



# Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2018 June Results



## Summary

**SUSEP disclosed Brazilian Local Reinsurers data for the first semester 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 5.62 bn, an increase of 3.6% in comparison to BRL 5.43 bn from the same period in 2017. From this volume, BRL 4.11 bn (73% of the total) was placed with Local Reinsurers, a 0.8% growth.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 1.38 bn, in contrast to 2017's figures of BRL 1.06 bn - an increase of 30.3%.
- The Gross Written Premium from Local Reinsurers (gross of commission), considering local and offshore business, reached BRL 5.49 bn, an increase of 10.2% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood stable at 61% compared for the previous period. The Combined Ratio stood at 89%, representing an improvement when in comparison to the 95% ratio seen in 2017.

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

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
<b>Assets</b>	<b>30,726</b>	<b>27,760</b>	<b>15,076</b>	<b>13,871</b>	<b>15,650</b>	<b>13,890</b>
<b>Cash and Cash Equivalents</b>	<b>11,861</b>	<b>11,768</b>	<b>5,397</b>	<b>5,454</b>	<b>6,463</b>	<b>6,314</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. at end of period</b>	<b>7,349</b>	<b>6,962</b>	<b>3,521</b>	<b>3,272</b>	<b>3,828</b>	<b>3,690</b>
<b>Gross Written Premium</b>	<b>5,491</b>	<b>4,984</b>	<b>3,170</b>	<b>2,734</b>	<b>2,321</b>	<b>2,250</b>
<b>Written Premium</b>	<b>4,767</b>	<b>4,373</b>	<b>2,928</b>	<b>2,547</b>	<b>1,839</b>	<b>1,826</b>
<b>Earned Premium</b>	<b>4,334</b>	<b>3,842</b>	<b>2,581</b>	<b>2,195</b>	<b>1,753</b>	<b>1,647</b>
<b>Loss Ratio</b>	<b>61%</b>	<b>61%</b>	<b>41%</b>	<b>51%</b>	<b>90%</b>	<b>75%</b>
Commercial Expenses/ Earned Premium	2%	3%	3%	3%	2%	2%
Administrative + Other/ Earned Premium	7%	8%	5%	8%	9%	9%
Tax/ Earned Premium	3%	2%	3%	1%	3%	3%
Retrocession Result/Earned Premium	16%	22%	30%	25%	-4%	17%
<b>Combined Ratio</b>	<b>89%</b>	<b>95%</b>	<b>82%</b>	<b>87%</b>	<b>101%</b>	<b>106%</b>
Reinsurance Operational Result	459	181	475	279	-17	-98
Financial Result and Equity Pick-up	415	730	207	377	207	353
Income Tax and Contributions	-242	-323	-141	-201	-101	-121
<b>Net Profit for the Period</b>	<b>631</b>	<b>588</b>	<b>541</b>	<b>454</b>	<b>90</b>	<b>133</b>
<i>ROE (annualized)</i>	<i>17.2%</i>	<i>16.9%</i>	<i>30.2%</i>	<i>27.3%</i>	<i>4.8%</i>	<i>7.3%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

## Comparative January to June 2018 and 2017:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share Written Premium			
		2018/06	2017/06	Δ %	2018/06	2017/06	2018/06		2017/06	
<b>Total</b>		4,767	4,373	<b>9%</b>	631	588	100%		100%	
<b>Total New</b>		1,839	1,826	<b>1%</b>	90	133	100%		100%	
<b>IRB</b>	04/1939	2,928	2,547	<b>15%</b>	541	454	61.4%		58.2%	
<b>JM</b>	05/2008	123	105	<b>17%</b>	20	24	2.6%	6.7%	2.4%	5.7%
<b>Munich</b>	05/2008	314	238	<b>32%</b>	2	30	6.6%	17.1%	5.4%	13.0%
<b>Mapfre</b>	11/2008	88	95	<b>-7%</b>	9	16	<b>1.9%</b>	<b>4.8%</b>	2.2%	5.2%
<b>XL</b>	12/2008	24	24	<b>2%</b>	3	15	<b>0.5%</b>	1.3%	0.5%	1.3%
<b>Chubb</b>	11/2009	42	28	<b>49%</b>	<b>-2</b>	<b>-6</b>	0.9%	2.3%	0.6%	1.5%
<b>Austral</b>	01/2011	169	261	<b>-35%</b>	13	9	<b>3.5%</b>	<b>9.2%</b>	6.0%	14.3%
<b>AIG</b>	04/2011	40	27	<b>50%</b>	<b>-4</b>	7	0.8%	2.2%	0.6%	1.5%
<b>Zurich</b>	01/2012	210	300	<b>-30%</b>	17	14	<b>4.4%</b>	<b>11.4%</b>	6.9%	16.4%
<b>Markel</b>	01/2012	34	20	<b>72%</b>	3	<b>-5</b>	0.7%	1.9%	0.5%	1.1%
<b>Swiss</b>	06/2012	180	141	<b>28%</b>	21	14	3.8%	9.8%	3.2%	7.7%
<b>Terra Brasis</b>	10/2012	60	57	<b>5%</b>	2	2	<b>1.3%</b>	3.3%	1.3%	3.1%
<b>Allianz</b>	12/2012	149	113	<b>32%</b>	10	5	3.1%	8.1%	2.6%	6.2%
<b>BTG</b>	02/2013	95	170	<b>-44%</b>	27	18	<b>2.0%</b>	<b>5.1%</b>	3.9%	9.3%
<b>Scor</b>	08/2014	173	133	<b>30%</b>	4	3	3.6%	9.4%	3.0%	7.3%
<b>AXA</b>	08/2014	137	114	<b>20%</b>	<b>-33</b>	<b>-11</b>	2.9%	7.5%	2.6%	6.3%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

