

# THE INSURANCE *Insider*

MIAMI ROUNDTABLE 2016



## The capital of LatAm

If you're serious about LatAm  
long term, you need to be in Miami

Insight and Intelligence on the London  
and International (Re)insurance Markets

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**Pro.**



# Breath of fresh air

It's a great privilege to have a ringside seat when something exciting is happening in the industry.

With its great communications, advantageous time zone, prime dollar-based onshore location and international business focus, Miami has always been a great place from which to organise Latin American trade and finance.

But its emergence as a significant (re)insurance hub is only relatively recent. These are exciting times for the South Florida metropolis.

Some of those that have been located in Miami since the early 1990s would scoff at the suggestion that it is in the early stages of development, but in global terms it is refreshingly new.

The market lacks the incumbent structures of a long-established international insurance trading centre like London. But this might be its trump card. As long as tough money-laundering rules are adhered to, the local regulator appears unconcerned about the conduct of international business here - or more likely, it is still unaware of its existence.

London underwriters - used to a conduct and a prudential regulator, plus Lloyd's and a stifling alphabet soup of formal and informal committees, associations and governing bodies - will feel exhilarated by the liberating absence of (re)insurance officialdom.

Even the Miami Reinsurance week around which we organised this roundtable is a breath of fresh air compared to the more regimented and structured autumnal gatherings in the US, Europe and Asia.

Here the approach is Darwinian, if ever so slightly haphazard. The vibrant get-together of February's Reinsurance week has managed to grow out of an Odyssey Re golf tournament and flourish over a 10-year period without the need for anything approaching a formal organising committee.

The final secret ingredient is unspoken and cultural.

Miami is a town that is bilingual but feels far more comfortable when first addressing its guests in Spanish rather than in English.

The local joke is that Miami is a bit of Latin America that is conveniently located "within 20 miles of the US".

The ease with which well-educated local Hispanophile and ex-pat talent can be recruited is another massive advantage when seeking to service a vast area containing one-and-a-half continents of Hispanic clientele.

There can surely be no coincidence that the (re)insurance cluster up and down Brickell Avenue seems to grow denser by the year.

Markets are not created but form naturally because they are needed. Latin American (re)insurance likes and needs Miami and wants to support it. One day the city of Miami will also discover that it needs Latin American (re)insurance and then the deal will be fully cemented.

After that the lawmakers, rulemakers, regulators and trade bodies will all doubtless

come running, but for now Aidan Pope of Guy Carpenter describes Miami's development as being "at the coffee shop stage" (see page 36).

This coffee shop has a burgeoning syndicated market that can bring meaningful limits to clients and service their business in their own language. It paid

hundreds of millions of dollars of 2010 Chilean quake claims without major incident.

Regional hubs based around a shared cultural affinity are here to stay and anyone serious about Latin America in the long term should eventually invest in a Miami presence.

Read on for the views of some of the top practitioners in the vibrant Miami market

**Mark Geoghegan**  
Editor-in-chief  
*The Insurance Insider*

PS Many thanks to Pro for their support. This support went far beyond the mere financial. Indeed Pro's CEO Artur Niemczewski was the first person to let us know about this extraordinary annual gathering in Miami and his organisation should also take much of the credit for recruiting some of the senior attendees at this excellent event. Roll on 2017.



"ANYONE SERIOUS ABOUT LATIN AMERICA IN THE LONG TERM SHOULD EVENTUALLY INVEST IN A MIAMI PRESENCE"

## ROUNDTABLE PARTICIPANTS



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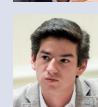
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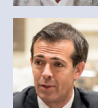
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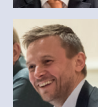
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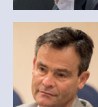
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Head of Specialty Lines, Patria Re



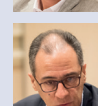
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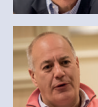
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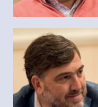
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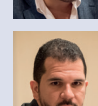
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# The Miami Roundtable Winter 2016

## Mark Geoghegan

Is there really a coherent idea of what the Miami market is, or should be?

