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Demand for Cartel Insurance increases significantly across the LATAM region.

- Add-on to regular political violence insurance will cover physical damage, going further than regular Strikes, Riots and Civil Commotion (SRCC) cover.
- Product focused on Mexico, Guatemala, Honduras, and El Salvador.

Global specialty (re)insurance group Chaucer has announced a significant increase in demand for coverage against cartel violence after a marked increase in high-profile incidents in the LATAM region. The product is available as an extension to its Strikes, Riots and Civil Commotion (SRCC) insurance.

The ‘organised crime cover’ policy covers physical damage arising from cartel activity in Mexico, Guatemala, Honduras and El Salvador.

Cartel gangs have become a huge problem for businesses across Central America. In 2018 the President of Mexico said cartels were stealing \$3 billion worth of fuel every year from state-run fuel depots and pipelines*.

There has been increased demand from hotel operators as cartel activity has been occurring in major tourism centres, including centres for tourism, like Cancun that had previously been relatively untouched by cartel violence.

Gabriel Mayorga, underwriter in political violence at Chaucer says that there is strong demand for this kind of insurance both from the retail sector and from major hotel operators across the region.

Last year, the Mexican Chamber of Commerce warned that organized crime is putting Mexican businesses in more direct risk, following an arson attack by cartels on 25 OXXO convenience stores in Western Mexico**. The attack, in response to the arrest of high-profile cartel members, also saw streets blockaded by burning vehicles.

Gabriel Mayorga says: “Our product gives businesses operating in Central America greater certainty in the event that they fall victim to cartel activity.”

“Providing this kind of bespoke coverage is a prime example of how the (re)insurance industry evolves to protect clients, giving them the confidence to operate in regions in which organised crime is prevalent.”

Cartels hold a significant stake in the underground economy. A 2011 report by the United Nations estimated that worldwide proceeds from drug trafficking and cross-border organized crime is equivalent to 1.5 per cent of global GDP, or \$870 billion***.

**AP News*

***Reuters*

****United Nations Office on Drugs and Crime*

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About Chaucer

Chaucer are a leading specialty (re)insurance group working with brokers, coverholders and clients to protect and support business activities around the world. Our services are accessed both through Lloyd's of London and the company markets.

We are defined by an enterprising, bespoke approach to (re)insurance, enabled by the individual character, experience and imagination of our expert teams.

Chaucer is a member of the China Re Group and backed by their financial and operational resources. China Re is one of the world's largest reinsurance companies whose outstanding and comprehensive strength is rated A (excellent) by AM Best and A (strong) by S&P Global Rating.

Chaucergroup.com