



Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2017 Results



Summary

SUSEP disclosed Brazilian Local Reinsurers data for the year 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 11.06 bn, an increase of 8.4% in comparison to BRL 10.17 bn from the same period in 2016. From this volume, BRL 7.97 bn (72% of the total) was placed with Local Reinsurers, a 7.9% growth.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 2.26 bn, in contrast to 2016's figures of BRL 1.44 bn - an increase of 57%.
- The Gross Written Premium from Local Reinsurers (gross of commission) reached BRL 10.23 bn, an increase of 16% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood at 59% compared to 66% for the previous period. The Combined Ratio stood at 92%, representing an improvement when in comparison to the 96% ratio seen in 2016.

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

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2017/12	2016/12	2017/12	2016/12	2017/12	2016/12
Total Assets	29,017	24,450	14,294	13,489	14,723	10,961
Shareholder's Equity	7,354	6,972	3,581	3,328	3,773	3,644
Gross Written Premium	10,228	8,828	5,506	4,694	4,722	4,134
Written Premium	8,880	7,582	5,061	4,188	3,819	3,393
Earned Premium	8,226	7,389	4,738	4,162	3,489	3,226
Loss Ratio	59%	66%	52%	62%	67%	71%
Commercial Expenses/ Earned Premium	2%	2%	3%	2%	2%	2%
Administrative + Other/ Earned Premium	8%	8%	6%	5%	10%	11%
Tax/ Earned Premium	2%	3%	2%	3%	3%	3%
Retrocession Result/Earned Premium	21%	17%	25%	18%	15%	16%
Combined Ratio	92%	96%	88%	91%	98%	103%
Reinsurance Operational Result	635	284	548	367	87	-83
Financial Result and Equity Pick-up	1,310	1,490	703	888	607	602
Income Tax and Contributions	-635	-633	-327	-405	-308	-228
Net Profit for the Period	1,312	1,140	925	849	387	291
<i>ROE (annualized)</i>	<i>17.8%</i>	<i>16.4%</i>	<i>25.8%</i>	<i>25.5%</i>	<i>10.3%</i>	<i>8.0%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

Comparative January to December 2017 and 2016:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share WP			
		2017/12	2016/12	Δ %	2017/12	2016/12	2017/12		2016/12	
Total		8,880	7,582	17%	1,312	1,140	100%		100%	
Total New		3,819	3,393	13%	387	291	100%		100%	
IRB	04/1939	5,061	4,188	21%	925	849	57.0%		55.2%	
JM	05/2008	244	214	14%	48	37	2.8%	6.4%	2.8%	6.3%
Munich	05/2008	464	442	5%	75	56	5.2%	12.1%	5.8%	13.0%
Mapfre	11/2008	182	240	-24%	32	23	2.1%	4.8%	3.2%	7.1%
XL	12/2008	62	45	39%	14	29	0.7%	1.6%	0.6%	1.3%
Chubb	11/2009	167	202	-17%	34	027	1.9%	4.4%	2.7%	6.0%
Austral	01/2011	492	402	23%	26	34	5.5%	12.9%	5.3%	11.8%
AIG	04/2011	101	67	51%	15	9	1.1%	2.7%	0.9%	2.0%
Zurich	01/2012	567	506	12%	49	46	6.4%	14.8%	6.7%	14.9%
Markel	01/2012	48	37	28%		-3	0.5%	1.3%	0.5%	1.1%
Swiss	06/2012	368	239	54%	43	18	4.1%	9.6%	3.2%	7.1%
Terra Brasis	10/2012	123	83	48%	18	7	1.4%	3.2%	1.1%	2.4%
Allianz	12/2012	292	367	-20%	8	2	3.3%	7.7%	4.8%	10.8%
BTG	02/2013	280	211	33%	29	50	3.2%	7.3%	2.8%	6.2%
AXA	08/2014	258	196	32%	4	-3	2.9%	6.7%	2.6%	5.8%
Scor	08/2014	171	142	20%	-9	-41	1.9%	4.5%	1.9%	4.2%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