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

January to June 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>		5,491	13.2%	4,767	4,334	61%	2%	1%	6%	3%	12%	73%	16%	89%	459	12%	415	11%	873	631	23.8%	17.2%	7,349	67%
<b>Total New</b>		2,321	20.77%	1,839	1,753	90%	2%	1%	8%	3%	15%	105%	-4%	101%	-17	-1%	207	11%	191	90	10.0%	4.8%	3,828	82%
<b>IRB</b>	04/1939	3,170	7.6%	2,928	2,581	41%	3%	1%	5%	3%	10%	51%	30%	82%	475	27%	207	12%	683	541	38.8%	30.2%	3,521	56%
<b>JM</b>	05/2008	198	37.9%	123	75	-48%	0%	1%	6%	4%	10%	-38%	121%	83%	13	4%	24	8%	37	20	11.7%	6.6%	622	157%
<b>Munich</b>	05/2008	406	22.6%	314	305	112%	2%	1%	6%	3%	12%	124%	-14%	109%	-29	-13%	34	15%	5	2	2.3%	0.7%	448	55%
<b>Mapfre</b>	11/2008	102	13.2%	88	98	103%	2%	4%	4%	5%	15%	119%	-19%	100%		1%	16	17%	16	9	17.4%	9.8%	185	91%
<b>XL</b>	12/2008	35	31.3%	24	28	84%	2%	0%	9%	4%	15%	99%	17%	116%	-4	-3%	11	7%	6	3	4.2%	2.4%	292	418%
<b>Chubb</b>	11/2009	58	27.5%	42	47	67%	4%	-3%	14%	6%	21%	88%	42%	130%	-14	-21%	12	17%	-3	-2	-4.1%	-2.2%	134	116%
<b>Austral</b>	01/2011	210	19.5%	169	169	68%	3%	12%	5%	2%	22%	90%	11%	101%	-2	-1%	23	16%	21	13	14.7%	9.1%	292	70%
<b>AIG</b>	04/2011	52	23.4%	40	38	388%	0%	0%	9%	4%	12%	400%	-264%	137%	-14	-29%	7	14%	-7	-4	-15.2%	-8.8%	96	91%
<b>Zurich</b>	01/2012	254	17.3%	210	254	85%	0%	0%	2%	4%	6%	91%	9%	100%	1	1%	29	22%	30	17	22.9%	12.9%	263	52%
<b>Markel</b>	01/2012	44	23.1%	34	29	93%	2%	1%	14%	4%	21%	115%	-6%	108%	-2	-6%	6	14%	3	3	8.4%	6.1%	83	93%
<b>Swiss</b>	06/2012	230	21.6%	180	172	79%	3%	0%	7%	3%	12%	91%	6%	97%	5	4%	24	18%	29	21	21.7%	16.5%	269	58%
<b>Terra Brasis</b>	10/2012	77	21.7%	60	58	59%	4%	2%	13%	2%	21%	81%	21%	101%	-1	-1%	4	8%	3	2	6.3%	4.0%	104	67%
<b>Allianz</b>	12/2012	165	10.0%	149	156	141%	4%	1%	15%	4%	23%	164%	-52%	112%	-19	-16%	39	33%	20	10	16.6%	8.1%	240	72%
<b>BTG</b>	02/2013	117	19.4%	95	85	-2%	6%	-11%	10%	4%	9%	8%	59%	67%	28	15%	21	11%	49	27	25.4%	14.0%	385	164%
<b>Scor</b>	08/2014	224	22.6%	173	144	66%	0%	0%	7%	2%	10%	76%	21%	97%	5	9%	1	1%	5	4	9.7%	6.8%	105	23%
<b>AXA</b>	08/2014	148	7.5%	137	94	134%	3%	4%	23%	3%	34%	168%	-85%	83%	16	11%	-41	-27%	-25	-33	-16.0%	-21.0%	311	105%

  

