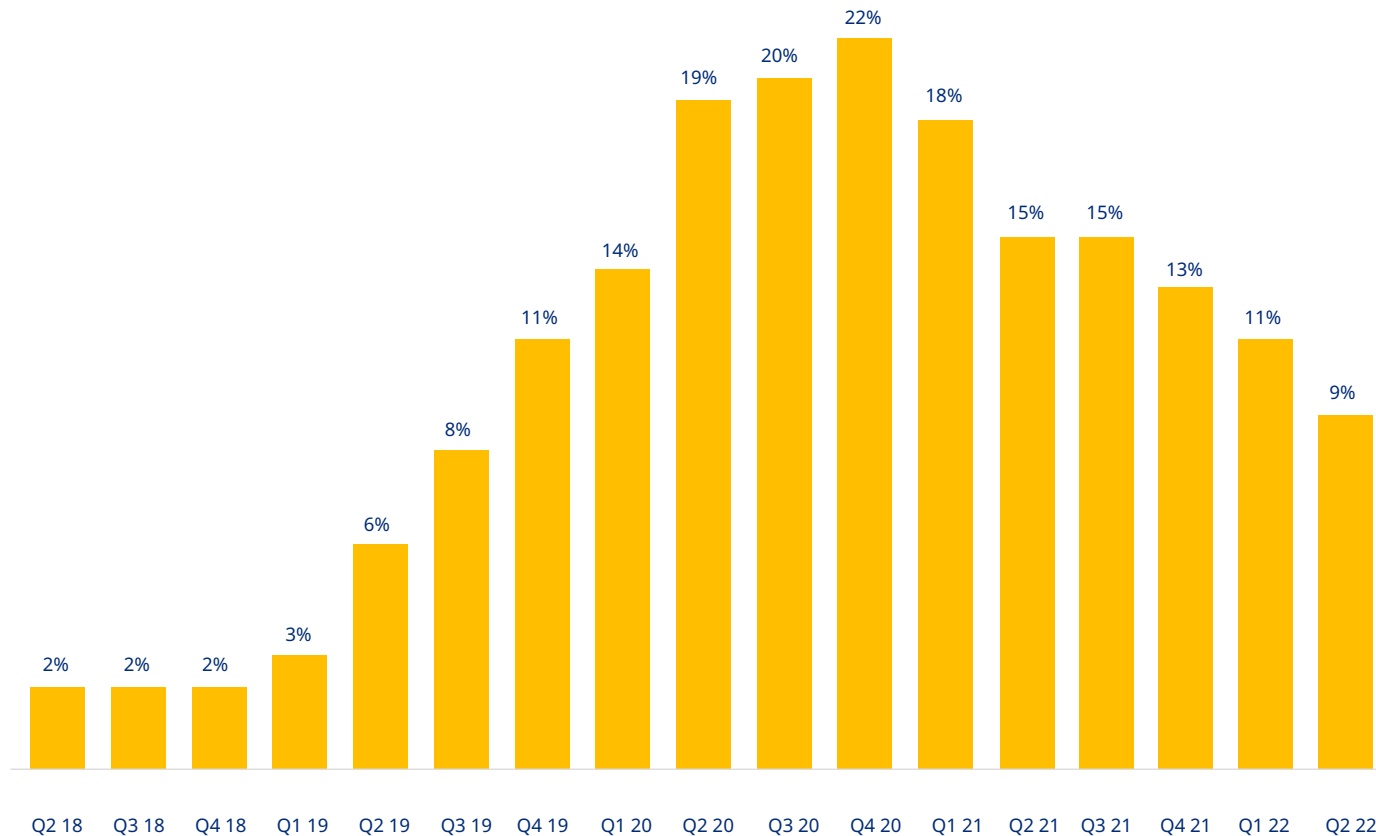


# Latin America and Caribbean insurance market pricing: 2022 second quarter

A long-exposure photograph of a multi-lane highway at night. The image shows vibrant light trails from vehicles, with white and yellow streaks on the left side of the road and red and orange streaks on the right. The highway curves through a dark landscape with distant city lights and mountains under a deep blue twilight sky.

Global commercial insurance prices rose 9% in the second quarter of 2022, marking the sixth consecutive quarter in which the pace of increase moderated. The Latin America and Caribbean (LAC) region experienced a 5% increase in composite prices, compared to a 6% increase in the previous quarter (see Figure 1).

