



Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2018 September Results



Summary

SUSEP disclosed Brazilian Local Reinsurers data for the third 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 9.10 bn, an increase of 7.6% in comparison to BRL 8.46 bn from the same period in 2017. From this volume, BRL 6.39 bn (73% of the total) was placed with Local Reinsurers, a 3.0% decrease.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 2.21 bn, in contrast to 2017's figures of BRL 1.71 bn - an important increase of 29.8%.
- The Gross Written Premium from Local Reinsurers (gross of commission), considering local and offshore business, reached BRL 8.60 bn, an increase of 8.9% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood stable at 61% compared for the previous period. The Combined Ratio stood at 90%, 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 September 2018 and 2017:

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2018/09	2017/09	2018/09	2017/09	2018/09	2017/09
Assets	31,705	28,562	15,767	14,116	15,938	14,446
Cash and Cash Equivalents	12,095	11,842	5,673	5,512	6,421	6,330
S.E. at beginning of period	7,354	6,972	3,581	3,328	3,773	3,644
S.E. at end of period	7,720	7,239	3,762	3,439	3,958	3,799
Gross Written Premium	8,599	7,893	4,993	4,325	3,606	3,568
Written Premium	7,466	6,860	4,582	3,981	2,884	2,879
Earned Premium	6,809	6,059	4,085	3,529	2,724	2,530
Loss Ratio	61%	63%	47%	55%	82%	74%
Retrocession Result/Earned Premium	17%	20%	26%	24%	4%	15%
Loss Ratio + Retro Result/ Earned Premium	79%	83%	74%	79%	86%	89%
Commercial Expenses/ Earned Premium	2%	2%	3%	3%	2%	2%
Administrative + Other/ Earned Premium	6%	7%	5%	6%	9%	9%
Tax/ Earned Premium	3%	2%	2%	2%	3%	3%
Combined Ratio	90%	95%	84%	89%	100%	103%
Reinsurance Operational Result	663	308	668	381	-5	-73
Financial Result and Equity Pick-up	704	1,047	378	532	326	515
Income Tax and Contributions	-373	-437	-200	-237	-173	-200
Net Profit for the Period	994	918	846	676	149	242
<i>ROE (annualized)</i>	<i>18.0%</i>	<i>17.6%</i>	<i>31.5%</i>	<i>27.1%</i>	<i>5.3%</i>	<i>8.9%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

Comparative January to September 2018 and 2017:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share Written Premium			
		2018/09	2017/09	Δ %	2018/09	2017/09	2018/09		2017/09	
Total		7,466	6,860	9%	994	918	100%		100%	
Total New		2,884	2,879	0%	149	242	100%		100%	
IRB	04/1939	4,582	3,981	15%	846	676	61.4%		58.0%	
JM	05/2008	197	210	-6%	27	35	2.6%	6.8%	3.1%	7.3%
Munich	05/2008	471	353	33%	16	32	6.3%	16.3%	5.1%	12.3%
Mapfre	11/2008	133	136	-2%	14	20	1.8%	4.6%	2.0%	4.7%
XL	12/2008	42	41	2%	10	22	0.6%	1.5%	0.6%	1.4%
Chubb	11/2009	165	111	49%	32	12	2.2%	5.7%	1.6%	3.8%
Austral	01/2011	295	380	-22%	9	19	4.0%	10.2%	5.5%	13.2%
AIG	04/2011	70	73	-4%	-4	8	0.9%	2.4%	1.1%	2.5%
Zurich	01/2012	247	445	-45%	25	21	3.3%	8.6%	6.5%	15.4%
Markel	01/2012	52	31	66%	-1	-3	0.7%	1.8%	0.5%	1.1%
Swiss	06/2012	300	241	25%	24	31	4.0%	10.4%	3.5%	8.4%
Terra Brasis	10/2012	98	79	23%	3	12	1.3%	3.4%	1.2%	2.8%
Allianz	12/2012	211	203	4%	5	4	2.8%	7.3%	3.0%	7.1%
BTG	02/2013	200	249	-20%	36	34	2.7%	6.9%	3.6%	8.6%
Scor	08/2014	239	183	31%	8	1	3.2%	8.3%	2.7%	6.4%
AXA	08/2014	165	145	14%	-56	-7	2.2%	5.7%	2.1%	5.0%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

