



# Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of March 2016 Results



## Summary

**SUSEP completed the disclosure of the Local Reinsurers' 2016 first quarter results. In the next few days we will release the complete Terra Report edition. In this preview we are anticipating some highlights of the first three months of 2016.**

- Reinsurance volume ceded by Brazilian insurers (gross of commission) reached BRL 2.4bn, an increase of 6.5% in relation to BRL 2.2bn of the same period of 2015.
- Of this volume ceded, BRL 1.7bn were placed in Local Reinsurers (a growth of 1.0% in relation to the first quarter of 2015) and BRL 0.7bn were placed in Offshore Reinsurers (a growth of 22.3% in relation to the first quarter of 2015).
- We estimated that the volume accepted by Local Reinsurers related to abroad risks has increased almost 90%, stood at BRL 318.2 million in the first three months of 2016 against BRL 168.3 million registered in the same period of the previous year.
- In the first three months of 2016, the Loss Ratio stood at 87% against 70% showed in the same period of the previous year (91% IRB and 82% to the other local reinsurer). In the same period, Combined Ratio of the gross production, before retrocession results reached 102% compared to 88% registered in the same period of 2015 (103% IRB and 101% to the other local reinsurer).
- The Local Reinsurer Market net profit was BRL 261 million (BRL 212 million to IRB) in the first quarter of 2016 against BRL 193 million (BRL 193 million to IRB) in the same period of 2015. With these numbers, the R.O.E (Return on Equity) annualized of all Local Reinsurers was 16.4% (27.6% IRB and 5.9% to the other local reinsurers). In the same period of 2015, the R.O.E was 13.0% (17.9% IRB and 8.5% to the other local reinsurers).
- The improvement in the net profit was driven by the excellent Investment Results presented by the local reinsurers at the beginning of 2016.

### Summary of Results and Main Indexes for Local Reinsurers of January to March 2016 and 2015:

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2016/03	2015/03	2016/03	2015/03	2016/03	2015/03
	<b>Total Assets</b>	<b>26.937</b>	<b>23.434</b>	<b>14.110</b>	<b>13.461</b>	<b>12.827</b>
<b>Shareholder's Equity</b>	<b>6.227</b>	<b>5.841</b>	<b>2.899</b>	<b>2.793</b>	<b>3.328</b>	<b>3.048</b>
<b>Gross Written Premium</b>	<b>1.984</b>	<b>1.818</b>	<b>1.127</b>	<b>825</b>	<b>857</b>	<b>992</b>
<b>Written Premium</b>	<b>1.698</b>	<b>1.556</b>	<b>982</b>	<b>728</b>	<b>716</b>	<b>827</b>
<b>Earned Premium</b>	<b>1.783</b>	<b>1.491</b>	<b>1.028</b>	<b>793</b>	<b>756</b>	<b>697</b>
<b>Loss Ratio</b>	<b>87%<b>o</b></b>	<b>70%<b>o</b></b>	<b>91%<b>o</b></b>	<b>58%<b>o</b></b>	<b>82%<b>o</b></b>	<b>84%<b>o</b></b>
Commercial Expenses/ Earned Premium	2%	2%	3%	2%	2%	2%
Administrative + Other/ Earned Premium	9%	12%	5%	10%	14%	14%
Tax/ Earned Premium	4%	4%	4%	4%	4%	4%
Retrocession Result/Earned Premium	-5%	10%	-12%	17%	5%	1%
<b>Combined Ratio</b>	<b>97%<b>o</b></b>	<b>98%<b>o</b></b>	<b>91%<b>o</b></b>	<b>91%<b>o</b></b>	<b>105%<b>o</b></b>	<b>105%<b>o</b></b>
Reinsurance Operational Result	48	36	88	69	-41	-32
Financial Result and Equity Pick-up	347	290	214	155	133	135
Income Tax and Contributions	-133	-133	-90	-96	-43	-38
<b>Net Profit for the Period</b>	<b>261</b>	<b>193</b>	<b>212</b>	<b>128</b>	<b>49</b>	<b>65</b>
<i>ROE (annualized)</i>	<i>16,4%</i>	<i>13,0%</i>	<i>27,6%</i>	<i>17,9%</i>	<i>5,9%</i>	<i>8,5%</i>

