

Colombia: September 2016
 Ecuador: September 2016
 Peru: June 2016

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Terra Report_{LA}

Latin American Reinsurance Market

- With this publication we launch, with enthusiasm, the first Latin-American edition of Terra Report, covering initially Colombia, Ecuador and Peru. We are aware of the challenges that waits us, as these markets are in many ways more developed than the Brazilian market. Nevertheless, this challenge encourage us and we hope to offer our readers the same quality of information and analysis.
- In this edition we note as a common denominator a deceleration in the growth rate of insurance and reinsurance premium. The magnitude of this deceleration varies between countries and between insurance and reinsurance markets, but the trend appears to be common. This dynamic is in great part a result of the reduction of the economy's growth rate experienced by these countries.
- We also note an increase in loss rate. For the reinsurers that operate in Ecuador this is in great part a consequence of the tragic earthquake of April 16, 2016. In general though, we believe this loss rate is also a consequence of premium rates reduction, derived in great part from the excess global liquidity that continues to pressure reinsurance rates across the globe. Latin America is no exception.
- The evolution of the composition of reinsurers that operate in Peru also called our attention. It becomes evident that there is a greater participation of Latin-American reinsurers supporting Peruvian insurers. As shown in the table below, as a group, reinsurers providers based on Latin-American countries are today the main partner of Peruvian insurers. In 2014 they ranked 7th place.

Ratings:

A.M. Best
B++/bbb
 Global (*Investment Grade*)
 Stable Outlook

Standard & Poor's

brA
 Local
 Stable Outlook

Shareholders:



Ceded reinsurance premium in Peru, by country, first semester

Ranking			Country	Ceded Premium (in USD thousands)		
2016/06	2015/06	2014/06		2016/06	2015/06	2014/06
1	3	3	United States	66 480	74 775	53 052
2	2	2	Germany	65 971	101 029	68 877
3	1	1	United Kingdom	58 897	108 445	92 580
4	4	4	Spain	57 803	72 684	52 507
5	5	5	France	50 142	26 425	44 946
6	7	19	Brazil	38 910	19 941	1 032
7	6	7	Switzerland	29 388	25 928	18 166
8	9	8	Barbados	16 765	14 634	9 711
9	8	6	Bermuda	14 312	17 384	22 176
10	-	-	Chile	10 155	-	-
11	11	10	Peru	8 337	4 687	6 429
12	10	9	Ireland	4 238	9 980	9 414
-	-	-	Other Countries	14 316	19 396	19 848
-	-	-	Total	435 713	495 307	398 739
1	5	7	Total Latin America	77 006	41 686	20 943

Source: Superintendência de Banca, Seguros e AFP, Terra Brasis Re.

Introduction

Dear Reader,

On December 2010 we launched with great enthusiasm the first edition of *Terra Report*, covering the Brazilian reinsurance market. This work, shared through the years with clients, partners and colleagues, has been an exceptionally gratifying experience. We have followed the evolution of our industry, its successes, its growth and maturity, its difficulties and challenges.

Now in January 2017, after 21 editions of *Terra Report*, we launch, with the same enthusiasm, the Latin-American edition of this publication, covering initially Colombia, Ecuador and Peru. We are aware of the challenges that waits us, as these markets are in many ways more developed than the Brazilian market. Nevertheless, this challenge encourage us and we hope to offer our readers the same quality of information and analysis.

We present the Financial Statements according to each country's standards. We believe it is important to become acquainted with the peculiarities that differentiate each Latin American country. We can all learn from our neighbors. At the same time, we tried to calculate the traditional metrics, like loss ratio and combined ratio, as much as possible in a standardized manner. This is an ongoing effort that we intend to continue in the next editions. Needless to say, at any time suggestions, comments and critiques are much welcome.

Among the institutions that contributes to this work, we are particularly thankful to Colombia's La Superintendencia Financiera, Ecuador's Superintendencia de Compañías, Valores y Seguros and Peru's Superintendencia de Banca, Seguros e AFP. This work would have not been possible without their data bases and dedication to the development of insurance markets.

In this first Latin-American edition we note as a common denominator a deceleration in the growth rate of insurance and reinsurance premium. The magnitude of this deceleration varies between countries and between insurance and reinsurance markets, but the trend appears to be common. This dynamic is in great part a result of the reduction of the economy's growth rate experienced by these countries.

We also note an increase in loss rate. For the reinsurers that operate in Ecuador this is in great part a consequence of the tragic earthquake of April 16, 2016. In general though, we believe this loss rate is also a consequence of premium rates reduction, derived in great part from the excess global liquidity that continues to pressure reinsurance rates across the globe. Latin America is no exception.

The evolution of the composition of reinsurers that operate in Peru also called our attention. The Superintendencia de Banca, Seguros e AFP offers detail information, making it possible to construct very interesting studies. The participation in the Peruvian market of reinsurers domiciled in other Latin-American countries has increased in a very significant way. Reinsurer providers from Barbados, Brazil, Chile, Colombia, Mexico and Panama operate nowadays in Peru. As a group, today Latin-American reinsurers are the number one partners of Peruvian Insurers. As short as two years ago, this group ranked only as the seventh most important partner.

This greater interaction between Latin-American countries is, in our view, a very important and positive development for the insurance and reinsurance markets of the region. Something inspiring to reflect upon at the beginning of 2017!

Enjoy your reading,

Rodrigo Botti, ARe
General Director
Terra Brasis Resseguros

Colombia

For this first edition, we only analyze the general insurance market. On the next editions we intend to also analyze the life insurance market.