## Steve Jackson

I think there is, as evidenced by some of the activities that are taking place this week [at the Semana del Seguro event]. But what's lacking is some sort of formalisation of that. I don't believe there is something called the "Miami Market Association". It's a very vibrant and relevant and growing market, but it does lack some sort of structure or formality to it.

## Aidan Pope

A market is formed because there is a reason for it. You don't form the market association first. It forms because a group of people got together in a coffee shop and decided they needed to share risk. And it seems like Miami is at the coffee shop stage. The dynamics of markets forming are the same as they always were – good transportation links, good connections and good talent. I'm very happy to see that we are at the stage where we have a very varied market and we're all looking to take people from our competitors. There's a lot of dynamism and interaction. That is a true market.

## Sergio Bunin

This market seems to work without an organisation behind it, planning everything and asking for money. People come

here and they know this week is for meetings and yet we still found time to have this roundtable. Nobody is formally behind it, organising it – and it works.

## Ron Diaz

Not having come from London, I don't have a pre-formed opinion of what a market is. This is clearly a market, just not like London. There is more than \$2bn of premium coming into Miami from Latin America, being placed with something in the region of 20 insurance and reinsurance markets in the Miami area. I couldn't see any better definition of a market than that. It may not be formalised, we don't have any associations, there aren't these groups getting together and formally deciding to share risk, but there is a "sharing of risk" – if that's what you define as a market. I believe a market is a place where trading is taking place, and there's tonnes of trading taking place in Miami.

## Ulisses Mendes Soares

Miami is definitely a market because everybody has started coming here. It is interesting, because Miami is becoming for Latin America more and more like what Singapore is for southeast Asia – and it is getting stronger. The reason that companies started coming here is that there were some companies that already had regional hubs in Miami, and sometimes it is easier to have the hub here than in the country it is serving. It started attracting other participants in the market and it became a natural market for Latin America.

## Mark Geoghegan

Would having a market association be a natural evolution at some point? For example, one thing an association can do is be a good local lobbyist for the industry. Does the mayor of Miami know he's got this \$2bn industry here?

## Aidan Pope

They don't seem to be focused on this sector. There's such a big economy here.

## Juan Calvache

Actually, that was one of the topics we touched on with Lloyd's – if it made sense for Lloyd's [representatives] to be in Miami. We really don't see the need for that because it is more about contact with the regulators. We are based here, but we are acting in Latin America so it makes no sense for us to have a Lloyd's representative here.

## Mark Geoghegan

So would it be right to characterise this market as being at an early or a medium stage of development?

## Steve Jackson

It's a very mature market. We've been here for 20 years and there have been various stages in its evolution, but there's still



“IT SEEMS LIKE MIAMI IS AT THE COFFEE SHOP STAGE. THERE'S A LOT OF DYNAMISM AND INTERACTION. THAT IS A TRUE MARKET”

**AIDAN POPE**

growth potential for the region because of what it is and what it does.

### Marco Giovane

There is a very recent part of the market, there are many newcomers. So it has to be proven that it is a market responding to what we are here for – catastrophes or whenever there's a need of that market. And we haven't all proved that yet.

### Aidan Pope

One of the first initiators of the [Semana del Seguro] week is a company that has now disappeared. Lots of people have come and gone but [the market] is much more solid now. There's room for everybody. The way that markets have changed is towards local hubs – and we're never going to go back from there.

### Sergio Bunin

One big difference with Miami is that the reinsurers here do not write local US business, so the market entry and exit is very easy. By exiting Miami you would not create legacy issues in the markets that you are doing business in. If you leave Miami you can still be doing business in Brazil, Argentina, Colombia – wherever your head offices are.

### Ulisses Mendes Soares

It's a neutral geography also, which helps. This is a market that has been here for a while and is still evolving. It is becoming more mature, and I agree that there is a lot of space for new participants, new entrants. It has been evolving from more of a treaty market to now becoming a growing fac market also, with more lines of business being offered.

