

Colombia: March 2017
 Ecuador: March 2017
 Peru: December 2016

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Terra Report_{LA}

Latin American Reinsurance Market

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- We include in this edition, for the first time, information from Life Insurers, in addition to the traditional P&C insurers, for Colombia and Ecuador. For Peru this data segregation is not available.
- In Colombia, during the 12 months aggregate ending in March 2017, reinsurance premium growth for General Insurance stood at 4.2% a contrast to the reinsurance premium growth for Life Insurance, which stood at 43.2%, as shown in the graph below.
- For the 12 months aggregate ending in March 2017, the Loss Ratio of reinsurers that operate in Colombia stood at 70% for General Insurance and 69% for Life, compared to respectively 48% and 80% for the previous period.
- In Ecuador, General Insurer’s combined ratio stood at 87% for the 12 months period ending in March of 2017, against 95% for the previous period. For Life Insurers the combined ratio stood at 88% against 86% for the previous period.
- In Peru, for the year of 2016, the Reinsurer’s Loss Ratio stood at 55.1% compared to 51.8% in 2015. An increase at the loss ratio level, for both insurers and reinsurers, is expected due to El Niño heavy rains during the 1st quarter of 2017.

Ratings:

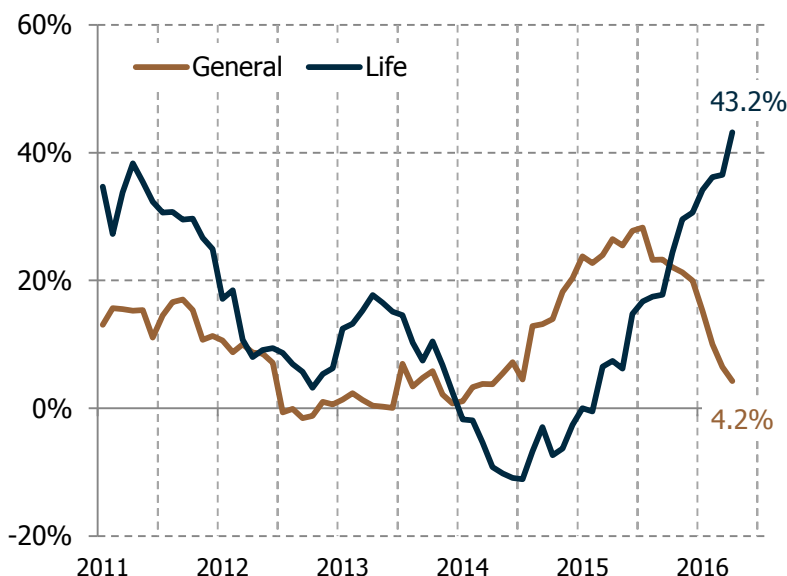
A.M. Best
B++/bbb
 Global (*Investment Grade*)
 Stable Outlook

Standard & Poor’s
brA+
 Local
 Stable Outlook

Shareholders:



Reinsurance Premium Growth in Colombia



Source: Superintendencia Financiera de Colombia, Terra Brasis Re. 12-months aggregate

Introduction

Dear Reader,

On this third edition of Terra Report LA, we cover the reinsurance markets of Colombia and Ecuador for the first quarter of 2017 and the Peruvian market up to December 2016.

We include for the first time information from the Life Insurers, in addition to the traditional P&C insurers for Colombia and Ecuador. For Peru this segregation of data is not available. The inclusion of this new set of data provides interesting insights on the insurance and reinsurance markets of these countries.

For Colombia, life insurance stand for close to 50% of the insurance premium and about 25% of the reinsurance premium. Nevertheless, the dynamics of these two segments are quite different. For instance, currently we see very distinct growth rates and loss ratios between these segments.

As noted in the previous edition, we present the Financial Statements according to each country's standards, as to become acquainted with the peculiarities that differentiate each Latin American country. 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, suggestions, comments and critiques are much welcome.

Enjoy your reading,

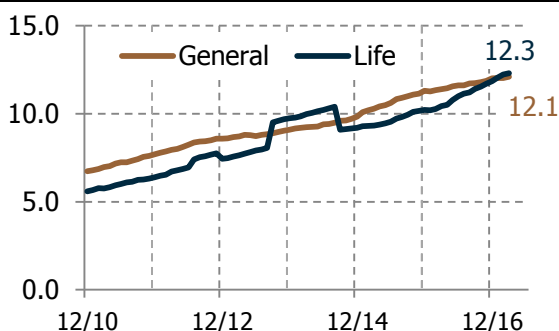
Rodrigo Botti, ARe
General Director
Terra Brasis Resseguros

Colombia

The Colombian insurance market reached the highest premium volume for the 12 months aggregate ending in March 2017, for both life and general insurance. Colombia's insurance market generated COP 12.1 trillion in General Insurance premium (net of coinsurance) and COP 12.3 trillion in Life Insurance (net of Coinsurance).

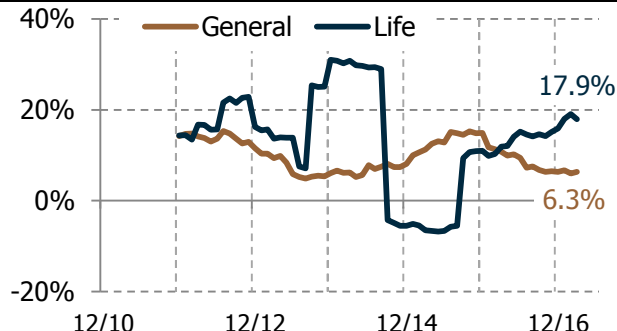
Growth rate for General Insurance continues to decrease and now stands at an annual pace of 6.3%. For the Life Insurance, which we include for the first time in this edition, growth volume is actually accelerating and now stands at 17.9%. For both General Insurance and Life Insurance, these rates of growth are still superior when compared to the other Latin America countries we analyze.

Premium Issued (COP Trillions, 12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Growth of issued insurance premium (12-months aggregate)



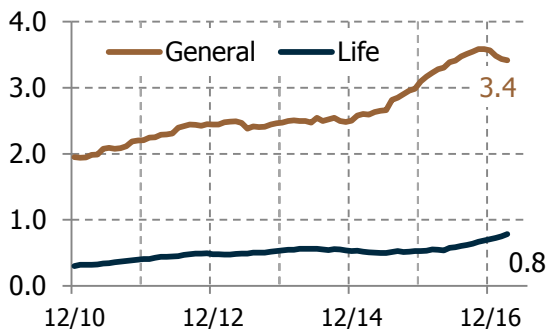
Source: Superintendencia Financiera de Colombia, Terra Brasis Re

For the reinsurance market, which we now break the analysis for the first time into General Reinsurance and Life Reinsurance, the picture is different pending on the sector.

During the 12 months aggregate ending in the first quarter of 2017, Colombia's General Reinsurance market achieved COP 3.4 tri in premium, a nominal annual growth of 4.2% compared to COP 3.3 tri for the same period in 2016.

