

Uruguay

Demographic/economic data on [Uruguay](#)



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General Information

Legislation & Supervision:

Uruguay is a constitutional republic with a civil law system based upon the Spanish civil code. Supreme Court judges are appointed by the president with parliament's support

Insurance is regulated by the Superintendency of Financial Services (SSF), part of the Central Bank of Uruguay (www.bcu.gub.uy)

Major forms of Compulsory Insurance:

- Workers' Compensation
- Motor Third Party Liability for personal injury
- Third Party and Passenger Liability for aircraft operations and owners of lifts
- Property insurance on apartments
- Passengers on public transport

Non-Admitted Insurance:

Not permitted except for merchant vessels and floating installations (fishing vessels not included, however) registered in Uruguay and international marine cargo

Types of Insurance Restricted to Government Institutions:

Compulsory Workers' Compensation is through the state insurance company, BSE

State Involvement:

The state insurance company, Banco de Seguros del Estado (BSE)

Insurance Companies:

All insurance companies must be registered with the Central Bank of Uruguay. Many of the major players are represented in Uruguay and all companies are members of the Uruguayan Association of Insurance Companies (AUDEA, www.audea.org.uy)

Distribution Channels:

Agents are the most common distribution channel in the market. The state insurer, BSE, relies heavily on its extensive agency network. Brokers are now well established; however direct marketing, e-commerce and insurers' own sales forces are not significant. Intermediaries do not need to be registered with the Central Bank. Most brokers are members of the Association of Professional Uruguayan Insurance Brokers (APROASE, www.aproase.com.uy) and bigger brokers are members of the Uruguayan Chamber of Professional Intermediaries (CUAPROSE)

Currency Restrictions / Exchange Controls:

None

Policy Wordings & Rates / Tariff Controlled:

The market is a non-tariff market

Policy Language:

Spanish but English translations are admissible

Policy Currency:

Peso (UYU) but premiums can be paid in U.S. Dollars

Policy Period:

One year is the normal term although three to five year Long Term Agreements (LTA) are available for property business

Cancellation Provisions:

Immediate effect for the insured

Fifteen days for the carrier

Premium Taxes and Charges:

From 5% to 15 % depending on line of business

Brokerage Commissions:

Property Damage / Business Interruption: 10-35%

Automobile: 10-25%

Marine: 10-25%

Commission on large risks is individually negotiated. Commissions may not be paid to foreign brokers

Broker of Record Letters:

Use of Broker of Record Letters (BORLs) is not market practice although it is required when there is a change in the existing insured / insurer relationship

Reinsurance:

There are no restrictions on fronting operations, no obligatory local retentions or local cessions

100% cessions are permitted

Pooling Facilities:

None

Local Natural Hazards:

Seasonally high winds (the pampero is a chilly and occasional violent wind which blows north from the Argentine pampas), droughts, floods

Because of the absence of mountains, which act as weather barriers, all locations are particularly vulnerable to rapid changes from weather fronts

Uruguay is not susceptible to earthquake. The southern and eastern coastal regions are prone to windstorm, and winds of up to 75mph/120kmph can occur

Bush fire hazard is low but forest fires are a concern

Main Classes of Business:

Non-life (P&C) Insurance Market

The eleven private insurers have managed to grow their market share to more than 40 % of the non-life market, despite the competitive advantages held by the state insurer, BSE

Motor is the largest class of insurance

The non-life market ranks 82nd in the world in terms of premium income

Life Insurance Market

The life sector experienced a marked increase in the number of policy surrenders and lapses. Demand for life insurance is believed to have improved in 2011 and the life sector is starting to feel more optimistic

Healthcare

There is a new Law 18.211 which implemented the National Integrated Healthcare System

The main objective is to unify equal treatment from public and private providers through the social security

Private institutions and other private insurance markets offer hospital cash benefit plans, critical illness and some medical expenses

Pensions

The present state pension system introduced a compulsory dual basis pension scheme involving the government social security facility and new private fund administrators. The governing Law 16.713 dates from 1995. The demand for voluntary pensions has been limited to the professional classes. Employees are required to contribute 12.5 % of their wages towards their pension entitlement and the employer's contribution is 7.5%

Product Information

Property Insurance

Named Perils:

Standard fire perils include – fire, lightning, aircraft, industrial explosion, strike, riot/civil commotion, lock-out, vandalism, malicious damage, aircraft or vehicle impact and smoke. The Extended Coverage endorsement covers the perils of windstorm, hurricane, cyclone or tornado. Earthquake, flood, storm, burst water pipe, hurricane and debris removal are available in the market for an additional premium charge

All Risks:

Available

Coinsurance:

Available for all risks policies, but most common for larger risks

Basis of Indemnity:

Buildings, Contents, Machinery & Equipment: replacement value

Stocks: production costs

Business Interruption:

Usually follows UK Loss of Profits form but U.S. Gross Earnings forms available for Global Programs

Discount for fire protection equipment / systems:

Negotiable (can go up to 65%)

Terrorism

No special legislation to be complied with

Boiler & Machinery / Machinery Breakdown / Engineering

Cover follows UK, German and U.S. forms

Construction

UK, German and U.S. forms available

Bonds / Surety

Available

General / Public Liability

Widely available

Products Liability

Widely available

Policies usually written on an Occurrence Basis but Claims Made is available

Workers' Compensation / Employer's Liability

Compulsory. Self-insurance is allowed but must meet minimum capital requirements. Extra-Territorial Benefits, Medical Expenses (including Funeral Costs), Occupational Disease are also included

Professional Indemnity (Errors & Omissions)

Available

Directors & Officers Liability

Available

Automobile / Motor**Compulsory Limits:**

Bodily Injury: US\$20,000

Mercosur liability cover is compulsory for driving outside the country and is limited to US\$20,000 body injury up to US\$120,000 in aggregate

Comments:

It is usual for excess liability limit to be purchased bought in the private sector from US\$500,000 to US\$1,000,000

Personal Accident

Widely available

Medical Expenses

Some employers and associations provide top up coverage for their employees but it is uncommon

Disability

Basically the only cover available is for employees and is arranged by the state. Expatriates have their own insurance provided by their employers abroad

Crime / Fidelity

Limited availability

Marine / Inland Transit

Usual London Institute Clauses and Institute Hull Clauses

Other Classes of Insurance readily available

Aviation; Trade Credit; Contract Works; Corporate Travel

Note: Information contained in this report has been obtained from a number of sources. As legislation, regulation, market practice and characteristics are constantly changing, we cannot accept responsibility for any inaccuracies in this report or any decisions or action taken on the basis of such information. We recommend local advice be sought before any action or decisions are taken.