



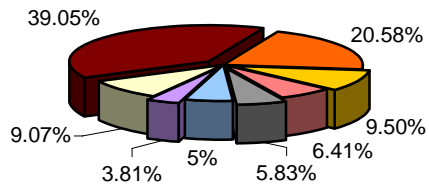
# PERU

## Fierce Competition and Growth in the Company Health Plans Market

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In Peru, the financial sector regulator that supervises insurance companies, banks, and pension funds (SBS), estimates health providers Rimac Internacional and Pacifico Salud controlled the 2001 – 2006 company health plans market with average market shares of 28% and 29% correspondingly. Rimac's average 33 % market share from January 2003 to January 2007 has made it the market leader.

**Market Share Percentage, Jan 2007**



Other	Rimac
El Pacifico Peruano Suiza	El Pacifico Vida
Invita	La Positiva
Interseguro	Latina

Source: SBS (<http://www.sbs.gob.pe/>)

In 2007 the insurance market is highly fragmented. There are 13 health insurance companies of which Rimac Internacional and Pacifico Salud control roughly 39% (US\$42 million) and 30% (US\$32 million) of the life and general insurance sector. The total volume of sales reached US\$107 million in January 2007.

New Entidades Prestadores de Salud (EPS, Health Providers) have entered the market in a period when, according to the counsel to Grupo Altas Cumbres Juan José Cárdenas, “the insurance business in Peru is thriving...”

In 2006, EPS companies Cardiff and La Positiva Vida joined the general and life insurance sectors capturing a combined market share of 1% at years end. The following is a breakdown of the billion-dollar 2006 insurance market.

Total Insurance Market Share (Thousands of Dollars)		
Company / Insurance Sector	2006	
	Sells Amount	Share
Rimac / General and Life	\$397,786	35.98%
El Pacifico Peruano Suiza / General	\$177,205	16.03%
El Pacifico Vida / Life	\$119,720	10.83%
Invita / Life	\$97,446	8.81%
La Positiva / General	\$62,438	5.65%
Interseguro / Life	\$95,105	8.60%
Latina / General and Life	\$43,013	3.89%
Mapfre Peru / General	\$39,913	3.61%
Mapfre Peru Vida / Life	\$36,942	3.34%
La Positiva Vida / Life	\$19,588	1.78%
Secrex / General	\$5,021	0.45%
Altas Cumbres / Life	\$10,953	0.99%
Cardiff / General and Life	\$436	0.04%
<b>Total</b>	<b>\$1,105,566</b>	<b>100.00%</b>

Source: SBS (<http://www.sbs.gob.pe/>); \*Peruvian Central Bank Exchange Rate Applied (<http://www.bcrp.gobpe/>)

El Comercio, the largest daily newspaper in Peru, notes that competition from newly emerging EPS PerSalud and soon to be EPS MapfrePeru will introduce competitively priced health plans (i.e., PerSalud is charging US\$13 for basic coverage, while, Rimac and PacificoSalud's prices range from US\$32-US\$36) that could spark another price war and weaken competition as newer companies begin to absorb the market.

The Peruvian insurance market has already received attention from American ACE Group members, INA International Holdings, Inc. and AFIA Finance Corporation. In late 2006 they acquired 100% of Banco del Trabajo, Banco Internacional Altas Cumbres, and Inversiones Altas Cumbres. In an ACE Group corporate news release, Ed Clancy, ACE Overseas General, views the acquisition as a chance to “participate in the vibrant and growing Peruvian insurance market” that has shown an impressive sales growth of 60% since 2001. Consequently, the evolving Peruvian insurance market will remain lucrative for American firms looking to expand into the Andean region.

### **For More Information**

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