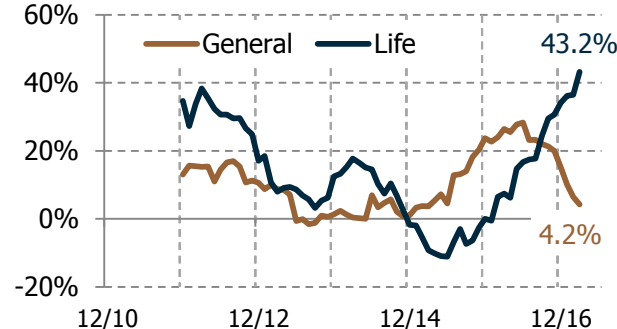
For Life Reinsurance, the premium volume stands at COP 0.8 tri, an increase of 43.2% from the previous period. Even though the absolute size of Life Reinsurance is smaller when compared to General Insurance, this is a significant increase.

Ceded reinsurance premium (COP Trillions, 12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Growth of reinsurance premium (12-months aggregate)

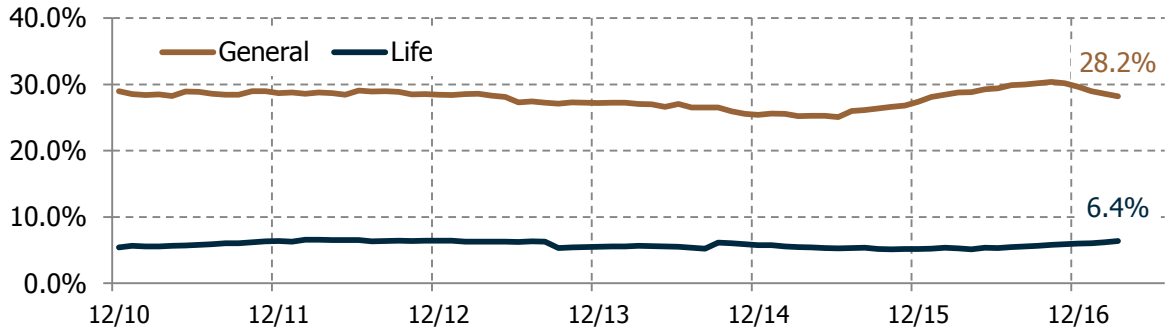


Source: Superintendencia Financiera de Colombia, Terra Brasis Re

The relation between the reinsurance and insurance premium (net of coinsurance), has remained stable during the recent years for both Life and General insurance.

Analyzing the relationship between reinsurance premium and insurance premium during the 12 months aggregate ending in March of 2017, for General insurance this index remained at 28.2% compared to 28.8% for the same previous period. For Life insurance, this relation remained at 6.4% compared to 5.3% for the previous period of 2016.

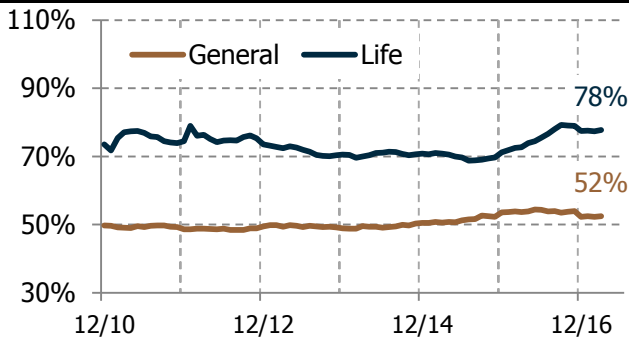
Reinsurance Premium/ Insurance Premium in Colombia (12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

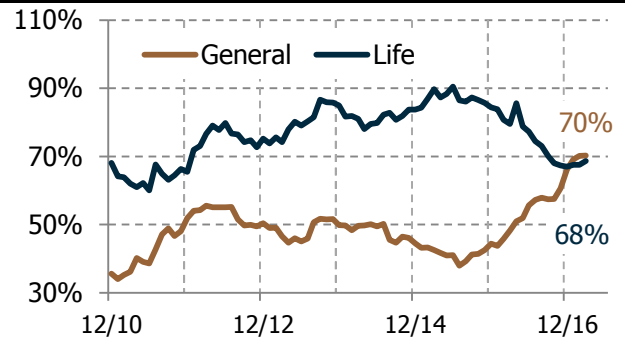
The insurance market loss ratio for General insurance has remained stable during the last years, ending the 12 month aggregate in March of 2017 at 52.5% in comparison to 53.7% for the same previous period. In an opposite way, the Life Insurance experiences an increase in the insurers loss ratio, ending the period at 77.8% in comparison to 72.7% for the same previous period of 2016.

Loss Ratio Colombia Insurers (12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

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



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

The loss ratio of the reinsurance market 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.

In General Insurance, for the 12 months aggregate ending in March of 2017, the loss ratio reinsurers has increased to 70.2% in comparison to 48% for the same previous period of 2016. The Life insurance has experienced a decrease, closing the period of 2017 at 68.6% in comparison to 80% for the same previous period.

Next, we present the Insurer's technical results for the 12 months aggregate ending in March of 2017, 2016 and 2015, divided by General and Life Insurance segment.

Insurer's Summary of Results for 12 months aggregate ending in March of 2017, 2016 and 2015
General Insurance

	2017/03	2016/03	2015/03
Gross Written Premium	13,947,047	12,444,532	11,788,873
Ceded Coinsurance Premium	-1,840,791	-1,057,170	-1,505,872
Reinsurance Premium	-3,416,670	-3,278,038	-2,591,553
SOAT Premium	-915	-2,534	-516
Earned Premium	8,688,671	8,106,790	7,690,931
Reserve Adjustment	-362,935	-193,865	-417,183
Earned Premium	8,325,736	7,912,925	7,273,748
Change in Loss Reserves	-353,008	-537,047	-487,058
Paid Losses	-6,284,785	-5,254,332	-4,377,699
Reimbursements and Salvages Cession	1,954,721	1,274,432	959,060
Salvages	313,083	266,759	222,734
Losses Incurred	-4,369,988	-4,250,187	-3,682,964
Other Expenses/Gains with Reinsurance	445,082	307,211	143,520
Other Expenses/Gains with Insurance	-467,867	-342,287	-319,462
Administrative Expenses	-2,158,413	-2,561,782	-2,480,073
Commercial Expenses	-2,281,417	-1,517,655	-1,347,590
Industrial Result	-506,868	-451,775	-412,820
Financial Result	1,012,804	627,291	722,901
Earnings before Tax	505,936	175,515	310,081
Income and other Taxes	-168,459	-46,565	-166,928
Net Income	337,477	128,950	143,153
Loss Ratio	52.5%	53.7%	50.6%
Comm. Exp/Earned Premium	27.4%	19.2%	18.5%
Adm. Exp / Earned Premium	25.9%	32.4%	34.1%
Other Exp / Earned Premium	0.3%	0.4%	2.4%
Expense Ratio	53.6%	52.0%	55.0%
Combined Ratio	106.1%	105.7%	105.7%
Investment Ratio	-12.2%	-7.9%	-9.9%
Adjusted Combined	93.9%	97.8%	95.7%
Reinsurer's Loss Ratio	70.2%	48.2%	42.5%

