



# Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2017 September Results



## Summary

**SUSEP disclosed Brazilian Local Reinsurers data for the third quarter results of 2017. 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 8.46 bn, an increase of 15% in comparison to the same period in 2016. From this volume, BRL 6.19 bn (73% of the total) was placed with Local Reinsurers, as well a 16% growth.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 1.70 bn, in contrast to the same period in 2016, the volume was BRL 1.10 bn - an increase of 55%.
- The Gross Written Premium from Local Reinsurers (gross of commission) reached BRL 7.89 bn, an increase of 23% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood at 63% compared to 76% for the previous period. The Combined Ratio stood at 95%, representing an improvement when in comparison to the 101% ratio seen in 2016.

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

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2017/09	2016/09	2017/09	2016/09	2017/09	2016/09
<b>Total Assets</b>	<b>28.562</b>	<b>27.254</b>	<b>14.116</b>	<b>13.941</b>	<b>14.446</b>	<b>13.313</b>
<b>Shareholder's Equity</b>	<b>7.239</b>	<b>6.712</b>	<b>3.439</b>	<b>3.124</b>	<b>3.799</b>	<b>3.587</b>
<b>Gross Written Premium</b>	<b>7.893</b>	<b>6.434</b>	<b>4.325</b>	<b>3.613</b>	<b>3.568</b>	<b>2.820</b>
<b>Written Premium</b>	<b>6.860</b>	<b>5.546</b>	<b>3.981</b>	<b>3.223</b>	<b>2.879</b>	<b>2.322</b>
<b>Earned Premium</b>	<b>6.059</b>	<b>5.339</b>	<b>3.529</b>	<b>3.052</b>	<b>2.530</b>	<b>2.287</b>
<b>Loss Ratio</b>	<b>63%</b>	<b>76%</b>	<b>55%</b>	<b>71%</b>	<b>74%</b>	<b>82%</b>
Commercial Expenses/ Earned Premium	2%	2%	3%	3%	2%	2%
Administrative + Other/ Earned Premium	7%	8%	6%	6%	9%	11%
Tax/ Earned Premium	2%	4%	2%	4%	3%	4%
Retrocession Result/Earned Premium	20%	12%	24%	15%	15%	7%
<b>Combined Ratio</b>	<b>95%</b>	<b>101%</b>	<b>89%</b>	<b>98%</b>	<b>103%</b>	<b>105%</b>
Reinsurance Operational Result	308	-67	381	56	-73	-123
Financial Result and Equity Pick-up	1.047	1.134	532	670	515	464
Income Tax and Contributions	-437	-404	-237	-246	-200	-158
<b>Net Profit for the Period</b>	<b>918</b>	<b>663</b>	<b>676</b>	<b>480</b>	<b>242</b>	<b>183</b>
<i>ROE (annualized)</i>	<i>16,9%</i>	<i>13,2%</i>	<i>26,2%</i>	<i>20,5%</i>	<i>8,5%</i>	<i>6,8%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

## Comparative January to September 2017 and 2016:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share WP			
		2017/09	2016/09	Δ %	2017/09	2016/09	2017/09		2016/09	
<b>Total</b>		6.860	5.546	24%	918	663	100%		100%	
<b>Total New</b>		2.879	2.322	24%	242	183	100%		100%	
<b>IRB</b>	04/1939	3.981	3.223	24%	676	480	58,0%		58,1%	
<b>JM</b>	05/2008	210	116	81%	35	37	3,1%	7,3%	2,1%	5,0%
<b>Munich</b>	05/2008	353	288	23%	32	20	5,1%	12,3%	5,2%	12,4%
<b>Mapfre</b>	11/2008	136	193	-30%	20	23	2,0%	4,7%	3,5%	8,3%
<b>XL</b>	12/2008	41	33	24%	22	23	0,6%	1,4%	0,6%	1,4%
<b>Chubb</b>	11/2009	111	88	26%	12	0	1,6%	3,8%	1,6%	3,8%
<b>Austral</b>	01/2011	380	257	48%	19	26	5,5%	13,2%	4,6%	11,1%
<b>AIG</b>	04/2011	73	48	53%	8	-14	1,1%	2,5%	0,9%	2,0%
<b>Zurich</b>	01/2012	445	404	10%	21	40	6,5%	15,4%	7,3%	17,4%
<b>Markel</b>	01/2012	31	29	7%	-3	-2	0,5%	1,1%	0,5%	1,3%
<b>Swiss</b>	06/2012	241	154	57%	31	14	3,5%	8,4%	2,8%	6,6%
<b>Terra Brasis</b>	10/2012	79	62	27%	12	5	1,2%	2,8%	1,1%	2,7%
<b>Allianz</b>	12/2012	203	253	-20%	4	5	3,0%	7,1%	4,6%	10,9%
<b>BTG</b>	02/2013	249	141	76%	34	32	3,6%	8,6%	2,5%	6,1%
<b>AXA</b>	08/2014	183	156	17%	1	2	2,7%	6,4%	2,8%	6,7%
<b>Scor</b>	08/2014	145	101	44%	-7	-27	2,1%	5,0%	1,8%	4,3%