January to June 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>		4,984	12.3%	4,373	3,842	61%	3%	1%	7%	2%	13%	74%	22%	95%	181	5%	730	21%	910	588	26.1%	16.9%	6,962	70%
<b>Total New</b>		2,250	18.83%	1,826	1,647	75%	2%	1%	8%	3%	14%	89%	17%	106%	-98	-5%	353	19%	255	133	13.8%	7.3%	3,690	82%
<b>IRB</b>	04/1939	2,734	6.9%	2,547	2,195	51%	3%	1%	6%	1%	12%	62%	25%	87%	279	17%	377	23%	655	454	40.1%	27.3%	3,272	60%
<b>JM</b>	05/2008	162	35.3%	105	73	23%	0%	0%	6%	4%	11%	34%	59%	93%	5	2%	38	11%	44	24	12.9%	7.2%	680	210%
<b>Munich</b>	05/2008	288	17.3%	238	209	74%	2%	2%	9%	3%	15%	89%	15%	104%	-8	-4%	64	32%	56	30	28.0%	16.1%	402	70%
<b>Mapfre</b>	11/2008	111	14.5%	95	98	74%	1%	2%	5%	4%	12%	86%	6%	92%	8	9%	20	22%	29	16	30.6%	18.2%	187	84%
<b>XL</b>	12/2008	29	19.2%	24	23	77%	3%	0%	8%	6%	17%	94%	-1%	93%	1	1%	26	18%	27	15	18.7%	9.6%	291	500%
<b>Chubb</b>	11/2009	39	28.0%	28	53	93%	7%	-12%	17%	3%	15%	108%	45%	153%	-28	-52%	18	33%	-10	-6	-19.0%	-9.4%	106	136%
<b>Austral</b>	01/2011	307	14.9%	261	274	102%	2%	3%	3%	1%	8%	110%	-7%	103%	-7	-6%	19	15%	12	9	9.1%	6.4%	259	42%
<b>AIG</b>	04/2011	40	32.6%	27	60	12%	0%	0%	4%	6%	9%	21%	76%	96%	2	4%	10	19%	12	7	23.5%	13.7%	102	129%
<b>Zurich</b>	01/2012	373	19.4%	300	257	68%	0%	0%	2%	3%	5%	73%	31%	104%	-11	-9%	37	29%	26	14	20.4%	11.5%	252	34%
<b>Markel</b>	01/2012	25	22.2%	20	18	88%	3%	3%	48%	7%	61%	149%	12%	161%	-11	-28%	7	18%	-4	-5	-10.5%	-12.9%	76	150%
<b>Swiss</b>	06/2012	166	15.0%	141	112	78%	4%	2%	13%	4%	23%	101%	6%	107%	-8	-7%	31	27%	24	14	20.4%	12.9%	234	70%
<b>Terra Brasis</b>	10/2012	71	19.4%	57	51	41%	3%	1%	16%	2%	22%	63%	52%	116%	-8	-14%	9	16%	1	2	1.9%	3.7%	113	80%
<b>Allianz</b>	12/2012	137	17.5%	113	148	74%	2%	1%	15%	4%	23%	96%	23%	119%	-28	-24%	39	34%	11	5	9.8%	4.4%	233	85%
<b>BTG</b>	02/2013	214	20.4%	170	76	10%	6%	0%	11%	5%	22%	32%	61%	94%	5	3%	28	15%	33	18	17.7%	8.7%	375	88%
<b>Scor</b>	08/2014	171	22.1%	133	120	81%	0%	0%	8%	2%	11%	92%	11%	103%	-3	-7%	8	16%	5	3	9.4%	5.6%	100	29%
<b>AXA</b>	08/2014	118	3.2%	114	75	156%	3%	0%	20%	3%	26%	182%	-70%	112%	-9	-6%	-2	-1%	-11	-11	-7.8%	-8.8%	279	118%

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

## Local Reinsurers from January to June 2018 results:

Company	2018/06	January to June 2018						2018/06	2017/06	2018/06	2017/06
	Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Operational Result	Financial Result	Gross Profit	Net Profit	R.O.E annualized		
IRB	3,521	3,170	2,928	2,581	475	207	683	541	454	30.2%	27.3%
JM	622	198	123	75	13	24	37	20	24	6.6%	7.2%
Munich	448	406	314	305	-29	34	5	2	30	0.7%	16.1%
Mapfre	185	102	88	98		16	16	9	16	9.8%	18.2%
XL	292	35	24	28	-4	11	6	3	15	2.4%	9.6%
Chubb	134	58	42	47	-14	12	-3	-2	-6	-2.2%	-9.4%
Austral	292	210	169	169	-2	23	21	13	9	9.1%	6.4%
AIG	96	52	40	38	-14	7	-7	-4	7	-8.8%	13.7%
Zurich	263	254	210	254	1	29	30	17	14	12.9%	11.5%
Markel	83	44	34	29	-2	6	3	3	-5	6.1%	-12.9%
Swiss	269	230	180	172	5	24	29	21	14	16.5%	12.9%
Terra Brasis	104	77	60	58	-1	4	3	2	2	4.0%	3.7%
Allianz	240	165	149	156	-19	39	20	10	5	8.1%	4.4%
BTG	385	117	95	85	28	21	49	27	18	14.0%	8.7%
Scor	105	224	173	144	5	1	5	4	3	6.8%	5.6%
AXA	311	148	137	94	16	-41	-25	-33	-11	-21.0%	-8.8%
Total Locals	7,349	5,491	4,767	4,334	459	415	873	631	588	17.2%	16.9%
Total without IRB	3,828	2,321	1,839	1,753	-17	207	191	90	133	4.8%	7.3%