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

Insurer's Summary of Results for 12 months aggregate ending in March of 2017, 2016 and 2015,
Life Insurance

	2017/03	2016/03	2015/03
Gross Written Premium	13,460,708	11,439,977	10,180,039
Ceded Coinsurance Premium	-1,153,917	-1,004,729	-854,866
Reinsurance Premium	-784,609	-547,947	-510,224
SOAT Premium			
Earned Premium	11,522,183	9,887,301	8,814,949
Reserve Adjustment	-2,727,358	-1,874,460	-1,009,915
Earned Premium	8,794,824	8,012,841	7,805,034
Change in Loss Reserves	-1,319,814	-1,001,165	-1,089,974
Paid Losses	-6,013,679	-5,271,113	-4,938,439
Reimbursements and Salvages Cession	485,761	442,260	494,239
Salvages	8,405	6,003	5,761
Losses Incurred	-6,839,326	-5,824,015	-5,528,412
Other Expenses/Gains with Reinsurance	52,779	-6,351	-36,253
Other Expenses/Gains with Insurance	-767,259	-781,437	-584,978
Administrative Expenses	-1,592,493	-1,922,157	-1,985,643
Commercial Expenses	-1,505,633	-971,148	-721,226
Industrial Result	-1,857,107	-1,492,268	-1,051,477
Financial Result	3,284,623	2,543,715	2,191,965
Earnings before Tax	1,427,515	1,051,447	1,140,488
Income and other Taxes	-59,945	-71,369	-106,902
Net Income	1,367,571	980,078	1,033,586
Loss Ratio	77.8%	72.7%	70.8%
Comm. Exp/Earned Premium	17.1%	12.1%	9.2%
Adm. Exp / Earned Premium	18.1%	24.0%	25.4%
Other Exp / Earned Premium	8.1%	9.8%	8.0%
Expense Ratio	43.4%	45.9%	42.6%
Combined Ratio	121.1%	118.6%	113.5%
Investment Ratio	-37.3%	-31.7%	-28.1%
Adjusted Combined	83.8%	86.9%	85.4%
Reinsurer's Loss Ratio	68.6%	79.6%	89.8%

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

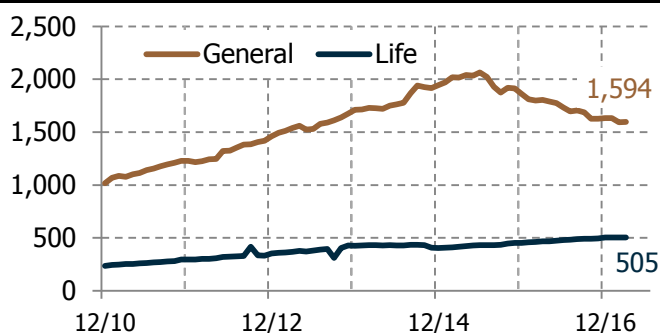
Ecuador

In a general way, the growth of insurance and reinsurance market continued to decrease in the first quarter of 2017. The insurers' loss ratio remains stable, however, the reinsurers' loss ratio is still above 100%.

For the 12 months aggregate ending in March of 2017, Ecuador's General Insurance market generated USD 1.60 billion in insurance premium, a nominal annual decrease of -11.6%. In comparison to previous period of 2016, it remained at USD 1.81 billion and a decrease of -10.5%.

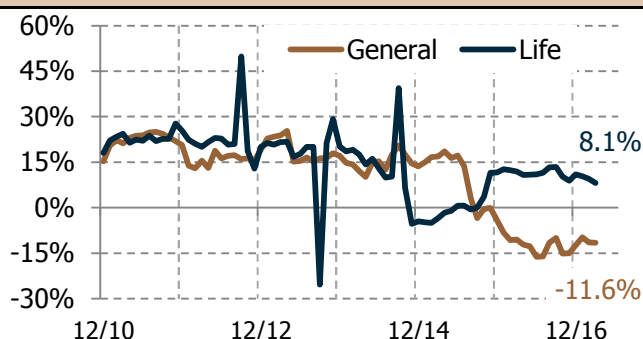
The Life Insurance market, which we include for the first time in this edition, has experienced the opposite. For the 12 months aggregate ending in March of 2017, the Life Insurance market generated USD 0.51 billion in insurance premium, a nominal annual increase of 8.1%. In the same previous period, it remained at USD 0.47 billion and an increase of 11.9%.

Written Insurance Premium (12-months aggregate)



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

Growth of Written Insurance Premium (12-months aggregate)

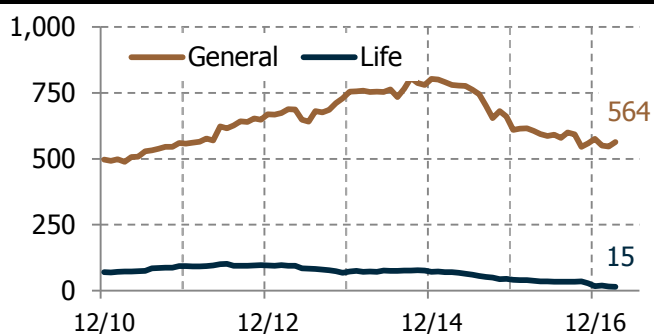


Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

The General Reinsurance premium, for the 12 months aggregate ending in March of 2017, reached USD 564 mm, a nominal annual contraction of -7.0% compared to USD 606 mm for the same previous period of 2016. Nevertheless, this level of contraction can be seen as a recovery, as at the market had registered a contraction of -24.2% at the end of 2015.

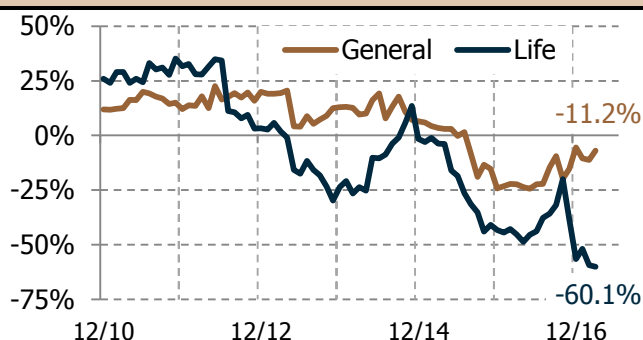
This is the first edition that we include the life reinsurance data for Ecuador. As shown in the chart below, the Life Reinsurance basis is smaller and much more volatile. For the 12 months aggregate ending in March of 2017, this market generated USD 15 mm and experienced a nominal annual contraction of -60.1% in comparison to USD 38 mm for the same previous period.