Source: Susep, Terra Brasis Re  
Figures in BRL million

## Comparative January to March 2016 and 2015:

		Written Premium (WP)		Net Profit		Market Share WP			
		2016/03	2015/03	2016/03	2015/03	2016/03		2015/03	
<b>Total</b>	<b>Start of</b>	1.698	1.556	261	193	100,0%		100,0%	
<b>Other Locals</b>	<b>Operation</b>	716	827	49	65	100,0%		100,0%	
<b>IRB</b>	Apr 03, 1939	982	728	212	128	57,8%		46,8%	
<b>JM</b>	May 23, 2008	29	43	13	14	1,7%	4,0%	2,7%	5,2%
<b>Munich</b>	May 23, 2008	112	99	5	5	6,6%	15,6%	6,4%	11,9%
<b>Mapfre</b>	Nov 14, 2008	66	31	7	6	3,9%	9,2%	2,0%	3,7%
<b>XL</b>	Dec 05, 2008	14	6	10	4	0,8%	2,0%	0,4%	0,7%
<b>ACE</b>	Nov 25, 2009	32	34	1	4	1,9%	4,4%	2,2%	4,1%
<b>Austral</b>	Jan 31, 2011	53	119	7	12	3,1%	7,4%	7,7%	14,4%
<b>AIG</b>	Apr 04, 2011	11	43	-5	7	0,6%	1,5%	2,8%	5,2%
<b>Zurich</b>	Jan 05, 2012	143	234	10	16	8,4%	19,9%	15,1%	28,3%
<b>Markel</b>	Jan 17, 2012	8	1	-8	-5	0,5%	1,1%	0,0%	0,1%
<b>Swiss</b>	Jun 14, 2012	95	74	12	1	5,6%	13,3%	4,8%	9,0%
<b>Terra Brasis</b>	Oct 04, 2012	26	21	2	1	1,5%	3,6%	1,3%	2,5%
<b>Allianz</b>	Dec 05, 2008	28	87	-8	-5	1,7%	4,0%	5,6%	10,6%
<b>BTG</b>	Feb 26, 2013	33	21	9	7	2,0%	4,7%	1,3%	2,5%
<b>Scor</b>	Aug 06, 2014	46	10	-1	-	2,7%	6,4%	0,7%	1,2%
<b>AXA</b>	Aug 25, 2014	21	4	-7	-2	1,2%	2,9%	0,3%	0,5%

Source: Susep, Terra Brasis Re  
 Figures in BRL million

### Main Ratios From Local Reinsurers from January to March of 2016 and 2015:

Jan to Mar 2016	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%CR pre RR	%RR	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
<b>Total</b>		1.984	14,4%	1.698	1.783	87%	2%	2%	7%	4%	15%	102%	-5%	97%	48	3%	347	22%	395	261	6,3%	4,2%	6.227	78%
<b>Total New</b>		857	16,5%	716	756	82%	2%	4%	10%	4%	19%	101%	5%	105%	-41	-5%	133	16%	92	49	2,8%	1,5%	3.328	97%
IRB	04/1939	1.127	12,9%	982	1.028	91%	3%	1%	5%	4%	12%	103%	-12%	91%	88	12%	214	30%	302	212	10,4%	7,3%	2.899	64%
JM	05/2008	46	37,0%	29	30	117%	0%	17%	8%	5%	30%	147%	-36%	111%	-3	-2%	28	15%	25	13	3,4%	1,8%	734	403%
Munich	05/2008	118	5,5%	112	123	48%	2%	10%	9%	4%	25%	73%	26%	99%	1	1%	9	11%	10	5	3,2%	1,6%	318	67%
Mapfre	11/2008	75	12,5%	66	65	117%	1%	0%	3%	4%	9%	125%	-33%	93%	5	12%	8	21%	13	7	8,4%	4,6%	156	52%
XL	12/2008	20	26,5%	14	11	-1%	3%	0%	10%	9%	22%	21%	36%	56%	5	7%	13	18%	18	10	6,2%	3,4%	295	376%
ACE	11/2009	38	17,5%	32	37	33%	-5%	-1%	10%	2%	6%	39%	71%	110%	-4	-16%	7	28%	3	1	3,1%	1,2%	91	59%
Austral	01/2011	62	14,6%	53	72	63%	3%	11%	4%	3%	21%	84%	14%	98%	2	2%	7	10%	8	7	3,0%	2,4%	270	109%
AIG	04/2011	15	30,6%	11	18	159%	0%	2%	11%	6%	19%	178%	-23%	155%	-10	-50%	1	7%	-8	-5	-10,6%	-5,9%	79	130%
Zurich	01/2012	167	14,5%	143	137	79%	0%	0%	1%	2%	3%	82%	17%	99%	1	2%	16	29%	17	10	7,7%	4,5%	224	33%
Markel	01/2012	12	32,4%	8	9	65%	4%	0%	118%	8%	130%	195%	17%	213%	-10	-63%	3	18%	-7	-8	-11,2%	-12,3%	63	132%
Swiss	06/2012	119	20,3%	95	74	94%	3%	1%	6%	4%	13%	107%	-19%	88%	9	33%	10	35%	19	12	16,9%	10,9%	112	23%
Terra Brasis	10/2012	32	19,9%	26	22	116%	3%	0%	14%	5%	23%	139%	-30%	109%	-2	-8%	5	21%	3	2	3,4%	2,2%	99	78%
Allianz	12/2012	33	14,9%	28	75	75%	5%	0%	20%	2%	27%	101%	30%	131%	-23	-47%	10	20%	-14	-8	-6,8%	-4,0%	200	150%
BTG	02/2013	42	19,5%	33	24	1%	0%	6%	6%	8%	20%	21%	60%	81%	5	5%	12	13%	17	9	4,4%	2,4%	376	226%
Scor	08/2014	56	18,5%	46	40	193%	1%	0%	9%	2%	11%	204%	-91%	112%	-5	-20%	3	14%	-1	-1	-1,5%	-0,9%	98	44%
AXA	08/2014	22	3,4%	21	17	100%	5%	0%	78%	9%	91%	191%	-26%	166%	-11	-21%	1	2%	-10	-7	-4,9%	-3,1%	212	244%

