

McKinsey  
& Company

# Pursuing insurance growth in Latin America

May 20th, 2025

**S INSURANCE  
DAY 2025**

CONFIDENTIAL AND PROPRIETARY  
Any use of this material without specific permission  
of McKinsey & Company is strictly prohibited



# Contents

1

**State of the Industry in Latin America and Perú**

2

**Industry Trends: An environment for distribution transformation**

3

**Strategic Implications for Insurers**

# Insurance is vital to economic and societal health

Today, P&C carriers manage  
**\$20 trillion+ in insured assets**  
and **\$2.5 trillion+ in premiums**

P&C insurance  
premiums account for  
**~2% of global GDP**

1400s



The Dutch pioneered  
early forms of marine  
insurance

1600s



The **Great Fire of London**  
led to the creation of the  
first fire insurance  
company in 1681

1800s



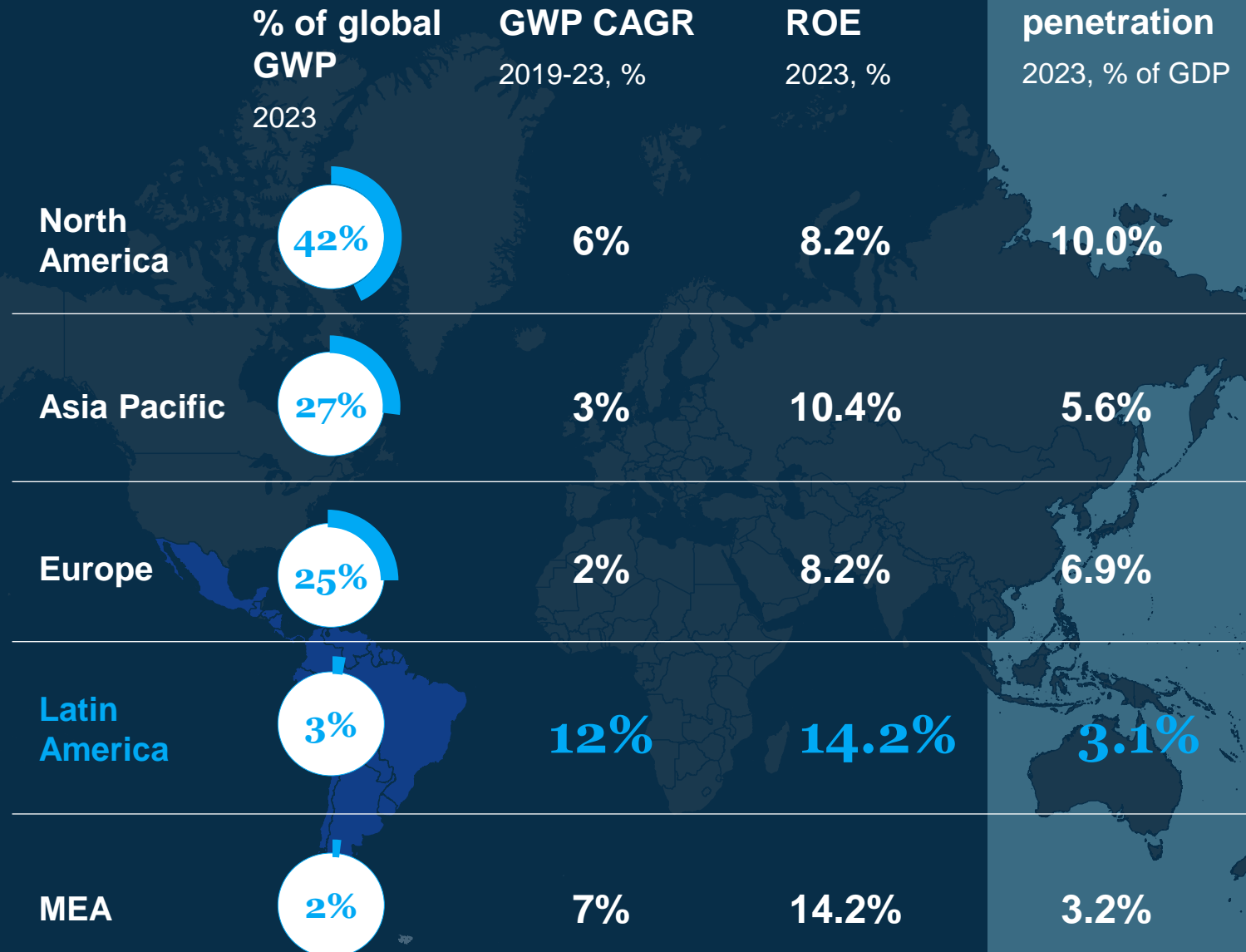
The industrial revolution  
spurred significant  
growth in P&C insurance