Issued Reinsurance premium (12-months aggregate)



Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re, Figures in USD Millions

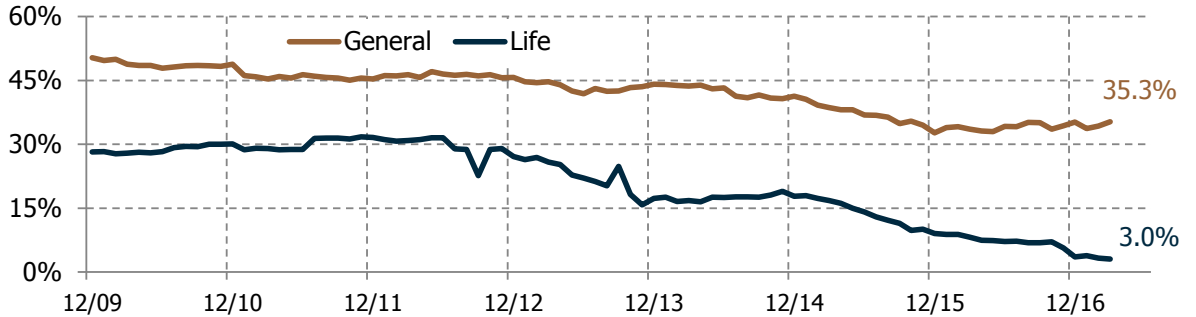
Growth of Reinsurance issued premium (12-months aggregate)



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

Analyzing the relationship between reinsurance premium and insurance premium, during the 12 months aggregate ending in March of 2017, for General Insurance this index remained at 35.3% compared to 33.5% for the same previous period. For Life Insurance, this relation remained at 3.0% compared to 8.2% for the previous period of 2016.

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



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

The loss ratio for the insurance market remained constant during the recent years for both General and Life Insurance.

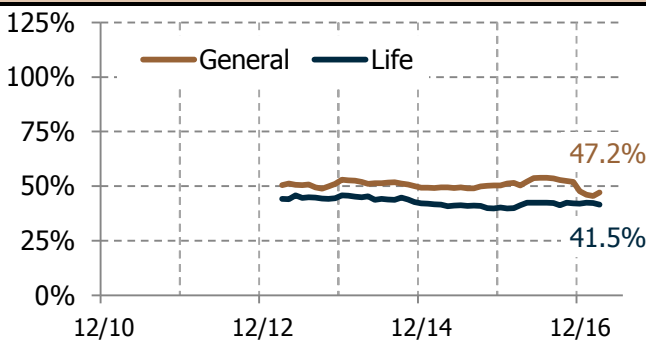
The General Insurance loss ratio for the 12 months aggregate period ending in March 2017 remained at 47.2%, compared to 50.3% for the same previous period of 2016. For Life Insurance, the loss ratio in the same period of 2017 remained at 41.5% in comparison to 41.3% for the same previous period.

The tragic effects of the April 16th earthquake can be identified in the loss ratio of the reinsurers that operate in Ecuador, for General and Life segment. The loss ratio, set as Ceded Reinsurance Recovery and Coinsurance divided by Reinsurance Issued premium (Proportional or not), severely deviated from the average level.

The General Reinsurance loss ratio for the 12 months aggregate ending in March 2017 reached 116.4% compared to 40.7% for the same previous period. The Life Reinsurance loss ratio reached 110.4% in the same period of 2017, in comparison to 69.1% for the previous period of 2016.

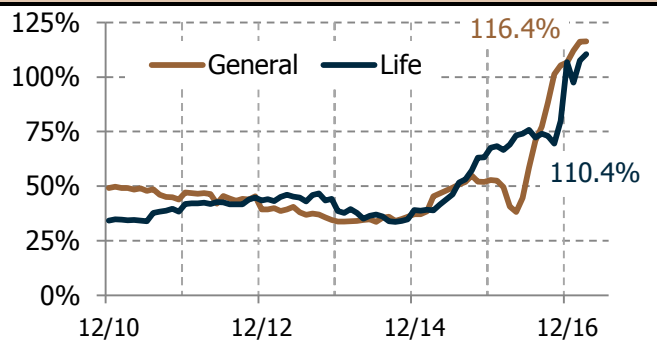
We expect this index to return to its historical average level by the middle of 2017.

Ecuador Insurers' Loss Ratio (12-months aggregate)



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

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



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

Next, we present the Insurer's technical results, divided by general and life insurance segment, for the first three months of 2017, 2016 and 2015.

Summary of Results of the Insurance Companies for the three months of 2017, 2016 and 2015

General Insurance

(figures in USD million)

	2017/03	2016/03	2015/03
Written Premium	404	440	498
Liquidations and Withdraws	-90	-142	-187
Reinsurance and Coinsurance Ceded Premium	-147	-134	-159
Retained Premium	167	164	152
Change in Premium Reserves	10	0	-13
Ceded Not Proportional Reinsurance Premium	-16	-16	-12
Earned Premium	161	148	127
Paid Losses	-205	-122	-206
Reimbursements	108	44	126
Salvages	26	7	25
Net Change in Loss Reserves	-5	-3	-7
Losses Incurred	-76	-73	-62
Commercial Expenses(Gains)	-2	-1	6
Contribution Margin	83	75	71
Administrative Expenses	-48	-49	-47
Industrial Result	35	26	24
Financial Result	8	7	7
Comissions Paid by Other Concepts	-10	-11	-10
Other Gains and Losses	-4	-8	-6
Result Before Taxes and Participations	29	14	15
Profit Sharing	-2	-1	-3
Taxes and Contributions	-10	-8	-9
Net Income	17	5	4
Loss Ratio	47%	49%	49%
Commercial Expenses /Earned Premium	1%	0%	-5%
Administrative Expenses / Earned Premium	30%	33%	37%
Other Expenses / Earned Premium	8%	13%	13%
Expense Ratio	40%	46%	45%
Combined Ratio	87%	95%	94%
Financial Result / Earned Premium	-5%	-5%	-6%
Adjusted Combined	82%	91%	88%
Taxes and Contributions / Earned Premium	8%	6%	9%
Retained Premium / Written Premium	84%	78%	30%

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

Summary of Results of the Insurance Companies for the three months of 2017, 2016 and 2015
Life Insurance
(figures in USD million)

	2017/03	2016/03	2015/03
Written Premium	126	123	109
Liquidations and Withdraws	-19	-21	-23
Reinsurance and Coinsurance Ceded Premium	-1	-6	-12
Retained Premium	106	96	74
Change in Premium Reserves	-3	-3	-2
Ceded Not Proportional Reinsurance Premium	-3	-3	-2
Earned Premium	100	90	70
Paid Losses	-43	-41	-33
Reimbursements	2	6	7
Salvages	0	0	0
Net Change in Loss Reserves	-1	-5	-2
Losses Incurred	-42	-40	-28
Commercial Expenses(Gains)	-12	-9	-7
Contribution Margin	46	42	35
Administrative Expenses	-16	-13	-14
Industrial Result	30	28	22
Financial Result	4	3	3
Comissions Paid by Other Concepts	-16	-14	-10
Other Gains and Losses	-1	-2	-1
Result Before Taxes and Participations	16	15	14
Profit Sharing	-1	-1	-1
Taxes and Contributions	-5	-4	-3
Net Income	11	11	10
Loss Ratio	42%	44%	40%
Commercial Expenses /Earned Premium	12%	10%	10%
Admnistrative Expenses / Earned Premium	16%	15%	19%
Other Expenses / Earned Premium	17%	17%	15%
Expense Ratio	46%	42%	45%
Combined Ratio	88%	86%	84%
Finantial Result / Earned Premium	-4%	-3%	-5%
Adjusted Combined	84%	83%	80%
Taxes and Contributions / Earned Premium	6%	5%	6%
Retained Premium / Written Premium	84%	78%	68%

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 first three months of 2017 and 2016 for the Local Reinsurers' individual technical results.

