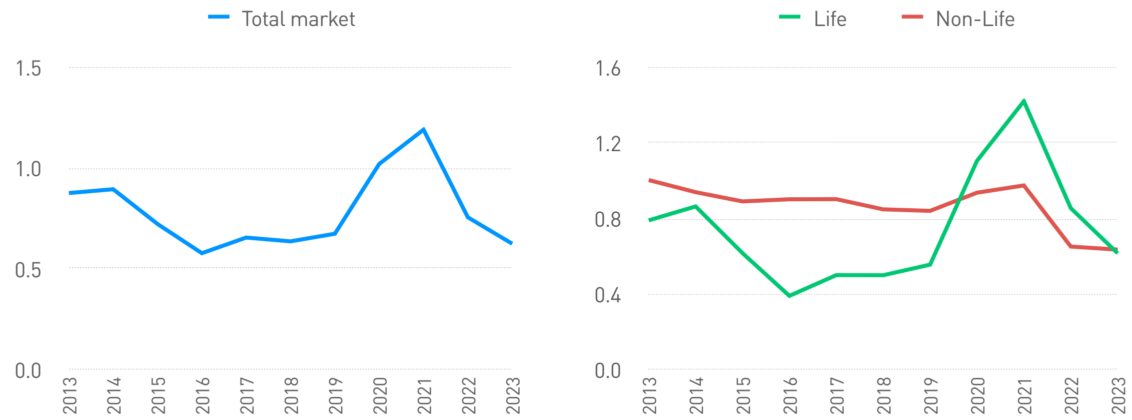
Chart 3.2.7-q
Chile: Insurance Protection Gap and potential market
(billions of pesos)



Change	Actual market	IPG
2023-2013	130.0%	64.1%
2023-2022	17.0%	-3.3%

Source: MAPFRE Economics

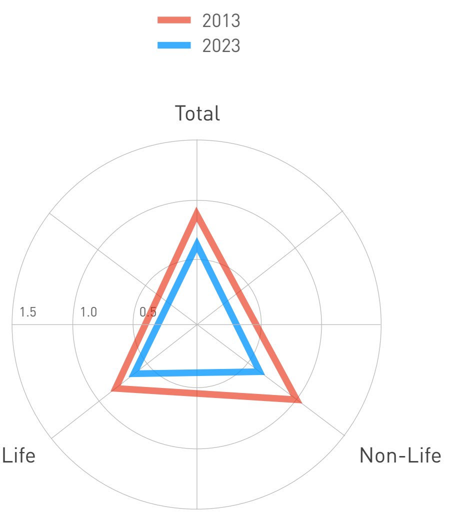
Chart 3.2.7-r
Chile: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

total Chilean insurance market, comparing the situation in 2023 with the state of the market in 2013. This analysis confirms that, over the last decade, the IPG has narrowed in relative terms in both market segments, with a greater difference in the Non-Life lines.

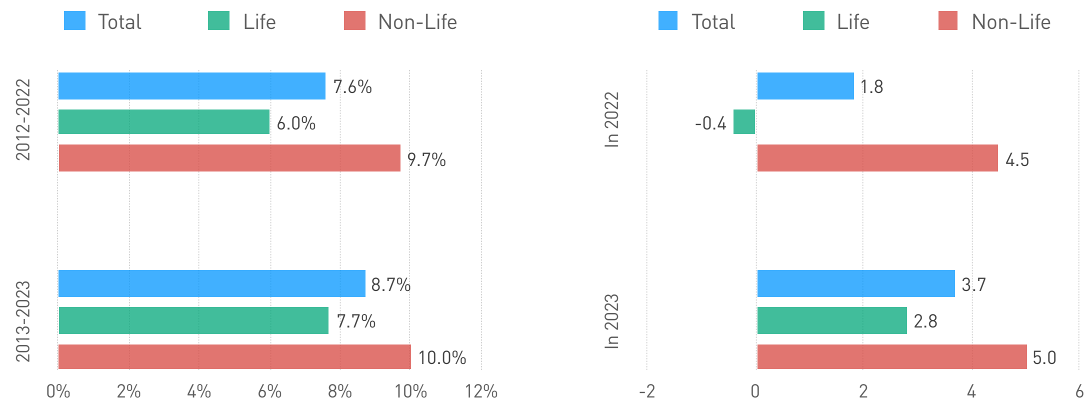
Chart 3.2.7-s
Chile: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

Lastly, Chart 3.2.7-t provides an overview of the capacity of the Chilean insurance market to close the insurance gap calculated in 2023. To this end, a comparative analysis has been carried out between the growth rates recorded over the last 10 years and the growth rates that would be needed to close the IPG calculated in 2023 over the next decade. This confirms that the country's insurance market grew at an average annual rate of 8.7% between 2013 and 2023, while the Life and Non-Life segments grew at rates of 7.7% and 10.0%, respectively. Given the relative development of the Chilean insurance market, the analysis indicates that, if the same growth dynamics are maintained over the next 10 years, the growth rate of the insurance market would be sufficient to close the insurance gap in both market segments. It should also be noted that, in the 2023 analysis, the growth rate in the Life insurance segment is sufficient, which was not the case in the estimate made the previous year.

Chart 3.2.7-t
Chile: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)

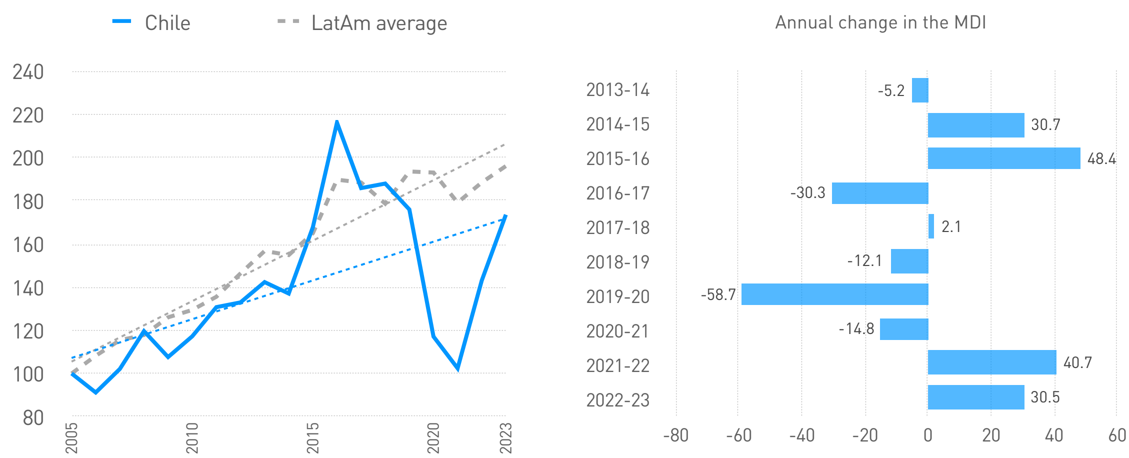


Source: MAPFRE Economics

Market Development Index (MDI)

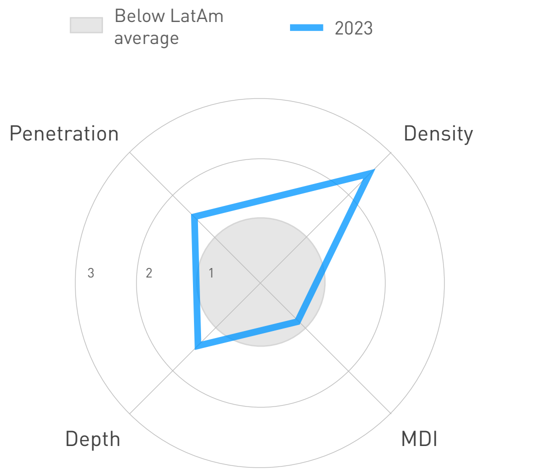
Chart 3.2.7-u shows an update of the estimate of the Market Development Index (MDI) for the Chilean insurance industry between 2005 and 2023. The MDI, an indicator used in this report to measure the overall trend in the development and maturity of the insurance market, showed a clearly positive trend until 2016, when it began to fall. It did so abruptly in 2020, largely impacted by the downturn experienced in the Life insurance segment that year as a result of the economic situation caused by the pandemic, the low interest rate environment, and the situation of the Life Annuity segment in particular. However, as mentioned previously, this trend reversed starting in 2022 thanks to growth in both market segments and especially that of Life insurance.

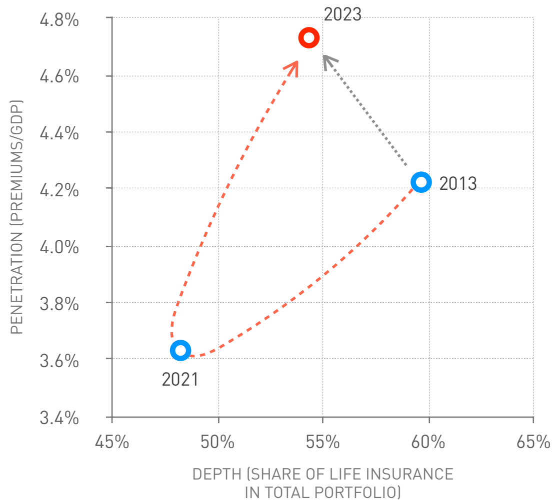
Chart 3.2.7-u
Chile: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.2.7-v
Chile: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)





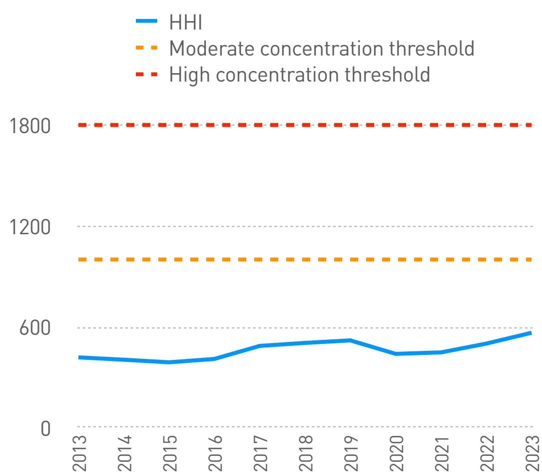
Source: MAPFRE Economics

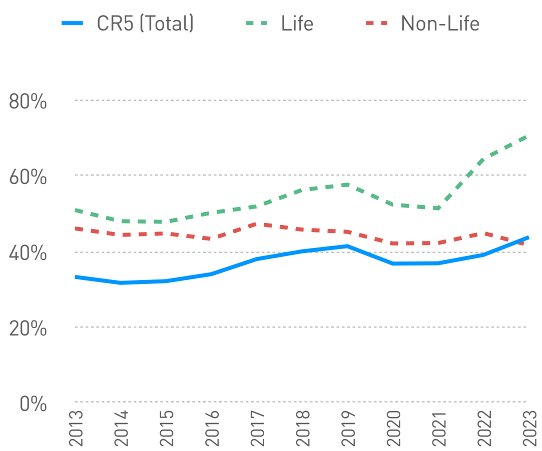
* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Comparative analysis of structural coefficients

Chart 3.2.7-v shows the Chilean insurance market's situation in comparison with the average for the Latin American market, measured in terms of the four structural coefficients analyzed: penetration, density, depth, and MDI. The data confirm that the situation of the Chilean market remains above the Latin American average for all coefficients except the MDI, whose

Chart 3.2.7-w
Chile: insurance industry concentration
(Herfindahl index; CR5 index, %)





Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

deterioration in the past three years has placed it below the average of the region's insurance markets. Meanwhile, the dispersion analysis, which identifies trends in the insurance industry's development between 2013 and 2023, confirms that the Chilean market has improved from a quantitative standpoint (penetration levels), albeit with cumulative losses from the qualitative perspective (depth levels). This trend was especially clear from 2017 onward, when growth in the Life insurance segment slowed down, although the recovery in the past two years has brought it near the depth level it had in 2013.

Insurance market rankings

Total ranking

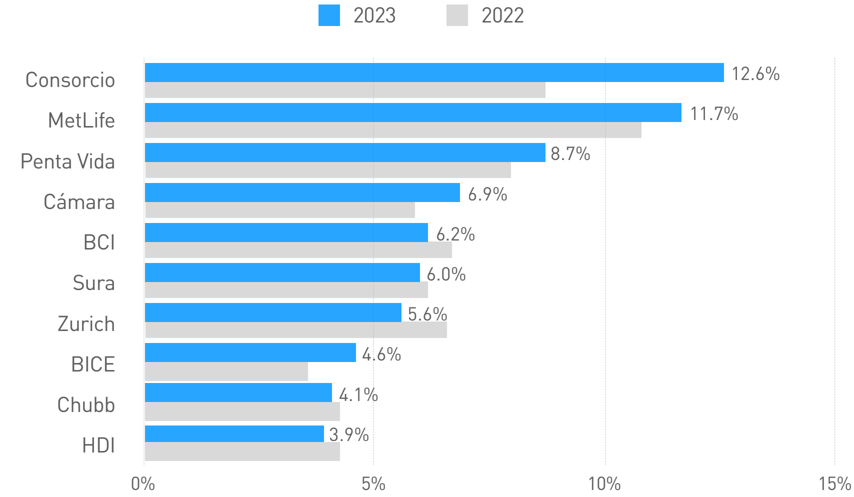
There were 32 General P&C insurance companies and 32 Life insurance companies operating in the Chilean insurance market in 2023. Based on these data, Chart 3.2.7-w shows the concentration indicators for the Chilean insurance industry over the decade under analysis. The Herfindahl Index indicates a low level of concentration in the industry, falling below the theoretical threshold indicating moderate concentration, with a slightly increasing trend over the past decade. Meanwhile, the CR5 (the market share of the top five insurance companies) confirms the slightly increasing trend over said period, mainly in the Life segment, but at relatively low levels.

In the total ranking of insurance companies in 2023, Consorcio regained first place thanks to a 69.7% increase in written premiums, reaching a market share of 12.6%. It is followed by MetLife, which accounted 11.7% of premiums, and Penta Vida, which holds third place. The Chilean Chamber of Construction companies increased their premiums considerably, by 36.7%, gaining three positions and achieving fourth place. Also noteworthy is BICE's entry into the ranking, in eighth position, up from eleventh in 2022 (see Chart 3.2.7-x).

Life and Non-Life rankings

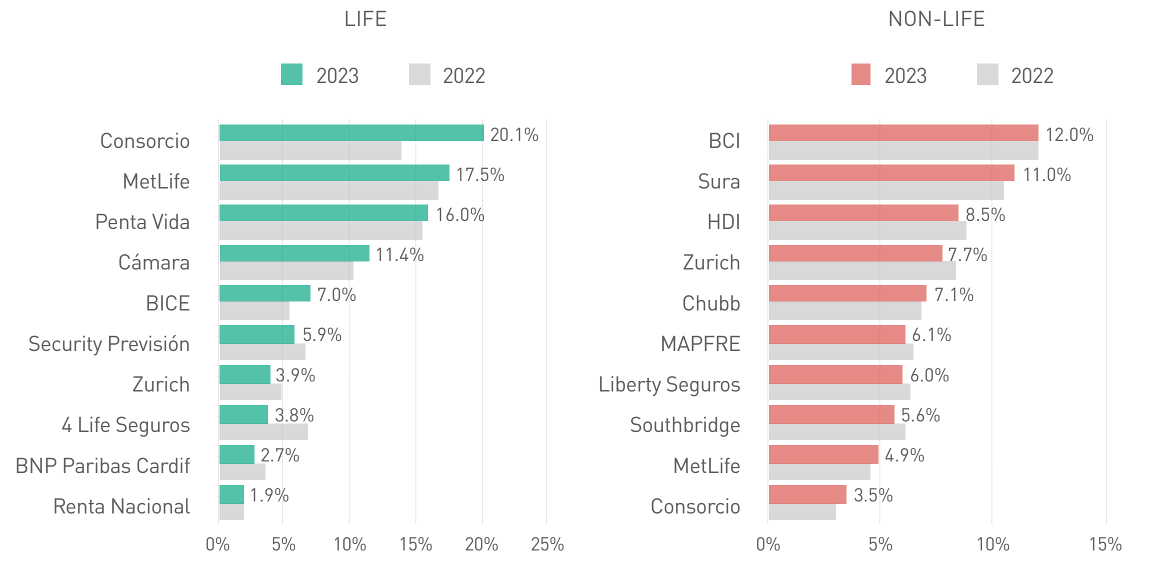
In the Non-Life insurance segment in 2023, BCI was the leader for yet another year, with a 12.0% market share, followed by Sura, which accounted for 11.0% of premiums. There was no change from the 2022 ranking, with share increases at Sura

Chart 3.2.7-x
Chile: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

Chart 3.2.7-y
Chile: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Chilean Insurance Association)

(0.5 pp), Chubb (0.2 pp), MetLife (0.3 pp), and Consorcio (0.5 pp). In the ranking of the Life insurance segment, Consorcio climbed two places to become the leader of the ranking, with a share of 20.1%, leaving MetLife and Penta Vida in second and third position, respectively. The rest of the ranking saw several changes: BICE rose from seventh to fifth place, Zurich gained one position to seventh, 4 Life Seguros lost three places to eighth, and Renta Nacional joined the ranking in tenth place (see Chart 3.2.7-y).

Key regulatory aspects

The Commission for the Financial Market (CMF) is in the process of gradually aligning with international insurance industry regulatory best practices. A number of new regulations have been issued in recent years in this regard. The year 2023 was marked by a recovery in global markets and inflation that returned to levels below those seen in 2022. Due to this situation, the CMF is constantly analyzing and revising its Insurance Regulation Plan, making all necessary adjustments.

Meanwhile, in January 2023, the new Fintech Law was published to promote financial competition and inclusion through innovation and technology in the provision of financial services. The main aspects of this law are as follows:

A regulatory framework is established for technology-based services that lacked their own legal framework.

- The services covered by the Law are: crowdfunding platforms, alternative transaction systems, credit and investment advisory, custody of financial instruments and routing of orders and intermediation of financial instruments.

- Creation of an open finance system (open banking) with the objective of promoting competition, innovation, and inclusion in the financial system.

- The use of cryptoassets as means of payment is recognized, with a broadening of the powers of the Central Bank of Chile to classify cryptoassets as means of payment.

- Several laws governing traditional financial institutions are amended to achieve regulatory symmetry in the provision of similar financial services, and certain barriers to entry for FinTech companies are lowered.

- In the insurance field, it allows the creation of parametric insurance, in the event of the occurrence of the risk or events that produce damages.

In addition, Law No. 21,641 was enacted in December 2023, enhancing the resilience of the financial system and its infrastructures, including the strengthening the local risk market. In July 2024, Law No 21,680 was enacted, creating a consolidated debt register with a view to facilitating access and reducing the cost of credit, offering greater security to savers and helping to reduce the risk of households getting into excess debt.

With respect to Risk Based Supervision (RBS), there is a draft bill in Congress which modifies DFL No. 251 (Insurance Law), incorporating a risk-based capital requirement within a risk-based oversight model for the insurance industry. Notwithstanding the above, the CMF has continued to work on the development and implementation of Pillar 1 (regulatory) and Pillar 2 (supervision) of the new RBS model. This is how progress has been made both in developing a Risk-Based Capital (RBC) method and in applying a Risk Matrix. This has resulted in the fulfillment of one of the objectives of the new supervision model: encouraging insurers to develop and strengthen their risk management processes.

Lastly, a reform of the current pension system is being developed, whose fundamental principles will focus on providing universal coverage, sufficiency, financial solvency, exclusivity and solidarity, participation, transparency, predictability, and understanding for enrollees. All these elements may have an impact on how the life annuities business, sold by Life insurance companies, operates.

Below are the main regulatory principles issued and in the consultation stage:

Standards under consultation/approval process

- Modification of General Standard No. 200, which establishes rules on financial risk hedging, investment in financial derivative products, and stock lending. The methodology for calculating exposure to counterparty credit risk in financial derivatives has been adjusted, migrating from an approach based on the size of the contract (notional) to a risk-based approach, with exposure now measured via the credit equivalent. Also, the limit per counterparty for hedging derivatives is adjusted, differentiating it according to the type of counterparty, creating incentives for companies to use central counterparties.

- Amendment of Circular No. 1835, which provides instructions regarding the format and content of information on investments and the market risk evaluation system for the investment portfolio. It adjusts several sections of the circular to improve the submission of investment information by insurance companies.

- Amendment of Circular No. 2275, which establishes a monthly requirement for financial and solvency reporting by insurance companies. The main objective of the proposal is to systematize the current reporting requirement related to the quarterly solvency projection, established by Ordinary Official Letter, incorporating it into the current monthly Financial Statements Circular.

- Amendment of Circular No. 2022, which establishes rules on the form, content, and presentation of the financial statements of insurance and reinsurance companies. The proposal includes a requirement for insurance companies to submit an interim review report of the financial statements as of June 30 of each year.

Standards issued

- General Standard No. 511, issued 5/24/2024. New non-pension-related mortality tables, through the amendment of General Standard No. 306. The main objective of the regulation was to replace the M-95 tables that were in force at that date. These had been established for the calculation of mathematical reserves in NCG No. 306, and they were replaced with the M-2016 tables. This is with the aim of more faithfully reflecting the experience of the population in terms of mortality, As a result enhancing competitiveness and market development.

- General Standard No. 506, issued 2/16/2024. Amends General Standard No. 325, which provides instructions on the risk management system of insurers and evaluation of the solvency of companies by the CMF. The risk of Money Laundering, financing of terrorism and proliferation of weapons of mass destruction is incorporated as part of the legal risk, within the CMF's commitment to the Financial Analysis Unit. Meanwhile, the regulations are adapted to the Commission's New Oversight Policy, eliminating group risk as an individual risk to be evaluated and the qualitative evaluation of assets within the evaluation of the quality of risk management (aggregate net risk), incorporating it into the evaluation of asset strength.

- Circular No. 1312 issued on 01/26/2024. It supplements Circular No. 972, of 2017, on guarantee or surety insurance, with improvements to the marketing of this insurance, so that future policyholders, insured parties, and the public have full clarity as to whether or not the insurance offered or contracted corresponds to a first-demand guarantee insurance, so that they can make an informed decision based on their own specific needs. Likewise, insurers have to acknowledge whether the policy marketed corresponds to first demand guarantee insurance or not. In accordance with the new regulations, they must include a mandatory legend in the general conditions, in the insurance proposal, in the advertising and in the specific conditions of the insurance, which expressly identifies the nature of the contract. First-demand guarantee or surety insurance corresponds to those in which the company is obliged to pay the amount claimed that does not exceed the insured amount, within the term established in the policy, at the request of the insured party, without requiring that the demand contain more information than the identification of the policy, the insured party, and the amount claimed.

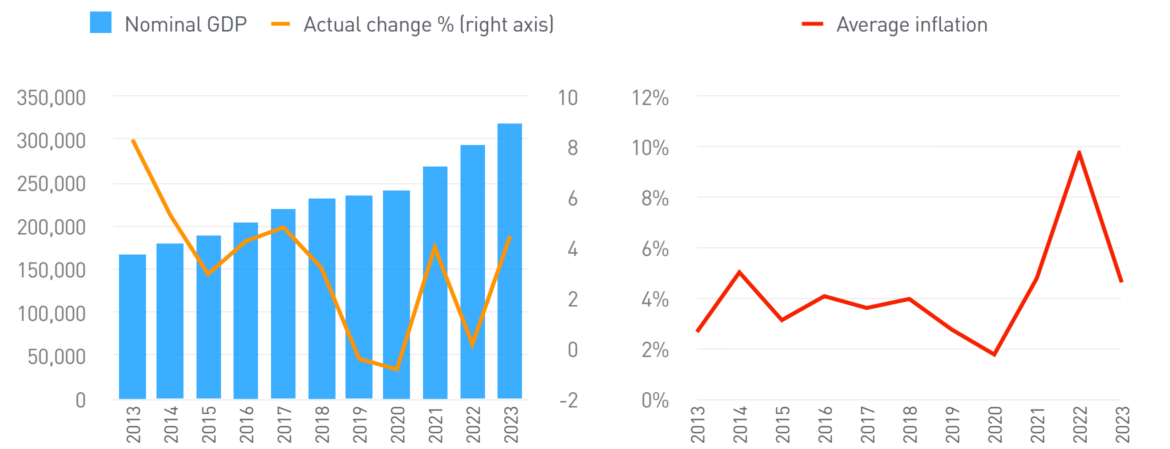
3.2.8 Paraguay

Macroeconomic environment

Paraguay's economy had real GDP growth of 4.5% in 2023 (0.2% in 2022) as a result of the recovery of agricultural activity, an increase in electricity generation and, in general, the recovery of the sectors most affected by the droughts of 2022 (see Chart 3.2.8-a). External sector data also showed positive dynamics, with a return to surplus owing to the balance of goods. Exports grew at a rate of 24.8% year-on-year, while imports increased 3.1%, which compensated to some extent for the other current account items that remain in negative territory. With respect to the fiscal balance, the central government deficit worsened to 4.1% in 2023 (2.9% in 2022), despite the increase in tax revenues (6%). The increase in public spending (12.2%) once again placed the imbalance above the ceiling established in the Fiscal Responsibility Law, which sets a convergence plan towards a 1.5% deficit.

Inflation continued to ease in 2023 to 3.7% YoY at year end (4.6% on average), compared to 8.1% a year earlier (9.8% on average). This

Chart 3.2.8-a
Paraguay: changes in economic growth and inflation
(GDP in local currency, billions of guaranies; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

decrease, together with the convergence of inflation expectations with respect to the Central Bank of Paraguay's targets, has allowed the easing of monetary policy terms to an interest rate of 6.75% at year end (from a peak of 8.5%), concluding that both activity and inflation indicators continued to evolve favorably to support the new path.

Looking ahead to 2024, ECLAC expects Paraguay's GDP to grow by 3.8% (3.6% in 2025) mainly due to the greater dynamism of manufacturing and services, as well as positive contributions from consumption and investment. MAPFRE Economics estimates economic growth in Paraguay of about 3.8% in 2024 and 3.9% in 2025.

Insurance market

Growth

Premiums in the Paraguayan insurance market (annualized as of December of this year) amounted to 3.7 trillion guaranies (501 million dollars) in 2023, representing nominal growth of 11.2% and real growth of 6.3% (see Chart 3.2.8-b and Table 3.2.8). Life insurance premiums, which account for 15.4% of the total market, experienced a decrease of 2.6% in nominal terms (-6.9% in real terms) to 564.4 billion guaranies (77 million dollars), while Non-Life insurance premiums, which represent the remaining 84.6%, grew by 14.1% in nominal terms (9.1% in real terms) to 3.1 trillion guaranies (424 million dollars). All insurance modalities grew in nominal terms, with the exception of Theft (-3.0%). At the opposite end of the scale, the lines which saw most nominal growth were Personal Accidents (58.1%) and Other lines (35.4%).

The Paraguayan insurance industry's share of the region's insurance market is very small, representing only 0.2% of premiums. It should be noted that this share increased, gradually, by one tenth of a percentage point until 2020, and fell back to the value recorded at the beginning of the decade in 2023 (see Chart 3.2.8-c). The Life insurance segment retained a stable share of 0.1% in the 2013–2023 period, while the Non-Life lines of business remained steady in the 2013–2017 period, peaking in 2018 and 2020, with a share of around 0.5%, falling back 0.1 pp in the following years, and amounting to a share of 0.4% in 2023. In general, it can be seen that, as of 2021,

Table 3.2.8
Paraguay: premium volume[1] by insurance line, 2023

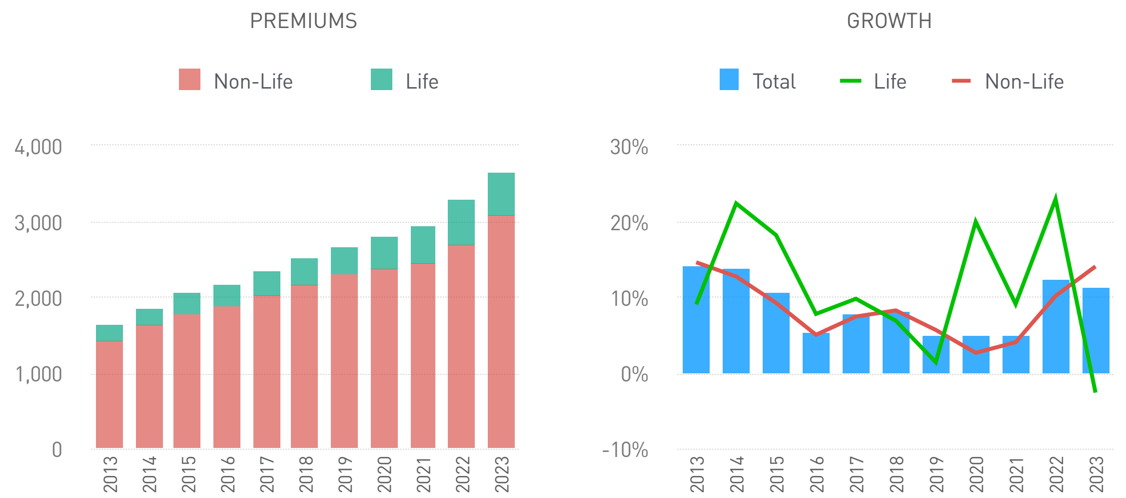
Line	Millions of guaranies	Millions of USD	Growth Nominal (%)	Growth Real (%)
Total	**3,653,322.1**	**501.0**	**11.2**	**6.3**
Life	**564,435.9**	**77.4**	**-2.6**	**-6.9**
Non-Life	**3,088,886.2**	**423.6**	**14.1**	**9.1**
Automobiles	1,543,686.8	211.7	10.7	5.8
Other lines	290,737.7	39.9	35.4	29.4
Fires	257,665.0	35.3	8.1	3.3
Miscellaneous risks	341,037.2	46.8	17.9	12.6
Transport	169,776.0	23.3	5.5	0.9
Theft	59,391.4	8.1	-3.0	-7.3
Surety	129,799.0	17.8	2.8	-1.7
Third Party Liability	121,060.1	16.6	8.9	4.1
Personal Accidents	175,733.0	24.1	58.1	51.1

Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)
1/ Direct premiums net of cancellations plus administrative surcharges

there has been a trend towards a reduction in the Paraguayan market's share of total premiums in the region.

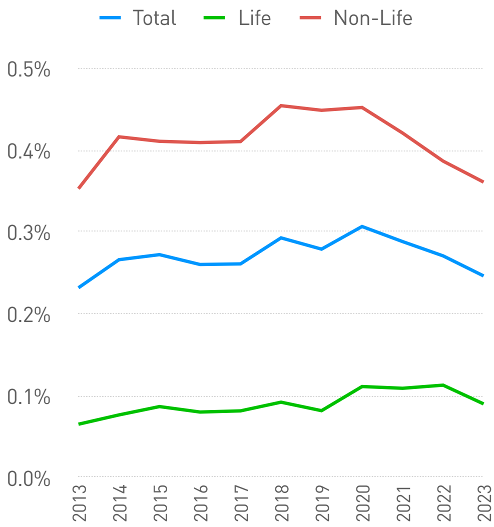
The Non-Life insurance segment made a stronger contribution of 11.6 pp to the 11.2% nominal growth recorded by the Paraguayan insurance industry in 2023, while the Life insurance segment made a negative contribution of -0.5 pp (see Chart 3.2.8-d). It should be noted that this is the first year in the period analyzed in which the Life

Chart 3.2.8-b
Paraguay: growth developments in the insurance market
(premiums, billions of guaranies; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Chart 3.2.8-c
Paraguay: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay and supervisory bodies of the region)

insurance segment has made a negative contribution to the growth of the insurance sector in Paraguay.

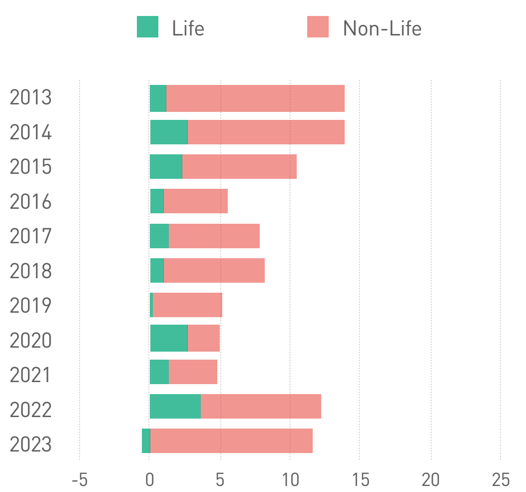
Balance sheet and shareholders' equity

Chart 3.2.8-e shows the performance of the Paraguayan insurance industry's aggregate balance sheet over the past decade. This data shows that the industry's total assets in 2023 stood at 5.8 trillion guaranies (803 million dollars), while equity stood at 2.4 trillion guaranies (332 million dollars), 15.4% higher than in 2022. It should be noted that aggregate capitalization levels in the Paraguayan insurance industry remained high throughout the period. In 2013, equity stood at 34.9% of total assets, a figure that has risen gradually to reach 41.4% in 2023.