2000s

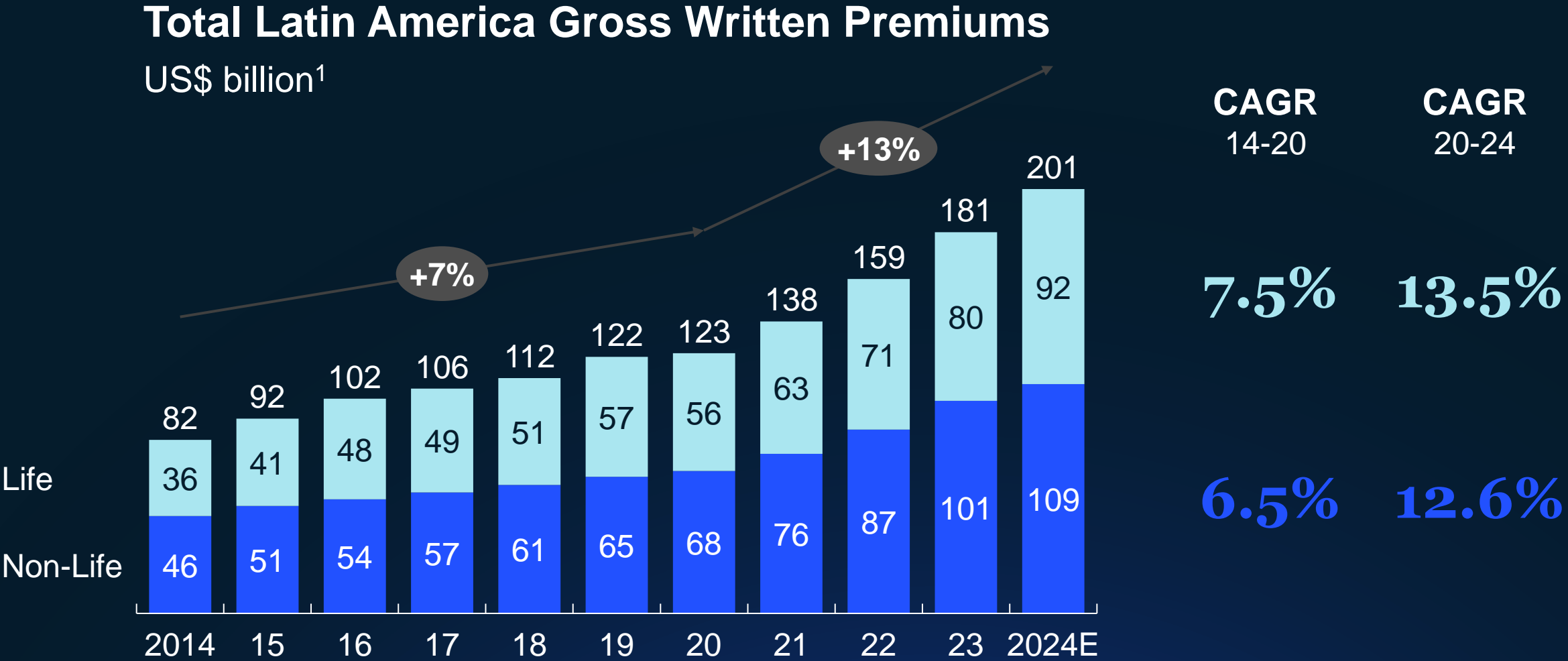


A new era for the  
insurance industry  
shaped by **technology,**  
**terrorism, climate**  
**change, and**  
**regulatory reform**

**Latin America insurance market is thriving, growing faster and more profitably than any other market globally (still needing to overcome low penetration levels)**