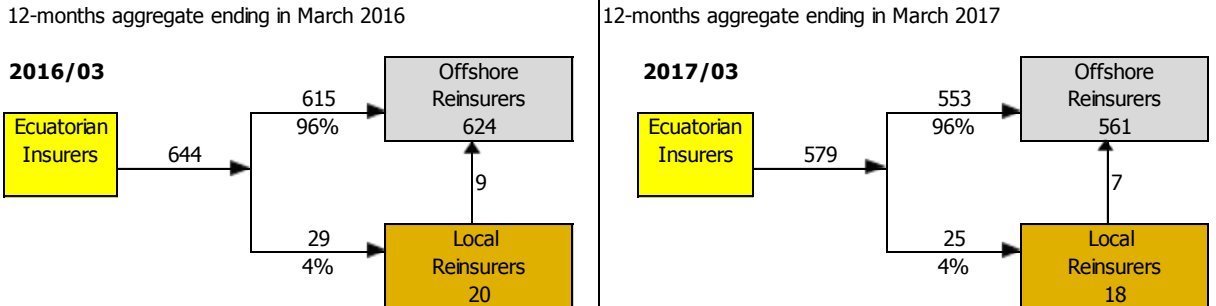
Local Reinsurer's Summary of Technical Results for the three months of 2017 and 2016
(figures in USD million)

	Total Local Market		Reaseguradora del Ecuador		Reaseguradora Universal	
	2017/03	2016/03	2017/03	2016/03	2017/03	2016/03
Written Premium	7	5	7	4		1
Liquidations and Withdraws	0	0	0	0		0
Reinsurance and Coinsurance Ceded Premium	-1	-1	-1	-1		0
Retained Premium	5	4	5	3		1
Change in Premium Reserves	0	-1	0	-1		0
Ceded Not Proportional Reinsurance Premium	-1	0	-1	0		0
Earned Premium	4	3	4	2		1
Paid Losses	-3	-3	-3	-2		-1
Reimbursements	2	1	2	0		1
Salvages	0	0	0	0		0
Net Change in Loss Reserves	-1	0	-1	0		0
Losses Incurred	-2	-2	-2	-1		-1
Commercial Expenses(Gains)	-1	-1	-1	-1		0
Contribution Margin	1	0	1	0		0
Administrative Expenses	0	-1	0	0		0
Industrial Result	0	-1	0	0		-1
Financial Result	1	1	1	0		1
Comissions Paid by Other Concepts	0	0	0	0		0
Other Gains and Losses	0	0	0	0		0
Result Before Taxes and Participations	1	0	1	0		0
Profit Sharing	0	0	0	0		0
Taxes and Contributions	0	0	0	0		0
Net Income	0	0	0	0		0
Loss Ratio	44%	69%	44%	59%		102%
Commercial Expenses /Earned Premium	35%	30%	35%	26%		43%
Administrative Expenses / Earned Premium	9%	24%	9%	13%		62%
Other Expenses / Earned Premium	5%	7%	5%	2%		26%
Expense Ratio	50%	62%	50%	41%		130%
Combined Ratio	94%	131%	94%	100%		232%
Finantial Result / Earned Premium	-16%	-27%	-16%	-9%		-86%
Adjusted Combined	78%	104%	78%	91%		146%
Taxes and Contributions / Earned Premium	11%	5%	11%	6%		1%
Retained Premium / Written Premium	78%	79%	78%	78%		83%

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 and life insurance aggregate. We noticed 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.

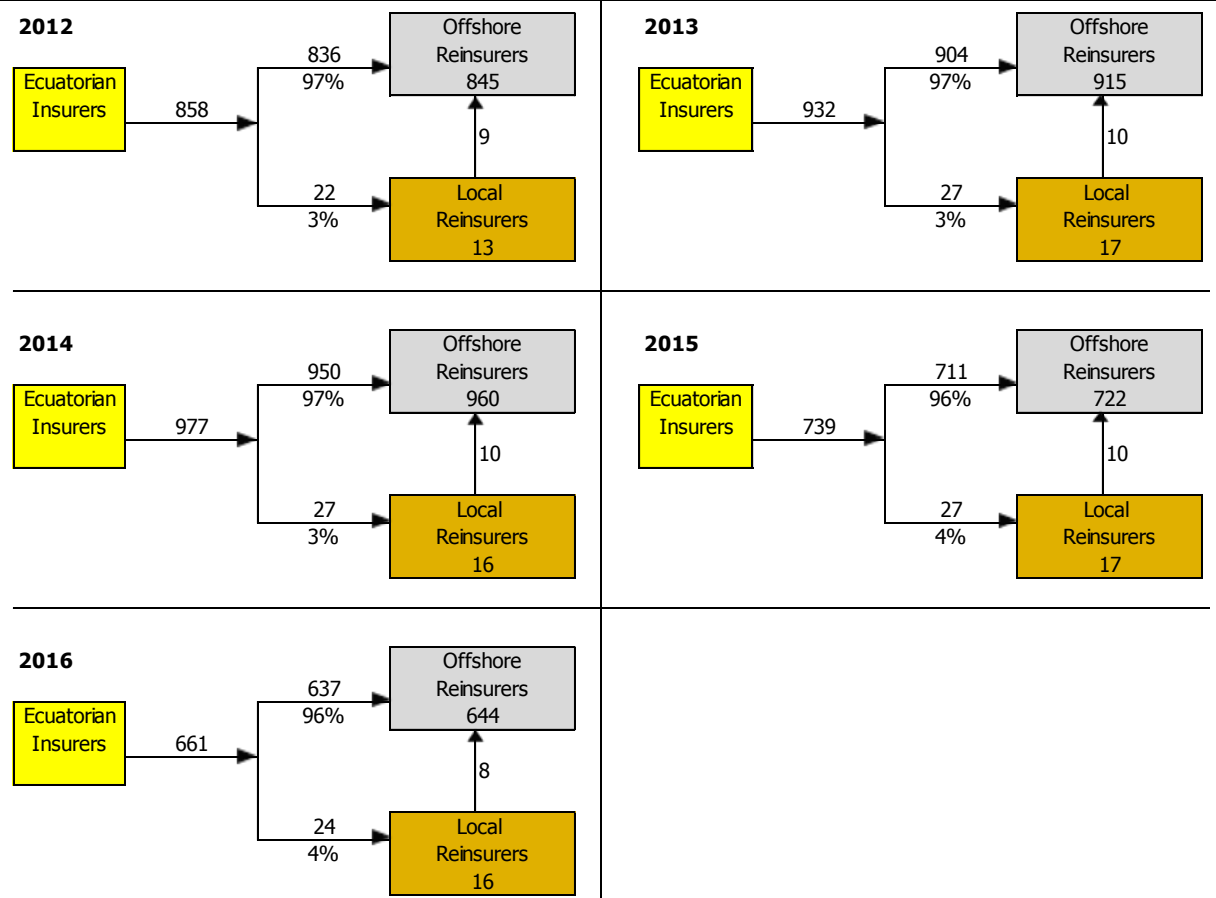
Reinsurance and Retrocession Premium Flow (general and life segments)



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

Comparing the 2017 and 2016 1st quarter, local reinsurers managed to keep their market share. Despite the decrease in the total ceded reinsurance volume, their retained premium remained stable by March 2017. Below we present the reinsurance annual and retrocession volumes since 2012.

