



# Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2018 March Results



## Summary

**SUSEP disclosed Brazilian Local Reinsurers data for the first quarter of 2018. In the next few days we will release the full Terra Report edition. In this preview we anticipate some highlights:**

- The total amount of ceded reinsurance originated by Brazilian insurers (gross of commission) stood at BRL 2.71 bn, a decrease of 1.5% in comparison to BRL 2.75 bn from the same period in 2017. From this volume, BRL 1.92 bn (71% of the total) was placed with Local Reinsurers, a 3.9% growth.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 584 mm, in contrast to 2017's figures of BRL 522 mm - an increase of 11.8%.
- The Gross Written Premium from Local Reinsurers (gross of commission), considering local and offshore business, reached BRL 2.50 bn, an increase of 5.6% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood at 41% compared to 47% for the previous period. The Combined Ratio stood at 90%, representing an improvement when in comparison to the 98% ratio seen in 2017.

## Summary of Results and Main Indexes for Local Reinsurers from January to March 2018 and 2017:

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
<b>Assets</b>	<b>29.300</b>	<b>27.378</b>	<b>14.183</b>	<b>13.748</b>	<b>15.117</b>	<b>13.629</b>
<b>Cash and Cash Equivalents</b>	<b>12.475</b>	<b>11.862</b>	<b>5.947</b>	<b>5.734</b>	<b>6.528</b>	<b>6.128</b>
<b>S.E. at beginning of period</b>	<b>7.354</b>	<b>6.972</b>	<b>3.581</b>	<b>3.328</b>	<b>3.773</b>	<b>3.644</b>
<b>S.E. end of period</b>	<b>7.181</b>	<b>6.755</b>	<b>3.339</b>	<b>3.091</b>	<b>3.843</b>	<b>3.664</b>
<b>Gross Written Premium</b>	<b>2.503</b>	<b>2.369</b>	<b>1.305</b>	<b>1.276</b>	<b>1.198</b>	<b>1.094</b>
<b>Written Premium</b>	<b>2.144</b>	<b>2.067</b>	<b>1.191</b>	<b>1.172</b>	<b>952</b>	<b>895</b>
<b>Earned Premium</b>	<b>1.965</b>	<b>1.897</b>	<b>1.171</b>	<b>1.110</b>	<b>794</b>	<b>788</b>
<b>Loss Ratio</b>	<b>41%</b>	<b>47%</b>	<b>27%</b>	<b>39%</b>	<b>62%</b>	<b>59%</b>
Commercial Expenses/ Earned Premium	3%	2%	3%	2%	2%	2%
Administrative + Other/ Earned Premium	6%	9%	4%	7%	9%	12%
Tax/ Earned Premium	3%	3%	2%	3%	4%	3%
Retrocession Result/Earned Premium	37%	36%	47%	35%	24%	37%
<b>Combined Ratio</b>	<b>90%</b>	<b>98%</b>	<b>83%</b>	<b>87%</b>	<b>101%</b>	<b>112%</b>
Reinsurance Operational Result	194	45	199	143	-5	-98
Financial Result and Equity Pick-up	216	359	107	176	109	183
Income Tax and Contributions	-106	-145	-52	-97	-54	-49
<b>Net Profit for the Period</b>	<b>303</b>	<b>259</b>	<b>254</b>	<b>223</b>	<b>49</b>	<b>37</b>
<i>ROE (annualized)</i>	<i>16,5%</i>	<i>14,9%</i>	<i>28,4%</i>	<i>26,8%</i>	<i>5,2%</i>	<i>4,0%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