### Ron Diaz

You need to keep in mind the history. In 1997 there were 40-something markets in Miami and it was mostly a facultative market. Latin America is a small market in terms of its overall size – it's only 4 or 5 percent of the world's premium – so it's very easy to destroy that market and make it unprofitable. And because of deteriorating results and prices dropping that's what happened in the late 1990s, so a lot of those fac underwriters closed down. In 2002/03 there were six or seven of us left; so it has ebbed and flowed for over 20 years but it is a "mature market".

### Artur Niemczewski

Mark, in answer to your question the market is fully mature because it has done a full cycle.

### Juan Calvache

A good example was the Chilean quake. We went through that and actually companies were able to cope with the loss, even though it was a huge loss for the region, and after that the industry here expanded. The market is maturing more into the specialty lines, for the whole region. Everyone is trying to see where to go and what we are following is specialty.

### Aidan Pope

Maybe that's another role for Miami – educating our clients about those more sophisticated risks. We find that there are



“MIAMI IS BECOMING FOR LATIN AMERICA MORE AND MORE LIKE WHAT SINGAPORE IS FOR SOUTHEAST ASIA – AND IT IS GETTING STRONGER”

## ULISSES MENDES SOARES

some great products out there but people still don't have the knowledge or the understanding that it can really serve them. So, although I get a bit nervous about becoming formalised, perhaps this is where an association could help. This is where we could have some collective means of representing our interests better with our clients.

### Steve Jackson

I would agree with that. Some have commented that there is still room to grow, but I would temper that by saying that if all you're doing is coming here to offer more capacity for the same products that everybody else is doing, you're only going to drive prices further down. There is a huge amount of opportunity for growth, but you've got to be offering something new rather than just the old diversification, spreading-the-risk play. A lot of insurance companies in the region are already very well diversified and they've got tonnes of capacity and experience and very good products. The reinsurance industry needs to give them something new to sell and to help them grow their business.

### Sergio Bunin

We are all very "reinsurance orientated" around this table, but don't forget there are insurance companies here too, because they manage their companies as a matrix in Latin America. So they are an additional group of companies who are hiring and setting up their structures here. We don't have ours here because we do not have a matrix organisation. We delegate a lot of responsibility to executives, so actually we don't need an office here.

### Mark Geoghegan

How would you characterise the state of the Latin American (re)insurance markets? In the rest of the world we're seeing a tempering in the rate of pricing decline – has that happened here? Is pricing hitting the bottom?



“LIABILITY WILL BE THE NEXT BIG THING IN LATIN AMERICA – IT’S UNSTOPPABLE”

## JOSE ASTORQUI

### Francisco Martinez

There is a little bit more room, but not much. As Steve said, we should focus on creating new solutions for clients. What we are looking for is new business, instead of fighting for the existing business where the rates are going down. We have to make a bigger pot of business.

### Marco Giovane

And it's not just the question of pricing. What we are also seeing is the widening of covers. There is a certain flexibility on covers [where] you are offering more scope for a lower price.

### Mark Geoghegan

What about these new products? London has gone cyber crazy in the last six months. In the emerging economies of Latin America is insuring new technologies going to be a big seller?

### Juan Naveda

With cyber the risk is there wherever you are in the world, but the insureds in Latin America don't perceive the risk as such. It is something that will happen – much like D&O business which, if you go back 10 years ago, wasn't being sold in Latin America. However, where cyber is purchased most successfully is in the US because of certain triggers and certain laws that force you to respond in a certain way. That doesn't exist in Latin America, except perhaps in Mexico where credit monitoring is mandatory. That's where it might start, and filter downwards.

### Juan Calvache

The clients are aware of the exposure, but they're not willing to transfer that exposure yet because they don't have that regulatory environment for them to have a measure of it.

### Jose Astorqui

Cyber liability is a very cool product, we all love it and we all want to sell it, but apart from regulatory issues Latin America is not a litigious environment. We even struggle to sell medical malpractice, so we are years away from seeing cyber or even environmental liability as an interesting product in the region. Mexico and Argentina will probably be the first ones to start buying and developing it. The point is that there are no claims, so they will invest their money in property cover and leave the liability for a second stage. But liability will be the next big thing in Latin America – it's unstoppable.