Reinsurance Annual and Retrocession Premium Flow (general and life segments)



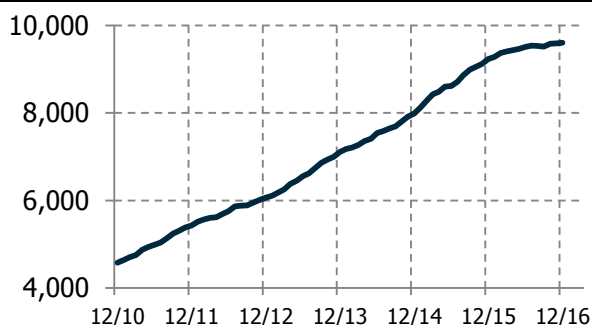
Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re. Figures in millions of American Dollars

Peru

For the year of 2016, the Peruvian insurance market had a production of PEN 9.6 billion in written insurance premium, equivalent to a nominal annual growth of 4.0% compared to the PEN 9.2 billion for the year of 2015.

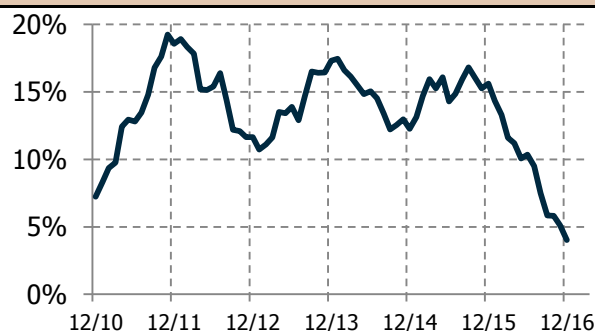
The deceleration in premium growth continues over 2016. Historically, as shown in the chart below, the growth rate has been cyclical, oscillating between 11% and 16%. However, the 4.0% mark recorded for the year of 2016 is the lowest since March 2011.

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



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

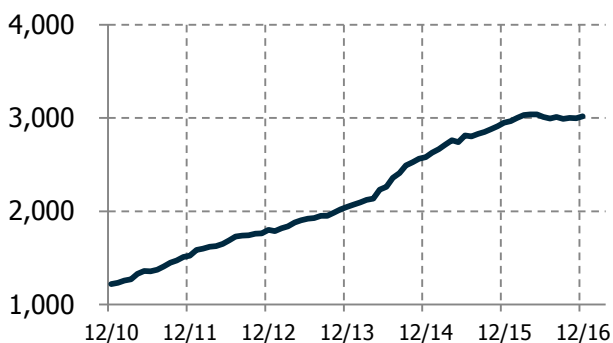
Written Insurance Premium Growth
(12-months aggregate)



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

The reinsurance premium remains stable since the beginning of the year. For the year of 2016, the volume reached PEN 3.0 billion, reflecting the annual growth of 2.3% compared to PEN 2.9 billion 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)

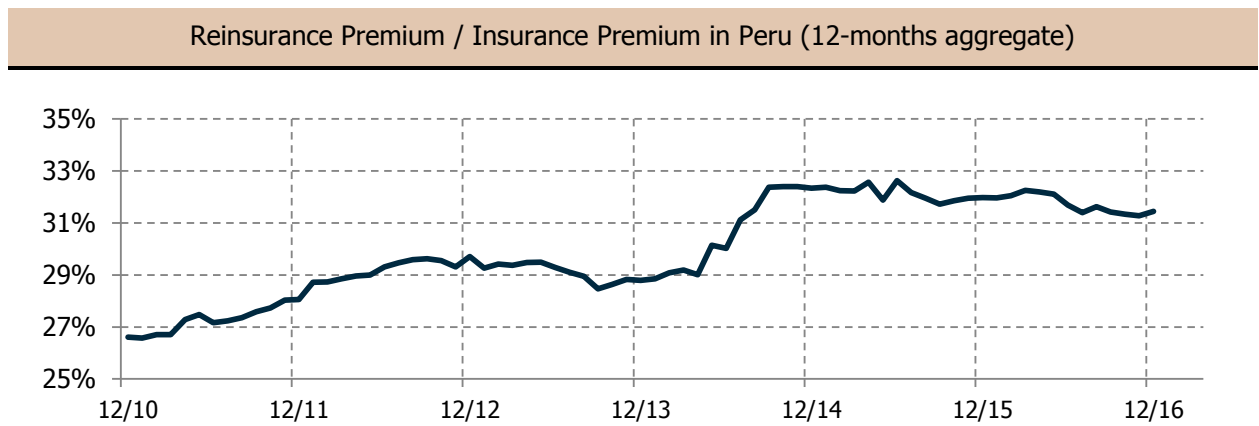


Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

The reinsurance premium growth rate shows a deceleration, similar to the trend in insurance premium. For the year of 2016 the growth remained at 2.3%, significantly lower to the 14.3% seen in the equivalent previous year.

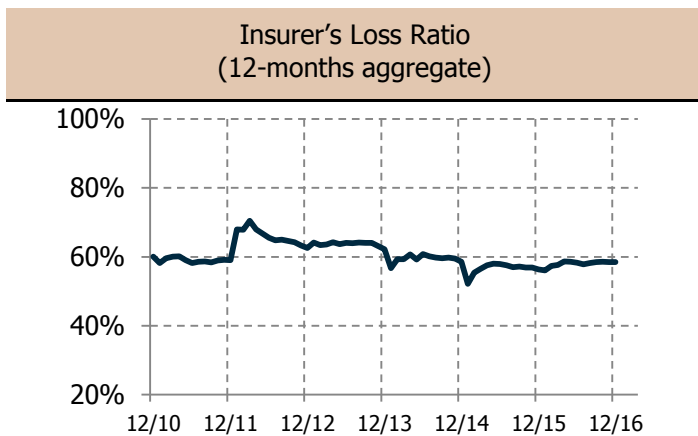
We also noticed that the deceleration of reinsurance premium began in mid-2015, whereas the deceleration of insurance premium began later, at the beginning of 2016.

The relationship between reinsurance and insurance premium, illustrated by the graph below, shows a stable trend. It remains the same level since the mid-2014, standing around 31%.

