



Chilean Insurance Market Overview

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1. Chilean Economy & Insurance Market at a glance
2. Non-Life Insurance Market
3. Life Insurance Market
4. Challenges & Opportunities
5. Conclusions





The Chilean Association of Insurers
(AACH) is the voice of the local
industry.

It is a 115 year-old institution
representing 53 insurance companies
who account for 96% of Chile's
Insurance Premiums



ASOCIACION DE
ASEGURADORES
DE CHILE A.G.

1. Chilean Economy & Insurance Market at a glance



Chilean Economy (2013)

✓ Inhabitants	16,7 Millions
✓ GDP	US\$ 280.7 billions
✓ GDP per capita	US\$ 18,945
✓ PPP	US\$ 22,500

Main Cities: Santiago (Capital 7,5 Mill.); Concepción (1,5 Mill); Antofagasta (1,0 Mill); Temuco (1,0 Mill.)

Main Industrial & Economic Sectors: Mining (Cooper/Iron), Paper Pulp, Fishing, Agro-industry, Wine, Finance.

Economic Freedom Index (1): 78,7 – 7th place

Competivity Index (2): 4,61 – 33rd place

Gini Index: 0,49 pts.

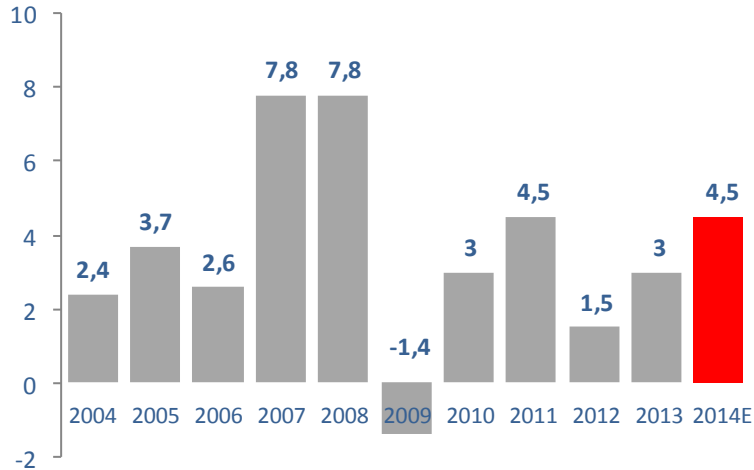


(1) The Heritage Foundation 2014 Index of Economic Freedom

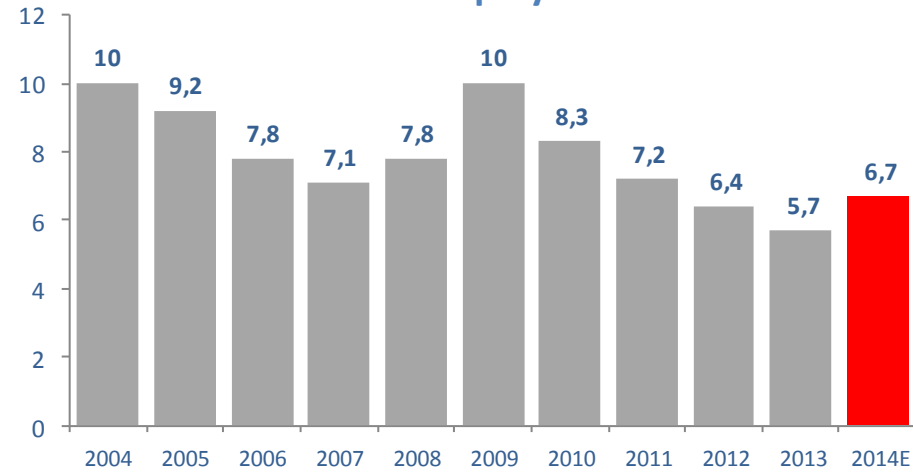
(2) World Economic Forum – The Global Competiveness Report 2014-2015

