

Colombia: December 2017
 Ecuador: December 2017
 Peru: December 2017

Publication Date:
 May 07th, 2018

Terra Report_{LA}

Latin American Reinsurance Market

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- In Colombia, during the year of 2017, Reinsurance Premium arising from General Insurance decreased by 4.5%, contrasting with the 35.5% growth for Reinsurance Premium from Life Insurance.
- During this period, the Loss Ratio of reinsurers that operate in Colombia stood at 68.6% for General Insurance and 72.6% for Life, compared to respectively 66.1% and 67.0% for 2016.
- In Ecuador, General Insurer’s combined ratio stood at 89% for the year of 2017, against 90% for the previous period. For Life Insurers, the combined ratio stood at 88% against 87% for the previous period.
- For the 12 months aggregate ending in December 2017, the General Reinsurance premium in Ecuador reached USD 513 mm, while the Life Reinsurance premium generated USD 16 mm.
- In Peru, for the year of 2017, the Reinsurer’s Loss Ratio stood at 141.7% compared to 55.1% for the year of 2016. We believe that such an increase in the loss ratio figures , for both insurers and reinsurers, is due to the El Niño heavy rains during the 1st quarter of 2017.

Ratings:

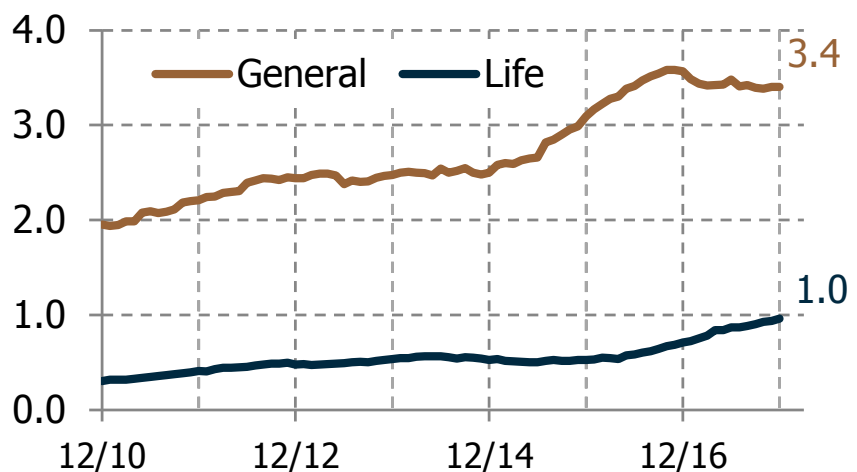
A.M. Best
B++/bbb
 Global (*Investment Grade*)
 Stable Outlook

Standard & Poor’s
brA+
 Local
 Stable Outlook

Shareholders:



Ceded Reinsurance Premium in Colombia



Source: Superintendencia Financiera de Colombia, Terra Brasis Re, Figures in USD Millions, 12-months aggregate

Introduction

Dear Reader,

On this fourth edition of Terra Report LA, we cover the reinsurance markets of Colombia, Ecuador and Peru for the year of 2017.

As initiated on our previous edition, we continue to show information regarding Life Insurers, in addition to the traditional P&C insurers, for both Colombia and Ecuador. Unluckily, such segregation is not available for the Peruvian market.

Shares of both Life and P&C Insurance in the Colombian market remained close to 50% each. However, the Life segment presents a higher premium growth pace, reaching a 13.8% variation for the period while general insurance grew at 4.3% annual rate. Nevertheless, the Reinsurance market in Colombia is mostly comprised by General Reinsurance however this segment saw a 4.5% decline at its premium figures while the Life segment had a remarkable 35.5% annual growth rate, reaching a total premium volume of COP 0.96 trillion, 22% of Total Reinsurance Premium.

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,

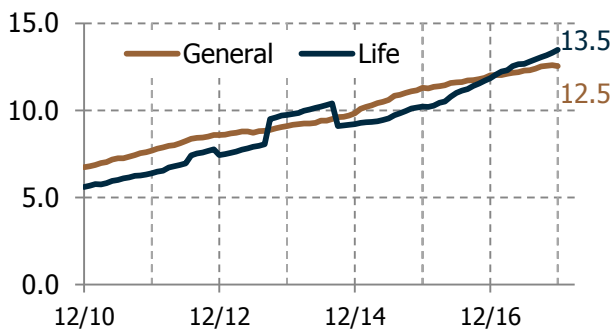
Rodrigo Botti, ARe
General Director
Terra Brasis Resseguros

Colombia

For the 12 months aggregate ending in December 2017, Colombia's insurance market generated COP 12.5 trillion in General Insurance premium (net of coinsurance) and COP 13.5 trillion in Life Insurance (net of coinsurance).

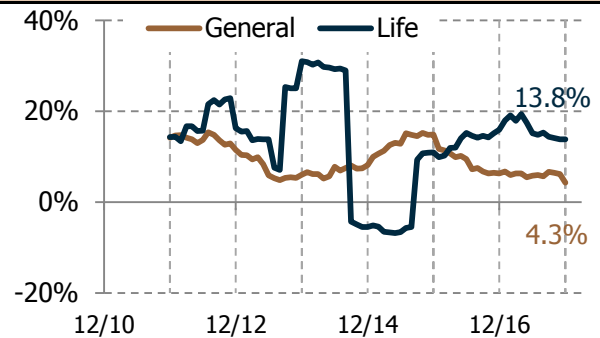
Growth rate for General Insurance continues to decrease and now stands at an annual pace of 4.3%. For the Life Insurance, growth volume is currently at 13.8%. For both General Insurance and Life Insurance these rates of growth are still superior when compared to the other Latin America countries we analyze.

Premium Issued
(COP Trillions, 12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Growth of issued insurance premium
(12-months aggregate)



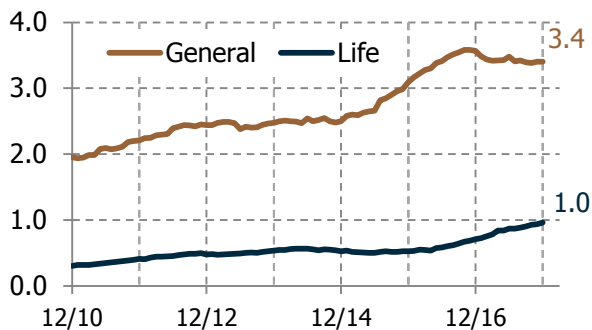
Source: Superintendencia Financiera de Colombia, Terra Brasis Re

For the reinsurance market the picture is different depending on the sector.

During the 12 months aggregate ending in December 2017, Colombia's General Reinsurance market achieved COP 3.4 tri in premium, a nominal annual decrease of 4.5% when compared to COP 3.6 tri for the same period in 2016.