# Latam is on an accelerated trajectory, shifting the recent growth from life to non-life segment

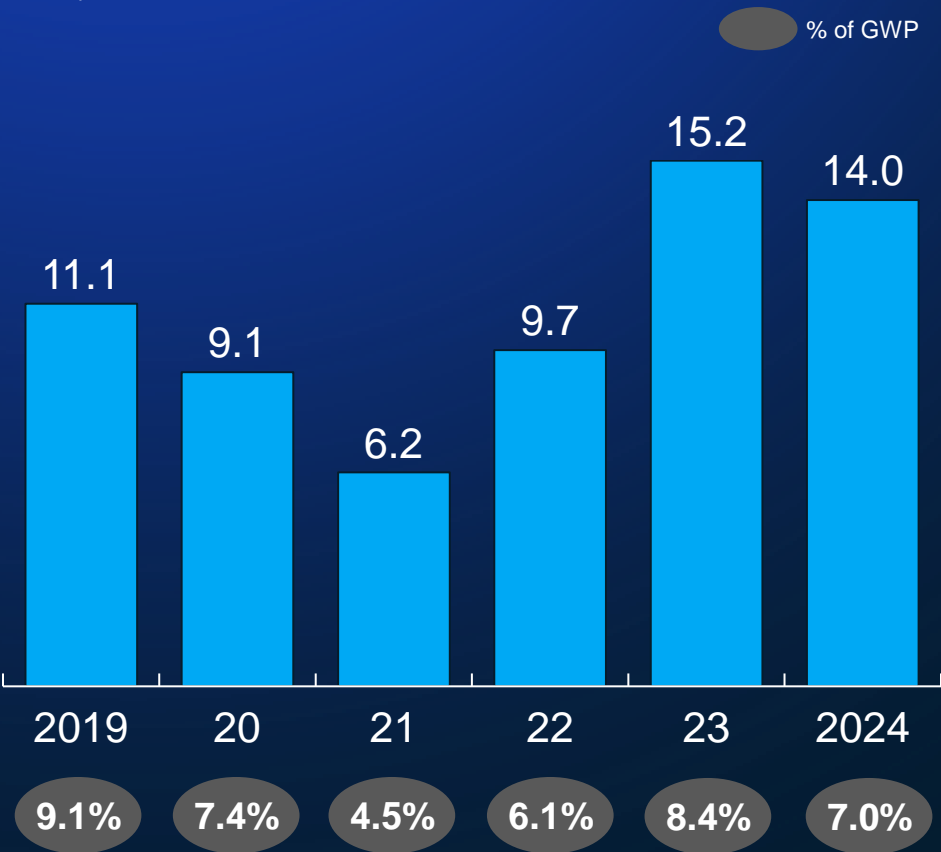


1. Assuming fixed FX rates for Latam countries  
Source: Industry report, team analysis

# Profitability has fully recovered from the pandemic hit, but still unstable with financial result volatility

## Latam after tax profits

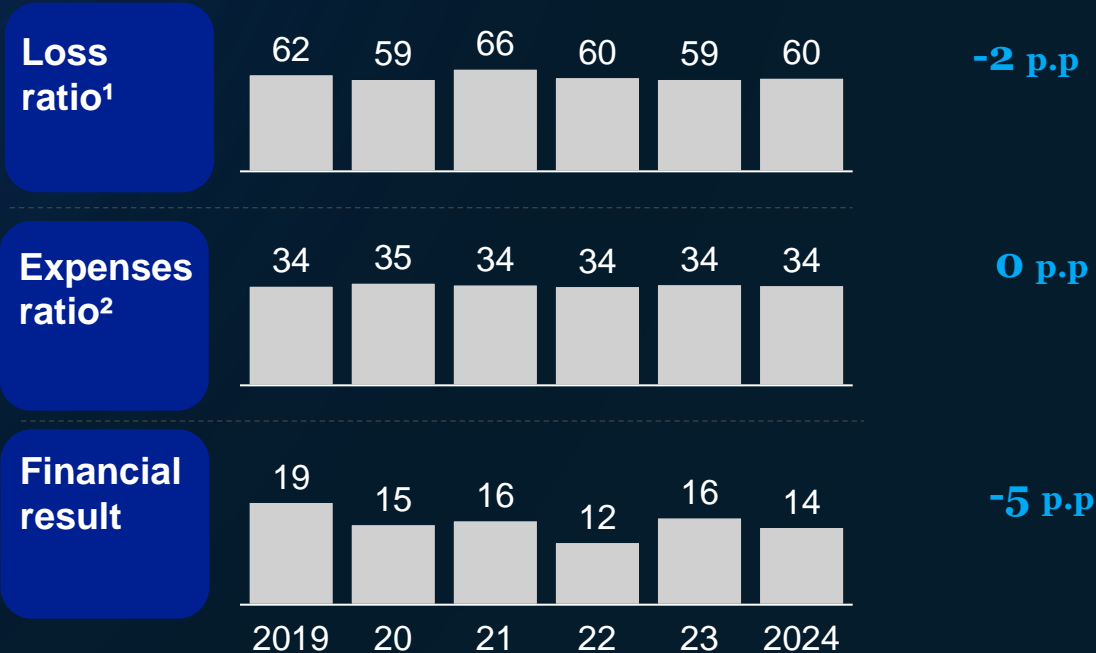
US\$ bn



## Key profit components

% of earned premiums

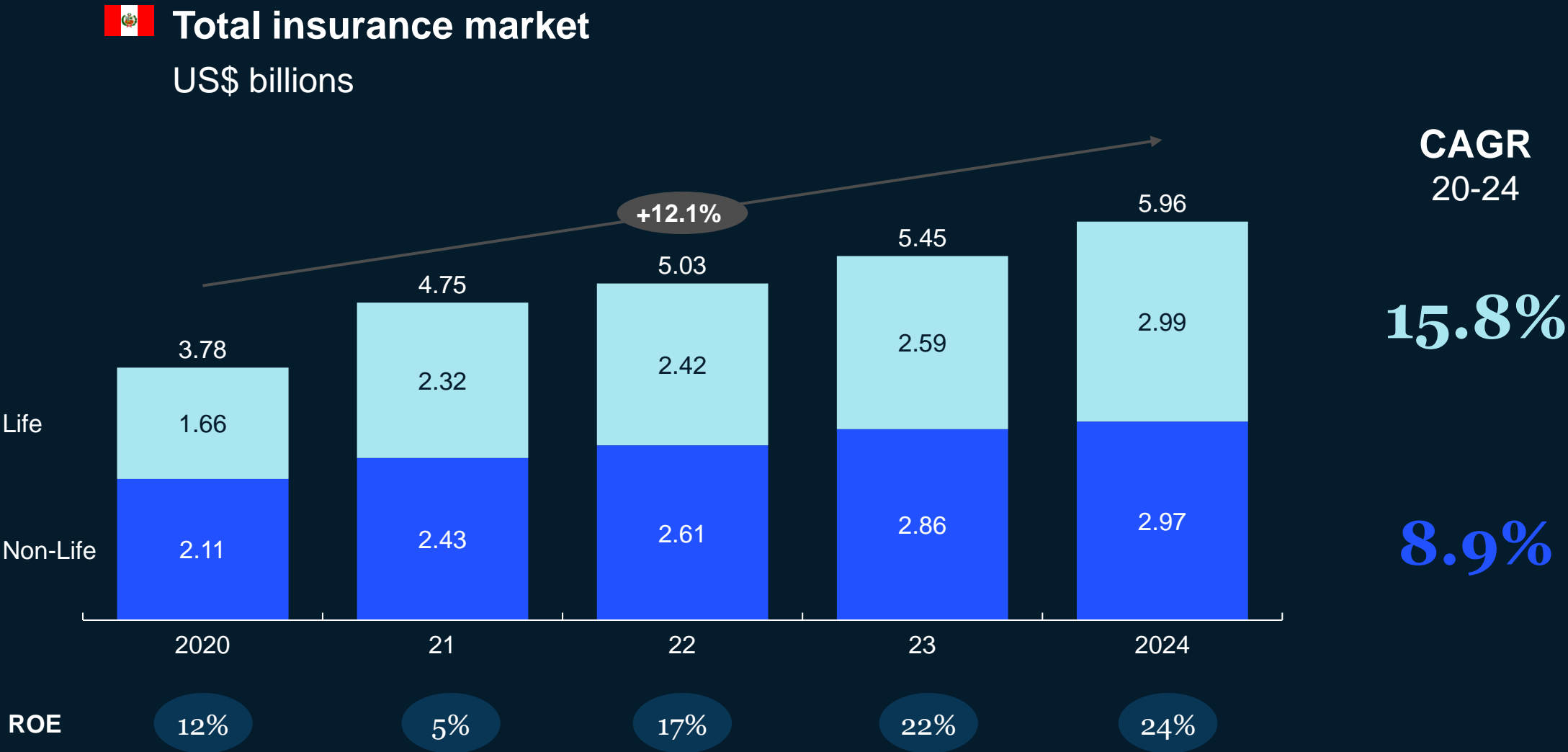
XX – 2024/19 delta



1. Excluding pension  
2. Considering administrative and acquisition expenses  
Source: Regulatory entities; industry report; EIU; team analysis



# In Peru, the market rebounded after the drop in 2020, recovering growth and profitability



Source: Local regulators; team analysis

# Contents

1

**State of the Industry in Latin America and Perú**

2

**Industry Trends: An environment for distribution transformation**

3

**Strategic Implications for Insurers**



# There are many trends shaping up the industry for a promise future, being distribution the name of the game

Based on interviews with CxO's from leading Latin American insurance companies



## A. Customer behavior is changing

Customers ask for simplification and immediate solutions

They want to perceive real value for what they are paying for



## B. Experience is a cornerstone

Journeys are still being seen as complex

Hyper personalization and seamless insurance journeys are becoming table-stakes



## C. Cost and efficiency discipline

Expenses and claims management are under pressure

Cultural shift driven by Streamlining process and automation as elements of required culture