Chilean Macroeconomic Indexes

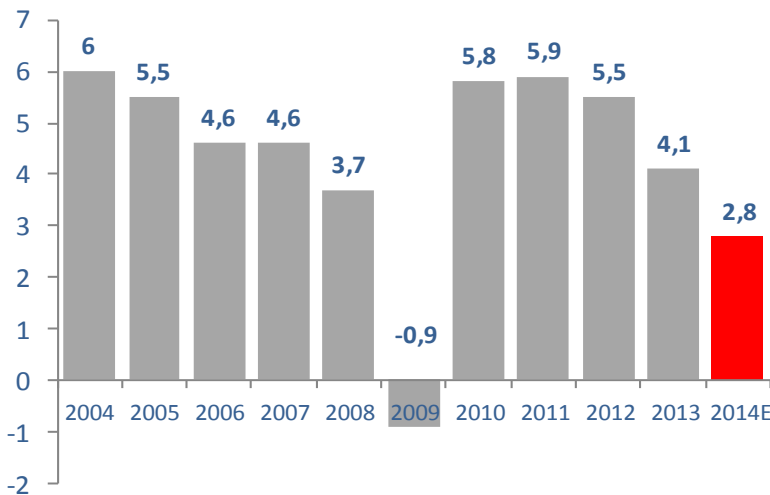
Inflation



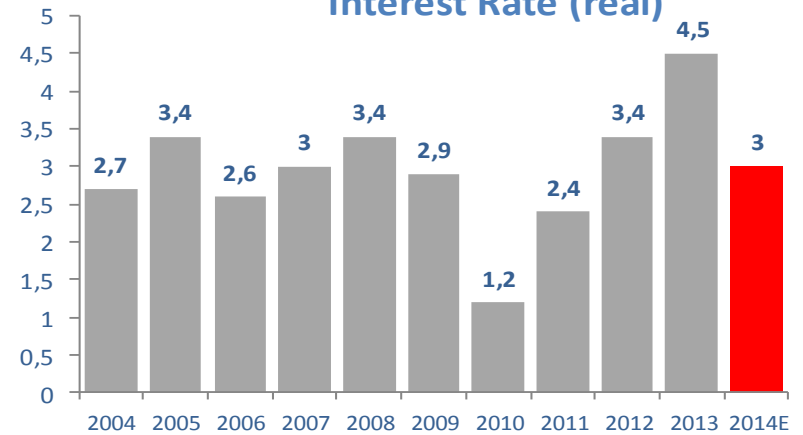
Unemployment



GDP Growth



Interest Rate (real)



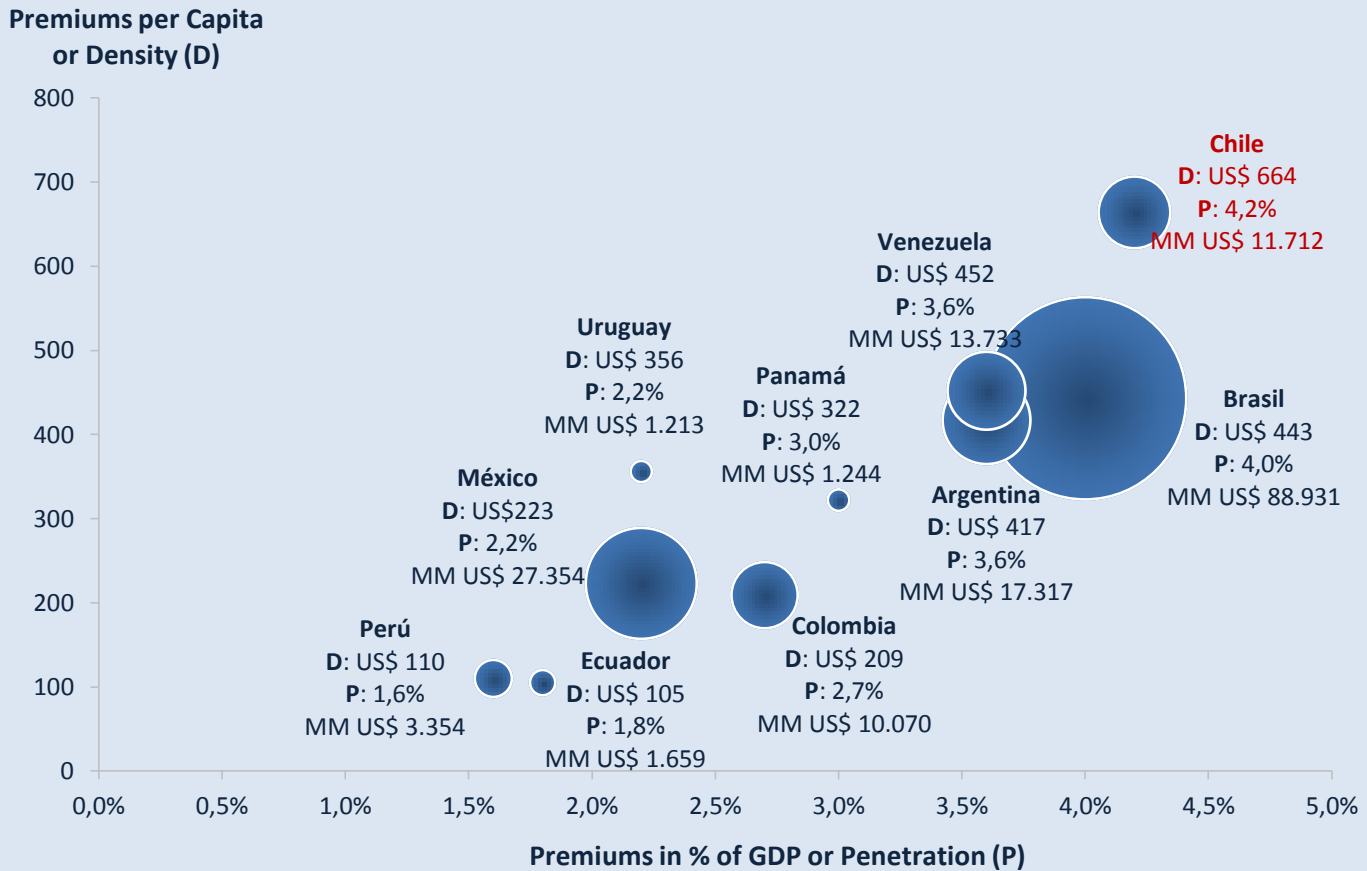
Chilean Insurance Market (2013)