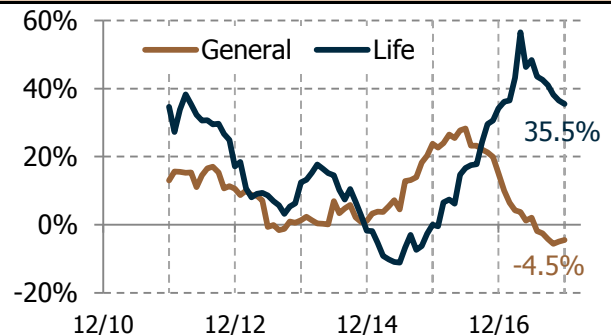
For Life Reinsurance the premium volume stands at COP 1.0 tri, an increase of 35.5% from the previous period. Even though the absolute size of Life Reinsurance is smaller when compared to General Insurance, this is a significant increase.

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



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

Growth of reinsurance premium
(12-months aggregate)

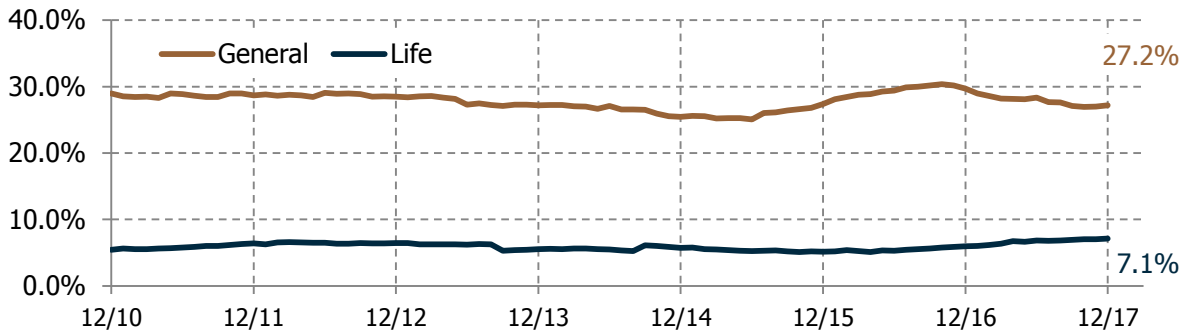


Source: Superintendencia Financiera de Colombia, Terra Brasis Re

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 December 2017 for General insurance such index remained at 27.2%, a small decrease when compared to the 29.7% ratio of the same previous period. For Life insurance, this relation had a small increase, reaching 7.1% when compared to 6.0% for the previous period of 2016.

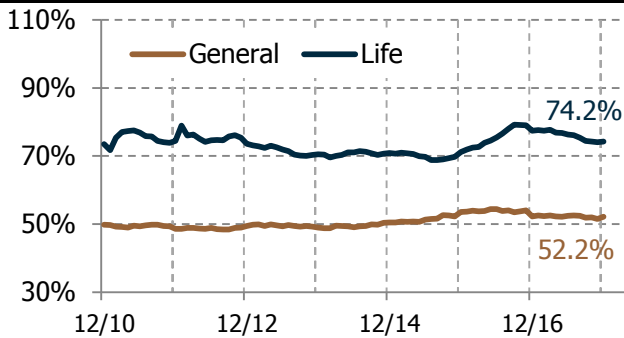
Reinsurance Premium/ Insurance Premium in Colombia (12-months aggregate)



Source: Superintendencia Financiera de Colombia, Terra Brasis Re

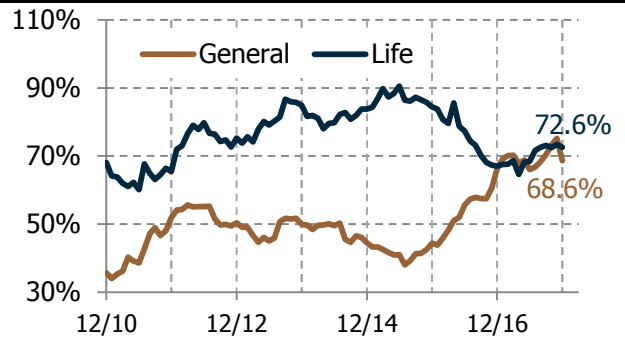
The insurance market loss ratio for General insurance has remained stable during the last years, ending the year of 2017 at 52.2% in comparison to 52.3% for the same previous period. On the other hand, Life Insurance experienced a decrease in the insurers loss ratio, ending the period at 74.2% in comparison to 77.5% 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.

For General Insurance, for the 12 months aggregate ending in December of 2017, the loss ratio of reinsurers has increased to 68.6% in comparison to 66.1% for the same previous period of 2016. The Life insurance has also experienced an increase, closing the year of 2017 at 72.6% in comparison to 67.0% for the same previous period.

Next, we present the Insurer's technical results for the years of 2017, 2016 and 2015, divided by General and Life Insurance segment.

Insurer's Summary of Results for the years of 2017, 2016 and 2015
General Insurance

	2017	2016	2015
Gross Written Premium	14,202,566	13,762,004	12,653,070
Ceded Coinsurance Premium	-1,672,640	-1,749,400	-1,355,797
Reinsurance Premium	-3,404,878	-3,565,508	-3,095,020
SOAT Premium	-3,810	1,548	-4,124
Earned Premium	9,121,238	8,448,644	8,198,130
Reserve Adjustment	-327,110	-277,471	-327,467
Earned Premium	8,794,128	8,171,173	7,870,663
Change in Loss Reserves	-479,589	-328,015	-594,195
Paid Losses	-6,355,609	-6,167,502	-5,013,568
Reimbursements and Salvages Cession	1,923,551	1,926,776	1,128,852
Salvages	322,467	297,548	262,570
Losses Incurred	-4,589,180	-4,271,193	-4,216,340
Other Expenses/Gains with Reinsurance	413,504	431,421	246,047
Other Expenses/Gains with Insurance	-486,315	-442,634	-320,224
Administrative Expenses	-2,192,064	-2,166,055	-2,620,329
Commercial Expenses	-2,434,229	-2,181,365	-1,372,967
Industrial Result	-494,156	-458,654	-413,150
Financial Result	989,015	937,099	649,421
Earnings before Tax	494,859	478,444	236,271
Income and other Taxes	-150,135	-158,024	-60,207
Net Income	344,724	320,420	176,064
Loss Ratio	52.2%	52.3%	53.6%
Comm. Exp/Earned Premium	27.7%	26.7%	17.4%
Adm. Exp / Earned Premium	24.9%	26.5%	33.3%
Other Exp / Earned Premium	0.8%	0.1%	0.9%
Expense Ratio	53.4%	53.3%	51.7%
Combined Ratio	105.6%	105.6%	105.2%
Investment Ratio	-11.2%	-11.5%	-8.3%
Adjusted Combined	94.4%	94.1%	97.0%
Reinsurer's Loss Ratio	68.6%	66.1%	44.4%

