



In 2018 approximately 350 million voters will head for the polls in Brazil, Colombia, Mexico, Venezuela, Costa Rica and Paraguay. Latin America is likely to see sweeping change over the next year that could transform the region, and with it, the captive market. The continued growth of the captive industry in the region is impressive considering the upcoming political change.

Expect rapid growth

It is no secret that the captive market has gained momentum in Latin America, with an average growth rate of just under 10% over the last three years. There are now more than one hundred Latin American captive (re)insurance companies around the world.

With this current growth rate and increased risk management sophistication, the captive market could double in size over the next five years. The industries leading this trend will be energy, manufacturing, financial institutions, and food and beverage. But what is influencing this growth?

There are a number of factors. Companies already operating captives are planning to develop their capability and broaden their coverage. Currently, their main risk is usually property, but product recall and

cyber threats are new and emerging risks which also need to be managed.

In addition, more business leaders are becoming increasingly aware of the benefits a well-managed captive can bring. Cap-

close alignment with local regulations. Their investment plans should include a focus on the potential of new technologies, with a particular focus on cognitive computing, blockchain and artificial

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ADRIANA SCHERZINGER




tives enable companies to manage their insurance buying in a more controlled way. This can give them greater control and confidence in complying with local regulation, help with the optimisation of risk transfer, and make access to the reinsurance market more cost-effective.

Selection of partners

Those responsible for developing an organisation's risk strategy need to be confident in their selection of a fronting insurer and reinsurance partners. Strong partners should have global reach, be efficient in structuring insurance programmes, be experts in managing claims and have very

intelligence with a view to enhancing the insurance value chain and ensuring their operations remain efficient.

I am hopeful that the increased activity is a sign that the use of captives will continue to grow. I believe it is important that those working in the insurance industry help organisations to better understand what captives can offer them. They can help companies as confidence returns and people navigate their way through the challenges of a dynamic macro-environmental landscape. 

Adriana Scherzinger
Head of captives LATAM Zurich