



# Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2019 June Results



## Summary

**SUSEP disclosed Brazilian Local Reinsurers data for the first semester of 2019. 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 6.23 bn, an increase of 10.9% in comparison to BRL 5.62 bn from the same period in 2018. From this volume, BRL 4.64 bn (74% of the total) was placed with Local Reinsurers.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 1.86 bn, in contrast to 2018's figures of BRL 1.38 bn - an important increase of 35.4%.
- The Gross Written Premium from Local Reinsurers (gross of commission), considering local and offshore business, reached BRL 6.50 bn, an increase of 18.5% in comparison to the previous period.
- Local Reinsurers' Loss Ratio registered 71% during the first semester of 2019, compared to 61% for the same period in 2018. The Combined Ratio stood at 94%, representing a worsening when in comparison to the 89% ratio seen in 2018.

## Summary of Results and Main Indexes for Local Reinsurers from January to June 2019 and 2018:

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2019/06	2018/06	2019/06	2018/06	2019/06	2018/06
<b>Assets</b>	<b>32,306</b>	<b>30,726</b>	<b>15,827</b>	<b>15,076</b>	<b>16,479</b>	<b>15,650</b>
<b>Cash and Cash Equivalents</b>	<b>11,813</b>	<b>11,861</b>	<b>5,049</b>	<b>5,397</b>	<b>6,765</b>	<b>6,463</b>
<b>S.E. at beginning 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>S.E. at end of period</b>	<b>7,988</b>	<b>7,349</b>	<b>3,982</b>	<b>3,521</b>	<b>4,006</b>	<b>3,828</b>
<b>Gross Written Premium</b>	<b>6,504</b>	<b>5,491</b>	<b>3,854</b>	<b>3,170</b>	<b>2,651</b>	<b>2,321</b>
<b>Written Premium</b>	<b>5,733</b>	<b>4,767</b>	<b>3,555</b>	<b>2,928</b>	<b>2,178</b>	<b>1,839</b>
<b>Earned Premium</b>	<b>5,027</b>	<b>4,334</b>	<b>3,096</b>	<b>2,581</b>	<b>1,931</b>	<b>1,753</b>
<b>Loss Ratio</b>	<b>71%</b>	<b>61%</b>	<b>67%</b>	<b>41%</b>	<b>78%</b>	<b>90%</b>
Retrocession Result/Earned Premium	11%	16%	11%	30%	10%	-4%
<b>Loss Ratio + Retro Result/ Earned Premium</b>	<b>82%</b>	<b>77%</b>	<b>78%</b>	<b>71%</b>	<b>88%</b>	<b>86%</b>
Commercial Expenses/ Earned Premium	2%	2%	2%	3%	2%	2%
Administrative + Other/ Earned Premium	7%	7%	6%	5%	11%	9%
Tax/ Earned Premium	2%	3%	1%	3%	4%	3%
<b>Combined Ratio</b>	<b>94%</b>	<b>89%</b>	<b>88%</b>	<b>82%</b>	<b>105%</b>	<b>101%</b>
Reinsurance Operational Result	287	459	380	475	-93	-17
Financial Result and Equity Pick-up	777	415	465	207	312	207
Income Tax and Contributions	-186	-242	-106	-141	-80	-101
<b>Net Profit for the Period</b>	<b>877</b>	<b>631</b>	<b>739</b>	<b>541</b>	<b>138</b>	<b>90</b>
<i>ROE (annualized)</i>	<i>22.0%</i>	<i>17.2%</i>	<i>36.9%</i>	<i>30.2%</i>	<i>7.0%</i>	<i>4.8%</i>