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

January to September 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
<b>Total</b>		7.893	13,1%	6.860	6.059	<b>63%</b>	2%	1%	7%	2%	<b>12%</b>	<b>75%</b>	<b>20%</b>	<b>95%</b>	308	6%	1.047	19%	1.355	918	25,0%	16,9%	7.239	69%
<b>Total New</b>		3.568	19,3%	2.879	2.530	<b>74%</b>	2%	1%	8%	3%	<b>14%</b>	<b>88%</b>	<b>15%</b>	<b>103%</b>	-73	-3%	515	18%	442	242	15,5%	8,5%	3.799	80%
<b>IRB</b>	04/1939	4.325	8,0%	3.981	3.529	<b>55%</b>	3%	1%	6%	2%	<b>11%</b>	<b>65%</b>	<b>24%</b>	<b>89%</b>	381	15%	532	21%	913	676	35,4%	26,2%	3.439	60%
<b>JM</b>	05/2008	327	35,7%	210	109	<b>30%</b>	0%	-0%	6%	4%	<b>10%</b>	<b>41%</b>	<b>52%</b>	<b>93%</b>	7	1%	57	11%	64	35	12,3%	6,7%	691	158%
<b>Munich</b>	05/2008	431	18,1%	353	321	<b>89%</b>	2%	3%	9%	4%	<b>18%</b>	<b>106%</b>	<b>5%</b>	<b>112%</b>	-38	-12%	99	33%	62	32	20,4%	10,7%	405	70%
<b>Mapfre</b>	11/2008	159	14,3%	136	137	<b>73%</b>	2%	2%	5%	4%	<b>13%</b>	<b>86%</b>	<b>7%</b>	<b>93%</b>	9	6%	29	20%	38	20	26,2%	14,2%	192	91%
<b>XL</b>	12/2008	53	21,4%	41	38	<b>78%</b>	3%	0%	9%	5%	<b>17%</b>	<b>94%</b>	<b>4%</b>	<b>98%</b>	1	0%	40	18%	40	22	18,0%	9,9%	298	426%
<b>Chubb</b>	11/2009	125	11,5%	111	108	<b>74%</b>	6%	-6%	11%	4%	<b>15%</b>	<b>89%</b>	<b>13%</b>	<b>102%</b>	-3	-3%	24	26%	21	12	22,9%	12,5%	125	75%
<b>Austral</b>	01/2011	438	13,3%	380	383	<b>99%</b>	2%	3%	3%	-2%	<b>6%</b>	<b>105%</b>	<b>-5%</b>	<b>101%</b>	-2	-1%	26	13%	24	19	12,0%	9,3%	267	46%
<b>AIG</b>	04/2011	110	34,1%	73	78	<b>-9%</b>	0%	0%	5%	7%	<b>12%</b>	<b>3%</b>	<b>96%</b>	<b>99%</b>	1	1%	14	18%	15	8	19,4%	10,7%	104	70%
<b>Zurich</b>	01/2012	557	20,2%	445	394	<b>79%</b>	0%	0%	1%	2%	<b>3%</b>	<b>82%</b>	<b>20%</b>	<b>103%</b>	-11	-5%	43	22%	33	21	16,5%	10,7%	266	36%
<b>Markel</b>	01/2012	40	21,2%	31	26	<b>81%</b>	3%	2%	43%	6%	<b>54%</b>	<b>135%</b>	<b>12%</b>	<b>147%</b>	-12	-20%	10	17%	-2	-3	-3,2%	-4,7%	80	151%
<b>Swiss</b>	06/2012	296	18,6%	241	214	<b>81%</b>	2%	3%	11%	4%	<b>20%</b>	<b>101%</b>	<b>-3%</b>	<b>98%</b>	5	2%	47	25%	52	31	27,0%	16,4%	255	65%
<b>Terra Brasis</b>	10/2012	100	21,1%	79	72	<b>53%</b>	3%	2%	18%	3%	<b>25%</b>	<b>78%</b>	<b>37%</b>	<b>115%</b>	-11	-14%	29	37%	19	12	23,6%	14,8%	105	79%
<b>Allianz</b>	12/2012	235	13,6%	203	225	<b>64%</b>	3%	0%	15%	7%	<b>25%</b>	<b>89%</b>	<b>30%</b>	<b>119%</b>	-43	-24%	52	29%	8	4	4,6%	2,3%	238	76%
<b>BTG</b>	02/2013	312	20,3%	249	124	<b>21%</b>	7%	-9%	10%	5%	<b>13%</b>	<b>34%</b>	<b>49%</b>	<b>82%</b>	22	8%	39	13%	61	34	20,8%	11,5%	390	94%
<b>AXA</b>	08/2014	236	22,5%	183	177	<b>78%</b>	0%	0%	8%	3%	<b>11%</b>	<b>90%</b>	<b>16%</b>	<b>105%</b>	-9	-13%	12	16%	3	1	3,6%	1,6%	100	32%
<b>Scor</b>	08/2014	150	3,6%	145	124	<b>99%</b>	3%	0%	20%	4%	<b>27%</b>	<b>126%</b>	<b>-35%</b>	<b>91%</b>	11	5%	-6	-3%	5	-7	2,3%	-3,3%	283	141%