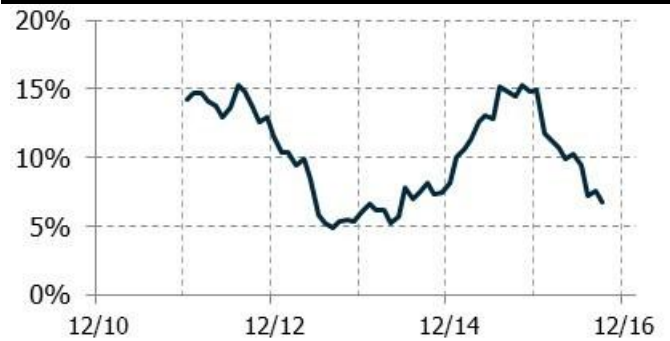
For the 12 months aggregate ending in September 2016, Colombia's general insurance market generated COP 11.73 trillion in insurance premium (net of coinsurance), a nominal annual growth of 6.7% compared to COP 10.99 trillion for the same period of 2015. It is quite noticeable the deceleration in growth rate over 2016, as the market grew 14.9% in the year 2015.

General Premium Issued
(COP Millions, 12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Growth of issued general insurance premium
(12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

For the reinsurance market, considering the general insurance segment, the evolution is more encouraging. In the past two years we have been seeing a significant market growth.

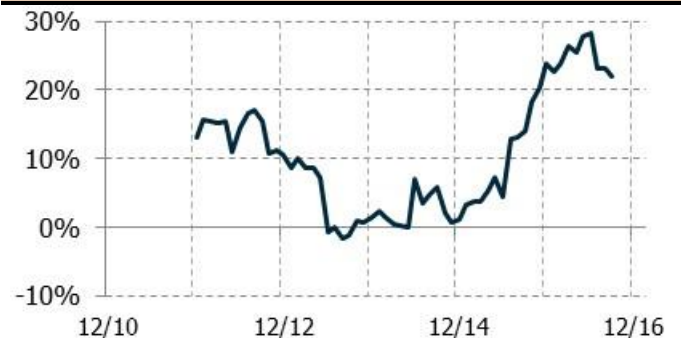
For the 12 months aggregate ending in September 2016, Colombia's general reinsurance market generated COP 3.53 tri in reinsurance premium, a nominal annual growth of 22.1% compared to COP 2.90 tri for the same period of 2015. It's a small decrease compared to the growth of 28.3% recorded in for the 12 months aggregate ending in June 2016, however it remains at a very high level.

Ceded general reinsurance premium
(COP Millions, 12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Growth of general reinsurance premium
(12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

The relation between the reinsurance and insurance premium (net of coinsurance), considering only the general insurance, has increased in the recent years, standing currently above 30%. For the 12 months aggregate ending in September 2016 this index stood at 30.2% compared to 26.4% for the same period of the previous year.

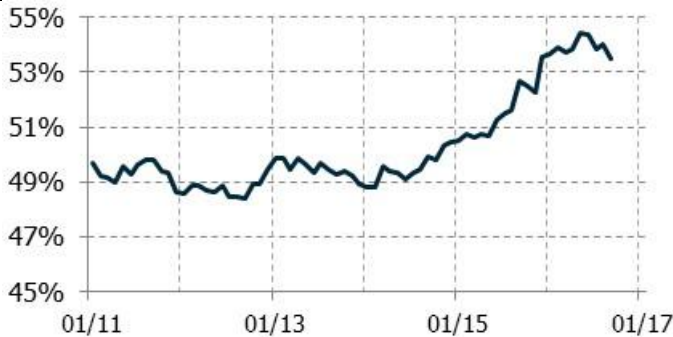
Reinsurance Premium/ Insurance Premium in Colombia (12-months aggregate, general insurance)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

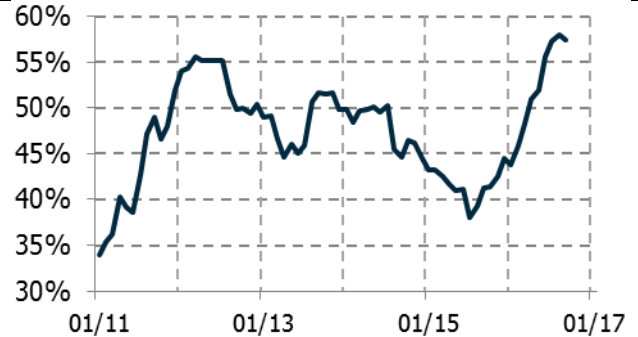
The insurance market loss ratio, considering only the general insurance segment, showed great stability between the beginning of 2011 and the end of 2014, ranging from 48% to 50%. From the end of 2013 and beginning of 2014, we observe a gradual increase in the loss ratio, which reached a peak of 54.4% in June 2016. During the second half of 2016, we note a slight decrease in the loss ratio, with the index standing at 53.5% in September.

Loss Ratio Colombia Insurers (12-months aggregate, general insurance)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Loss Ratio Reinsurers that operate in Colombia (12-months aggregate, general insurance)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

The combined ratio of the reinsurance market, considering only the general insurance segment, shows a much more volatile behavior. This is expected as one of the functions of the reinsurance market is to absorb the insurers' results volatility.

Similar to the insurance market we note an increase in the loss ratio, but only after mid-2015. From a minimum of 38.0% registered in July 2015, we reached a maximum of 57.9% in August 2016 and 57.4% in September 2016.

Next we present the Insurer's technical results for the first nine months of 2016, 2015 and 2014, general insurance segment.

