



Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of March 2015 Results



Summary

- **SUSEP completed the disclosure of the Local Reinsurers first quarter results of 2015. In the next few days we will release the complete Terra Report edition. In this preview we are anticipating some highlights:**
- **For the first 3 months of 2015:**
 - Reinsurance volume ceded by Brazilian insurers (gross of commission) was BRL 2.2 3bn, an increase of 13.2% in relation to R\$ 2.00 bn of the same period of 2014.
 - In the same criteria, the volume of reinsurance (gross of commission) written by IRB was 121% higher than the previous year, other local reinsurers showed a growth of 19%. In the same period, the reinsurance written (gross of commission) by foreigner reinsurer (Admitted and Occasional licensed) dropped 39%.
 - The volume accepted from insurers abroad went from R\$ 15,27 million to R\$ 75,93 million, a growth of 397%.
 - The Loss Ratio reached 70% and the Combined Ratio 98%, against 88% and 109%, respectively, in the same period of the previous year .
 - The Local Reinsurer Market net profit was R\$ 193 million (R\$ 128 million to IRB) against R\$ 44 million(R\$ 49 million to IRB) in the same period of 2014. With this numbers, the R.O.E (Return on Equity) annualized of all Local Reinsurers was 13.0% (17.9% IRB and 8.5% to the other local reinsurers). In the same period of 2014, the R.O.E was 3.6% (7.5% IRB and -0.8% to the other local reinsurers).

Comparative January to March 2015 and 2014

		Written Premium (WP)		Net Profit		Market Share WP			
		mar/15	mar/14	mar/15	mar/14	mar/15		mar/14	
Total	Start of	1.556	1.024	193	44	100,0%		100,0%	
Other Locals	Operation	827	685	65	-4	100,0%		100,0%	
IRB	Apr 03, 1939	728	340	128	49	46,8%		33,2%	
JM	May 23, 2008	43	33	14	8	2,7%	5,2%	3,2%	4,8%
Munich	May 23, 2008	99	69	5	2	6,4%	11,9%	6,7%	10,1%
Mapfre	Nov 14, 2008	31	97	6		2,0%	3,7%	9,5%	14,2%
XL	Dec 05, 2008	6	12	4	2	0,4%	0,7%	1,2%	1,7%
ACE	Nov 25, 2009	34	39	4	8	2,2%	4,1%	3,8%	5,7%
Austral	Jan 31, 2011	119	65	12	4	7,7%	14,4%	6,4%	9,5%
AIG	Apr 04, 2011	43	25	7	-1	2,8%	5,2%	2,4%	3,6%
Zurich	Jan 05, 2012	234	150	16	-1	15,1%	28,3%	14,7%	22,0%
Markel	Jan 17, 2012	1	8	-5	-3	0,0%	0,1%	0,7%	1,1%
Swiss	Jun 14, 2012	74	58	1	-12	4,8%	9,0%	5,6%	8,4%
Terra Brasis	Oct 04, 2012	21	15	1	-	1,3%	2,5%	1,5%	2,3%
Allianz	Dec 05, 2008	87	87	-5	-17	5,6%	10,6%	8,5%	12,7%
BTG	Feb 26, 2013	21	27	7	5	1,3%	2,5%	2,6%	3,9%
Scor	Aug 06, 2014	10		-		0,7%	1,2%	0,0%	0,0%
AXA	Aug 25, 2014	4		-2		0,3%	0,5%	0,0%	0,0%

Summary of Results and Main Indexes for Local Reinsurers of January to March 2015 and 2014

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2015/03	2014/03	2015/03	2014/03	2015/03	2014/03
Total Assets	23.434	19.107	13.461	11.921	9.974	7.186
Shareholder's Equity	5.841	4.844	2.793	2.554	3.048	2.290
Gross Written Premium	1.818	1.190	825	355	992	835
Written Premium	1.556	1.024	728	340	827	685
Earned Premium	1.491	1.102	793	586	697	516
Loss Ratio	70%	88%	58%	99%	84%	75%
Commercial Expenses/ Earned Premium	2%	2%	2%	2%	2%	2%
Administrative + Other/ Earned Premium	12%	16%	10%	21%	14%	10%
Tax/ Earned Premium	4%	3%	4%	2%	4%	4%
Retrocession Result/Earned Premium	10%	1%	17%	-19%	1%	22%
Combined Ratio	98%	109%	91%	106%	105%	113%
Reinsurance Operational Result	36	-102	69	-33	-32	-69
Financial Result and Equity Pick-up	290	183	155	107	135	76
Income Tax and Contributions	-133	-37	-96	-25	-38	-12
Net Profit for the Period	193	44	128	49	65	-4
<i>ROE (annualized)</i>	<i>13,0%</i>	<i>3,6%</i>	<i>17,9%</i>	<i>7,5%</i>	<i>8,5%</i>	<i>-0,8%</i>