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

January to September 2018	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	%RR	% L + %RR	% B	%OE	%AE	%TE	%ER	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
Total		8,599	13.2%	7,466	6,809	61%	17%	79%	2%	1%	6%	3%	12%	90%	663	11%	704	12%	1,367	994	23.6%	18.0%	7,720	67%
Total New		3,606	20.03%	2,884	2,724	82%	4%	86%	2%	1%	8%	3%	15%	100%	-5	0%	326	11%	321	149	10.8%	5.3%	3,958	82%
IRB	04/1939	4,993	8.2%	4,582	4,085	47%	26%	74%	3%	1%	4%	2%	10%	84%	668	24%	378	13%	1,046	846	37.1%	31.5%	3,762	57%
JM	05/2008	319	38.3%	197	122	-14%	91%	77%	0%	1%	5%	3%	9%	86%	17	4%	33	7%	50	27	10.6%	6.0%	629	148%
Munich	05/2008	593	20.6%	471	448	109%	-15%	93%	2%	1%	6%	3%	12%	105%	-22	-6%	55	16%	33	16	9.4%	4.8%	463	59%
Mapfre	11/2008	156	14.9%	133	141	99%	-16%	83%	3%	4%	5%	5%	15%	98%	2	2%	23	16%	25	14	17.9%	10.4%	190	91%
XL	12/2008	59	28.7%	42	42	79%	4%	84%	2%	0%	10%	4%	16%	100%	0	0%	18	8%	18	10	7.9%	4.5%	299	378%
Chubb	11/2009	188	12.5%	165	127	26%	35%	61%	2%	-7%	8%	6%	8%	69%	39	32%	17	14%	56	32	45.5%	31.5%	164	65%
Austral	01/2011	354	16.6%	295	275	80%	4%	83%	3%	11%	5%	1%	20%	103%	-10	-4%	31	14%	21	9	9.7%	4.2%	288	61%
AIG	04/2011	93	24.6%	70	57	331%	-217%	114%	0%	1%	9%	4%	14%	128%	-16	-22%	10	13%	-6	-4	-8.9%	-4.8%	97	78%
Zurich	01/2012	295	16.3%	247	352	76%	19%	95%	0%	0%	2%	3%	5%	100%	-1	0%	46	23%	45	25	22.6%	13.0%	267	68%
Markel	01/2012	74	30.4%	52	45	128%	-36%	92%	2%	4%	18%	5%	28%	120%	-9	-16%	9	15%	-1	-1	-0.2%	-1.9%	78	79%
Swiss	06/2012	387	22.6%	300	290	73%	17%	90%	2%	-1%	6%	3%	10%	101%	-2	-1%	36	18%	34	24	16.9%	12.8%	271	52%
Terra Brasis	10/2012	124	21.5%	98	92	63%	16%	79%	4%	2%	13%	3%	22%	101%	-1	-1%	7	8%	5	3	6.9%	4.4%	104	63%
Allianz	12/2012	231	8.4%	211	238	90%	-2%	88%	4%	0%	16%	3%	24%	112%	-29	-17%	49	28%	20	5	11.4%	2.5%	231	75%
BTG	02/2013	248	19.6%	200	138	0%	61%	60%	7%	-7%	10%	4%	15%	75%	35	12%	31	10%	65	36	22.0%	12.5%	395	120%
Scor	08/2014	306	21.9%	239	225	75%	14%	88%	0%	0%	7%	3%	10%	98%	4	5%	8	10%	13	8	15.3%	10.5%	109	27%
AXA	08/2014	178	7.1%	165	129	125%	-52%	73%	4%	3%	25%	4%	36%	109%	-12	-4%	-46	-17%	-58	-56	-20.8%	-23.7%	373	158%