### Artur Niemczewski

If I can offer a little perspective from the outside in: what's really happening is the big push for infrastructure development again. That's the basic insurance production means that we need. There's renewed optimism in Argentina, which will mean big infrastructure projects which will require construction covers. There's renewed interest in Colombia – again, with big infrastructure investment. So you almost don't have to worry about those very niche products if you've got big infrastructure to cover.

### Aidan Pope

There are rays of hope, although Brazil and Mexico are not driving it and it's relatively small for the region. The political issues in Brazil are worrying and the slowdown in commodity prices generally mean that governments are a lot tighter-fisted. The concern is that if they don't get on with these big projects they are going to be way behind, which is an enduring issue for Latin America.

### Artur Niemczewski

And these often drive the economy. A lot of economies get out of [problems with commodity] prices by investing in infrastructure, because it then drives diversification and development.

### Mark Geoghegan

Which are the best territories at the moment? Colombia has had a huge amount of infrastructure investment on the slate, for example.

### Hikaru Uno

The Colombian market has been growing a lot in the past two years with the infrastructure projects, but at the same time the market rates have been going way down. In Colombia specifically it's not about the rate, it's just about taking the risk – where some people are not considering the risk involved in those kinds of projects. But it won't get to the point where capacity will overflow, the rates will not be sustainable and people will be writing risks just because they want to take a share and not because of the profitability of the business.

### Steve Jackson

Really we need to define “best”, because best in terms of opportunity means everybody piles in and therefore prices go down. Brazil was supposed to be the best opportunity and now it isn't, very suddenly.

### Mauricio Parra

In addition to the \$25bn being invested by the government

in property and infrastructure development, something on the Colombian side which is a real opportunity for the Miami reinsurance market is the life, accident and health area. Starting in 1981 in Chile there was a social security reform and private carriers were invited to provide pensions, health or occupational health risks coverage. This has also been happening over time in Colombia, Peru, the Dominican Republic, El Salvador – and it's going to happen all around Latin America. In Colombia in particular, the property and casualty premiums were around 80 percent of the total written premiums of the country 25 years ago and now I would say it is 50/50. All this implies new risks for cedants and situations where they would probably love to have the support of a reinsurer.

### Mark Geoghegan

Juan, you have been developing an MGA that's been very successful around the world. What's on your radar here?

### Juan Naveda

Most of what we write is financial lines – commercial PI and D&O – which is a very saturated market where the rates are going down, so that's a massive challenge. But there are certain territories where we have less business than others and really that could be exploited. Colombia is one where we can do more. What we are also going to do is offer other lines of business that we didn't previously offer in the region – marine, energy and liability.

### Mark Geoghegan

What we've been writing about in *The Insurance Insider* a lot in the past 12 months is this compression of the value chain. Now we've got hedge funds trying to access the direct client and it's getting quite squeezed. Steve, how you would summarise this squeeze on accessing business and what will the long-term change be?

### Steve Jackson

That's very much a pet theme of mine right now. Capital needs to find a way to get to the end user and the more efficiently it can do that, the better for the end user. What can the reinsurance industry do about that? Well, some reinsurers are very overtly becoming direct insurers – look at what Swiss Re and Berkshire Hathaway are doing. It must be a difficult conversation to have with your clients when you're competing with them. The reinsurance industry and brokers need to think more about how they can be relevant to the end user – and new reinsurance products that are focused on what the end user wants are a way to do that.

### Sergio Bunin

Behavioural pricing – trying to figure out how much the client is willing to play – and innovation are going to be key for us in the future. You mentioned the insurance brokers and insurers and reinsurers coming here, but you didn't mention Amazon and Google. Because if you invited them here that would be the next threat to us. Things like Lemonade that are coming up seem scary. But it is good because it obliges us to innovate and adapt quicker.

### Aidan Pope

The era of hedge funds directly investing in our market is

pretty much over. They have accepted that there is a need for more specialisation – for people who really know their business and who are on the ground. So the advisory role for reinsurance brokers is actually enhanced as a result of that. Let's not forget this is a small market and it is relatively poor on data – and that's your advantage as an insurer. The quality of the data, and the regulatory controls on it, don't help a Google or an Amazon coming in.