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

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

	2017	2016	2015
Gross Written Premium	14,582,879	13,044,803	11,140,382
Ceded Coinsurance Premium	-1,109,643	-1,207,983	-928,719
Reinsurance Premium	-961,124	-709,418	-528,774
SOAT Premium			
Earned Premium	12,512,112	11,127,401	9,682,889
Reserve Adjustment	-2,610,523	-2,554,501	-1,706,374
Earned Premium	9,901,588	8,572,900	7,976,515
Change in Loss Reserves	-1,348,499	-1,245,052	-921,790
Paid Losses	-6,614,108	-5,850,532	-5,219,437
Reimbursements and Salvages Cession	608,694	447,924	454,765
Salvages	4,064	7,701	6,378
Losses Incurred	-7,349,848	-6,639,959	-5,680,083
Other Expenses/Gains with Reinsurance	88,956	27,426	-8,276
Other Expenses/Gains with Insurance	-785,819	-753,357	-732,701
Administrative Expenses	-1,746,534	-1,573,942	-2,024,556
Commercial Expenses	-1,719,056	-1,426,290	-836,067
Industrial Result	-1,610,713	-1,793,221	-1,305,167
Financial Result	3,116,930	3,202,446	2,267,903
Earnings before Tax	1,506,217	1,409,225	962,736
Income and other Taxes	-46,506	-63,487	-76,881
Net Income	1,459,710	1,345,738	885,855
Loss Ratio	74.2%	77.5%	71.2%
Comm. Exp/Earned Premium	17.4%	16.6%	10.5%
Adm. Exp / Earned Premium	17.6%	18.4%	25.4%
Other Exp / Earned Premium	7.0%	8.5%	9.3%
Expense Ratio	42.0%	43.5%	45.2%
Combined Ratio	116.3%	120.9%	116.4%
Investment Ratio	-31.5%	-37.4%	-28.4%
Adjusted Combined	84.8%	83.6%	87.9%
Reinsurer's Loss Ratio	72.6%	67.0%	84.4%

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

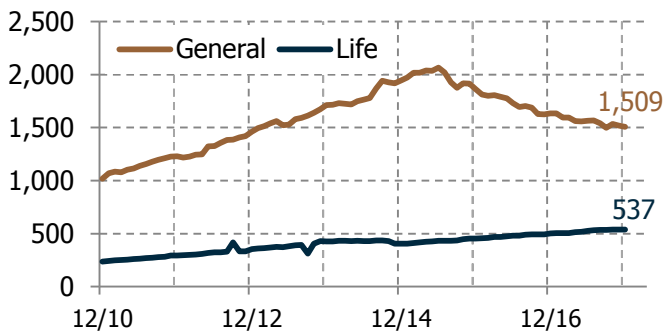
Ecuador

In a general way, the growth of insurance and reinsurance markets continued to decrease during the year of 2017. The insurers' loss ratio remained stable, while it seems that the reinsurers' loss ratio started to show improving figures by the end of this period.

For the 12 months aggregate ending in December of 2017, Ecuador's General Insurance market generated USD 1.51 billion in insurance premium, a nominal annual decrease of 7.6% when in comparison to figures obtained in previous period of 2016, USD 1.63 billion.

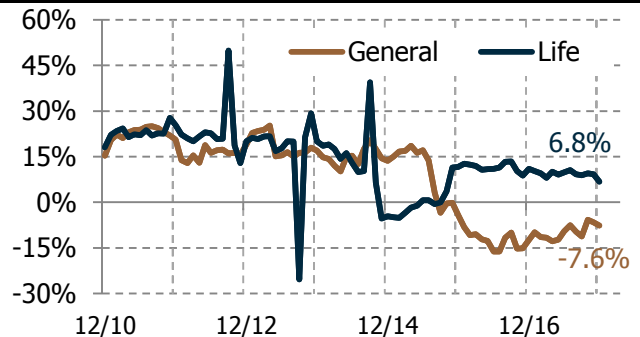
The Life Insurance market, on the other hand, has experienced the opposite. For the 12 months aggregate ending in December of 2017, the Life Insurance market generated USD 537 million in insurance premium, a nominal annual increase of 6.8%, when in comparison to the previous year figures of USD 503 million.

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)

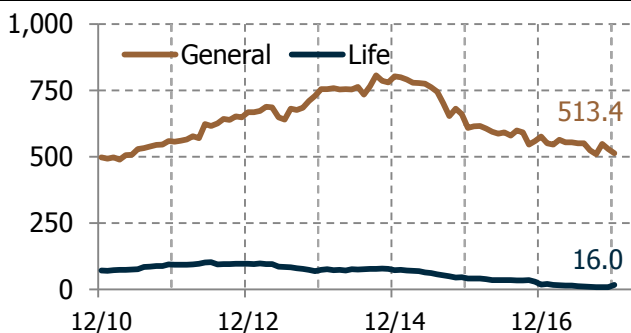


Source: Superintendencia de Compañías, Valores y Seguros, Terra Brasis Re

The General Reinsurance premium, for the year of 2017, reached USD 513 mm, a nominal annual contraction of 10.8% compared to USD 575 mm for the same previous period of 2016. However, this level of contraction can be seen as a recovery, as the market registered -24.2% contraction by the end of 2015.

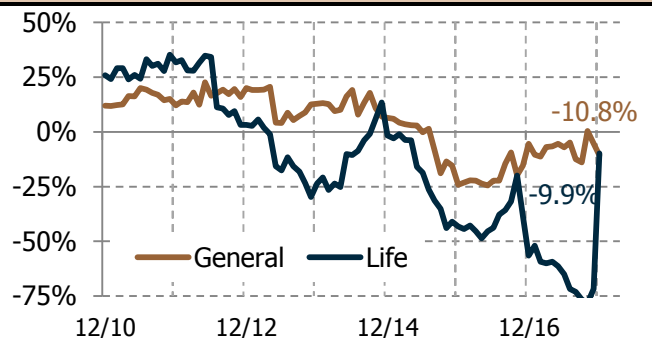
As shown in the chart below, the Life Reinsurance basis is smaller and much more volatile. For the 12 months aggregate ending in December of 2017, this market generated USD 16 mm and experienced a decrease of 9.9% in comparison to USD 17.8 mm for the same previous period.