January to September 2017	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	%RR	% L	% B	%OE	%AE	%TE	%ER	%CR	RSub	RSub /SE	RInv	RInv /SE	RGro	RNet	RGro /SE	ROE	SE	%SLV
Total		7,893	13.1%	6,860	6,059	63%	20%	83%	2%	1%	7%	2%	12%	95%	308	6%	1,047	19%	1,355	918	25.0%	17.6%	7,239	69%
Total New		3,568	19.32%	2,879	2,530	74%	15%	89%	2%	1%	8%	3%	14%	103%	-73	-3%	515	18%	442	242	15.5%	8.9%	3,799	80%
IRB	04/1939	4,325	8.0%	3,981	3,529	55%	24%	79%	3%	1%	6%	2%	11%	89%	381	15%	532	21%	913	676	35.4%	27.1%	3,439	60%
JM	05/2008	327	35.7%	210	109	30%	52%	83%	0%	0%	6%	4%	10%	93%	7	1%	57	11%	64	35	12.3%	7.1%	691	158%
Munich	05/2008	431	18.1%	353	321	89%	5%	94%	2%	3%	9%	4%	18%	112%	-38	-12%	99	33%	62	32	20.4%	11.6%	405	70%
Mapfre	11/2008	159	14.3%	136	137	73%	7%	80%	2%	2%	5%	4%	13%	93%	9	6%	29	20%	38	20	26.2%	15.9%	192	91%
XL	12/2008	53	21.4%	41	38	78%	4%	81%	3%	0%	9%	5%	17%	98%	1	0%	40	18%	40	22	18.0%	9.4%	298	426%
Chubb	11/2009	125	11.5%	111	108	74%	13%	87%	6%	-6%	11%	4%	15%	102%	-3	-3%	24	26%	21	12	22.9%	13.3%	125	75%
Austral	01/2011	438	13.3%	380	383	99%	-5%	94%	2%	3%	3%	-2%	6%	101%	-2	-1%	26	13%	24	19	12.0%	8.8%	267	46%
AIG	04/2011	110	34.1%	73	78	-9%	96%	87%	0%	0%	5%	7%	12%	99%	1	1%	14	18%	15	8	19.4%	11.6%	104	70%
Zurich	01/2012	557	20.2%	445	394	79%	20%	99%	0%	0%	1%	2%	3%	103%	-11	-5%	43	22%	33	21	16.5%	11.9%	266	36%
Markel	01/2012	40	21.2%	31	26	81%	12%	93%	3%	2%	43%	6%	54%	147%	-12	-20%	10	17%	-2	-3	-3.2%	-4.6%	80	151%
Swiss	06/2012	296	18.6%	241	214	81%	-3%	78%	2%	3%	11%	4%	20%	98%	5	2%	47	25%	52	31	27.0%	19.3%	255	65%
Terra Brasis	10/2012	100	21.1%	79	72	53%	37%	90%	3%	2%	18%	3%	25%	115%	-11	-14%	29	37%	19	12	23.6%	15.2%	105	79%
Allianz	12/2012	235	13.6%	203	225	64%	30%	94%	3%	0%	15%	7%	25%	119%	-43	-24%	52	29%	8	4	4.6%	2.4%	238	76%
BTG	02/2013	312	20.3%	249	124	21%	49%	70%	7%	-9%	10%	5%	13%	82%	22	8%	39	13%	61	34	20.8%	10.7%	390	94%
Scor	08/2014	236	22.5%	183	177	78%	16%	94%	0%	0%	8%	3%	11%	105%	-9	-13%	12	16%	3	1	3.6%	1.7%	100	32%
AXA	08/2014	150	3.6%	145	124	99%	-35%	64%	3%	0%	20%	4%	27%	91%	11	5%	-6	-3%	5	-7	2.3%	-3.6%	283	141%

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 September 2018 results:

Company	2018/09	January to September 2018						2018/09	2017/09	2018/09	2017/09
	Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Operational Result	Financial Result	Gross Profit	Net Profit	R.O.E annualized		
IRB	3,762	4,993	4,582	4,085	668	378	1,046	846	676	31.5%	27.1%
JM	629	319	197	122	17	33	50	27	35	6.0%	7.1%
Munich	463	593	471	448	-22	55	33	16	32	4.8%	11.6%
Mapfre	190	156	133	141	2	23	25	14	20	10.4%	15.9%
XL	299	59	42	42		18	18	10	22	4.5%	9.4%
Chubb	164	188	165	127	39	17	56	32	12	31.5%	13.3%
Austral	288	354	295	275	-10	31	21	9	19	4.2%	8.8%
AIG	97	93	70	57	-16	10	-6	-4	8	-4.8%	11.6%
Zurich	267	295	247	352	-1	46	45	25	21	13.0%	11.9%
Markel	78	74	52	45	-9	9		-1	-3	-1.9%	-4.6%
Swiss	271	387	300	290	-2	36	34	24	31	12.8%	19.3%
Terra Brasis	104	124	98	92	-1	7	5	3	12	4.4%	15.2%
Allianz	231	231	211	238	-29	49	20	5	4	2.5%	2.4%
BTG	395	248	200	138	35	31	65	36	34	12.5%	10.7%
Scor	109	306	239	225	4	8	13	8	1	10.5%	1.7%
AXA	373	178	165	129	-12	-46	-58	-56	-7	-23.7%	-3.6%
Total Locals	7,720	8,599	7,466	6,809	663	704	1,367	994	918	18.0%	17.6%
Total without IRB	3,958	3,606	2,884	2,724	-5	326	321	149	242	5.3%	8.9%