### Jose Astorqui

We shouldn't forget that Latin America is quite a volatile environment – that's basically why most of us are based here in Miami. If any business issues arise in Argentina or Venezuela for example, because there is a change of government or regulatory legislation, then we have the flexibility to focus on other territories and to have our income spread across the region. If you have an operation locally you are not as ready to make that change. So while Miami and the US is stable we can take more secure business decisions from here.

### Artur Niemczewski

Again, as an outsider listening to what you're saying, the key skill here is the relationships, knowledge of regulatory environments, knowledge of economics and politics. That is very difficult to replicate if you are a data-driven company.

### Mark Geoghegan

Hikaru and Francisco, as local insurers do you still get the extra added value of people wanting to do business with you because you're local?

### Francisco Martinez

We add value by being close and by being as Latin as the clients are. In Mexico we were very close to our clients and we offered new products directly to them. And it's the same for brokers, because margins are being squeezed and if you don't add value then that 1 percent or 2.5 percent that you



“A HUGE OPPORTUNITY THAT IS BREAD AND BUTTER BUSINESS FOR THE REINSURANCE COMMUNITY IS ON THE CAT SIDE”

STEVE JACKSON

take is really a big chunk of the profit. So we have to find new ideas, both online and mobile, as the middle class is growing in Latin America and that's going to push the growth. Social media penetration among the middle classes is 75 percent, so if Google approach us that's a big threat. We have to be flexible by being close enough to them to offer solutions before an outsider comes in and does it.

### Hikaru Uno

I agree with Francisco. Being local gives us a kind of advantage but at the end of the day we have to offer a specialised product, something different to what is normally offered. Because people come to the region and say "fine, I am going to do the same thing" but then some of these insurance companies in the market prefer to do business with outside partners rather than with the locals – and that's where we have to be developing. Something we have been developing is giving them a kind of turnaround on the usual products you might offer. That has been developing a lot more in the region compared to the big players from other regions.

### Ron Diaz

A local reinsurer in a country in Latin America may have an advantage in that country but it may actually take away some of the advantages in other territories, where they might think of Miami as a neutral place to do business. Central America doesn't like to think of Mexico as its big brother, for example.

### Mauricio Parra

Another phenomenon that we have seen in Latin America – in Colombia, for example – is that 30 years ago 40 percent or less of insurance companies were foreign companies, [whereas] now probably 80 percent of insurance companies have foreign investors. This changes the way reinsurance is purchased, because they are probably going to purchase through their head office rather than buying locally. This is affecting the reinsurance brokers, as some of the reinsurance

companies here are receiving business direct from Latin America because they are probably going to receive that back via a retrocession from Europe or wherever.

### Ron Diaz

Yes, the globalisation and retention of risk by multinationals does impact the Miami market because reinsurance is no longer bought locally (Miami is the "local" LatAm market). The purchase is done from the home office. And the home offices of the global players are mostly in either Europe or the US, and they'll buy from the home office or the principal office in those territories rather than the LatAm regional or local office.

### Mark Geoghegan

Does anybody think there will be an emerging multi-Latina in the insurance world?

### Aidan Pope

BTG Pactual were doing it, but they've encountered some challenges and they are consolidating. You're pointing to the fact that the Chinese are certainly much bigger players on the international scene. The Latin American insurance companies, because of the economic environment at the moment, are just focusing on keeping their shop in order in the areas in which they operate.

### Mark Geoghegan

Hikaru, hasn't Barents Re has been looking at putting some money into Luxembourg and diversifying that way?

### Hikaru Uno

Well, it's part of our expansion into other markets, because we have been in Latin America for the past 12 years. So in the end it's part of the growth of the company in Latin America, which as a market has already been mature for us. What we offer right now are some new lines of business and it makes sense to expand outside of Latin America. And we have seen European markets coming into Latin America while we have been spreading out into the European region.

### Steve Jackson

A huge opportunity that is bread and butter business for the reinsurance community is on the cat side. Bearing in mind that most of Latin America is heavily exposed to all manner of natural disasters, every time there is an event you have that same old story – only 2.5 percent to 5 percent of the total loss is insured – so there's huge potential theoretical growth opportunity there. If we could find a way as an industry to sell that message to some of the governments that are massively exposed, then we'd really be on to something.

