



Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2017 June Results



Summary

SUSEP disclosed Brazilian Local Reinsurers' 2017 for the first semester results. In the next few days we will release the full Terra Report edition. In this preview we anticipate some highlights:

- The total amount of ceded reinsurance originated by Brazilian insurers (gross of commission) stood at BRL 5.43 bn, an increase of 10% in comparison to 2016's first semester BRL 4.92 bn. From this volume, BRL 3.92 bn (72% of the total) was placed with Local Reinsurers, as well a 10% growth.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 1.06 bn, against BRL 706 mi from 2016's same period. It represents a 50% increase.
- The Gross Written Premium from Local Reinsurers (gross of commission) reached BRL 4.98 bn, an increase of 16% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood at 61% compared to 72% for the previous period. The Combined Ratio stood at 95%, showing an improvement when in comparison to the 99% ratio seen in 2016.

Summary of Results and Main Indexes for Local Reinsurers from January to June 2017 and 2016:

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Total Assets	27,775	26,518	13,871	13,436	13,904	13,082
Shareholder's Equity	6,962	6,541	3,272	3,046	3,690	3,495
Gross Written Premium	4,984	4,284	2,734	2,422	2,250	1,862
Written Premium	4,373	3,721	2,547	2,173	1,826	1,547
Earned Premium	3,842	3,621	2,195	2,082	1,647	1,539
Loss Ratio	61%	72%	51%	64%	75%	82%
Commercial Expenses/ Earned Premium	3%	2%	3%	3%	2%	2%
Administrative + Other/ Earned Premium	8%	8%	8%	5%	9%	12%
Tax/ Earned Premium	2%	4%	1%	4%	3%	3%
Retrocession Result/Earned Premium	22%	13%	25%	17%	17%	7%
Combined Ratio	95%	99%	87%	93%	106%	107%
Reinsurance Operational Result	182	46	279	151	-97	-105
Financial Result and Equity Pick-up	730	745	377	456	353	289
Income Tax and Contributions	-323	-281	-201	-193	-121	-88
Net Profit for the Period	589	510	454	414	135	96
<i>ROE (annualized)</i>	<i>16.9%</i>	<i>15.6%</i>	<i>27.8%</i>	<i>27.2%</i>	<i>7.3%</i>	<i>5.5%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

Comparative January to June 2017 and 2016:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share WP			
		2017/06	2016/06	Δ %	2017/06	2016/06	2017/06		2016/06	
Total		4,373	3,721	18%	589	510	100%		100%	
Total New		1,826	1,547	18%	135	96	100%		100%	
IRB	04/1939	2,547	2,173	17%	454	414	58.2%		58.4%	
JM	05/2008	105	75	40%	24	30	2.4%	5.7%	2.0%	4.8%
Munich	05/2008	238	199	20%	30	10	5.4%	13.0%	5.4%	12.9%
Mapfre	11/2008	95	147	-35%	16	14	2.2%	5.2%	3.9%	9.5%
XL	12/2008	24	19	25%	15	15	0.5%	1.3%	0.5%	1.2%
Chubb	11/2009	28	53	-47%	-6	1	0.6%	1.5%	1.4%	3.4%
Austral	01/2011	261	119	120%	9	13	6.0%	14.3%	3.2%	7.7%
AIG	04/2011	27	24	10%	7	-12	0.6%	1.5%	0.7%	1.6%
Zurich	01/2012	300	291	3%	14	20	6.9%	16.4%	7.8%	18.8%
Markel	01/2012	20	16	25%	-5	-7	0.5%	1.1%	0.4%	1.0%
Swiss	06/2012	141	145	-3%	14	6	3.2%	7.7%	3.9%	9.4%
Terra Brasis	10/2012	57	40	41%	2	4	1.3%	3.1%	1.1%	2.6%
Allianz	12/2012	113	185	-39%	6	3	2.6%	6.2%	5.0%	12.0%
BTG	02/2013	170	91	87%	18	20	3.9%	9.3%	2.4%	5.9%
AXA	08/2014	133	88	51%	3	-3	3.0%	7.3%	2.4%	5.7%
Scor	08/2014	114	55	109%	-11	-18	2.6%	6.3%	1.5%	3.5%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

