INVESTOR PERCEPTION STUDY
BRAZILIAN INSURANCE

Insurance covering infrastructure, debt, health, and other non-life risks is poised to expand quickly in Brazil, say investors.
By staff reporters

Insuring growth

The confluence of an emerging middle class and rapidly spreading online commerce is set to be a boon to Brazil's vastly underpenetrated non-life insurance market, investors say. And while opportunities for real money accounts to invest in the industry directly remain scarce, consolidation is "inevitable", according to the Bradesco Seguros' Investor Perception Study on the 2014 outlook for the Brazilian non-life insurance sector.

Already, mergers and acquisitions are running at pace. In the first weeks of 2014, French insurer CNP Assurances said it would buy Tempo Dental for 133.6 million reais ($55.9 million), after picking up personal insurer Previsul last year. Among the larger deals of 2013 were Bradesco Saude's purchase of dental benefits provider Odontoprev, and Itaú Unibanco's acquisition of Banco BMG's insurance business.

In aggregate, the survey underscored an industry with ample room to increase. Brazil is the world's 13th largest insurance market. It has grown rapidly in recent years, at between 15% to 20% — fuelled by the expanding middle class. Yet, the penetration rate remains low, at 3.1%.

Within that, the non-life insurance business is a small part: life coverage accounts for four-fifths of premiums in Brazil. That gives non-life particularly