## D. Data analytics and technology as key enablers

Data analytics and GenAI will transform the entire value chain

Insuretechs can continue to foster new technologies



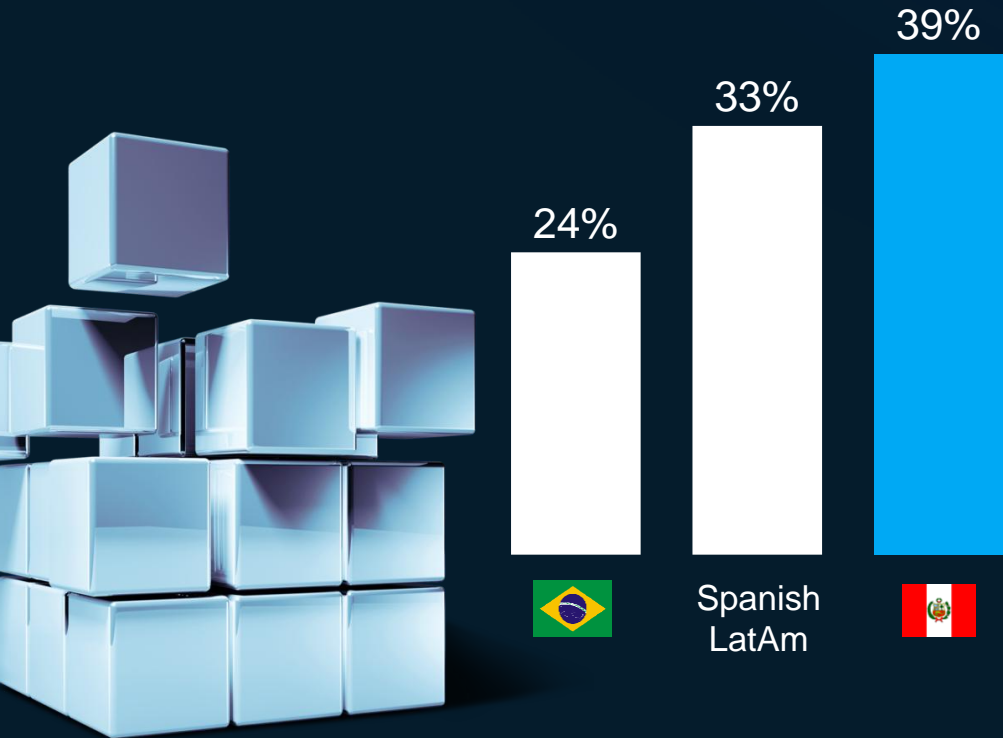
## E. Distribution is the name of the game

Distribution has the power to ignite insurance penetration and broaden reach through brokers, banks and embedded insurance

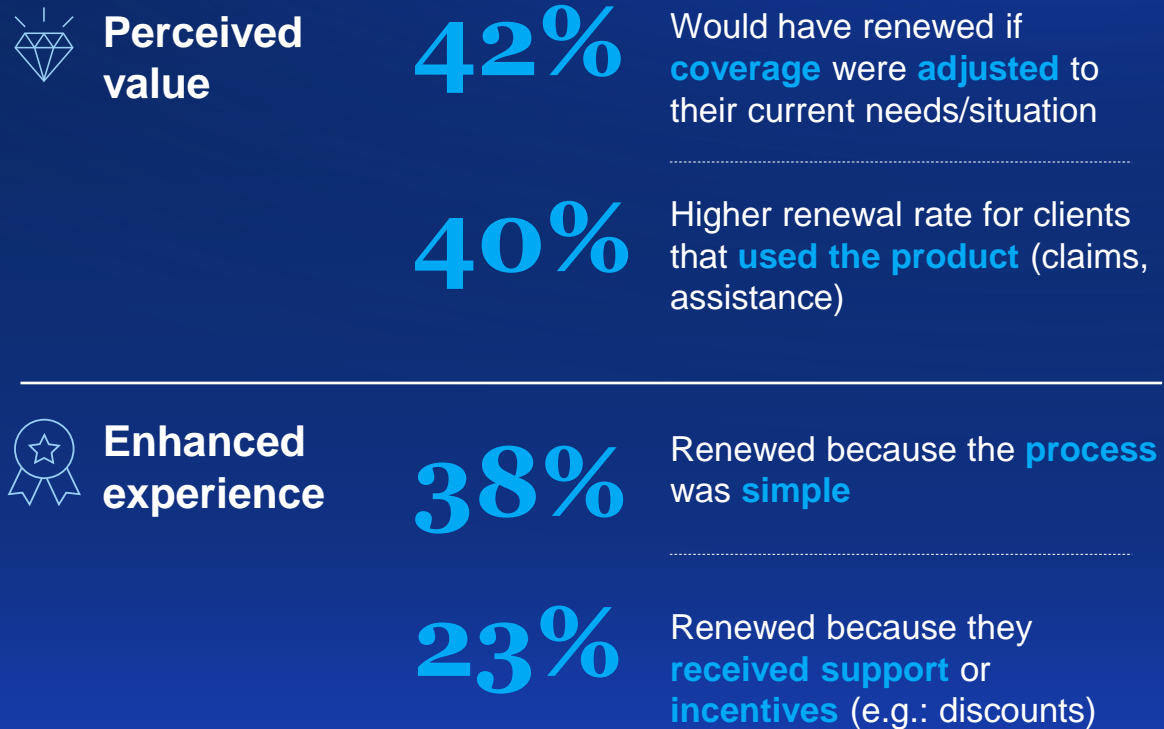
# A. A study of Latam consumers showed that perceived value and good experience were among key attributes to renew their policies