The Chilean Insurance Market is the **5th** largest in Latin America with the biggest insurance density (premium per capita) & penetration (Premiums in % of GDP) in the region.

It is also an essential part of the Chilean economic strength, managing investments for more than **US\$ 49 billion** (equivalent to **18,9%** of GDP)

But it is not only an economically solid market; with a **Self-Regulation** code in place for over 12 years and an active Council appointing an Ombudsman who receives an average of 1000 cases a year vs. over 15 million claims paid by the industry, it has a **strong credibility** in the economy.

Latin American Insurance Industry (2013)



Insurance Industry & the Economy (2013)

631

Premium per capita in
USD

4.2%

Premium in % of GDP

11,076

Total Premium in
Billion of USD

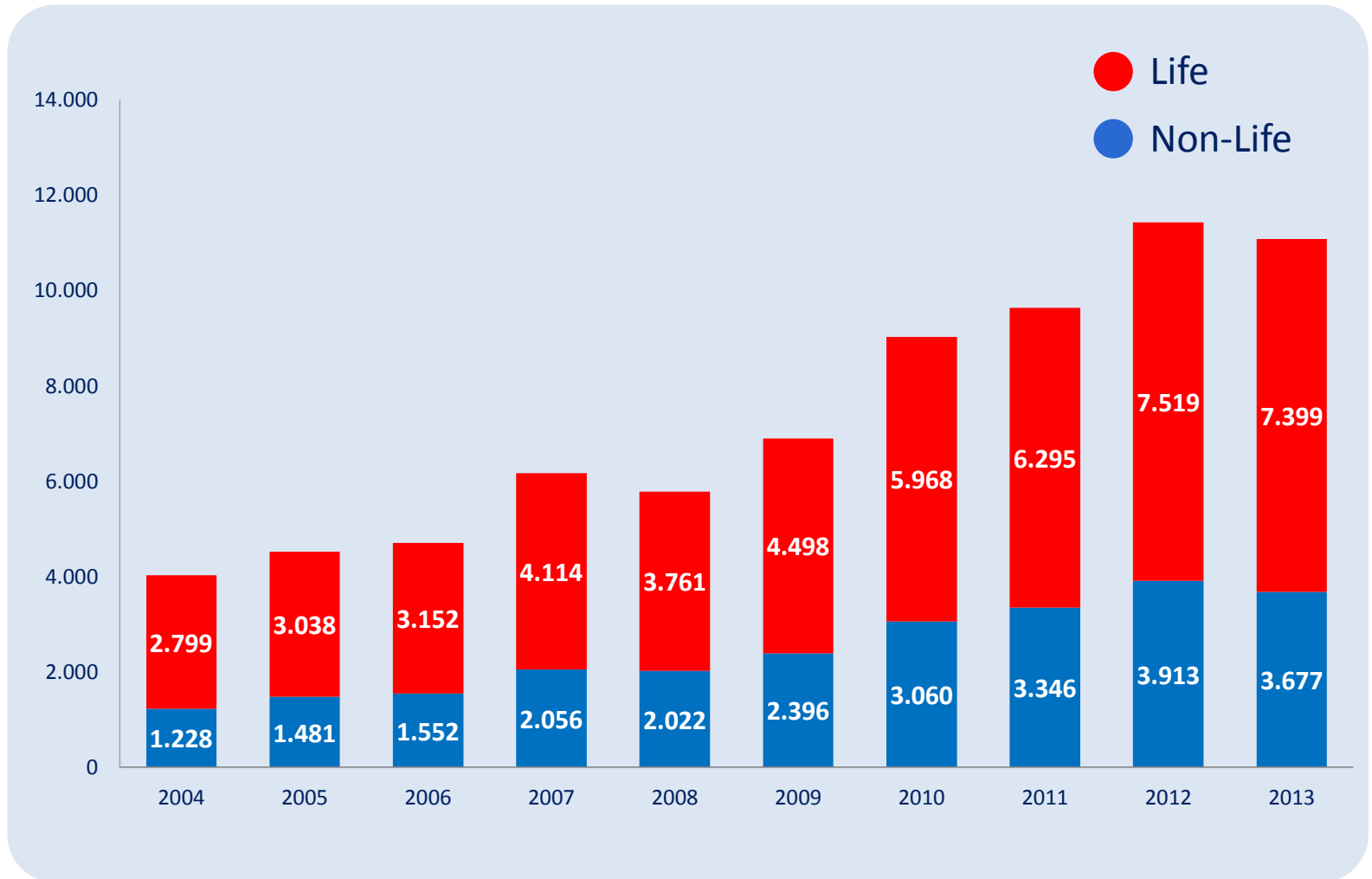
Chilean Insurance Market grew **3,9%** (local currency, inflation adjusted) in a scenario of a **4,1%** GDP growth and a **3%** inflation rate.