  

Jan to Mar 2015	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%CR pre RR	%RR	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
<b>Total</b>		1.818	14,4%	1.556	1.491	70%	2%	3%	9%	4%	18%	88%	10%	98%	36	2%	290	20%	326	193	5,6%	3,3%	5.841	80%
<b>Total Novas</b>		992	16,6%	827	697	84%	2%	5%	9%	4%	20%	104%	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%	74%	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%	57%	36%	93%	3	1%	21	12%	24	14	3,5%	2,1%	689	258%
Munich	05/2008	112	11,5%	99	91	106%	3%	1%	11%	5%	20%	126%	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%	49%	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%	110%	-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%	86%	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%	99%	-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%	213%	-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%	98%	-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%	237%	-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%	80%	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%	94%	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%	101%	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%	57%	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%	241%	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%	343%	43%	386%	-5	-23%	2	10%	-3	-2	-3,4%	-1,9%	88	557%

**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  
**% AE** : Administrative Expenses  
**% TE** : Tax Expenses  
**% ER** : Expense Ratio (%B + %OD + %DA)  
**% CR pre RR** : Combined Ratio Pre Retrocession Result (%S+%ER)  
**% 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)  
**%SLV** : Solvency Margin, End-of-period SE/Annualized Gross Written Reinsurance

Source: Suscep, Terra Brasis Re  
 Figures in BRL million

## Local Reinsurers January to March 2016 results:

Company	Start of Operation	2016/03	January to March 2016					2016/03	2015/03	
		Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Reinsurance Operational Result	Financial Result	Gross Profit	Net Profit	
IRB	Apr 03, 1939	2.899	1.127	982	1.028	88	214	302	212	128
JM	May 23, 2008	734	46	29	30	-3	28	25	13	14
Munich	May 23, 2008	318	118	112	123	1	9	10	5	5
Mapfre	Nov 14, 2008	156	75	66	65	5	8	13	7	6
XL	Dec 05, 2008	295	20	14	11	5	13	18	10	4
ACE	Nov 25, 2009	91	38	32	37	-4	7	3	1	4
Austral	Jan 31, 2011	270	62	53	72	2	7	8	7	12
AIG	Apr 04, 2011	79	15	11	18	-10	1	-8	-5	7
Zurich	Jan 05, 2012	224	167	143	137	1	16	17	10	16
Markel	Jan 17, 2012	63	12	8	9	-10	3	-7	-8	-5
Swiss	Jun 14, 2012	112	119	95	74	9	10	19	12	1
Terra Brasis	Oct 04, 2012	99	32	26	22	-2	5	3	2	1
Allianz	Dec 05, 2008	200	33	28	75	-23	10	-14	-8	-5
BTG	Feb 26, 2013	376	42	33	24	5	12	17	9	7
Scor	Aug 06, 2014	98	56	46	40	-5	3	-1	-1	
AXA	Aug 25, 2014	212	22	21	17	-11	1	-10	-7	-2
Total Locais		6.227	1.984	1.698	1.783	48	347	395	261	193
Total without IRB		3.328	857	716	756	-41	133	92	49	65

Source: Susep, Terra Brasis Re  
Figures in BRL million