



International Institute of Loss Adjusters

Annual General Meeting Report Latin America

1st October 2019.

To the President and Members of the IILA

Market & or Business Developments

Regrettably, as a consequence of the world commercial war, our region has also been impacted by an important loss of momentum in the trade growth, slowing down the investments and therefore, decreasing the insurance activity.

Despite this, one of our largest regional markets (Brazil), is going underway several economic structural changes, like the pensions system reform and other reforms, which has generated some expectation of future improvements in this economy. Also, there are some slight favorable economic prospects in Argentina, somehow hurt by the results of the recent primary presidential elections.

Whereas in Mexico, some economic changes have taken place, but not so bold as it was expected, due to the recent change of government. In fact, economic growth is expected to more than halve this year from 2018, dragged down primarily by weaker domestic demand. Fiscal consolidation, lower business confidence and lingering policy uncertainty are set to dampen investment and consumption. The risk of renewed trade tensions with the U.S., weaker global demand and Pemex's ailing finances weigh on the outlook.

We must also take into account the fact that, in a very short period of time, there shall be political presidential elections in Bolivia, Argentina and Uruguay. It is not necessary to explain that, this type political uncertainty does have a high impact in the regional economy and so, in the insurance markets.



It is also important to note that, given the low economic growth in Latin America and the increase in the prospects for a global slowdown or recession, the different countries of the region have embarked on launching stimulus plans through public investments and in addition our central banks have considerably decrease the interest rates trying to get our regional economies out of the stagnation. Likewise, the interest rate cut of the United States Federal Reserve and the possibility, that in the coming months it will be more downward, will open the doors for the Latin central banks to also adjust to these lower indicators, hoping to inject a stimulus to private near future investments due to the lowering of the regional financial costs.

To summarize, it may be said that, so far, this has not been a very good year for the economy in our region.

Current News

As per data obtained, last year the insurance market in Latin America experienced a 5.5% drop in premiums, down to 150.593 million dollars, 55.4% of which were registered in Non-Life and the other 44.6%, in Life. These data are collected in the latest Latin American insurance market report, presented by the Mapfre Research Service and edited by the Mapfre Foundation. The fall occurs in both Life and Non-Life insurance and is mainly explained by the behavior of exchange rates, the economic slowdown of some countries, mainly Mexico and Brazil, as well as the impact of the application of accommodative monetary policies.

In addition, Life insurance premiums fell 7.2% compared to the 9% growth of the previous year, and Non-Life premiums fell 4% compared to the 8.2% increase in 2017. In the first group, individual and collective life insurance (85.6% of the total Life insurance) experienced a 9.1% decrease, explained in large part by the fall of this line of business in Brazil. On the other hand, within Non-Life, the Automobile branch, which represents 18.7% of total premiums, had a contraction of 7.4%.

Disasters in Region

As it happens almost every year, the majority of the Latin-American countries have been significantly affected by natural disasters during 2019.



However, in addition of the regrettable quite common floods and earthquakes impacting some of our countries, many areas of our region have been facing a very severe lack of rains what has caused serious droughts and a great loss of animal lives (and unfortunately some humans also).

On the other hand, large forest fires in South America, mainly in the Amazon area affecting huge areas that, at the time of writing these few lines, are still burning in countries such as Paraguay, Bolivia and Brazil.

Without any doubt, these events are causing great losses in the insurance market.

I would like to conclude this report by sending my best regards to the President, all other members of the Board and my colleagues of the IILA, wishing your having a wonderful Convention in Bermuda.



Alfredo Landívar V.

**Regional Vice President
Latin America**