Chilean Insurance Industry (2013)

Life Insurance Companies	Non-life Insurance companies	Credit Insurance Companies	Total
33	23	6	62
Insurance Brokers	Re Insurance Brokers	Adjusters	
2.266	60	217	

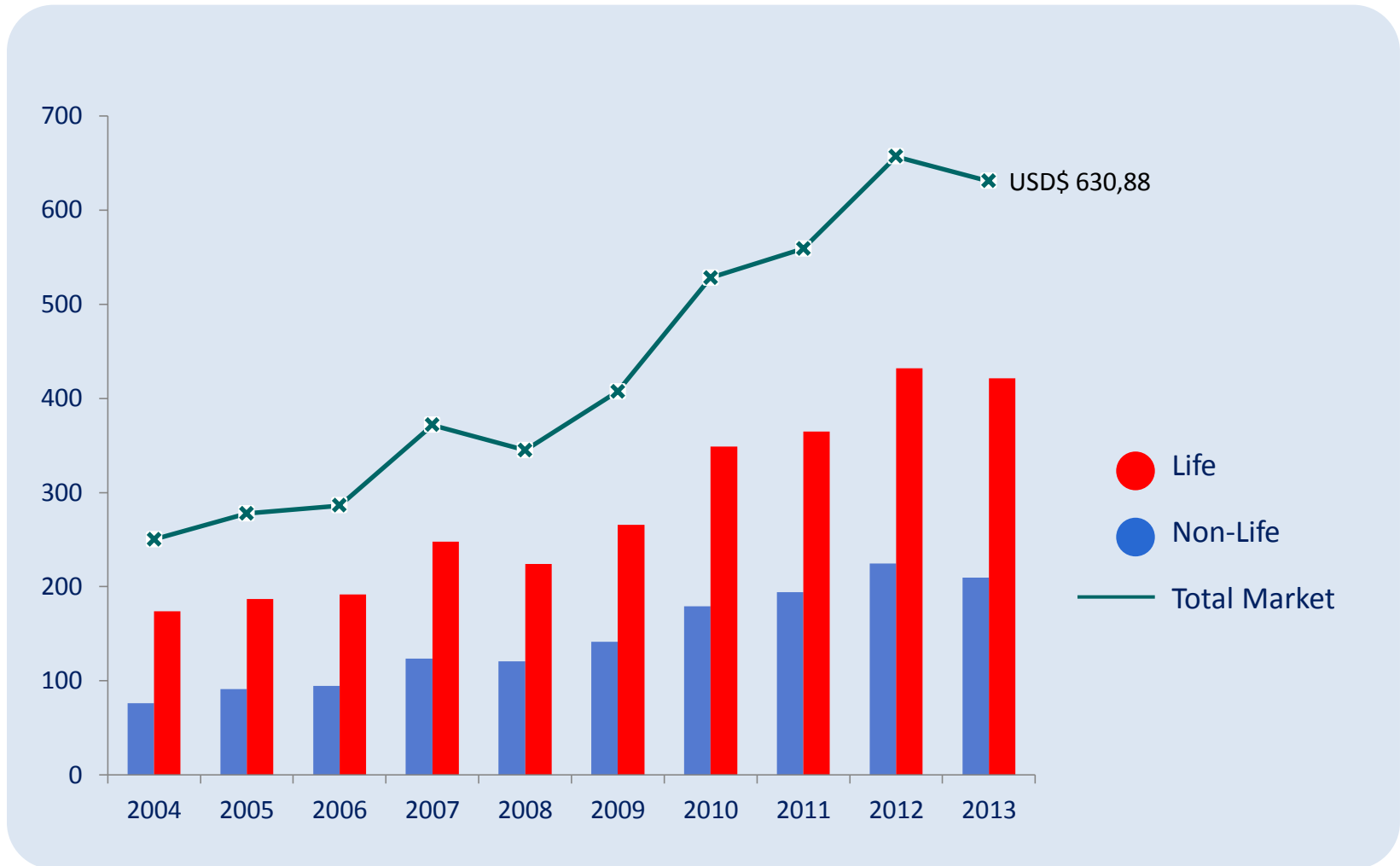
Chile Direct Premiums (Life & Non-life)