January to September 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>		6.434	13,8%	5.546	5.339	<b>76%</b>	2%	1%	7%	4%	<b>14%</b>	<b>90%</b>	<b>12%</b>	<b>101%</b>	-67	-1%	1.134	23%	1.067	663	21,2%	13,2%	6.712	78%
<b>Total New</b>		2.820	17,6%	2.322	2.287	<b>82%</b>	2%	1%	10%	4%	<b>16%</b>	<b>98%</b>	<b>7%</b>	<b>105%</b>	-123	-5%	464	17%	341	183	12,7%	6,8%	3.587	95%
<b>IRB</b>	04/1939	3.613	10,8%	3.223	3.052	<b>71%</b>	3%	0%	5%	4%	<b>12%</b>	<b>83%</b>	<b>15%</b>	<b>98%</b>	56	2%	670	29%	726	480	31,0%	20,5%	3.124	65%
<b>JM</b>	05/2008	187	37,9%	116	100	<b>51%</b>	0%	12%	6%	4%	<b>23%</b>	<b>73%</b>	<b>36%</b>	<b>110%</b>	-10	-2%	77	15%	67	37	13,6%	7,4%	664	267%
<b>Munich</b>	05/2008	361	20,2%	288	310	<b>70%</b>	2%	6%	10%	5%	<b>22%</b>	<b>92%</b>	<b>14%</b>	<b>106%</b>	-20	-8%	54	21%	34	20	13,6%	8,0%	336	70%
<b>Mapfre</b>	11/2008	220	12,4%	193	150	<b>151%</b>	1%	3%	4%	5%	<b>13%</b>	<b>164%</b>	<b>-72%</b>	<b>93%</b>	11	9%	28	22%	40	23	30,8%	17,5%	172	58%
<b>XL</b>	12/2008	40	16,9%	33	26	<b>65%</b>	3%	0%	11%	10%	<b>25%</b>	<b>90%</b>	<b>10%</b>	<b>101%</b>	-	-0%	42	18%	42	23	18,0%	9,9%	308	576%
<b>Chubb</b>	11/2009	102	14,0%	88	115	<b>56%</b>	3%	-0%	11%	4%	<b>18%</b>	<b>74%</b>	<b>48%</b>	<b>122%</b>	-26	-38%	28	41%	2	0	3,4%	0,5%	91	67%
<b>Austral</b>	01/2011	291	11,6%	257	243	<b>71%</b>	3%	-9%	4%	2%	<b>0%</b>	<b>71%</b>	<b>24%</b>	<b>96%</b>	11	5%	24	12%	35	26	16,7%	12,3%	280	72%
<b>AIG</b>	04/2011	68	29,6%	48	54	<b>206%</b>	0%	-0%	11%	6%	<b>17%</b>	<b>223%</b>	<b>-85%</b>	<b>138%</b>	-21	-35%	6	11%	-14	-14	-23,9%	-22,9%	80	88%
<b>Zurich</b>	01/2012	492	17,8%	404	407	<b>73%</b>	0%	0%	1%	2%	<b>3%</b>	<b>76%</b>	<b>19%</b>	<b>95%</b>	19	10%	54	28%	72	40	37,6%	20,7%	256	39%
<b>Markel</b>	01/2012	41	28,3%	29	27	<b>53%</b>	3%	5%	74%	7%	<b>90%</b>	<b>143%</b>	<b>2%</b>	<b>145%</b>	-12	-20%	9	15%	-3	-2	-4,8%	-3,1%	81	151%
<b>Swiss</b>	06/2012	194	20,9%	154	167	<b>146%</b>	2%	1%	12%	5%	<b>20%</b>	<b>166%</b>	<b>-57%</b>	<b>109%</b>	-15	-9%	38	23%	23	14	13,8%	8,5%	217	84%
<b>Terra Brasis</b>	10/2012	74	15,4%	62	65	<b>80%</b>	3%	0%	16%	4%	<b>23%</b>	<b>103%</b>	<b>6%</b>	<b>110%</b>	-6	-8%	14	19%	8	5	10,5%	6,3%	102	104%
<b>Allianz</b>	12/2012	275	8,1%	253	338	<b>60%</b>	4%	-0%	13%	4%	<b>20%</b>	<b>80%</b>	<b>29%</b>	<b>110%</b>	-33	-19%	41	24%	9	5	5,1%	2,7%	226	62%
<b>BTG</b>	02/2013	176	19,8%	141	83	<b>-1%</b>	2%	7%	10%	6%	<b>25%</b>	<b>24%</b>	<b>58%</b>	<b>82%</b>	15	5%	43	14%	59	32	19,6%	10,8%	399	170%
<b>AXA</b>	08/2014	196	20,5%	156	131	<b>121%</b>	0%	0%	8%	1%	<b>10%</b>	<b>131%</b>	<b>-21%</b>	<b>110%</b>	-13	-17%	14	18%	1	2	1,9%	2,5%	101	39%
<b>Scor</b>	08/2014	104	3,6%	101	70	<b>59%</b>	2%	0%	48%	4%	<b>55%</b>	<b>114%</b>	<b>21%</b>	<b>135%</b>	-25	-12%	-9	-4%	-34	-27	-16,5%	-13,1%	273	196%