## Comparative January to March 2018 and 2017:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share WP			
		2018/03	2017/03	Δ %	2018/03	2017/03	2018/03		2017/03	
<b>Total</b>		2.144	2.067	<b>4%</b>	303	259	100%		100%	
<b>Total New</b>		952	895	<b>6%</b>	49	37	100%		100%	
<b>IRB</b>	04/1939	1.191	1.172	<b>2%</b>	254	223	<b>55,6%</b>		56,7%	
<b>JM</b>	05/2008	57	27	<b>111%</b>	9	14	2,6%	5,9%	1,3%	3,0%
<b>Munich</b>	05/2008	155	108	<b>43%</b>	1	-2	7,2%	16,3%	5,2%	12,1%
<b>Mapfre</b>	11/2008	43	54	<b>-20%</b>	3	8	<b>2,0%</b>	<b>4,5%</b>	2,6%	6,0%
<b>XL</b>	12/2008	9	8	<b>18%</b>	7	10	0,4%	1,0%	0,4%	0,9%
<b>Chubb</b>	11/2009	22	17	<b>28%</b>	-2	-9	1,0%	2,3%	0,8%	1,9%
<b>Austral</b>	01/2011	62	123	<b>-50%</b>	12	4	<b>2,9%</b>	<b>6,5%</b>	5,9%	13,7%
<b>AIG</b>	04/2011	12	8	<b>44%</b>	-2	3	0,6%	1,2%	0,4%	0,9%
<b>Zurich</b>	01/2012	183	187	<b>-2%</b>	5	2	<b>8,5%</b>	<b>19,2%</b>	9,0%	20,8%
<b>Markel</b>	01/2012	13	8	<b>57%</b>	1	-6	0,6%	1,4%	0,4%	0,9%
<b>Swiss</b>	06/2012	94	39	<b>141%</b>	17	-3	4,4%	9,9%	1,9%	4,4%
<b>Terra Brasis</b>	10/2012	25	28	<b>-13%</b>	-3	2	<b>1,2%</b>	<b>2,6%</b>	1,4%	3,2%
<b>Allianz</b>	12/2012	77	68	<b>13%</b>	-2	8	3,6%	8,1%	3,3%	7,6%
<b>BTG</b>	02/2013	60	75	<b>-20%</b>	16	8	<b>2,8%</b>	<b>6,3%</b>	3,6%	8,3%
<b>AXA</b>	08/2014	95	63	<b>50%</b>		6	4,5%	10,0%	3,1%	7,1%
<b>Scor</b>	08/2014	46	81	<b>-43%</b>	-13	-8	<b>2,2%</b>	<b>4,8%</b>	3,9%	9,1%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

Main Ratios From Local Reinsurers from January to March of 2018 and 2017

January to March 2018	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%CR pre RR	%RR	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
<b>Total</b>		2.503	14,4%	2.144	1.965	41%	3%	0%	6%	3%	12%	53%	37%	90%	194	11%	216	12%	410	303	22,8%	16,5%	7.181	72%
<b>Total New</b>		1.198	20,5%	952	794	62%	2%	1%	8%	4%	15%	77%	24%	101%	-5	-1%	109	11%	103	49	10,7%	5,2%	3.843	80%
<b>IRB</b>	04/1939	1.305	8,7%	1.191	1.171	27%	3%	-0%	5%	2%	9%	36%	47%	83%	199	24%	107	13%	306	254	36,7%	28,4%	3.339	64%
<b>JM</b>	05/2008	88	35,9%	57	36	-106%	0%	-1%	5%	3%	8%	-98%	184%	86%	5	3%	11	7%	16	9	10,7%	6,0%	613	174%
<b>Munich</b>	05/2008	202	23,3%	155	102	140%	4%	1%	9%	3%	16%	156%	-33%	123%	-24	-21%	27	24%	3	1	2,9%	0,8%	448	55%
<b>Mapfre</b>	11/2008	50	13,6%	43	49	15%	1%	9%	4%	4%	18%	34%	68%	102%	-1	-2%	7	15%	6	3	12,5%	6,8%	179	90%
<b>XL</b>	12/2008	13	30,4%	9	12	63%	2%	-1%	12%	7%	20%	84%	14%	98%	12	16%	12	16%	12	7	16,8%	9,4%	296	564%
<b>Chubb</b>	11/2009	30	26,2%	22	18	97%	5%	0%	16%	6%	27%	125%	24%	149%	-9	-27%	4	13%	-4	-2	-13,3%	-7,2%	135	114%
<b>Austral</b>	01/2011	85	26,9%	62	70	3%	4%	12%	6%	3%	25%	28%	51%	79%	14	20%	7	9%	21	12	29,2%	16,9%	295	87%
<b>AIG</b>	04/2011	17	29,9%	12	18	228%	0%	0%	9%	4%	13%	241%	-110%	132%	-6	-23%	2	9%	-3	-2	-14,2%	-8,1%	98	145%
<b>Zurich</b>	01/2012	222	17,5%	183	137	86%	0%	0%	2%	3%	6%	92%	13%	104%	-6	-9%	16	23%	10	5	14,6%	8,4%	267	30%
<b>Markel</b>	01/2012	19	28,4%	13	10	61%	3%	3%	12%	5%	23%	84%	23%	107%	-1	-3%	3	14%	2	1	10,4%	6,4%	85	115%
<b>Swiss</b>	06/2012	116	18,8%	94	84	57%	3%	1%	5%	4%	13%	70%	18%	88%	10	15%	14	20%	24	17	34,7%	27,3%	273	59%
<b>Terra Brasis</b>	10/2012	32	24,0%	25	26	93%	4%	1%	15%	1%	21%	114%	12%	125%	-7	-27%	3	14%	-3	-3	-13,2%	-11,4%	100	77%
<b>Allianz</b>	12/2012	82	6,6%	77	76	50%	4%	0%	14%	5%	23%	73%	45%	118%	-13	-22%	11	19%	-2	-2	-3,3%	-2,8%	244	74%
<b>BTG</b>	02/2013	71	16,4%	60	45	0%	6%	-22%	11%	4%	-1%	-1%	59%	57%	19	20%	10	11%	29	16	31,2%	16,7%	375	132%
<b>AXA</b>	08/2014	121	21,0%	95	68	86%	0%	-0%	7%	2%	9%	95%	4%	99%		2%		-1%			0,5%	0,2%	104	21%
<b>Scor</b>	08/2014	51	9,3%	46	41	48%	3%	-0%	21%	4%	28%	76%	-3%	73%	11	13%	-19	-23%	-8	-13	-9,4%	-17,1%	331	163%