### 01| Global insurance composite pricing change



Source: Marsh Specialty and Global Placement

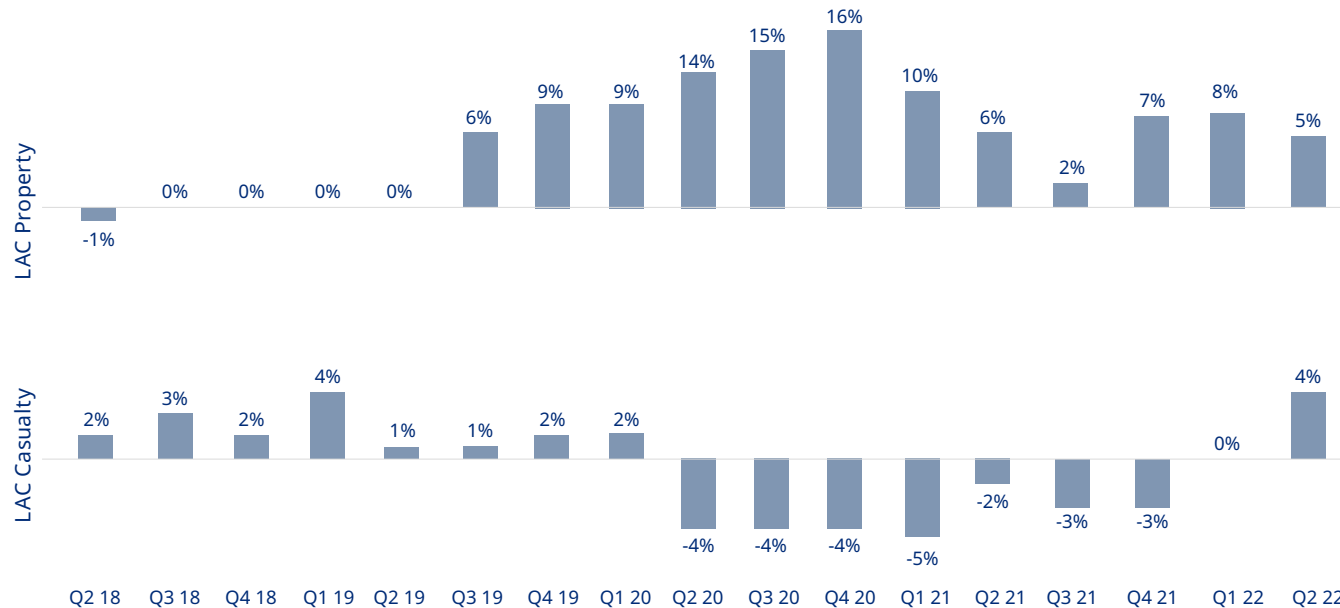
The UK experienced the most significant decline in composite price increases, from 20% in the first quarter to 11% in the second. By region, composite price increases in the second quarter were as follows:

- LAC: 5%
- US: 10%
- UK: 11%
- Continental Europe: 6%
- Pacific: 7%
- Asia: 3%

\*Note: All references to pricing and pricing movements in this report are averages, unless otherwise noted. For ease of reporting, we have rounded all percentages regarding pricing movements to the nearest whole number.

# Latin America and Caribbean insurance pricing trends

## 02| Regional index: LAC property and casualty



Source: Marsh Specialty and Global Placement

### Property

Overall, property pricing in the second quarter of 2022 in the LAC region increased by 5%, compared to 8% in the previous quarter. Pricing increases continued across the region when facultative capacity was needed, particularly for countries with CAT exposures that are more dependent on reinsurance capacity.

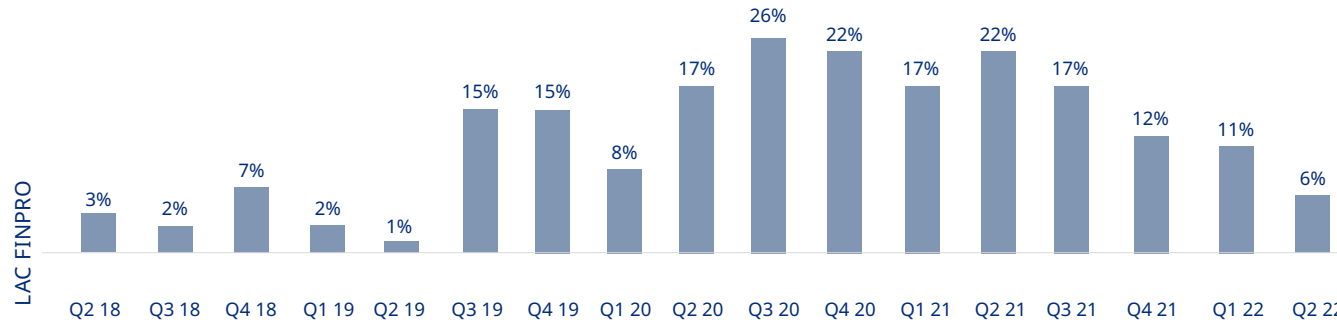
- Market uncertainty increased across the region regarding political risk coverage.
- Property insurers remained disciplined and cautious regarding capacity deployment.

### Casualty

Casualty insurance pricing in the LAC region increased 4% in the second quarter, the first average increase since the first quarter of 2020.

- Pricing generally stabilized for large, complex programs with high limits and exposures.