### Sergio Bunin

I think you're talking about public-private partnerships, and while Swiss Re and Munich Re have tried it for a while, governments have not been convinced. From my perspective it is a great product, because we have floods and earthquake in Argentina which are not covered. You have nat cat in Brazil that isn't covered and we haven't even realised that Brazil is nat cat-exposed! But governments are short-term in their thinking unfortunately and these products are long-term. And you only see the benefit once it happens.



**“30 YEARS AGO 40 PERCENT OR LESS OF [COLOMBIAN INSURERS] WERE FOREIGN COMPANIES, [WHEREAS] NOW PROBABLY 80 PERCENT OF INSURANCE COMPANIES HAVE FOREIGN INVESTORS”**

**MAURICIO PARRA**



### Marco Giovane

They don't want to take responsibility for being in the headlines, or being the actual buyers, for a cover that might fail or might not respond. Mexico, for example, because it's more mature, did take that step and it is working. But I don't think the other countries are ready to take that step.

### Jose Astorqui

In theory it should be easy to sell it from a political point of view because they are protecting people's assets.

### Marco Giovane

It's easy to sell but then you always have the backfire in the event of a failure.

### Aidan Pope

In the Paris climate change talks last November, [President Barack] Obama actually mentioned insurance as a means for governments to protect against climate change. This whole question of the protection gap is going to become more relevant as governments don't have any money. And in times of crisis the last thing you want to do is increase taxes after a big disaster. So there are some strong trends towards governments looking seriously at it, but we're still a long way from it happening.

### Francisco Martinez

There are three issues you'd be facing if you wanted to sell coverage like that to governments. The first is that the economic environment right now is very bad. When you look at commodities, for example, in Mexico we are getting less money than before. There was a premium subsidy in agriculture and they stopped giving it last year, so some of those covers for agriculture have stopped.

The second issue is the Latin America culture – because we only want insurance after we have a large loss. It will change when we have more cat losses, but we are short-term-minded. And the third and most important one is the need to professionalise public risk administration. On the plus side, the Mexican government, together with the Mexican Association of Insurance Institutions, are working on a project that could have an important and beneficial impact on the way insurance is bought by the public sector and the way in which public risk is managed.

### Steve Jackson

I wonder whether, going back to the association theme, a role like the Reinsurance Association of America has in the States could be a very powerful lobbying tool. Even if you have a good story it gets diluted by people trying to do their own bit. And there's such a large amount of capacity needed that I wonder if that's somewhere where an association could lobby on behalf of the industry, but focused on Latin America.

### Artur Niemczewski

There is FIDES (La Federación Interamericana de Empresas de Seguros) – what role do they play?

### Ron Diaz

The group is made up of insurers locally so they are not going to be interested in this product – it's more reinsurance-driven. This capacity is being given by Swiss Re, Munich Re,



“CURRENCIES THROUGHOUT LATIN AMERICA HAVE DEVALUED AGAINST HARDER CURRENCIES SUCH AS THE US DOLLAR. THE PIE IS GETTING SMALLER!”

**RON DIAZ**

ourselves and other reinsurers with a larger financial backing, so it would need to be some sort of reinsurance association.

### Mark Geoghegan

The other thing that's been happening a lot over the last two years particularly is consolidation. Do any of you think it has changed anything, and will there be more M&A?

### Ulisses Mendes Soares

In terms of reinsurers, at the same time as we are seeing several consolidations we are getting new entrants also. Of course, when there is a merger then the two different markets' capacities don't sum up and then you have one less option. But new entrants have been offsetting the offer of capacity.

### Marco Giovane

Maybe on the reinsurance part in Miami yes, but locally to reinsurers it makes a difference because obviously it makes the market smaller. Normally, the companies that merge or get bought are the most successful ones – and have normally been clients of ours for many years. So, depending on how the merger goes, you might find yourself without those clients – and that gets multiplied by however many mergers you get. On the other side, what we have noticed lately is that as they get bigger they need a little bit more reinsurance.

