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GOING OUT, GUARANTEED: Chinese Insurers in Latin America

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In Latin America, China is well known for its ventures in the region's extractive sectors, extensive agricultural interests, and numerous large-scale energy and other infrastructure projects. Although infrastructure and resource-seeking trade and investment continue to underpin the relationship, the scope of China's economic activity in Latin America is rapidly expanding into areas such as telecommunications, medical technologies, and renewable energy, supporting China's efforts to upgrade its own economy and in response to the region's surging demand for high-tech, low-cost solutions to long-standing development challenges.

Financial services are also among those areas where Chinese companies are well-positioned to considerably expand their footprint, given the range of opportunities in Latin America and China's prioritization of financial integration as part of its expansive Belt and Road Initiative (BRI). Chinese policy banks, commercial banks, and private equity funds have gradually grown their Latin American portfolios over the past decade, as the Inter-American Dialogue and Boston University Global Development Policy Center note in numerous studies and data sets.[1] At the same time, China's insurance giants are increasingly eyeing Latin American markets in support of the BRI or to provide life, health, and property insurance products to Latin American consumers.

There is much to suggest a growing presence for Chinese insurers in Latin America in the coming years, as China increasingly calls upon its providers to support Chinese infrastructure projects in Latin America and other regions. There are signs that the region's life and non-life insurance markets are also being targeted by Chinese insurers for future expansion. The eventual extent of Chinese activity in the region's insurance industry will depend on wide-ranging factors, of course, including the nature and degree of Chinese infrastructure activity in the region, shifts in China's insurance regulatory environment, and Chinese perceptions of risk in Latin America.

China's Burgeoning Insurance Industry

China's insurance industry developed at a rapid pace over the past few decades, leading to the creation of the China Insurance Regulatory Commission and the return of foreign insurers to the Chinese market in the 1990s. When China entered the World Trade Organization in 2002, its government made a "high-level, wide-range, stage-by-stage" commitment to open to foreign investment in financial services, including in the country's insurance

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industry.[2] During this period, China issued new licenses to foreign insurance companies in life and other markets, and China's top insurers, such as the People's Insurance Company of China (PICC), upgraded their operations, adopting some international regulatory models and developing new insurance products.[3] As a result of these and other developments, along with growing demand among Chinese consumers, China's written premiums grew by nearly 1,200% between 2000 and 2014.[4]

Groundbreaking developments in China's insurance industry have also been evident in the past few years, as the industry grappled with widespread corruption allegations and China's leadership faced mounting social, environmental, and demographic challenges.[5] Amid 2021 revelations about fraudulent practices at the country's biggest life insurance operator, China Life,[6] and allegations of corruption at insurance conglomerate Anbang in 2018, China strengthened its insurance industry regulations, focusing its providers on addressing China's most pressing social risks. Since 2018, Chinese authorities created the China Banking and Insurance Regulatory Commission (CBIRC); offloaded massively overextended suppliers; supported the development of mutual insurance,

TABLE 1: MILESTONES IN CHINA'S DOMESTIC INSURANCE INDUSTRY DEVELOPMENT, 1949–2020

Source: Author compilation; "70 years of insurance in China" ("中国保险70年"), Baidu, August 15, 2019.

DATE	INDUSTRY MILESTONE
1949	China convened the first National Insurance Work Conference and approved the establishment of the People's Insurance Company of China Restrictions placed on foreign investment
1979	Reconstruction of insurance industry as part of China's period of reform and opening-up
1988	Ping An Insurance was established as China's first joint-stock insurance company
1992	Pilot program approved for foreign investment in China's insurance industry
1995	The first *Insurance Law* was published
2001	China joined the WTO and its insurance industry entered the "third stage of comprehensive development"
2003	PICC was listed on the Hong Kong Stock Exchange, making it the first Chinese state-owned financial enterprise to go public overseas
2014	The State Council's *Several Opinions on Accelerating the Development of Modern Insurance Service Industry* established that China's insurance depth (premium income/GDP) should reach 5% by 2020
2018	China had established 235 insurance companies, with total assets of 18.33 trillion yuan
2018	CBIRC released the *Three-Year Action Plan for Promoting the High-Quality Development of the Property Insurance Industry (2020–2022)*
2019	China issued the *Administrative Measures on Health Insurance* in response to growing domestic demand for health-related protections
2020	China Banking and Insurance Regulatory Commission allowed 100% (instead of the previous 51%) foreign ownership of insurance companies operating in China