### 03| Regional index: LAC financial and professional lines



Source: Marsh Specialty and Global Placement

### Financial and professional lines

Financial and professional lines, including financial institutions and directors and officers (D&O) liability, saw new capacity enter the market in the second quarter, leading to an overall stabilization of pricing with smaller increases than in the previous quarter (see Figure 3).

- Incumbent insurers generally offered additional capacity.
- The underwriting appetite from local insurers remained conservative, but improved compared to the previous quarter.
- In the professional indemnity (PI) market, there is some insurer appetite, though insurers are carefully reviewing each risk. The placement of medical malpractice and technological PI insurance remained challenging.
- Pricing for cyber insurance increased more than 30%, on average. Also, insurers typically increased retentions, ransomware coinsurance, and sub-limits in first-party coverage.

## BRAZIL

Composite pricing increased by 9%, year-over-year, in the second quarter as the insurance market in Brazil faced capacity issues, leading to increased rates in most coverage lines. Increases were driven in part by losses and by insurers seeking to raise prices following several years of a soft market.

**Property** insurance rates increased by 13%, on average, in the second quarter. Capacity was an issue, primarily for complex exposures. The local insurance market, even for clients without catastrophe (CAT) exposures, has been impacted by several large claims.

**Casualty** insurance pricing increased an average of 1% in the second quarter, the same as in the previous one.

**Financial and professional** lines pricing increased 9%, the same as in the previous quarter. Capacity remained a concern.

## CHILE

Overall insurance pricing increased 3% in the second quarter of 2022, down from 8% increase in the first quarter.

**Property** insurance pricing rose 3%, on average, in the quarter, down from a 5% increase in the first quarter. Some clients renewed with small discounts. Rates were generally higher for more complex risks.

**Casualty** insurance pricing increased by 5%, on average, in the second quarter, compared to 9% in the first quarter.

**Financial and professional** lines pricing rose an average of 13% in the second quarter, the same as in the first.

## COLOMBIA

Insurance pricing in Colombia increased by 4%, on average, in the second quarter, the same as in the first.

**Property** insurance pricing increased by an average of 3% in the second quarter, the same as in the first.

**Casualty** insurance increased by 3%, on average, in the second quarter. Local markets provided sufficient capacity to meet demand.

- Automobile liability pricing rose an average of 3% to 5%.

**Financial and professional** lines insurance pricing increased by an average of 10% in the quarter, down from an increase of 18% in the previous one.

### Other trends:

Technical lines and specialty coverages continue to depend on reinsurance capacity, which is generally more expensive compared to local market capacity.

## MEXICO

Composite insurance pricing in Mexico increased by 6%, on average, in the second quarter, compared to no increase in the first.

**Property** insurance pricing increased by 5%, on average, in the second quarter, the same as in the previous one.

**Casualty** insurance pricing increased by an average of 7% in the quarter compared to a decrease of 6% in the previous one.

**Financial and professional** lines pricing rose by 7%, on average, in the second quarter, compared to a 9% increase in the first.



## ARGENTINA

**Property** insurance experienced a decrease in capacity in reinsurance treaties for local insurance companies. Multinational companies faced increased restrictions and the involvement of global insurers.

- Coverage for some industries — such as warehouses, refrigerated goods, and meat packers — was challenging to place, in part due to a lack of facultative support.

**Casualty** insurance pricing declined 3%, on average.

**Financial and professional** lines increased 3%, on average, and saw restrictions in errors and omissions (E&O) and complications for D&O for US-based companies.

## DOMINICAN REPUBLIC

There is an overall lack of insurance capacity in the Dominican Republic. The catastrophe component for property, given the potential impact of hurricanes, makes the underwriting process challenging.

**Property** insurance pricing increases in the second quarter of 2022 averaged between 5% and 15%. Underwriters also sought updates of clients' insured values and limits.

**Casualty** insurance pricing for auto liability and general liability remained flat, the same as in the first quarter.

**Financial and professional** lines saw D&O liability insurance pricing increase between 5% and 10%, on average, in the second quarter.

## PERU

In the second quarter of 2022, insurance pricing rose 2%, on average, the tenth consecutive quarter of increases, but at a more moderate rate than in the first. There was an increase in available capacity from local insurers.

**Property** insurance pricing increased 3% in the second quarter, the same as in the first.

**Casualty** insurance pricing showed no increase, compared to a 1% increase in the first quarter.

**Financial and professional** lines pricing increased 3%, on average, in the second quarter, with the exceptions of Professional Liability insurance and Cyber insurance, which both experienced higher increases.

## PUERTO RICO

Underwriting continued to be driven by losses, location, construction, and effectiveness of risk management.

**Property** insurance pricing increased by 3% in the second quarter, with reductions experienced for some risks without requiring facultative reinsurance. Placements which required facultative reinsurance continued to experience rate increases of between 5% and 10%, on average.

**Casualty** insurance pricing for general liability coverage in select industries — including hospitality, education, and health care — experienced rate increases averaging 3% in the second quarter.



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