### Ulisses Mendes Soares

Beyond the reinsurance markets in Miami, the consolidation of the insurers is definitely making a huge impact for everyone as mergers and acquisitions of historical clients happen. Some become bigger and others disappear, making a difference on the portfolio. We will probably see more mergers and acquisitions in consequence of changes in local regulation, including the introduction of Solvency II.

### Aidan Pope

We're seeing an amazing ground-shift in Latin America. You



**“YOU HAVE NAT CAT IN BRAZIL THAT ISN’T COVERED AND WE HAVEN’T EVEN REALISED THAT BRAZIL IS NAT CAT-EXPOSED!”**

## SERGIO BUNIN

have one very big international group which has become aggressive in the region and that has really changed the dynamics of the Brazilian market. And then you see another multinational that decided they didn’t want to be involved in Latin America anymore and they sold to a local group. So that’s a really big change and what it says to me is that not everyone wins in emerging markets. There was this belief that everyone who invested in Brazil was going to win, but if you looked at their business plans you would have seen that they all had 25 percent growth [planned] but the market was only growing at 10 percent. The lesson is that if you don’t get it right the markets can come back and bite you on the behind.

### Ron Diaz

Something we haven’t mentioned yet is that currencies all throughout Latin America have devalued against the harder currencies such as the US dollar, and most of the insurers have home offices either in Europe or the US and account in euros or dollars. So you had a 40 percent reduction in the Brazilian real and the Colombian peso and a 20 percent reduction in the Chilean and Mexican pesos – the pie is getting smaller!

The Chilean market has had a number of mergers – you had HDI and Magallanes, Chubb and Ace, Penta and Liberty – the consolidation in that market is tremendous. So your original question of whether the M&A is continuing: yes, clearly it is.

### Ulisses Mendes Soares

With the devaluation we will probably see more consolidation because it will be cheaper to buy assets.

### Artur Niemczewski

A lot of this is driven by expectations. There was a wave of

people who wanted to be in Brazil. We have heard of a lot of interest in Argentina. And the new government has been in power for 60 days and already everybody is saying “the Argentinian economy is going to do this – can I get into Argentina?”

### Martin Smith

Argentina needs to consolidate because we still have 165 companies in that market, which makes no sense at all – companies which have 0.01 percent of the market, and they are really shops. But we’ve been there before, 20 years back, when everyone was saying “the market will consolidate now” and it hasn’t happened! It brought it down from 200 companies, but that’s still a lot of companies.

### Francisco Martinez

We have also seen an interesting thing in Mexico when reinsurers buy insurance companies. Some insurance companies that had this reinsurer in their panel are now saying: “Are you going to compete with me? I don’t trust you and I won’t give you any information.” So we have seen shifts in reinsurer panels now where they are competing with their own clients.

### Mark Geoghegan

Is there anything we haven’t covered in relation to the Latin American market?

### Steve Jackson

Miami has definitely positioned itself as the most significant hub in the region, but there are others. Spain is trying to have a run at Latin America for hub status. Bogota is probably the most ideally geographically-centred place to make a play for a hub. Brazil has also tried to get something going. How do we feel those hubs are doing, compared to Miami?

### Jose Astorqui

With my fellow countrymen, quite often their approach to Latin America is “we understand Latin America because we speak the same language” – but unfortunately it is not quite that easy. You need to experience Latin America. It is not the same to an Argentinian, to a Mexican or to a Puerto Rican. Spain, on the back of Mapfre Global, did very well and all the big brokers set up a hub there to service that business, but Madrid is too far from the region and not cosmopolitan enough to be as efficient as Miami. What we, as Miami market professionals, should try to capture is that business where the decision maker is based in Spain when the actual risk is in Latin America. We are struggling to bring that business to the Miami market.

### Ron Diaz

If you go back a way, Panama was a bit of a hub before Miami, in the 1980s.

### Sergio Bunin

If you’re going back in history, then don’t forget Cuba used to be the reinsurance market and hub for Latin America in the past and now, who knows...

### Mark Geoghegan

It only remains for me to thank all of you for coming.