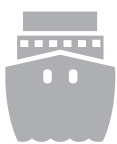


Think out of the box



Samuel Markov, Director ARM Services, the logistics, STP–property risk assessment, security risk management services, marine/cargo claims adjustment and telematics group, says that imagination and innovation is needed within the marine sector to help the Latin American and global economy emerge successfully from the current crisis.



As the global community works together to meet the many challenges brought by the Covid-19 pandemic, the unprecedented work on vaccine development is yielding great results. With vaccines becoming increasingly available over the world, we are now witnessing the start of a global population in a safe, timely and efficient manner, and so...the transportation and distribution of vaccines is critical. This will require the largest transportation and supply chain efforts ever undertaken and will be on a massive scale. From a marine (re)insurer's perspective, this requires the following criteria to be carefully assessed:

The effects of the COVID-19 coronavirus outbreak will go well beyond the impact on our health or the threat to human life.

The pandemic will have significant repercussions, including an economic downturn, the risk of a recession in some regions, logistical complications, and geopolitical and security issues.

The maritime insurance industry and the eco-system of

multimodal transport has not been and will not remain unaffected.

During this period of instability, and the transition to a 'new normal', all of the links in the cargo insurance industry will play a key role, supporting decisions with clear, reliable and data-based solutions.

These decisions which will not only facilitate economic recovery but will also promote new, better and more innovative, across-the board practices for the sector. The insurance and reinsurance industry play a pivotal role.

As a result of the coronavirus crisis, the market is rethinking the coverage in the event of a pandemic as a case of *force majeure* or as an unforeseen event that interrupts or affects the supply chain.

Now that we are seeing some recovery (although slow, and only in some countries or regions) it is appropriate to review the economic activity in Latin America in comparison with previous years.

This will enable us to determine a baseline and then

project its evolution and behaviour over the coming years.

UNCHARTERED WATERS

After a year (2020) that was the most disruptive period in more than a century, Latin America finds itself in uncharted waters, full of risks as well as opportunities.

COVID-19 and the lockdowns and restrictions that go with it have unfortunately divided us more than they have united us, in spite of the noteworthy gestures of human kindness throughout the region since the pandemic broke out.


Even before the onset of COVID-19, Latin America was struggling with stagnation and under-investment in several countries. Such a backdrop adds several challenges to economic recovery in the region, which only began in 2021.

At the close of 2020, global merchandise trade fell by 5.6%, the highest slump since 2009, when it fell by 22%. Even though Latin America was no stranger to this impact, the figures, even in local currency shows growth in several countries in 2020 versus 2019. The figures presented in dollars reveal a general drop in premiums because of the devaluation of Latin American currencies in 2020.^[i]

UNPRECEDENTED SITUATION

It is obvious that our industry and our national and regional economies are not the only ones experiencing an unprecedented situation, with consequences that cannot be anticipated. All of humanity is seeing that in real time.

Transport and logistics are two sectors that play an essential role, not only as the critical link in healthcare management, but also in the the well-being of society and even the ability to face the challenges to come.

I would like to end this article by proposing ideas that will allow us – as individuals – to reset the way we work and think (and, possibly, do the same in our organisations) so that we get ready for a post-pandemic reality that will certainly not be the same as the reality that saw us grow and brought us to where we are now. 

“In times of crisis, only imagination (and, I would add, innovation) is more important than knowledge”.

Albert Einstein

[i] Source: ALSUM

“Even before the onset of COVID-19, Latin America was struggling with stagnation and under-investment in several countries. Such a backdrop adds several challenges to economic recovery in the region, which only began in 2021.”

Samuel Markov.
ARM Services

LATIN AMERICA MARINE INSURANCE REVENUES 2019–2020

USD (Thousands)	2019	2020
COUNTRY		
ARGENTINA		
Written Premiums	134.083	123.413
Ceded Premiums	60.056	60.821
% Ceded	45%	49%
Gross Loss Ratio	64%	25%
Combined Ratio	96%	64%
BOLIVIA		
Written Premiums	17.576	13.387
Ceded Premiums	7.230	5.619
% Ceded	41%	42%
Gross Loss Ratio	34%	40%
Combined Ratio	82%	109%
BRASIL		
Written Premiums	955.828	734.052
Ceded Premiums	290.867	236.394
% Ceded	30%	32%
Gross Loss Ratio	45%	53%
Combined Ratio	72%	86%
CHILE		
Written Premiums	166.626	168.935
Ceded Premiums	128.883	135.495
% Ceded	77%	80%
Gross Loss Ratio	52%	49%
Combined Ratio	80%	75%
COLOMBIA SUPER		
Written Premiums	101.546	91.681
Ceded Premiums	40.019	39.379
% Ceded	39%	43%
Gross Loss Ratio	45%	46%
Combined Ratio	85%	85%
COSTA RICA ANUAL		
Written Premiums	15.587	15.417
Ceded Premiums	2.806	3.158
% Ceded	18%	20%
Gross Loss Ratio	41%	35%
Combined Ratio	89%	77%
DOMINICANA SUPER		
Written Premiums	19.523	20.149
Ceded Premiums	29.455	30.774
% Ceded	151%	153%
Gross Loss Ratio	30%	27%
Combined Ratio	128%	123%
ECUADOR		
Written Premiums	98.892	90.484
Ceded Premiums	70.240	63.215
% Ceded	71%	70%
Gross Loss Ratio	34%	33%
Combined Ratio	58%	58%
GUATEMALA		
Written Premiums	26.627	25.706
Ceded Premiums	11.768	11.229
% Ceded	44%	44%
Gross Loss Ratio	21%	22%
Combined Ratio	43%	46%

USD (Thousands)	2019	2020
COUNTRY		
HONDURAS		
Written Premiums	8.285	8.103
% Ceded	0%	0%
Gross Loss Ratio	30%	75%
Combined Ratio	30%	75%
MEXICO CNSF		
Written Premiums	954.405	621.372
Ceded Premiums	780.297	456.579
% Ceded	82%	73%
Gross Loss Ratio	39%	53%
Combined Ratio	56%	76%
NICARAGUA		
Written Premiums	3.177	3.741
Ceded Premiums	1.846	2.365
% Ceded	58%	63%
Gross Loss Ratio	29%	14%
Combined Ratio	29%	14%
PANAMATRIMESTRAL		
Written Premiums	51.443	55.171
Ceded Premiums	39.416	43.370
% Ceded	77%	79%
Gross Loss Ratio	-	-
Combined Ratio	-	-
PARAGUAY		
Written Premiums	14.659	15.259
Ceded Premiums	8.115	8.905
% Ceded	55%	58%
Gross Loss Ratio	23%	41%
Combined Ratio	67%	80%
PERU		
Written Premiums	89.173	82.858
Ceded Premiums	47.039	45.634
% Ceded	53%	55%
Gross Loss Ratio	35%	46%
Combined Ratio	60%	75%
URUGUAY		
Written Premiums	27.964	32.921
Ceded Premiums	7.806	13.544
% Ceded	28%	41%
Gross Loss Ratio	14%	12%
Combined Ratio	56%	45%
AMERICA LATINA		
Written Premiums	2.685.394	2.102.649
Ceded Premiums	1.525.843	1.156.482
% Ceded	57%	55%
Gross Loss Ratio	42%	47%
Combined Ratio	66%	76%
Total	4.211.238	3.259.133

Source Latino Insurance.com