Investments

The performance of investments in the Paraguayan insurance industry between 2013 and 2023 is reflected in Chart 3.2.8-f, 3.2.8-g, and 3.2.8-h. Investments in 2023 came to 3.1 trillion guaranies (429 million dollars), 20.8% up on the figure recorded in 2022. Analysis of the aggregate investment portfolio shows that fixed income products account for 81.6% of the total portfolio, with a steady increase throughout the 2013–2023 period from the 68.5% they represented in

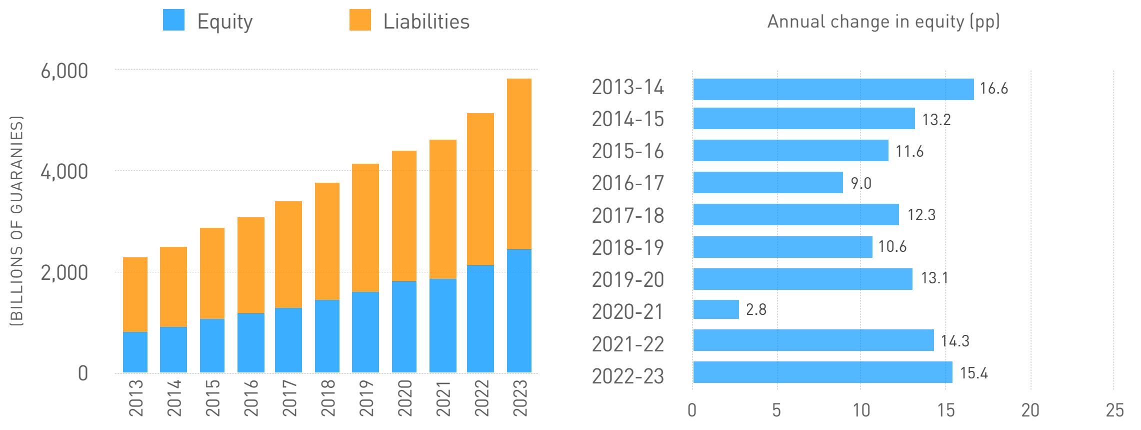
Chart 3.2.8-d
Paraguay: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	14.0	1.1	12.8
2014	13.9	2.7	11.3
2015	10.4	2.3	8.1
2016	5.5	1.1	4.4
2017	7.8	1.4	6.4
2018	8.1	1.0	7.1
2019	5.1	0.2	4.9
2020	5.0	2.7	2.3
2021	4.9	1.4	3.5
2022	12.3	3.7	8.6
2023	11.2	-0.5	11.6

Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

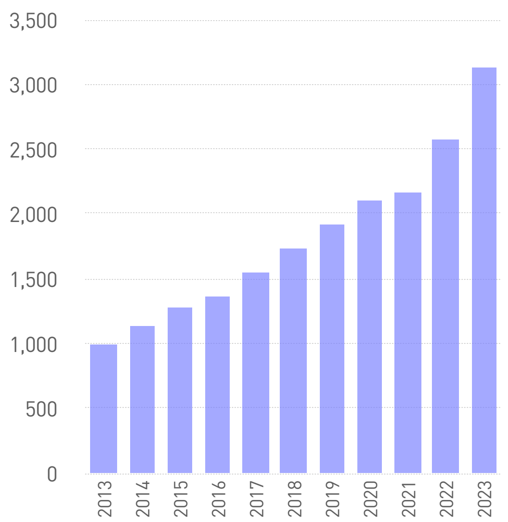
Chart 3.2.8-e
Paraguay: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

2013. Although equities have also increased over the last decade, they accounted for only 4.7% of investments in 2023.

Chart 3.2.8-f
Paraguay: insurance market investments
(billions of guaranies)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Technical provisions

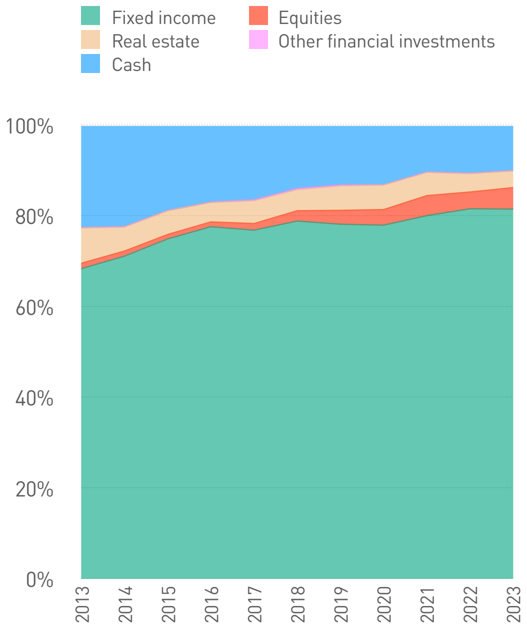
Charts 3.2.8-i, 3.2.8-j, and 3.2.8-k show the relative composition and performance of the Paraguayan insurance industry's technical provisions during the 2013-2023 period. The data indicate that technical provisions in 2023 amounted to 2.4 trillion guaranies (328 million dollars), up 12.0% from the previous year. Of this total, 80.5% were provisions for unexpired risks, 14.8% provisions for outstanding benefits, and the remaining 4.7% were technical reserves for Life insurance.

It should be noted that in Paraguay Life insurance accounts for only 15.4% of market premiums. Throughout the period analyzed, it can be seen that both the provisions for unexpired risks and benefits have remained constant, with small variations. Life insurance provisions grew slightly over the period analyzed, from 0.2% in 2013 to 4.7% in 2023, in line with the performance of this segment in that country.

Technical performance

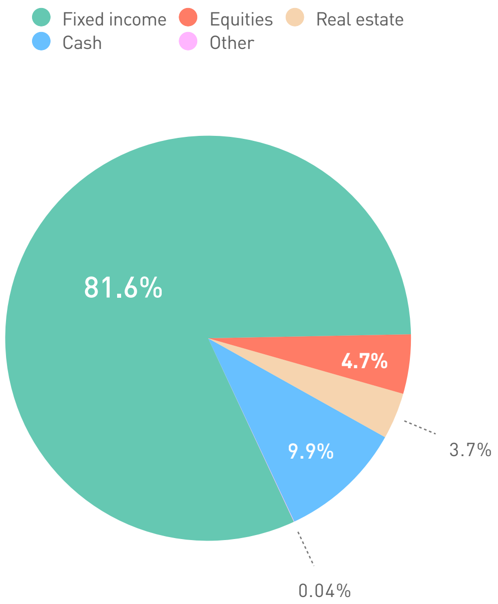
The technical result of the Paraguayan insurance sector (with annualized data as

Chart 3.2.8-g
Paraguay: structure of investments
(%)



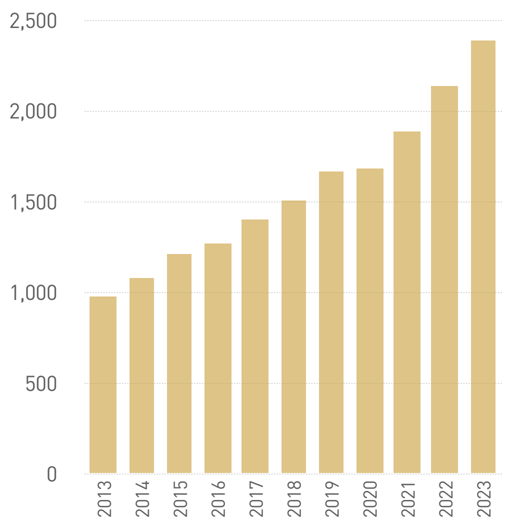
Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Chart 3.2.8-h
Paraguay: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Chart 3.2.8-i
Paraguay: technical provisions of the insurance market
(billions of guaranies)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

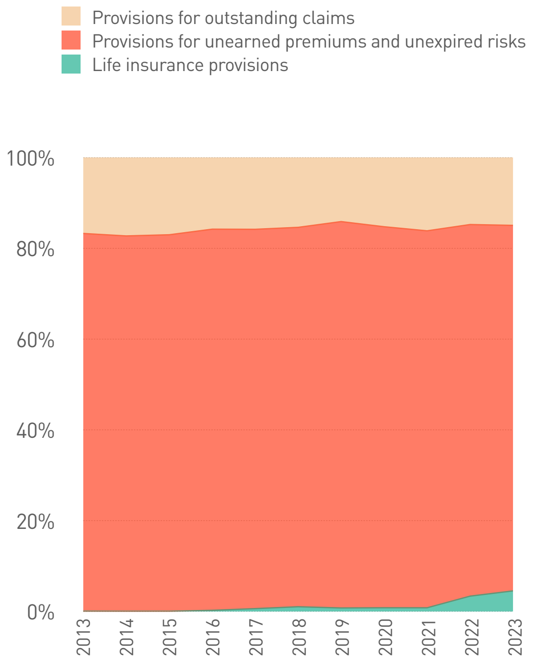
of December 2023) grew significantly with respect to the previous year, thanks to the improvement in the loss ratio.

Thus, the total combined ratio in 2023 was 89.5% (compared to 97.9% in 2022), a decrease of 8.5 pp compared to the previous year's ratio, with a significant decrease of 7.3 pp in the loss ratio and 1.2 pp in expenses. Thus, in 2023 it reversed the upward trend in the combined ratio that had begun in 2021, following declines in 2018, 2019, and 2020 (see Chart 3.2.8-l).

Results and profitability

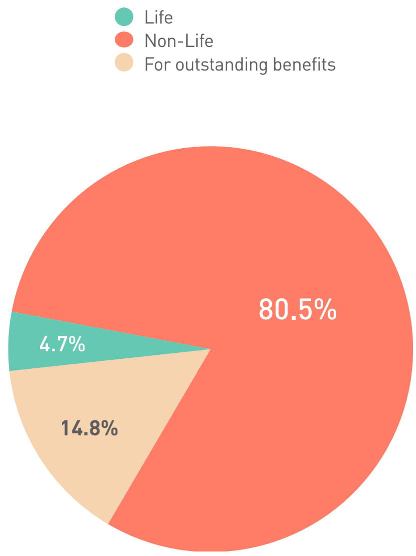
In December 2023, the net result from the Paraguayan insurance business came to 461.3 billion guaranies (63 million dollars), down by 122.1% YoY, on account of the substantial increase in the technical result and higher financial results.

Chart 3.2.8-j
Paraguay: structure of technical provisions
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

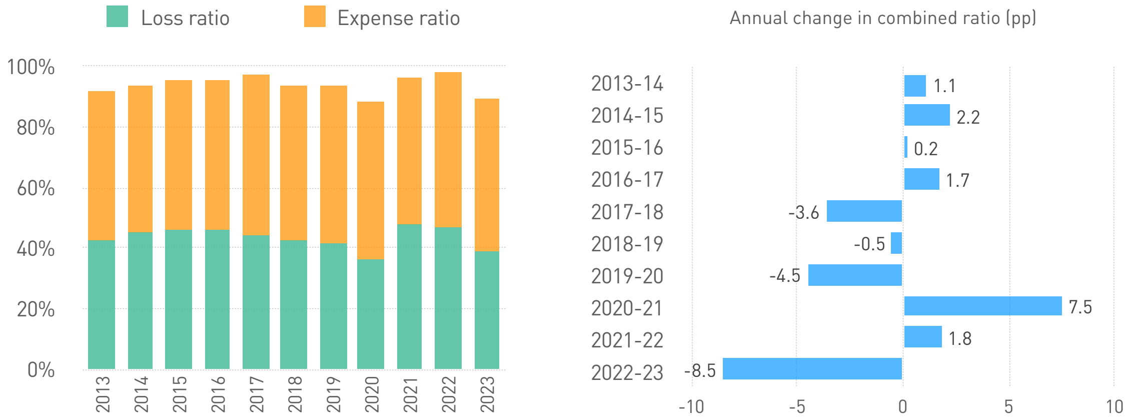
Chart 3.2.8-k
Paraguay: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

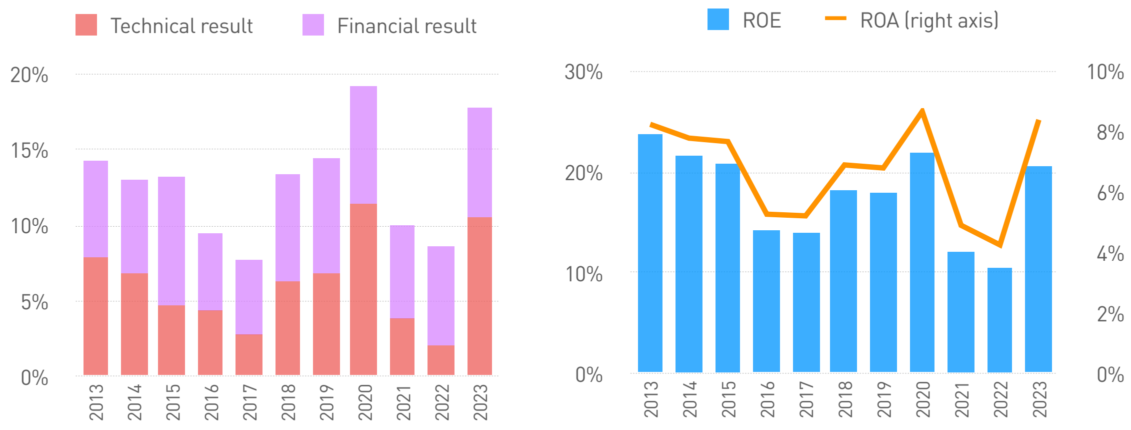
In terms of profitability, return on equity (ROE) stood at 20.4% in 2023, increasing by 9.9 pp compared to 2022. Return on assets (ROA) also increased, reaching 8.4% in 2023, up by 4.1 pp from 2022 (see Chart 3.2.8-m).

Chart 3.2.8-l
Paraguay: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Chart 3.2.8-m
Paraguay: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

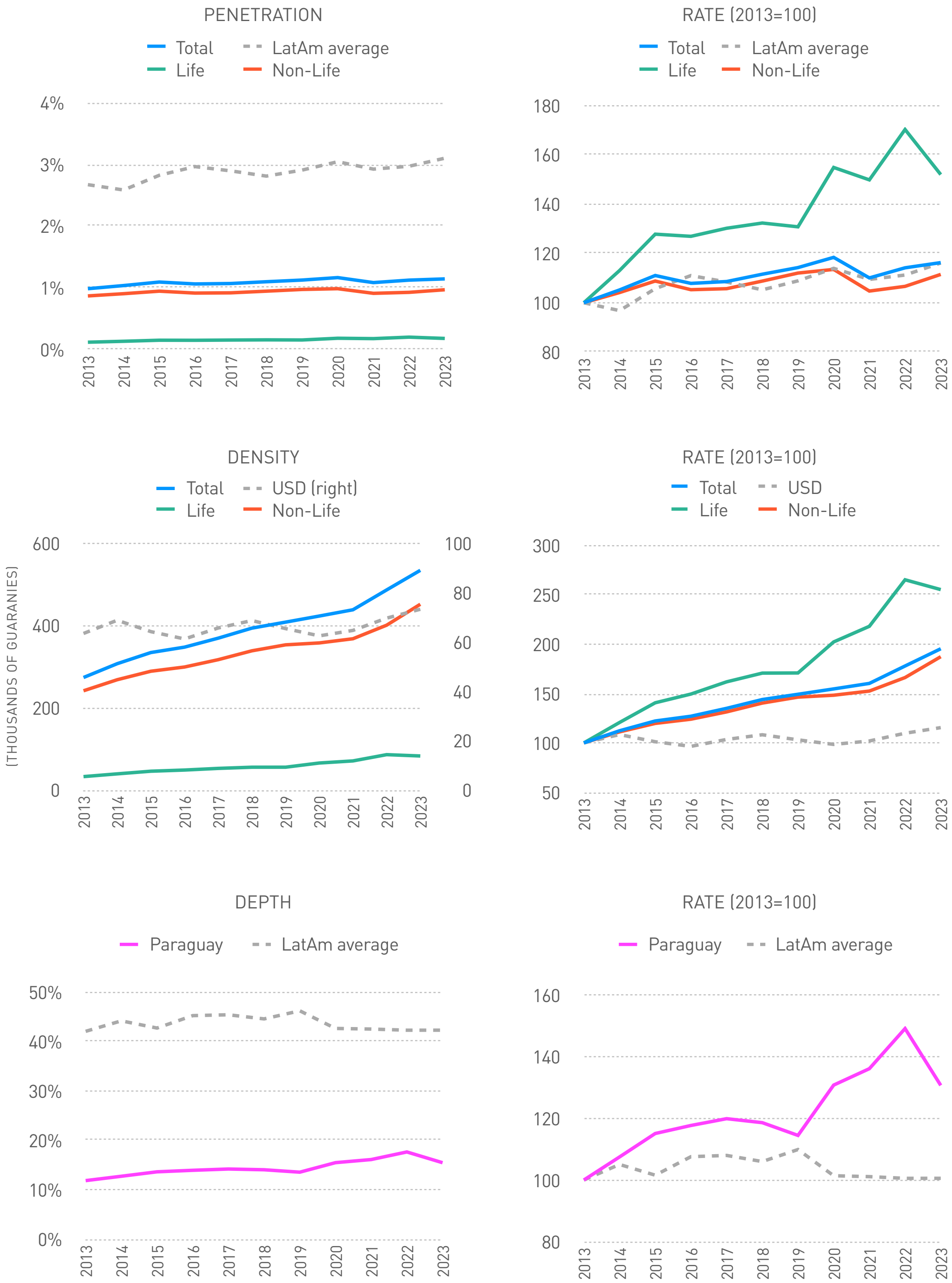
Insurance penetration, density and depth

Chart 3.2.8-n illustrates the main structural trends shaping the development of the Paraguayan insurance industry over the 2013–2023 period. The penetration ratio (premiums/GDP) in 2023 stood at 1.1%, maintaining virtually the same figure observed since 2015, except for a 0.1-pp increase in 2020, below the average values of insurance markets in the Latin American region throughout the decade. Meanwhile, insurance density (premiums per capita) stood at 533,788 guaranies (73.2 dollars), 9.8% higher than in 2022. There was a growing trend in density (measured in local currency) over the period under analysis, registering cumulative growth of 95.3% between 2013 and 2023. Lastly, insurance depth in the Paraguayan market (Life insurance premiums in relation to total premiums) came to 15.4%, up 3.6 pp from 2013 and 2.2 pp lower than in 2022. This indicator is far below the average for Latin American insurance markets, which speaks to the still nascent level of development of Life insurance in that market.

Insurance Protection Gap estimate

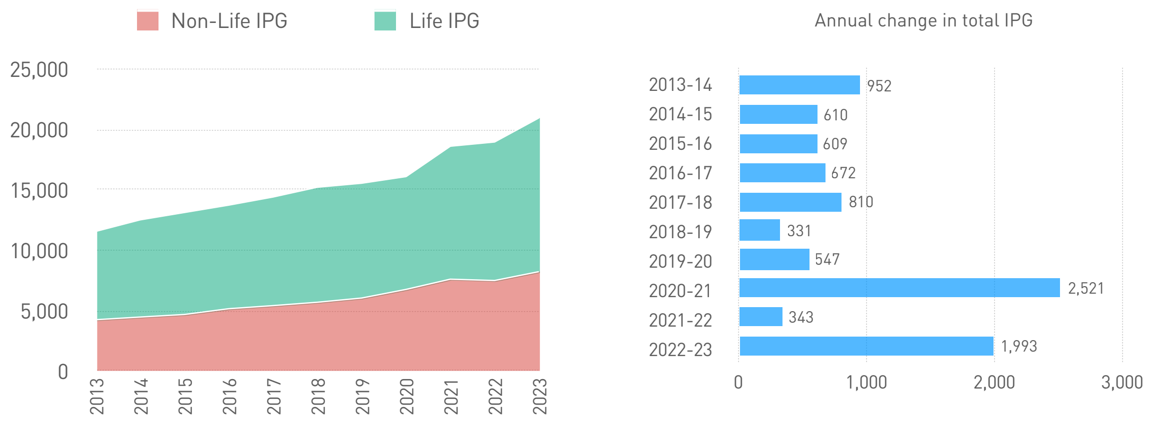
Chart 3.2.8-o shows an updated estimate of the IPG for the Paraguayan insurance market between 2013 and 2023. The insurance gap amounted to 20.9 trillion guaranies (2.9 billion dollars) in 2023, some 5.7 times the size of the actual insurance market in Paraguay at the end of that year, with an increase in both Non-Life and Life insurance. The structure and performance of the insurance gap over the period under analysis were shaped mainly by the Life insurance segment. At the close of 2023, 60.8% of the IPG was related to Life insurance (12.7 trillion guaranies), 2.5 pp less than the share recorded for this segment in 2013. The remaining 39.2% of the insurance gap was related to the Non-Life insurance segment (8.2 trillion guaranies). As such, the potential insurance market in Paraguay at the close of 2023 (the sum of the existing insurance market plus the IPG) was estimated at 24.6 trillion guaranies, 6.7 times the size of the total insurance market that year (see Chart 3.2.8-p).

Chart 3.2.8-n
Paraguay: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, guaranies and USD; Life premiums/total premiums, %, 2013 index=100)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Chart 3.2.8-o
Paraguay: Insurance Protection Gap
(billions of guaranies)

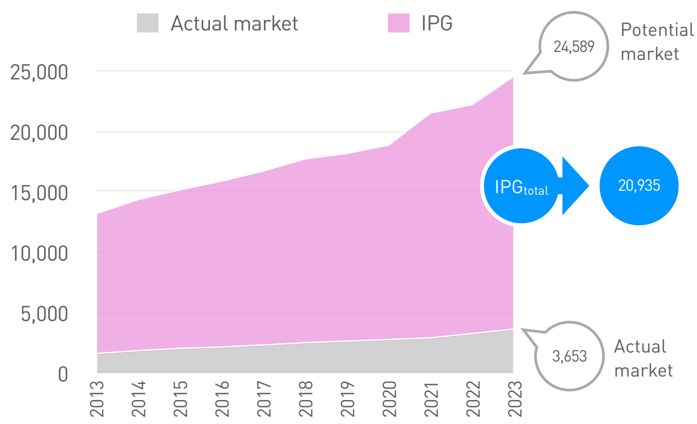


Source: MAPFRE Economics

Chart 3.2.8-q provides an estimation of the IPG as a multiple of the existing insurance market in Paraguay. According to these estimates, the insurance gap as a multiple of the market showed a downward trend between 2013 and 2023, especially for the Life insurance segment, falling from 37.8 to 22.5 times, and to a much lesser extent for the Non-Life insurance segment, from 2.9 to 2.7 times (see Chart 3.2.8-r). However, it should be noted that this downward trend became more moderate from 2017 onwards, with an increase in 2021 that was reversed in 2022.

Furthermore, Chart 3.2.8-s provides an update to the assessment made in terms of the Paraguayan insurance market's capacity to bridge the insurance gap estimated in 2023, using a comparative analysis between the growth rates observed over the last 10 years and the growth rates needed to close the IPG over the next decade. Accordingly, the Paraguayan insurance market grew at an

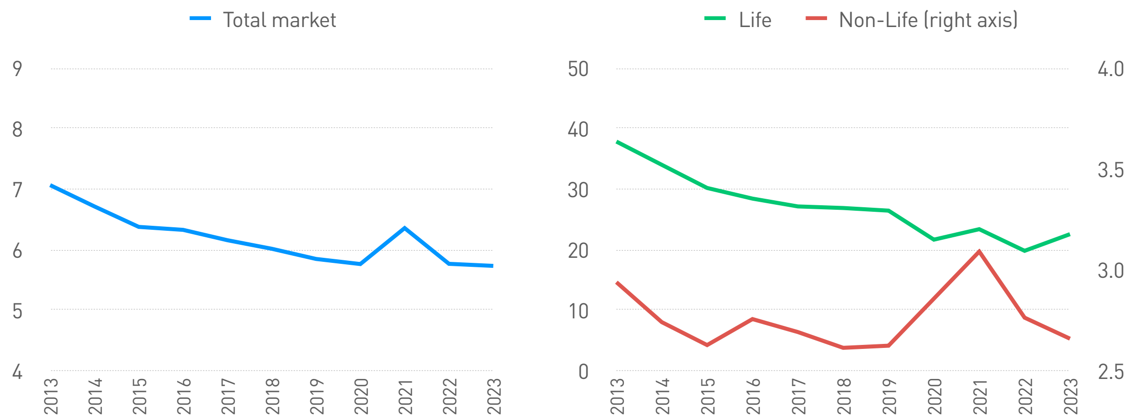
Chart 3.2.8-p
Paraguay: Insurance Protection Gap and potential market
(billions of guaranies)



Change	Actual market	IPG
2023-2013	123.5%	81.3%
2023-2022	11.2%	10.5%

Source: MAPFRE Economics

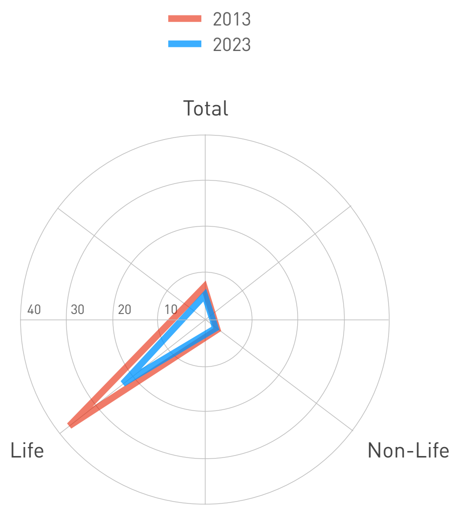
Chart 3.2.8-q
Paraguay: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

average annual rate of 8.4%, underpinned by an annual growth rate of 11.3% in the Life insurance segment and 7.9% in the Non-Life insurance segment. Were the growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Paraguayan insurance market would fall 5.9 pp short of closing the gap in the Non-Life insurance segment and 25.8 pp short in the Life insurance segment.

Chart 3.2.8-r
Paraguay: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

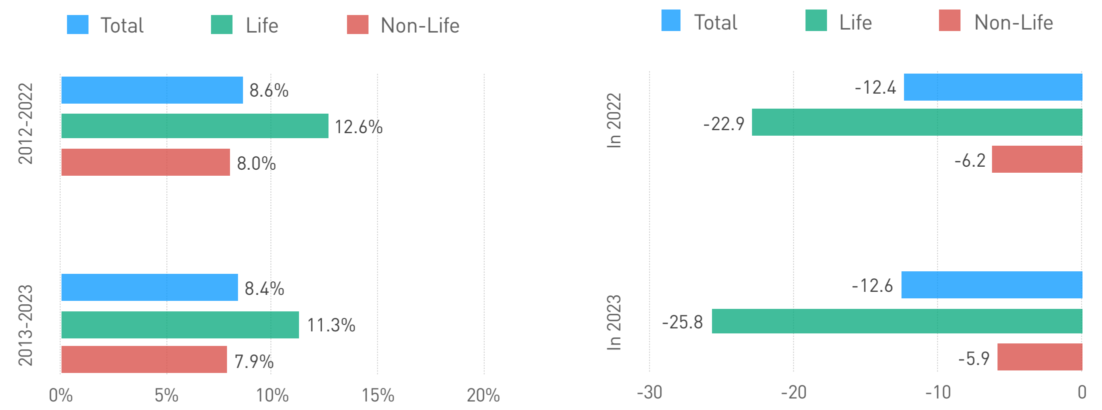
Market Development Index (MDI)

Chart 3.2.8-t shows an update of the estimate of the Market Development Index (MDI) for the insurance industry in Paraguay between 2005 and 2023. As explained earlier in this report, the MDI is used as an indicator to monitor the maturity of the markets analyzed; in the case of the Paraguayan market, the indicator has shown a positive trend in general terms, except for a decline in 2021 with a further fall in 2023, and exceeds that recorded by the average of Latin American insurance markets.

Comparative analysis of structural coefficients

Chart 3.2.8-u shows the Paraguayan insurance market's situation in comparison with the average for Latin America, measured in terms of the four structural indicators analyzed: penetration, density, depth, and MDI. In this sense, as can be seen, the Paraguayan insurance market falls well below the regional average for these indicators, with the exception of the MDI, which exceeded the regional market average

Chart 3.2.8-s
Paraguay: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

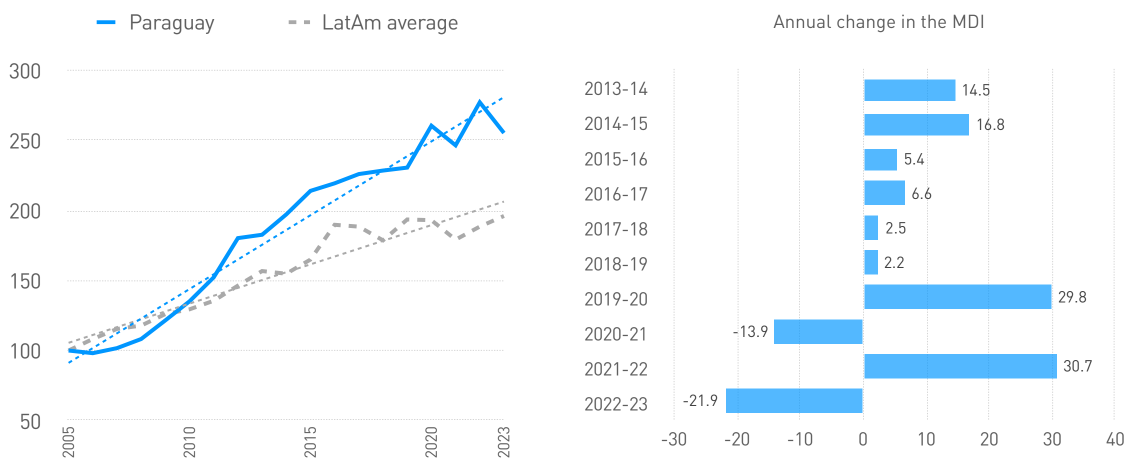
in 2023. Furthermore, the dispersion analysis shown in the aforementioned chart confirms that, over the 2013–2023 period, the Paraguayan insurance industry has shown relatively balanced development, with slight gains both in penetration (quantitative dimension) and depth (qualitative dimension), with a slight change between 2021 and 2023.

Insurance market rankings

Total ranking

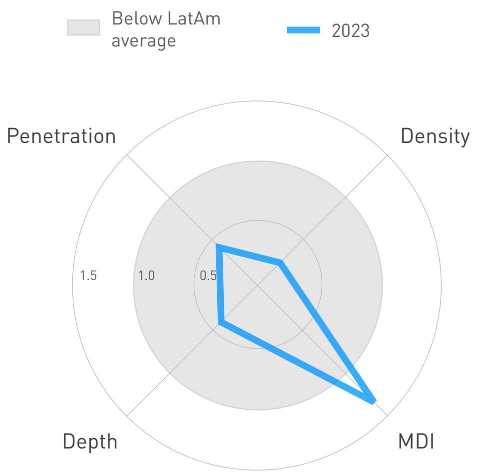
There were 35 insurance companies operating in the Paraguayan market in 2023: Of these, 21 were authorized to offer Property & Casualty insurance and 14 Property & Casualty and Life insurance. As can be seen in Chart 3.2.8-v, the industry is

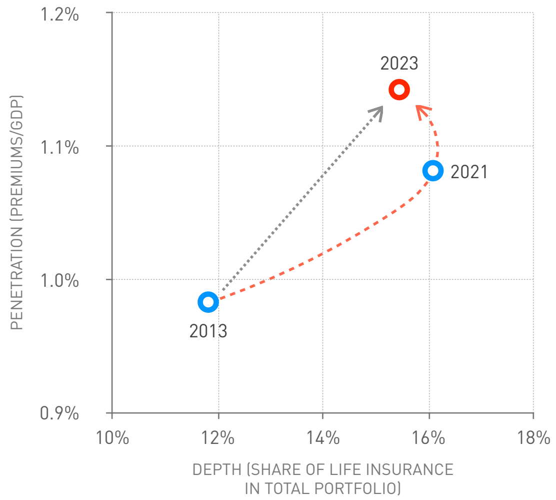
Chart 3.2.8-t
Paraguay: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.2.8-u
Paraguay: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)





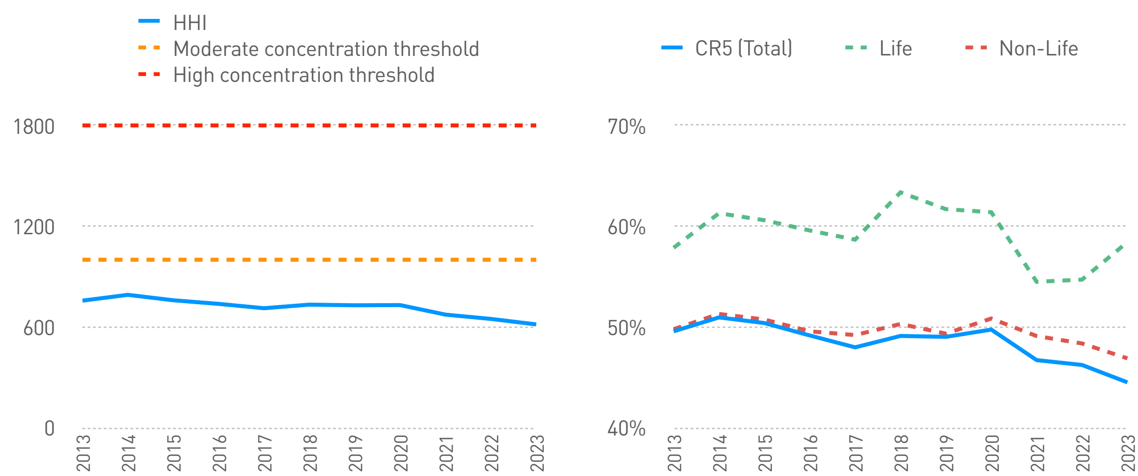
Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

not highly concentrated. The Herfindahl Index declined again in 2023, reaching 614.6 points compared to 647.3 in 2022, below the moderate concentration threshold. The CR5 Index shows that the top five companies accounted for 44.5% of total premiums in 2023, representing a 1.7 pp decrease vs. 2022, with a 1.5 pp decrease in Non-Life and a 3.7 pp increase in Life.

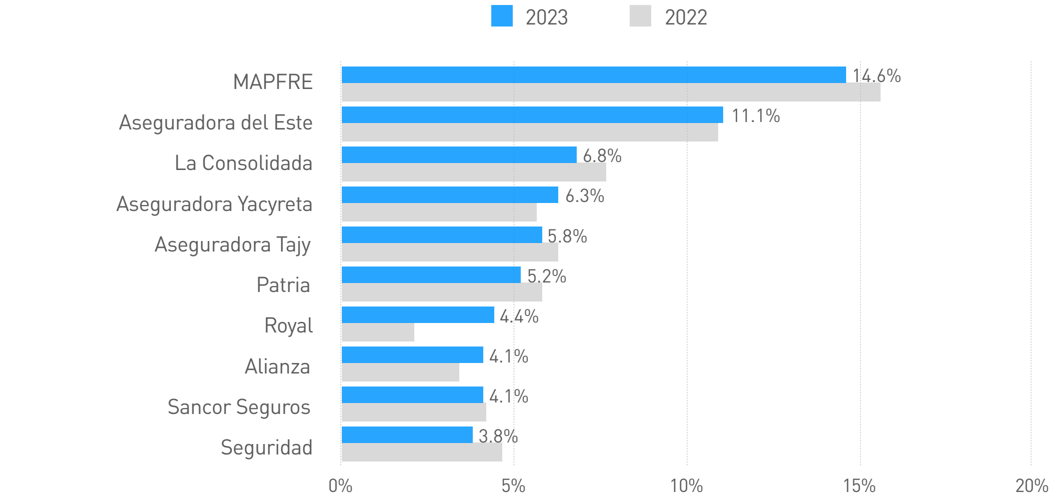
The total ranking of insurance groups in the Paraguayan market in 2023 was once

Chart 3.2.8-v
Paraguay: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

Chart 3.2.8-w
Paraguay: overall ranking
(market shares, %)



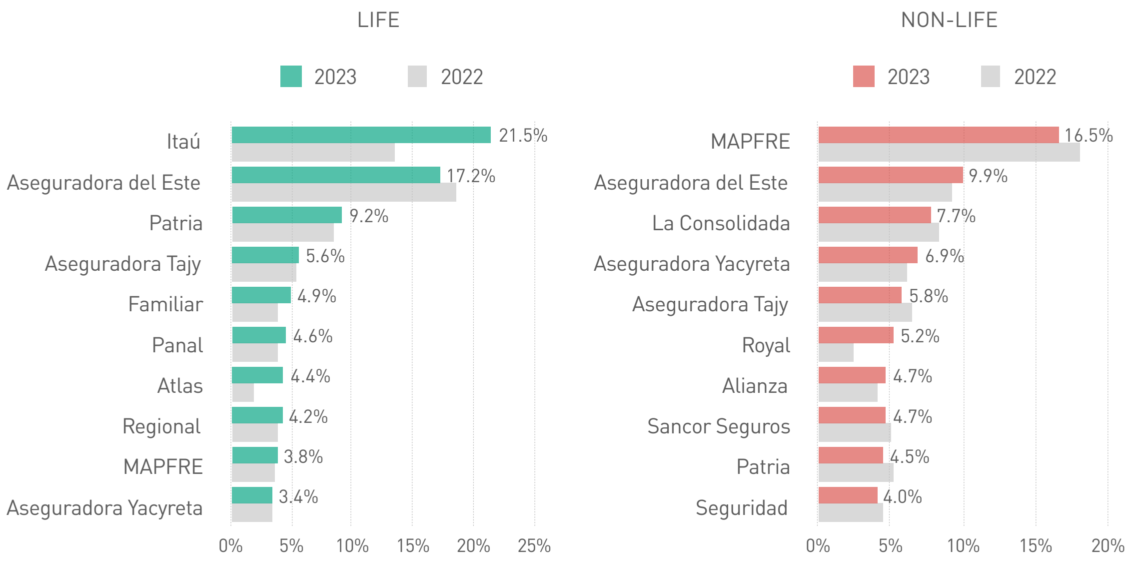
Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

again led by MAPFRE, with a market share of 14.6%, followed by Aseguradora del Este (11.1%) and La Consolidada (6.8%). Royal re-enters the ranking, climbing from fourteenth to seventh place, causing Fénix to leave and doubling its market share (see Chart 3.28-w).

Life and Non-Life rankings

The ranking for the Non-Life insurance segment in 2023 continues to be topped by MAPFRE, with a market share of 16.5% of premiums, with several changes compared to the 2022 ranking. Aseguradora Tajy goes

Chart 3.2.8-x
Paraguay: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)

down by one place, ranking fifth, while Yacyreta rises to fourth place. Royal moves up to sixth place from eleventh place in 2022, Alianza moves up two places and Sancor (-1 position), Patria (-3), and Seguridad (-2) move down. On the other hand, as shown in Chart 3.2.8-x, Itaú Seguros, which acquired Providencia in 2021, leads the Life ranking in 2023, with a 21.5% market share, leaving Aseguradora del Este in second place. From fourth place onwards, every company rises in the ranking: Aseguradora Tajy (+2 places), Familiar (+6), Panal (+3), Atlas (+9), Regional (+2), MAPFRE (+3), and Aseguradora Yacyreta (+3).

Key regulatory aspects

The Superintendency of Insurance of the Central Bank of Paraguay continues working on the transition from Compliance Based Supervision (Solvency I) to Risk Based Supervision (Solvency II). For this reason, during 2023, it focused on the drafting of a bill that comprehensively amends the current insurance legislation (Law No. 827/96 "Insurance"), as well as on the issuing of regulations aimed at making market operations transparent through the provision and publication of information.

In a different sphere, regulations were issued for the prevention of money laundering and financing of terrorism, as well as for the control of efficiency and continuous improvement in the governance of supervised entities, by following the Guidelines for the application of minimum standards for good corporate governance. Also, at the operational level, and in order to optimize the quality of the information submitted to the control authority, a new Accounting Module platform was implemented. It supersedes the previous platform, and within this framework, the form for requesting access to the platform has been provided, as well as the instructions for the use of the tool developed.

In addition, circulars were issued regarding the provision of information on amounts invested in the areas of Information and Communication Technology (ICT), Cybersecurity, Information Security, and Internal IT Auditing, as well as those related to the registration of individuals in the database of the Control Authority. Lastly, regulations were issued to broaden the parameters for the certification of suitability in financial or insurance matters for administrators or legal representatives of legal entities interested in registering as an insurance auxiliary or claims adjuster.

The main regulations issued by the Superintendency of Insurance and Central Bank of Paraguay are detailed below:

- RES.SS.SG.No. 186/24 of 05/28/2024. Extension of Resolution SS. SG. No. 240/04 of June 30, 2004, "Approving the Chart of Accounts and Manual of Accounts for Insurance and Reinsurance Companies." Updating of the chart of accounts in view of the incorporation of new banking institutions in the financial system.

- RES.SS.SG.No. 022/24 of 01/25/2024. Inquiries, complaints, and claims form to be submitted to the Superintendency of Insurance. To expedite, facilitate, and standardize communications made by insurance users to the User Assistance Division of the Superintendency of Insurance, related to queries, complaints, and claims arising from the taking out of an insurance policy.

- RES.SS.SG.No. 012/24 of 01/11/2024. Partial amendment of Resolution SS. SG. No. 240/04 of June 30, 2004 "Approving the Chart of Accounts and Manual of Accounts for Insurance and Reinsurance Companies." Updating of the chart of accounts in the event of a change in the name of a supervised entity.

- RES.SS.SG.No. 11/24 of 01/11/2024. Partial amendment of Resolution SS. SG.

No. 240/04 of June 30, 2004 "Approving the Chart of Accounts and Manual of Accounts for Insurance and Reinsurance Companies." Enabling new sub-accounts and chargeable accounts in Assets to record the profit sharing of assigned reinsurance contracts and, in turn, create their corresponding income statements.

- RES.SS.SG.No. 247/23 of 12/28/2023, amending Resolution SS.SG. No. 244/2020 of 10/05/2020. Rules for the subscription, purchase, or transfer of shares, incompatibilities to be shareholders and hold positions in supervised entities, issued within the framework of efficiency control and continuous improvement of the regulations governing the national insurance and reinsurance market, and the need to evaluate the impact and scope of the rules affecting the regulated market.

- CIR.SS.SG.No. 164/23 of 12/26/2023. Change of depository account for transfer of funds, payment of fines and fees. Notification of the change of account for the transfer of funds.

- CIR.SS.SG.No. 162/23 of 12/20/2023. External actuarial audit report. Clarification of the start date of the actuarial audit.

- RES.SS.SG.No. 168/23 of 08/09/2023, extending Article 4e) of Appendix 1 of Resolution No. 14/96 dated 06/21/1996, Regulation on insurance auxiliaries and loss adjusters, as extended by Resolution SS.SG. No. 126/21 dated 02/07/2021, and amended by Resolution SS.SG. No. 211/2021 of 11/23/2021, issued in view of the need to broaden the parameters for the certification of suitability in financial or insurance matters by the legal representative administrators of the legal entities interested in registering as insurance auxiliary or claims adjuster, where such suitability may also be certified by means of documentation that sufficiently proves the technical experience of such persons in insurance or finance.

- CIR.SS.SG.No. 085/23 of 07/19/2023. New platform for the SIS accounting module. Implementation of a new platform for the submission of data from the Accounting Module for the period from August 2023 onwards, as of 09/01/2023, with disablement of the previous platform.

- CIR.SS.SG.No. 084/23 of 07/18/2023. Reminder of the validity of Resolution SS.SG No. 45/13 dated 08/08/2013. Remind insurers of the limit established by the aforementioned regulation both in Life insurance and in insurance for third parties (those where the policyholder is not the insured party).

- RES.SS.SG.No. 157/23 of 07/18/2023. Amendment of Resolution SS.SG. No. 166/06 "Partial exception to reporting deadlines established in Resolution SS.SG. No. 139/05 dated 04/28/05 (registration and keeping of books and similar records) No. 337/05 dated 12/30/2005." Updating of the values of certain data fields for the implementation of the new Accounting Module platform, which will commence operations in September 2023.

- CIR.SS.SG.No. 071/23 of 06/30/2023. Fees established for registration in the SIS. Updating of the amount of the minimum wage in the country, thus updating the amount of the SIS fees.

- CIR.SS.SG.No. 058/23 of 05/24/2023. Supporting documentation, guidelines, and timelines for the application of good corporate governance within the framework of Resolution No. 16/2022 of the BCP Board of Directors. Clarification on the submission of documentation related to Corporate Governance.

- CIR.SS.SG.No. 033/23 of 03/27/2023. Reporting of investments in ICT and cybersecurity. Request for the submission of data related to the amounts invested in the areas of Information and Communications

Technologies, Cybersecurity, IT Security, Information Security, and Internal IT Audit during the years 2017, 2018, 2019, 2020, 2021, and 2022, as well as thereafter.

- CIR.SS.SG.No. 034/23 of 03/27/2023. Frequency of data submission for individuals. For a better organization and distribution of the number of records sent for registration, so as not to overload the requests in the first days of the month after the related policies are issued.

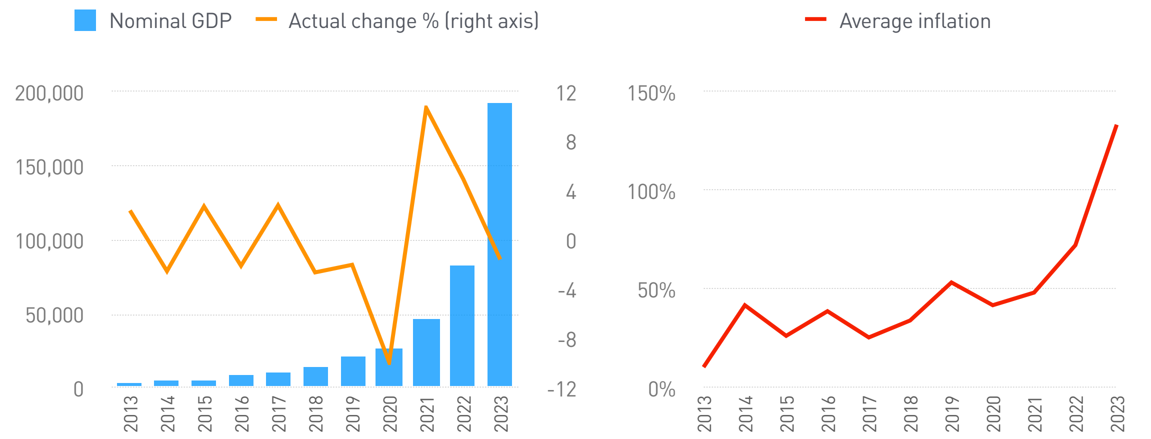
3.2.9 Argentina

Macroeconomic environment

The Argentine economy contracted by 1.6% in 2023 due to sharp declines in exports (-6.7%) influenced in part by the negative impact of droughts, a decrease in gross capital formation (-1.9%), and declines in both public and private consumption (see Chart 3.2.9-a). By activity, the sectors with the least dynamism were agriculture (-6.0%), the manufacturing industry (-6.0%), and mining (-5.9%). In foreign trade, the sharp fall in exports was accompanied by an increase in imports (2.2%), resulting in a balance of trade that remains in deficit. In 2023, the balance of payments was in deficit (3.2%), higher than the previous year's deficit (0.6%), with the balance of goods being the main drag on the balance. From a fiscal perspective, the imbalance continued to erode the public accounts, with a deficit that widened to 2.7% of GDP, although with a certain adjustment towards fiscal moderation driven since the end of the year by the implementation of a battery of measures aimed at restoring balance to the public accounts, resolving external deficits, and restoring credibility to monetary policy.

It should be noted that inflation closed 2023 with an increase of 211.4% (133.5% as the annual average), up from 95% the previous year, as a result of the sum of accumulated macroeconomic imbalances and a monetary and fiscal policy strategy that adversely affected the parallel exchange rate throughout the year. As part of the adjustment plan, the devaluation of the official exchange rate (118%) was made official at the end of the year, and the first changes in the monetary policy roadmap of the Central Bank of the Argentine Republic began to take place, with a shift towards reducing the financing and assistance lines to the treasury, in order to rebuild the international reserves position and reorder reference interest rates towards lower levels reflecting these lower financing needs.

Chart 3.2.9-a
Argentina: changes in economic growth and inflation
(GDP in local currency, billions of pesos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on IMF and OEF data)

For 2024, the ECLAC estimates a GDP contraction of 3.6%, weighed down by still-high inflation, a slow recovery of exports due to droughts, and a reduction in economic activity in response to the accumulated imbalances and the proposed adjustment plan, an outlook that is largely contingent on the success of structural reforms in the economy. The organization expects a recovery of the Argentine economy in 2025, with estimated growth of 4%. For its part, MAPFRE Economics has forecast a fall in Argentine GDP in 2024 of around 3.9%, as well as a slight recovery in 2025, which would put the economy's growth at around 1.5%.

Insurance market

Growth

Premium volume in the Argentine insurance market in 2023 (annualized as of December 2023) amounted to 6.3 trillion pesos (21.2 billion dollars), up by 173.8% in nominal terms and 17.2% in real terms when compared to the same period of the previous year, with larger increases in the Non-Life lines (see Chart 3.2.9-b and Table 3.2.9). Life insurance premiums, which account for 11.7% of the total market, grew by 164.5% in nominal terms (13.3% in real terms) to reach 736.1 billion pesos (2.5 billion dollars). Non-Life insurance premiums, which account for 88.3% of the market, grew 175.0% in nominal terms (17.8% in real terms) to reach 5.5 trillion pesos (18.7 billion dollars). All insurance lines recorded positive growth in both nominal and real terms. The lines with the greatest growth were Transportation (196.6%), Fire (195.2%), and Credit and Surety (181.7%) insurance.

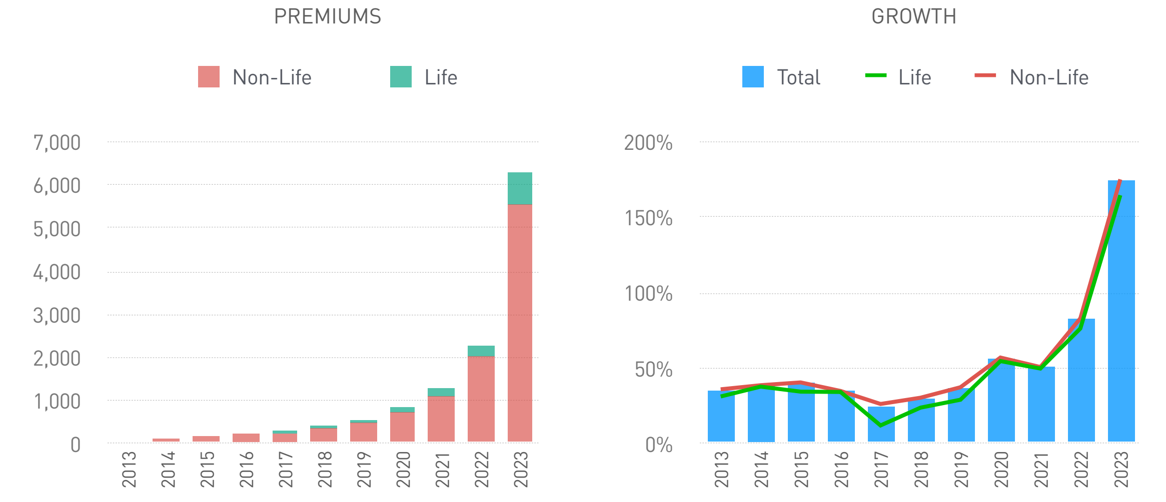
The share of Argentine insurance in the Latin American insurance market came to 10.4% in 2023, with Non-Life enjoying a higher share (15.9%) than Life (2.9%). The market share of the Argentine insurance industry followed a growth trend until 2015, when it reached its highest point, accounting for 13.4% of total premiums and

Table 3.2.9
Argentina: premium volume[1] by insurance line, 2023

Line	Billions of pesos	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**6,284.5**	**21,197.3**	**173.8**	**17.2**
Life	**736.1**	**2,482.7**	**164.5**	**13.3**
Group Life	428.7	1,445.9	146.3	5.5
Individual Life	222.2	749.4	203.6	30.0
Retirement	85.2	287.4	174.8	17.7
Non-Life	**5,548.4**	**18,714.5**	**175.0**	**17.8**
Automobiles	2,605.9	8,789.5	179.1	19.5
Other lines	313.3	1,056.9	166.9	14.3
Fires	319.9	1,078.9	195.2	26.5
Combined family	293.9	991.4	151.4	7.7
Agricultural insurance	160.4	540.9	169.6	15.5
Personal Accidents	111.4	375.8	149.3	6.8
Third Party Liability	116.9	394.5	160.2	11.4
Transport	107.7	363.4	196.6	27.0
Credit and Surety	102.7	346.2	181.7	20.7
Health	12.9	43.4	175.0	17.8
Workplace accidents	1,403.5	4,733.8	172.8	16.8

Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)
1/ Premiums and surcharges issued

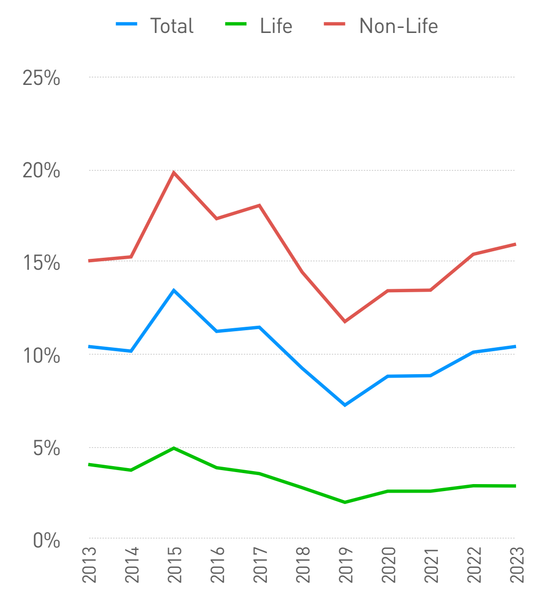
Chart 3.2.9-b
Argentina: growth developments in the insurance market
(premiums, billions of pesos; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

19.8% of Non-Life premiums. From that moment on, the share showed a downward trend that again reversed direction from 2020 onwards towards higher market shares (see Chart 3.2.9-c).

Chart 3.2.9-c
Argentina: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance and supervisory bodies of the region)

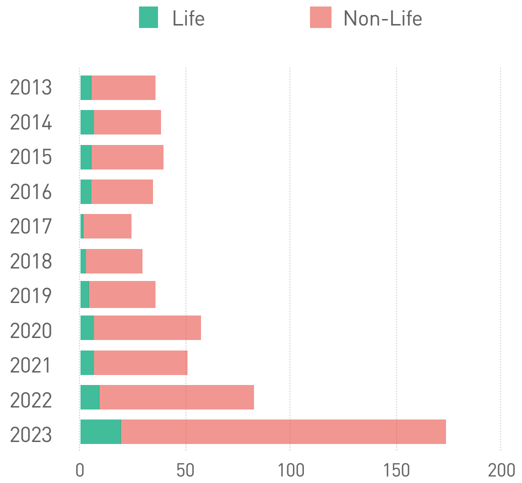
As regards the 173.8% nominal growth in the Argentine insurance market in 2023, Non-Life made the largest contribution with 153.8 pp, while 19.9 pp was attributable to the Life insurance segment. As Chart 3.2.9-d shows, this situation has occurred throughout the last decade, i.e., the Life insurance segment has had a relatively smaller impact on the general dynamic of the Argentine insurance industry.

Balance sheet and shareholders' equity

When analyzing the performance of the aggregate balance sheet of the Argentine insurance industry between 2013 and 2023, as presented in Chart 3.2.9-e, it can be seen that assets came to 12.7 trillion pesos (15.7 billion dollars) at year-end 2023, up 214.0% YoY, while equity stood at 4.1 trillion pesos (5.0 billion dollars), up 238.1% versus the previous year, heavily influenced by the inflationary process affecting the Argentine economy.[12]

Aggregate capitalization levels within the insurance industry (measured over total assets) stood at around 20% between 2013

Chart 3.2.9-d
Argentina: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	35.2	5.3	30.0
2014	38.6	6.2	32.4
2015	39.6	5.6	34.0
2016	34.8	5.4	29.5
2017	24.1	1.9	22.2
2018	29.5	3.4	26.2
2019	36.3	3.9	32.4
2020	56.8	7.0	49.8
2021	50.6	6.3	44.4
2022	82.2	9.6	72.6
2023	173.8	19.9	153.8

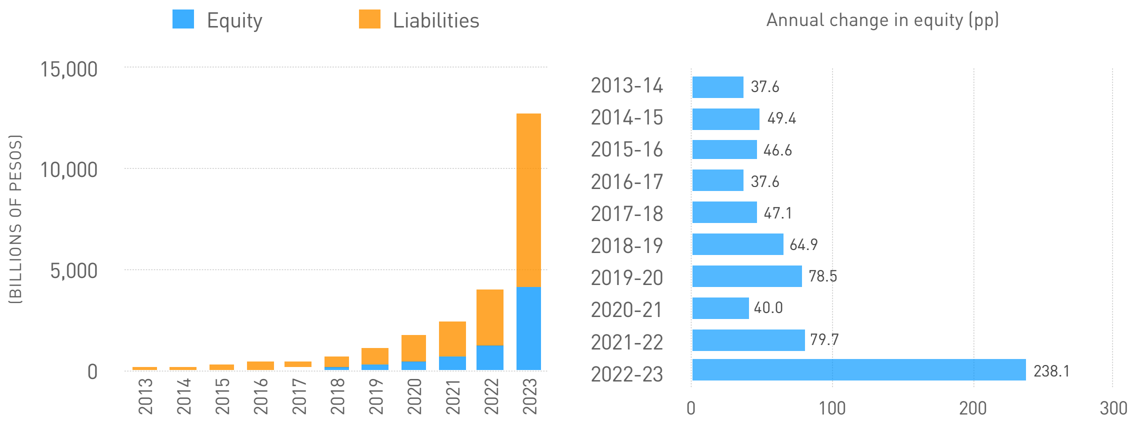
Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

and 2019, the highest value being in 2023 with 32.3% over total assets.

Investments

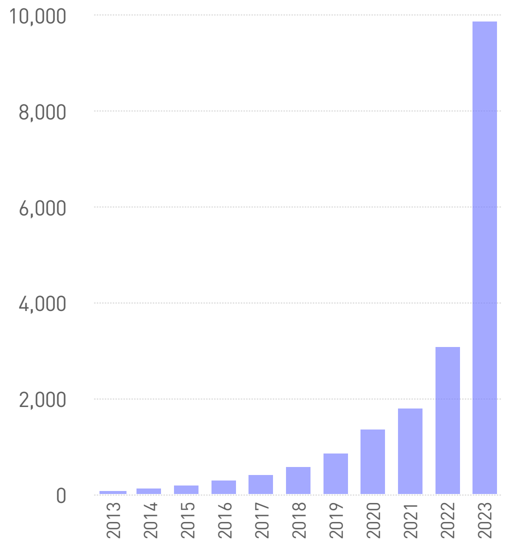
Charts 3.2.9-f, 3.2.9-g and 3.2.9-h show the performance, structure and composition of the aggregate investment portfolio of the Argentine insurance industry at the sector level between 2013 and 2023. In the latter year, investment totaled 9.9 trillion pesos (12.2 billion dollars), concentrated in fixed income (51.7%), mutual funds (30.5%), and, to a significantly lesser extent, equity instruments (9.5%). Particularly noteworthy in the aggregate investment portfolio analysis is the gradual increase in amounts managed through mutual funds, which increased in relative values throughout the period analyzed, growing

Chart 3.2.9-e
Argentina: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-f
Argentina: insurance market investments
(billions of pesos)



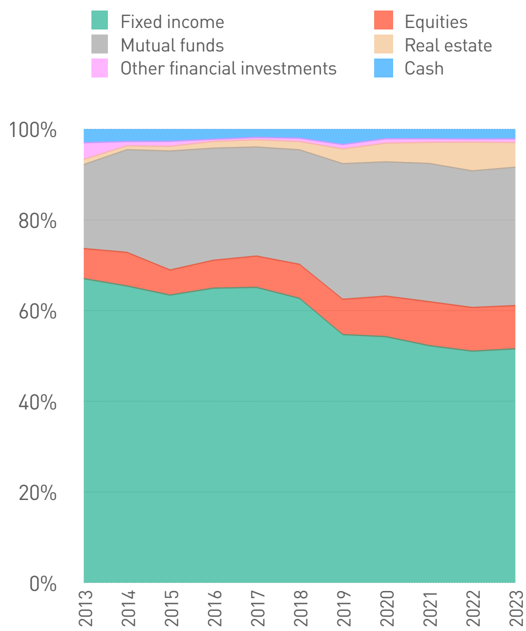
Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

from 18.5% of total investments in 2013 to 30.5% by the end of 2023.

Technical provisions

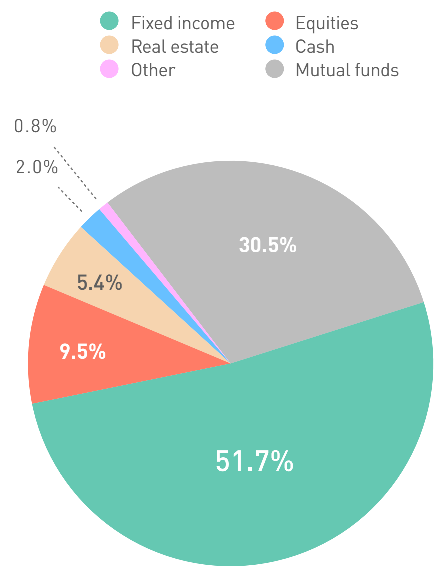
Charts 3.2.9-i, 3.2.9-j, and 3.2.9-k show the relative composition and performance of the Argentine insurance industry's technical provisions during the 2013-2023 period. As can be seen, technical provisions amounted to 6.3 trillion pesos (7.8 billion dollars) in 2023. Of this total, 41.5% related to Life insurance, 12.3% to provisions for unearned premiums and unexpired risks in Non-Life insurance and 46.3% to provisions for outstanding benefits. Throughout the period under analysis, it can be seen that the Life insurance provision represents approximately 30% of the total, increasing in 2023 to 41.5% of total provisions. In contrast, provisions for outstanding benefits have decreased in 2023 (46.3%), down from 51.2% in 2013.

Chart 3.2.9-g
Argentina: structure of investments
(%)



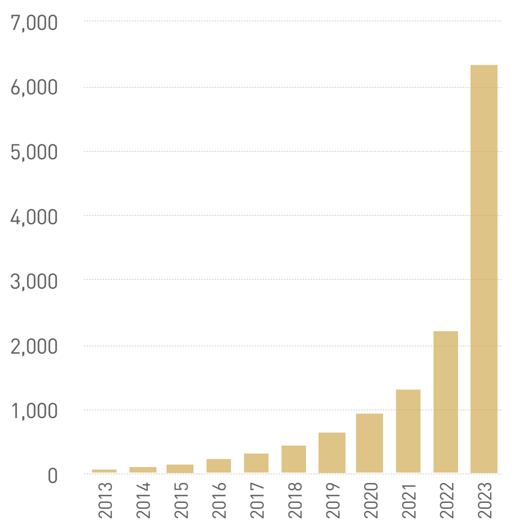
Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-h
Argentina: structure of investments, 2023
(%)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-i
Argentina: technical provisions of the insurance market
(billions of pesos)

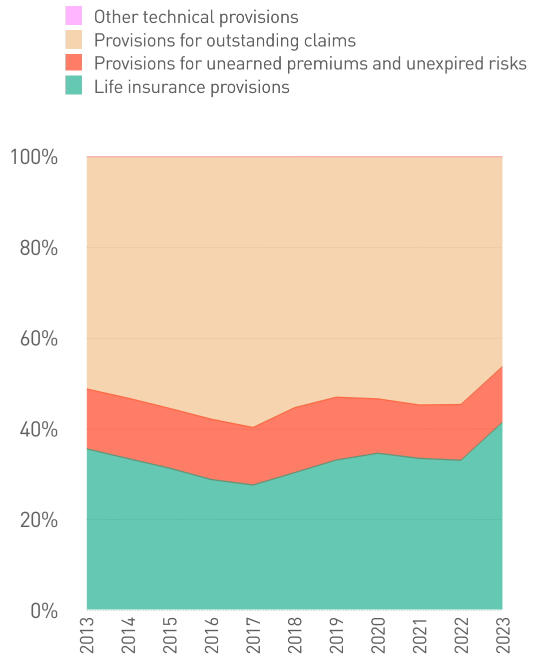


Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Technical performance

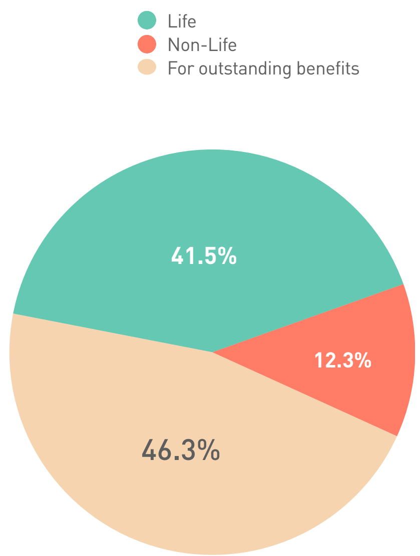
The total combined ratio of the insurance market stood at 96.9% in 2023, which is 7.8 pp higher than in 2022, as a result of the decrease of the expense ratio by 5.8 pp and the claims ratio by 2.0 pp. Despite this, as shown in Chart 3.2.9-l, for the fourth consecutive year the technical result of the insurance business in Argentina was positive. As stated in our 2020 report, this can be explained by the restatement of various items in insurance companies' financial statements in standard currency (adjusted for inflation). When this inflation adjustment is made, various items must be restated in accordance with the Consumer Price Index from their date of origin, so that premium adjustments are higher than cost adjustments, as the production cycle is reversed in the insurance industry, and revenue (premiums) is generated prior to costs (claims and expenses), with the obligation to establish the necessary

Chart 3.2.9-j
Argentina: structure of technical provisions
(%)



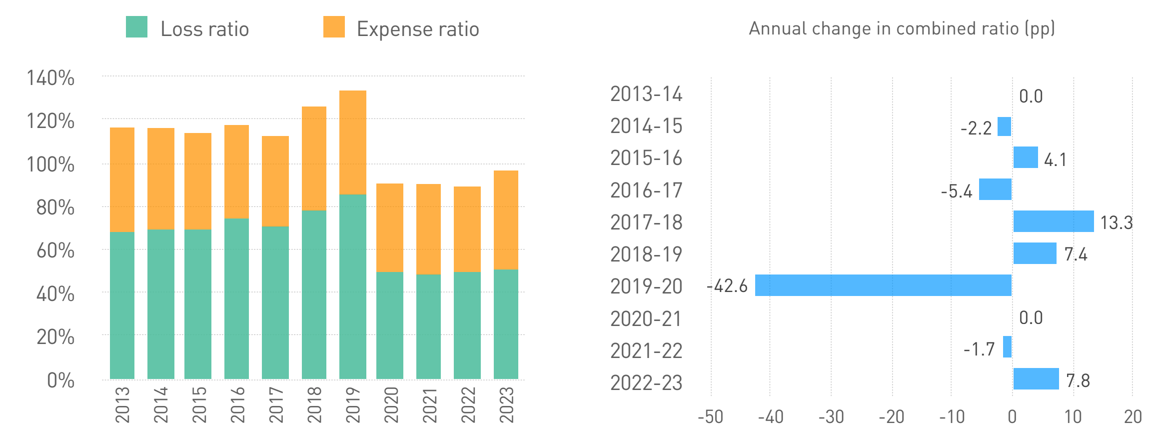
Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-k
Argentina: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-l
Argentina: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



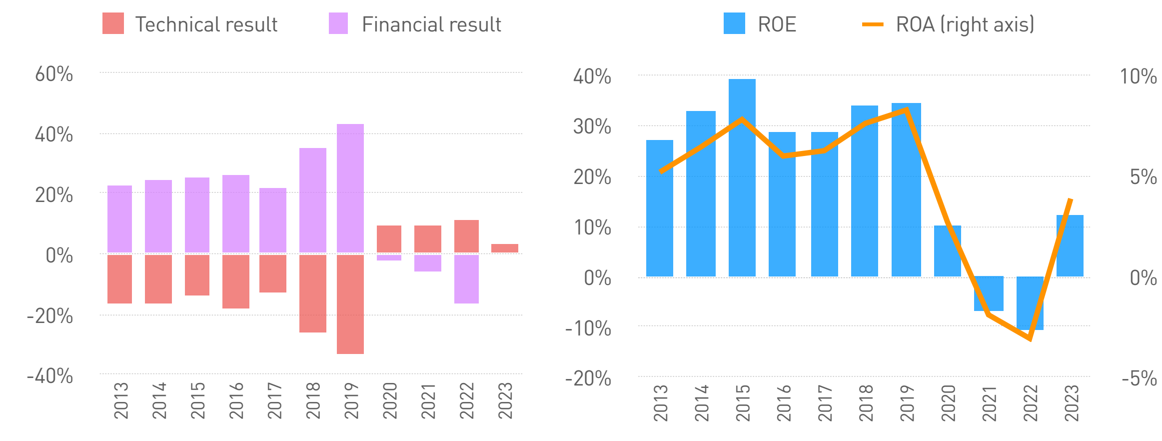
Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

technical reserves to meet the commitments undertaken. As a result, depending on the adjustment, an increase in items under accrued premiums can be higher than accrued claims and adjusted expenses, thereby boosting the technical result. The changes introduced by Superintendency of Insurance of the Nation in the calculation of technical reserves for insufficient premiums (Resolution 147/2020) also had an impact. This calculation must be done with values expressed in standard currency, which led to a lower amount in the reserve or the need to create one.