Many customers are not renewing with their policies... >>>

% of customers who didn't renew their insurance policy<sup>1</sup> - switched providers or canceled



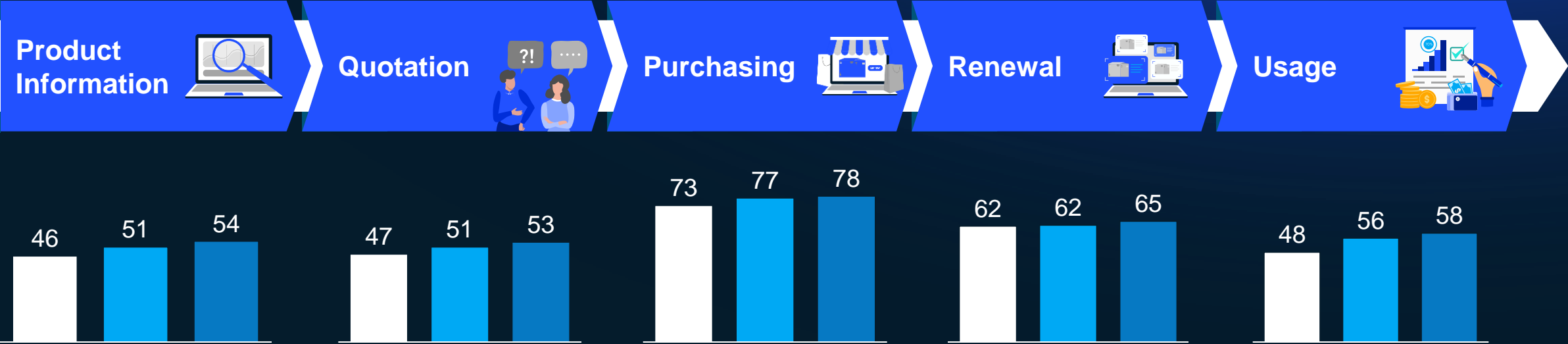
...And to renew they require excellence in the experience and conviction about the product's value



# B. The same study showed that there is an experience gap in the key decision-forming stages of buying an insurance product

Net Promoter Score (NPS) | % difference between promoters and detractors

Legend:  Canada  LatAm  Spanish LatAm



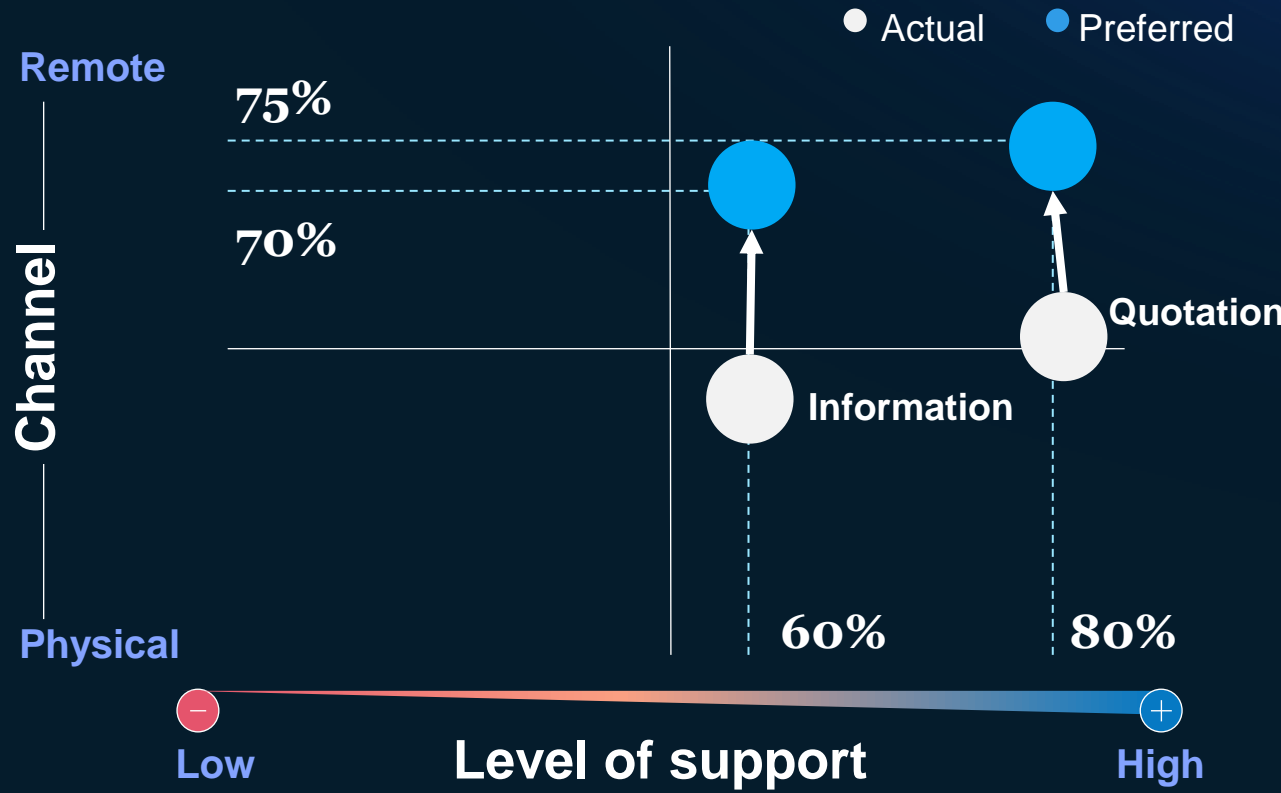
Not focusing on early stages of the journey impacts building the customer's preference

Focus tend to be on transactional stages, providing an adequate level of support and assistance