## Comparative January to June 2019 and 2018:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share Written Premium			
		2019/06	2018/06	Δ %	2019/06	2018/06	2019/06		2018/06	
<b>Total</b>		5,733	4,767	<b>20%</b>	877	631	100%		100%	
<b>Total New</b>		2,178	1,839	<b>18%</b>	138	90	100%		100%	
<b>IRB</b>	04/1939	3,555	2,928	<b>21%</b>	739	541	62.0%		61.4%	
<b>JM</b>	05/2008	113	123	<b>-8%</b>	20	20	<b>2.0%</b>	<b>5.2%</b>	2.6%	6.7%
<b>Munich</b>	05/2008	451	314	<b>43%</b>	<b>-18</b>	2	7.9%	20.7%	6.6%	17.1%
<b>Mapfre</b>	11/2008	115	88	<b>30%</b>	12	9	2.0%	5.3%	1.9%	4.8%
<b>XL</b>	12/2008	26	24	<b>7%</b>	20	3	<b>0.4%</b>	1.2%	0.5%	1.3%
<b>Chubb</b>	11/2009	135	42	<b>222%</b>	18	<b>-2</b>	2.3%	6.2%	0.9%	2.3%
<b>Austral</b>	01/2011	258	169	<b>53%</b>	-	13	4.5%	11.8%	3.5%	9.2%
<b>AIG</b>	04/2011	36	40	<b>-11%</b>	<b>-10</b>	<b>-4</b>	<b>0.6%</b>	<b>1.6%</b>	0.8%	2.2%
<b>Zurich</b>	01/2012	177	210	<b>-16%</b>	32	17	<b>3.1%</b>	<b>8.1%</b>	4.4%	11.4%
<b>Markel</b>	01/2012	39	34	<b>13%</b>	<b>-10</b>	3	<b>0.7%</b>	<b>1.8%</b>	0.7%	1.9%
<b>Swiss</b>	06/2012	117	180	<b>-35%</b>	29	21	<b>2.0%</b>	<b>5.4%</b>	3.8%	9.8%
<b>Terra Brasis</b>	10/2012	96	60	<b>60%</b>	-	2	1.7%	4.4%	1.3%	3.3%
<b>Allianz</b>	12/2012	152	149	<b>2%</b>	5	10	<b>2.7%</b>	<b>7.0%</b>	3.1%	8.1%
<b>BTG</b>	02/2013	210	95	<b>121%</b>	24	27	3.7%	9.6%	2.0%	5.1%
<b>Scor</b>	08/2014	137	173	<b>-21%</b>	7	4	<b>2.4%</b>	<b>6.3%</b>	3.6%	9.4%
<b>AXA</b>	08/2014	118	137	<b>-14%</b>	9	<b>-33</b>	<b>2.1%</b>	<b>5.4%</b>	2.9%	7.5%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