(US\$ million)



Chile Insurance Density (premium per capita)

(Figures in US\$; Census 2002)



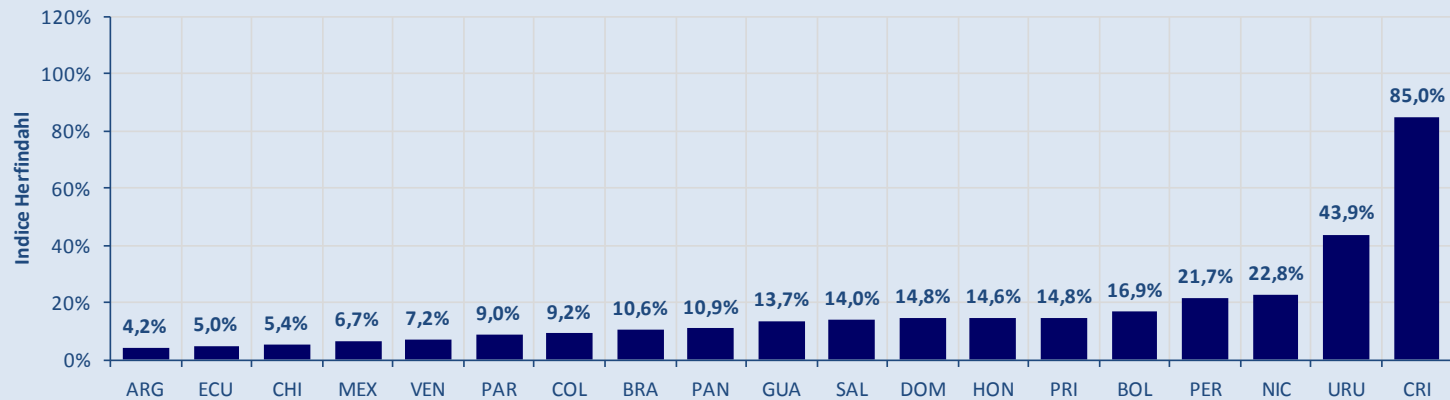
Chile Insurance Penetration (% of GDP)



Chile: a very competitive market (2012)