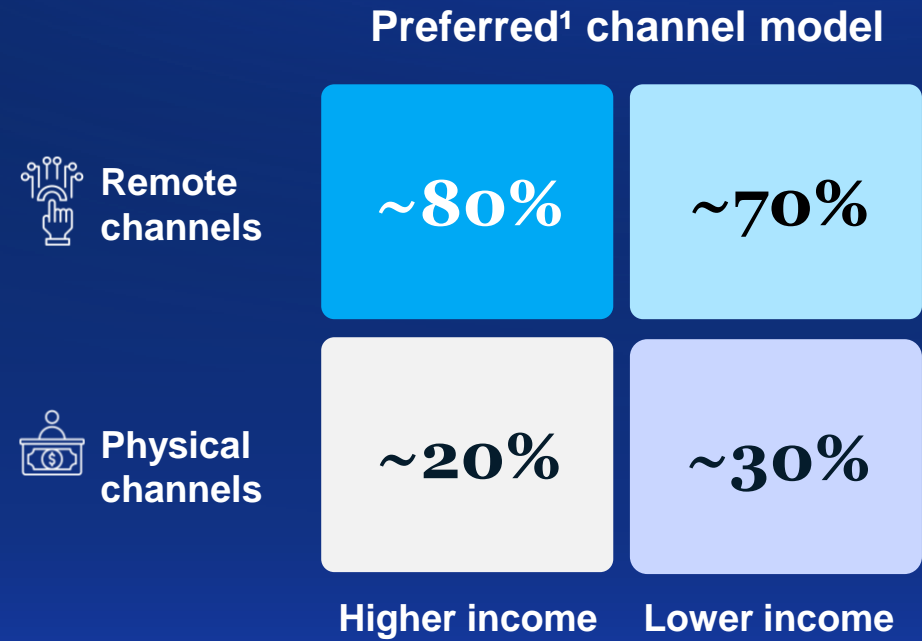
Q: At the xxx stage, would you recommend the bank where you purchased the following products? (Bancassurance clients) Unique answer  
Source: McKinsey proprietary Bancassurance Survey 2024; McKinsey team analysis

# B. Customers expect a hybrid journey: more remote channels while not compromising the level of support

Channel usage and level of support<sup>1</sup>  
% of respondents



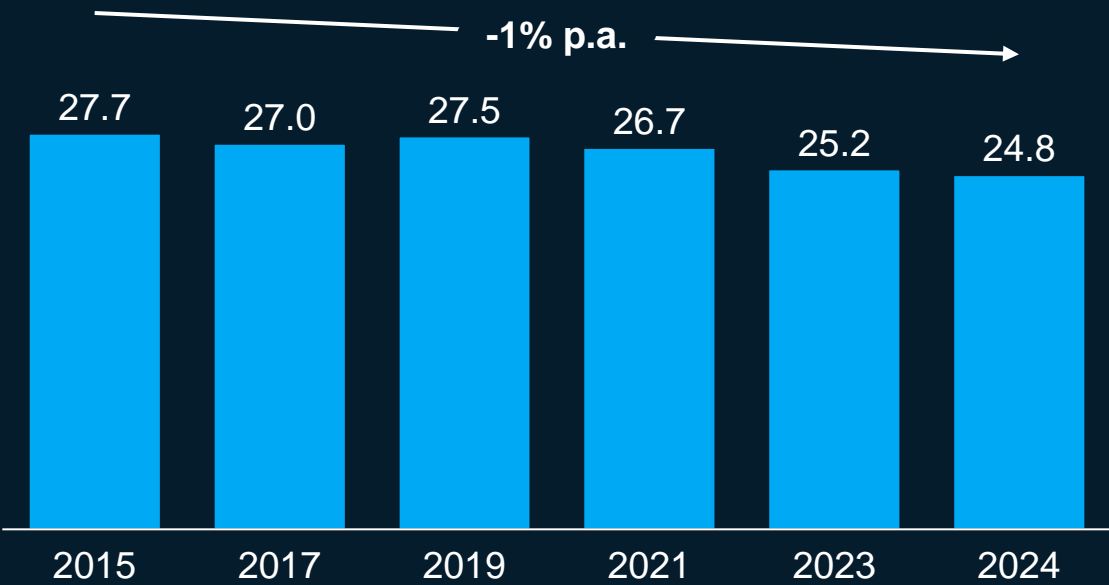
Hybrid Journey is a reality: channel preferences differ according to customer profile



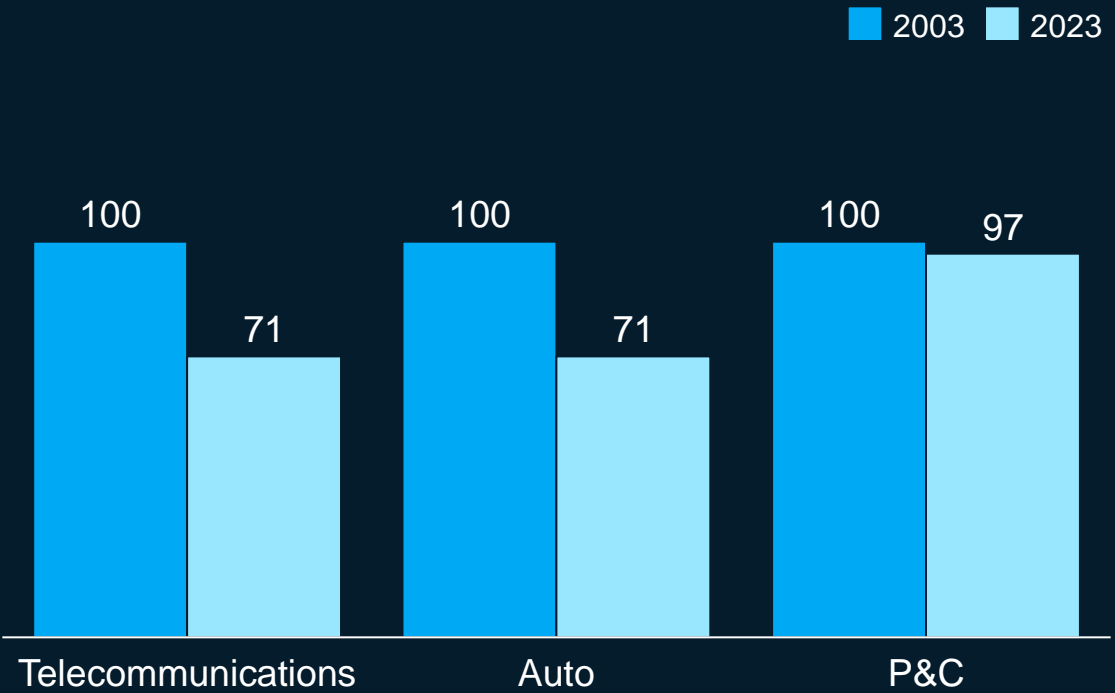
1. Considering responses for preferences at the information and quotation stages  
Source: McKinsey proprietary Bancassurance Survey 2024; McKinsey team analysis