January to March 2017	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%CR pre RR	%RR	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
<b>Total</b>		2.369	12,7%	2.067	1.897	47%	2%	2%	7%	3%	14%	62%	36%	98%	45	3%	359	21%	405	259	24,0%	14,9%	6.755	71%
<b>Total New</b>		1.094	18,2%	895	788	59%	2%	3%	8%	3%	17%	76%	37%	112%	-98	-11%	183	20%	85	37	9,3%	4,0%	3.664	84%
<b>IRB</b>	04/1939	1.276	8,1%	1.172	1.110	39%	2%	1%	7%	3%	12%	52%	35%	87%	143	19%	176	23%	319	223	41,3%	26,8%	3.091	61%
<b>JM</b>	05/2008	42	36,7%	27	41	-8%	0%	19%	6%	4%	28%	20%	69%	89%	4	3%	21	13%	26	14	15,3%	8,5%	670	395%
<b>Munich</b>	05/2008	135	19,4%	108	110	96%	2%	1%	8%	2%	14%	109%	24%	133%	-37	-40%	40	44%	4	-2	3,9%	-1,9%	370	69%
<b>Mapfre</b>	11/2008	62	12,5%	54	47	65%	1%	1%	5%	3%	11%	76%	16%	91%	4	9%	10	22%	14	8	31,6%	18,0%	180	73%
<b>XL</b>	12/2008	10	22,3%	8	10	50%	3%	0%	8%	9%	20%	70%	7%	78%	2	3%	15	19%	18	10	22,0%	12,5%	323	815%
<b>Chubb</b>	11/2009	22	22,4%	17	34	66%	15%	5%	10%	2%	32%	98%	74%	171%	-24	-93%	5	21%	-19	-9	-71,7%	-29,9%	103	117%
<b>Austral</b>	01/2011	143	14,0%	123	131	103%	2%	3%	3%	1%	9%	112%	-9%	103%	-4	-6%	9	13%	5	4	7,7%	5,1%	282	49%
<b>AIG</b>	04/2011	12	31,7%	8	20	-121%	0%	2%	6%	8%	16%	-105%	201%	96%	1	4%	5	19%	6	3	22,8%	12,1%	98	203%
<b>Zurich</b>	01/2012	222	16,0%	187	133	42%	0%	0%	2%	3%	5%	48%	63%	111%	-15	-25%	18	30%	3	2	5,0%	2,8%	240	27%
<b>Markel</b>	01/2012	11	19,9%	8	9	101%	3%	-3%	60%	6%	66%	167%	22%	189%	-8	-42%	4	19%	-4	-6	-23,3%	-30,4%	76	179%
<b>Swiss</b>	06/2012	58	32,9%	39	31	119%	7%	6%	14%	5%	32%	151%	-1%	150%	-15	-28%	16	28%	-3	-3	0,2%	-5,1%	219	94%
<b>Terra Brasis</b>	10/2012	34	17,4%	28	28	19%	2%	0%	14%	2%	19%	37%	68%	106%	-2	-6%	4	16%	3	2	10,2%	8,5%	102	74%
<b>Allianz</b>	12/2012	80	15,4%	68	80	51%	3%	0%	15%	3%	21%	72%	31%	103%	-2	-4%	18	30%	15	8	25,9%	15,0%	238	74%
<b>BTG</b>	02/2013	93	20,2%	75	33	2%	5%	19%	15%	5%	45%	47%	54%	101%	-	-0%	15	16%	15	8	15,9%	7,9%	376	101%
<b>AXA</b>	08/2014	86	25,8%	63	47	89%	0%	0%	10%	2%	12%	100%	-10%	91%	4	17%	5	18%	9	6	35,1%	22,8%	103	30%
<b>Scor</b>	08/2014	83	2,5%	81	33	8%	3%	0%	19%	4%	26%	34%	86%	120%	-7	-9%	-2	-3%	-9	-8	-12,7%	-11,9%	282	85%