LA Market share by country

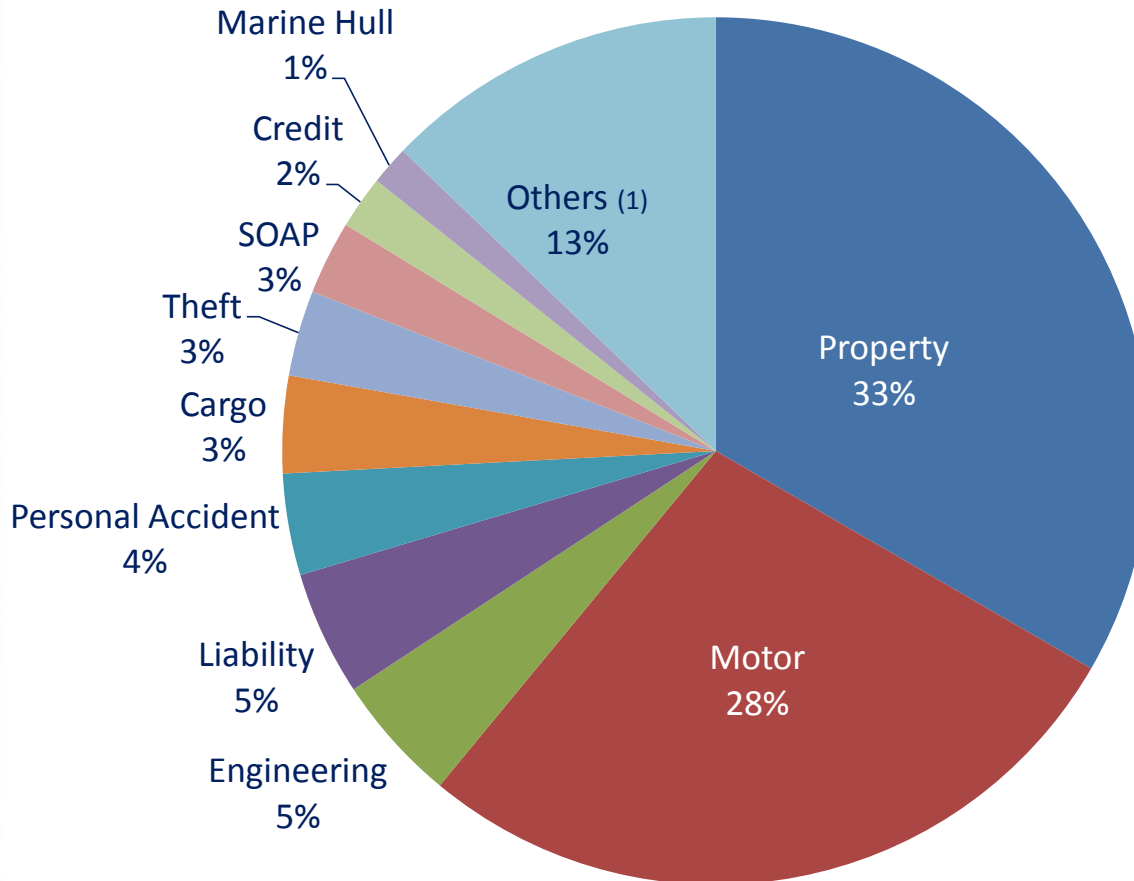
Country	N° of companies	Share largest 5	Share Largest 10	Leader share
Uruguay	14	90%	98,60%	65,10%
Peru	14	89,80%	99,80%	33,40%
Bolivia	14	85,30%	99,50%	21,70%
Brasil	116	65,40%	82,90%	20,40%
Colombia	45	54,20%	76,60%	22,80%
Venezuela	47	51,50%	72,20%	13,70%
Paraguay	34	47,30%	65,70%	20,10%
Ecuador	42	40,40%	59,10%	10,50%
Chile	60	36,90%	58,50%	9,80%
Argentina	180	35,30%	53,90%	9,80%



2. Chilean Non Life Insurance Market



Non-Life Insurance Premium (2013)

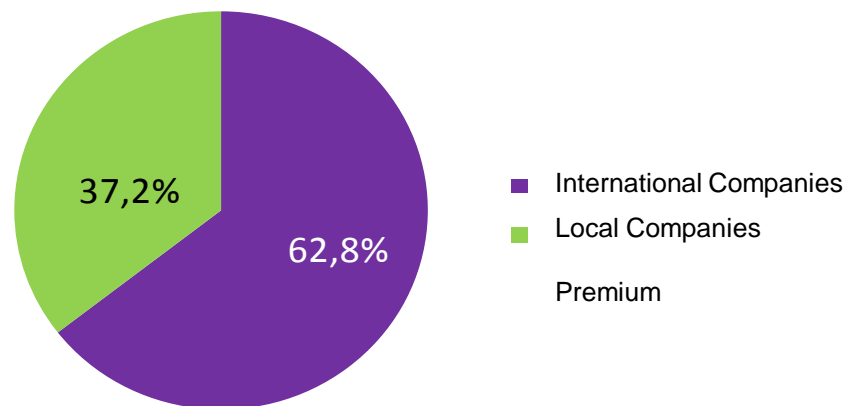
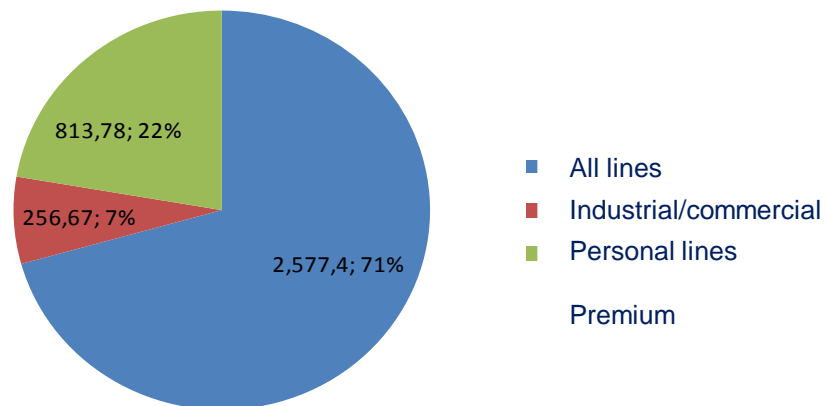