health, and pension insurance institutions; promoted the construction of a new insurance intermediary market system; and improved the catastrophic risk dispersion mechanism for agricultural insurance.[7]

Chinese regulatory authorities have tightened the supervision of insurance intermediaries since early 2021, targeting companies such as Yongxin Insurance Sales Service Co., Ltd. Qingdao Branch, Guanghua Insurance Agency Taian Branch, Shanghai Ocean Insurance Appraisal Co., Ltd., and Hubei Anxing Tianxia Auto Insurance Sales Co., Ltd.[8] New regulations also allow qualified insurers and brokers to sell approved online life insurance policies nationwide while banning those that fail to meet requirements.

In 2020, to help address the demands generated by a rapidly aging population with rising quality of life expectations, the CBIRC allowed 100% (instead of the previous 51%) foreign ownership of insurance companies operating in China and eased the entry conditions for foreign insurance companies by removing the requirement that they be operational for at least 30 years before entering the Chinese market.[9] In June 2020, as a result of these measures, the CBIRC approved the establishment of AIA Life Insurance, the first wholly foreign-owned life insurance company in mainland China.[10]

China also focused on upgrading its private health insurance market, including through the 2019 *Administrative Measures on Health Insurance*—a response to growth in Chinese demand for health-related protections. These measures expanded the definition of health insurance to include medical accident insurance, lengthened the period for long-term care insurance, allowed approved pension insurance companies to also sell health insurance products, and required the shared cost ratio of health management services to not exceed 20% of the net premium, among other modifications.[11] More recently, amid the Covid-19 pandemic, major telehealth companies such as JD Health, Ping An, Xingren, and WeDoctor successfully integrated with China's basic national medical health insurance program to provide medical services.[12]

Chinese consumer interest in property insurance has soared in recent years, leading to the 2018 release of the CBIRC's *Three-Year Action Plan for Promoting the High-Quality Development of the Property Insurance Industry (2020–2022)*. The plan is designed to encourage property insurance companies to focus beyond auto insurance products, which in 2020 accounted for more than 60% of China's property insurance offerings.[13] Premiums from non-auto insurance online sales were already rising when the plan was released, having grown by 79% during the first half of 2018. In fact, continued high growth rates in auto and non-auto premiums have prompted the CBIRC to keep a close watch on the property insurance industry in recent months.

Although much of China's insurance industry growth has occurred within China, demand for insurance products among Chinese companies operating overseas has also skyrocketed in recent years.

Although much of China's insurance industry growth has occurred within China, demand for insurance products among Chinese companies operating overseas has also skyrocketed in recent years. In 2016 alone, Chinese insurers underwrote 263 BRI projects in 29 countries, totaling US$30.73 billion. Yet, according to an article published by the *China One Belt One Road Network*, at present, the supply of China's overseas property insurance and engineering insurance only accounts for about 15% of the total demand."[14] With growing overseas interests in mind, the country's 14th Five-Year Plan (2021–2025) promotes a continued focus not only on "bringing in," or allowing more foreign capital in China's insurance industry, but also on "going out," or overseas investment. China's insurers have been strongly encouraged to mitigate trade risks through export credit insurance or tariff guarantee insurance, and to support the broader needs of the many Chinese companies developing the BRI, Chinese President Xi Jinping's signature foreign policy initiative.[15]