Main Ratios From Local Reinsurers from January to June of 2017 and 2016

January to June 2017	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
Total		4,984	12.3%	4,373	3,842	61%	3%	1%	7%	2%	13%	74%	22%	95%	182	5%	730	21%	912	589	26.2%	16.9%	6,962	70%
Total New		2,250	18.8%	1,826	1,647	75%	2%	1%	8%	3%	14%	89%	17%	106%	-97	-5%	353	19%	256	135	13.9%	7.3%	3,690	82%
IRB	04/1939	2,734	6.9%	2,547	2,195	51%	3%	1%	6%	1%	12%	62%	25%	87%	279	17%	377	23%	655	454	40.1%	27.8%	3,272	60%
JM	05/2008	162	35.3%	105	73	23%	0%	0%	6%	4%	11%	34%	59%	93%	5	2%	38	11%	44	24	12.9%	7.0%	680	210%
Munich	05/2008	288	17.3%	238	209	74%	2%	2%	9%	3%	15%	89%	15%	104%	-8	-4%	64	32%	56	30	28.0%	14.9%	402	70%
Mapfre	11/2008	111	14.5%	95	98	74%	1%	2%	5%	4%	12%	86%	6%	92%	8	9%	20	22%	29	16	30.6%	16.6%	187	84%
XL	12/2008	29	19.2%	24	23	77%	3%	0%	8%	6%	17%	94%	-1%	93%	1	1%	26	18%	27	15	18.7%	10.3%	291	500%
Chubb	11/2009	39	28.0%	28	53	93%	7%	-12%	17%	3%	15%	108%	45%	153%	-28	-52%	18	33%	-10	-6	-19.0%	-10.4%	106	136%
Austral	01/2011	307	14.9%	261	274	102%	2%	3%	3%	1%	8%	110%	-7%	103%	-7	-6%	19	15%	12	9	9.1%	7.0%	259	42%
AIG	04/2011	40	32.6%	27	60	12%	0%	0%	4%	6%	9%	21%	76%	96%	2	4%	10	19%	12	7	23.5%	12.8%	102	129%
Zurich	01/2012	373	19.4%	300	257	68%	0%	0%	2%	3%	5%	73%	31%	104%	-11	-9%	37	29%	26	14	20.4%	10.9%	252	34%
Markel	01/2012	25	22.2%	20	18	88%	3%	3%	48%	7%	61%	149%	12%	161%	-11	-28%	7	18%	-4	-5	-10.5%	-13.6%	76	150%
Swiss	06/2012	166	15.0%	141	112	78%	4%	2%	13%	4%	23%	101%	6%	107%	-8	-7%	31	27%	24	14	20.4%	12.0%	234	70%
Terra Brasis	10/2012	71	19.4%	57	51	41%	3%	1%	16%	2%	22%	63%	52%	116%	-8	-14%	9	16%	1	2	1.9%	3.3%	113	80%
Allianz	12/2012	137	17.5%	113	148	74%	2%	0%	15%	4%	22%	95%	23%	118%	-26	-23%	39	34%	13	6	11.1%	5.5%	233	85%
BTG	02/2013	214	20.4%	170	76	10%	6%	0%	11%	5%	22%	32%	61%	94%	5	3%	28	15%	33	18	17.7%	9.7%	375	88%
AXA	08/2014	171	22.1%	133	120	81%	0%	0%	8%	2%	11%	92%	11%	103%	-3	-7%	8	16%	5	3	9.4%	5.5%	100	29%
Scor	08/2014	118	3.2%	114	75	156%	3%	0%	20%	3%	26%	182%	-70%	112%	-9	-6%	-2	-1%	-11	-11	-7.8%	-8.2%	279	118%

