

# Latest Trends in Marine Insurance in Latin America

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# LatAm Growth Forecasts

## LATIN AMERICA: 2016 & 2017 GROWTH FORECASTS

Majority of 2017 forecasts revised down as U.S. trade and immigration policy seen dominating agenda across the continent next year.



[www.focus-economics.com](http://www.focus-economics.com)

FocusEconomics Consensus Forecast Latin America. December 2016

**FOCUS**ECONOMICS

# LatAm Cargo Figures

- Premium dropped 27%
- Currency depreciation impacting premium in USD
- Soft market conditions & excess of capacity driving rate reduction
- End of commodity supercycle reduce Turn Over
- All the above driving Loss ratio to 66%

USD	Premium		Claims		LR	
Country	2.014	2.015	2.014	2.015	2.014	2.015
Brasil	584.405.791	365.982.331	391.280.663	270.409.712	67%	74%
México	381.308.689	359.049.332	199.069.926	376.909.324	52%	105%
Chile	115.182.113	117.267.789	69.411.033	77.239.727	60%	66%
Colombia	131.680.337	103.200.863	48.733.146	36.897.875	37%	36%
Argentina	81.909.705	87.234.609	15.383.789	16.055.576	19%	18%
Ecuador	89.461.318	85.542.028	23.157.173	19.590.833	26%	23%
Perú	63.751.975	63.679.334	33.526.930	35.989.322	53%	57%
Uruguay	31.769.680	30.690.086	7.060.454	7.384.893	22%	24%
Panamá	28.732.924	26.348.043	7.961.758	4.670.104	28%	18%
Guatemala	30.922.412	25.807.364	11.207.077	8.425.940	36%	33%
Bolivia	17.583.000	14.824.000	6.362.000	6.552.000	36%	44%
República Dominicana	15.204.525	13.998.496			0%	0%
Costa Rica	15.930.897	13.954.699	4.730.243	5.790.785	30%	41%
Honduras	8.315.220	8.211.439	2.700.816	2.623.250	32%	32%
Nicaragua	4.551.348	4.054.172	798.667	1.141.618	18%	28%
El Salvador	1.434.799	1.516.675	397.639	512.066	28%	34%
Venezuela	221.712.147		37.468.731		17%	
Paraguay					0%	
<b>Total Latam</b>	<b>1.823.856.881</b>	<b>1.321.361.259</b>	<b>859.250.046</b>	<b>870.193.024</b>	<b>47%</b>	<b>66%</b>

Source: Alsum

LatAm represent 8% of the Global Cargo Premium

# Main Segments in Latam

## MAIN EXPORTS

- ✓ **Cereals** mainly Soy in from Argentina, Paraguay and Uruguay
- ✓ **Minerals** mainly Cooper, Gold and Silver from Chile and Perú
- ✓ **Fruits** from Chile, Argentina and Perú
- ✓ **Banana** from Costa Rica
- ✓ **Meat** from Uruguay and Argentina
- ✓ **Coffee** from Guatemala, El Salvador and Nicaragua
- ✓ **Oil and Gas** from Venezuela, Cuba, Ecuador, Panama and Colombia
- ✓ **Coal** from Colombia
- ✓ **Sugar** from Rep Dom
- ✓ **Transport and Machinery** from Brazil
- ✓ **Clothes and shoes** from Mexico

## MAIN IMPORTS

- ✓ Technology
- ✓ Electronic devises
- ✓ Heavy Machinery
- ✓ Cars and spare parts
- ✓ Engines and spare parts
- ✓ Pharmaceuticals products



# Challenges facing Cargo market in the Region

- Maintain **underwriting discipline** and **improve risk selection**
- Develop more robust **underwriting capabilities**
- Properly **assess Property Perils** within Cargo policies (STP)
- Improve **underwriting information** (use new sources)
- Implement **effective risk management** plans
- Properly **Measure Accumulation** on static exposures
- Become more **efficient in claims management**

# Future Perspectives in the Region

- **Protectionism from USA** will have an impact in Latam
- **Low Growth rates from China** will continue impacting Latin America raw materials exports
- **Brazil** facing a battle against corruption schemes will continue slow in the major economy of the region
- **Argentina** with promising political environment but with a battle still pending against inflation. Investment should start coming back
- **Colombia:** Great steps forward towards peace with the long battle against drug cartels. Solid Economy with investment flowing
- **Chile:** Stable Economy. Political dissatisfaction with current model could bring some political instability
- **Peru, Ecuador and Panama:** are becoming key countries for foreign investors

LatAm markets are growing with opportunities for cargo insurance