Insuring the Belt and Road

Assuming a continued commitment in Beijing to advancing and expanding the BRI, China's global insurance footprint is positioned to grow in Latin America and other regions. China's insurance industry has been "gradually focusing on the insurance needs of Chinese-funded enterprises as they 'go global', innovating products and services, increasing the speed of claims settlement, and continuing to 'expand territory'," according to *China Insurance Banking and Insurance News*, the CBIRC's official news service, in a 2018 piece entitled "Escorted Road."[16] China's state-run *Xinhua* news agency similarly explained in March 2021 that as BRI construction "has swept the world," the risks to Chinese infrastructure development, whether "political, economic, legal, catastrophic, or social," require a coordinated response not only from the government and China's construction companies but also from the country's expanding insurance industry.[17]

The overseas risks encountered by Chinese companies are a topic of growing focus in China, where entire conferences and abundant government reports are devoted to the topic. The Jiangtai International Cooperation Alliance organizes annual events dedicated to assessing overseas investment risks for domestic and foreign experts from Chinese small and medium-sized enterprises to consider risk avoidance and due diligence.[18] China's provinces are also active in this area. In 2021, to "accelerate high-quality development of commerce" through export credit insurance, the Jiangxi Provincial Ministry of Commerce and the Jiangxi Province branch of CITIC Insurance co-organized the "Latin American Countries Investment Cooperation Environment and Credit Insurance Policy Seminar," inviting more than 70 representatives from 40 companies and featuring commentary from the China Securities Regulatory Commission Brazil office.[19]

Through research initiatives, China's government has also sought to help Chinese companies avoid the risks associated with foreign financing, taxation, laws, and labor regulations, as Zhou Jinzhu, deputy director of the research arm of the China Council for the Promotion of International Trade (CCPIT), noted in 2021.[20] For instance, after soliciting input from China's top insurance providers, China's State-Owned Assets Supervision and Administration Commission (SASAC), which oversees China's state-owned enterprises, produced the 2021 study, "Construction of the Overseas Security Risk Prevention and Control System for Central Enterprises."[21]

As one of the first companies to guarantee major Chinese engineering or construction projects and exports in Latin America, China Export and Credit Insurance Corporation (Sinosure) learned early on of the risks attendant to overseas projects. The company's global accumulated losses and claims doubled between 2013 and 2014 as the BRI took shape.[22]

In the Latin American region, the state-run insurer has largely guaranteed China Eximbank's credits for infrastructure projects. It backed Eximbank finance for the Cóndor Cliff-Barrancosa (then Néstor Kirchner-Jorge Cepernic) dam projects in Argentina's Santa Cruz province, for example. And in 2016, Sinosure guaranteed Eximbank's

TABLE 2: EXAMPLES OF SINOSURE SUPPORT FOR INFRASTRUCTURE DEVELOPMENT AND RESOURCE ACQUISITION IN LATIN AMERICA

Source: Author compilation.

PURPOSE	YEAR	COUNTRY
Chinese credit guarantee supporting Cóndor Cliff and Barracosa dam development	2015	Argentina
Petrobras debt financing guarantee	2016	Argentina
Support for Chinese companies operating Empresa de Transmisión Eléctrica S.A. de Panamá (ETESA) projects	2018	Panama
Export credit for delivery of telecommunications technologies to the Government of Jujuy Province	2018	Argentina
Chinese credit guarantee supporting Chinalco mining operations	2019	Peru
Chinese credit guarantee supporting Pemex operations	2019	Mexico

US$900 million in debt financing for Petrobras. Sinosure has also backed loans to Mexico's state oil company, Pemex; the government of Jujuy province in Argentina; and Chinese mining company Chinalco. Xinjiang Goldwind Science and Technology Company additionally worked with Sinosure in 2018 to secure guarantees for exporting its turbines to Argentina.