January to June 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
Total		4,284	13.1%	3,721	3,621	72%	2%	1%	7%	4%	14%	86%	13%	99%	46	1%	745	23%	791	510	24.2%	15.6%	6,541	76%
Total New		1,862	16.9%	1,547	1,539	82%	2%	3%	10%	3%	18%	100%	7%	107%	-105	-6%	289	17%	184	96	10.5%	5.5%	3,495	94%
IRB	04/1939	2,422	10.3%	2,173	2,082	64%	3%	-1%	5%	4%	11%	75%	17%	93%	151	10%	456	30%	607	414	39.8%	27.2%	3,046	63%
JM	05/2008	119	37.0%	75	63	44%	0%	13%	6%	5%	24%	68%	27%	95%	3	1%	51	14%	55	30	14.5%	7.9%	750	316%
Munich	05/2008	227	12.3%	199	238	63%	2%	7%	9%	4%	23%	86%	18%	104%	-9	-5%	23	14%	14	10	8.8%	5.9%	323	71%
Mapfre	11/2008	166	11.9%	147	110	102%	1%	3%	3%	5%	13%	115%	-22%	93%	8	10%	16	20%	25	14	30.0%	17.5%	164	49%
XL	12/2008	21	9.7%	19	15	66%	3%	0%	12%	12%	28%	94%	10%	103%	-	-0%	27	18%	27	15	17.8%	9.8%	300	719%
Chubb	11/2009	63	15.8%	53	79	60%	3%	-1%	10%	3%	15%	75%	48%	123%	-18	-40%	21	45%	2	1	5.2%	2.2%	91	72%
Austral	01/2011	138	14.2%	119	133	52%	3%	7%	5%	3%	18%	70%	29%	99%	1	1%	14	11%	15	13	11.0%	9.2%	271	98%
AIG	04/2011	35	30.3%	24	38	255%	0%	0%	11%	4%	16%	271%	-132%	138%	-15	-41%	2	6%	-13	-12	-34.9%	-32.6%	72	103%
Zurich	01/2012	346	16.1%	291	275	89%	0%	0%	1%	2%	3%	92%	7%	99%	1	1%	36	30%	37	20	31.5%	17.3%	236	34%
Markel	01/2012	23	31.6%	16	18	56%	4%	0%	88%	7%	99%	155%	18%	173%	-13	-34%	6	15%	-7	-7	-19.2%	-18.8%	76	164%
Swiss	06/2012	190	23.5%	145	122	159%	2%	1%	10%	3%	16%	175%	-66%	109%	-11	-10%	22	21%	11	6	11.0%	6.1%	208	55%
Terra Brasis	10/2012	47	14.2%	40	45	82%	3%	0%	14%	4%	21%	104%	5%	109%	-4	-8%	10	19%	6	4	11.6%	7.3%	101	107%
Allianz	12/2012	206	10.1%	185	230	50%	4%	0%	12%	2%	18%	68%	42%	110%	-22	-20%	28	26%	6	3	5.3%	2.7%	219	53%
BTG	02/2013	114	20.0%	91	53	1%	0%	6%	10%	7%	22%	23%	60%	83%	9	5%	27	14%	36	20	18.7%	10.3%	387	170%
AXA	08/2014	109	19.3%	88	81	127%	0%	0%	10%	1%	12%	138%	-23%	116%	-13	-26%	8	17%	-5	-3	-9.6%	-5.3%	97	44%
Scor	08/2014	57	4.0%	55	41	110%	4%	1%	54%	6%	65%	175%	-20%	155%	-23	-23%	-3	-3%	-25	-18	-25.4%	-18.3%	201	176%

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)
%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 Annualized (before Income Tax, Social Contributions, Profit Sharing)
%SLV : Solvency Margin, End-of-period SE/Annualized Gross Written Reinsurance

Local Reinsurers from January to June 2017 results:

Company	Start of Operation	2017/06	January to June 2017					2017/06	2016/06	
		Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Reinsurance Operational Result	Financial Result	Gross Profit	Net Profit	
IRB	04/1939	3,272	2,734	2,547	2,195	279	377	655	454	414
JM	05/2008	680	162	105	73	5	38	44	24	30
Munich	05/2008	402	288	238	209	-8	64	56	30	10
Mapfre	11/2008	187	111	95	98	8	20	29	16	14
XL	12/2008	291	29	24	23	1	26	27	15	15
Chubb	11/2009	106	39	28	53	-28	18	-10	-6	1
Austral	01/2011	259	307	261	274	-7	19	12	9	13
AIG	04/2011	102	40	27	60	2	10	12	7	-12
Zurich	01/2012	252	373	300	257	-11	37	26	14	20
Markel	01/2012	76	25	20	18	-11	7	-4	-5	-7
Swiss	06/2012	234	166	141	112	-8	31	24	14	6
Terra Brasis	10/2012	113	71	57	51	-8	9	1	2	4
Allianz	12/2012	233	137	113	148	-26	39	13	6	3
BTG	02/2013	375	214	170	76	5	28	33	18	20
AXA	08/2014	100	171	133	120	-3	8	5	3	-3
Scor	08/2014	279	118	114	75	-9	-2	-11	-11	-18
Total Locals		6,962	4,984	4,373	3,842	182	730	912	589	510
Total without IRB		3,690	2,250	1,826	1,647	-97	353	256	135	96

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions