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Social unrest in Latin America rises due to COVID and economic stress

- Colombia sees 358% rise in civil unrest in past year
 - Riots up 37% in Argentina
- Some countries see as much as a tripling in social unrest events in the past year
 - Inflation tips region into cost-of-living crisis

The number of protests and riots in Latin America increased in the last year* from 3,405 to 3,617 shows new analysis by specialty (re)insurance group Chaucer.

Chaucer says that the rise in protests in the region had been increasingly driven by inflation, adding to the economic and social stresses initially caused by Covid.

Colombia and Argentina experienced the largest jumps in social unrest in the region. Colombia saw more than a tripling of social unrest events in 2021-22, jumping from 144 to 660 - a 358% increase. Argentina witnessed a 37% spike in social unrest brought about by economic stress. The overall number of riots in Argentina increase from 140 to 192.

These countries have been hit hard by inflation, which has caused Governments to hike interest rates to compensate. Interest rates in Colombia are up from 2% to 7.5% in the past year and rates in Argentina surged from 20% to 50% in the past two years.

Latin America was also one of the regions hardest hit by the COVID pandemic. According to the OECD, Latin America struggled to contain contamination levels due to the prevalence of an informal economy, in which those who don't work, don't get paid. This has been exacerbated by the limitations of countries' healthcare infrastructure and poor social protection systems.

Harriet Sharp, Head of Political Violence & Crisis Management at Chaucer said: "As COVID-19 shut down large sections of the region's economy, Latin American countries have seen an increase in social unrest as incomes have plummeted and healthcare systems have been put under strain."

"With recovery now hampered by global inflation and supply chain uncertainty, discontent in the region looks likely to grow for the foreseeable future."

The inflation-led growth in unrest in the region has led to damages to property caused by protest. Unfortunately for some businesses, their insurance policy may exclude this kind of damage from general insurance policies.

Companies are increasingly turning to specialist SRCC (Strikes, Riot and Civil Commotion) cover, which explicitly insures against damage from riots and protests. Businesses in higher-risk locations can use SRCC insurance to plug any gaps in their existing cover relating to social unrest.

Chaucer says that the demand for insurance covering damage sustained during social unrest had been increasing for years before COVID but will continue to grow as global unrest mounts due to inflationary pressures.

Harriet Sharp says: “With many Latin American countries now facing the prospect of inflation causing a cost-of-living crisis, corporates must think carefully about protecting themselves from a likely increase in damage caused by social unrest.”

**Year ending February 2022. Data source: Armed Conflict Location & Event Data Project*

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About Chaucer

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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.

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