Like China's policy banks—China Development Bank and China Eximbank—which issued sizable, tied loans to Latin American governments from 2005 to 2020, Sinosure has worked to create opportunities for Chinese companies in the region. For example, in a December 2018 agreement with Panama's Empresa de Transmisión Eléctrica S.A. (ETESA), Sinosure promised to provide guarantees for Chinese companies participating in ETESA projects.[23] As a result, ETESA awarded Sinolam Smarter Energy (formerly Martano), a subsidiary of Shanghai Gorgeous Investment Development Company, a contract in 2015 to supply 350 megawatts to three of Panama's distribution companies.[24]

Sinosure's commitment to trade facilitation—another BRI objective—is achieved through export credit services, certainly, but also through strategic partnerships with large regional banks. In 2020, Sinosure and Mexico's Banorte signed an agreement to support China-Mexico bilateral trade, with Sinosure agreeing to provide insurance and credit guarantees to Banorte, which then issued credit to Mexican businesses for importing Chinese products.[25] Sinosure also signed trade-boosting agreements with Argentina's El Banco Nación[26] and Banco de Inversión y Comercio Exterior in 2018.[27] Colombia's Bancoldex signed a memorandum of understanding with Sinosure in 2019, stipulating Sinosure's provision of short, medium, and long-term insurance and guarantees to Chinese exporters, and for Chinese projects in Colombia.[28] A framework cooperation agreement was also signed in 2015 with Banco de Chile and Chile's Banco de Crédito e Inversiones to promote cooperation in the provision of export credit insurance and in support of Chinese engineering contracts.[29] China's companies such as PICC P&C and China Property and Casualty Reinsurance Company have likewise been active in trade facilitation, having jointly established the first technical equipment co-insurance body.[30]

In addition to Sinosure, other Chinese insurers have made recent inroads in the region, addressing the growing needs of Chinese companies through cooperative arrangements with Latin American insurers or acquisitions of international insurance companies. One example is the PICC's Property & Casualty Company's 2017 strategic cooperation agreement with Chubb, the world's largest publicly traded property and casualty insurer.[31] Through the agreement, Chubb made its global insurance operations and partnerships available to PICC and its customers, "giving Chinese companies with multinational insurance programs the ability to service their overseas insurance needs."[32] Also in 2017, the US-based Starr Insurance Companies announced it was working with PICC to provide insurance for Chinese company employees working overseas on the BRI.[33] The companies jointly developed specialty accident and health offerings for Chinese employers.[34]

In other cases, Chinese companies have forged partnerships in reinsurance, joining Sinosure in supporting BRI-related infrastructure development across Latin America. In pursuit of a possible deal with Broker de la Plata in 2019, PICC sought permission from Argentina's Superintendencia de Seguros de la Nación to operate as an admitted reinsurer for companies providing all-risk policies to public works projects with Chinese investment.[35] In 2021, PICC signed an agreement with Argentina's Nación Seguros, Nación Reaseguros, and ICIB (Industrial and Commercial Insurance Brokers) to codevelop reinsurance businesses in Argentina, focusing on support for local insurers that favor Chinese investments.[36]

Chinese insurers are addressing the growing needs of Chinese companies through cooperative arrangements with Latin American insurers and acquisitions of international insurance companies.

China Reinsurance Corporation (China Re)—the largest reinsurer in China and Asia and the owner of China Continent, one of the five largest insurers in the Chinese market—has also committed to supporting the BRI's extension to Latin America. The company partnered with Spanish insurance company Mapfre in 2019 to insure Chinese projects in Latin America.[37] Mapfre will provide reinsurance support for China Re on projects of interest to both parties. In 2019, China Re also purchased Chaucer, which accounts for most of Hanover Insurance Group Lloyd's international specialty business.[38] According to China Re, the acquisition was intended to strengthen its core reinsurance business; enhance its global market position in Europe, North America, and Latin America; and better serve the BRI.