Insurer's Summary of Results for the nine months of 2016, 2015 and 2014, General Insurance
(COP millions)

	2016/09	2015/09	2014/09
Gross Written Premium	10,068,422	9,655,500	7,882,238
Ceded Coinsurance Premium	-1,404,751	-1,427,437	-815,655
Reinsurance Premium	-2,646,305	-2,198,178	-1,796,917
SOAT Premium	9,861	1,310	2,267
Earned Premium	6,027,227	6,031,195	5,271,934
Reserve Adjustment	1,035	-186,631	-151,716
Earned Premium	6,028,263	5,844,564	5,120,218
Change in Loss Reserves	-251,426	-430,661	-278,853
Paid Losses	-4,371,232	-3,525,506	-3,086,164
Reimbursements and Salvages Cession	1,244,480	696,217	669,750
Salvages	216,619	188,417	158,405
Losses Incurred	-3,161,559	-3,071,533	-2,536,863
Other Expenses/Gains with Reinsurance	280,132	167,848	109,611
Other Expenses/Gains with Insurance	-327,122	-251,084	-246,306
Administrative Expenses	-1,574,670	-1,881,617	-1,727,806
Commercial Expenses	-1,555,530	-989,581	-928,288
Industrial Result	-310,485	-181,402	-209,434
Financial Result	667,612	555,620	439,671
Earnings before Tax	357,126	374,218	230,237
Income and other Taxes	-126,336	-123,006	-89,448
Net Income	230,790	251,213	140,790
Loss Ratio	52.4%	52.6%	49.5%
Comm. Exp/Earned Premium	25.8%	16.9%	18.1%
Adm. Exp / Earned Premium	26.1%	32.2%	33.7%
Other Exp / Earned Premium	0.8%	1.4%	2.7%
Expense Ratio	52.7%	50.6%	54.5%
Combined Ratio	105.2%	103.1%	104.1%
Investment Ratio	-11.1%	-9.5%	-8.6%
Adjusted Combined	94.1%	93.6%	95.5%
Reinsurer's Loss Ratio	57.6%	39.3%	43.4%

Source: Superintendencia Financiera de Colombia, Terra Brasis Re. Figures in COP millions

Ecuador

For this first edition, we only analyze the general insurance market. On the next editions we intend to also analyze the life insurance market.

For the 12 months aggregate ending in September 2016, Ecuador's insurance market generated USD 1.687 billion in insurance premium, a nominal annual decrease of -10.0% compared to USD 1.874 billion for the same period of 2015.

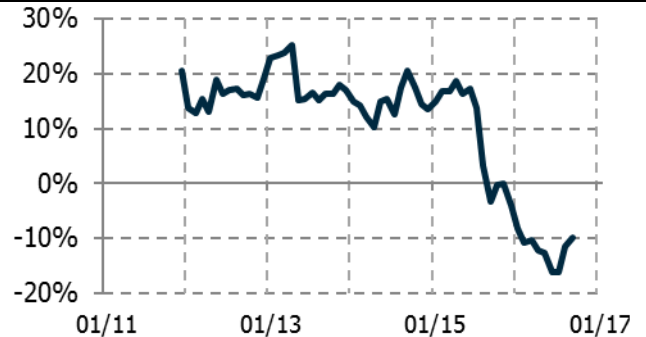
We note that the general insurance market in Ecuador grew at an annual rate close to 16% between 2012 and June 2015. In the second semester of 2015, a strong decrease then started, especially in the motor insurance segment. The pace of this decrease seems to have slowed down over the past two months. It remains to be seen if this recovery continues and if we will experience once again premium growth.

Written General Insurance Premium (USD Millions, 12-months aggregate)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

Growth of Written General Insurance Premium (12-months aggregate)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

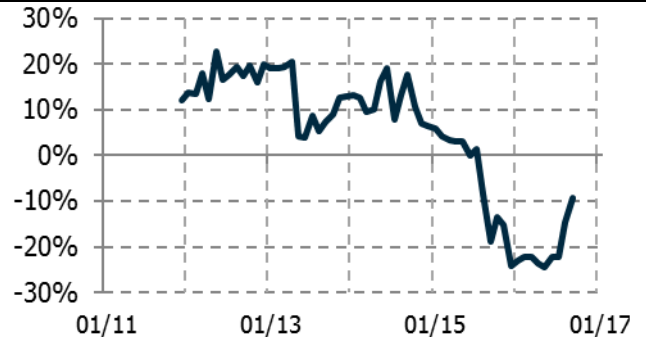
The trend for the reinsurance market was quite similar to that of the insurance market. For the 12-month aggregate ending September 2016, the reinsurance market, considering only the general insurance segment, generated USD 592 mm in premium, a nominal annual contraction of -9.4% compared to USD 653 mm for the same period in 2015. Nevertheless, this level of contraction can be seen as a recovery, as at the market had registered a contraction of -23.2% at the beginning of 2016.

Issued general reinsurance premium (USD Millions, 12-months aggregate)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

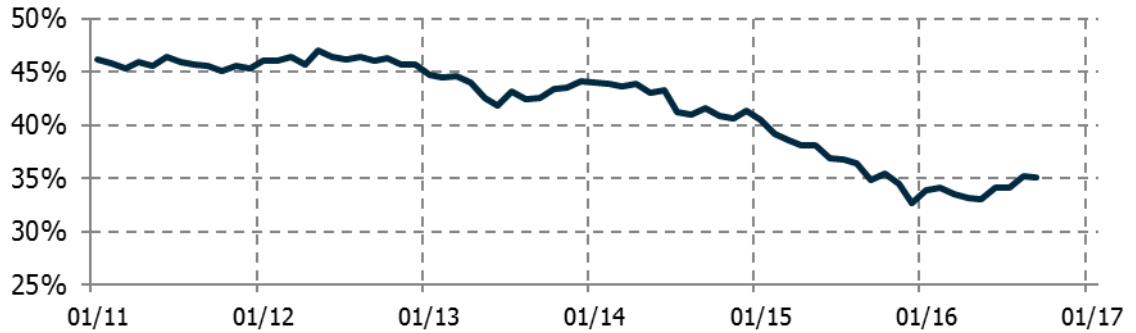
Growth of general reinsurance issued premium (12-months aggregate)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

The relationship between reinsurance premium and insurance, considering only the general insurance segment, seems to have stabilized. This index stayed close to 45% between 2011 and the end of 2013, when a gradual decrease began up to the end of 2015, where it registered 32.7%. For 2016 we note a small increase, perhaps derived from the effects of the earthquake on April 16th, having recorded 35.1% for the 12-months aggregates ending September 2016.