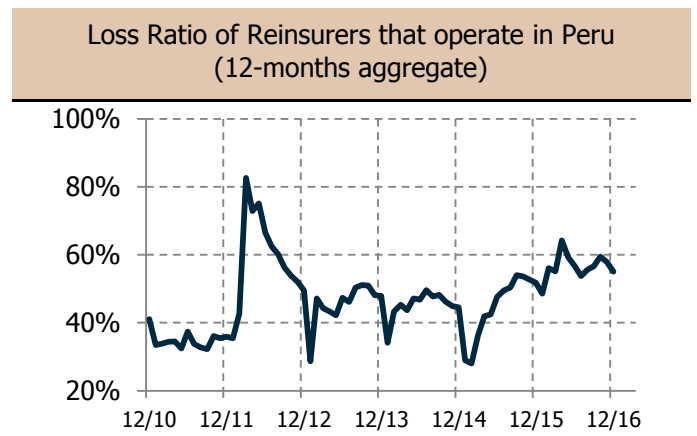


Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

For the year of 2016, this ratio stood at 31.4% compared to 32.0% for the equivalent previous period.



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



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

Peruvian insurer's loss ratio shows reasonable stability. Since 2011, this ratio has remained close to 60%. For the year of 2016, the loss ratio remained at 58.5%, compared to 56.4% of the previous year.

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

We noticed that the reinsurer's loss is usually lower than the insurer's loss; however, it is more volatile. The historical series shows a relatively stable level around 40%. Nevertheless, we do observe an increase in the reinsurer's loss ratio since 2015. For the year of 2016, reinsurer's loss ratio stood at 55.1% compared to 51.8% of previous year.

It is expected for the first quarter of 2017 an increase in loss ratio, for both insurers and reinsurers, due to the excessive rains from El Niño.

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

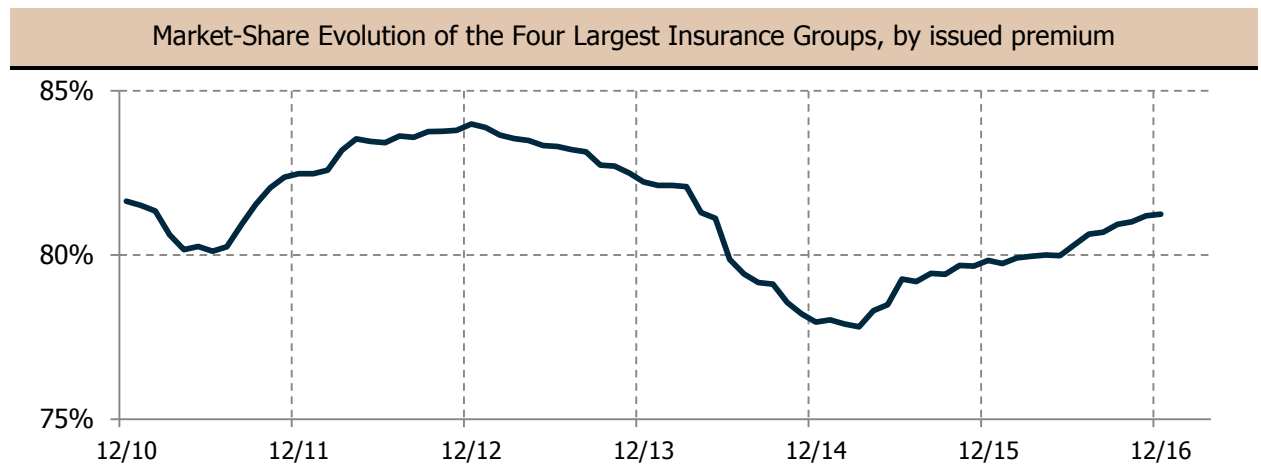
Insurer's Summary of Technical Results for 2016, 2015 and 2014			
<i>in PEN mm</i>	2016/12	2015/12	2014/12
Assets	42,119	39,363	33,303
Shareholders Equity (BoP)	5,903	5,761	4,480
Shareholders Equity (EoP)	7,096	5,927	5,534
Investments	34,286	31,688	26,831
Total Reserves	30,660	28,771	24,073
Premium Reserves	25,832	24,182	20,009
Loss Reserves	4,828	4,588	4,064
Accepted Insurance and Reinsurance Premium	11,274	11,812	10,226
Premium Ceded in Reinsurance	-3,019	-3,008	-2,503
Premium Reserve Adjustment	-1,705	-2,524	-2,320
Net Earned Premium (EP)	6,550	6,280	5,403
Incurred Net Losses	-3,843	-3,540	-3,166
Catastrophic Reserve Adjustment	1		
Comissions	-1,038	-1,028	-889
Other Technical Adjustments	-1,022	-856	-712
Administrative Costs	-1,721	-1,693	-1,497
Operational Result	-1,072	-837	-861
Investment Result	2,212	2,001	1,840
Before Tax Result	1,140	1,164	978
Taxes	-109	-125	-68
After Tax Result	1,031	1,039	910
Loss Ratio	59%	56%	59%
Commercial Expenses / Earned Premium	16%	16%	16%
Administrative Expenses / Earned Premium	26%	27%	28%
Other Expenses / Earned Premium	16%	14%	13%
Expense Ratio	58%	57%	57%
Combined Ratio	116%	113%	116%
Financial Results / Earned Premium	-34%	-32%	-34%
Adjusted Combined	83%	81%	82%
Taxes / Earned Premium	2%	2%	1%
Annualised R.O.E.	17.5%	18.0%	20.3%
Annualised Earned Premium/SE	111%	109%	121%
Retained Premium / Written Premium	73%	75%	76%

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

We noticed that the accepted insurance and reinsurance premium experienced a decrease of 4.6%, standing at PEN 11.27 billion on the year of 2016 compared to PEN 11.81 billion for the previous year of 2015. The after tax profit, which registered PEN 1.03 bn in the year of 2016 experienced a decrease of 0.8%, compared to PEN 1.04 bn in the year of 2015.

This report does not intend to analyze the insurance market, but to analyze the reinsurance market. Nevertheless, it is a 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.



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 a significant concentration in the Peruvian market. This concentration declined in early 2013 until late 2014. At the beginning of 2015 we noticed a reversal and the concentration started to increase, up until December 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 (+67%) and SCOR GLOBAL LIFE S.E. (+75%) presented significant premium growth. Brazilian reinsurer IRB-Brasil Resseguros S.A. showed the highest nominal growth among the 10 largest reinsurers USD 17 mm, becoming the fourth largest reinsurer in the Peruvian market.

General Re showed the largest decreasing in production (-39%) among the 10 largest reinsurers. German reinsurer Hannover Rueck showed the second biggest drop (-23%), losing the second position in the Peruvian market to Mapfre Global Risks (+20%).