Additionally, with Chinese companies' expansive needs in mind, the CBIRC and twenty of China's top property and casualty insurers—including PICC P&C, CPIC P&C, Ping An P&C, and China Re P&C—established the "One Belt One Road" Reinsurance Community in 2020 "to serve the 'Belt and Road' construction,"[39] providing specialty insurance products to Chinese-funded businesses. Noting the varied and numerous challenges that Chinese companies have encountered in recent years, the community's products include political violence insurance, insurance to cover engineering and construction delays, cargo transportation insurance, and terrorism insurance.[40] These companies are seeking to address the complex risks—natural disasters, legal liabilities, infectious diseases, or otherwise—facing property and personnel over the life cycle of overseas projects, from bidding and engineering to operation and delivery.[41]

In Latin America, Chinese companies' exposure to regional risk factors may very well intensify in the coming years, as the region grapples with the social and economic effects of the Covid-19 pandemic.

Among Chinese authorities, risk management through Chinese (rather than international) insurance is increasingly viewed as critical to the success of China's construction companies. When the international insurance community ceased operations in Myanmar after the February 2021 coup d'état, China's "One Belt One Road" Reinsurance Community stepped in to support the development of a China power station, providing critical "political violence" insurance to the Chinese companies involved.[42] The community also supplied "political violence" reinsurance for China Railway Construction Corporation's construction of Chile's Route 5 highway.

In Latin America, Chinese companies' exposure to regional risk factors may very well intensify in the coming years, as the region grapples with the social effects of the Covid-19 pandemic. As China's *One Belt One Road Network* has noted, "[i]n the post-epidemic era, global economic instability and uncertainty have increased, and the risk of defaulting on sovereign debt in some countries has increased."[43] In a 2020 report, Sinosure also took stock of growing risk in Latin America, noting that "the region faces a new political, economic, debt, and social tests," and that as "the falls into a larger level of recession, and the sovereign debt default is affected." The study made specific mention of growing risk in Argentina, Ecuador and Venezuela.[44]

Latin American debt to China varies considerably on a country-by-country basis, but instability in the region could affect numerous projects. China maintains an expansive and growing footprint in energy and other industries. By the end of 2019, Chinese companies fully or partially owned 304 power plants in Brazil, accounting for about 10% of national capacity.[45] China also played a role in the construction of at least 20 ports in Latin America by the end of 2018.[46] Chinese companies' rail investment is similarly prominent in some countries, including the upgrading and expansion of the Belgrano Cargas network in Argentina.

China's insurance companies and consortia, such as the "One Belt One Road" Reinsurance Community are clearly expanding their global offerings, motivated by a central government mandate to advance BRI objectives. The extent to which China's major insurers will take advantage of growing demand in Latin America for life and non-life products is less certain, but there are nevertheless some signs of growing interest among Chinese providers, as indicated in the next section.

Beyond Infrastructure?

The life insurance industry in Latin America was performing well even before Covid-19, having grown by 5.1% in 2019, aided by a favorable interest rate environment that offset the region's economic climate. In 2019, according to insurance company Mapfre, total insurance premiums in Latin America and the Caribbean amounted to US$153.05 billion, of which 54% came from non-life insurance and the remaining 46% from life insurance.[47] Amid the pandemic and related uncertainties, interest in life insurance and other protection products has surged among Latin American consumers.[48] Embedded insurance is also on the rise, leveraging the region's growing use of e-commerce to enable consumers to purchase a product and relevant insurance at the same time.[49]

Chinese companies remain focused on backing the BRI in the region, but as the pandemic boosts Latin American demand for insurance products, there is some possibility of growing interest among Chinese companies in the region's life and non-life insurance markets. In fact, some Chinese insurers have already sought out opportunities in these markets—years ago, in some cases. According to *Sina Finance*, China Life had expressed interest in entering the Latin American capital market as early as 2007. At the time, the company was providing insurance business services for Latin American staff and tourists in China and Chinese tourists to Latin America and had established talent-training arrangements with insurance companies operating in the region.[50] PICC has also supplied coverage to employees of Chinese companies for a number of years.