Issued Reinsurance premium (12-months aggregate)



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

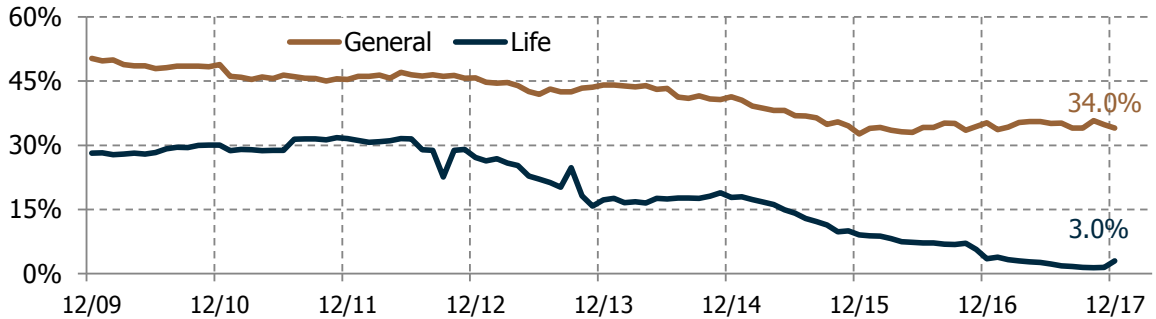
Growth of Reinsurance issued premium (12-months aggregate)



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 December of 2017, for General Insurance this index remained stable, reaching 34.0%, in comparison to 35.2% for the same previous period. For Life Insurance, this relation decreased to 3.0%, from the 3.5% level registered for the same 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.

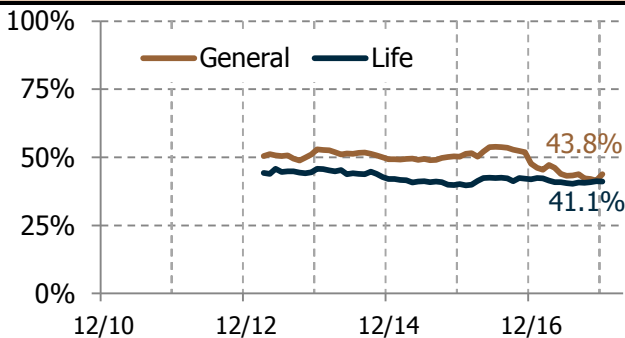
The General Insurance loss ratio for the 12 months aggregate period ending in December 2017 remained at 43.8%, compared to 47.6% for the same previous period of 2016. For Life Insurance, the observed loss ratio for the year of 2017 remained stable at 41.1% in comparison to 42.0% for the same previous period.

The tragic effects of the April 16th earthquake can be identified in the loss ratio of the reinsurers that operate in Ecuador, for both General and Life segments. 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 year of 2017 reached 58.5% compared to 106.7% for the same previous period. The Life Reinsurance loss ratio reached 68.4% in the same period of 2017, in comparison to 106.8% for the previous period of 2016.

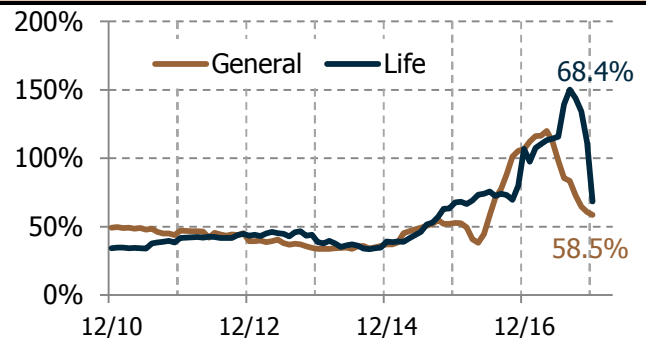
We had expected this index would return to its historical average level by the middle of 2017, but it seems that it will take longer until it is back to the historical average.

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 year of 2017, 2016 and 2015.

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

General Insurance

(figures in USD million)

	2017	2016	2015
Written Premium	1,509	1,633	1,864
Liquidations and Withdraws	-318	-420	-557
Reinsurance and Coinsurance Ceded Premium	-539	-575	-630
Retained Premium	652	638	677
Change in Premium Reserves	0	29	-48
Ceded Not Proportional Reinsurance Premium	-63	-64	-61
Earned Premium	588	604	567
Paid Losses	-663	-949	-663
Reimbursements	335	627	342
Salvages	55	37	61
Net Change in Loss Reserves	14	-3	-24
Losses Incurred	-258	-287	-285
Commercial Expenses(Gains)	-8	8	20
Contribution Margin	322	324	302
Administrative Expenses	-187	-195	-197
Industrial Result	136	129	106
Financial Result	27	28	30
Comissions Paid by Other Concepts	-53	-48	-49
Other Gains and Losses	-18	-20	-21
Result Before Taxes and Participations	92	89	65
Profit Sharing	-8	-9	-5
Taxes and Contributions	-51	-50	-40
Net Income	34	31	19
Loss Ratio	44%	48%	50%
Commercial Expenses /Earned Premium	1%	-1%	-4%
Admnistrative Expenses / Earned Premium	32%	32%	35%
Other Expenses / Earned Premium	12%	11%	12%
Expense Ratio	45%	42%	44%
Combined Ratio	89%	90%	94%
Finantial Result / Earned Premium	-5%	-5%	-5%
Adjusted Combined	84%	85%	89%
Taxes and Contributions / Earned Premium	10%	10%	8%
Retained Premium / Written Premium	43%	39%	36%

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 twelve months of 2017, 2016 and 2015
Life Insurance
(figures in USD million)

	2017	2016	2015
Written Premium	537	503	453
Liquidations and Withdraws	-81	-80	-83
Reinsurance and Coinsurance Ceded Premium	-6	-13	-40
Retained Premium	451	410	330
Change in Premium Reserves	-5	-18	-12
Ceded Not Proportional Reinsurance Premium	-12	-9	-8
Earned Premium	433	383	310
Paid Losses	-191	-174	-144
Reimbursements	12	21	30
Salvages	0	0	0
Net Change in Loss Reserves	1	-8	-10
Losses Incurred	-178	-161	-124
Commercial Expenses(Gains)	-55	-42	-32
Contribution Margin	200	180	154
Administrative Expenses	-75	-68	-58
Industrial Result	125	112	96
Financial Result	17	12	11
Comissions Paid by Other Concepts	-72	-58	-50
Other Gains and Losses	-2	-4	-3
Result Before Taxes and Participations	68	62	53
Profit Sharing	-6	-4	-5
Taxes and Contributions	-25	-24	-17
Net Income	37	34	32
Loss Ratio	41%	42%	40%
Commercial Expenses /Earned Premium	13%	11%	10%
Admnistrative Expenses / Earned Premium	17%	18%	19%
Other Expenses / Earned Premium	17%	16%	17%
Expense Ratio	47%	45%	46%
Combined Ratio	88%	87%	86%
Finantial Result / Earned Premium	-4%	-3%	-4%
Adjusted Combined	84%	84%	83%
Taxes and Contributions / Earned Premium	7%	7%	7%
Retained Premium / Written Premium	84%	82%	73%

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 year of 2017 and 2016 for the Local Reinsurers' results.

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

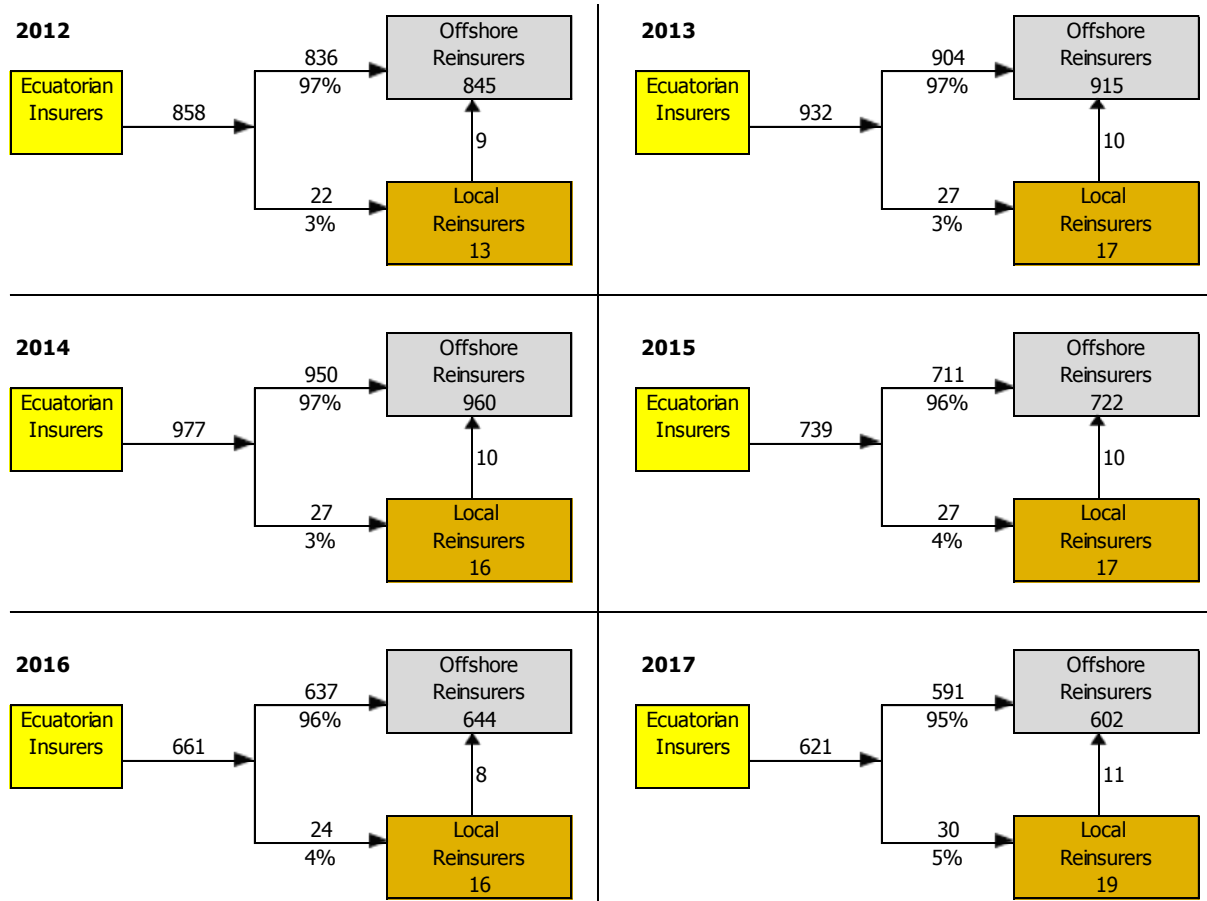
	2017	2016	2015
Written Premium	30	24	27
Liquidations and Withdraws	-1	-1	-1
Reinsurance and Coinsurance Ceded Premium	-6	-4	-6
Retained Premium	23	19	20
Change in Premium Reserves	-1	-2	-1
Ceded Not Proportional Reinsurance Premium	-5	-3	-4
Earned Premium	17	14	15
Paid Losses	-12	-13	-8
Reimbursements	5	7	1
Salvages	0	0	0
Net Change in Loss Reserves	0	0	0
Losses Incurred	-7	-6	-6
Commercial Expenses(Gains)	-7	-6	-4
Contribution Margin	3	2	6
Administrative Expenses	-1	-1	-2
Industrial Result	2	1	3
Financial Result	2	1	2
Comissions Paid by Other Concepts	0	0	0
Other Gains and Losses	0	0	-1
Result Before Taxes and Participations	3	2	4
Profit Sharing	0	0	-1
Taxes and Contributions	-1	-1	-1
Net Income	2	1	2
Loss Ratio	40%	45%	38%
Commercial Expenses /Earned Premium	40%	40%	25%
Admnistrative Expenses / Earned Premium	8%	9%	16%
Other Expenses / Earned Premium	3%	-3%	7%
Expense Ratio	50%	47%	47%
Combined Ratio	90%	93%	85%
Finantial Result / Earned Premium	-9%	-8%	-11%
Adjusted Combined	80%	85%	74%
Taxes and Contributions / Earned Premium	8%	7%	10%
Retained Premium / Written Premium	77%	79%	72%

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 4% to 5%. As a comparison, in Brazil about 70% of premium is ceded to local reinsurers.

Comparing the 2017 and 2016 years, local reinsurers managed to keep their market share. Despite the decrease in the total ceded reinsurance volume, their retained share remained stable by December 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

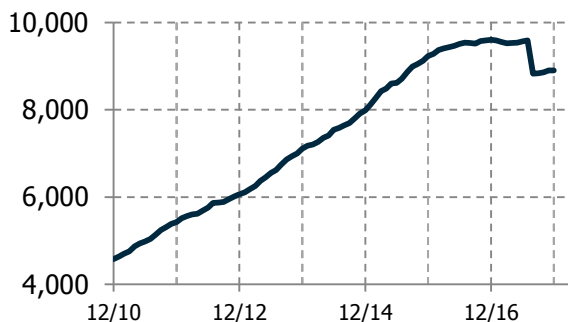
Peru

For the 12 months aggregate period ending in December 2017, the Peruvian insurance market had a production of PEN 8.9 billion in written insurance premium, equivalent to a nominal annual growth of -7.3% compared to the PEN 9.6 billion for the same period of 2016.

The slowdown of premium growth continued over 2017. Historically, as shown in the chart below, the growth rate has been cyclical, oscillating between 11% and 16%. However, the -7.3% mark recorded for the year of 2017 is the lowest since March 2011.

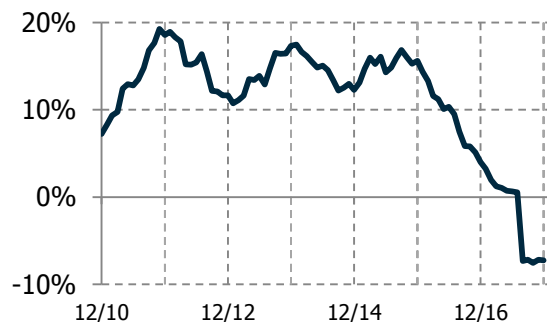
By August 2017, El Pacifico Vida and El Pacifico Peruano Suiza consolidated their operation and are now joined in one company: Pacifico Compañía de Seguros y Reaseguros. It caused a decrease in the Written Insurance Premium and Premium Growth. For the year of 2017, this new company produced PEN 1.64 bi in written insurance premium, detaining 18% of the total market. However, in 2016 Pacifico and Pacifico Vida produced both PEN 2.39 bi and detained 25% of the total market. Up to December, the market has not totally recovered from this reduction.

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



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

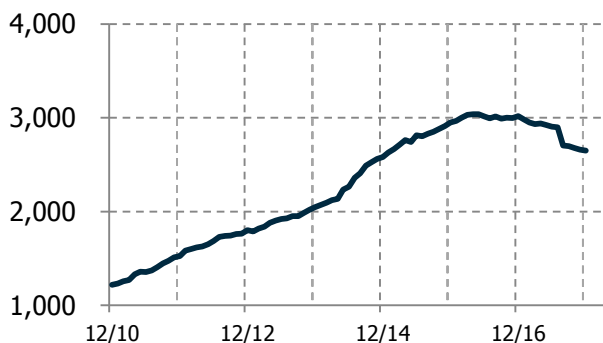
Written Insurance Premium Growth
(12-months aggregate)



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

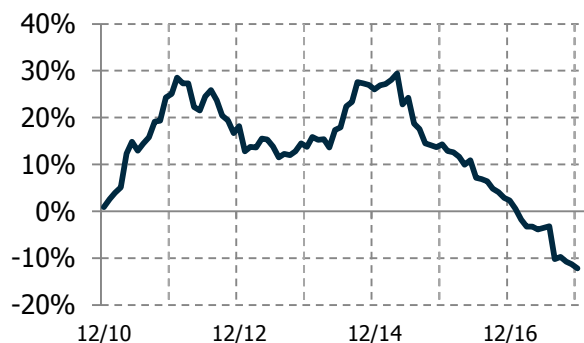
The reinsurance premium also shows a decrease since the beginning of the 2016. For the 12 months aggregate period ending in December 2017, its volume reached PEN 2.7 billion, reflecting an annual decrease of -12.2% compared to PEN 3.0 billion for the same previous period of 2016.

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)

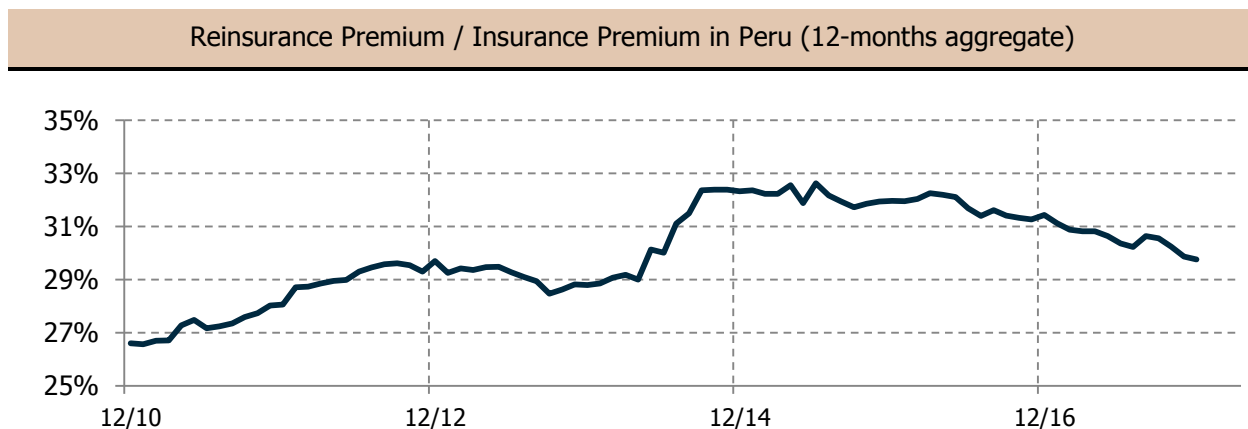


Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

The reinsurance premium growth rate shows a deceleration, similar to the trend in insurance premium. For the 12 months aggregate period ending in December 2017, the growth remained at -12.2%, significantly lower to the 2.3% seen in the equivalent previous period.

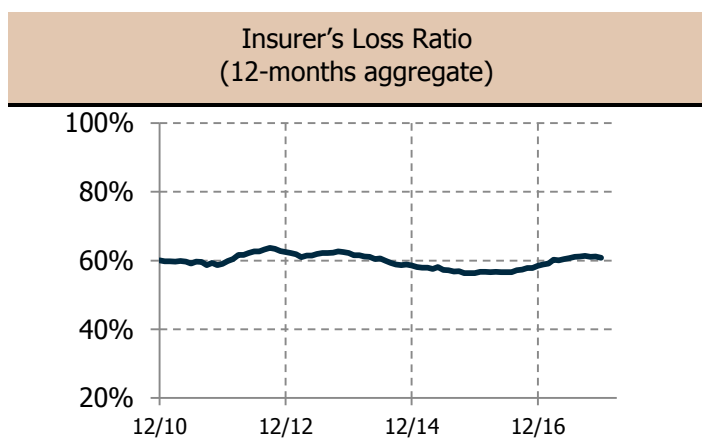
We also noticed that the deceleration of reinsurance premium began in mid-2015, whereas the deceleration of insurance premium began later, at the beginning of 2016.

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

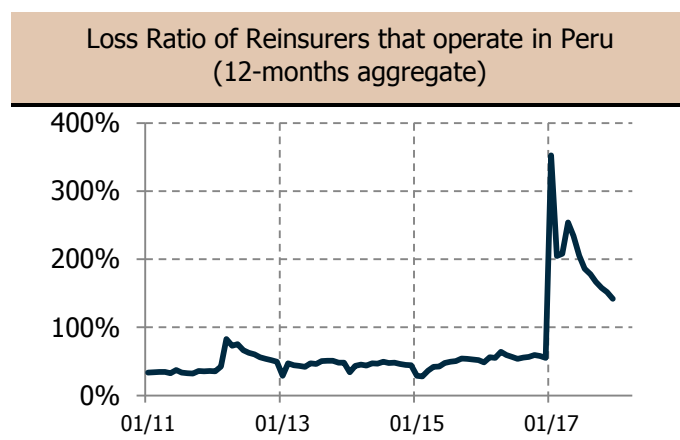


Source: Superintendencia de Banca, Seguros e AFP, Terra Brasis Re

For the 12 months aggregate period ending in December 2017, this ratio stood at 29.8% compared to 31.4% 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 12 months aggregate period ending in December 2017, the loss ratio remained at 60.8%, compared to 58.5% of the previous period.

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 levels around 40%. Nevertheless, we do observe an increase in the reinsurer's loss ratio since 2015. For the 12 months aggregate period ending in December 2017, reinsurer's loss ratio stood at 141.7% compared to 55.1% of previous period.

We had expected an increase in Loss Ratio for both insurers and reinsurers during the third quarter of the year due to the excessive rains from El Niño. However, as presented, the insurers' loss ratio has remained stable while the reinsurers' loss ratio reached the highest levels since 2011.

Next we show the insurance market result for the year of 2017, 2016 and 2015.

Insurer's Summary of Technical Results for the year of 2017, 2016 and 2015

<i>in PEN mm</i>	2017	2016	2015
Assets	45,169	42,187	39,373
Shareholders Equity (BoP)	7,131	5,936	5,534
Shareholders Equity (EoP)	7,084	7,131	5,936
Investments	35,688	34,336	31,697
Total Reserves	33,258	30,676	28,771
Premium Reserves	27,345	25,844	24,182
Loss Reserves	5,913	4,833	4,588
Accepted Insurance and Reinsurance Premium	8,905	9,602	9,231
Premium Ceded in Reinsurance	-2,679	-3,027	-3,008
Premium Reserve Adjustment	-1,687	-1,711	-2,524
Net Earned Premium (EP)	4,539	4,864	3,698
Incurred Net Losses	-3,802	-3,849	-3,540
Catastrophic Reserve Adjustment	7	1	
Comissions	-1,352	-1,062	-1,028
Other Technical Adjustments	-669	-1,019	-856
Administrative Costs	-1,723	-1,736	-1,698
Operational Result	-3,000	-2,800	-3,424
Investment Result	2,200	2,214	2,001
Before Tax Result	-800	-586	-1,423
Taxes	-77	-108	-125
After Tax Result	-877	-695	-1,548
Loss Ratio	84%	79%	96%
Commercial Expenses / Earned Premium	30%	22%	28%
Administrative Expenses / Earned Premium	38%	36%	46%
Other Expenses / Earned Premium	15%	21%	23%
Expense Ratio	82%	78%	97%
Combined Ratio	166%	158%	193%
Financial Results / Earned Premium	-48%	-46%	-54%
Adjusted Combined	118%	112%	138%
Taxes / Earned Premium	2%	2%	3%
Annualised R.O.E.	-12.3%	-11.7%	-28.0%
Annualised Earned Premium/SE	64%	82%	67%
Retained Premium / Written Premium	70%	68%	67%

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

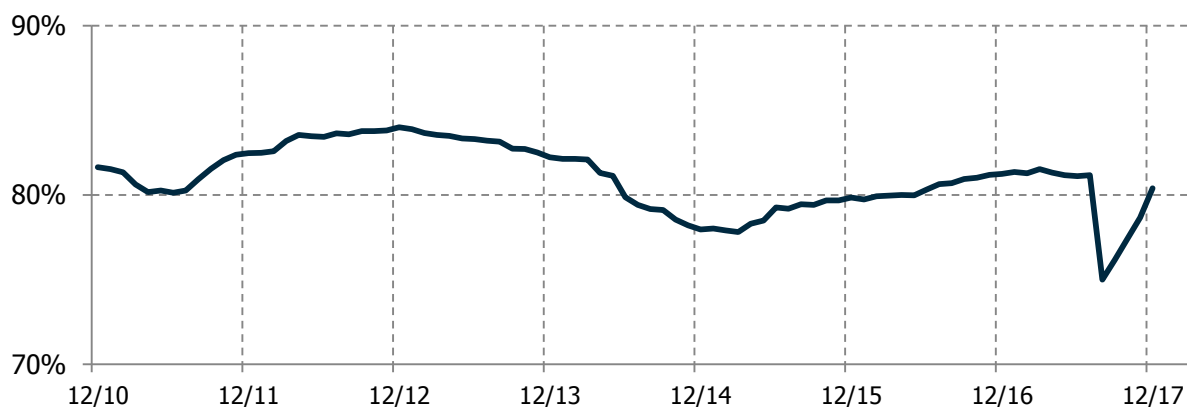
We noticed that the accepted insurance and reinsurance premium experienced a decrease of -7.3%, standing at PEN 8.9 billion on the fourth quarter of 2017 compared to PEN 9.6 billion for the previous period of 2016. The after tax profit, which registered PEN -876.9 mm in the year of 2017, experienced an worsening of -26%, compared to PEN -694.6 mm in the same period of 2016.

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.

Throughout August and September 2017, the top 4 insurance groups decreased their share from 80% to 75%. This happened due to the merging between Pacifico and Pacifico Vida. Their share decreased from 25% at July to 15% between August and September. By December their share had increased to 20%.

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, 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 2017.

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 the last period. Mapfre Re (+98%) and Everest Reinsurance (+35%) presented significant premium growth.

Axa France Vie showed the largest decrease (-23%) among the top 10 reinsurers. Mapfre Global Risks showed the second biggest drop (-17%), losing the second position in the Peruvian market to Hannover.