# C. In mature markets insurers' expense structures have seen little improvement

US P&C Insurance industry expense ratio,  
%



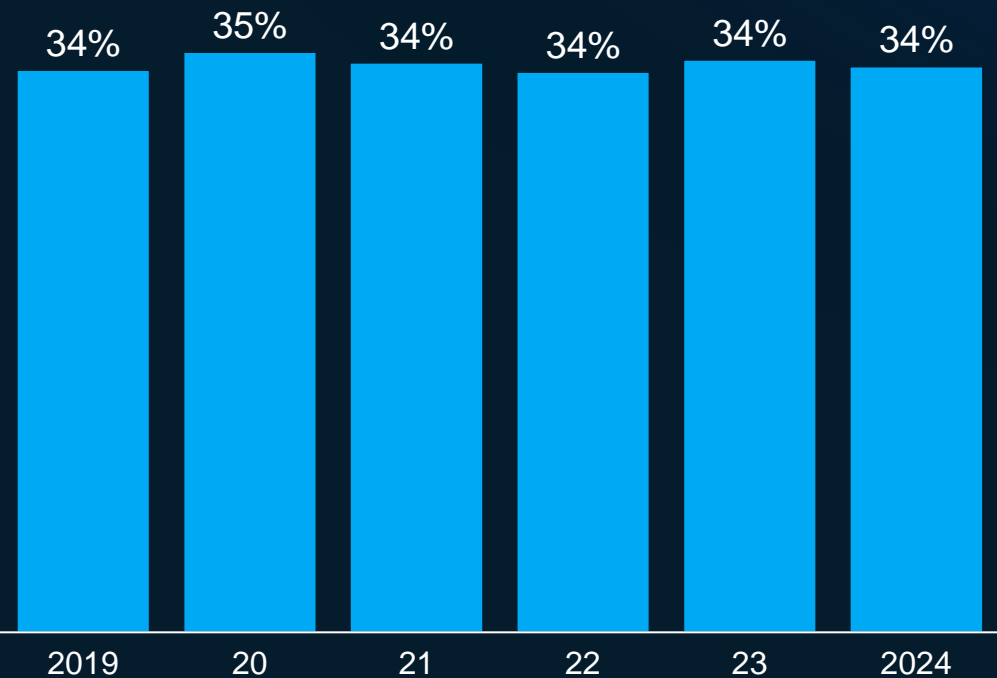
Cost efficiency evolution by industry<sup>1</sup>,  
% Total SG&A Expenses / Revenues  
2003 vs 2023, Normalized at 100 in 2003



1. Indexed; Expressed as "SG&A expenses as % of Revenue"  
Source: National Association of Insurance Commissioners, Insurance Information Institute, S&P Capital IQ, Team analysis

# C. Same applies to Latam, where efficiency is still a challenge

Evolution of costs,  
% NPE

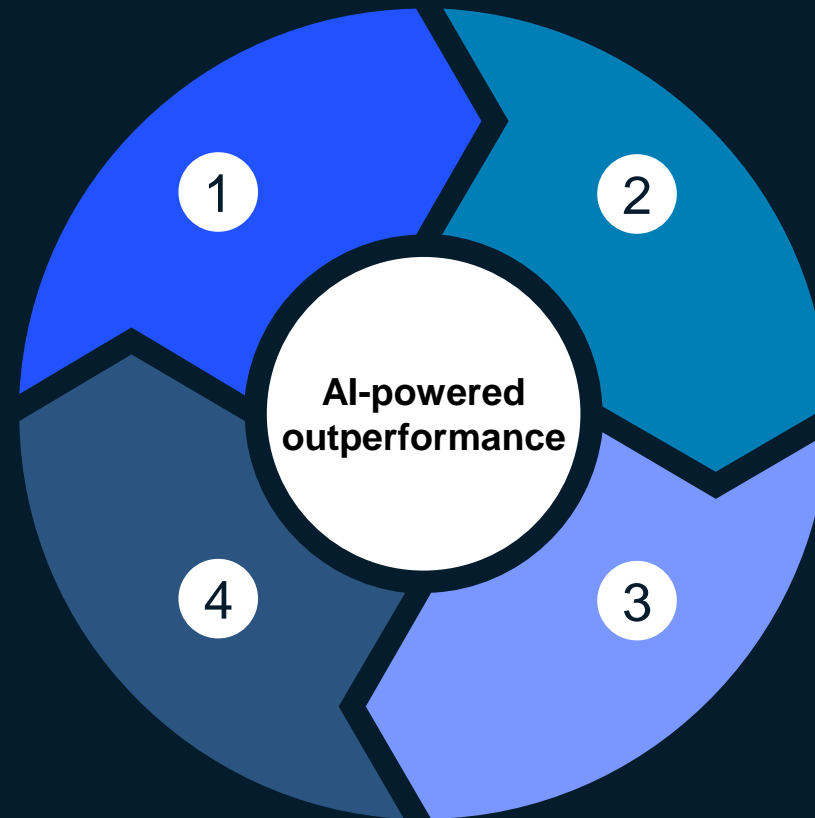
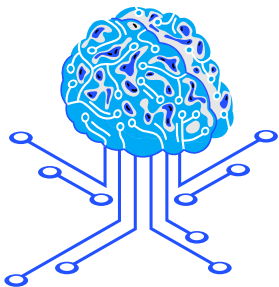