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

January to December 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		10,228	13.2%	8,880	8,226	59%	2%	1%	7%	2%	13%	71%	21%	92%	635	9%	1,309	18%	1,944	1,312	26.4%	17.8%	7,354	72%
Total New		4,722	19.1%	3,819	3,489	67%	2%	2%	8%	3%	16%	83%	15%	98%	87	2%	606	16%	693	387	18.4%	10.3%	3,773	80%
IRB	04/1939	5,506	8.1%	5,061	4,738	52%	3%	1%	6%	2%	11%	63%	25%	88%	548	15%	703	20%	1,252	925	35.0%	25.8%	3,581	65%
JM	05/2008	380	35.6%	244	161	36%	0%	-7%	6%	4%	3%	39%	50%	89%	18	3%	70	12%	87	48	14.4%	7.9%	604	159%
Munich	05/2008	564	17.7%	464	432	53%	1%	2%	9%	4%	16%	68%	21%	89%	49	11%	91	20%	140	75	31.3%	16.7%	447	79%
Mapfre	11/2008	216	15.4%	182	184	77%	2%	2%	6%	4%	13%	90%	3%	94%	12	7%	36	21%	48	32	27.3%	18.0%	176	82%
XL	12/2008	79	21.8%	62	56	78%	3%	0%	9%	4%	16%	94%	5%	99%	1	0%	25	9%	25	14	8.7%	4.8%	289	364%
Chubb	11/2009	195	14.0%	167	194	51%	9%	10%	8%	4%	30%	81%	1%	82%	34	25%	29	21%	63	34	46.3%	25.1%	137	70%
Austral	01/2011	570	13.5%	492	485	89%	2%	6%	3%	-1%	11%	100%	1%	100%	-2	-1%	37	13%	36	26	12.7%	9.2%	282	50%
AIG	04/2011	148	31.6%	101	108	-4%	0%	-0%	7%	7%	13%	10%	87%	96%	4	4%	18	18%	21	15	21.4%	15.2%	100	68%
Zurich	01/2012	713	20.6%	567	534	77%	0%	0%	2%	2%	4%	81%	18%	99%	4	1%	69	27%	73	49	28.5%	19.2%	256	36%
Markel	01/2012	61	20.9%	48	37	76%	3%	2%	35%	6%	45%	122%	11%	133%	-12	-15%	14	17%	1		1.7%	0.5%	82	135%
Swiss	06/2012	442	16.9%	368	316	67%	2%	3%	10%	4%	19%	87%	11%	97%	8	3%	61	24%	69	43	27.2%	16.9%	253	57%
Terra Brasis	10/2012	154	20.1%	123	101	54%	3%	2%	17%	3%	25%	79%	34%	113%	-13	-12%	38	36%	25	18	23.8%	17.6%	104	68%
Allianz	12/2012	340	14.1%	292	295	64%	3%	1%	15%	7%	26%	90%	23%	113%	-39	-16%	57	24%	18	8	7.7%	3.4%	239	70%
BTG	02/2013	352	20.5%	280	173	15%	7%	0%	12%	5%	23%	38%	47%	85%	26	7%	50	13%	76	29	19.7%	7.5%	386	110%
AXA	08/2014	329	21.8%	258	248	77%	0%	0%	8%	3%	11%	88%	16%	103%	-8	-8%	15	15%	7	4	7.1%	4.3%	103	31%
Scor	08/2014	179	4.8%	171	165	138%	3%	0%	20%	4%	27%	165%	-68%	97%	4	1%	-3	-1%	2	-9	0.6%	-2.8%	314	175%