Main Ratios From Local Reinsurers from January to June of 2019 and 2018

January to June 2019	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>		6,504	11.9%	5,733	5,027	71%	11%	<b>82%</b>	2%	1%	6%	2%	<b>12%</b>	<b>94%</b>	287	7%	776	19%	1,063	877	26.6%	22.0%	7,988	61%
<b>Total New</b>		2,651	17.86%	2,178	1,931	78%	10%	<b>88%</b>	2%	1%	9%	4%	<b>17%</b>	<b>105%</b>	-93	-5%	311	16%	218	138	10.9%	7.0%	4,006	76%
<b>IRB</b>	04/1939	3,854	7.7%	3,555	3,096	67%	11%	<b>78%</b>	2%	1%	4%	1%	<b>10%</b>	<b>88%</b>	380	19%	465	23%	845	739	42.5%	36.9%	3,982	52%
<b>JM</b>	05/2008	178	36.8%	113	99	25%	54%	<b>79%</b>	0%	0%	5%	3%	<b>9%</b>	<b>88%</b>	12	4%	22	7%	34	20	11.2%	6.5%	603	169%
<b>Munich</b>	05/2008	546	17.4%	451	352	73%	32%	<b>105%</b>	1%	5%	6%	3%	<b>16%</b>	<b>121%</b>	-73	-31%	48	20%	-25	-18	-10.5%	-7.2%	470	43%
<b>Mapfre</b>	11/2008	133	13.8%	115	110	93%	-15%	<b>78%</b>	3%	3%	4%	4%	<b>15%</b>	<b>92%</b>	9	9%	11	11%	20	12	19.7%	12.6%	201	75%
<b>XL</b>	12/2008	34	25.4%	26	30	47%	4%	<b>51%</b>	0%	0%	12%	6%	<b>18%</b>	<b>69%</b>	9	7%	23	19%	33	20	25.8%	13.0%	252	367%
<b>Chubb</b>	11/2009	152	11.2%	135	66	161%	-78%	<b>83%</b>	0%	-17%	8%	7%	<b>-3%</b>	<b>80%</b>	13	17%	17	21%	30	18	38.1%	24.8%	157	52%
<b>Austral</b>	01/2011	291	11.3%	258	273	114%	-26%	<b>89%</b>	2%	9%	4%	3%	<b>18%</b>	<b>107%</b>	-19	-13%	25	17%	6		4.1%	-0.2%	285	49%
<b>AIG</b>	04/2011	58	38.5%	36	51	-180%	281%	<b>101%</b>	0%	0%	27%	3%	<b>31%</b>	<b>132%</b>	-16	-41%	6	15%	-10	-10	-26.3%	-23.2%	79	68%
<b>Zurich</b>	01/2012	192	8.0%	177	117	124%	-56%	<b>68%</b>	1%	0%	4%	3%	<b>8%</b>	<b>76%</b>	28	21%	25	18%	53	32	39.0%	24.3%	273	71%
<b>Markel</b>	01/2012	55	30.5%	39	34	162%	-55%	<b>107%</b>	2%	0%	30%	8%	<b>39%</b>	<b>146%</b>	-16	-42%	6	17%	-9	-10	-25.1%	-24.0%	74	67%
<b>Swiss</b>	06/2012	146	19.7%	117	173	41%	60%	<b>101%</b>	3%	-3%	10%	4%	<b>14%</b>	<b>115%</b>	-26	-16%	39	23%	13	29	7.7%	19.3%	337	116%
<b>Terra Brasis</b>	10/2012	123	21.9%	96	87	48%	43%	<b>91%</b>	3%	1%	10%	3%	<b>17%</b>	<b>108%</b>	-7	-13%	7	14%			0.8%	-0.7%	102	41%
<b>Allianz</b>	12/2012	176	13.5%	152	151	131%	-43%	<b>87%</b>	5%	0%	18%	6%	<b>28%</b>	<b>116%</b>	-24	-18%	33	24%	9	5	6.6%	4.2%	268	76%
<b>BTG</b>	02/2013	256	18.1%	210	133	4%	55%	<b>59%</b>	8%	0%	10%	3%	<b>22%</b>	<b>81%</b>	25	12%	21	10%	47	24	22.5%	12.7%	417	81%
<b>Scor</b>	08/2014	182	24.9%	137	131	132%	-43%	<b>89%</b>	1%	0%	7%	4%	<b>12%</b>	<b>101%</b>	-1	-1%	12	19%	11	7	17.5%	11.5%	130	36%
<b>AXA</b>	08/2014	128	8.0%	118	125	71%	16%	<b>87%</b>	3%	-3%	17%	3%	<b>20%</b>	<b>107%</b>	-9	-5%	15	9%	7	9	3.8%	5.1%	357	139%

  

January to June 2018	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>		5,491	13.2%	4,767	4,334	61%	16%	<b>77%</b>	2%	1%	6%	3%	<b>12%</b>	<b>89%</b>	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%	-4%	<b>86%</b>	2%	1%	8%	3%	<b>15%</b>	<b>101%</b>	-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%	30%	<b>71%</b>	3%	1%	5%	3%	<b>10%</b>	<b>82%</b>	475	27%	207	12%	683	541	38.8%	30.2%	3,521	56%
<b>JM</b>	05/2008	198	37.9%	123	75	-48%	121%	<b>73%</b>	0%	1%	6%	4%	<b>10%</b>	<b>83%</b>	13	4%	24	8%	37	20	11.7%	6.6%	622	157%
<b>Munich</b>	05/2008	406	22.6%	314	305	112%	-14%	<b>97%</b>	2%	1%	6%	3%	<b>12%</b>	<b>109%</b>	-29	-13%	34	15%	5	2	2.3%	0.7%	448	55%
<b>Mapfre</b>	11/2008	102	13.2%	88	98	103%	-19%	<b>84%</b>	2%	4%	4%	5%	<b>15%</b>	<b>100%</b>		1%	16	17%	16	9	17.4%	9.8%	185	91%
<b>XL</b>	12/2008	35	31.3%	24	28	84%	17%	<b>100%</b>	2%	0%	9%	4%	<b>15%</b>	<b>116%</b>	-4	-3%	11	7%	6	3	4.2%	2.4%	292	418%
<b>Chubb</b>	11/2009	58	27.5%	42	47	67%	42%	<b>110%</b>	4%	-3%	14%	6%	<b>21%</b>	<b>130%</b>	-14	-21%	12	17%	-3	-2	-4.1%	-2.2%	134	116%
<b>Austral</b>	01/2011	210	19.5%	169	169	68%	11%	<b>79%</b>	3%	12%	5%	2%	<b>22%</b>	<b>101%</b>	-2	-1%	23	16%	21	13	14.7%	9.1%	292	70%
<b>AIG</b>	04/2011	52	23.4%	40	38	388%	-264%	<b>124%</b>	0%	0%	9%	4%	<b>12%</b>	<b>137%</b>	-14	-29%	7	14%	-7	-4	-15.2%	-8.8%	96	91%
<b>Zurich</b>	01/2012	254	17.3%	210	254	85%	9%	<b>94%</b>	0%	0%	2%	4%	<b>6%</b>	<b>100%</b>	1	1%	29	22%	30	17	22.9%	12.9%	263	52%
<b>Markel</b>	01/2012	44	23.1%	34	29	93%	-6%	<b>87%</b>	2%	1%	14%	4%	<b>21%</b>	<b>108%</b>	-2	-6%	6	14%	3	3	8.4%	6.1%	83	93%
<b>Swiss</b>	06/2012	230	21.6%	180	172	79%	6%	<b>85%</b>	3%	0%	7%	3%	<b>12%</b>	<b>97%</b>	5	4%	24	18%	29	21	21.7%	16.5%	269	58%
<b>Terra Brasis</b>	10/2012	77	21.7%	60	58	59%	21%	<b>80%</b>	4%	2%	13%	2%	<b>21%</b>	<b>101%</b>	-1	-1%	4	8%	3	2	6.3%	4.0%	104	67%
<b>Allianz</b>	12/2012	165	10.0%	149	156	141%	-52%	<b>89%</b>	4%	1%	15%	4%	<b>23%</b>	<b>112%</b>	-19	-16%	39	33%	20	10	16.6%	8.1%	240	72%
<b>BTG</b>	02/2013	117	19.4%	95	85	-2%	59%	<b>57%</b>	6%	-11%	10%	4%	<b>9%</b>	<b>67%</b>	28	15%	21	11%	49	27	25.4%	14.0%	385	164%
<b>Scor</b>	08/2014	224	22.6%	173	144	66%	21%	<b>87%</b>	0%	0%	7%	2%	<b>10%</b>	<b>97%</b>	5	9%	1	1%	5	4	9.7%	6.8%	105	23%
<b>AXA</b>	08/2014	148	7.5%	137	94	134%	-85%	<b>49%</b>	3%	4%	23%	3%	<b>34%</b>	<b>83%</b>	16	11%	-41	-27%	-25	-33	-16.0%	-21.0%	311	105%

**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 2019 results:

Company	2019/06	January to June 2019						2019/06	2018/06	2019/06	2018/06
	Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Operational Result	Financial Result	Gross Profit	Net Profit	R.O.E annualized		
IRB	3,982	3,854	3,555	3,096	380	465	845	739	541	36.9%	30.2%
JM	603	178	113	99	12	22	34	20	20	6.5%	6.6%
Munich	470	546	451	352	-73	48	-25	-18	2	-7.2%	0.7%
Mapfre	201	133	115	110	9	11	20	12	9	12.6%	9.8%
XL	252	34	26	30	9	23	33	20	3	13.0%	2.4%
Chubb	157	152	135	66	13	17	30	18	-2	24.8%	-2.2%
Austral	285	291	258	273	-19	25	6		13	-0.2%	9.1%
AIG	79	58	36	51	-16	6	-10	-10	-4	-23.2%	-8.8%
Zurich	273	192	177	117	28	25	53	32	17	24.3%	12.9%
Markel	74	55	39	34	-16	6	-9	-10	3	-24.0%	6.1%
Swiss	337	146	117	173	-26	39	13	29	21	19.3%	16.5%
Terra Brasis	102	123	96	87	-7	7			2	-0.7%	4.0%
Allianz	268	176	152	151	-24	33	9	5	10	4.2%	8.1%
BTG	417	256	210	133	25	21	47	24	27	12.7%	14.0%
Scor	130	182	137	131	-1	12	11	7	4	11.5%	6.8%
AXA	357	128	118	125	-9	15	7	9	-33	5.1%	-21.0%
Total Locals	7,988	6,504	5,733	5,027	287	776	1,063	877	631	22.0%	17.2%
Total without IRB	4,006	2,651	2,178	1,931	-93	311	218	138	90	7.0%	4.8%