Breakdown by Latam country vs Europe<sup>1</sup>,  
% NPE – average 2019-24



1. Costs include acquisition and administrative expenses (for Europe assuming 2022 data)  
Source: Regulatory entities; industry report; EIU; team analysis

## D. A powerful AI flywheel can unlock unmatched competitive advantage for leading players



Digital / Data

Talent / Op Model / Adoption

Key enablers

### Sales, Advice and Distribution

Growing **15-20%** faster

### Underwriting and Pricing

Pricing **2-5%** more accurately

### Ops and Tech

Operating at **50%** lower cost

### Claims

Improving accuracy **2-3%**



**~90%**

*of uninsured consumers  
would be willing to buy  
insurance*



## **E. There is still relevant opportunity to capture the uninsured consumers**

**Customers would be willing to buy insurance products with the right balance of pricing, coverage and support**

Key attributes that would make non-users buy insurance, % of non-users willing to buy

More affordable and greater flexibility in payment

36

Services or coverage that I know I will use

19

Better explanation about the product

17

If I had received an offer

15






















Customize my protection

13

# E. Despite general common trends among customers, they have different perceptions across dimensions for each channel



## Customer perception of channels – ranked by most chosen

		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Institutional dimension	Brand gives me confidence	 Banks	 Brokers	 Digital
	Cares about offering the best to the customer	 Banks	 Brokers	 Digital
Product dimension	Offers the lowest price	 Digital	 Brokers	 Banks
	Offers the best benefits	 Banks	 Brokers	 Digital
	Offers greater customization	 Brokers	 Banks	 Digital
Service dimension	Provides a simpler journey	 Digital	 Brokers	 Banks
	Provides better support	 Banks	 Brokers	 Digital

Q: According to your perception, select the channel that makes the most sense for each of the statements below (clients with at least one bancassurance product)  
Unique answer

Source: McKinsey proprietary Bancassurance Survey 2024

# Contents

1

**State of the Industry in Latin America and Perú**

2

**Industry Trends: An environment for distribution transformation**

3

**Strategic Implications for Insurers**

# There are 5 actions to further unlock growth and capture the full potential in Latin America



**A.**

## **Committing to embedded insurance**

Collaborating with a broader range of partners, including mid-sized companies and emerging digital platforms, reaching new customer segments

**B.**

## **Enabling omnichannel experiences**

Ensuring seamless insurance journeys that integrate both digital channels and human interaction

**C.**

## **Powering channels with technology & AI**

Enhancing a channel's efficiency and effectiveness through better tools and real-time assistance

**D.**

## **Leveraging personalization**

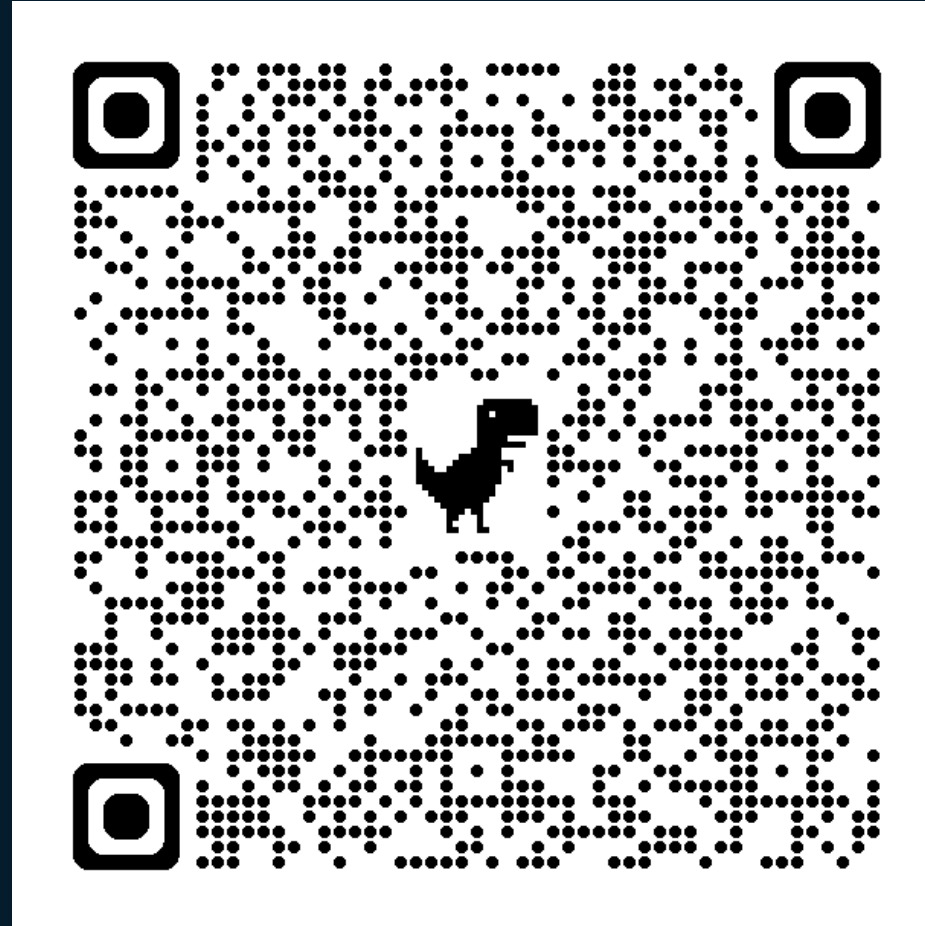
Unlocking profitable coverage by offering the products consumers need when they most need them

**E.**

## **Investing in trust-based relations**

Increasing penetration simply by ensuring consumers know and understand the products available to them

**To access our  
latest 2025  
Latam  
Insurance  
report, simply  
scan the QR  
code**





McKinsey  
& Company

# Pursuing insurance growth in Latin America

May 20th, 2025

**S INSURANCE  
DAY 2025**

CONFIDENTIAL AND PROPRIETARY  
Any use of this material without specific permission  
of McKinsey & Company is strictly prohibited