Ceded Reinsurance Premium in 2016 and 2015
(In USD thousands)

#	Reinsurer	Country	2016/12	2015/12	Change (%)
1	Lloyd's	United Kingdom	86 874	110 047	-21%
2	Mapfre Global Risks, Compañía Internacional de Seguros	Spain	78 741	65 472	20%
3	Hannover Rueck SE	Germany	67 550	87 547	-23%
4	IRB-Brasil Resseguros S.A.	Brazil	41 870	24 456	71%
5	AXA France Vie	France	41 240	24 744	67%
6	SCOR GLOBAL LIFE S.E.	France	37 853	21 580	75%
7	Scotia Insurance (Barbados) Ltd.	Barbados	33 806	26 416	28%
8	Munchener Ruckversicherungs-Gesellschaft (en ingles)	Germany	32 085	38 345	-16%
9	Swiss Reinsurance America Corporation	USA	24 162	26 827	-10%
10	General Reinsurance AG	Germany	23 812	39 149	-39%
11	Mapfre Re. Cia. de Reaseguros SA	Spain	21 272	52 787	-60%
12	Ohio National Seguros de Vida S.A.	Chile	20 046	19 287	4%
13	ACE Tempest Reinsurance Ltd.	Bermuda	19 589	18 274	-
14	New Hampshire Insurance Co.	USA	18 277	14 227	28%
15	Everest Reinsurance Co.	USA	18 229	27 197	-33%
16	Swiss Reinsurance Company Ltd.	Switzerland	17 713	19 064	-7%
17	SCOR Brasil Resseguros SA	Brazil	15 801	21 173	-25%
18	AXA Corporate Solutions Assurance	France	12 127	-	-
19	Scor Reinsurance Company	USA	11 332	18 368	-38%
20	Royal & Sun Alliance Insurance PLC	United Kingdom	9 393	8 025	17%
21	Allianz Global Corporate & Specialty SE	Germany	9 369	9 714	-4%
22	AIG Europe Limited	United Kingdom	9 282	34 351	-73%
23	Zurich Insurance Company Limited	Switzerland	8 914	10 153	-
24	XL Insurance Company SE	United Kingdom	8 430	8 969	-6%
25	New Reinsurance Company	Switzerland	7 095	-	-
26	ACE Property & Casualty Insurance Company	USA	6 877	6 432	7%
27	Mapfre Perú SA	Peru	6 441	-	-
28	Transatlantic Reinsurance Company	USA	5 592	5 706	-2%
29	AmTrust Europe Limited	United Kingdom	5 351	4 817	11%
30	Kolnische Rueckversicherungs-Gesellschaft AG	Germany	5 075	5 044	1%
31	Factory Mutual Insurance Co.	USA	4 985	4 360	-
32	Arch Reinsurance Ltd.	Bermuda	4 979	2 147	132%
33	Validus Reinsurance (Switzerland) Ltd.	Switzerland	4 810	3 486	38%
34	Liberty Mutual Insurance Company	USA	4 763	3 061	56%
35	HDI Global SE	Germany	4 632	-	-
36	Aspen Insurance U.K. Ltd.	United Kingdom	4 468	4 034	11%
37	XL Re Latin America Ltd.	Switzerland	4 442	4 046	10%
38	General Insurance Corporation of India	India	4 229	3 538	20%
39	Houston Casualty Company	USA	4 099	7 119	-42%
40	Barents Re Reinsurance Company, Inc.	Panama	4 094	4 186	-2%
41	SCOR Global Life USA Reinsurance Company	USA	4 011	3 984	1%
42	Partner Reinsurance Europe SE	Ireland	3 940	4 975	-21%
43	ACE European Group Ltd.	United Kingdom	3 752	7 428	-49%
44	Zurich Insurance PLC	Ireland	3 669	7 309	-50%
45	International General Insurance Co. (UK) Ltd.	United Kingdom	3 480	2 494	40%
46	QBE Insurance (Europe) Ltd.	United Kingdom	3 294	5 018	-34%
47	R+V Versicherung AG	Germany	3 235	4 073	-21%
48	Generali España S.A.	Spain	2 908	5 535	-47%
49	Westport Insurance Corp.	USA	2 866	7 841	-63%
50	Chubb Seguros Perú S.A.	Peru	2 530	-	-
	Others		85 623	141 604	-40%
	Total		869 007	974 410	-11%

Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re. Figures in thousands of American Dollars. Includes premium ceded in reinsurance, as well as coinsurance.

Lastly, we analyze the country of origin of reinsurer providers operating in Peru, for the year of 2016, 2015 and 2014. The analysis includes both pure reinsurers, as well as insurers operating in reinsurance. We noticed 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 remained in the 16th position in 2014 and 7th position in 2015. 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) stands at 3rd position in 2016, whereas it remained in the 5th position in 2015. United Kingdom maintained the first place in 2016.

Ceded Reinsurance Premium by Country in 2016, 2015 and 2014
(In USD thousands)

Ranking			Country	Ceded Premium			Change (%)	
2016/12	2015/12	2014/12		2016/12	2015/12	2014/12	2016/15	2015/14
1	1	2	United Kingdom	149 086	209 033	201 358	-29%	4%
2	2	3	Germany	145 415	189 694	164 194	-23%	16%
3	3	1	USA	129 445	159 929	223 714	-19%	-29%
4	4	4	Spain	105 194	125 603	107 438	-16%	17%
5	5	7	France	94 656	51 624	31 000	83%	67%
6	7	16	Brazil	58 149	44 700	3 254	30%	1274%
7	6	6	Switzerland	50 305	47 803	35 294	5%	35%
8	9	8	Barbados	34 539	27 711	27 641	25%	0%
9	8	5	Bermuda	29 476	30 720	39 670	-4%	-23%
10	11	-	Chile	20 137	19 607	-	3%	-
11	10	9	Ireland	14 103	21 615	22 130	-35%	-2%
12	12	10	Peru	10 534	8 325	11 162	27%	-25%
13	13	14	India	6 581	7 624	3 525	-14%	116%
14	14	12	Panama	4 552	4 709	4 738	-3%	-1%
15	15	15	Japan	2 493	4 049	3 486	-38%	16%
16	18	17	South Korea	2 139	2 509	2 853	-15%	-12%
17	16	20	Italy	2 073	3 941	1 969	-47%	100%
18	17	13	Mexico	1 614	3 873	3 985	-58%	-3%
19	19	19	Sweden	1 554	2 280	2 018	-32%	13%
20	21	11	Luxemburgo	1 288	1 392	5 284	-7%	-74%
21	20	22	Canada	956	2 025	883	-53%	129%
22	-	-	Hong Kong	686	-	-	-	-
23	-	-	Qatar	674	-	-	-	-
24	23	23	Norway	558	780	872	-	-
25	25	-	China	531	627	-	-	-
-	22	25	Liechtenstein	-	794	674	-100%	-
-	24	-	Belgium	-	678	-	-100%	-
-	-	21	Russia	-	-	1 339	-	-100%
-	-	24	Colombia	-	-	689	-	-100%
-	-	-	Other Countries	2 268	2 765	2 316	-18%	19%
Total				869 007	974 410	901 485	-11%	8%
3	5	5	Latin-America	129 525	108 925	51 469	19%	112%

Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re. Figures in thousands of American Dollars. Includes premium ceded in reinsurance, as well as coinsurance.

Acknowledgements

It is with enthusiasm that we continue to publish our market report, a research piece covering the Reinsurance Markets of the Latin American region. Initially the report will encompass Colombia, Ecuador and Peru, which we share it with our clients, partners, and colleagues.

We are immensely grateful to Superintendencia Financiera de Colombia, Superintendencia de Compañías, Valores y Seguros de Ecuador y la Superintendencia de Banca, Seguros e AFP de Perú. This report would not have been possible without their databases and the dedication of these institutions to the development of the insurance markets.

The report also contains analyses and adjustments made internally by Terra Brasis and, in this way, we apologize in advance for possible inaccuracies contained in this publication.

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.

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