Main Ratios From Local Reinsurers from January to March of 2015 and 2014

January to March 2015		Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%RR	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
Total			1.818	14,4%	1.556	1.491	70%	2%	3%	9%	4%	18%	10%	98%	36	2%	290	20%	326	193	5,6%	3,3%	5.841	80%
Total New			992	16,6%	827	697	84%	2%	5%	9%	4%	20%	1%	105%	-32	-4%	135	18%	102	65	3,4%	2,1%	3.048	77%
	IRB	04/1939	825	11,7%	728	793	58%	2%	2%	8%	4%	16%	17%	91%	69	10%	155	22%	224	128	8,0%	4,6%	2.793	85%
	JM	05/2008	67	35,9%	43	36	37%	0%	9%	7%	4%	21%	36%	93%	3	1%	21	12%	24	14	3,5%	2,1%	689	258%
	Muneker	05/2008	112	11,5%	99	91	106%	3%	1%	11%	5%	20%	7%	132%	-29	-38%	36	48%	7	5	2,4%	1,5%	307	69%
	Mapfre	11/2008	38	19,2%	31	24	26%	1%	1%	10%	12%	23%	51%	100%		0%	10	28%	10	6	7,0%	4,2%	138	90%
	XL	12/2008	8	26,5%	6	10	82%	1%	0%	16%	10%	27%	-32%	77%	2	3%	5	7%	7	4	2,5%	1,5%	268	802%
	ACE	11/2009	47	28,4%	34	39	64%	2%	3%	12%	5%	22%	21%	107%	-3	-13%	8	36%	5	4	5,9%	4,3%	84	44%
	Austral	01/2011	156	23,6%	119	120	70%	2%	22%	2%	3%	30%	-2%	97%	4	6%	14	23%	18	12	7,3%	5,1%	241	38%
	AIG	04/2011	50	14,4%	43	32	200%	0%	1%	5%	7%	13%	-130%	83%	6	26%	5	25%	11	7	12,7%	7,5%	87	43%
	Zurich	01/2012	275	14,9%	234	152	95%	0%	0%	1%	3%	3%	-7%	91%	13	32%	9	24%	22	16	14,0%	10,1%	160	15%
	Markel	01/2012	1	19,7%	1	6	147%	3%	0%	76%	10%	90%	-7%	230%	-8	-43%	4	20%	-4	-5	-5,8%	-6,3%	76	2358%
	Swiss	06/2012	87	14,3%	74	52	60%	4%	0%	13%	3%	20%	30%	111%	-6	-17%	7	21%	1	1	1,0%	0,9%	132	38%
	Terra Brasis	10/2012	27	22,2%	21	15	69%	3%	0%	16%	5%	24%	19%	113%	-2	-8%	4	16%	2	1	2,0%	1,1%	100	94%
	Allianz	12/2012	78	-11,7%	87	105	83%	2%	0%	12%	3%	18%	0%	100%	-	-1%	-7	-16%	-8	-5	-4,2%	-2,6%	186	59%
	BTG	02/2013	26	20,3%	21	10	4%	0%	15%	34%	5%	53%	69%	126%	-3	-3%	14	14%	11	7	2,9%	1,7%	391	377%
	Scor	08/2014	16	34,8%	10	2	85%	1%	0%	145%	10%	156%	1%	242%	-3	-13%	3	11%	-1	-	-0,6%	-0,4%	102	164%
	AXA	08/2014	4	1,3%	4	2	40%	16%	0%	273%	14%	303%	43%	386%	-5	-23%	2	10%	-3	-2	-3,4%	-1,9%	88	557%