Ceded Reinsurance Premium, 2017 and 2016
(In USD thousands)

#	Reinsurer	Country	2017	2016	Change (%)
1	Lloyd's	United Kingdom	82 715	86 874	-5%
2	Hannover Rueck SE	Germany	75 605	67 550	12%
3	Mapfre Global Risks, Compañía Internacional de Segu	Spain	65 505	78 741	-17%
4	IRB-Brasil Resseguros S.A.	Brazil	58 163	41 870	39%
5	Mapfre Re. Cia. de Reaseguros SA	Spain	42 185	21 272	98%
6	Scotia Insurance (Barbados) Ltd.	Barbados	41 230	33 806	22%
7	AXA France Vie	France	31 684	41 240	-23%
8	Munchener Ruckversicherungs-Gesellschaft (en ingles	Germany	30 925	32 085	-4%
9	Everest Reinsurance Co.	USA	24 669	18 229	35%
10	Swiss Reinsurance Company Ltd.	Switzerland	19 982	17 713	13%
11	SCOR Brasil Resseguros SA	Brazil	18 930	15 801	20%
12	Swiss Reinsurance America Corporation	USA	17 482	24 162	-28%
13	ACE Tempest Reinsurance Ltd.	Bermuda	16 919	19 589	-14%
14	SCOR GLOBAL LIFE S.E.	France	16 114	37 853	-57%
15	QBE Insurance (Europe) Ltd.	United Kingdom	14 936	3 294	353%
16	AXA Corporate Solutions Assurance	France	14 231	12 127	17%
17	XL Insurance Company SE	United Kingdom	12 161	8 430	44%
18	SCOR Global Life USA Reinsurance Company	USA	11 093	4 011	177%
19	AIG Europe Limited	United Kingdom	9 004	9 282	-3%
20	AmTrust Europe Limited	United Kingdom	8 869	5 351	66%
21	Allianz Global Corporate & Specialty SE	Germany	8 674	9 369	-7%
22	General Reinsurance AG	Germany	8 672	23 812	-64%
23	Scor Reinsurance Company	USA	8 431	11 332	-26%
24	Transatlantic Reinsurance Company	USA	7 997	5 592	43%
25	Zurich Insurance Company Limited	Switzerland	7 802	8 914	-12%
26	New Reinsurance Company	Switzerland	6 582	7 095	-7%
27	Catlin Re Switzerland Ltd.	Switzerland	6 292	1 328	374%
28	Partner Reinsurance Europe SE	Ireland	6 135	3 940	56%
29	Royal & Sun Alliance Insurance PLC	United Kingdom	6 073	9 393	-35%
30	Factory Mutual Insurance Co.	USA	5 898	4 985	18%
31	Kolnische Rueckversicherungs-Gesellschaft AG	Germany	5 836	5 075	15%
32	Aspen Insurance U.K. Ltd.	United Kingdom	5 830	4 468	30%
33	ACE INA Overseas Insurance Co. Ltd.	Bermuda	5 529	-	-
34	R+V Versicherung AG	Germany	5 426	3 235	68%
35	General Insurance Corporation of India	India	5 290	4 229	25%
36	Barents Re Reinsurance Company, Inc.	Panama	5 118	4 094	25%
37	Mapfre Perú SA	Peru	5 004	6 441	-22%
38	Validus Reinsurance (Switzerland) Ltd.	Switzerland	4 629	4 810	-4%
39	Chubb Seguros Perú S.A.	Peru	4 315	2 530	71%
40	Allianz SE	Germany	4 212	-	-
41	Liberty Mutual Insurance Company	USA	4 072	4 763	-15%
42	HDI Global SE	Germany	3 898	4 632	-16%
43	Helvetia Swiss Insurance Company Limited. Helvetia S	Switzerland	3 642	2 423	50%
44	Odyssey Reinsurance Company	USA	3 546	2 082	70%
45	International General Insurance Co. (UK) Ltd.	United Kingdom	3 535	3 480	2%
46	New India Assurance Company Ltd.	India	3 242	2 350	38%
47	National Union Fire Insurance Co. of Pittsburgh, PA	USA	3 210	1 275	152%
48	Starr Indemnity & Liability Company	USA	3 087	1 278	142%
49	QBE Re (Europe) Limited	United Kingdom	3 068	1 481	107%
50	Star Insurance & Reinsurance Limited	USA	2 802	-	-
	Others		83 968	145 321	-42%
	Total		854 215	869 007	-2%

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 reinsurance providers operating in Peru, for the fourth quarter of 2017, 2016 and 2015. 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 2017 as the 5th largest partner, whereas it remained in the 6th position in 2016 and 7th position in 2015.

The joint contribution of Latin-American countries (Barbados, Brazil, Chile, Colombia, Panama, Peru and Mexico) stands at 3rd position in 2017, whereas it remained in the 4th position in 2016. USA lost the third place and Spain increased from 4th to 3rd place in December of 2017.

Ceded Reinsurance Premium by Country, 12 months
(In USD thousands)

Ranking			Country	Ceded Premium			Change (%)	
2017	2016	2015		2017	2016	2015	2017/16	2016/15
1	1	1	United Kingdom	160 076	149 086	209 033	7%	-29%
2	2	2	Germany	144 876	145 415	189 694	-0.4%	-23%
3	4	4	Spain	112 225	105 194	125 603	7%	-16%
4	3	3	USA	108 827	129 445	159 929	-16%	-19%
5	6	7	Brazil	79 201	58 149	44 700	36%	30%
6	5	5	France	66 008	94 656	51 624	-30%	83%
7	7	6	Switzerland	53 574	50 305	47 803	6%	5%
8	8	9	Barbados	42 268	34 539	27 711	22%	25%
9	9	8	Bermuda	30 897	29 476	30 720	5%	-4%
10	11	10	Ireland	13 095	14 103	21 615	-7%	-35%
11	12	12	Peru	10 747	10 534	8 325	2%	27%
12	13	13	India	8 532	6 581	7 624	30%	-14%
13	14	14	Panama	4 163	4 552	4 709	-9%	-3%
14	19	19	Sweden	2 738	1 554	2 280	76%	-32%
15	16	18	South Korea	2 671	2 139	2 509	25%	-15%
16	17	16	Italy	2 549	2 073	3 941	23%	-47%
17	15	15	Japan	1 821	2 493	4 049	-27%	-38%
18	18	17	Mexico	1 815	1 614	3 873	12%	-58%
19	23	-	Qatar	1 505	674	-	123%	-
20	20	21	Luxemburgo	1 235	1 288	1 392	-4%	-7%
21	25	25	China	1 146	531	627	116%	-15%
22	10	11	Chile	709	20 137	19 607	-96%	3%
23	21	20	Canada	568	956	2 025	-41%	-53%
24	-	-	United Arab Emirates	536	-	-	-	-
25	22	-	Hong Kong	404	686	-	-41%	-
26	26	26	Other Countries	2 030	2 826	5 018	-28%	-44%
Total				854 215	869 007	974 410	-2%	-11%
3				138 903	129 525	108 925	7%	19%
4								
6								
Latin-America								

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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LATIN AMERICA
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