Reinsurance Premium / Insurance Premium in Ecuador (12-months aggregate, general insurance)

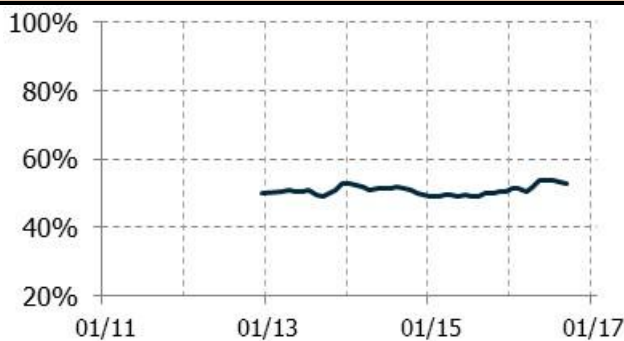


Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

The loss ratio for the insurance market, considering only general insurance, stood fairly constant in recent years. For the 12-month period ending September 2016, it stood at 52.8%, compared to 49.8% for the previous period.

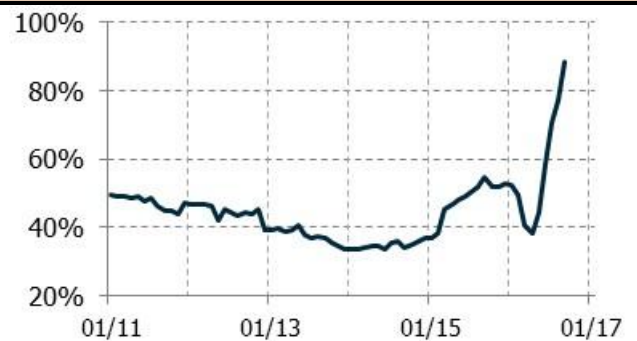
The tragic effects of the April 16th earthquake can be identified in the loss ratio of the reinsurers that operate in Ecuador. The loss ratio, set as Ceded Reinsurance Recovery and Coinsurance divided by Reinsurance Issued premium (Proportional or not), severely deviated from the average level. For the 12-months aggregate ending September 2016, the loss ratio reached 88.2% compared to 54.9% for the same previous period. We expect this figure to return to its historical average level by the middle of 2017.

Ecuador Insurers' Loss Ratio (12-months aggregate, general insurance)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

Loss Ratio of Reinsurers that operate in Ecuador (12-months aggregate, general insurance)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

Next we present the Insurer's technical results, general insurance segment, for the first nine months of 2016, 2015 and 2014.

Summary of Results of the Insurance Companies for the nine months of 2016, 2015 and 2014 (figures in USD million)			
	2016/09	2015/09	2014/09
Written Premium	1,208	1,384	1,454
Liquidations and Withdraws	-334	-447	-461
Reinsurance and Coinsurance Ceded Premium	-398	-440	-593
Retained Premium	476	497	400
Change in Premium Reserves	11	-36	-3
Ceded Not Proportional Reinsurance Premium	-45	-39	-43
Earned Premium	442	422	354
Paid Losses	-732	-534	-424
Reimbursements	487	293	229
Salvages	24	51	32
Net Change in Loss Reserves	-15	-22	-12
Losses Incurred	-236	-211	-175
Commercial Expenses(Gains)	1	9	57
Contribution Margin	206	219	236
Administrative Expenses	-140	-143	-136
Industrial Result	67	76	99
Financial Result	21	23	14
Comissions Paid by Other Concepts	-34	-40	-37
Other Gains and Losses	-19	-16	-6
Result Before Taxes and Participations	35	44	70
Profit Sharing	-3	-3	-6
Taxes and Contributions	-27	-24	-28
Net Income	5	16	37
Loss Ratio	53%	50%	50%
Commercial Expenses /Earned Premium	0%	-2%	-16%
Admnistrative Expenses / Earned Premium	32%	34%	39%
Other Expenses / Earned Premium	12%	13%	12%
Expense Ratio	43%	45%	35%
Combined Ratio	97%	95%	84%
Finantial Result / Earned Premium	-5%	-5%	-4%
Adjusted Combined	92%	90%	80%
Taxes and Contributions / Earned Premium	7%	6%	9%
Retained Premium / Written Premium	39%	36%	28%

Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re. Figures in millions of American dollars

We present below the technical results of the Ecuador reinsurance market for the last two years and the Local Reinsurers' individual technical results.

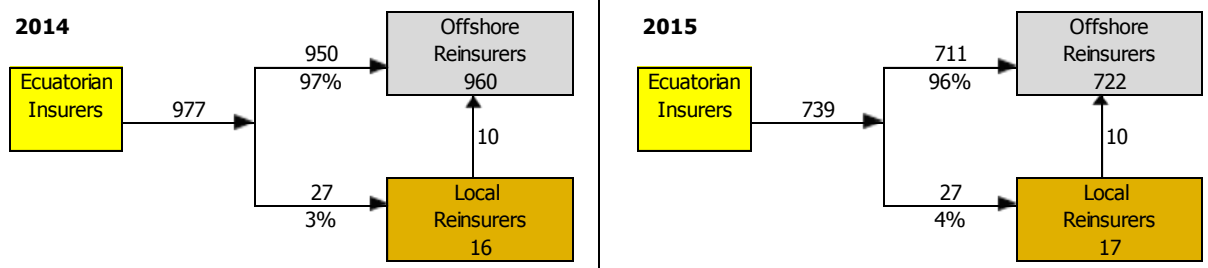
Reinsurer's Summary of Technical Results for the nine months of 2016 and 2015
(figures in USD million)