**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 September 2017 results:

Company	Start of Operation	2017/09	January to September 2017					2017/09	2016/09	
		Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Reinsurance Operational Result	Financial Result	Gross Profit	Net Profit	
IRB	04/1939	3.439	4.325	3.981	3.529	381	532	913	676	480
JM	05/2008	691	327	210	109	7	57	64	35	37
Munich	05/2008	405	431	353	321	-38	99	62	32	20
Mapfre	11/2008	192	159	136	137	9	29	38	20	23
XL	12/2008	298	53	41	38	1	40	40	22	23
Chubb	11/2009	125	125	111	108	-3	24	21	12	0
Austral	01/2011	267	438	380	383	-2	26	24	19	26
AIG	04/2011	104	110	73	78	1	14	15	8	-14
Zurich	01/2012	266	557	445	394	-11	43	33	21	40
Markel	01/2012	80	40	31	26	-12	10	-2	-3	-2
Swiss	06/2012	255	296	241	214	5	47	52	31	14
Terra Brasis	10/2012	105	100	79	72	-11	29	19	12	5
Allianz	12/2012	238	235	203	225	-43	52	8	4	5
BTG	02/2013	390	312	249	124	22	39	61	34	32
AXA	08/2014	100	236	183	177	-9	12	3	1	2
Scor	08/2014	283	150	145	124	11	-6	5	-7	-27
Total Locals		7.239	7.893	6.860	6.059	308	1.047	1.355	918	663
Total without IRB		3.799	3.568	2.879	2.530	-73	515	442	242	183

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions