



# Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2018 Results



## Summary

**SUSEP disclosed Brazilian Local Reinsurers data for the year 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 11.98 bn, an increase of 8.3% in comparison to BRL 11.06 bn from the same period in 2017. From this volume, BRL 8.44 bn (70% of the total) was placed with Local Reinsurers, a 1.7% decrease probably due to the legal changes established in the beginning of the year.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 3.05 bn, in contrast to 2017's figures of BRL 2.26 bn - an important increase of 35.4%.
- The Gross Written Premium from Local Reinsurers (gross of commission), considering local and offshore business, reached BRL 11.49 bn, an increase of 12.4% in comparison to the previous period.
- Local Reinsurers' Loss Ratio stood stable at 60% compared for the previous period. The Combined Ratio stood at 90%, representing an improvement when in comparison to the 92% ratio seen in 2017.

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

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2018/12	2017/12	2018/12	2017/12	2018/12	2017/12
<b>Assets</b>	<b>32,184</b>	<b>29,017</b>	<b>15,914</b>	<b>14,294</b>	<b>16,270</b>	<b>14,723</b>
<b>Cash and Cash Equivalents</b>	<b>12,517</b>	<b>12,146</b>	<b>5,906</b>	<b>5,675</b>	<b>6,611</b>	<b>6,471</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>7,971</b>	<b>7,354</b>	<b>4,001</b>	<b>3,581</b>	<b>3,970</b>	<b>3,773</b>
<b>Gross Written Premium</b>	<b>11,494</b>	<b>10,228</b>	<b>6,590</b>	<b>5,506</b>	<b>4,904</b>	<b>4,722</b>
<b>Written Premium</b>	<b>9,990</b>	<b>8,880</b>	<b>6,036</b>	<b>5,061</b>	<b>3,955</b>	<b>3,819</b>
<b>Earned Premium</b>	<b>9,503</b>	<b>8,226</b>	<b>5,765</b>	<b>4,738</b>	<b>3,738</b>	<b>3,489</b>
<b>Loss Ratio</b>	<b>60%</b>	<b>59%</b>	<b>49%</b>	<b>52%</b>	<b>76%</b>	<b>67%</b>
Retrocession Result/Earned Premium	18%	21%	25%	25%	8%	15%
<b>Loss Ratio + Retro Result/ Earned Premium</b>	<b>78%</b>	<b>79%</b>	<b>74%</b>	<b>78%</b>	<b>84%</b>	<b>82%</b>
Commercial Expenses/ Earned Premium	2%	2%	2%	3%	2%	2%
Administrative + Other/ Earned Premium	7%	8%	4%	6%	11%	10%
Tax/ Earned Premium	3%	2%	3%	2%	3%	3%
<b>Combined Ratio</b>	<b>90%</b>	<b>92%</b>	<b>83%</b>	<b>88%</b>	<b>100%</b>	<b>98%</b>
Reinsurance Operational Result	969	635	968	548	1	87
Financial Result and Equity Pick-up	831	1,310	454	703	378	607
Income Tax and Contributions	-399	-635	-203	-327	-197	-308
<b>Net Profit for the Period</b>	<b>1,401</b>	<b>1,312</b>	<b>1,219</b>	<b>925</b>	<b>183</b>	<b>387</b>
<i>ROE (annualized)</i>	<i>19.1%</i>	<i>18.8%</i>	<i>34.0%</i>	<i>27.8%</i>	<i>4.8%</i>	<i>10.6%</i>

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

## Comparative January to December 2018 and 2017:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share Written Premium			
		2018/12	2017/12	Δ %	2018/12	2017/12	2018/12		2017/12	
<b>Total</b>		9,990	8,880	<b>12%</b>	1,401	1,312	100%		100%	
<b>Total New</b>		3,955	3,819	<b>4%</b>	183	387	100%		100%	
<b>IRB</b>	04/1939	6,036	5,061	<b>19%</b>	1,219	925	60.4%		57.0%	
<b>Junto</b>	05/2008	239	244	<b>-2%</b>	25	48	<b>2.4%</b>	<b>6.0%</b>	2.8%	6.4%
<b>Munich</b>	05/2008	615	464	<b>33%</b>	41	75	6.2%	15.5%	5.2%	12.1%
<b>Mapfre</b>	11/2008	184	182	<b>1%</b>	25	32	<b>1.8%</b>	<b>4.7%</b>	2.1%	4.8%
<b>XL</b>	12/2008	65	62	<b>5%</b>	13	14	<b>0.7%</b>	1.7%	0.7%	1.6%
<b>Chubb</b>	11/2009	218	167	<b>30%</b>	10	34	2.2%	5.5%	1.9%	4.4%
<b>Austral</b>	01/2011	392	492	<b>-20%</b>		26	<b>3.9%</b>	<b>9.9%</b>	5.5%	12.9%
<b>AIG</b>	04/2011	96	101	<b>-5%</b>	<b>-10</b>	15	<b>1.0%</b>	<b>2.4%</b>	1.1%	2.7%
<b>Zurich</b>	01/2012	292	567	<b>-48%</b>	47	49	<b>2.9%</b>	<b>7.4%</b>	6.4%	14.8%
<b>Markel</b>	01/2012	77	48	<b>60%</b>	<b>-5</b>		0.8%	1.9%	0.5%	1.3%
<b>Swiss</b>	06/2012	427	368	<b>16%</b>	35	43	4.3%	10.8%	4.1%	9.6%
<b>Terra Brasis</b>	10/2012	146	123	<b>19%</b>	4	18	1.5%	3.7%	1.4%	3.2%
<b>Allianz</b>	12/2012	339	292	<b>16%</b>	11	8	3.4%	8.6%	3.3%	7.7%
<b>BTG</b>	02/2013	329	280	<b>18%</b>	54	29	3.3%	8.3%	3.2%	7.3%
<b>Scor</b>	08/2014	317	258	<b>23%</b>	19	4	3.2%	8.0%	2.9%	6.7%
<b>AXA</b>	08/2014	217	171	<b>27%</b>	<b>-85</b>	<b>-9</b>	2.2%	5.5%	1.9%	4.5%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

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

January to December 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
<b>Total</b>		11,494	13.1%	9,990	9,503	60%	18%	<b>78%</b>	2%	1%	5%	3%	<b>12%</b>	<b>90%</b>	969	12%	831	10%	1,800	1,401	22.6%	19.1%	7,971	69%
<b>Total New</b>		4,904	19.36%	3,955	3,738	76%	8%	<b>84%</b>	2%	3%	8%	3%	<b>16%</b>	<b>100%</b>	1	0%	377	9%	378	183	9.5%	4.8%	3,970	81%
<b>IRB</b>	04/1939	6,590	8.4%	6,036	5,765	49%	25%	<b>74%</b>	2%	0%	4%	3%	<b>9%</b>	<b>83%</b>	968	24%	454	11%	1,421	1,219	35.5%	34.0%	4,001	61%
<b>Junto</b>	05/2008	387	38.3%	239	166	-2%	79%	<b>77%</b>	0%	1%	5%	3%	<b>9%</b>	<b>87%</b>	22	4%	23	4%	45	25	7.3%	4.1%	616	159%
<b>Munich</b>	05/2008	772	20.4%	615	592	91%	-5%	<b>86%</b>	2%	2%	7%	3%	<b>14%</b>	<b>99%</b>	4	1%	76	16%	79	41	16.3%	9.1%	487	63%
<b>Mapfre</b>	11/2008	218	15.6%	184	188	97%	-17%	<b>80%</b>	3%	4%	5%	4%	<b>16%</b>	<b>96%</b>	7	4%	29	15%	36	25	18.9%	13.9%	189	87%
<b>XL</b>	12/2008	89	26.2%	65	62	73%	-3%	<b>71%</b>	3%	0%	9%	5%	<b>17%</b>	<b>88%</b>	8	3%	15	5%	23	13	7.7%	4.4%	302	340%
<b>Chubb</b>	11/2009	255	14.5%	218	204	16%	51%	<b>66%</b>	3%	18%	6%	5%	<b>31%</b>	<b>98%</b>	5	3%	17	12%	22	10	14.8%	7.3%	146	57%
<b>Austral</b>	01/2011	468	16.2%	392	382	87%	0%	<b>87%</b>	3%	13%	5%	1%	<b>22%</b>	<b>109%</b>	-34	-12%	34	12%			0.1%	0.0%	283	61%
<b>AIG</b>	04/2011	131	26.4%	96	85	248%	-138%	<b>110%</b>	0%	0%	13%	3%	<b>16%</b>	<b>126%</b>	-22	-25%	12	14%	-10	-10	-11.2%	-10.4%	90	69%
<b>Zurich</b>	01/2012	354	17.3%	292	449	98%	-6%	<b>93%</b>	1%	0%	2%	3%	<b>6%</b>	<b>98%</b>	8	3%	61	23%	69	47	26.1%	18.4%	264	75%
<b>Markel</b>	01/2012	107	28.5%	77	70	144%	-46%	<b>98%</b>	2%	3%	16%	3%	<b>24%</b>	<b>122%</b>	-15	-19%	12	16%	-3	-5	-3.8%	-5.5%	79	74%
<b>Swiss</b>	06/2012	540	21.0%	427	409	65%	23%	<b>89%</b>	2%	0%	6%	3%	<b>11%</b>	<b>100%</b>	1	0%	49	16%	50	35	16.4%	13.6%	304	56%
<b>Terra Brasis</b>	10/2012	188	22.2%	146	131	72%	11%	<b>83%</b>	4%	0%	13%	3%	<b>20%</b>	<b>103%</b>	-4	-4%	10	9%	5	4	5.1%	3.7%	104	55%
<b>Allianz</b>	12/2012	369	8.1%	339	324	72%	18%	<b>90%</b>	4%	0%	13%	3%	<b>21%</b>	<b>111%</b>	-35	-14%	63	25%	28	11	11.0%	4.6%	253	69%
<b>BTG</b>	02/2013	384	14.2%	329	194	0%	56%	<b>57%</b>	7%	0%	8%	5%	<b>20%</b>	<b>77%</b>	45	12%	40	10%	85	54	22.0%	14.0%	387	101%
<b>Scor</b>	08/2014	407	22.0%	317	287	64%	18%	<b>82%</b>	0%	1%	8%	2%	<b>11%</b>	<b>93%</b>	19	16%	14	11%	33	19	27.2%	18.8%	121	30%
<b>AXA</b>	08/2014	235	7.6%	217	196	94%	-21%	<b>73%</b>	3%	1%	22%	4%	<b>30%</b>	<b>103%</b>	-6	-2%	-78	-23%	-84	-85	-24.3%	-27.0%	344	146%

January to December 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
<b>Total</b>		10,228	13.2%	8,880	8,226	59%	21%	<b>79%</b>	2%	1%	7%	2%	<b>13%</b>	<b>92%</b>	635	9%	1,309	18%	1,944	1,312	26.4%	18.8%	7,354	72%
<b>Total New</b>		4,722	19.12%	3,819	3,489	67%	15%	<b>82%</b>	2%	2%	8%	3%	<b>16%</b>	<b>98%</b>	87	2%	606	16%	693	387	18.4%	10.6%	3,773	80%
<b>IRB</b>	04/1939	5,506	8.1%	5,061	4,738	52%	25%	<b>78%</b>	3%	1%	6%	2%	<b>11%</b>	<b>88%</b>	548	15%	703	20%	1,252	925	35.0%	27.8%	3,581	65%
<b>JM</b>	05/2008	380	35.6%	244	161	36%	50%	<b>86%</b>	0%	-7%	6%	4%	<b>3%</b>	<b>89%</b>	18	3%	70	12%	87	48	14.4%	7.3%	604	159%
<b>Munich</b>	05/2008	564	17.7%	464	432	53%	21%	<b>73%</b>	1%	2%	9%	4%	<b>16%</b>	<b>89%</b>	49	11%	91	20%	140	75	31.3%	20.1%	447	79%
<b>Mapfre</b>	11/2008	216	15.4%	182	184	77%	3%	<b>80%</b>	2%	2%	6%	4%	<b>13%</b>	<b>94%</b>	12	7%	36	21%	48	32	27.3%	18.5%	176	82%
<b>XL</b>	12/2008	79	21.8%	62	56	78%	5%	<b>83%</b>	3%	0%	9%	4%	<b>16%</b>	<b>99%</b>	1	0%	25	9%	25	14	8.7%	4.4%	289	364%
<b>Chubb</b>	11/2009	195	14.0%	167	194	51%	1%	<b>52%</b>	9%	10%	8%	4%	<b>30%</b>	<b>82%</b>	34	25%	29	21%	63	34	46.3%	29.2%	137	70%
<b>Austral</b>	01/2011	570	13.5%	492	485	89%	1%	<b>89%</b>	2%	6%	3%	-1%	<b>11%</b>	<b>100%</b>	-2	-1%	37	13%	36	26	12.7%	9.1%	282	50%
<b>AIG</b>	04/2011	148	31.6%	101	108	-4%	87%	<b>83%</b>	0%	0%	7%	7%	<b>13%</b>	<b>96%</b>	4	4%	18	18%	21	15	21.4%	16.0%	100	68%
<b>Zurich</b>	01/2012	713	20.6%	567	534	77%	18%	<b>96%</b>	0%	0%	2%	2%	<b>4%</b>	<b>99%</b>	4	1%	69	27%	73	49	28.5%	20.6%	256	36%
<b>Markel</b>	01/2012	61	20.9%	48	37	76%	11%	<b>87%</b>	3%	2%	35%	6%	<b>45%</b>	<b>133%</b>	-12	-15%	14	17%	1		1.7%	0.5%	82	135%
<b>Swiss</b>	06/2012	442	16.9%	368	316	67%	11%	<b>78%</b>	2%	3%	10%	4%	<b>19%</b>	<b>97%</b>	8	3%	61	24%	69	43	27.2%	19.8%	253	57%
<b>Terra Brasis</b>	10/2012	154	20.1%	123	101	54%	34%	<b>88%</b>	3%	2%	17%	3%	<b>25%</b>	<b>113%</b>	-13	-12%	38	36%	25	18	23.8%	18.0%	104	68%
<b>Allianz</b>	12/2012	340	14.1%	292	295	64%	23%	<b>87%</b>	3%	1%	15%	7%	<b>26%</b>	<b>113%</b>	-39	-16%	57	24%	18	8	7.7%	3.7%	239	70%
<b>BTG</b>	02/2013	352	20.5%	280	173	15%	47%	<b>61%</b>	7%	0%	12%	5%	<b>23%</b>	<b>85%</b>	26	7%	50	13%	76	29	19.7%	6.9%	386	110%
<b>Scor</b>	08/2014	329	21.8%	258	248	77%	16%	<b>93%</b>	0%	0%	8%	3%	<b>11%</b>	<b>103%</b>	-8	-8%	15	15%	7	4	7.1%	4.6%	103	31%
<b>AXA</b>	08/2014	179	4.8%	171	165	138%	-68%	<b>70%</b>	3%	0%	20%	4%	<b>27%</b>	<b>97%</b>	4	1%	-3	-1%	2	-9	0.6%	-3.4%	314	175%

**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 December 2018 results:

Company	2018/12	January to December 2018						2018/12	2017/12	2018/12	2017/12
	Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Operational Result	Financial Result	Gross Profit	Net Profit	R.O.E annualized		
IRB	4,001	6,590	6,036	5,765	968	454	1,421	1,219	925	34.0%	27.8%
Junto	616	387	239	166	22	23	45	25	48	4.1%	7.3%
Munich	487	772	615	592	4	76	79	41	75	9.1%	20.1%
Mapfre	189	218	184	188	7	29	36	25	32	13.9%	18.5%
XL	302	89	65	62	8	15	23	13	14	4.4%	4.4%
Chubb	146	255	218	204	5	17	22	10	34	7.3%	29.2%
Austral	283	468	392	382	-34	34			26	0.0%	9.1%
AIG	90	131	96	85	-22	12	-10	-10	15	-10.4%	16.0%
Zurich	264	354	292	449	8	61	69	47	49	18.4%	20.6%
Markel	79	107	77	70	-15	12	-3	-5		-5.5%	0.5%
Swiss	304	540	427	409	1	49	50	35	43	13.6%	19.8%
Terra Brasis	104	188	146	131	-4	10	5	4	18	3.7%	18.0%
Allianz	253	369	339	324	-35	63	28	11	8	4.6%	3.7%
BTG	387	384	329	194	45	40	85	54	29	14.0%	6.9%
Scor	121	407	317	287	19	14	33	19	4	18.8%	4.6%
AXA	344	235	217	196	-6	-78	-84	-85	-9	-27.0%	-3.4%
Total Locals	7,971	11,494	9,990	9,503	969	831	1,800	1,401	1,312	19.1%	18.8%
Total without IRB	3,970	4,904	3,955	3,738	1	377	378	183	387	4.8%	10.6%