	Total Local Market		Reaseguradora del Ecuador		Reaseguradora Universal	
	2016/09	2015/09	2016/09	2015/09	2016/09	2015/09
Written Premium	18	15	16	10	2	6
Liquidations and Withdraws	-1	-1	0	-1	-1	0
Reinsurance and Coinsurance Ceded Premium	-3	-4	-3	-2	0	-2
Retained Premium	14	10	13	7	1	3
Change in Premium Reserves	-1	1	-2	0	1	1
Ceded Not Proportional Reinsurance Premium	-3	-3	-2	-2	0	-1
Earned Premium	10	8	8	5	2	4
Paid Losses	-15	-5	-9	-3	-5	-2
Reimbursements	9	1	5	1	4	0
Salvages	0	0	0	0	0	0
Net Change in Loss Reserves	-1	0	-1	0	0	0
Losses Incurred	-6	-4	-4	-2	-2	-1
Commercial Expenses(Gains)	-3	-2	-3	-1	0	0
Contribution Margin	1	3	1	1	0	2
Administrative Expenses	-2	-2	-1	-1	-1	-1
Industrial Result	-1	1	0	0	-1	1
Financial Result	1	1	1	0	1	1
Comissions Paid by Other Concepts	0	0	0	0	0	0
Other Gains and Losses	0	0	0	0	0	0
Result Before Taxes and Participations	0	2	1	0	-1	2
Profit Sharing	0	0	0	0	0	0
Taxes and Contributions	-1	-1	-1	0	0	0
Net Income	0	1	0	0	-1	1
Loss Ratio	58%	43%	50%	50%	95%	34%
Commercial Expenses /Earned Premium	34%	21%	36%	32%	24%	7%
Admnistrative Expenses / Earned Premium	18%	20%	11%	18%	50%	23%
Other Expenses / Earned Premium	2%	3%	-1%	2%	12%	6%
Expense Ratio	53%	45%	46%	51%	86%	37%
Combined Ratio	111%	88%	96%	101%	182%	70%
Finantial Result / Earned Premium	-14%	-13%	-9%	-10%	-37%	-17%
Adjusted Combined	97%	74%	87%	90%	144%	53%
Taxes and Contributions / Earned Premium	7%	11%	7%	7%	7%	18%
Retained Premium / Written Premium	76%	67%	78%	71%	61%	60%

Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re. Figures in millions American Dollars.

Lastly, we analyze the insurance and reinsurance premium flows in Ecuador. In this analysis we considered the general insurance and the life segments. We note that only a small portion of reinsurance premium is ceded to local reinsurers, something between 3 to 4%. As a comparison, in Brazil about 70% of premium is ceded to local reinsurers.

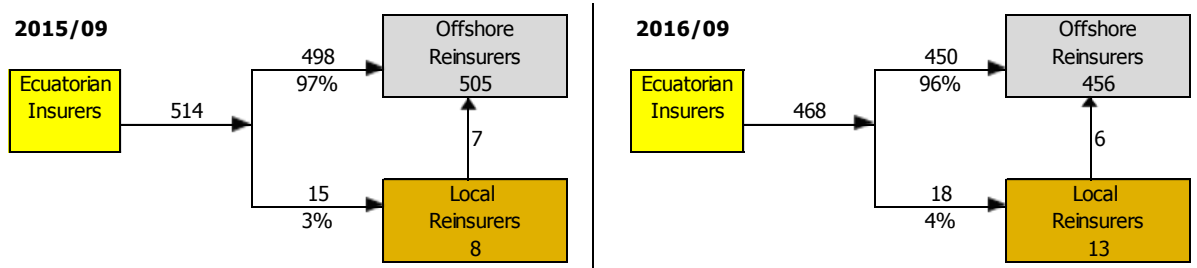
Reinsurance and Retrocession Premium Flow in 2014 and 2015 (general and life segments)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re. Figures in millions of American Dollars

Comparing the first three quarters of 2016 with the same period of 2015, it becomes evident that the local reinsurers managed to keep their premium volume, despite the decrease in the total ceded reinsurance volume and that their retained premium increased in 2016.

Reinsurance and Retrocession Premium Flow in 2016/09 and 2015/09 (general and life segments)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re. Figures in millions of American Dollars.

In 2016 up to September, local reinsurers wrote USD 18 million in premium and retained USD 13 million compared to USD 15 million and USD 8 million, issued and retained respectively, during the same period of 2015.

Peru

For the 12-month aggregate ending June 2016, the Peruvian insurance market had a production of PEN 9.5 billion in written insurance premium, equivalent to a nominal annual growth of 10.3% compared to the PEN 8.6 billion for the same period of 2015.

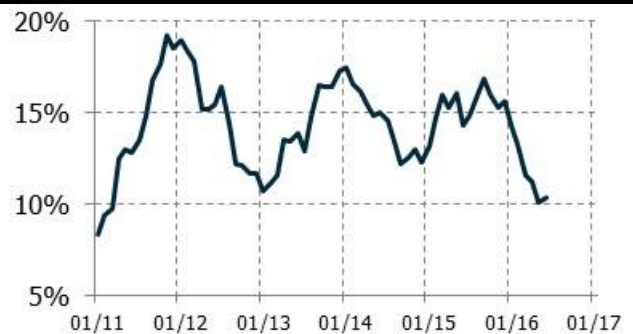
It is evident a deceleration in premium growth over 2016. Historically, as shown in the chart below, the growth rate has been cyclical, oscillating between 11% and 16%. However, the 10.3% mark recorded for the 12-month aggregate ending June 2016 is the lowest since March 2011.

Written Insurance Premium
(PEN Millions, 12-months aggregate)



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

Written Insurance Premium Growth
(12-months aggregate)



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

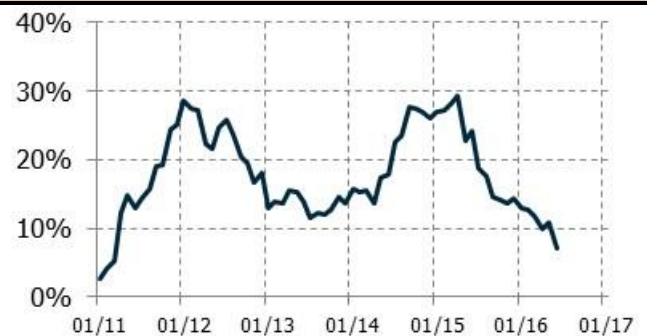
In regards to the reinsurance premium, for the 12-month aggregate ending June 2016, the volume reached PEN 3.0 trillion, reflecting the annual growth of 7.2% compared to PEN 2.8 trillion of 2015.

Ceded Reinsurance Premium
(PEN million, 12-months aggregate)



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

Reinsurance Ceded Premium Growth
(12-months aggregate)

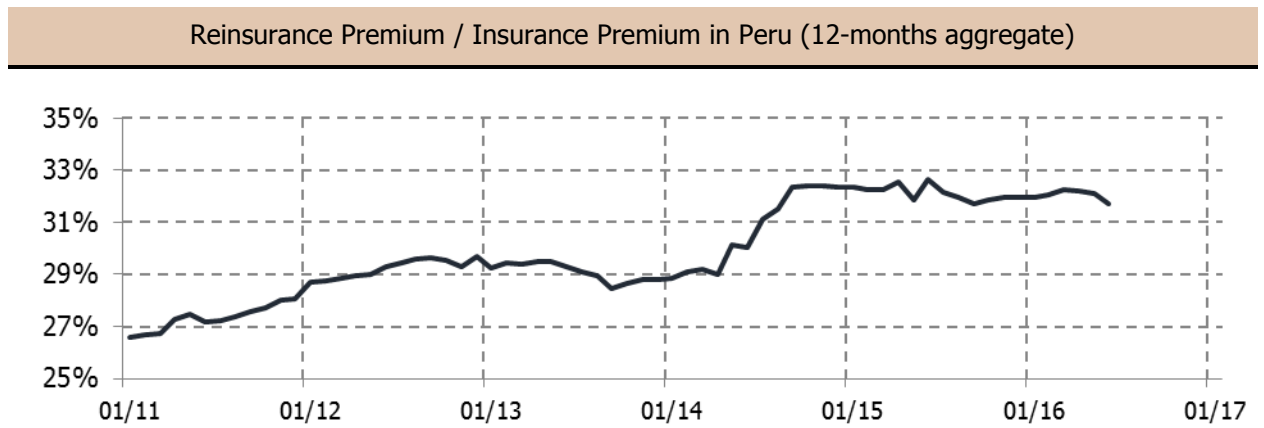


Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

The reinsurance premium growth rate shows a deceleration, similar to the trend in insurance premium. For the 12-month aggregate ending June 2016 the growth stood at 7.2%, significantly lower to the 24% seen in the equivalent previous period.

We also note that the deceleration of reinsurance premium began in mid-2015, whereas the deceleration of insurance premium began later, at the beginning of 2016.

The relationship between reinsurance and insurance premium, illustrated by the graph below, shows a rather stable trend. Between 2012 and 2014 this indicator remained stable and close to 29%. In 2014 the ratio experienced an adjustment, with the series starting to work close to 32%.



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

For the 12-month aggregate ending June 2016, this ratio stood at 32.1% compared to 32.6% for the equivalent previous period.

Insurer's Loss Ratio (12-months aggregate)



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

Loss Ratio of Reinsurers that operate in Peru (12-months aggregate)



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

Peruvian insurer's loss ratio shows reasonable stability. Since 2011, this ratio has stayed close to 60%. For the 12-month aggregate ending June 2016, the loss ratio stood at 58.2%, compared to 57.9% of the equivalent previous period.

Through income statement analysis, more specifically through the analysis of premium ceded in reinsurance, change to technical reserves of ceded premium and losses on ceded risks, it is possible to estimate the aggregate loss of reinsurers that operate in Peru.

We note that the reinsurer's loss is usually lower than that of insurers, however it is more volatile. The historical series shows a relatively stable level around 40%. Nevertheless, in 2012, the series shows a peak of 82.6%, which may be supported, among others factors, by the earthquake that occurred in region of Ica on January 2012. Within the many reinsurance functions, the reduction of the insurer's volatility is precisely one of them. Therefore the behavior of the reinsurer's loss ratio should be exactly what is seen in this historical series, with reinsurers having lower loss ratio in most years, but absorbing a large part of the losses when high loss ratio periods occur.

Nevertheless, we do observe an increase in the reinsurer's loss ratio since 2015. For the 12-month aggregate ending on June 2016, reinsurer's loss ratio stood at 56.7% compared to 47.7% of the equivalent previous period.

Next we show the insurance market result for the first semester of 2016, 2015 and 2014.

Insurer's Summary of Technical Results for the first semester of 2016, 2015 and 2014.

<i>in PEN mm</i>	2016/06	2015/06	2014/06
Assets	40,515	36,190	30,682
Shareholders Equity (BoP)	5,912	5,761	4,480
Shareholders Equity (EoP)	6,514	5,631	5,020
Investments	32,967	29,332	24,836
Total Reserves	29,353	26,369	22,068
Premium Reserves	24,662	21,941	18,138
Loss Reserves	4,691	4,428	3,931
Accepted Insurance and Reinsurance Premium	5,601	5,685	4,896
Premium Ceded in Reinsurance	-1,489	-1,431	-1,122
Premium Reserve Adjustment	-850	-1,208	-1,132
Net Earned Premium (EP)	3,262	3,046	2,643
Incurred Net Losses	-1,900	-1,763	-1,606
Catastrophic Reserve Adjustment	1	-	-
Comissions	-532	-486	-426
Other Technical Adjustments	-476	-443	-318
Administrative Costs	-862	-804	-704
Operational Result	-507	-450	-410
Investment Result	1,061	1,088	856
Before Tax Result	554	638	445
Taxes	-51	-68	-27
After Tax Result	503	570	419
Loss Ratio	58%	58%	61%
Commercial Expenses / Earned Premium	16%	16%	16%
Administrative Expenses / Earned Premium	26%	26%	27%
Other Expenses / Earned Premium	15%	15%	12%
Expense Ratio	57%	57%	55%
Combined Ratio	116%	115%	116%
Financial Results / Earned Premium	-33%	-36%	-32%
Adjusted Combined	83%	79%	83%
Taxes / Earned Premium	2%	2%	1%
Annualised R.O.E.	17.0%	19.8%	18.7%
Annualised Earned Premium/SE	110%	106%	118%
Retained Premium / Written Premium	73%	75%	77%

Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re. Figures in millions of Peruvian Soles.