Results and profitability

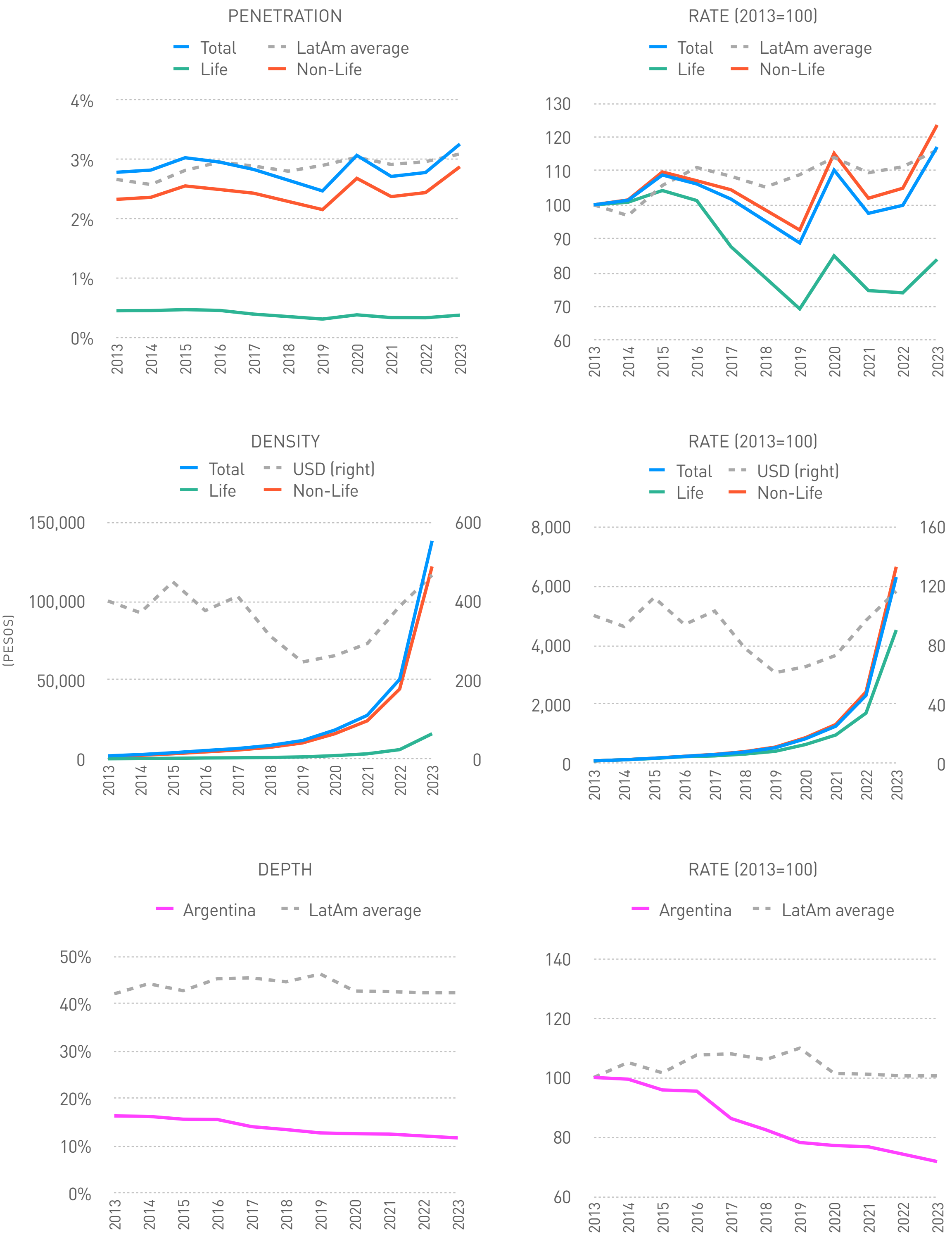
The Argentine insurance sector closed the year 2023 with a significant increase in results. The net result from the insurance business (with annualized data as at December 2023) was 324.5 billion pesos (1.1 billion dollars), as against -98.0 billion pesos the previous year, as a result of the

Chart 3.2.9-m
Argentina: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-n
Argentina: changes in penetration, density and depth
(premiums/GDP, %; premiums per capita, pesos and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

positive technical result and a lesser deterioration of the financial result. Profitability was positive in 2023: return on equity (ROE) stood at 12.2%, as against a negative ROE in 2022 of -10.4%. Meanwhile, return on assets (ROA) reached 3.9%, up by 6.9 pp compared to 2022, in which it had been negative (see Chart 3.2.9-m).

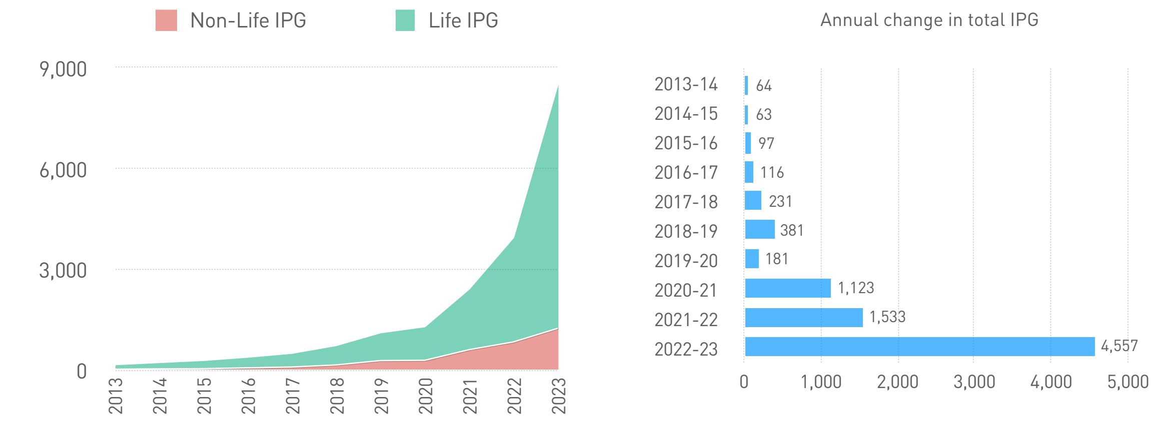
Insurance penetration, density and depth

Chart 3.2.9-n shows the main structural trends shaping the development of the Argentine insurance industry over the 2013–2023 period. Firstly, the penetration ratio (premiums/GDP) stood at 3.3% in 2023, up 0.5 pp from the previous year. The indicator shows an upward trend until 2015 and, from 2016 onwards, a downward trend, which is broken in 2020. It then reversed and reached its high for the decade in 2023. Insurance density (premiums per capita) reached 138,004 pesos (465 dollars), 173% higher than the value observed in 2022. Density followed an upward trend over the course of the last decade, although its measurement in local currency was influenced by the inflationary context of the Argentine market. When measured in dollars, density shows more stable performance, with declines in 2018 and 2019 and an upward trend from 2020 onward. Turning our attention to depth (Life insurance premiums to total premiums), the indicator for 2023 came to 11.7%, 4.6 pp below the value observed in 2013. The Argentine insurance market's depth trend diverges substantially from the average trend observed in the Latin American region, showing once again the structural weakening of the Life segment within Argentina's insurance market.

Insurance Protection Gap estimate

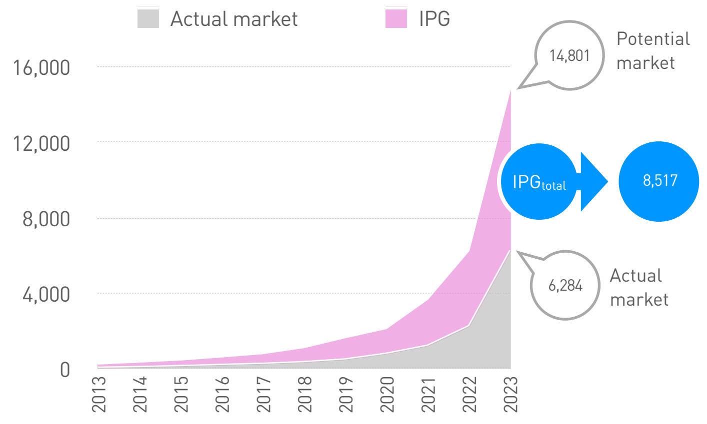
Chart 3.2.9-o shows an estimate of the insurance gap for the Argentine insurance market between 2013 and 2023. As can be seen, the insurance gap stood at 8.5 trillion pesos (28.7 billion dollars) in 2023, equivalent to 1.4 times the size of the actual insurance market at the close of the same year. The structure and evolution of the IPG from 2013 to 2023 was largely determined by Life insurance, the share of which increased from 79.0% in 2013 to 85.3% in 2023 (7.3 trillion pesos). In contrast, the Non-Life insurance segment saw its IPG share decrease from 21.0% to 14.7% in this period. As Chart 3.2.9-p shows, the potential insurance market in Argentina in 2023 (the sum of the existing market plus the IPG) amounted to 14.8

Chart 3.2.9-o
Argentina: Insurance Protection Gap
(billions of pesos)



Source: MAPFRE Economics

Chart 3.2.9-p
Argentina: Insurance Protection Gap and potential market
(billions of pesos)



Change	Actual market	IPG
2023-2013	66.3%	48.5%
2023-2022	173.8%	115.1%

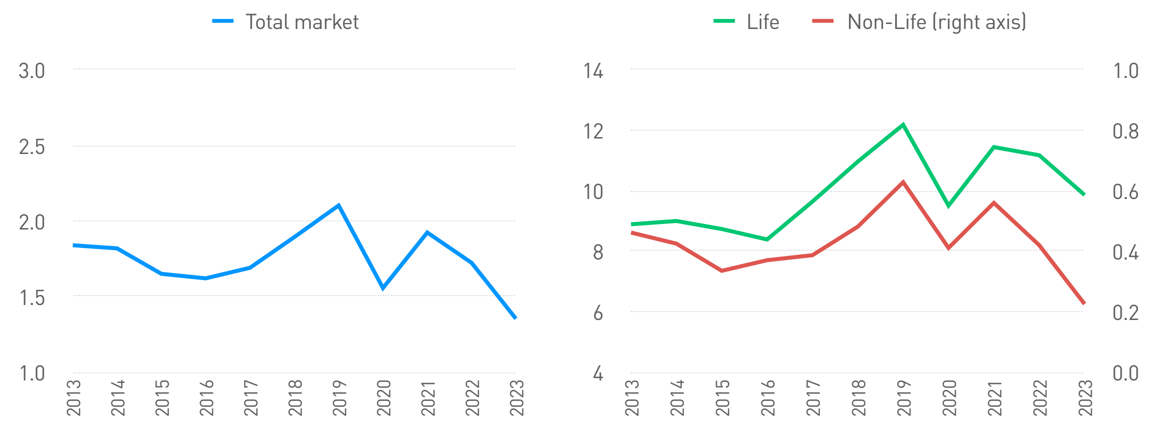
Source: MAPFRE Economics

trillion pesos, almost 2.4 times the size of the country's market that year.

As indicated in previous reports, given the inflation experienced by the Argentine economy in recent years, absolute values in the IPG estimate can be misleading. As such, a good indicator of the trend in the performance of the insurance gap in this country is the estimate of the IPG as a multiple of the actual market. To this end, the IPG as a multiple showed a downward trend between 2013 and 2016, whereby it fell from 1.8 to 1.6 times the size of the actual market. A trend reversal took place from 2017 onward, when the IPG began to grow, standing at 2.1 times the size of the market in 2019. It then narrowed and expanded alternatively in subsequent years, reaching 1.4 times the size of the market in 2023, 0.4 pp below the level of a decade earlier (see Chart 3.2.9-q).

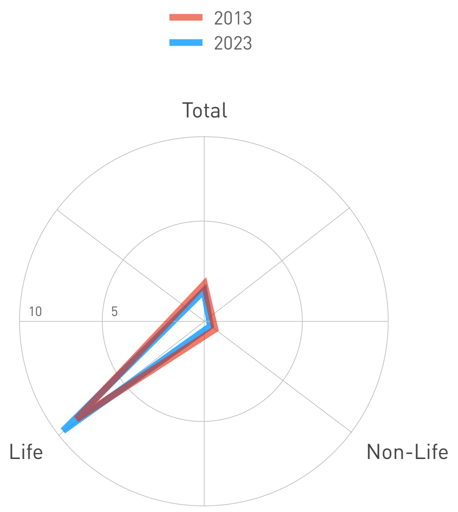
A similar situation can be seen with the Life and Non-Life segments. In the Life segment, the IPG decreased from 8.9 to 8.4 times the

Chart 3.2.9-q
Argentina: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.2.9-r
Argentina: change in IPG as a multiple of the actual market

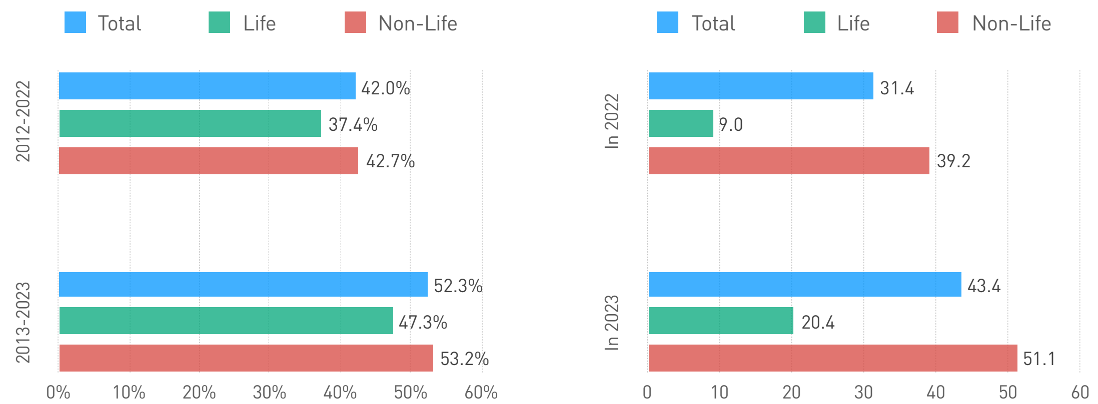


Source: MAPFRE Economics

size of the market between 2013 and 2016. It then grew to 12.2 times in 2019, fell again in 2020 to 9.5 times, increased again in 2021 to 11.5 times, and decreased in 2022 to 11.2 times the size of the market before finally falling to 9.9 times in 2023, which is 1.0 pp above the 2013 level. In the case of the Non-Life insurance segment, the trend reversal was observed even earlier. Between 2013 and 2015, the IPG decreased from 0.5 to 0.3 times the size of the actual market, but it grew again from 2016 onward, standing at 0.6 times in 2019. Then it continued to decrease in 2020 to 0.4 times, continuing to fall in the following years, down to 0.2 times in 2023, 0.3 pp below the level of 10 years earlier. In the medium-term perspective, the insurance gap for the Argentine market has remained virtually unchanged; after gradually narrowing starting in 2013, it began to increase in 2021 owing mainly to the Life business, and then fell in the past two years (see Chart 3.2.9-r).

Lastly, Chart 3.2.9-s summarizes the update to the Argentine insurance market's capacity to close the IPG, based on a comparative analysis between the growth rates observed over the last 10 years in this market and the growth rates that would be required to close the IPG determined in 2023 over the next decade. Thus, the Argentine insurance market recorded an average annual growth rate of 52.3% between 2013 and 2023. This was underpinned by an average growth of 47.3% in the Life insurance segment and 53.2% in the Non-Life segment. As a result, were this growth rate to continue over the next 10 years, the growth rate of the market as a whole would prove sufficient to close the IPG determined in 2023 as far as both Non-Life and Life insurance are concerned.

Chart 3.2.9-s
Argentina: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

However, it should also be noted that the sufficiency rates resulting from this analysis tend to be clearly overestimated due to the high inflation rates observed in the economy. Proof of this lies in the fact that the relative level of the IPG in the past decade has remained virtually unchanged.

Market Development Index (MDI)

Chart 3.2.9-t shows an update of the estimate of the Market Development Index (MDI) for the Argentine insurance industry. The MDI seeks to summarize the performance and maturity of insurance markets and shows that there were two moments at which the trend substantially differed from the trend experienced by the Latin American region as a whole. The first was in 2008–2010, and the second from 2017 until 2019, reversing in 2020 as a result of the accounting effects and macroeconomic impact of the pandemic, before dropping again in 2021 and growing in the past two years. In any case, the indicator diverges significantly from the average of the region's markets by maintaining a flat trend, which contrasts with the clearly upward trend of the average of the region's insurance markets.

Comparative analysis of structural coefficients

Chart 3.2.9-u shows the Argentine insurance market's situation in comparison with the average for Latin America, measured in terms of the various structural indicators analyzed: penetration, density, depth, and MDI. As this information shows, both depth and MDI were far below the regional average, although penetration and density were in line with said average.

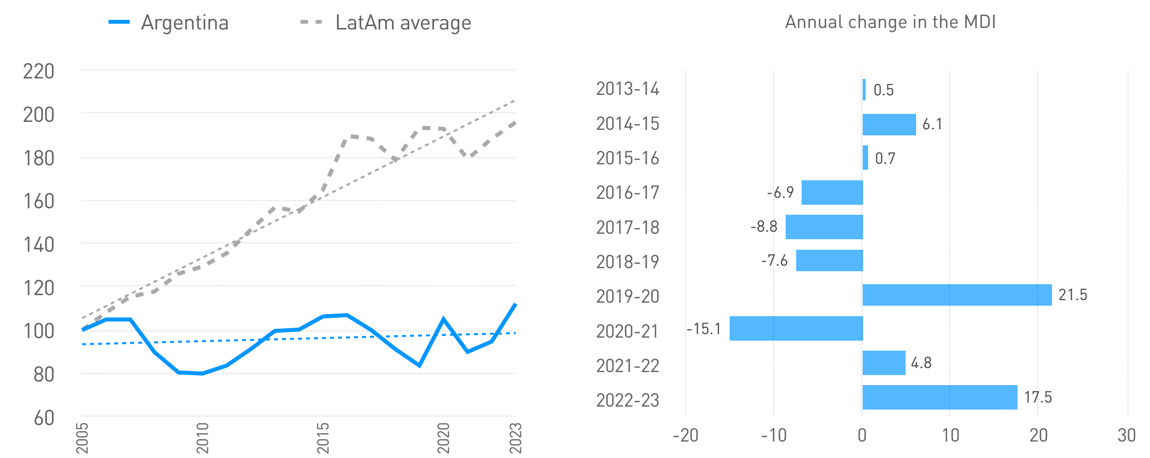
Similarly, the dispersion analysis shown in the aforementioned chart shows that, over the 2013–2023 period as a whole, the Argentine insurance industry had been showing unbalanced development where, despite some improvements in quantity (penetration), strongly influenced by hyperinflation, there has been a decrease in quality (depth).

Insurance market rankings

Total ranking

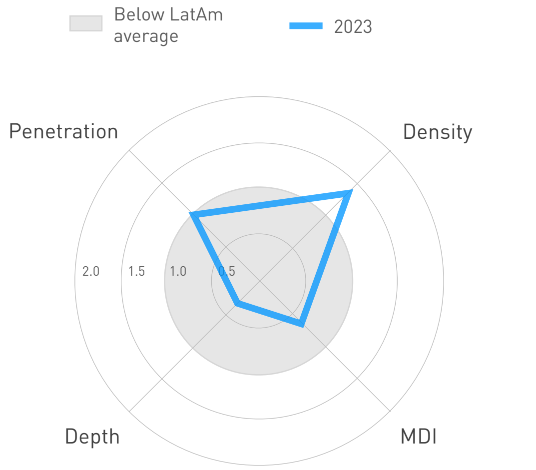
A total of 191 insurance companies were authorized to operate in the Argentine market at the end of 2023. Among them, 125 operate in Property & Casualty and Mixed insurance,

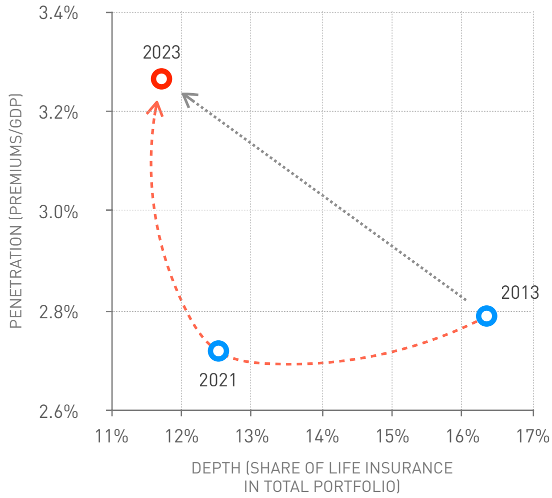
Chart 3.2.9-t
Argentina: Market Development Index (MDI)
(2005 index=100; annual change)



Source: MAPFRE Economics

Chart 3.2.9-u
Argentina: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



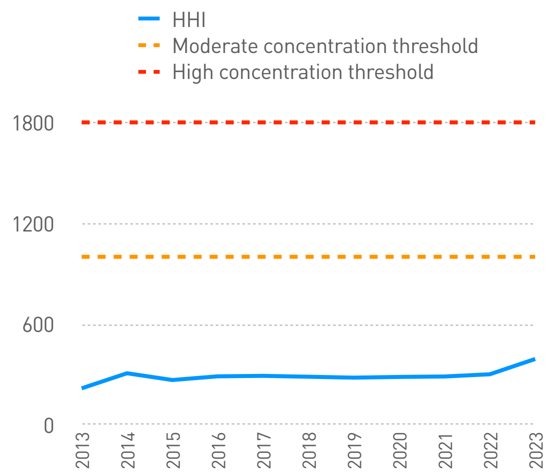


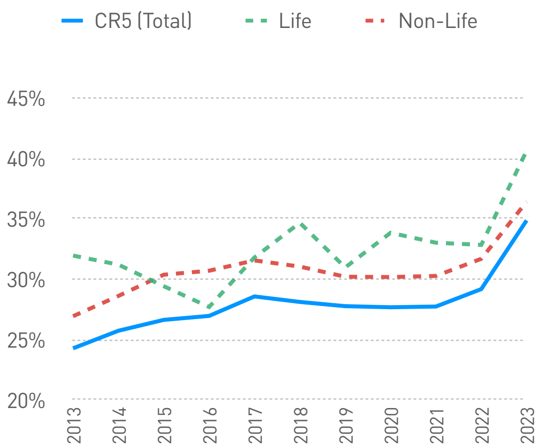
Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

five in Public Passenger Transport, 14 exclusively in Occupational Risks, 31 exclusively in Life insurance, and 16 in Retirement insurance. This significant number of market participants means that the Herfindahl and CR5 Indexes generally show a low degree of concentration in the insurance industry. However, they indicated a slightly upward trend in the concentration of the top five groups from 2022, which was stronger in Life lines than in Non-Life (see Chart 3.2.9-v).

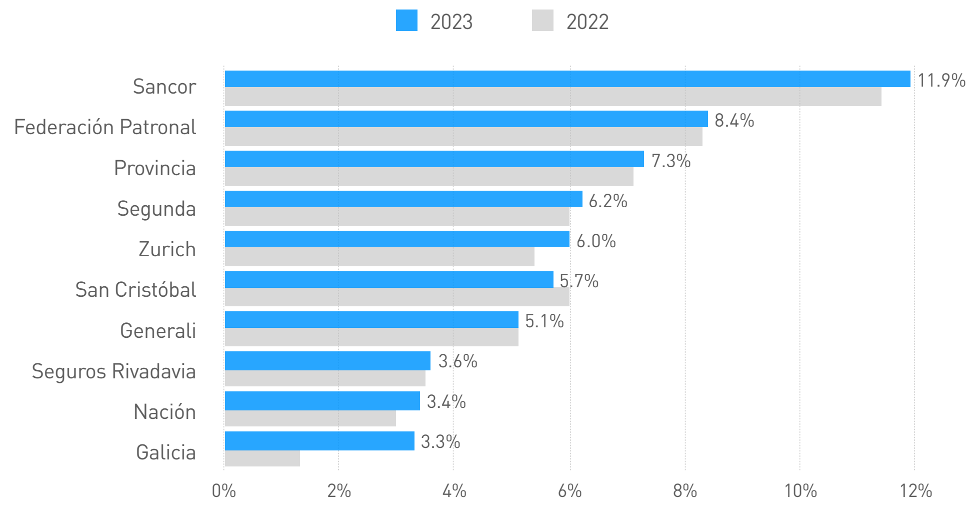
Chart 3.2.9-v
Argentina: insurance industry concentration
(Herfindahl index; CR5 index, %)





Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

Chart 3.2.9-w
Argentina: overall ranking
(market shares, %)



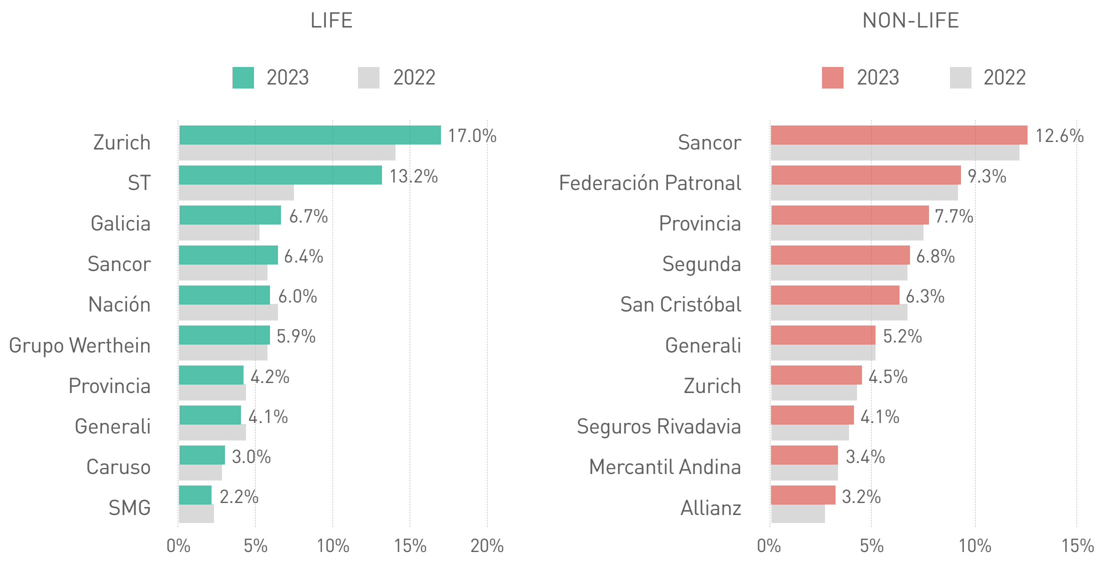
Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

The ranking of insurance companies in Argentina in 2023 was led by Sancor (with a market share of 11.9%) and Federación Patronal (8.4%). The only changes that have occurred in the positioning of the companies that form part of the ranking is the rise of Zurich over San Cristóbal, ranking in fifth and sixth place, respectively. In turn, Werthein loses its position in the ranking and Galicia joins it (see Chart 3.2.9-w).

Life and Non-Life rankings

Given the relative weight of the Non-Life segment in the Argentine insurance market,

Chart 3.2.9-x
Argentina: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)

the companies featured in the 2023 Non-Life ranking were practically the same as those that appeared in the overall ranking. Sancor led the ranking with 12.6% of market premiums, followed by Federación Patronal (9.3%). This year, Segunda regained fourth place from San Cristóbal the previous year, and the Galeno group lost tenth place to Allianz. Meanwhile, the Zurich group topped the Life ranking with a 17.0% market share (14.1% in 2022), followed by ST, with a 13.2% market share, which confirms its rapid growth in recent years. Prudential exited the ranking and Galicia rose from seventh to third place. Finally, SMG entered the ranking in tenth place (see Chart 3.2.9-x).

Key regulatory aspects

With regard to the main regulatory adjustments in the Argentine insurance market in 2023, the following stand out:

- RESOL-2023-24-APN-SSN#MEC and RESOL- 2023-407-APN-SSN#MEC, 01/13/2023 and 09/04/2023. Regulatory Framework for the Action of Insurance Brokers and/or Insurance Advisory Producers in the Financing Granted by Loans and Capitalization and Savings Plans for pledges on motor vehicles and motorcycles. In order to protect buyers of motor vehicles and motorcycles, and recognizing the leading role of insurance producers and advisors (*productores y asesores de seguros,* PAS), PAS companies, and insurance agents as guarantors of policyholders' right to information, the regulatory framework for action was issued. The new regulation applies to insurance ancillary to pledge loans and/or capitalization and savings plans when the pledge is on motor vehicles and motorcycles.

- RESOL-2023-51-APN-SSN#MEC, 01/30/2023. Incorporation of Uniform Unemployment Contract Conditions in Group Life Insurance and Updating of Insured Amounts in Funeral Insurance. Based on the initial premise that Life insurance companies can currently market unemployment coverage in group Life insurance policies, and that there are authorized Life plans that include a temporary disability rider for self-employed policyholders, at the request of the Congress, its inclusion in other group Life insurance policies was approved. In this regard, it was considered appropriate that the risks of unemployment and temporary disability be marketed jointly under a Loss of Income Rider. It was also necessary to incorporate a dynamic updating of the maximum insured amounts corresponding to Funeral Insurance, allowing the determination of such amounts according to the value of the minimum wage (SMVM) in force at the time of the signing of the insurance contracts.

- RESOL-2023-58-APN-SSN#MEC and RESOL- 2023-98-APN-SSN#MEC, 02/01/2023 and 02/28/2023. Information System on the Status of the Judgments and Mediations Portfolio. Based on the analysis of the data provided by the companies and in order to guarantee the integrity of the required data, it became necessary to update and clearly define the concepts requested in the Information System for the Status of the Judgments and Mediations Portfolio and to incorporate the survey of information related to the "Occupational Diseases Trust Fund" in order to have complete and detailed information.

- RESOL-2023-202-APN-SSN#MEC, 04/25/2023. Notification System, Remote Procedures Platform (*Trámites a Distancia*, TAD). In view of the need to promote tools that make administrative and control tasks effective, a notification system was implemented through the Remote Procedures Platform (TAD) for entities subject to the supervision of the Superintendency of Insurance of the Nation (*Superintendencia de Seguros de la Nación*, SSN).