- Total New** : All reinsurers except IRB
- Gross Prem.** : Gross Written Premium (BRL)
- % Com** : Commission paid to Cedants
- Net Premium** : Net Written Premium (BRL)
- Earned Premium** : Earned Premium (BRL)
- % L** : Losses
- % B** : Brokerage
- %OE** : Other Expenses
- %AE** : Administrative Expenses
- %TE** : Tax Expenses
- %RR** : Expense Ratio (%B + %OD + %DA)
- %CR pre RR** : Combined Ratio Pre Retrocession Result (%S+%ER)
- %RR** : Retrocession Result
- %CR** : Combined Ratio (%S+%ER+%RR)
- RSub** : Subscription Result
- RSub/SE** : Annualized Subscription Result / Net end-of-period Shareholder's Equity
- RInv** : Investment Result plus non-recurring gains and equity pickup
- RInv/SE** : Annualized Investment Result / Net end-of-period Shareholder's Equity
- RGro** : Gross Result (RSub + RInv)
- RNet** : Net Result (RGro minus income tax, social contributions and profit sharing)
- SE** : End of Period Net Shareholder's Equity
- RGro/SE** : Gross Result / Shareholder's Equity
- ROE** : Return on Equity Annualized (before Income Tax, Social Contributions, Profit Sharing)
- %SLV** : Solvency Margin, End-of-period SE/Annualized Gross Written Reinsurance

## Local Reinsurers from January to March 2018 results:

Company	Start of Operation	2018/03	January to March 2018					2018/03	2017/03	
		Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Reinsurance Operational Result	Financial Result	Gross Profit	Net Profit	
IRB	04/1939	3.339	1.305	1.191	1.171	199	107	306	254	223
JM	05/2008	613	88	57	36	5	11	16	9	14
Munich	05/2008	448	202	155	102	-24	27	3	1	-2
Mapfre	11/2008	179	50	43	49	-1	7	6	3	8
XL	12/2008	296	13	9	12		12	12	7	10
Chubb	11/2009	135	30	22	18	-9	4	-4	-2	-9
Austral	01/2011	295	85	62	70	14	7	21	12	4
AIG	04/2011	98	17	12	18	-6	2	-3	-2	3
Zurich	01/2012	267	222	183	137	-6	16	10	5	2
Markel	01/2012	85	19	13	10	-1	3	2	1	-6
Swiss	06/2012	273	116	94	84	10	14	24	17	-3
Terra Brasis	10/2012	100	32	25	26	-7	3	-3	-3	2
Allianz	12/2012	244	82	77	76	-13	11	-2	-2	8
BTG	02/2013	375	71	60	45	19	10	29	16	8
AXA	08/2014	104	121	95	68					6
Scor	08/2014	331	51	46	41	11	-19	-8	-13	-8
Total Locals		7.181	2.503	2.144	1.965	194	216	410	303	259
Total without IRB		3.843	1.198	952	794	-5	109	103	49	37