We note that accepted insurance and reinsurance premium experienced a small decline of 1.5%, standing at PEN 5.06 bi on the first semester of 2016 compared to PEN 5.69 bi for the first semester of 2015. Similar to what occurred with after tax profit, which registered PEN 503 mm in the first half of 2016 compared to PEN 570 mm in the first half of 2015.

This report does not intend to analyze the insurance market, but to analyze the reinsurance market. Nevertheless, it is common knowledge that in the Peruvian market there is high concentration of business in a limited number of insurance groups. Therefore, it is pertinent to the reinsurance market to follow the market concentration level.

Therefore, we illustrate the market-share evolution of the four largest insurance groups, including both general insurance companies, as well as life insurers.

Market-Share Evolution of the Four Largest Insurance Groups, by issued premium



Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re. 12-month Aggregate. The following companies were included: Rimac, Pacifico, Pacifico Vida, La Positiva, La Positiva Vida, Mapfre, Mapfre Perú Vida

It is possible to observe the existence of significant concentration in the Peruvian market. This concentration declined in early 2013 until late 2014. At the beginning of 2015 we note a reversal and the concentration started to increase, up until June 2016, the last month with available data.

The Superintendencia de Banca, Seguros y AFP provides excellent information regarding reinsurers that operate in Peru, which we present on the following page.

Among the 10 largest reinsurers operating in Peru, we note the following movements between this and last year. The French reinsurers AXA France Vie (+132%) and SCOR GLOBAL LIFE S.E. (+65%) presented significant premium growth. Brazilian reinsurer IRB-Brasil Resseguros S.A. showed the highest growth among the 10 largest reinsurers (+205%), becoming the fourth largest reinsurer in the Peruvian market.

General Re showed the largest decreasing in production (-52%) among the 10 largest reinsurers. British reinsurer Lloyd's showed the second biggest drop (-34%), losing the top position in the Peruvian market to Mapfre Global Risks (+36%).

**Ceded Premium to the Main Reinsurers
(In USD thousands)**

#	Reinsurer	Country	2016/06	2015/06	Change (%)
1	Mapfre Global Risks	Spain	52 817	38 830	36%
2	Lloyd's	United Kingdom	29 667	45 268	-34%
3	Hannover Rueck SE	Germany	28 639	43 197	-34%
4	IRB-Brasil Resseguros S.A.	Brazil	28 240	9 268	205%
5	AXA France Vie	France	28 051	12 108	132%
6	SCOR GLOBAL LIFE S.E.	France	20 404	12 390	65%
7	Scotia Insurance (Barbados) Ltd.	Barbados	16 378	13 258	24%
8	New Hampshire Insurance Co.	USA	14 861	8 834	68%
9	Munich Reinsurance Company	Germany	14 254	19 142	-26%
10	General Reinsurance AG	Germany	11 870	24 560	-52%
11	SCOR Brasil Resseguros SA	Brazil	10 614	10 215	4%
12	Swiss Reinsurance America Corporation	USA	10 515	11 337	-7%
13	Ohio National Seguros de Vida S.A.	Chile	10 113	-	-
14	Swiss Reinsurance Company Ltd.	Switzerland	9 899	11 500	-14%
15	Everest Reinsurance Co.	USA	9 242	15 283	-40%
16	ACE Tempest Reinsurance Ltd.	Bermuda	8 761	9 333	-6%
17	Allianz Global Corporate & Specialty SE	Germany	6 714	7 816	-14%
18	Zurich Insurance Company Limited	Switzerland	6 711	7 611	-12%
19	Scor Reinsurance Company	USA	6 105	5 080	20%
20	AIG Europe Limited	United Kingdom	5 521	29 189	-81%
21	XL Insurance Company SE	United Kingdom	4 610	5 458	-16%
22	Royal & Sun Alliance Insurance PLC	United Kingdom	3 869	3 735	4%
23	New Reinsurance Company	Switzerland	3 740	-	-
24	Arch Reinsurance Ltd.	Bermuda	3 270	850	285%
25	XL Re Latin America Ltd.	Switzerland	2 807	2 011	40%
26	Liberty Mutual Insurance Company	USA	2 750	1 204	128%
27	Validus Reinsurance (Switzerland) Ltd.	Switzerland	2 677	2 526	6%
28	AmTrust Europe Limited	United Kingdom	2 597	2 597	0%
29	Factory Mutual Insurance Co.	USA	2 504	2 933	-15%
30	Kolnische Rueckversicherungs-Gesellschaft AG	Germany	2 468	2 552	-3%
31	HDI Global SE	Germany	2 413	-	-
32	Transatlantic Reinsurance Company	USA	2 363	2 489	-5%
33	Generali España S.A.	Spain	2 052	4 607	-55%
34	Houston Casualty Company	USA	2 038	3 090	-34%
35	SCOR Global Life USA Reinsurance Company	USA	2 027	1 602	27%
36	International General Insurance Co. (UK) Ltd.	United Kingdom	2 017	610	231%
37	Bison Insurance Company Limited	USA	1 945	1 834	6%
38	Mapfre Re. Cia. de Reaseguros SA	Spain	1 896	28 065	-93%
39	General Insurance Corporation of India	India	1 826	715	155%
40	Aspen Insurance U.K. Ltd.	United Kingdom	1 803	1 450	24%
41	QBE Insurance (Europe) Ltd.	United Kingdom	1 774	3 097	-43%
42	R+V Versicherung AG	Germany	1 749	1 633	7%
43	Barents Re Reinsurance Company, Inc.	Panama	1 629	1 080	51%
44	ACE Property & Casualty Insurance Company	USA	1 628	1 692	-4%
45	Assicurazioni Generali S.p.A.	Italy	1 468	3 024	-51%
46	Westport Insurance Corp.	USA	1 379	6 057	-77%
47	Zurich Insurance PLC	Ireland	1 326	4 849	-73%
48	Mitsui Sumitomo Insurance Company Ltd.	Japan	1 205	1 456	-17%
49	Insurance Co. of the State of Pennsylvania	USA	1 120	1 410	-21%
50	Liberty Mutual Insurance Europe Limited	United Kingdom	1 049	1 128	-7%
	Others		40 338	67 336	-40%
Total			435 714	495 307	-12%

Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re. Figures in thousands of American Dollars.