- RESOL-2023-314-APN-SSN#MEC, 07/07/2023. Domain registration in the

"SEG.AR" zone. Pursuant to the cooperation and technical assistance agreement signed between the National Directorate of the Internet Domain Registry (Technical Undersecretariat of the Legal and Technical Secretariat of the Presidency of the Nation) and the SSN, guidelines were established for the implementation and enabling of an Internet domain name registration zone exclusively for insurance activity called "SEG.AR." The purpose of this measure is to provide security to insured and insurable parties with respect to electronic commerce transactions, preventing fraud and other computer or virtual crimes.

- RESOL-2023-332-APN-SSN#MEC, 07/18/2023. Modification of Occupational Risks Reserves. The rate for updating the value of the base income of all claims pending settlement was modified on the grounds that the variation of the RIPTE is less harmful in terms of interest than the use of the active rate and reflects the valuation of the income that the injured worker was unable to receive. This change will ensure the predictability of the amount of compensation, providing legal certainty.

- RESOL-2023-353-APN-SSN#MEC, 07/27/2023. Incurred But Not Reported Claims (IBNR) Res. 353/2023. In view of the various submissions from insurance market entities requesting authorization to use the FACPCE Rate for the purpose of disaggregating the implicit financial components of the matrix of claims paid in the calculation of the IBNR Reserve for Motor Vehicle and Motorcycle Liability coverage, transitory regulatory adjustments related to such reserve were implemented. Within this framework, entities were allowed to use the aforementioned rate in order to ensure the estimation of the liability based on reasonable assumptions and appropriate actuarial methods.

Also, the following regulatory changes have been published so far in 2024:

- RESOL-2024-40-APN-SSN#MEC, 02/14/2024. Transfer of Shares and Capital Contributions. The requirement of prior authorization from the SSN for the transfer of shares and capital contributions on account of future subscription of shares of insurance and reinsurance companies was repealed based on the assumption that such a procedure was contrary to the transparency and speed required by the corporate dynamics of the insurance market.

- RESOL-2024-123-APN-SSN#MEC, 03/13/2024. Adequacy of the Rider for Automatic Increase of Insured Capital. Flexibility was introduced in the periodicity of adjustment in the clauses for the automatic increase of insured sums for Personal Insurance. The purpose of this change is to ensure that the benefit provided remains in line with the economic situation, thus preserving the real capacity of support and protection for the insured party and their beneficiaries.

- RESOL-2024-124-APN-SSN#MEC, 03/13/2024. Foreign Currency Clause. Pursuant to the amendments introduced to the National Civil and Commercial Code by DNU 70/2023, RESOL-2020-401-APN-SSN MEC, which established general and uniform clauses for contracts entered into in foreign currency, was repealed. In this context, minimum guidelines were approved for Insurance Contracts in a Foreign Currency, allowing companies to draft the clauses according to their needs, always in accordance with such guidelines.

- RESOL-2024-126-APN-SSN#MEC, 03/14/2024. Submission of Financial Statements. The 45-day deadline for the submission of financial statements was reestablished for insurance companies and 60 days for reinsurance companies, and the requirement for the publication of financial statements was simplified. The decision has a direct impact on the timely and effective evaluation of financial statements that reflect the financial situation and solvency of the supervised entities.

- RESOL-2024-127-APN-SSN#MEC, 03/15/2024. Reserve for Future Occupational Hazard Lawsuits. A change was made in the "Reserve for future lawsuits" that must be created by occupational hazard insurers until the end of the five-year term from the start date of operations. The purpose of the regulation is to provide reaction and support tools in the event of a deterioration of the equity position of the entities in their initial period within the occupational hazard insurance system.

- RESOL-2024-181-APN-SSN#MEC, 04/11/2024. Investments and Real Estate. Real estate investment regulations were modified and simplified in order to strengthen technical relations and promote investment and real estate development. The reforms included the following: the unification into a single concept of real estate for own use, rent, or sale; the rearrangement of computability requirements related to imperfect domains and appraisal, adding Banco Ciudad as appraiser; and the structuring of three levels for the computation of investments in real estate developments and infrastructure funds, taking into account the relationship between the duration of investments versus the maturity of liabilities, prioritizing public offering, risk rating, and exclusivity for Life Insurance with Savings or Retirement for private developments. This Resolution seeks to generate greater dynamism in the investment portfolio in real estate developments and ensure that they are balanced with respect to the liabilities they back. In addition, investment funds are freed up so that they can be used in productive financing and the real economy.

- RESOL-2024-184-APN-SSN#MEC, 04/16/2024. Amendments to Digital Books, Elimination of CUIP and CUIS Identification of Expenses in the Policy Summary. The terms for the copying of digital books were modified and ordered. Likewise, in order to promote greater transparency in the marketing of insurance, a requirement was established that the policy summary must detail the composition of the premium and itemize the pure premium and the administration expenses and acquisition expenses.

- RESOL-2024-197-APN-SSN#MEC, 04/18/2024. Plan Deposit System. RESOL-2020-197-APN-SSN MEC substantially modified the mechanism for submitting insurance plans. In order to streamline the procedure for marketing insurance products and in accordance with the measures and policies adopted by the National Government, the SSN provides new tools to make the insurance market more efficient and competitive by creating the Plan Deposit System. By means of this system, the insurance company is automatically authorized for the immediate use of the contractual conditions and rate chart provided it complies with the guidelines defined by the agency to safeguard the rights of policyholders.

- RESOL-2024-219-APN-SSN#MEC, 04/26/2024. Reserve for future lawsuits, Supplementary to Resol-2024-127-APN-SSN#MEC. Since Resolution RESOL-2024-127-APN-SSN MEC modified the Reserve for Future Lawsuits to be created by the insurance companies operating in the Occupational Hazards line, and since on that occasion the specific situation of those insurance companies that at the date of that resolution were applying the methodology set forth in Resolution RESOL-2022-626-APN-SSN MEC was not contemplated, it was deemed appropriate and necessary to define a calculation formula that combines the two calculation methodologies.

- RESOL-2024-228-APN-SSN#MEC, 05/07/2024. Incorporation Requirements of Entities. Amendments were made to point 7 of the General Insurance Activity Regulations in order to simplify procedures and requirements prior to the authorization process. Appendices and forms that were part of the regulation were eliminated. The regulations on the naming of companies were made more flexible, so that the use of foreign languages is now permitted and the obligation to include specific words indicating the type of insurance offered is eliminated. The Single Registry of Authorized Signatures was also abolished and changes were made to the facsimile signature for underwriting policies. With respect to the Minimum Guidelines for the Preparation of the Business and Financial Plan, some requirements were eliminated, such as computer systems projects and the designation of internal control officers. These changes, in line with the main lines of this administrative work, seek to reduce the regulatory burden and facilitate the operation of insurance companies, as well as to promote greater efficiency and flexibility for the benefit of policyholders.

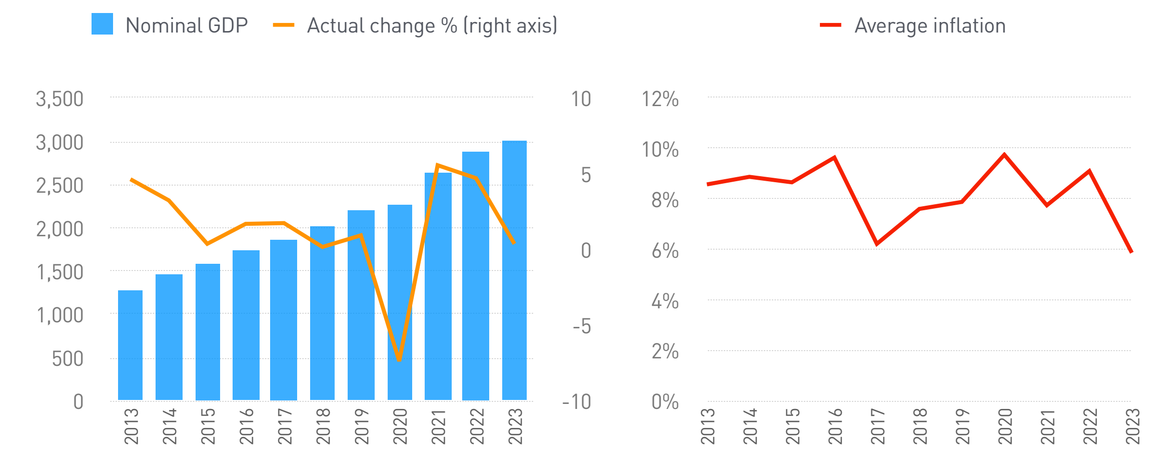
- RESOL-2024-257-APN-SSN#MEC, 05/29/2024. Reserve for Incurred but Not Reported Claims (IBNR), Implicit Financial Components, Motor Vehicles (TPL), Motorcycle Vehicles (TPL), Third Party Liability. The new resolution establishes that in order to calculate the incurred and not reported claims reserve (IBNR) in all liability sub-lines, insurers must disaggregate the implicit financial components of the paid claims matrix. This will be done in order to obtain the Cumulative Development Factors using the FACPCE Rate defined by Resolution No. 539/18 of the Board of the Argentine Federation of Professional Councils in Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas*, FACPCE). The provisions of the regulations will be applicable to financial statements as from June 30, 2024, indicating the effective date of these amendments and their implementation in the accounting practices of insurance companies. This regulatory change was made due to the need to adjust the calculation for all long-tail lines of business, since it was observed that the entities were affected in their paid claims matrices and, consequently, in the calculation of the IBNR reserve.

3.2.10 Uruguay

Macroeconomic environment

In 2023, the Uruguayan economy experienced real growth of 1.0% over the previous year (4.9% in 2022), which meant a loss of dynamism, strongly affected by droughts (which

Chart 3.2.10-a
Uruguay: changes in economic growth and inflation
(GDP in local currency, billions of pesos; real growth rate, %; annual inflation rate, %)



Source: MAPFRE Economics (based on FMI data)

marked a drop in activities such as agriculture and livestock, as well as energy generation itself) and by the lower dynamism of foreign trade (see Chart 3.2.10-a). Thus, exports fell sharply (14%), exceeding the fall in imports (4%). This was influenced both by the lower price of raw materials (soybeans and energy) and by the stoppages of the National Administration of Fuels, Alcohol, and Portland (*Administración Nacional de Combustibles Alcohol y Pórtland,* ANCAP), which began to record an energy deficit and therefore imported energy, and the restrictions for dealing with the drought. The unemployment rate showed a slightly upward trend, standing at 8.2% in 2023, a trend that seems to be maintained in the first months of 2024. The government's fiscal balance continued to be in deficit (-3.2% of GDP), mainly due to the fall in revenues. Nevertheless, the three pillars of the Uruguayan Fiscal Rule were fulfilled, thus ensuring that the debt remains within the established sustainability plan.

With regard to prices, year-on-year inflation continued its downward trend, closing at 5.1% year-on-year at the end of 2023 (5.9% on average), compared to 8.3% the previous year (9.1% on average). This brought it within the target range of the Central Bank of Uruguay (3%-6%), which allowed for reducing the monetary policy interest rate from 11.25% to 9.0% at the end of the year.

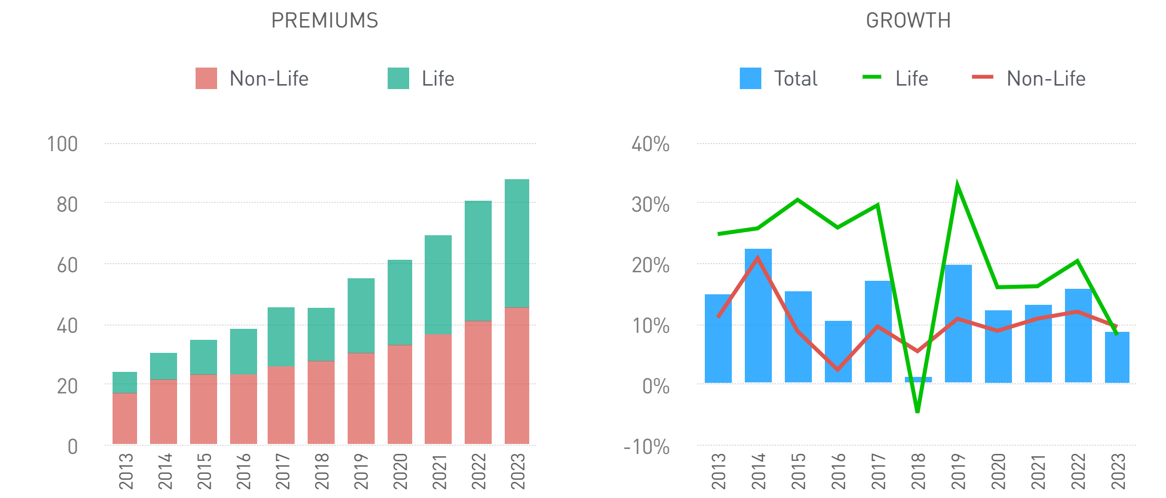
In this context, ECLAC estimates a more moderate recovery of the Uruguayan economy, with growth of 3.6% (2.6% in 2025), driven by private investment, as well as by better performance by the manufacturing industry, a positive outlook for gross fixed capital formation and a recovery of goods exports. MAPFRE Economics estimates economic growth in Uruguay of about 3.3% in 2024 and 2.5% in 2025.

Insurance market

Growth

The Uruguayan insurance market performed positively in 2023, achieving a premium volume of 88.1 billion pesos (2.3 billion dollars), representing nominal growth of 9.0% and real growth of 2.9% (see Chart 3.2.10-b and Table 3.2.10). The main engine was the Non-Life insurance segment, which saw premium volume of 45.5 billion pesos (1.2 billion dollars), up 9.6% in nominal terms compared to the previous year and 3.5% in real terms. The Automobile line is the one with the highest premium volume, accounting for 42.4% of total Non-Life premiums, and in 2023 it had a very positive performance, with an

Chart 3.2.10-b
Uruguay: growth developments in the insurance market
(premiums, billions of pesos; annual nominal growth rates, %)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Table 3.2.10
Uruguay: premium volume[1] by insurance line, 2023

Line	Millions of pesos	Millions of USD	Growth	
			Nominal (%)	Real (%)
Total	**88,097.6**	**2,268.7**	**9.0**	**2.9**
Life	**42,618.1**	**1,097.5**	**8.2**	**2.2**
Pension	32,471.3	836.2	9.4	3.4
Non-Pension	10,146.8	261.3	4.7	-1.1
Non-Life	**45,479.4**	**1,171.2**	**9.6**	**3.5**
Automobiles	19,263.9	496.1	13.4	7.1
Other lines	7,085.8	182.5	16.7	10.3
Fires	1,092.8	28.1	-5.8	-11.0
Transport	1,140.4	29.4	-9.8	-14.8
Third Party Liability	1,304.2	33.6	9.7	3.7
Theft	1,975.1	50.9	0.4	-5.1
Surety and credit	1,930.8	49.7	26.8	19.8
Workplace accidents[2]	11,686.4	301.0	3.2	-2.5

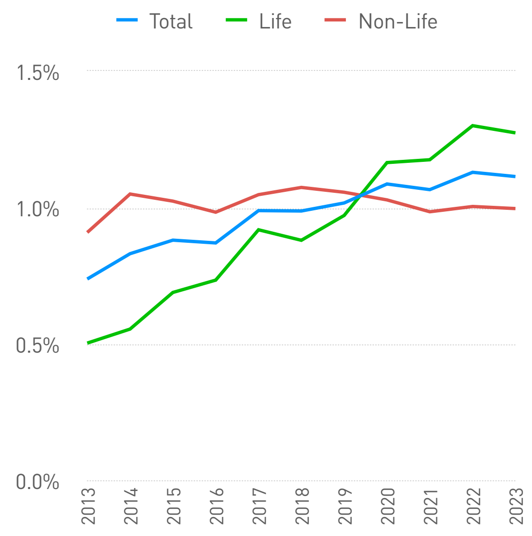
Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)
1/ Written premiums net of cancellations
2/ The volume of *Workplace accident* premiums corresponds to Banco de Seguros del Estado.

increase in premium issuing of 13.4%. Likewise, the Surety and Credit insurance line recorded the highest increase, 26.8%, while the Fire and Transport lines showed negative performance. Life insurance grew by 8.2% in nominal terms and 2.2% in real terms, with Pension insurance being the main growth driver (9.4% in nominal terms and 3.4% in real terms), with revenues of 32.5 billion pesos (836.2 million dollars), accounting for 36.9% of total premiums, with Banco de Seguros del Estado accounting for almost all of this business segment.

As shown in Chart 3.2.10-c, the Uruguayan insurance industry accounts for 1.1% of premiums in the overall Latin American insurance market, with a greater share in the Life insurance segment (1.3%) than in Non-Life (1.0%). Between 2013 and 2023, its share increased gradually, from 0.7% in 2013 to the current 1.1%. Performance was similar in both the Life segment, whose share increased from 0.5% to 1.3%, and the Non-Life segment, which grew from 0.9% in 2013 to 1.0% in 2023.

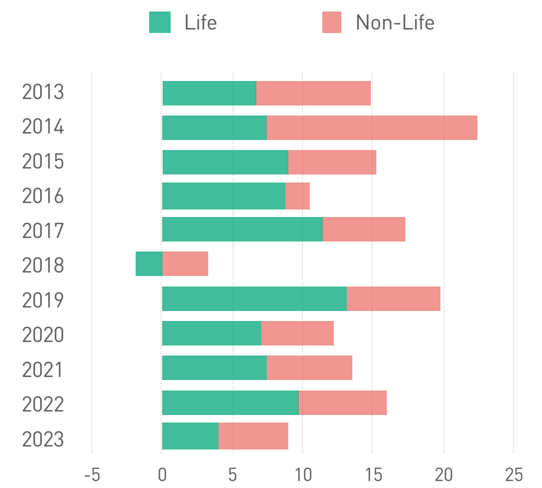
As regards the contribution to the growth of the insurance market, the nominal increase of 9.0% in 2023 came from a positive contribution of 4.0 pp from the Life

Chart 3.2.10-c
Uruguay: share of insurance premiums in Latin America
(%)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay and supervisory bodies of the region)

Chart: 3.2.10-d
Uruguay: contribution to insurance market growth
(percentage points, pp)



	Annual growth (pp)	Contribution to growth (pp)	
		Life	Non-Life
2013	14.8	6.6	8.2
2014	22.4	7.4	14.9
2015	15.3	9.0	6.2
2016	10.4	8.7	1.7
2017	17.3	11.3	6.0
2018	1.3	-1.9	3.2
2019	19.7	13.1	6.6
2020	12.1	7.1	5.0
2021	13.4	7.5	5.9
2022	16.0	9.6	6.4
2023	9.0	4.0	4.9

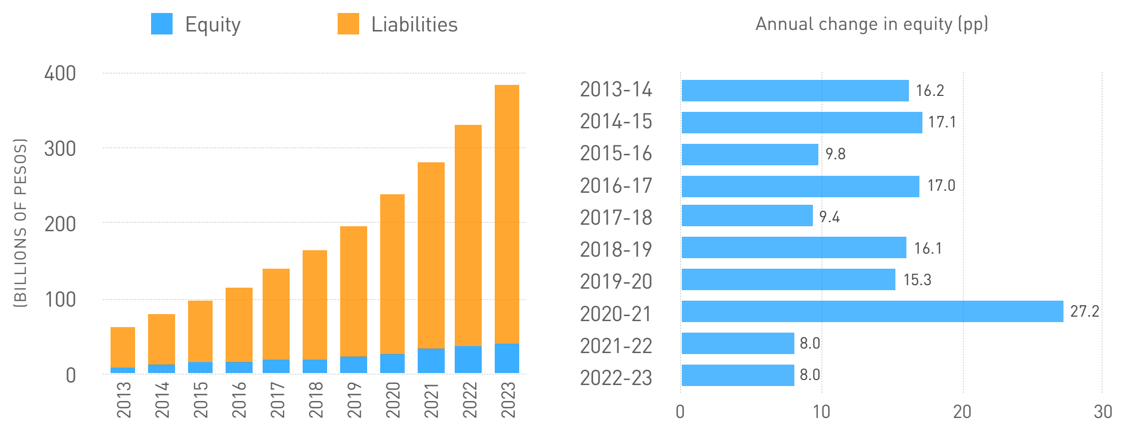
Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

insurance segment and 4.9 pp from the Non-Life insurance segment (see Chart 3.2.10-d). As can be seen in the chart, with the exception of 2018, in the rest of the years of the period analyzed both insurance segments contributed positively to the growth of the sector in Uruguay.

Balance sheet and shareholders' equity

Chart 3.2.10-e shows the performance of the aggregate balance of the Uruguayan insurance sector between 2013 and 2023. In this regard, the industry's total assets reached 381.6 billion pesos (9.8 billion dollars) in 2023, a 16.2% increase from its level in 2022, with equity of 40.1 billion pesos (1.0 billion dollars). With regard to the

Chart 3.2.10-e
Uruguay: changes in the insurance industry's aggregate balance sheet
(amounts in local currency; change in equity, percentage points)



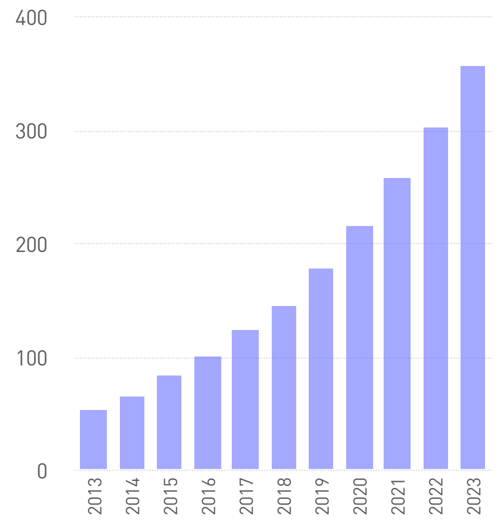
Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

performance of the Uruguayan insurance industry's aggregate capitalization levels (measured over total assets), the gradual decline from 16.9% in 2013 to 10.5% in 2023 is noteworthy, in spite of the small increase in 2021.

Investments

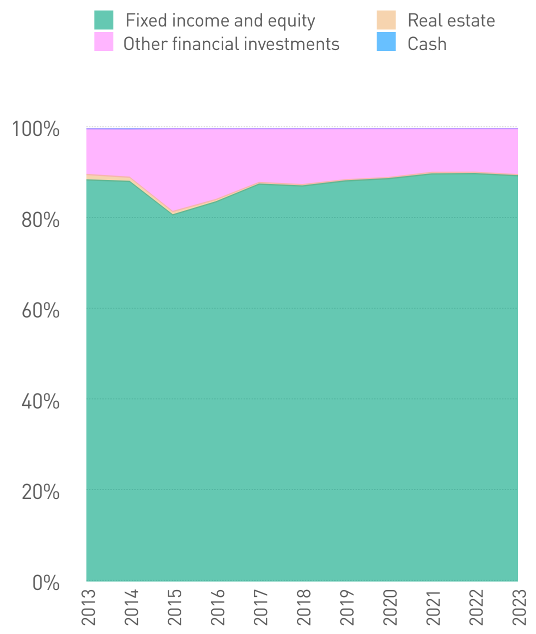
Charts 3.2.10-f, 3.2.10-g, and 3.2.10-h show changes in investments, as well as the composition of the aggregate portfolio of the Uruguayan insurance industry between 2013 and 2023. As can be seen, total investment amounted to 355.7 billion pesos (9.2 billion dollars), with 89.6% concentrated in fixed income and equity instruments, 0.2% in real estate investments, 0.01% in cash, and the remaining 10.2% in other financial investments (mainly bank deposits). It is also worth noting the change in the relative weight of real estate investments in the aggregate portfolio, as this fell from 1.2% of the portfolio in 2013 to just 0.2% in 2023.

Chart 3.2.10-f
Uruguay: insurance market investments
(billions of pesos)



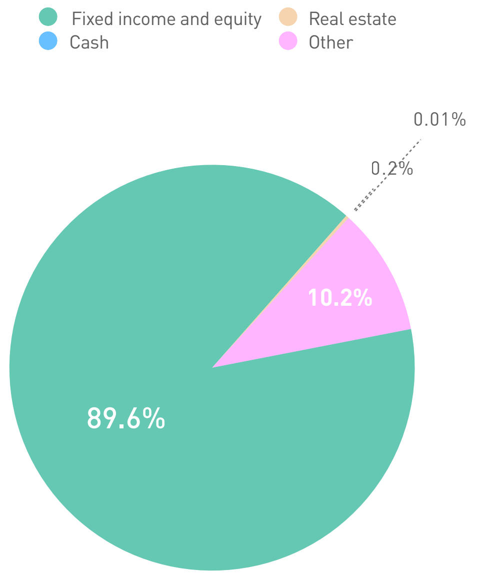
Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-g
Uruguay: structure of investments
(%)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-h
Uruguay: structure of investments, 2023
(%)

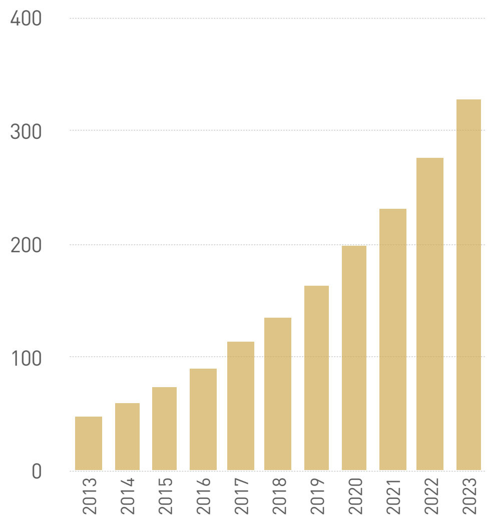


Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Technical provisions

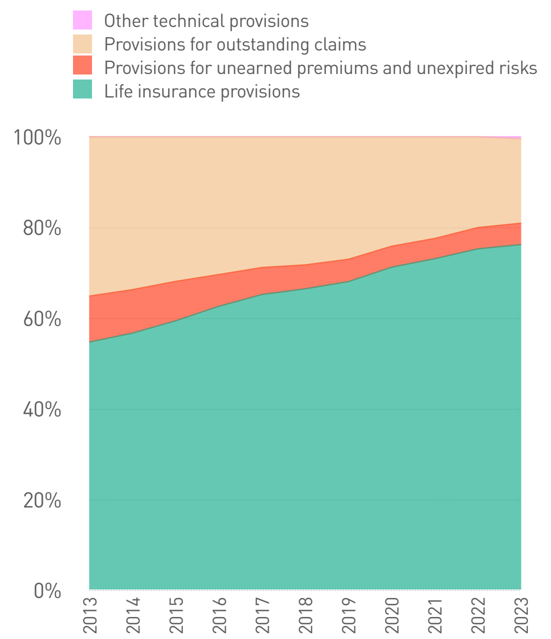
Charts 3.2.10-i, 3.2.10-j and 3.2.10-k show the performance and relative composition of technical provisions in the Uruguayan insurance industry between 2013 and 2023. In 2023, technical provisions stood at 326.5 billion pesos (8.4 billion dollars). Technical provisions for Life insurance accounted for 76.3% of the total, while provisions for unearned premiums and unexpired risks in Non-Life insurance accounted for 4.7% and provisions for outstanding losses for the remaining 18.6%. Over the course of this period, the relative weight of the technical provision for Life insurance grew in a sustained manner, rising from 54.7% of total provisions in 2013 to 76.3% in 2023.

Chart 3.2.10-i
Uruguay: technical provisions of the insurance market
(billions of pesos)



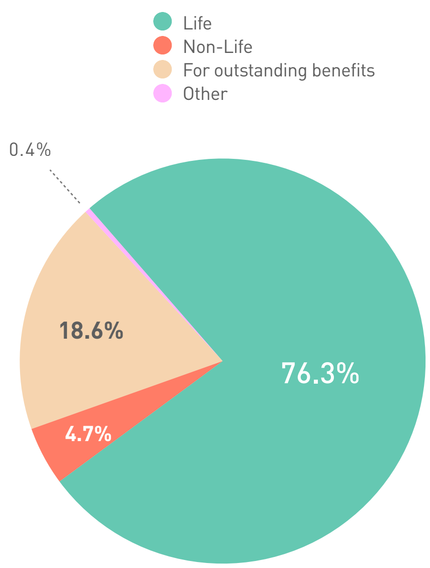
Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-j
Uruguay: structure of technical provisions
(%)



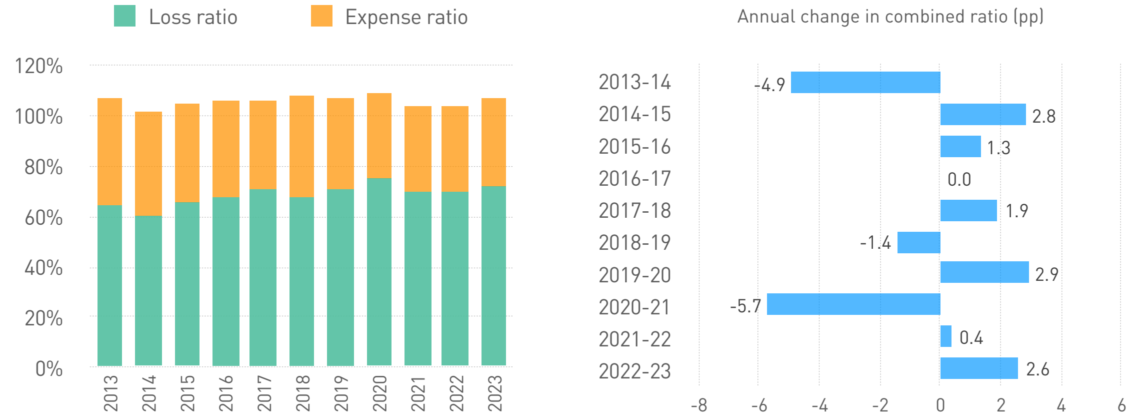
Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-k
Uruguay: structure of technical provisions, 2023
(%)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-l
Uruguay: changes in market technical performance
(total combined ratio, %; annual change in combined ratio, percentage points)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

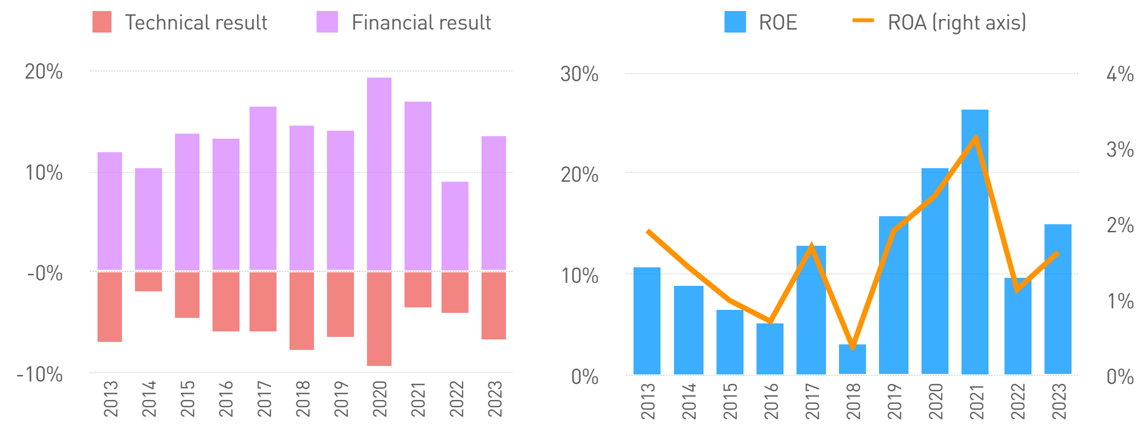
Technical performance

The technical performance of the Uruguayan insurance market over the past decade is reflected in Chart 3.2.10-l. According to these data, the combined ratio in 2023 deteriorated by 2.6 pp to 106.6%. This performance was influenced by an increase in the loss ratio of 2.7 pp and a slight decrease in the expense ratio by 0.1 pp.