January to December 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		8,828	14.1%	7,582	7,389	66%	2%	0%	7%	3%	13%	79%	17%	96%	284	4%	1,490	21%	1,773	1,140	25.4%	16.4%	6,972	79%
Total New		4,134	17.9%	3,393	3,226	71%	2%	1%	10%	3%	16%	87%	16%	103%	-83	-2%	602	17%	518	291	14.2%	8.0%	3,644	88%
IRB	04/1939	4,694	10.8%	4,188	4,162	62%	2%	-1%	6%	3%	11%	73%	18%	91%	367	11%	888	27%	1,255	849	37.7%	25.5%	3,328	71%
JM	05/2008	349	38.5%	214	134	34%	0%	21%	6%	4%	32%	66%	42%	108%	-11	-2%	78	12%	68	37	10.3%	5.7%	655	188%
Munich	05/2008	544	18.7%	442	468	75%	2%	-7%	9%	4%	8%	83%	13%	96%	19	5%	82	22%	100	56	27.0%	15.0%	372	68%
Mapfre	11/2008	276	13.0%	240	195	133%	2%	4%	4%	5%	14%	147%	-52%	95%	10	6%	30	18%	40	23	23.3%	13.1%	172	62%
XL	12/2008	55	19.3%	45	36	72%	3%	0%	13%	8%	24%	96%	11%	106%	-2	-1%	55	18%	53	29	16.9%	9.3%	313	566%
Chubb	11/2009	220	8.1%	202	242	42%	2%	12%	8%	4%	26%	68%	27%	94%	14	12%	36	30%	49	27	42.1%	22.8%	117	53%
Austral	01/2011	457	12.1%	402	394	76%	3%	-4%	4%	2%	4%	79%	19%	98%	8	3%	37	13%	45	34	15.9%	12.0%	283	62%
AIG	04/2011	95	29.9%	67	57	187%	0%	0%	15%	4%	19%	206%	-111%	95%	3	3%	9	10%	12	9	12.7%	9.0%	95	100%
Zurich	01/2012	624	18.9%	506	545	86%	0%	0%	1%	2%	4%	90%	10%	100%	2	1%	71	30%	73	46	30.6%	19.3%	239	38%
Markel	01/2012	51	26.8%	37	35	57%	3%	8%	72%	7%	91%	147%	4%	151%	-18	-22%	13	16%	-5	-3	-6.1%	-3.9%	80	157%
Swiss	06/2012	303	21.1%	239	212	119%	3%	2%	13%	5%	23%	142%	-32%	110%	-20	-9%	52	24%	31	18	14.4%	8.5%	217	72%
Terra Brasis	10/2012	99	16.4%	83	84	82%	3%	1%	16%	2%	22%	104%	7%	111%	-9	-9%	19	18%	10	7	9.4%	7.3%	102	103%
Allianz	12/2012	403	8.9%	367	437	11%	3%	0%	13%	3%	20%	31%	82%	113%	-55	-25%	59	26%	4	2	1.7%	0.8%	224	56%
BTG	02/2013	264	19.9%	211	116	-1%	2%	9%	14%	6%	32%	31%	41%	72%	32	8%	59	14%	91	50	21.8%	12.0%	418	159%
AXA	08/2014	246	20.5%	196	165	99%	0%	0%	9%	3%	13%	112%	3%	114%	-23	-24%	22	23%	-1	-3	-1.1%	-3.0%	97	39%
Scor	08/2014	148	4.0%	142	105	68%	3%	0%	42%	4%	49%	117%	14%	131%	-33	-13%	-19	-7%	-52	-41	-20.0%	-15.8%	259	175%

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 December 2017 results:

Company	Start of Operation	2017/12	January to December 2017					2017/12	2016/12	
		Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Reinsurance Operational Result	Financial Result	Gross Profit	Net Profit	
IRB	04/1939	3,581	5,506	5,061	4,738	548	703	1,252	925	849
JM	05/2008	604	380	244	161	18	70	87	48	37
Munich	05/2008	447	564	464	432	49	91	140	75	56
Mapfre	11/2008	176	216	182	184	12	36	48	32	23
XL	12/2008	289	79	62	56	1	25	25	14	29
Chubb	11/2009	137	195	167	194	34	29	63	34	27
Austral	01/2011	282	570	492	485	-2	37	36	26	34
AIG	04/2011	100	148	101	108	4	18	21	15	9
Zurich	01/2012	256	713	567	534	4	69	73	49	46
Markel	01/2012	82	61	48	37	-12	14	1		-3
Swiss	06/2012	253	442	368	316	8	61	69	43	18
Terra Brasis	10/2012	104	154	123	101	-13	38	25	18	7
Allianz	12/2012	239	340	292	295	-39	57	18	8	2
BTG	02/2013	386	352	280	173	26	50	76	29	50
AXA	08/2014	103	329	258	248	-8	15	7	4	-3
Scor	08/2014	314	179	171	165	4	-3	2	-9	-41
Total Locals		7,354	10,228	8,880	8,226	635	1,309	1,944	1,312	1,140
Total without IRB		3,773	4,722	3,819	3,489	87	606	693	387	291

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions