



Terra Report

Publication on the Brazilian Reinsurance Market

Analysis Preview of 2019 September Results



Summary

SUSEP disclosed Brazilian Local Reinsurers data for the third quarter 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 10.27 bn, an increase of 12.9% in comparison to BRL 9.10 bn from the same period in 2018. From this volume, BRL 6.74 bn (66% of the total) was placed with Local Reinsurers.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 2.89 bn, in contrast to 2018's figures of BRL 2.21 bn - an important increase of 30.8%.
- The Gross Written Premium from Local Reinsurers (gross of commission), considering local and offshore business, reached BRL 9.63 bn, an increase of 12.0% in comparison to the previous period.
- Local Reinsurers' Loss Ratio registered 75% during the third quarter of 2019, compared to 61% for the same period in 2018. The Combined Ratio stood at 95%, representing a worsening when in comparison to the 90% ratio seen in 2018.

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

	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2019/09	2018/09	2019/09	2018/09	2019/09	2018/09
Assets	32,602	31,705	16,609	15,767	15,993	15,938
Cash and Cash Equivalents	11,522	12,095	4,885	5,673	6,637	6,421
S.E. at beginning of period	7,971	7,354	4,001	3,581	3,970	3,773
S.E. at end of period	8,304	7,720	4,262	3,762	4,042	3,958
Gross Written Premium	9,632	8,599	6,018	4,993	3,615	3,606
Written Premium	8,471	7,466	5,487	4,582	2,984	2,884
Earned Premium	7,749	6,809	4,785	4,085	2,964	2,724
Loss Ratio	75%	61%	72%	47%	79%	82%
Retrocession Result/Earned Premium	8%	17%	8%	26%	8%	4%
Loss Ratio + Retro Result/ Earned Premium	83%	79%	80%	74%	88%	86%
Commercial Expenses/ Earned Premium	3%	2%	2%	3%	3%	2%
Administrative + Other/ Earned Premium	8%	6%	5%	5%	12%	9%
Tax/ Earned Premium	2%	3%	1%	2%	3%	3%
Combined Ratio	95%	90%	89%	84%	106%	100%
Reinsurance Operational Result	359	663	537	668	-178	-5
Financial Result and Equity Pick-up	1,174	704	687	378	488	326
Income Tax and Contributions	-224	-373	-93	-200	-131	-173
Net Profit for the Period	1,309	994	1,131	846	178	149
<i>ROE (annualized)</i>	<i>21.9%</i>	<i>17.2%</i>	<i>37.7%</i>	<i>30.2%</i>	<i>6.0%</i>	<i>4.8%</i>

Comparative January to September 2019 and 2018:

	Start of Operation	Written Premium (WP)			Net Profit		Market Share Written Premium			
		2019/09	2018/09	Δ %	2019/09	2018/09	2019/09		2018/09	
Total		8,471	7,466	13%	1,309	994	100%		100%	
Total New		2,984	2,884	3%	178	149	100%		100%	
IRB	04/1939	5,487	4,582	20%	1,131	846	64.8%		61.4%	
JM	05/2008	94	197	-52%	31	27	1.1%	3.1%	2.6%	6.8%
Munich	05/2008	676	471	44%	-29	16	8.0%	22.7%	6.3%	16.3%
Mapfre	11/2008	184	133	38%	10	14	2.2%	6.2%	1.8%	4.6%
XL	12/2008	36	42	-14%	28	10	0.4%	1.2%	0.6%	1.5%
Chubb	11/2009	160	165	-3%	15	32	1.9%	5.4%	2.2%	5.7%
Austral	01/2011	447	295	51%	-3	9	5.3%	15.0%	4.0%	10.2%
AIG	04/2011	44	70	-37%	-15	-4	0.5%	1.5%	0.9%	2.4%
Zurich	01/2012	231	247	-6%	43	25	2.7%	7.8%	3.3%	8.6%
Markel	01/2012	39	52	-24%	-12	-1	0.5%	1.3%	0.7%	1.8%
Swiss	06/2012	154	300	-49%	32	24	1.8%	5.2%	4.0%	10.4%
Terra Brasis	10/2012	154	98	58%	-2	3	1.8%	5.2%	1.3%	3.4%
Allianz	12/2012	229	211	8%	9	5	2.7%	7.7%	2.8%	7.3%
BTG	02/2013	170	200	-15%	41	36	2.0%	5.7%	2.7%	6.9%
Scor	08/2014	201	239	-16%	13	8	2.4%	6.7%	3.2%	8.3%
AXA	08/2014	165	165	0%	17	-56	1.9%	5.5%	2.2%	5.7%

Source: Susep, Terra Brasis Re

Note: Figures in BRL millions

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

January to September 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
Total		9,632	12.1%	8,471	7,749	75%	8%	83%	3%	2%	6%	2%	13%	95%	359	6%	1,174	19%	1,534	1,309	24.6%	21.9%	8,304	65%
Total New		3,615	17.45%	2,984	2,964	79%	8%	88%	3%	3%	9%	3%	18%	106%	-178	-6%	488	16%	310	178	10.2%	6.0%	4,042	84%
IRB	04/1939	6,018	8.8%	5,487	4,785	72%	8%	80%	2%	1%	4%	1%	9%	89%	537	17%	687	21%	1,224	1,131	38.3%	37.7%	4,262	53%
JM	05/2008	157	40.0%	94	148	24%	50%	75%	0%	4%	6%	3%	13%	88%	18	4%	35	8%	53	31	11.5%	6.8%	613	294%
Munich	05/2008	819	17.4%	676	560	84%	19%	103%	2%	6%	6%	3%	16%	119%	-104	-30%	80	23%	-24	-29	-7.1%	-7.9%	459	42%
Mapfre	11/2008	213	13.9%	184	173	89%	-2%	87%	3%	4%	4%	4%	15%	102%	-3	-2%	19	13%	17	10	11.1%	6.9%	199	70%
XL	12/2008	50	27.9%	36	39	44%	8%	52%	1%	0%	12%	6%	19%	71%	11	6%	35	18%	46	28	23.7%	12.3%	261	389%
Chubb	11/2009	183	12.8%	160	133	126%	-48%	77%	1%	7%	5%	7%	20%	97%	4	3%	21	18%	25	15	21.5%	13.7%	154	63%
Austral	01/2011	506	11.5%	447	415	114%	-21%	93%	2%	7%	4%	2%	16%	109%	-38	-18%	41	19%	3	-3	1.4%	-1.5%	284	42%
AIG	04/2011	65	32.2%	44	71	-107%	206%	99%	0%	0%	32%	4%	36%	135%	-25	-45%	11	19%	-14	-15	-25.6%	-22.3%	75	86%
Zurich	01/2012	252	8.1%	231	173	141%	-67%	75%	1%	0%	4%	2%	8%	82%	31	14%	41	19%	72	43	33.5%	21.8%	285	85%
Markel	01/2012	56	29.7%	39	54	121%	-27%	95%	2%	0%	38%	6%	46%	141%	-22	-40%	10	19%	-12	-12	-21.7%	-20.2%	72	97%
Swiss	06/2012	194	20.5%	154	251	55%	37%	92%	3%	0%	15%	4%	21%	113%	-33	-13%	51	20%	18	32	6.9%	14.1%	339	131%
Terra Brasis	10/2012	199	22.3%	154	133	53%	39%	92%	4%	1%	9%	2%	17%	109%	-12	-16%	10	13%	-2	-2	-3.2%	-3.0%	100	38%
Allianz	12/2012	259	11.6%	229	239	111%	-20%	91%	5%	0%	17%	5%	27%	118%	-42	-21%	61	30%	18	9	9.1%	4.9%	269	78%
BTG	02/2013	213	20.5%	170	197	8%	51%	58%	8%	1%	8%	4%	20%	78%	43	13%	31	10%	73	41	22.8%	14.0%	429	151%
Scor	08/2014	273	26.3%	201	197	104%	-17%	86%	1%	0%	8%	4%	13%	99%	2	2%	20	19%	22	13	21.5%	14.0%	135	37%
AXA	08/2014	178	7.2%	165	179	61%	22%	83%	3%	-1%	17%	2%	21%	104%	-8	-3%	24	9%	16	17	5.9%	6.7%	367	155%

January to September 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
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%	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	-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%

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 2019 results:

Company	2019/09	January to September 2019						2019/09	2018/09	2019/09	2018/09
	Shareholder's Equity	Gross Written Premium	Written Premium	Earned Premium	Operational Result	Financial Result	Gross Profit	Net Profit	R.O.E annualized		
IRB	4,262	6,018	5,487	4,785	537	687	1,224	1,131	846	37.7%	31.5%
JM	613	157	94	148	18	35	53	31	27	6.8%	6.0%
Munich	459	819	676	560	-104	80	-24	-29	16	-7.9%	4.8%
Mapfre	199	213	184	173	-3	19	17	10	14	6.9%	10.4%
XL	261	50	36	39	11	35	46	28	10	12.3%	4.5%
Chubb	154	183	160	133	4	21	25	15	32	13.7%	31.5%
Austral	284	506	447	415	-38	41	3	-3	9	-1.5%	4.2%
AIG	75	65	44	71	-25	11	-14	-15	-4	-22.3%	-4.8%
Zurich	285	252	231	173	31	41	72	43	25	21.8%	13.0%
Markel	72	56	39	54	-22	10	-12	-12	-1	-20.2%	-1.9%
Swiss	339	194	154	251	-33	51	18	32	24	14.1%	12.8%
Terra Brasis	100	199	154	133	-12	10	-2	-2	3	-3.0%	4.4%
Allianz	269	259	229	239	-42	61	18	9	5	4.9%	2.5%
BTG	429	213	170	197	43	31	73	41	36	14.0%	12.5%
Scor	135	273	201	197	2	20	22	13	8	14.0%	10.5%
AXA	367	178	165	179	-8	24	16	17	-56	6.7%	-23.7%
Total Locals	8,304	9,632	8,471	7,749	359	1,174	1,534	1,309	994	21.9%	18.0%
Total without IRB	4,042	3,615	2,984	2,964	-178	488	310	178	149	6.0%	5.3%