Results and profitability

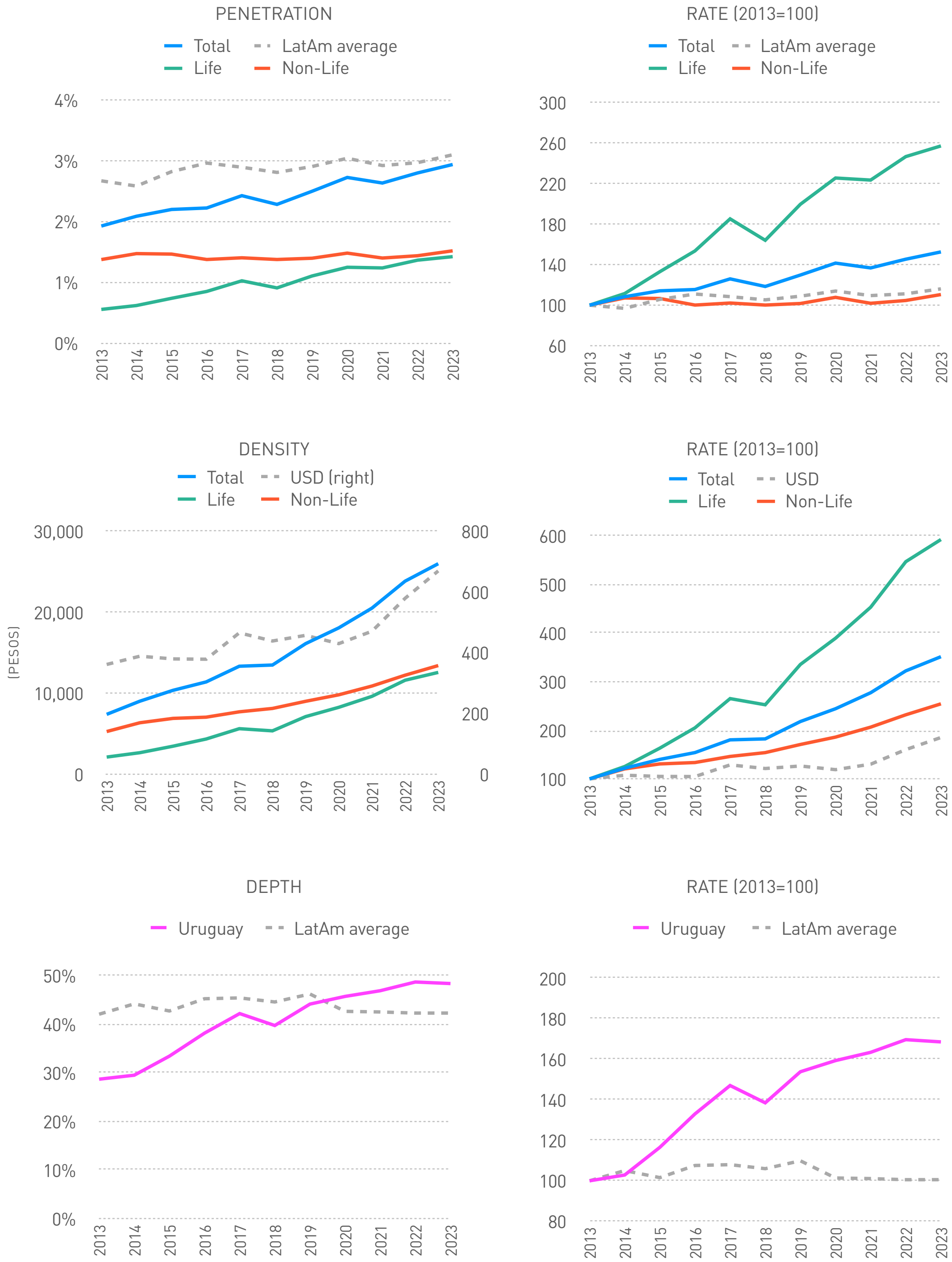
In addition, the Uruguayan insurance industry posted a net result of 5.8 billion pesos (148.9 million dollars) for the 2023 fiscal year, a increase of 67.8% compared to the previous year. The deterioration of the technical result in the year was offset by an improvement in the financial result, in which there was an increase of 61.2%. Meanwhile, from the perspective of profitability, return on equity (ROE) in Uruguay's insurance market stood at

Chart 3.2.10-m
Uruguay: changes in results and profitability
(technical and financial results over net earned premium, %; ROE, %; ROA, %)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-n
Uruguay: Changes in Penetration, Density and Depth
(premiums/GDP, %; premiums per capita, pesos and USD; Life premiums/total premiums, %; 2013 index=100)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

15.0% in 2023, a increase of 5.3 pp from the previous year. A movement in the same direction can be seen with return on assets (ROA), which came to 1.6% in 2023, up by 0.5 pp compared to 2022 (see Chart 3.2.10-m).

Insurance penetration, density, and depth

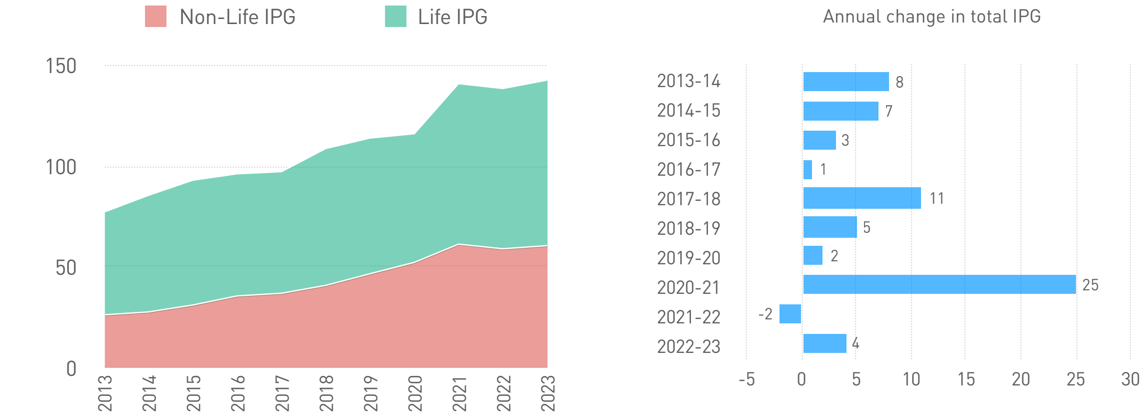
Chart 3.2.10-n shows the major structural trends in the Uruguayan insurance industry in the 2013–2023 period. The penetration ratio (premiums/GDP) was 2.9% in 2023, 1.0 pp above the level recorded in 2013. The penetration ratio in the market has shown an upward trend during the past decade, practically converging with the average values of the region's other markets. Insurance density in Uruguay (premiums per capita) amounted to 26,002 pesos (670 dollars), up 9.0% on the level of 2022. Density (measured in local currency) followed an upward trend over the course of the period under analysis, both in the Life insurance segment and in the Non-Life segment, with a cumulative increase of 251.5% over the 2013–2023 period. Lastly, after a slight contraction in 2018, insurance depth in the Uruguayan market (Life insurance premiums in relation to total premiums) began to increase again to reach 48.4% in 2023, 19.7 pp higher than in 2013, thus managing to surpass the average for Latin American insurance markets.

Insurance Protection Gap estimate

Chart 3.2.10-o shows an updated estimate of the IPG for the Uruguayan insurance market between 2013 and 2023. The insurance gap stood at 142.5 billion pesos (3.7 billion dollars) in 2023, 1.6 times the size of the Uruguayan insurance market at the close of that year. The structure and performance of the IPG over the period under analysis have been mainly shaped by the Life insurance segment. Thus, at year end 2023, 57.5% of the IPG related to Life insurance (82.0 billion pesos), while the Non-Life insurance segment accounted for the remaining 42.5% of the gap (60.5 billion pesos). As reflected in Chart 3.2.10-p, the potential insurance market in Uruguay at the close of 2023 (the sum of the existing market plus the insurance gap) was estimated at 230.6 billion pesos (5.9 billion dollars), 2.6 times the size of the total insurance market that year.

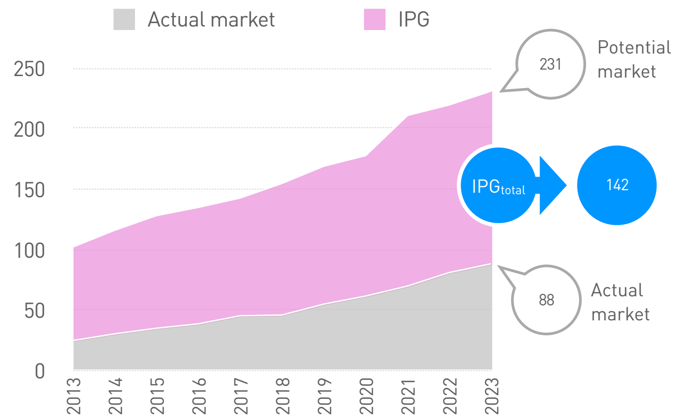
In addition, the IPG of the Uruguayan insurance market as a multiple of the

Chart 3.2.10-o
Uruguay: Insurance Protection Gap
(billions of pesos)



Source: MAPFRE Economics

Chart 3.2.10-p
Uruguay: Insurance Protection Gap and potential market
(billions of pesos)



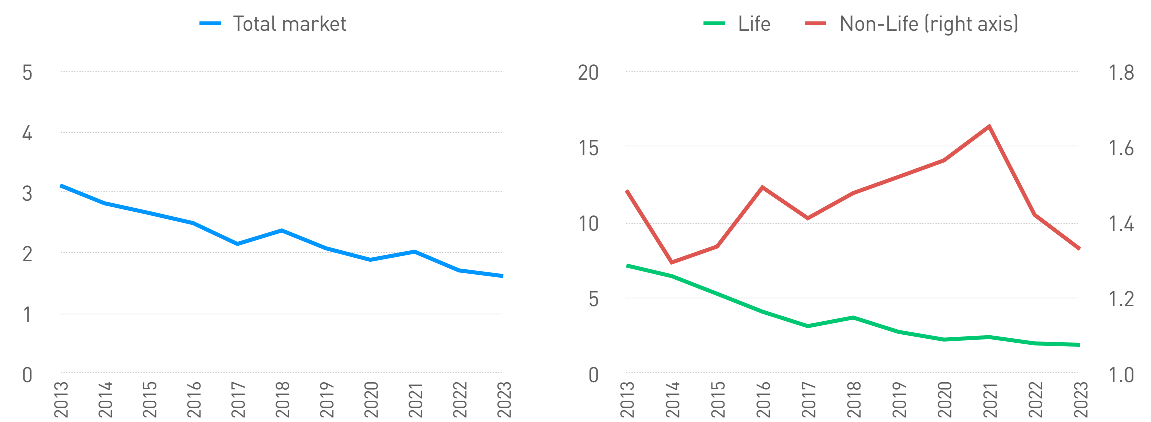
Change	Actual market	IPG
2023-2013	356.0%	184.8%
2023-2022	9.0%	3.0%

Source: MAPFRE Economics

actual insurance market followed a clear downward trend over the period between 2013 and 2023. In the Life insurance segment, the gap went from 7.2 to 1.9 times, while in the Non-Life insurance segment, the gap, measured in relative terms, widened between 2018 and 2021, a trend that was reversed in 2022 and came to a value of 1.3 times the current market in 2023 (see Chart 3.2.10-q).

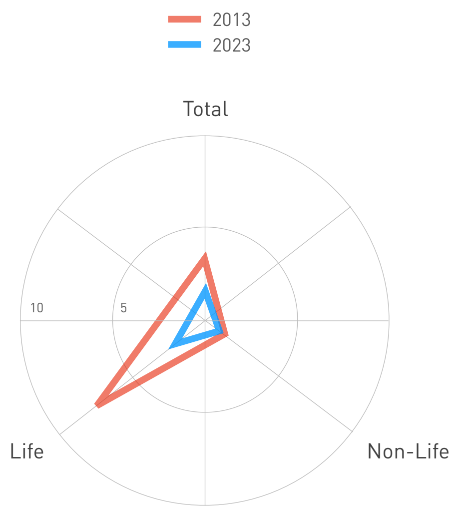
Chart 3.2.10-r summarizes the performance of the IPG as a multiple of the actual market in the Life and Non-Life insurance segments and in the Uruguayan insurance market as a whole, by comparing the situation in 2023 with that of 2013, thus confirming the foregoing. The chart shows that the situation of the Uruguayan insurance market over the past decade in relation to the insurance gap has improved substantially in the Life insurance line, while the improvement is marginal in the Non-Life insurance segment.

Chart 3.2.10-q
Uruguay: IPG as a multiple of the actual market
(number of times the size of the actual insurance market)



Source: MAPFRE Economics

Chart 3.2.10-r
Uruguay: change in IPG as a multiple of the actual market



Source: MAPFRE Economics

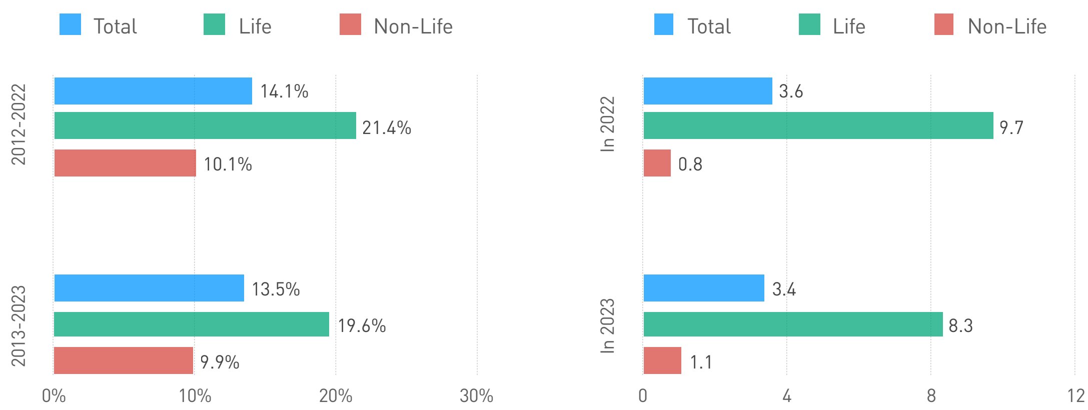
Lastly, Chart 3.2.10-s provides an updated overview of the Uruguayan insurance market's capacity to close the IPG determined in 2023, based on a comparative analysis between the growth rates observed over the past 10 years and the growth rates that would be required to close the gap over the next decade.

According to these data, the Uruguayan insurance market grew at an average annual rate of 13.5% over the period analyzed; this growth was comprised of an annual growth rate of 19.6% in the Life insurance segment and 9.9% in the Non-Life insurance segment. Were the growth rate seen over the last decade to continue over the next 10 years, the growth rate of the Uruguayan insurance market would continue to be sufficient to close the insurance gap estimated in 2023 during the aforementioned period of time.

Market Development Index (MDI)

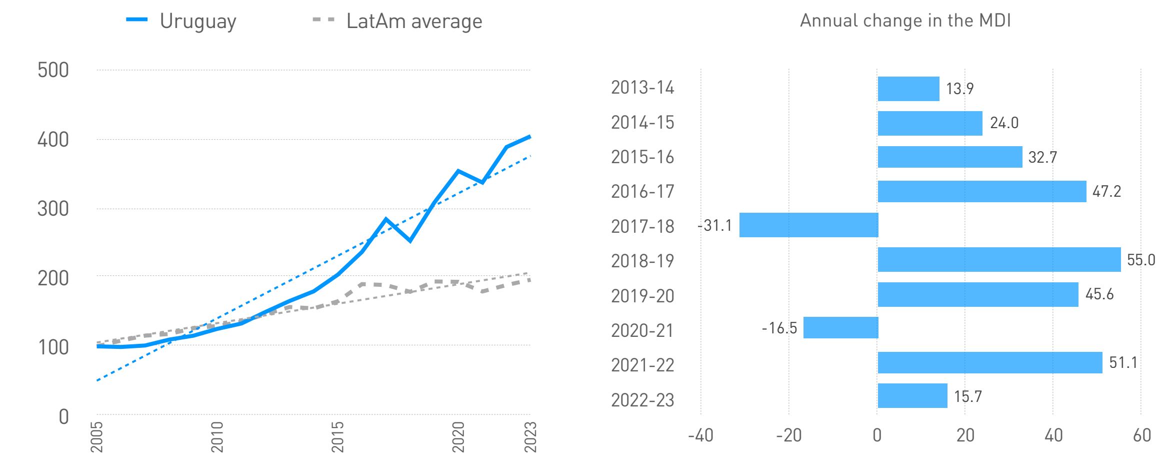
Chart 3.2.10-t shows an estimate of the Market Development Index (MDI) for the Uruguayan insurance industry between 2005 and 2023. In this case, the MDI showed a positive trend throughout the period under analysis, surpassing the average performance of Latin American insurance markets. As can be seen, the indicator fell in 2018 and 2021, in line with overall market performance, but recovered in 2019 and 2022.

Chart 3.2.10-s
Uruguay: capacity to close the IPG
(average annual growth rate, %; sufficiency or insufficiency, pp)



Source: MAPFRE Economics

Chart 3.2.10-t
Uruguay: Market Development Index (MDI)
(2005 index=100; annual change)

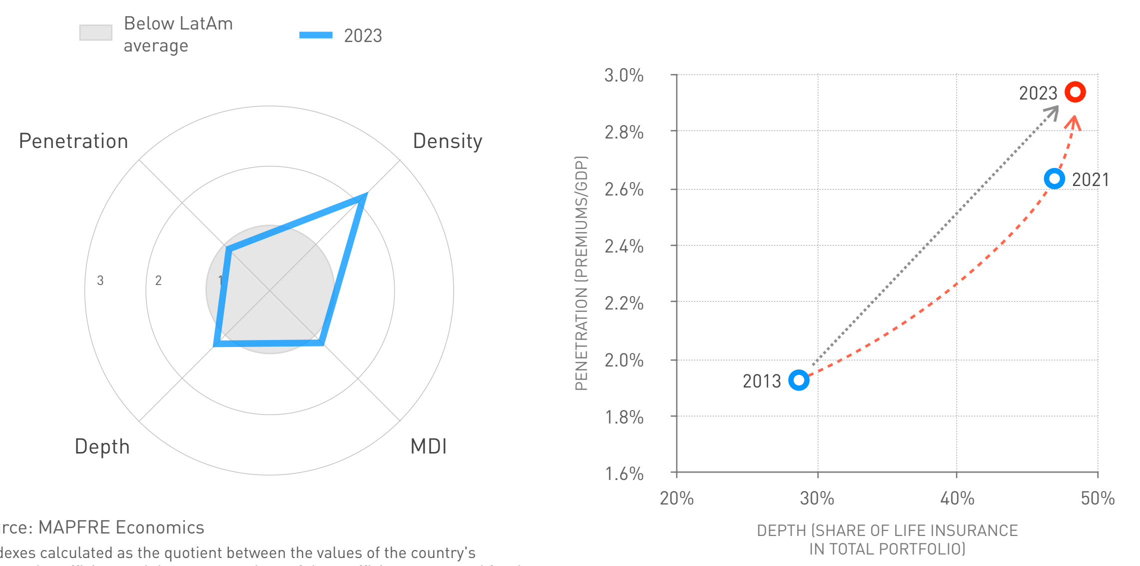


Source: MAPFRE Economics

Comparative analysis of structural coefficients

Lastly, Chart 3.2.10-u shows the Uruguayan insurance market's situation in 2023 in comparison with the average for Latin America, measured in terms of the four structural indicators analyzed above: penetration, density, depth, and MDI. It can be seen that, while penetration is still just below the regional average, the Uruguayan market exceeds the regional averages for density, depth, and the estimated MDI.

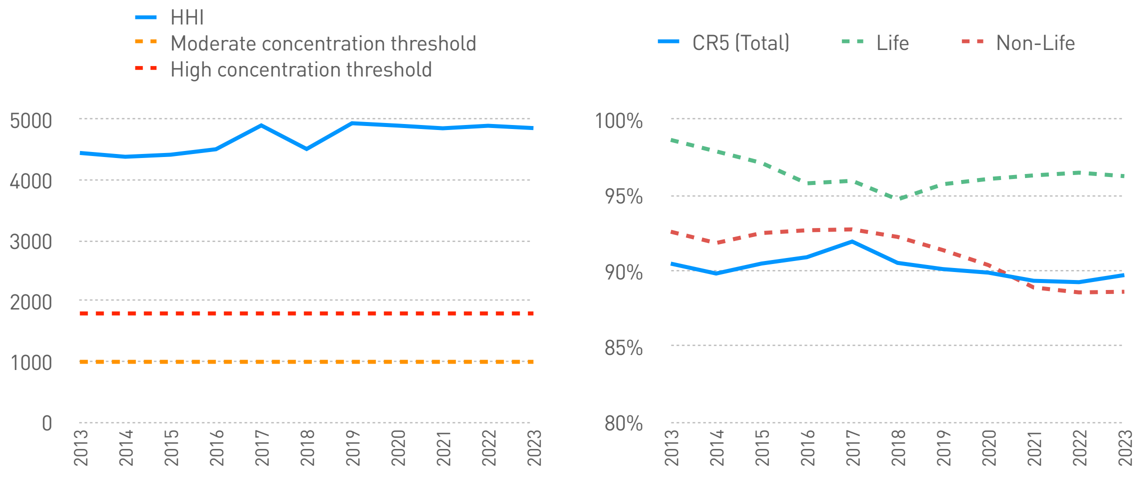
Chart 3.2.10-u
Uruguay: comparative structural coefficient index* vs. average for Latin America (2023) and medium-term changes in the insurance market (2013–2023)



Source: MAPFRE Economics

* Indexes calculated as the quotient between the values of the country's structural coefficient and the average values of the coefficient concerned for the Latin American market as a whole. The unit represents a performance equivalent to the region's average.

Chart 3.2.10-v
Uruguay: insurance industry concentration
(Herfindahl index; CR5 index, %)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

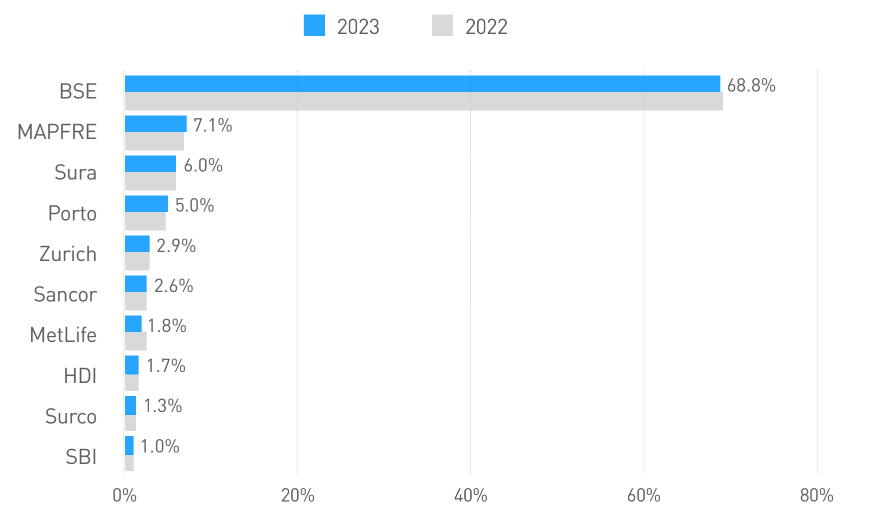
Moreover, the dispersion analysis shown in the chart confirms that, over the 2013-2023 period, the Uruguayan insurance industry showed balanced development characterized by improvements in both penetration of insurance (quantity) and depth of insurance (quality).

Insurance market rankings

Total ranking

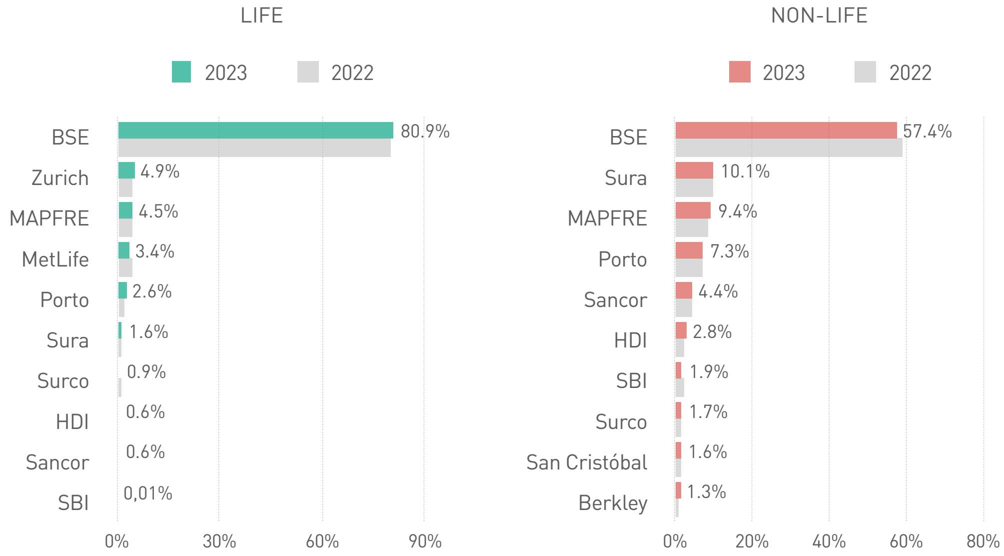
There were 15 insurance companies operating in Uruguay in 2023: 14 private companies and one state-owned company (Banco de Seguros del Estado, or BSE),

Chart 3.2.10-w
Uruguay: overall ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

Chart 3.2.10-x
Uruguay: Life and Non-Life ranking
(market shares, %)



Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)

which monopolizes the Occupational Accidents line. As indicated in previous reports, this fact conditions the existence of a highly concentrated insurance market, with high values in the Herfindahl and CR5 Indexes over the years. However, as shown in Chart 3.2.10-v, while the trend toward higher concentration prevailed in the Life insurance segment, Non-Life showed a downward trend from 2018 onwards.

The positioning of the different companies in the total ranking of the Uruguayan insurance market in 2023 remains unchanged from the previous year. BSE continues to lead the ranking, with 68.8% of the market's premiums (0.3 pp less than in 2022). It is followed by MAPFRE, with a 7.1% share, and Sura with 6.0% of premiums (see Chart 3.2.10-w).

Life and Non-Life rankings

With regard to the Non-Life insurance ranking for 2023, all companies maintained the same positions as in the previous year. BSE had a 57.4% market share (-1.3 pp year-on-year), followed by Sura (10.1%) and MAPFRE (9.4%). BSE also led the Life ranking, with an increase in its market share following a rise in the sale of pension insurance, reaching 80.9% of premiums. MAPFRE is in third place, with a market share of 4.5%, while Zurich moves up two places to second place, with a 4.9% share of premiums in this segment. Of the other groups, MetLife fell one place and HDI rose from ninth to eighth place (see Chart 3.2.10-x).

Key regulatory aspects

With respect to the regulations issued in the Uruguayan insurance market in 2023 and so far in 2024, it should be noted that Circulars No. 2437 and No. 2451 implemented the amendments introduced by Law No. 20130 (Social Security Reform Law) of May 2, 2023, to the current pension system regulated by Law No. 16,713 of September 3, 1995, as amended, in matters of group disability and funeral insurance and retirement annuities. The aforementioned Law No. 20,130 introduces a series of changes to the current pension savings system by creating a Common Pension System in which the different current pension systems converge.

In another matter, Circular No. 2444 and Communication No. 2023-260 changed the reporting requirements for insurance companies with the aim of facilitating the processes and reducing the costs associated with the submission of information to the Superintendency of Financial Services (SSF) by supervised entities, as part of an initiative of Strategic Plan 2021–2025 that seeks to implement changes that enable digital transformation. These changes in the reporting system apply to multiple processes, such as authorization to operate, authorization and registration, cessation of activities, asset information, data on senior personnel, owners, partners, and shareholders.

In line with the aforementioned digital transformation, Circular No. 2433 and Communication No. 2023-102 were issued, setting new conditions regarding the information to be submitted for new policies and technical notes. They specify documents to be submitted electronically, including a report by the company's legal advisor stating that the policy's content complies in all of its terms and conditions with current regulations on the matter, and that it follows the guidelines contained in the instructions. These instructions were prepared by the legal services of the Central Bank of Uruguay to ensure that insurance contracts contain all the necessary clauses and do not impose abusive conditions for policyholders and insured parties.

In addition, several bills are under consideration. In this regard, SSF continues to work on a bill that seeks to promote alignment with best practices and international standards in relation to risk capital requirements for insurance companies. Following an analysis of the different Solvency II documents and comparable regulations, the risks that would be addressed were defined, in addition to the information to be gathered for the purposes of performing studies to establish the parameters of the model. For the current year, plans call for a public consultation and issuance of regulations related to credit and market risk. Within the framework of this same bill, a review of the basic capital requirement for insurance companies was carried out, together with the updating of the list of insurance industry lines of business, and a public consultation is planned.

In another area, work is ongoing on a regulatory bill that changes the way insurance companies determine the reserve for pending claims in cases in which a lawsuit has been filed against the insurance company or it has been summoned as a guarantee. According to plans, the reserve to be created in such cases should be based on the insurance company's best estimate of the cost of the loss. However, a minimum reserve will be required when the company decides to apply loss ratios exclusively or when it had to create a reserve for insufficiency of calculation in a certain line of business or sub-line in the last two complete fiscal years.

Lastly, pursuant to a request received from the industry, the regulations on the scope of simplified due diligence on money laundering, financing of terrorism, and the proliferation of weapons of mass destruction applicable to insurance companies are under analysis with a view to a possible amendment.

Index of tables and charts

Tables

Charts

References

1/ See: MAPFRE Economics (2024), *2024 Economic and Industry Outlook: Perspectives for the Second Half*, Madrid, Fundación MAPFRE.

2/ See: ECLAC, *Estudio Económico de América Latina y el Caribe 2024*.

3/ See: Bank of Spain, *Informe de Economía Latinoamericana 2023*, 2nd half of 2023.

4/ See: ECLAC, *Estudio Económico de América Latina y el Caribe 2023*.

5/ See: MAPFRE Economics (2023), *The Latin American Insurance Market in 2022* Madrid, Fundación MAPFRE.

6/ Swiss Re Institute (2024). World insurance: strengthening global resilience with a new lease of life. *Sigma* 3/2024, at: https://www.swissre.com/institute/research/sigma-research/sigma-2024-03-world-insurance-global-resilience.html

7/ UN, *World Population Prospects 2024*, at: https://population.un.org/wpp/Download/Standard/Population/

8/ See: https://www.worldbank.org/en/programs/icp

9/ The penetration, density and depth data, as well as the measurement of the Insurance Protection Gap (IPG) and the Market Development Index (MDI) for 2022 and prior years may show differences with those presented in the previous year's report (MAPFRE Economics (2023), *The Latin American Insurance Market in 2022*, Madrid, Fundación MAPFRE), by virtue of updates to insurance premium figures in Latin American markets reported by supervisory agencies, adjustments in the gross domestic product data published by the corresponding entities in each country, and adjustments to insurance market penetration parameters used in the IPG estimation as a result of updates to insurance premium and gross domestic product figures.

10/ From a methodological standpoint, the IPG can be estimated in two ways. The first, in an ex post approach, is based on observed losses. In this case, the IPG will be calculated as the difference between the economic losses recorded during a specific period and the portion of those losses that were covered by insurance compensation. The second is an ex-ante approach that analyzes optimal protection levels, estimated as the difference between the level of coverage socially and economically appropriate to cover risk compared to the actual level of protection. The second approach was selected for this fiscal year's report, which involved determining the spread between the optimal and real covered amounts, contemplated as the differential between penetration indexes of each Latin American insurance market with respect to an average of advanced markets (United States, Canada, Japan and 27 countries of the European Union).

11/ In the case of the North American region, the analytical integration includes the insurance markets of Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Dominican Republic, and Puerto Rico. The South American region comprises the markets of Colombia, Venezuela, Ecuador, Brazil, Bolivia, Peru, Chile, Paraguay, Argentina, and Uruguay.

12/ In previous editions of this report, warnings were given about the extraordinary increase in the aggregate equity of the Argentine insurance industry as a result of the complementary provisions dictated by the Superintendency of Insurance of the Nation, whereby the balance sheets of the insurance and reinsurance companies reflected, from June 2020, the restatement of different items in standard currency (adjusted for inflation).

Statistical appendix

Table A.1. Mexico: main insurance market figures and indicators
(millions of pesos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	341,351	159,058	182,293	10.7%	6.7%	927,429	726,451	791,825	714,968	135,604	105.2	-11,465	43,024	17.2%	2.6%
2014	357,465	169,178	188,287	4.7%	0.7%	1,038,144	806,795	896,113	812,993	142,031	106.1	-14,431	50,546	18.3%	2.6%
2015	391,210	181,918	209,293	9.4%	6.5%	1,164,846	906,063	1,014,786	920,402	150,060	105.5	-14,606	47,648	14.5%	1.9%
2016	443,429	209,146	234,283	13.3%	10.2%	1,333,539	1,022,961	1,147,457	1,027,596	186,082	104.1	-12,612	63,719	23.0%	3.1%
2017	484,322	214,897	269,425	9.2%	3.0%	1,456,244	1,111,609	1,254,968	1,122,988	201,276	108.0	-25,958	86,262	24.4%	3.4%
2018	523,902	242,817	281,085	8.2%	3.1%	1,550,682	1,195,650	1,335,629	1,196,364	215,053	102.8	-10,558	79,043	22.8%	3.2%
2019	582,245	270,456	311,789	11.1%	7.2%	1,687,453	1,310,484	1,451,681	1,296,873	235,772	104.3	-17,516	99,083	25.8%	3.6%
2020	583,563	274,240	309,322	0.2%	-3.1%	1,833,953	1,474,737	1,580,653	1,439,725	253,299	106.7	-27,092	95,773	20.3%	2.8%
2021	643,261	300,119	343,142	10.2%	4.3%	2,005,332	1,584,176	1,748,162	1,587,087	257,170	116.1	-67,152	113,704	15.0%	2.0%
2022	672,649	303,147	369,503	4.6%	-3.1%	2,100,042	1,668,415	1,826,188	1,646,173	273,855	106.7	-32,767	57,525	21.5%	2.8%
2023	788,993	350,960	438,034	17.3%	11.2%	2,364,819	1,826,896	2,063,229	1,862,024	301,590	111.1	-57,105	65,799	23.1%	3.0%

Year	Penetration (premiums/GDP)			Density (premiums per capita, pesos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.0%	0.9%	1.1%	2,884	1,344	1,540	46.6%	1,002,131	605,875	396,256	2.9	3.8	2.2
2014	2.0%	0.9%	1.0%	2,984	1,412	1,572	47.3%	1,088,330	664,475	423,855	3.0	3.9	2.3
2015	2.0%	0.9%	1.1%	3,231	1,503	1,729	46.5%	1,156,049	707,904	448,145	3.0	3.9	2.1
2016	2.1%	1.0%	1.1%	3,627	1,711	1,916	47.2%	1,168,112	691,136	476,976	2.6	3.3	2.0
2017	2.1%	1.0%	1.2%	3,925	1,741	2,183	44.4%	1,236,171	743,697	492,474	2.6	3.5	1.8
2018	2.2%	1.0%	1.2%	4,206	1,949	2,256	46.3%	1,334,911	792,608	542,302	2.5	3.3	1.9
2019	2.3%	1.1%	1.2%	4,630	2,151	2,479	46.5%	1,349,919	777,227	572,693	2.3	2.9	1.8
2020	2.4%	1.1%	1.3%	4,602	2,163	2,439	47.0%	1,310,502	706,344	604,158	2.2	2.6	2.0
2021	2.4%	1.1%	1.3%	5,039	2,351	2,688	46.7%	1,474,073	828,530	644,906	2.3	2.8	1.9
2022	2.3%	1.0%	1.3%	5,230	2,357	2,873	45.1%	1,562,232	907,743	654,489	2.3	3.0	1.8
2023	2.5%	1.1%	1.4%	6,081	2,705	3,376	44.5%	1,653,864	969,212	684,653	2.1	2.8	1.6

Source: MAPFRE Economics (based on data from the National Insurance and Bond Commission)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.2. Guatemala: main insurance market figures and indicators
(millions of quetzales)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	5,219	1,057	4,162	12.3%	7.6%	7,359	5,041	4,916	3,398	2,443	91.2	293	343	26.3%	8.6%
2014	5,639	1,187	4,452	8.1%	4.5%	7,889	5,463	5,121	3,648	2,768	91.0	318	363	24.6%	8.4%
2015	5,966	1,176	4,790	5.8%	3.3%	8,686	5,640	5,619	3,993	3,067	93.3	256	378	22.8%	8.0%
2016	6,313	1,271	5,042	5.8%	1.3%	9,132	5,951	5,817	4,964	3,314	93.3	284	389	20.5%	7.3%
2017	6,802	1,418	5,384	7.7%	3.2%	9,973	6,382	6,380	4,775	3,593	92.1	357	407	21.9%	7.9%
2018	7,005	1,462	5,542	3.0%	-0.7%	10,637	7,213	6,754	4,864	3,883	90.9	416	450	23.8%	8.6%
2019	7,525	1,627	5,898	7.4%	3.6%	11,048	7,489	7,042	5,082	4,006	90.1	486	459	23.9%	8.7%
2020	7,841	1,704	6,136	4.2%	1.0%	11,719	7,868	7,367	5,611	4,352	85.8	723	428	26.7%	9.8%
2021	8,804	2,069	6,735	12.3%	7.7%	12,696	8,310	8,256	6,281	4,440	92.8	399	453	20.9%	7.5%
2022	9,968	2,447	7,521	13.2%	5.9%	13,857	8,817	8,905	6,464	4,951	88.2	761	478	25.9%	9.2%
2023	11,266	2,778	8,488	13.0%	6.4%	15,105	9,230	9,678	7,036	5,427	88.8	812	525	25.0%	9.0%

Year	Penetration (premiums/GDP)			Density (premiums per capita, quetzales)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.3%	0.3%	1.0%	339	69	270	20.3%	27,777	17,729	10,047	5.3	16.8	2.4
2014	1.3%	0.3%	1.0%	360	76	284	21.1%	30,018	19,373	10,645	5.3	16.3	2.4
2015	1.3%	0.2%	1.0%	374	74	300	19.7%	32,338	20,852	11,486	5.4	17.7	2.4
2016	1.3%	0.3%	1.0%	388	78	310	20.1%	32,658	20,500	12,158	5.2	16.1	2.4
2017	1.3%	0.3%	1.0%	411	86	325	20.8%	33,394	20,978	12,416	4.9	14.8	2.3
2018	1.3%	0.3%	1.0%	416	87	329	20.9%	35,387	22,152	13,236	5.1	15.1	2.4
2019	1.3%	0.3%	1.0%	440	95	345	21.6%	38,121	23,124	14,997	5.1	14.2	2.5
2020	1.3%	0.3%	1.0%	452	98	354	21.7%	39,357	22,731	16,627	5.0	13.3	2.7
2021	1.3%	0.3%	1.0%	500	118	383	23.5%	44,137	26,151	17,970	5.0	12.6	2.7
2022	1.4%	0.3%	1.0%	558	137	421	24.5%	45,888	27,817	18,072	4.6	11.4	2.4
2023	1.4%	0.3%	1.1%	622	153	468	24.7%	50,193	30,435	19,758	4.5	11.0	2.3

Source: MAPFRE Economics (based on data from the Superintendency of Banks)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.3. Honduras: main insurance market figures and indicators
(millions of lempiras)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	7,499	2,315	5,184	8.6%	3.3%	11,622	8,371	7,220	5,107	4,402	94.0	255	713	16.8%	6.6%
2014	7,961	2,421	5,541	6.2%	0.0%	12,477	8,328	7,937	5,533	4,540	92.0	337	756	15.9%	5.9%
2015	8,726	2,792	5,934	9.6%	6.2%	13,401	8,877	8,622	5,765	4,779	85.3	665	639	19.4%	7.0%
2016	9,581	3,288	6,294	9.8%	6.9%	14,910	9,648	9,454	6,165	5,456	84.5	755	591	20.6%	7.4%
2017	10,362	3,179	7,184	8.1%	4.1%	16,561	10,057	10,406	7,189	6,155	81.3	893	580	18.6%	6.9%
2018	11,158	3,622	7,536	7.7%	3.2%	16,361	9,838	10,602	7,302	5,759	81.0	887	578	20.7%	7.5%
2019	11,244	3,845	7,398	0.8%	-3.4%	16,420	10,572	10,152	7,326	6,267	84.6	839	721	21.6%	7.9%
2020	11,569	3,959	7,610	2.9%	-0.6%	25,158	11,423	18,663	14,907	6,495	85.5	804	658	18.8%	5.8%
2021	12,886	4,515	8,371	11.4%	6.6%	19,493	11,172	13,127	9,605	6,366	97.1	185	576	8.4%	2.4%
2022	14,312	4,948	9,364	11.1%	1.8%	21,109	12,928	13,636	9,483	7,473	87.1	850	327	14.4%	4.9%
2023	16,541	5,830	10,710	15.6%	8.4%	23,267	14,210	15,099	9,859	8,168	92.3	523	517	17.3%	6.1%

Year	Penetration (premiums/GDP)			Density (premiums per capita, lempiras)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.0%	0.6%	1.4%	844	260	583	30.9%	22,339	14,674	7,665	3.0	6.3	1.5
2014	1.9%	0.6%	1.3%	878	267	611	30.4%	25,090	16,637	8,453	3.2	6.9	1.5
2015	1.9%	0.6%	1.3%	945	302	642	32.0%	28,321	18,513	9,808	3.2	6.6	1.7
2016	1.9%	0.7%	1.3%	1,018	349	669	34.3%	28,918	18,220	10,698	3.0	5.5	1.7
2017	1.9%	0.6%	1.3%	1,081	332	749	30.7%	31,123	19,935	11,188	3.0	6.3	1.6
2018	1.9%	0.6%	1.3%	1,143	371	772	32.5%	33,072	21,016	12,056	3.0	5.8	1.6
2019	1.8%	0.6%	1.2%	1,131	387	744	34.2%	36,011	21,778	14,233	3.2	5.7	1.9
2020	2.0%	0.7%	1.3%	1,143	391	752	34.2%	34,500	19,891	14,609	3.0	5.0	1.9
2021	1.9%	0.7%	1.2%	1,252	439	814	35.0%	41,536	24,495	17,025	3.2	5.4	2.0
2022	1.8%	0.6%	1.2%	1,368	473	895	34.6%	44,619	26,982	17,637	3.1	5.5	1.9
2023	1.9%	0.7%	1.2%	1,554	548	1,006	35.2%	49,455	29,835	19,620	3.0	5.1	1.8

Source: MAPFRE Economics (based on data from the National Banking and Insurance Commission)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.4. El Salvador: main insurance market figures and indicators
(millions of USD)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	546	210	336	8.6%	7.8%	724	561	381	254	343	90.6	31	19	14.3%	6.8%
2014	572	225	347	4.7%	3.5%	775	600	410	282	365	92.8	25	20	13.3%	6.3%
2015	609	233	376	6.4%	7.2%	841	645	461	295	380	98.7	5	22	9.9%	4.6%
2016	621	216	405	2.0%	1.4%	817	607	448	299	369	98.8	5	25	9.0%	4.0%
2017	616	215	401	-0.8%	-1.8%	855	632	476	307	380	97.6	9	24	10.3%	4.6%
2018	658	219	438	6.7%	5.6%	891	648	496	317	396	98.8	5	27	9.7%	4.3%
2019	702	237	465	6.8%	6.7%	932	650	532	323	400	100.9	-4	24	9.3%	4.0%
2020	722	260	462	2.8%	3.2%	971	667	563	352	408	102.7	-11	18	6.1%	2.6%
2021	826	328	498	14.5%	10.7%	994	671	585	365	409	103.9	-20	22	4.6%	1.9%
2022	907	354	553	9.7%	2.4%	1,057	707	620	380	437	98.9	6	26	12.6%	5.2%
2023	856	248	608	-5.6%	-9.3%	1,105	741	629	364	476	100.2	-1	27	11.7%	4.9%

Year	Penetration (premiums/GDP)			Density (premiums per capita, USD)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.5%	1.0%	1.5%	89	34	55	38.4%	1,196	783	414	2.2	3.7	1.2
2014	2.5%	1.0%	1.5%	93	37	56	39.4%	1,229	813	416	2.1	3.6	1.2
2015	2.6%	1.0%	1.6%	98	38	61	38.2%	1,277	852	425	2.1	3.7	1.1
2016	2.6%	0.9%	1.7%	100	35	65	34.9%	1,257	833	424	2.0	3.8	1.0
2017	2.5%	0.9%	1.6%	99	35	65	34.9%	1,291	847	444	2.1	3.9	1.1
2018	2.5%	0.8%	1.7%	106	35	70	33.3%	1,343	895	448	2.0	4.1	1.0
2019	2.6%	0.9%	1.7%	113	38	75	33.8%	1,364	883	481	1.9	3.7	1.0
2020	2.9%	1.0%	1.9%	116	42	74	36.0%	1,238	755	484	1.7	2.9	1.0
2021	2.8%	1.1%	1.7%	132	52	80	39.7%	1,484	903	580	1.8	2.8	1.2
2022	2.8%	1.1%	1.7%	144	56	88	39.0%	1,521	961	559	1.7	2.7	1.0
2023	2.5%	0.7%	1.8%	136	39	96	29.0%	1,760	1,165	594	2.1	4.7	1.0

Source: MAPFRE Economics (based on data from the Superintendency of the Financial System)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.5. Nicaragua: main insurance market figures and indicators
(millions of cordobas)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	3,878	668	3,210	19.1%	11.2%	5,793	4,096	4,190	2,997	1,603	89.6	236	178	23.4%	6.6%
2014	4,615	823	3,792	19.0%	12.2%	6,795	4,788	4,820	3,450	1,975	87.2	350	213	25.1%	7.1%
2015	5,198	916	4,282	12.6%	8.3%	7,857	5,533	5,521	3,916	2,336	86.6	431	269	25.6%	7.5%
2016	5,848	1,111	4,737	12.5%	8.7%	9,268	6,493	6,529	4,709	2,738	89.1	403	347	23.1%	6.9%
2017	6,618	1,295	5,324	13.2%	9.0%	11,132	7,597	7,684	5,571	3,448	82.8	718	431	30.5%	9.3%
2018	7,066	1,451	5,615	6.8%	1.7%	12,012	8,356	7,648	5,080	4,364	84.3	753	466	26.8%	9.0%
2019	6,766	1,367	5,399	-4.2%	-9.1%	12,853	8,755	7,667	5,127	5,185	90.7	397	541	20.0%	7.7%
2020	6,888	1,329	5,559	1.8%	-1.8%	13,512	9,781	7,631	5,165	5,881	97.2	109	581	13.4%	5.6%
2021	7,734	1,453	6,281	12.3%	7.0%	14,788	10,826	8,180	5,534	6,608	96.2	144	601	11.8%	5.2%
2022	8,554	1,588	6,965	10.6%	0.1%	15,918	11,648	9,109	6,129	6,809	97.1	115	643	9.4%	4.1%
2023	9,532	1,792	7,740	11.4%	2.8%	17,049	12,375	9,715	6,333	7,334	94.9	224	757	10.8%	4.7%

Year	Penetration (premiums/GDP)			Density (premiums per capita, cordobas)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.4%	0.2%	1.2%	648	112	536	17.2%	17,639	11,583	6,056	4.5	17.3	1.9
2014	1.5%	0.3%	1.2%	761	136	625	17.8%	19,969	13,352	6,617	4.3	16.2	1.7
2015	1.5%	0.3%	1.2%	845	149	696	17.6%	22,781	15,175	7,606	4.4	16.6	1.8
2016	1.5%	0.3%	1.2%	938	178	760	19.0%	23,672	15,380	8,292	4.0	13.8	1.8
2017	1.6%	0.3%	1.3%	1,048	205	843	19.6%	25,009	16,327	8,682	3.8	12.6	1.6
2018	1.7%	0.4%	1.4%	1,104	227	877	20.5%	24,533	16,151	8,382	3.5	11.1	1.5
2019	1.6%	0.3%	1.3%	1,044	211	833	20.2%	25,557	16,160	9,397	3.8	11.8	1.7
2020	1.6%	0.3%	1.3%	1,049	202	847	19.3%	27,356	16,400	10,957	4.0	12.3	2.0
2021	1.6%	0.3%	1.3%	1,164	219	945	18.8%	31,840	19,642	12,186	4.1	13.5	1.9
2022	1.5%	0.3%	1.2%	1,271	236	1,035	18.6%	34,107	21,525	12,581	4.0	13.6	1.8
2023	1.5%	0.3%	1.2%	1,397	263	1,134	18.8%	39,222	24,556	14,667	4.1	13.7	1.9

Source: MAPFRE Economics (based on data from the Superintendency of Banks and Other Financial Institutions)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.6. Costa Rica: main insurance market figures and indicators
(millions of colones)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	517,980	69,625	448,355	11.1%	5.6%	1,634,857	1,259,540	956,010	709,259	678,847	112.7	-45,863	80,619	6.4%	2.6%
2014	622,592	76,621	545,972	20.2%	15.0%	1,851,783	1,350,464	1,114,450	818,676	737,333	110.8	-44,132	100,903	6.5%	2.6%
2015	564,060	72,182	491,878	-9.4%	-10.1%	1,946,158	1,451,305	1,144,461	801,335	801,698	111.1	-50,555	97,502	7.1%	2.9%
2016	654,715	101,881	552,835	16.1%	16.1%	2,128,211	1,542,933	1,273,229	827,324	854,982	105.4	-27,856	90,305	6.6%	2.7%
2017	749,330	111,184	638,146	14.5%	12.6%	2,263,997	1,646,678	1,320,973	863,940	943,024	99.5	2,815	97,525	7.9%	3.2%
2018	771,902	123,926	647,976	3.0%	0.8%	2,402,493	1,754,528	1,389,075	875,442	1,013,417	103.9	-23,743	121,554	7.4%	3.1%
2019	832,846	133,476	699,370	7.9%	5.7%	2,558,216	1,970,450	1,410,744	941,175	1,147,473	109.6	-56,535	116,042	6.9%	3.0%
2020	841,870	125,503	716,367	1.1%	0.4%	2,578,152	2,032,209	1,392,377	964,422	1,185,774	102.2	-14,426	159,278	10.1%	4.6%
2021	900,209	147,816	752,393	6.9%	5.1%	2,761,554	2,156,993	1,462,749	983,194	1,298,805	97.4	18,087	167,535	12.8%	6.0%
2022	1,017,756	188,763	828,993	13.1%	4.4%	2,794,171	2,025,260	1,545,632	1,043,095	1,248,538	100.6	-4,635	74,326	4.6%	2.1%
2023	1,073,412	207,041	866,371	5.5%	4.9%	2,998,490	2,162,838	1,653,441	1,086,410	1,345,049	100.6	-4,973	40,335	2.7%	1.2%

Year	Penetration (premiums/GDP)			Density (premiums per capita, colones)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.0%	0.3%	1.8%	109,831	14,763	95,068	13.4%	1,499,774	1,079,216	420,559	2.9	15.5	0.9
2014	2.2%	0.3%	1.9%	130,601	16,073	114,529	12.3%	1,609,460	1,210,392	399,067	2.6	15.8	0.7
2015	1.9%	0.2%	1.6%	117,073	14,982	102,091	12.8%	1,863,769	1,324,052	539,718	3.3	18.3	1.1
2016	2.0%	0.3%	1.7%	134,521	20,933	113,588	15.6%	1,833,869	1,288,359	545,510	2.8	12.6	1.0
2017	2.2%	0.3%	1.9%	152,514	22,630	129,885	14.8%	1,872,584	1,349,648	522,936	2.5	12.1	0.8
2018	2.1%	0.3%	1.8%	155,694	24,996	130,698	16.1%	1,997,074	1,418,493	578,581	2.6	11.4	0.9
2019	2.2%	0.4%	1.8%	166,584	26,698	139,887	16.0%	2,074,453	1,442,958	631,496	2.5	10.8	0.9
2020	2.3%	0.3%	2.0%	167,226	24,929	142,297	14.9%	2,028,532	1,360,545	667,987	2.4	10.8	0.9
2021	2.2%	0.4%	1.9%	177,907	29,213	148,695	16.4%	2,307,450	1,562,033	744,451	2.6	10.6	1.0
2022	2.3%	0.4%	1.9%	200,276	37,145	163,131	18.5%	2,382,430	1,653,504	728,926	2.3	8.8	0.9
2023	2.3%	0.4%	1.8%	210,245	40,552	169,693	19.3%	2,545,236	1,748,552	796,684	2.4	8.4	0.9

Source: MAPFRE Economics (based on data from the General Superintendency of Insurance)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.7. Panama: main insurance market figures and indicators
(millions of balboas)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	1,244	280	965	9.3%	5.1%	2,389	1,549	1,483	982	906	98.5	11	69	8.7%	3.4%
2014	1,343	312	1,032	7.9%	5.2%	2,602	1,679	1,513	1,080	1,089	97.6	18	73	8.1%	3.3%
2015	1,389	323	1,066	3.4%	3.3%	2,729	1,747	1,627	1,129	1,102	94.6	44	54	7.9%	3.3%
2016	1,396	346	1,050	0.5%	-0.2%	2,888	1,869	1,715	1,209	1,173	92.5	66	65	10.6%	4.3%
2017	1,471	378	1,093	5.4%	4.5%	3,172	2,068	1,855	1,356	1,317	91.2	84	97	13.8%	5.7%
2018	1,570	392	1,178	6.7%	5.9%	3,195	1,939	2,024	1,435	1,171	89.9	99	55	11.3%	4.4%
2019	1,568	406	1,162	-0.1%	0.2%	3,316	2,051	2,016	1,456	1,299	90.1	102	97	14.8%	5.6%
2020	1,517	398	1,119	-3.2%	-1.7%	3,530	2,239	2,089	1,574	1,441	89.2	110	88	13.7%	5.5%
2021	1,611	410	1,201	6.2%	4.5%	3,651	2,330	2,145	N/A	1,505	96.7	37	99	9.2%	3.8%
2022	1,702	419	1,283	5.6%	2.7%	3,662	2,432	2,207	N/A	1,455	96.2	46	8	3.7%	1.5%
2023	1,865	433	1,432	9.5%	7.9%	3,976	2,585	2,355	N/A	1,621	94.7	69	113	11.8%	4.7%

Year	Penetration (premiums/GDP)			Density (premiums per capita, balboas)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.6%	0.6%	2.0%	325	73	252	22.5%	2,501	1,853	648	2.0	6.6	0.7
2014	2.6%	0.6%	2.0%	345	80	265	23.2%	2,781	2,067	715	2.1	6.6	0.7
2015	2.5%	0.6%	1.9%	351	82	269	23.3%	3,122	2,271	851	2.2	7.0	0.8
2016	2.3%	0.6%	1.7%	347	86	261	24.8%	3,263	2,257	1,006	2.3	6.5	1.0
2017	2.3%	0.6%	1.7%	359	92	267	25.7%	3,451	2,365	1,086	2.3	6.3	1.0
2018	2.3%	0.6%	1.8%	377	94	283	25.0%	3,604	2,490	1,114	2.3	6.4	0.9
2019	2.2%	0.6%	1.7%	370	96	274	25.9%	3,790	2,499	1,291	2.4	6.2	1.1
2020	2.7%	0.7%	2.0%	353	93	261	26.3%	2,973	1,926	1,047	2.0	4.8	0.9
2021	2.4%	0.6%	1.8%	371	94	276	25.5%	3,751	2,448	1,301	2.3	6.0	1.1
2022	2.2%	0.5%	1.7%	387	95	292	24.6%	4,104	2,727	1,377	2.4	6.5	1.1
2023	2.2%	0.5%	1.7%	418	97	321	23.2%	4,547	3,032	1,515	2.4	7.0	1.1

Source: MAPFRE Economics (based on data from the Superintendency of Insurance and Reinsurance)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.8. Dominican Republic: main insurance market figures and indicators
(millions of pesos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	30,893	5,002	25,891	5.8%	0.9%	37,514	20,800	26,261	14,639	11,253	102.0	-296	1,404	16.2%	4.9%
2014	33,207	5,326	27,881	7.5%	4.4%	42,397	21,532	29,980	15,533	12,417	99.7	54	1,626	17.2%	5.1%
2015	35,628	6,314	29,315	7.3%	6.4%	46,790	23,991	33,261	16,652	13,529	98.1	358	1,846	20.5%	6.0%
2016	40,589	7,453	33,136	13.9%	12.1%	52,191	26,620	37,257	19,747	14,935	99.6	92	2,074	19.0%	5.5%
2017	49,354	8,480	40,875	21.6%	17.7%	58,605	29,683	42,151	23,215	16,454	99.3	202	2,236	21.0%	6.0%
2018	59,562	9,513	50,048	20.7%	16.5%	71,962	37,800	51,527	26,827	20,436	95.5	1,622	2,424	27.4%	7.7%
2019	69,230	10,766	58,464	16.2%	14.2%	77,946	41,899	53,867	30,362	24,079	95.0	2,098	2,582	28.6%	8.5%
2020	72,241	10,625	61,616	4.3%	0.5%	91,143	50,915	62,188	34,693	28,957	91.6	3,584	2,878	33.2%	10.4%
2021	86,021	13,039	72,982	19.1%	10.0%	101,264	58,324	68,667	38,245	32,597	97.6	1,125	3,707	21.8%	7.0%
2022	96,313	15,573	80,740	12.0%	2.9%	112,274	62,025	78,812	45,899	33,462	98.0	1,034	4,189	16.5%	5.1%
2023	115,356	18,743	96,613	19.8%	14.3%	135,919	77,493	95,303	56,183	40,616	97.3	1,692	6,235	26.4%	7.9%

Year	Penetration (premiums/GDP)			Density (premiums per capita, pesos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.2%	0.2%	1.0%	3,031	491	2,540	16.2%	176,705	113,197	63,508	5.7	22.6	2.5
2014	1.1%	0.2%	1.0%	3,219	516	2,703	16.0%	200,004	129,145	70,859	6.0	24.2	2.5
2015	1.1%	0.2%	0.9%	3,414	605	2,809	17.7%	222,320	142,031	80,289	6.2	22.5	2.7
2016	1.2%	0.2%	1.0%	3,847	706	3,140	18.4%	230,136	143,786	86,350	5.7	19.3	2.6
2017	1.3%	0.2%	1.1%	4,627	795	3,832	17.2%	240,954	153,269	87,685	4.9	18.1	2.1
2018	1.4%	0.2%	1.2%	5,524	882	4,642	16.0%	266,110	171,897	94,213	4.5	18.1	1.9
2019	1.5%	0.2%	1.3%	6,355	988	5,367	15.6%	281,365	179,338	102,027	4.1	16.7	1.7
2020	1.6%	0.2%	1.4%	6,562	965	5,597	14.7%	278,282	170,846	107,436	3.9	16.1	1.7
2021	1.6%	0.2%	1.4%	7,733	1,172	6,561	15.2%	342,926	215,612	127,185	4.0	16.5	1.7
2022	1.5%	0.2%	1.3%	8,576	1,387	7,189	16.2%	378,739	241,816	136,922	3.9	15.5	1.7
2023	1.7%	0.3%	1.4%	10,180	1,654	8,526	16.2%	401,243	260,438	140,805	3.5	13.9	1.5

Source: MAPFRE Economics (based on data from the Superintendency of Insurance)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.9. Puerto Rico: main insurance market figures and indicators
(millions of USD)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	10,518	1,053	9,465	-0.6%	-1.6%	7,463	6,091	4,906	3,278	2,557	N/A	N/A	N/A	11.8%	4.1%
2014	9,967	1,237	8,730	-5.2%	-5.8%	7,437	5,841	4,994	3,127	2,443	N/A	N/A	N/A	4.7%	1.6%
2015	12,113	1,252	10,861	21.5%	22.5%	8,106	6,122	5,549	3,452	2,557	N/A	N/A	N/A	4.7%	1.5%
2016	12,869	1,265	11,605	6.2%	6.6%	8,241	6,294	5,749	3,400	2,492	N/A	N/A	N/A	6.8%	2.1%
2017	12,778	1,153	11,625	-0.7%	-2.4%	9,439	7,249	6,819	3,680	2,620	N/A	N/A	N/A	13.2%	3.8%
2018	13,939	1,356	12,583	9.1%	7.7%	9,607	6,819	7,045	4,140	2,562	N/A	N/A	N/A	5.3%	1.4%
2019	14,322	1,451	12,871	2.7%	2.7%	10,227	7,933	7,275	4,338	2,952	N/A	N/A	N/A	13.8%	3.8%
2020	16,077	1,435	14,642	12.3%	12.8%	11,187	8,846	7,961	4,750	3,226	N/A	N/A	N/A	17.1%	4.9%
2021	17,651	1,731	15,920	9.8%	7.2%	12,436	9,551	8,725	5,007	3,711	N/A	N/A	N/A	13.9%	4.1%
2022	19,134	1,992	17,141	8.4%	2.2%	12,514	9,510	9,020	5,344	3,494	N/A	N/A	N/A	8.9%	2.6%
2023	20,536	2,434	18,102	7.3%	4.4%	13,493	9,647	10,033	5,581	3,461	N/A	N/A	N/A	-11.1%	-3.0%

Year	Penetration (premiums/GDP)			Density (premiums per capita, USD)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	10.3%	1.0%	9.2%	2,916	292	2,624	10.0%	3,569	3,569	-	0.3	3.4	-
2014	9.7%	1.2%	8.5%	2,795	347	2,449	12.4%	3,472	3,472	-	0.3	2.8	-
2015	11.7%	1.2%	10.5%	3,439	355	3,084	10.3%	3,532	3,532	-	0.3	2.8	-
2016	12.3%	1.2%	11.1%	3,702	364	3,338	9.8%	3,260	3,260	-	0.3	2.6	-
2017	12.4%	1.1%	11.2%	3,790	342	3,448	9.0%	3,247	3,247	-	0.3	2.8	-
2018	13.8%	1.3%	12.5%	4,237	412	3,824	9.7%	2,967	2,967	-	0.2	2.2	-
2019	13.6%	1.4%	12.2%	4,356	441	3,914	10.1%	2,930	2,930	-	0.2	2.0	-
2020	15.6%	1.4%	14.2%	4,908	438	4,470	8.9%	2,765	2,765	-	0.2	1.9	-
2021	16.6%	1.6%	15.0%	5,426	532	4,894	9.8%	2,779	2,779	-	0.2	1.6	-
2022	16.9%	1.8%	15.1%	5,904	615	5,289	10.4%	2,671	2,671	-	0.1	1.3	-
2023	17.7%	2.1%	15.6%	6,334	751	5,584	11.9%	2,378	2,378	-	0.1	1.0	-

Source: MAPFRE Economics (based on data from the Puerto Rico Insurance Commissioner's Office and the National Association of Insurance Commissioners, NAIC)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.10. Colombia: main insurance market figures and indicators
(millions of pesos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	18,833,416	6,690,847	12,142,569	18.0%	15.6%	42,857,016	33,375,423	33,746,620	29,208,392	9,110,396	108.6	-1,129,101	1,822,198	6.4%	1.4%
2014	19,036,166	5,656,006	13,380,160	1.1%	-1.8%	47,590,990	37,157,033	37,599,677	32,297,179	9,991,312	110.4	-1,523,216	2,747,916	11.4%	2.4%
2015	21,508,936	6,313,957	15,194,979	13.0%	7.6%	51,585,889	38,983,976	41,720,926	35,211,300	9,864,962	110.8	-1,718,318	2,928,678	10.7%	2.1%
2016	23,849,424	7,461,856	16,387,568	10.9%	3.1%	58,252,927	44,323,525	47,104,482	41,262,658	11,148,445	111.8	-2,251,876	4,095,605	15.9%	3.0%
2017	26,003,162	8,436,839	17,566,323	9.0%	4.5%	66,222,514	50,288,473	53,805,647	47,177,339	12,416,867	111.3	-2,104,869	3,926,468	15.3%	2.9%
2018	27,268,333	8,540,789	18,727,544	4.9%	1.6%	76,735,130	55,415,603	63,464,833	56,464,952	13,270,296	108.9	-1,763,815	3,511,196	13.2%	2.4%
2019	30,087,537	9,329,143	20,758,394	10.3%	6.6%	86,054,031	62,472,309	70,667,652	62,744,057	15,386,379	111.3	-2,431,053	4,659,640	15.5%	2.7%
2020	30,489,756	9,220,345	21,269,412	1.3%	-1.2%	91,494,288	67,407,641	76,093,288	68,165,878	15,401,001	110.9	-2,405,413	4,120,245	9.8%	1.7%
2021	35,343,993	10,701,224	24,642,769	15.9%	12.0%	98,886,644	72,174,030	83,718,761	73,255,637	15,167,883	114.7	-3,573,731	4,319,491	5.7%	0.9%
2022	47,292,203	17,870,454	29,421,749	33.8%	21.4%	117,202,908	89,834,431	99,845,561	87,196,867	17,357,347	120.4	-5,388,704	8,381,864	16.3%	2.5%
2023	50,664,878	16,982,155	33,682,722	7.1%	-4.1%	140,984,246	109,952,260	119,274,750	103,195,231	21,709,496	123.6	-7,393,731	12,703,784	21.6%	3.3%

Year	Penetration (premiums/GDP)			Density (premiums per capita, pesos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.6%	0.9%	1.7%	408,077	144,975	263,102	35.5%	37,753,277	25,527,691	12,225,588	2.0	3.8	1.0
2014	2.5%	0.7%	1.8%	408,805	121,464	287,341	29.7%	41,776,550	29,408,934	12,367,617	2.2	5.2	0.9
2015	2.7%	0.8%	1.9%	457,930	134,425	323,504	29.4%	43,241,752	30,923,861	12,317,887	2.0	4.9	0.8
2016	2.8%	0.9%	1.9%	502,755	157,299	345,456	31.3%	43,207,362	29,999,194	13,208,167	1.8	4.0	0.8
2017	2.8%	0.9%	1.9%	540,257	175,289	364,968	32.4%	44,268,807	30,716,069	13,552,737	1.7	3.6	0.8
2018	2.8%	0.9%	1.9%	556,219	174,215	382,004	31.3%	48,677,548	33,763,783	14,913,768	1.8	4.0	0.8
2019	2.8%	0.9%	2.0%	602,860	186,927	415,933	31.0%	51,375,846	34,842,982	16,532,864	1.7	3.7	0.8
2020	3.1%	0.9%	2.1%	602,207	182,112	420,095	30.2%	48,041,372	31,436,332	16,605,041	1.6	3.4	0.8
2021	3.0%	0.9%	2.1%	690,472	209,057	481,415	30.3%	59,520,453	39,866,458	19,625,443	1.7	3.7	0.8
2022	3.2%	1.2%	2.0%	914,072	345,403	568,669	37.8%	64,235,568	42,556,827	21,678,742	1.4	2.4	0.7
2023	3.2%	1.1%	2.1%	968,344	324,575	643,769	33.5%	70,265,508	48,371,150	21,894,358	1.4	2.8	0.7

Source: MAPFRE Economics (based on data from the Financial Superintendency of Colombia)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.11. Venezuela: main insurance market figures and indicators
(millions of digital bolivars)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	0.000000856	0.000000016	0.000000841	43.4%	2.0%	0.000000801	0.000000649	0.000000480	0.000000331	0.000000321	99.4	0.000000004	0.000000038	20.0%	7.6%
2014	0.000001424	0.000000023	0.000001401	66.3%	2.6%	0.000001575	0.000001312	0.000000818	0.000000572	0.000000756	101.1	-0.000000010	0.000000055	12.6%	5.7%
2015	0.000003300	0.000000041	0.000003259	131.7%	4.5%	0.000005839	0.000004784	0.000002119	0.000001326	0.000003720	105.3	-0.000000103	0.000000210	4.1%	2.5%
2016	0.000008715	0.000000101	0.000008614	164.1%	-25.6%	0.000017972	0.000014608	0.000006304	0.000003036	0.000011668	107.9	-0.000000396	0.000000216	5.0%	3.2%
2017	0.000038201	0.000000384	0.000037817	338.3%	-18.5%	0.000201182	0.000184028	0.000029109	0.000014156	0.000172073	72.6	0.000008187	0.000000936	2.7%	2.3%
2018	0.0261	0.0004	0.0256	68,102.8%	4.2%	0.6097	0.4538	0.3170	0.0107	0.2928	123.5	-0.0032	0.0028	15.1%	7.3%
2019	5.7663	0.0355	5.7308	22,032.1%	10.6%	52.1505	38.6763	27.0421	1.5238	25.1084	120.4	-0.4669	0.1418	12.5%	6.0%
2020	139.4032	0.5641	138.8392	2,317.5%	-1.5%	919.0817	628.3824	611.9820	44.4103	307.0997	108.4	-4.3532	5.5377	10.4%	3.6%
2021	1,786.0960	9.1840	1,776.9120	1,181.2%	-24.1%	4,585.2130	2,530.6340	3,227.6580	353.9890	1,357.5550	104.5	-28.1570	121.5090	10.8%	3.3%
2022	5,181.4990	34.7860	5,146.7130	190.1%	1.2%	17,570.7860	10,354.7340	11,358.8280	1,086.2400	6,211.9580	93.6	135.6690	73.0560	6.1%	2.1%
2023	24,940.4434	158.1393	24,782.3041	381.3%	10.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Year	Penetration (premiums/GDP)			Density (premiums per capita, digital bolivars)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	3.3%	0.1%	3.2%	0.0000000286	0.0000000005	0.0000000281	1.8%	0.0000012145	0.0000011633	0.0000000512	1.4	74.2	0.1
2014	0.4%	0.0%	0.4%	0.0000000471	0.0000000008	0.0000000463	1.6%	0.0000288667	0.0000174430	0.0000114236	20.3	765.3	8.2
2015	1.3%	0.0%	1.3%	0.0000001079	0.0000000013	0.0000001066	1.2%	0.0000165157	0.0000113552	0.0000051605	5.0	280.0	1.6
2016	1.8%	0.0%	1.8%	0.0000002833	0.0000000033	0.0000002800	1.2%	0.0000289602	0.0000209464	0.0000080139	3.3	207.8	0.9
2017	0.9%	0.0%	0.9%	0.0000012498	0.0000000126	0.0000012372	1.0%	0.0002912800	0.0001831902	0.0001080899	7.6	476.6	2.9
2018	0.4%	0.0%	0.4%	0.00087408	0.00001464	0.00085944	1.7%	0.52414002	0.30604147	0.21809857	20.1	701.3	8.5
2019	0.5%	0.0%	0.5%	0.1993	0.0012	0.1980	0.6%	82.0882	47.6021	34.4861	14.2	1,340.3	6.0
2020	0.9%	0.0%	0.9%	4.9010	0.0198	4.8811	0.4%	1,136.1900	659.8286	476.3614	8.2	1,169.8	3.4
2021	1.0%	0.0%	1.0%	63.2519	0.3252	62.9267	0.5%	13,070.4486	7,910.1267	5,155.8505	7.3	861.3	2.9
2022	0.9%	0.0%	0.8%	183.6563	1.2330	182.4234	0.7%	40,884.2376	24,924.2639	15,959.9737	7.9	716.5	3.1
2023	0.9%	0.0%	0.9%	881.2612	5.5878	875.6734	0.6%	194,178.5725	118,258.3513	75,920.2213	7.8	747.8	3.1

Source: MAPFRE Economics (based on data from the Superintendency of Insurance Activity)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.12. Brazil: main insurance market figures and indicators
(millions of reais)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	145,184	83,357	61,828	12.2%	5.6%	547,428	470,528	475,329	443,146	72,098	92.8	4,985	11,888	21.3%	3.0%
2014	165,235	94,153	71,082	13.8%	7.0%	637,696	549,907	562,118	520,982	75,579	95.2	3,630	16,682	23.9%	3.0%
2015	184,201	111,024	73,177	11.5%	2.2%	740,603	643,058	668,983	626,924	71,620	95.2	3,941	19,422	26.9%	2.9%
2016	205,480	130,722	74,757	11.6%	2.6%	873,463	776,339	792,216	755,915	81,247	95.3	4,074	18,932	23.3%	2.2%
2017	212,155	135,709	76,446	3.2%	-0.2%	1,004,977	901,751	917,710	876,797	87,248	93.7	5,574	16,611	20.5%	1.8%
2018	210,319	129,975	80,344	-0.9%	-4.4%	1,095,005	985,310	1,010,482	965,974	84,523	91.8	7,744	15,989	21.9%	1.8%
2019	234,218	152,049	82,169	11.4%	7.4%	1,233,605	1,113,310	1,139,153	1,087,039	94,453	91.6	8,111	19,488	26.0%	2.0%
2020	236,860	152,617	84,243	1.1%	-2.0%	1,326,740	1,187,390	1,223,484	1,169,093	103,331	92.6	7,365	14,343	18.2%	1.4%
2021	268,104	171,279	96,825	13.2%	4.5%	1,389,086	1,249,482	1,289,928	1,236,121	99,158	97.6	2,490	10,956	11.7%	0.9%
2022	312,471	192,116	120,355	16.5%	6.7%	1,571,110	1,409,200	1,461,733	1,398,666	109,378	93.1	8,599	18,174	21.9%	1.5%
2023	341,667	209,776	131,891	9.3%	4.5%	1,797,220	1,621,093	1,662,999	1,590,625	134,224	87.5	18,016	26,373	30.0%	2.2%

Year	Penetration (premiums/GDP)			Density (premiums per capita, reais)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.7%	1.6%	1.2%	731	420	312	57.4%	277,308	157,196	120,112	1.9	1.9	1.9
2014	2.9%	1.6%	1.2%	826	471	355	57.0%	295,419	171,463	123,956	1.8	1.8	1.7
2015	3.1%	1.9%	1.2%	913	551	363	60.3%	298,259	166,437	131,822	1.6	1.5	1.8
2016	3.3%	2.1%	1.2%	1,011	643	368	63.6%	281,219	141,170	140,049	1.4	1.1	1.9
2017	3.2%	2.1%	1.2%	1,036	663	373	64.0%	290,603	144,409	146,194	1.4	1.1	1.9
2018	3.0%	1.9%	1.1%	1,020	631	390	61.8%	328,192	169,995	158,197	1.6	1.3	2.0
2019	3.2%	2.1%	1.1%	1,129	733	396	64.9%	333,617	155,850	177,767	1.4	1.0	2.2
2020	3.1%	2.0%	1.1%	1,135	731	404	64.4%	361,646	157,237	204,408	1.5	1.0	2.4
2021	3.0%	1.9%	1.1%	1,279	817	462	63.9%	448,740	210,836	237,688	1.7	1.2	2.5
2022	3.1%	1.9%	1.2%	1,486	914	572	61.5%	452,375	222,288	230,087	1.4	1.2	1.9
2023	3.1%	1.9%	1.2%	1,618	994	625	61.4%	493,120	241,360	251,760	1.4	1.2	1.9

Source: MAPFRE Economics (based on data from the Superintendency of Private Insurance)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.13. Ecuador: main insurance market figures and indicators
(millions of USD)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	1,659	282	1,377	11.7%	8.8%	1,645	761	1,223	546	422	76.6	164	33	9.7%	2.6%
2014	1,703	276	1,427	2.6%	-0.9%	1,853	847	1,372	607	482	70.5	214	37	15.6%	4.0%
2015	1,665	295	1,370	-2.2%	-6.0%	2,017	919	1,448	663	569	76.5	208	41	9.7%	2.6%
2016	1,618	347	1,271	-2.8%	-4.5%	2,320	952	1,704	895	617	74.9	250	40	10.7%	2.9%
2017	1,631	370	1,261	0.8%	0.4%	2,297	1,059	1,673	831	624	74.8	254	44	11.3%	3.0%
2018	1,689	413	1,276	3.6%	3.8%	2,158	1,043	1,541	840	617	75.9	265	39	8.2%	2.3%
2019	1,797	434	1,364	6.4%	6.1%	2,156	1,093	1,509	799	647	74.0	290	56	9.7%	2.8%
2020	1,696	418	1,278	-5.6%	-5.3%	2,275	1,090	1,613	819	662	80.0	207	48	0.9%	0.3%
2021	1,606	451	1,155	-5.3%	-5.4%	1,885	1,036	1,313	639	572	83.0	173	43	-0.8%	-0.2%
2022	2,007	600	1,407	25.0%	20.8%	2,098	1,208	1,466	705	632	72.2	342	45	10.9%	3.3%
2023	2,203	673	1,530	9.7%	7.4%	2,341	1,284	1,679	826	662	77.9	301	61	11.2%	3.3%

Year	Penetration (premiums/GDP)			Density (premiums per capita, USD)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.7%	0.3%	1.4%	105	18	87	17.0%	5,993	4,075	1,918	3.6	14.4	1.4
2014	1.7%	0.3%	1.4%	106	17	89	16.2%	6,485	4,445	2,040	3.8	16.1	1.4
2015	1.7%	0.3%	1.4%	102	18	84	17.7%	6,157	4,204	1,954	3.7	14.3	1.4
2016	1.7%	0.4%	1.3%	98	21	77	21.4%	5,964	3,889	2,075	3.7	11.2	1.6
2017	1.6%	0.4%	1.2%	97	22	75	22.7%	6,344	4,074	2,271	3.9	11.0	1.8
2018	1.6%	0.4%	1.2%	99	24	75	24.4%	6,574	4,190	2,384	3.9	10.2	1.9
2019	1.7%	0.4%	1.3%	104	25	79	24.1%	6,471	4,050	2,421	3.6	9.3	1.8
2020	1.8%	0.4%	1.3%	97	24	73	24.6%	5,844	3,486	2,358	3.4	8.3	1.8
2021	1.5%	0.4%	1.1%	91	26	65	28.1%	6,940	4,104	2,833	4.3	9.1	2.5
2022	1.7%	0.5%	1.2%	113	34	79	29.9%	6,839	4,193	2,646	3.4	7.0	1.9
2023	1.8%	0.6%	1.3%	123	37	85	30.6%	7,038	4,321	2,717	3.2	6.4	1.8

Source: MAPFRE Economics (based on data from the Superintendency of Companies, Securities and Insurance)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.14. Peru: main insurance market figures and indicators
(millions of soles)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	9,069	3,750	5,320	14.7%	11.6%	28,172	22,282	23,607	20,482	4,564	117.1	-867	1,591	15.0%	2.7%
2014	10,154	4,450	5,704	12.0%	8.4%	33,303	26,271	27,770	24,073	5,534	115.9	-861	1,840	18.0%	3.0%
2015	11,744	5,118	6,626	15.7%	11.7%	39,373	31,116	33,437	28,771	5,936	113.4	-843	2,001	18.0%	2.8%
2016	11,256	4,592	6,664	-4.2%	-7.5%	42,187	33,725	35,056	30,676	7,131	116.4	-1,082	2,214	15.7%	2.5%
2017	11,327	4,811	6,517	0.6%	-2.1%	45,169	35,146	38,084	33,247	7,084	120.6	-1,291	2,200	14.0%	2.3%
2018	12,869	5,682	7,186	13.6%	12.1%	48,867	36,955	41,665	36,300	7,202	116.3	-1,276	2,338	14.7%	2.2%
2019	14,114	6,347	7,766	9.7%	7.4%	53,682	41,536	44,968	39,735	8,714	116.7	-1,395	2,981	19.1%	3.0%
2020	14,021	6,091	7,931	-0.7%	-2.4%	60,100	47,165	50,828	44,308	9,272	119.2	-1,644	2,829	12.0%	1.9%
2021	17,695	8,548	9,147	26.2%	21.4%	67,150	51,650	58,688	50,642	8,462	129.0	-2,805	3,280	4.7%	0.7%
2022	18,746	8,904	9,842	5.9%	-1.8%	71,887	54,692	62,952	54,843	8,935	115.8	-1,624	3,138	17.1%	2.1%
2023	20,266	9,541	10,725	8.1%	1.7%	77,058	59,036	66,086	57,521	10,971	111.5	-1,425	3,813	22.8%	3.0%

Year	Penetration (premiums/GDP)			Density (premiums per capita, soles)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.7%	0.7%	1.0%	304	126	178	41.3%	34,312	20,950	13,362	3.8	5.6	2.5
2014	1.8%	0.8%	1.0%	337	148	189	43.8%	35,759	22,024	13,736	3.5	4.9	2.4
2015	1.9%	0.8%	1.1%	386	168	218	43.6%	37,513	23,210	14,303	3.2	4.5	2.2
2016	1.7%	0.7%	1.0%	365	149	216	40.8%	40,010	24,047	15,962	3.6	5.2	2.4
2017	1.6%	0.7%	0.9%	362	154	208	42.5%	42,381	25,113	17,267	3.7	5.2	2.6
2018	1.7%	0.8%	1.0%	403	178	225	44.2%	44,465	26,254	18,210	3.5	4.6	2.5
2019	1.8%	0.8%	1.0%	435	196	239	45.0%	45,487	25,970	19,517	3.2	4.1	2.5
2020	1.9%	0.8%	1.1%	427	185	242	43.4%	42,669	23,259	19,410	3.0	3.8	2.4
2021	2.0%	1.0%	1.0%	534	258	276	48.3%	52,128	28,671	23,436	2.9	3.4	2.6
2022	2.0%	0.9%	1.0%	560	266	294	47.5%	52,539	29,719	22,819	2.8	3.3	2.3
2023	2.0%	1.0%	1.1%	599	282	317	47.1%	56,761	32,087	24,675	2.8	3.4	2.3

Source: MAPFRE Economics (based on data from the Superintendency of Banking, Insurance and Pension Fund Administrators)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.15. Bolivia: main insurance market figures and indicators
(millions of bolivianos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	2,569	617	1,952	17.1%	10.8%	5,624	4,543	4,294	3,165	1,326	92.9	130	133	15.1%	3.4%
2014	2,883	705	2,178	12.2%	6.1%	5,957	4,635	4,485	3,121	1,472	95.4	87	179	13.8%	3.3%
2015	3,103	822	2,281	7.6%	3.4%	6,600	4,895	4,893	3,179	1,707	96.8	64	237	14.8%	3.8%
2016	3,228	915	2,313	4.0%	0.4%	6,953	5,183	5,164	3,214	1,789	100.5	-11	290	13.5%	3.5%
2017	3,340	1,020	2,320	3.5%	0.6%	6,978	5,302	5,101	3,280	1,877	101.3	-28	265	11.6%	3.1%
2018	3,698	1,246	2,452	10.7%	8.3%	7,347	5,431	5,207	3,304	2,141	99.4	15	224	12.3%	3.4%
2019	3,985	1,420	2,565	7.8%	5.8%	7,737	5,725	5,406	3,387	2,330	99.1	25	280	12.8%	3.8%
2020	4,093	1,545	2,549	2.7%	1.8%	8,279	5,750	5,950	3,667	2,329	102.4	-69	378	9.2%	2.7%
2021	4,258	1,665	2,594	4.0%	3.3%	8,423	5,617	6,055	3,385	2,368	105.6	-172	175	1.4%	0.4%
2022	4,861	1,994	2,867	14.2%	12.2%	8,845	5,735	6,471	2,446	2,374	98.5	54	-1	2.8%	0.8%
2023	5,145	2,123	3,022	5.8%	3.2%	9,248	5,950	6,699	2,520	2,548	98.9	44	231	11.2%	3.1%

Year	Penetration (premiums/GDP)			Density (premiums per capita, bolivianos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.2%	0.3%	0.9%	240	58	183	24.0%	14,219	8,941	5,278	5.5	14.5	2.7
2014	1.3%	0.3%	1.0%	266	65	201	24.4%	15,292	9,775	5,517	5.3	13.9	2.5
2015	1.4%	0.4%	1.0%	282	75	207	26.5%	15,246	9,730	5,516	4.9	11.8	2.4
2016	1.4%	0.4%	1.0%	289	82	207	28.3%	14,979	9,257	5,722	4.6	10.1	2.5
2017	1.3%	0.4%	0.9%	294	90	204	30.5%	16,447	10,004	6,443	4.9	9.8	2.8
2018	1.3%	0.4%	0.9%	321	108	213	33.7%	17,705	10,677	7,029	4.8	8.6	2.9
2019	1.4%	0.5%	0.9%	341	122	220	35.6%	17,731	10,355	7,376	4.4	7.3	2.9
2020	1.6%	0.6%	1.0%	346	131	216	37.7%	15,814	8,762	7,052	3.9	5.7	2.8
2021	1.5%	0.6%	0.9%	357	139	217	39.1%	17,951	10,174	7,770	4.2	6.1	3.0
2022	1.6%	0.7%	0.9%	403	165	237	41.0%	18,206	10,504	7,702	3.7	5.3	2.7
2023	1.6%	0.7%	0.9%	420	173	247	41.3%	19,370	11,125	8,245	3.8	5.2	2.7

Source: MAPFRE Economics (based on data from the Pension and Insurance Tax and Control Authority)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.16. Chile: main insurance market figures and indicators
(millions of pesos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	5,799,279	3,460,278	2,339,001	6.0%	4.1%	28,975,286	28,463,050	25,756,831	24,171,607	3,218,455	120.2	-926,618	1,190,212	9.2%	1.1%
2014	6,223,280	3,648,398	2,574,881	7.3%	2.5%	32,735,709	30,259,750	29,381,835	27,347,299	3,353,874	129.4	-1,380,138	1,495,595	10.3%	1.1%
2015	7,408,342	4,539,451	2,868,891	19.0%	14.1%	37,046,460	32,821,107	33,332,714	30,994,962	3,713,746	120.0	-1,149,424	1,399,500	12.1%	1.2%
2016	8,301,283	5,260,639	3,040,644	12.1%	8.0%	40,686,590	36,493,884	36,625,202	34,358,555	4,061,388	119.0	-1,240,876	1,870,502	12.7%	1.3%
2017	8,268,352	5,081,617	3,186,734	-0.4%	-2.5%	43,853,552	39,657,529	39,521,405	37,292,101	4,332,147	122.8	-1,450,732	2,247,955	14.8%	1.5%
2018	8,897,609	5,407,209	3,490,400	7.6%	5.2%	47,798,519	42,967,393	43,233,678	40,491,470	4,564,841	116.7	-1,232,450	1,662,286	11.6%	1.1%
2019	8,973,076	5,235,631	3,737,445	0.8%	-1.4%	53,157,557	46,909,890	48,021,269	44,812,087	5,136,288	126.3	-1,885,111	2,250,439	7.8%	0.8%
2020	7,835,530	3,893,325	3,942,205	-12.7%	-15.3%	54,530,120	49,724,054	49,012,111	45,863,439	5,518,009	118.3	-1,085,453	2,082,160	13.2%	1.3%
2021	8,700,176	4,197,236	4,502,940	11.0%	6.2%	59,213,864	52,087,401	53,354,025	48,526,711	5,859,839	124.8	-1,574,054	2,736,606	19.7%	2.0%
2022	11,401,203	5,847,848	5,553,355	31.0%	17.4%	67,201,757	59,388,413	60,557,971	56,314,873	6,643,787	115.9	-1,548,731	2,638,527	19.8%	2.0%
2023	13,336,917	7,246,924	6,089,993	17.0%	8.7%	72,849,042	59,702,038	65,692,796	61,353,132	7,156,245	119.2	-2,097,682	3,227,519	14.7%	1.4%

Year	Penetration (premiums/GDP)			Density (premiums per capita, pesos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	4.2%	2.5%	1.7%	327,884	195,640	132,244	59.7%	5,081,479	2,734,856	2,346,624	0.9	0.8	1.0
2014	4.2%	2.5%	1.7%	348,366	204,230	144,136	58.6%	5,570,266	3,151,824	2,418,442	0.9	0.9	0.9
2015	4.7%	2.9%	1.8%	410,488	251,526	158,962	61.3%	5,355,492	2,800,970	2,554,521	0.7	0.6	0.9
2016	4.9%	3.1%	1.8%	454,436	287,982	166,454	63.4%	4,800,206	2,058,464	2,741,742	0.6	0.4	0.9
2017	4.6%	2.8%	1.8%	445,520	273,811	171,710	61.5%	5,421,174	2,545,674	2,875,501	0.7	0.5	0.9
2018	4.7%	2.9%	1.8%	470,943	286,199	184,744	60.8%	5,667,009	2,705,804	2,961,205	0.6	0.5	0.8
2019	4.6%	2.7%	1.9%	467,403	272,721	194,681	58.3%	6,053,013	2,912,009	3,141,004	0.7	0.6	0.8
2020	3.9%	1.9%	2.0%	404,506	200,991	203,515	49.7%	7,993,671	4,301,676	3,691,994	1.0	1.1	0.9
2021	3.6%	1.8%	1.9%	447,164	215,726	231,438	48.2%	10,355,054	5,960,192	4,389,127	1.2	1.4	1.0
2022	4.3%	2.2%	2.1%	583,091	299,076	284,015	51.3%	8,619,183	4,999,473	3,619,711	0.8	0.9	0.7
2023	4.7%	2.6%	2.2%	678,418	368,634	309,784	54.3%	8,337,653	4,466,466	3,871,187	0.6	0.6	0.6

Source: MAPFRE Economics (based on data from the Chilean Insurance Association and the Commission for the Financial Market)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.17. Paraguay: main insurance market figures and indicators
(millions of guaranies)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	1,634,685	193,270	1,441,415	14.0%	11.0%	2,266,305	983,354	1,474,367	978,520	791,938	92.0	103,509	80,826	23.8%	8.2%
2014	1,862,298	236,639	1,625,659	13.9%	8.5%	2,502,884	1,136,600	1,579,631	1,071,207	923,253	93.1	100,904	89,640	21.6%	7.8%
2015	2,056,627	279,820	1,776,807	10.4%	7.1%	2,856,288	1,276,304	1,811,512	1,201,741	1,044,776	95.4	75,641	140,355	20.9%	7.7%
2016	2,168,768	301,748	1,867,020	5.5%	1.3%	3,078,466	1,359,067	1,912,605	1,269,155	1,165,861	95.6	74,631	84,295	14.2%	5.3%
2017	2,338,258	331,425	2,006,833	7.8%	4.1%	3,386,526	1,541,506	2,116,130	1,394,368	1,270,395	97.3	49,135	91,367	13.8%	5.2%
2018	2,527,763	354,421	2,173,343	8.1%	4.0%	3,756,992	1,724,769	2,330,833	1,506,866	1,426,159	93.7	121,197	135,213	18.3%	6.9%
2019	2,657,159	359,584	2,297,575	5.1%	2.3%	4,120,265	1,913,863	2,542,861	1,661,780	1,577,403	93.1	135,864	148,626	17.8%	6.8%
2020	2,791,067	431,545	2,359,522	5.0%	3.2%	4,401,562	2,109,456	2,617,467	1,673,925	1,784,096	88.6	231,092	156,331	22.0%	8.7%
2021	2,927,024	470,969	2,456,055	4.9%	0.1%	4,599,553	2,168,184	2,766,110	1,879,679	1,833,443	96.1	83,698	128,959	12.2%	4.9%
2022	3,286,154	579,272	2,706,882	12.3%	2.3%	5,156,244	2,585,032	3,061,201	2,128,570	2,095,043	97.9	49,401	157,490	10.6%	4.3%
2023	3,653,322	564,436	3,088,886	11.2%	6.3%	5,839,759	3,122,835	3,421,268	2,384,065	2,418,491	89.5	283,713	194,419	20.4%	8.4%

Year	Penetration (premiums/GDP)			Density (premiums per capita, guaranies)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.0%	0.1%	0.9%	273,247	32,306	240,941	11.8%	11,547,410	7,312,166	4,235,244	7.1	37.8	2.9
2014	1.0%	0.1%	0.9%	306,813	38,986	267,827	12.7%	12,499,801	8,044,624	4,455,177	6.7	34.0	2.7
2015	1.1%	0.1%	0.9%	333,917	45,432	288,485	13.6%	13,109,488	8,442,142	4,667,345	6.4	30.2	2.6
2016	1.1%	0.1%	0.9%	347,051	48,286	298,765	13.9%	13,718,348	8,573,537	5,144,811	6.3	28.4	2.8
2017	1.1%	0.2%	0.9%	368,888	52,286	316,602	14.2%	14,390,301	8,989,102	5,401,199	6.2	27.1	2.7
2018	1.1%	0.2%	0.9%	393,280	55,142	338,138	14.0%	15,200,009	9,520,583	5,679,427	6.0	26.9	2.6
2019	1.1%	0.2%	1.0%	407,849	55,193	352,656	13.5%	15,531,179	9,502,731	6,028,449	5.8	26.4	2.6
2020	1.2%	0.2%	1.0%	422,649	65,349	357,301	15.5%	16,078,559	9,337,528	6,741,031	5.8	21.6	2.9
2021	1.1%	0.2%	0.9%	437,903	70,460	367,443	16.1%	18,599,726	11,003,908	7,589,339	6.4	23.4	3.1
2022	1.1%	0.2%	0.9%	486,084	85,685	400,399	17.6%	18,942,654	11,464,602	7,478,052	5.8	19.8	2.8
2023	1.1%	0.2%	1.0%	533,788	82,470	451,318	15.4%	20,935,353	12,723,798	8,211,556	5.7	22.5	2.7

Source: MAPFRE Economics (based on data from the Superintendency of Insurance, Central Bank of Paraguay)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.18. Argentina: main insurance market figures and indicators
(millions of pesos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	93,389	15,262	78,127	35.2%	22.2%	139,358	103,916	112,499	92,121	26,858	116.2	-12,274	16,772	27.0%	5.2%
2014	129,421	21,032	108,389	38.6%	-2.4%	188,896	142,120	151,932	123,804	36,964	116.2	-16,835	24,876	33.1%	6.4%
2015	180,672	28,285	152,387	39.6%	10.4%	271,656	208,840	216,415	175,855	55,241	114.0	-20,591	37,335	39.0%	7.8%
2016	243,602	37,979	205,622	34.8%	-3.0%	379,860	292,721	298,885	245,173	80,975	118.1	-35,988	52,057	28.6%	6.0%
2017	302,312	42,577	259,734	24.1%	-1.3%	502,009	390,929	390,617	321,404	111,392	112.6	-44,365	75,805	28.6%	6.2%
2018	391,594	52,749	338,845	29.5%	-3.5%	728,417	562,540	564,612	458,667	163,805	126.0	-102,864	138,220	34.0%	7.6%
2019	533,673	68,113	465,559	36.3%	-11.2%	1,086,274	845,321	816,182	638,970	270,092	133.4	-177,023	227,173	34.6%	8.3%
2020	836,533	105,376	731,157	56.8%	10.4%	1,695,609	1,335,880	1,213,381	930,767	482,228	90.8	94,263	-25,316	10.0%	2.7%
2021	1,260,182	157,830	1,102,351	50.6%	1.5%	2,359,964	1,814,494	1,684,740	1,327,036	675,224	90.8	83,130	-54,634	-6.6%	-1.9%
2022	2,295,704	278,243	2,017,461	82.2%	5.6%	4,048,580	3,059,208	2,835,084	2,232,729	1,213,497	89.1	235,909	-345,108	-10.4%	-3.1%
2023	6,284,491	736,075	5,548,416	173.8%	17.2%	12,712,547	9,893,485	8,609,376	6,319,776	4,103,171	96.9	159,770	-5,795	12.2%	3.9%

Year	Penetration (premiums/GDP)			Density (premiums per capita, pesos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	2.8%	0.5%	2.3%	2,193	358	1,835	16.3%	171,940	135,807	36,133	1.8	8.9	0.5
2014	2.8%	0.5%	2.4%	3,008	489	2,519	16.3%	235,589	189,435	46,154	1.8	9.0	0.4
2015	3.0%	0.5%	2.6%	4,156	651	3,505	15.7%	298,467	247,266	51,202	1.7	8.7	0.3
2016	3.0%	0.5%	2.5%	5,549	865	4,684	15.6%	395,164	318,865	76,299	1.6	8.4	0.4
2017	2.8%	0.4%	2.4%	6,826	961	5,865	14.1%	511,527	410,863	100,664	1.7	9.6	0.4
2018	2.7%	0.4%	2.3%	8,769	1,181	7,588	13.5%	742,055	578,734	163,321	1.9	11.0	0.5
2019	2.5%	0.3%	2.2%	11,866	1,515	10,352	12.8%	1,123,036	830,209	292,827	2.1	12.2	0.6
2020	3.1%	0.4%	2.7%	18,511	2,332	16,179	12.6%	1,303,556	1,002,578	300,978	1.6	9.5	0.4
2021	2.7%	0.3%	2.4%	27,811	3,483	24,328	12.5%	2,426,288	1,807,250	617,929	1.9	11.5	0.6
2022	2.8%	0.3%	2.4%	50,557	6,128	44,430	12.1%	3,959,574	3,110,952	848,622	1.7	11.2	0.4
2023	3.3%	0.4%	2.9%	138,004	16,164	121,840	11.7%	8,517,006	7,262,963	1,254,043	1.4	9.9	0.2

Source: MAPFRE Economics (based on data from the National Superintendency of Insurance)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

Table A.19. Uruguay: main insurance market figures and indicators
(millions of pesos)

Year	Premiums			Premium growth		Assets	Investments	Liabilities	Technical provisions	Equity	Combined ratio[1]	Technical result	Financial result	ROE[2]	ROA[3]
	Total	Life	Non-Life	Nominal	Real										
2013	24,749	7,100	17,648	14.8%	5.7%	62,405	52,154	51,851	46,470	10,554	106.8	-1,470	2,595	10.8%	1.9%
2014	30,285	8,937	21,347	22.4%	12.4%	77,793	65,068	65,535	58,548	12,259	101.9	-487	2,699	8.8%	1.4%
2015	34,910	11,672	23,238	15.3%	6.1%	96,715	83,041	82,363	74,257	14,352	104.6	-1,432	4,249	6.5%	1.0%
2016	38,531	14,707	23,824	10.4%	0.7%	115,866	99,900	100,114	90,779	15,752	105.9	-2,073	4,641	5.1%	0.7%
2017	45,207	19,075	26,132	17.3%	10.5%	140,142	123,081	121,707	113,058	18,435	105.9	-2,426	6,782	12.7%	1.7%
2018	45,787	18,196	27,591	1.3%	-5.9%	162,306	144,805	142,141	133,506	20,165	107.8	-3,269	6,108	3.0%	0.4%
2019	54,800	24,192	30,608	19.7%	10.9%	196,767	177,349	173,346	162,776	23,421	106.4	-3,156	6,898	15.8%	1.9%
2020	61,448	28,099	33,349	12.1%	2.2%	236,945	216,500	209,942	198,164	27,003	109.3	-5,097	10,512	20.4%	2.4%
2021	69,684	32,680	37,004	13.4%	5.2%	279,211	256,865	244,853	231,507	34,359	103.6	-2,251	10,681	26.4%	3.1%
2022	80,858	39,372	41,486	16.0%	6.4%	328,304	303,358	291,210	275,218	37,093	104.0	-2,897	6,496	9.6%	1.1%
2023	88,098	42,618	45,479	9.0%	2.9%	381,633	355,692	341,577	326,545	40,056	106.6	-5,195	10,472	15.0%	1.6%

Year	Penetration (premiums/GDP)			Density (premiums per capita, pesos)			Depth index[4]	Insurance Protection Gap			IPG as a multiple of the actual market		
	Total	Life	Non-Life	Total	Life	Non-Life		Total	Life	Non-Life	Total	Life	Non-Life
2013	1.9%	0.6%	1.4%	7,398	2,123	5,275	28.7%	77,120	50,900	26,220	3.1	7.2	1.5
2014	2.1%	0.6%	1.5%	9,023	2,663	6,360	29.5%	85,421	57,779	27,642	2.8	6.5	1.3
2015	2.2%	0.7%	1.5%	10,365	3,465	6,900	33.4%	92,894	61,828	31,066	2.7	5.3	1.3
2016	2.2%	0.8%	1.4%	11,402	4,352	7,050	38.2%	96,064	60,484	35,580	2.5	4.1	1.5
2017	2.4%	1.0%	1.4%	13,342	5,630	7,712	42.2%	97,108	60,217	36,891	2.1	3.2	1.4
2018	2.3%	0.9%	1.4%	13,488	5,360	8,128	39.7%	108,576	67,790	40,786	2.4	3.7	1.5
2019	2.5%	1.1%	1.4%	16,131	7,121	9,010	44.1%	113,778	67,217	46,561	2.1	2.8	1.5
2020	2.7%	1.2%	1.5%	18,078	8,267	9,812	45.7%	115,895	63,714	52,181	1.9	2.3	1.6
2021	2.6%	1.2%	1.4%	20,515	9,621	10,894	46.9%	140,810	79,524	61,222	2.0	2.4	1.7
2022	2.8%	1.4%	1.4%	23,845	11,611	12,235	48.7%	138,322	79,383	58,939	1.7	2.0	1.4
2023	2.9%	1.4%	1.5%	26,002	12,579	13,423	48.4%	142,481	81,991	60,490	1.6	1.9	1.3

Source: MAPFRE Economics (based on data from the Central Bank of Uruguay)
[1] Estimated with respect to net earned premiums; [2] Return on equity; [3] Return on assets; [4] Life insurance premiums/Total premiums

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