	USD
Property	1.288.424.664
Motor	1.050.727.549
Cargo	144.725.232
Theft	128.544.090
Hull	67.494.420
Liability	194.332.797
Others	1.012.407.198
Total	3.886.655.953

(1) Surety, unemployment; Extended Warranty, IT Fraud etc.

Market Share by Company (2013)

	Total (USD) ⁽¹⁾	%
RSA	566.445.436	14,75%
Penta-Security	427.674.051	11,13%
BCI	424.434.263	11,05%
MAPFRE	417.839.719	10,88%
Liberty	342.726.008	8,92%
Magallanes	310.061.606	8,07%
BNP Cardif	251.075.347	6,54%
ACE	232.390.760	6,05%
Chilena (Zurich)	206.951.333	5,39%
AIG	145.772.479	3,80%
Consortio	106.916.473	2,78%
Zurich Santander	105.266.851	2,74%
HDI	73.554.196	1,91%
Chubb	48.957.721	1,27%
Orion	40.862.754	1,06%
Others	83.649.963	2,15%
Total	3.886.655.953	100,00%



Source : Superintendencia de Valores y Seguros (SVS) FECU 2013
(1) Credit companies are not included

Non-Life: a Reinsured Market

41,6%

Out of Gross Premiums
are ceded

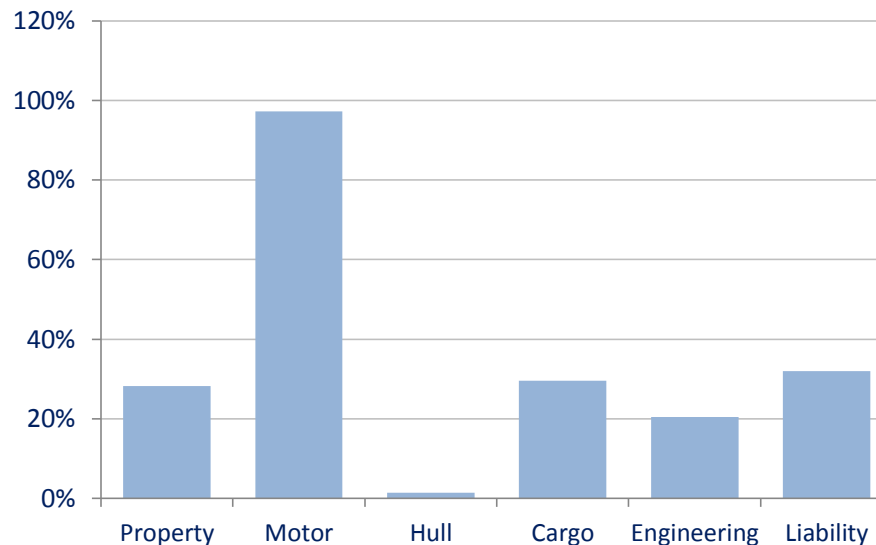
Property

The largest (in
premiums) ceded line
including CAT coverage

1,529

Ceded annual premiums
in millions of USD

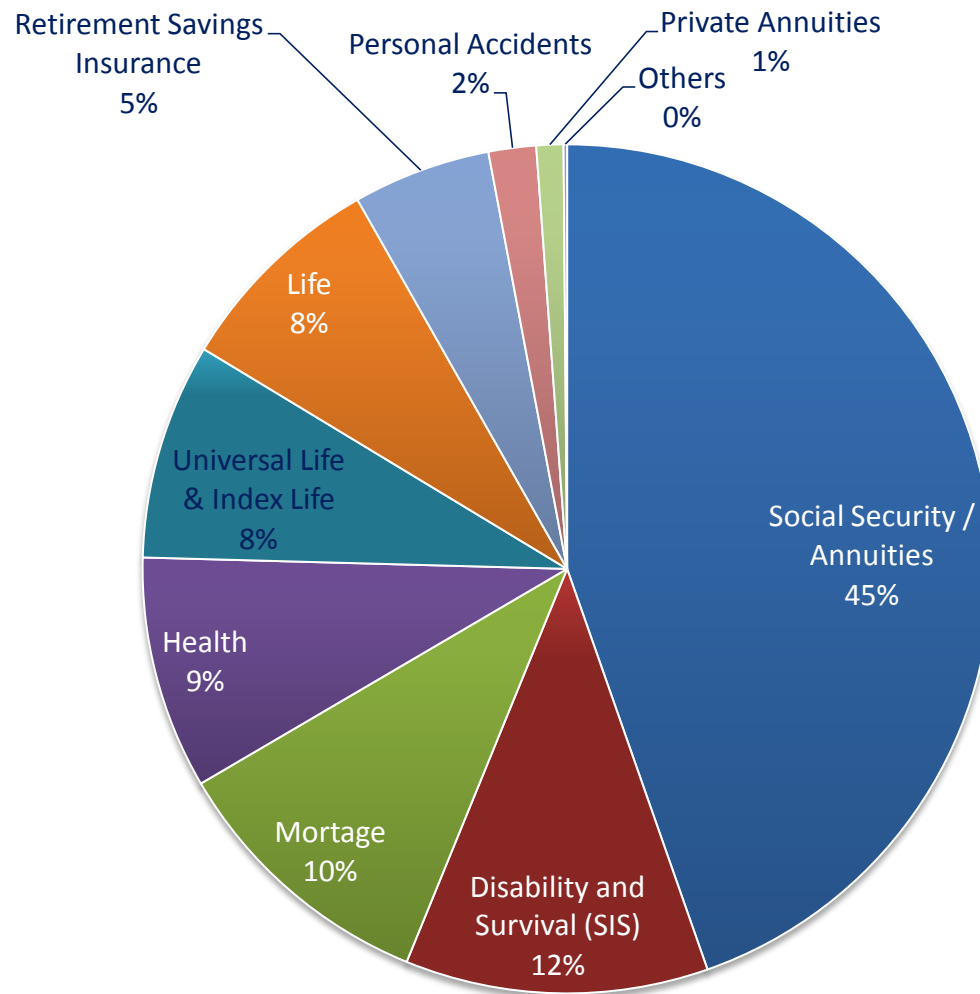
Retained premiums by lines (% of Gross premiums, 2013)



3. Chilean Life Insurance Market



Life Insurance Premiums (2013)








4. Challenges & Opportunities



Challenges & Opportunities

New & upcoming regulatory changes

- › Tax reform  Approved
- › Risk based capital law  In Congress
- › Consumer protection regulation  Under Review

- › Market Conduct regulations  Submitted to market for comments
- › Personal Data protection act  Under review

Challenges & Opportunities

Challenges

Social

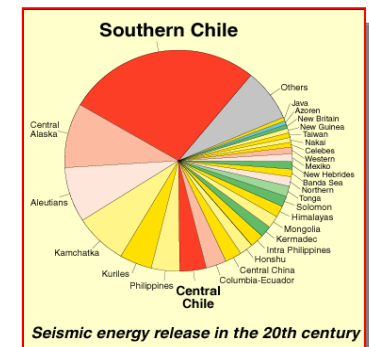
A larger middle income country with middle and lower classes demanding immediate benefits.

Insurance Industry

CAT risks; a new model to calculate PML

From an insurance perspective this implies that apart from lower premiums, consumers want insurance products and services delivered as easily and efficiently as other types of online transactions, do not like “small print” and do not hesitate to use social networks to claim their rights

We have been working on this and we expect to have the first operative version by the end this year.



Challenges & Opportunities

Opportunities

Infrastructure

New concessions programme & insurance solutions for existing infrastructure

The ministry for public works (MOP) has announced a new concessions programme in excess of USD 25 Bio.

Furthermore we are working with the Ministry to provide Surety coverage for existing contracts, business that was exclusive to banks.

Liability

Liability growth

There is an increasing consciousness of demand for liability products and higher insured amounts in such coverages.

5. Conclusions



Conclusions

Chilean economy is growing **strong** with positive macroeconomic indexes, a robust fiscal discipline and a clear legal environment.

Our Insurance Market is an open and **sophisticated** market exposed to international compliance standards & regulations.

Risk based capital, market conduct acts, personal data & consumer protections acts, among other **global trends** are main issues in Chile.

Chilean Industry has been **tested** through natural catastrophes and economic crises and has proven its **strength** and trustworthiness to its clients.

All this confirms that Chile is a **good** place to do business.



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