More recently, China's tech conglomerates have shown interest in the region's insurance markets. In 2019, Portuguese insurance company Fidelidade Mundial, majority-owned by conglomerate Fosun International, announced it would sell insurance in Chile through a series of partnership agreements.[51] In 2019, Fidelidade's Peruvian unit, FID Peru, acquired a 51% stake in Peru's La Positiva Seguros y Reaseguros, which provides health, auto, accident, home, and mandatory vehicle insurance; and an approximate 24% stake in Bolivia's Alianza Compañía de Seguros y Reaseguros.[52] According to a 2017 *Valor Econômico* report, Fosun International has also expressed considerable interest in Brazil's insurance market, purchasing the Brazilian operations of Caixa Seguros, Portugal's largest insurance group, for €1 billion (US$1.36 billion) in 2014.[53] In 2017, Fosun also sought to acquire Brazilian insurer Pottencial Seguradora S.A.

The Latin American insurance market might also prove attractive to Ping An as interest in its long-term life policies diminishes among aging Chinese consumers. If so, Ping An's heavy investment in technology is likely to ensure the company's global competitiveness in the industry. As of June 2021, the tech conglomerate had filed more than 32,000 applications for technology patents, ranging from medical technology to financial technology.[54] Though still mostly targeting Chinese consumers, its AI-based diagnostic services are well-positioned to go global.

China's 2020 decision to allow 100% foreign ownership of foreign-invested Chinese insurance companies could also boost Chinese activity in foreign markets. More foreign involvement in the Chinese insurance market, especially by insurers such as Germany's Allianz, with an already-extensive international presence, may very well facilitate more engagement by Chinese companies in foreign markets. In February 2021, the German insurance company was the first to receive approval to run a wholly foreign-owned insurance asset management firm in China.[55]

With a clear mandate from China's leadership, engagement by Sinosure, PICC, and other major insurers will likely grow in the coming years.

Also evident in recent years is a growing focus on providing risk analysis and rescue services for Chinese companies operating in Latin America and other regions. Jiangtai International Cooperation Alliance, a prominent insurance intermediary in China, has provided risk analysis and personnel rescue services for companies in more than 170 countries worldwide. Its clients operate in Mexico; Dominica and the Cayman Islands in the Caribbean; Guatemala, Honduras, and Panama in Central America; and Argentina, Brazil, Chile, and Venezuela in South America. As the company's chairman Shen Kaitao noted at a June 2021 conference on overseas risk analysis, "Where the foreign investment enterprises go, the risk prevention and control services will extend."[56]

Looking Ahead

A growing foreign footprint for China has meant more risk exposure for its projects, companies, and workers. With this in mind, China's top planners have noted the importance of enhanced insurance support for the country's overseas operations in recent five-year plans and in policies toward Latin America. China's 1+3+6 Cooperative Framework, introduced to the region by Xi Jinping in 2015, is among the Latin America-specific policies intended to boost funds, credit loans, and insurance to the region—in this case for project development in logistics, electricity, and information technology.[57]

With a clear mandate from China's leadership, engagement by Sinosure, PICC, and other major insurers will likely grow in the coming years. As Zhu Junsheng, deputy director of the Insurance Research Office of the Financial Research Institute of the Development Research Center of the State Council noted, Chinese infrastructure firms, insurers, and other actors are expected to increasingly work together to identify high-quality overseas projects and "increase the attractiveness of infrastructure projects to market funds."[58] If recent developments are any indication, Chinese participation in life and other insurance markets may also increase through cooperative agreements, acquisitions, or other mechanisms.