January to March 2014		Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%RR	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
Total			1.190	14,0%	1.024	1.102	88%	2%	6%	10%	3%	21%	1%	109%	-102	-8%	183	15%	81	44	1,7%	0,9%	4.844	102%
Total New			835	18,0%	685	516	75%	2%	1%	9%	4%	16%	22%	113%	-69	-12%	76	13%	7	-4	0,3%	-0,2%	2.290	69%
	IRB	04/1939	355	4,4%	340	586	99%	2%	10%	11%	2%	25%	-19%	106%	-33	-5%	107	17%	74	49	2,9%	1,9%	2.554	180%
	JM	05/2008	49	33,4%	33	34	25%	0%	20%	8%	4%	32%	39%	96%	1	1%	13	8%	14	8	2,1%	1,3%	648	330%
	Munich	05/2008	88	21,8%	69	70	84%	4%	0%	13%	4%	21%	0%	104%	-3	-10%	10	36%	7	2	6,3%	2,0%	116	33%
	Mapfre	11/2008	108	10,6%	97	77	62%	1%	0%	3%	3%	7%	39%	107%	-6	-19%	7	22%	1		0,9%	0,4%	119	27%
	XL	12/2008	13	7,6%	12	17	148%	3%	0%	6%	7%	16%	-27%	137%	-6	-10%	9	15%	3	2	1,2%	0,7%	246	478%
	ACE	11/2009	53	26,6%	39	35	37%	-13%	1%	4%	8%	0%	48%	86%	5	16%	5	15%	10	8	7,8%	6,0%	128	60%
	Austral	01/2011	88	26,0%	65	63	62%	2%	0%	4%	2%	8%	23%	93%	4	12%	4	11%	8	4	5,8%	3,1%	141	40%
	AIG	04/2011	25	0,0%	25	13	60%	28%	-1%	13%	5%	46%	19%	124%	-3	-15%	2	10%	-1	-1	-1,3%	-0,8%	78	79%
	Zurich	01/2012	172	12,5%	150	90	69%	0%	0%	1%	3%	5%	34%	108%	-7	-30%	5	22%	-2	-1	-1,9%	-1,2%	99	14%
	Markel	01/2012	11	33,1%	8	8	118%	4%	0%	37%	10%	51%	-4%	165%	-5	-32%	2	13%	-3	-3	-4,8%	-5,4%	64	141%
	Swiss	06/2012	67	13,9%	58	29	104%	4%	1%	20%	7%	33%	15%	152%	-15	-72%	3	14%	-12	-12	-14,6%	-14,4%	85	32%
	Terra Brasis	10/2012	18	14,8%	15	6	60%	6%	0%	46%	0%	52%	28%	140%	-2	-10%	2	9%	-	-	-0,0%	-0,0%	97	133%
	Allianz	12/2012	102	14,6%	87	69	116%	2%	0%	16%	6%	24%	4%	144%	-30	-120%	3	14%	-27	-17	-26,6%	-17,1%	101	25%
	BTG	02/2013	40	32,9%	27	3	13%	0%	0%	30%	6%	36%	81%	130%	-1	-1%	10	11%	9	5	2,5%	1,5%	369	231%

Total New : All reinsurers except IRB
Gross Prem. : Gross Written Premium (BRL)
% Com : Commission paid to Cedants
Net Premium : Net Written Premium (BRL)
Earned Premium : Earned Premium (BRL)
% L : Losses
% B : Brokerage
%OE : Other Expenses

%AE : Administrative Expenses
%TE : Tax Expenses
%ER : Expense Ratio (%B + %OD + %DA)
%RR : Retrocession Result
%CR : Combined Ratio (%S+%ER+%RR)
RSub : Subscription Result
RSub/SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
RInv : Investment Result plus non-recurring gains and equity pickup

RInv/SE : Annualized Investment Result / Net end-of-period Shareholder's Equity
RGro : Gross Result (RSub + RInv)
RNet : Net Result (RGro minus income tax, social contributions and profit sharing)
SE : End of Period Net Shareholder's Equity
RGro/SE : Gross Result / Shareholder's Equity
ROE : Return on Equity (before Income Tax, Social Contributions, Profit Sharing)
%SOLV : Solvency Margin, End-of-period SE/Annualized Gross Written Reinsurance

Local Reinsurers January to March 2015 results

Company	Start of Operation	mar/15	January to March 2015					mar/15	mar/14	
		Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Reinsurance Operational Result	Financial Result	Gross Profit	Net Profit	
	IRB Apr 03, 1939	2.793	825	728	793	69	155	224	128	49
	JM May 23, 2008	689	67	43	36	3	21	24	14	8
	Munich May 23, 2008	307	112	99	91	-29	36	7	5	2
	Mapfre Nov 14, 2008	138	38	31	24	0	10	10	6	0
	XL Dec 05, 2008	268	8	6	10	2	5	7	4	2
	ACE Nov 25, 2009	84	47	34	39	-3	8	5	4	8
	Austral Jan 31, 2011	241	156	119	120	4	14	18	12	4
	AIG Apr 04, 2011	87	50	43	32	6	5	11	7	-1
	Zurich Jan 05, 2012	160	275	234	152	13	9	22	16	-1
	Markel Jan 17, 2012	76	1	1	6	-8	4	-4	-5	-3
	Swiss Jun 14, 2012	132	87	74	52	-6	7	1	1	-12
	Terra Brasis Oct 04, 2012	100	27	21	15	-2	4	2	1	-0
	Allianz Dec 05, 2008	186	78	87	105	-0	-7	-8	-5	-17
	BTG Feb 26, 2013	391	26	21	10	-3	14	11	7	5
	Scor Aug 06, 2014	102	16	10	2	-3	3	-1	-0	0
	AXA Aug 25, 2014	88	4	4	2	-5	2	-3	-2	0
	Total Locais	5.841	1.818	1.556	1.491	36	290	326	193	44
	Total without IRB	3.048	992	827	697	-32	135	102	65	-4