Lastly, we analyze the country of origin of reinsurer providers operating in Peru, for the first semester of 2016, 2015 and 2014. The analysis includes both pure reinsurers, as well as insurers operating in reinsurance. We note the following main movements between the top 10 countries.

Other Latin-American countries are achieving a growing importance on the Peruvian market, indicating a greater interaction between countries in the region. Brazil stands in 2016 as the 6th largest partners, whereas it stood in the 19th position in 2014. Chile appears for the first time between the top 10 partners.

The joint contribution of Latin-American countries (Barbados, Brazil, Chile, Colombia, Panama, Peru and Mexico) is 16% larger than that of the number one ranked country. The United States appears in first place in 2016, advancing two spots, whereas the United Kingdom has lost its lead, falling to third place.

Ceded Reinsurance Premium by Country, First Semester
(In USD thousands)

Ranking			Country	Ceded Premium			Change (%)	
2016/06	2015/06	2014/06		2016/06	2015/06	2014/06	2016/15	2015/14
1	3	3	USA	66 480	74 775	53 052	-11%	41%
2	2	2	Germany	65 971	101 029	68 877	-35%	47%
3	1	1	United Kingdom	58 897	108 445	92 580	-46%	17%
4	4	4	Spain	57 803	72 684	52 507	-20%	38%
5	5	5	France	50 142	26 425	44 946	90%	-41%
6	7	19	Brazil	38 910	19 941	1 032	95%	1833%
7	6	7	Switzerland	29 388	25 928	18 166	13%	43%
8	9	8	Barbados	16 765	14 634	9 711	15%	51%
9	8	6	Bermuda	14 312	17 384	22 176	-18%	-22%
10	-	-	Chile	10 155	-	-	-	-
11	11	10	Peru	8 337	4 687	6 429	78%	-27%
12	10	9	Ireland	4 238	9 980	9 414	-58%	6%
13	14	17	India	2 585	2 249	1 217	15%	85%
14	17	13	Panama	1 700	1 364	1 799	25%	-24%
15	13	12	Japan	1 602	2 667	2 214	-40%	20%
16	12	20	Italy	1 468	3 024	923	-51%	228%
17	18	11	Luxemburgo	1 344	1 219	4 777	10%	-74%
18	16	15	South Korea	1 257	1 373	1 369	-8%	0%
19	20	14	Mexico	917	1 061	1 647	-14%	-36%
20	19	18	Sweden	792	1 187	1 043	-33%	14%
21	22	22	Norway	558	794	643	-30%	24%
22	24	-	China	396	505	-	-22%	-
23	-	-	Hong Kong	304	-	-	-	-
24	25	-	Qatar	289	282	-	3%	-
25	-	25	Colombia	222	-	326	-	-
-	15	-	Canada	-	1 422	-	-100%	-
-	21	21	Liechtenstein	-	837	658	-100%	27%
-	23	23	Belgium	-	586	497	-100%	18%
-	-	16	Russia	-	-	1 356	-	-
-	-	24	Australia	-	-	461	-	-
-	-	-	Other Countries	883	826	919	7%	-10%
Total				435 713	495 307	398 739	-12%	24%
Latin-America				77 006	41 686	20 943	85%	99%

Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re. Figures in thousands of American Dollars.

Acknowledgements

It is with enthusiasm that we publish the first edition of Terra *Report* Latin-America, a research piece covering the Reinsurance Markets of the region. Initially the report will encompass Colombia, Ecuador and Peru. We will share it with our clients, partners, and colleagues.

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We hope our readers appreciate this work as much as we appreciate developing it. Any criticism, comment, or suggestion for this work is always very welcome.

Contacts

Name	Title	Telephone	Email
Paulo Eduardo de Freitas Botti	Chief Executive Officer	+55 11 3320 5056	paulo.botti@terrabrisas.com.br
Carlos Roberto De Zoppa	Technical Executive Vice President	+55 11 3320 5058	carlos.zoppa@terrabrisas.com.br
Bernardo Nolasco	Chief Investment Officer	+55 11 3320 5165	bernardo.nolasco@terrabrisas.com.br
Rodrigo Botti, ARe	General Manager, CFO & COO	+55 11 3320 5050	rodrigo.botti@terrabrisas.com.br
Paulo Hayakawa	Chief Underwriter Officer	+55 11 3320 5053	paulo.hayakawa@terrabrisas.com.br
Beatriz Americano	Chief Administrative Office	+55 11 3320 5051	beatriz.americano@terrabrisas.com.br
Tatiana Bianco	Risk Manager	+55 11 3320 5080	tatiana.bianco@terrabrisas.com.br
Hernán Moreno	Regional Manager	+ 57 1 744 0992	hernan.moreno@terrabrisas.com.br
Fabio Jiménez	Underwriter	+ 57 1 744 0998	fabio.jimenez@terrabrisas.com.br
Dioniso Araujo	Risk Analyst	+55 11 3320 5052	dioniso.araujo@terrabrisas.com.br
Mathias Gerhard	Risk Intern	+55 11 3320 5052	mathias.gerhard@terrabrisas.com.br

Head Office

Av. Presidente Juscelino
Kubitschek, 1700,
12º floor
Itaim Bibi, São Paulo, SP
Brazil
04543-000

Colombia Office

Carrera 9 N° 113 -52
Oficina 1207, Edificio
Torres Unidas 2 P.H.
Bogotá, Colombia



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2º Lugar
Categoria Comunicação
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