Of course, the nature of Chinese overseas insurance activity and BRI expansion in the region will be shaped by wide-ranging factors. Much will depend, for instance, on the extent of Chinese infrastructure companies' appetite for high-quality insurance products. China's leadership views insurance as critical to the success of the BRI, but as Leo Xiang, general manager of Jiangtai Insurance's energy department noted, many companies worry about the high cost of quality insurance products. "A lot of our customers, they focus much on the price, but some of them might neglect the terms and conditions in case of big catastrophe clause[s], so this is one thing they need to pay much attention to, that is the special provisions and clauses which may help them to get their money back," Xiang said.[59]

The industries in which Chinese companies focus in the coming years will also shape their insurance needs. The14th five-year plan (FYP) focuses heavily on the delivery of modern infrastructure, such as 5G, digital centers, high-speed rail, and clean energy. As China increasingly delivers smart city and other digital innovations at home and abroad, the interests of cities and consumers and the products offered by Chinese insurance companies may very well evolve. Cities with smart transportation applications are predicted to reduce auto and other accidents but could carry other liabilities, including the prospect of autonomous systems failure or security breaches.[60] As it stands, Chinese companies such as Huawei and ZTE are positioned to play a prominent role in the development of smart cities and other modern infrastructure in Latin America. China's insurance providers will likely support the delivery of China's digital offerings—Sinosure supported ZTE's exports to LAC beginning in 2004[61]—in addition to possibly addressing some of the liabilities associated with digital infrastructure development.

Insurers are also likely to continue supporting China's increasingly high-value-added exports to the region. In April 2021, when the Jiangxi province Provincial Department of Commerce and the Jiangxi branch of Sinosure held a meeting with Sinosure representatives from Latin America and Jiangxi exporters, the group considered opportunities for enhanced engagement through export guarantees. Participating companies reportedly thought "the Latin American market has great potential … the industry has strong complementarity and reciprocity, and the prospects for economic and trade cooperation are broad."[62]

Looking ahead, possible changes in China's approach to project selection might generate greater demand for insurance guarantees from Chinese or foreign firms. As Chinese policy analyst and environmental advocate Ma Tianjie explains, China has aimed for years, and yet again in the 14th FYP, to emphasize to Chinese companies the importance of project quality rather than quantity. To this end, the 14th FYP added several qualifiers in front of terms from the thirteenth version. For example, while both the 13th and 14th FYPs emphasize the construction of infrastructure projects, the 14th asserts that China's future overseas investments will be "high quality, sustainable, risk-resistant, reasonably priced, inclusive and accessible." If Chinese companies and banks embrace these objectives, growing emphasis on project sustainability would require carefully structured project guarantees.[63] Careful selection of projects might also boost interest among Chinese and, presumably, foreign insurers.

Some Chinese insurance companies have already been relatively selective when backing certain projects in LAC, despite an apparent mandate to support BRI delivery. In 2019, after Sinosure neglected to back project financing, plans to build a small-scale hydroelectric plant in southern Chile came to a halt.[64] Sinosure's guarantee for the Condor Cliff-Barrancosa dams was also slow to materialize, as the company considered Argentina's credit rating at the time of negotiations.[65]

Political and economic uncertainties in the region, climate change, and other factors could additionally shape the extent and nature of engagement by Chinese insurers while also limiting interest and capacity among the major insurance companies already operating in Latin America. Insurance companies of all sorts are increasingly considering the impact of climate change on their solvency ratios. Those with extensive investment in coastal and other high-risk properties may find themselves unable to engage more extensively.[66] China has sought to limit overseas investment risk by banning Chinese investment in specific sectors, including real estate, hotels, entertainment, and sports clubs, but domestic investments also carry some risk, especially amid the climate crisis.[67]

Needless to say, in the coming years, Chinese insurers will be carefully weighing the perceived risks and rewards of backing the BRI's multi-faceted expansion into Latin America, whether through infrastructure connectivity, trade facilitation, or financial integration—by growing their presence in the region's promising life and non-life insurance markets.

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