



Federação Nacional de Seguros Gerais



The Brazilian Engineering Insurance Market

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1. Introduction of Brazil



Country Profile

Capital:

Brasília

Population:

198,739,269

World's 5th largest country by population

Area and Coast:

Area = 8,514,877 square km

Coast = 7,367 km

World's 5th largest country by area

Government type:

Federal Republic

Administrative divisions:

26 states and 1 federal district

1. Introduction of Brazil

State of the Economy

GDP:

- World's 10th largest economy
- GDP 2009 US\$ 1,57 tn
- Conditions for stable growth established and hence projected

Pillars

- Stable Economics (1990)
- End of hyper inflation (1998)
- Paid off foreign debts (2008)
- Foreign Direct Investment – 20.6% growth (Δ 08/07)
- Investment Grade (Standard & Poors BB+ in 2008)

Attention to

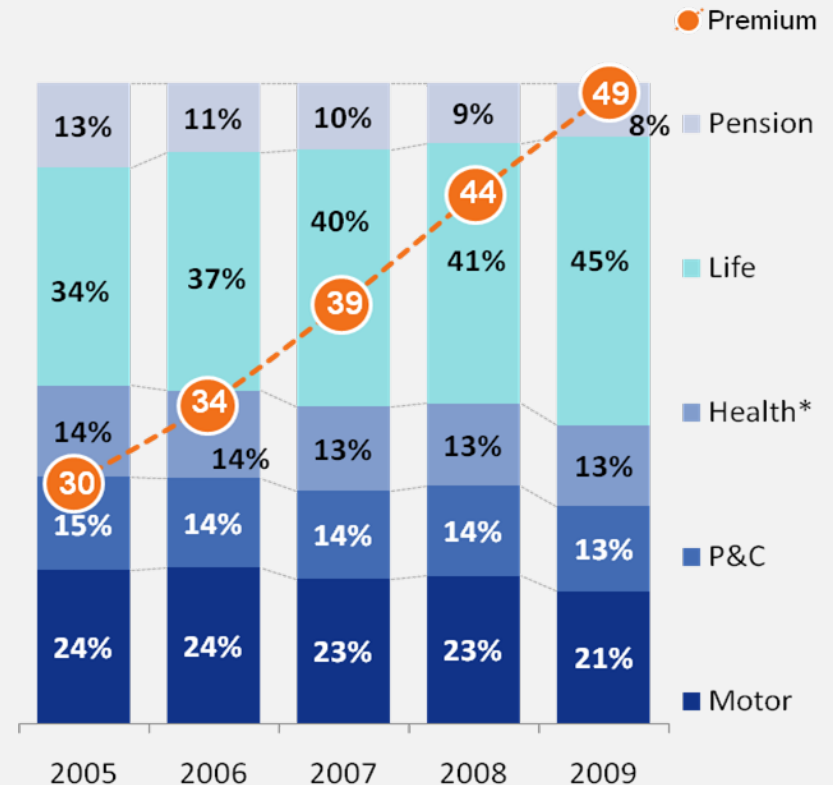
- Bureaucracy
- Infra-Structure
- Human Resources

2. Brazilian Insurance Market

Insurance market profile

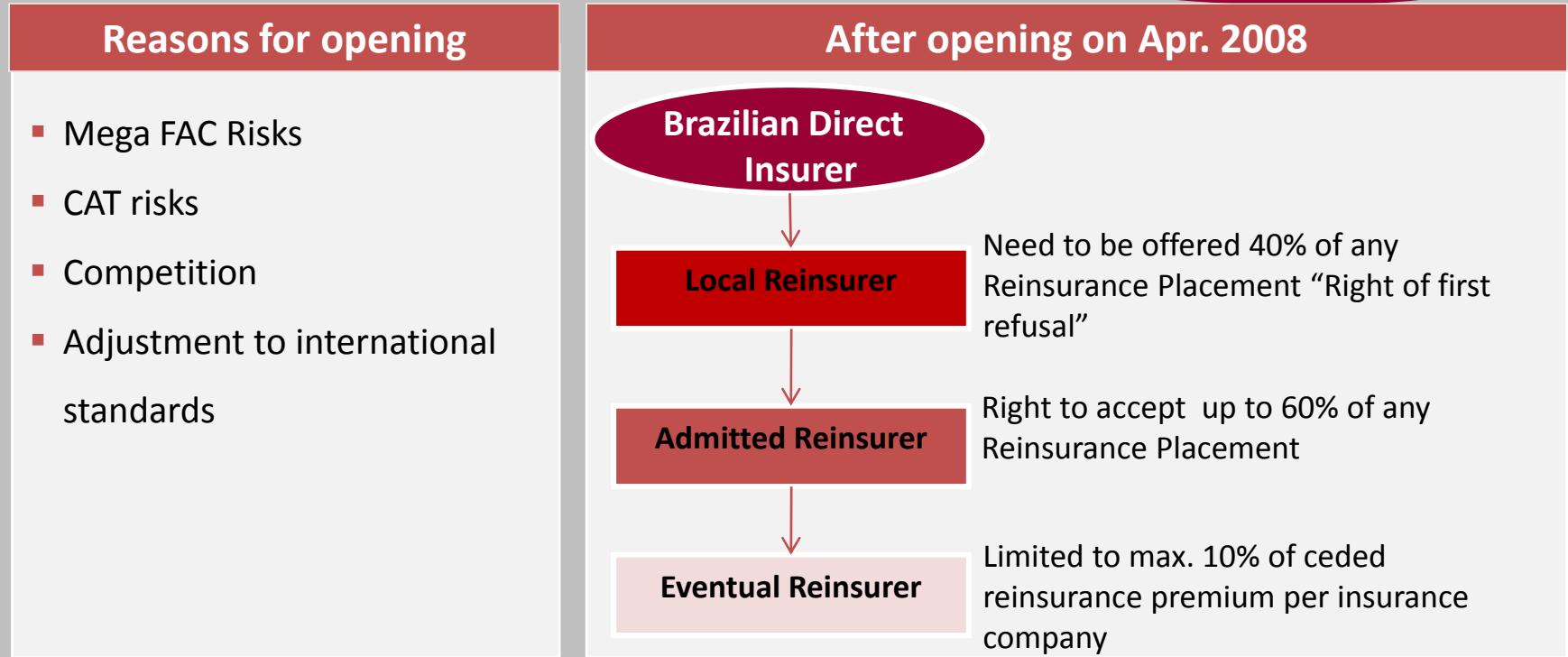
- USD 49.1 bn premiums in 2009
- 3.1% of Brazilian GDP
- p.a. growth during the last 5 years
 - Insurance market: 14%
 - P&C :11%
- 116 Direct Insurance Companies

Premium growth (USD bn) and mix (%)



2. Brazilian Reinsurance Market

Opening of the Reinsurance Market



Current Status

- 6 Local Reinsurers
- 24 Admitted Reinsurers (including a representative office of Lloyd’s syndicates)
- 60 Eventual Reinsurers

3. Engineering Market - 2009

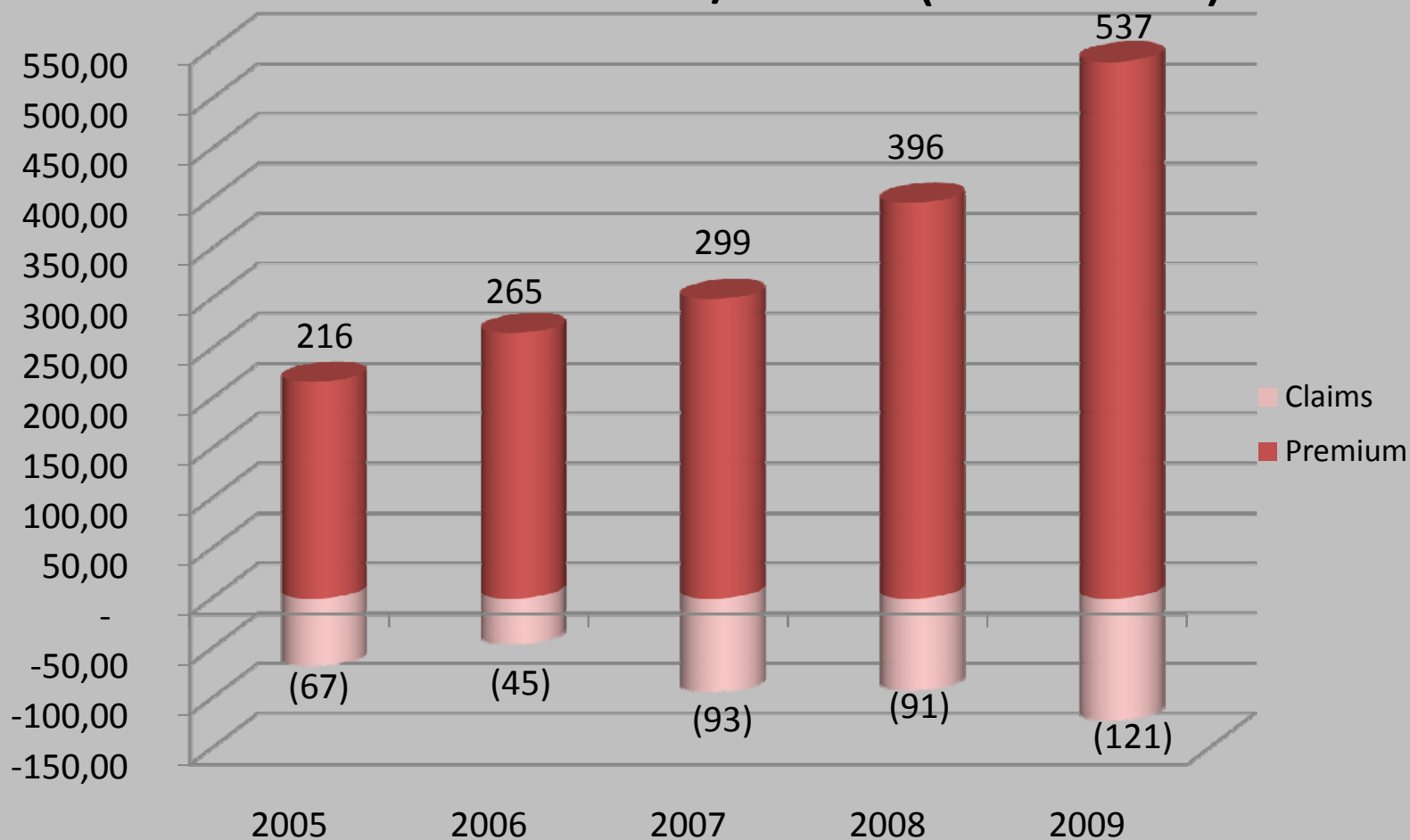
- 2009 Premiums: BRL 537,09 m (around EUR 223,80m)
- 2009 Claims: BRL 121,29 m (around EUR 50,53m)
- Loss Ratio: 15,30 %
- Engineering in Brazil is almost 100% of Projects (CAR/EAR).

2009 – Project Highlight

Around 37,5 % of the 2009 premiums are related with only 2 hydro power plants in the Madeira River (HPP Santo Antonio and HPP Jirau).

4. Engineering Insurance

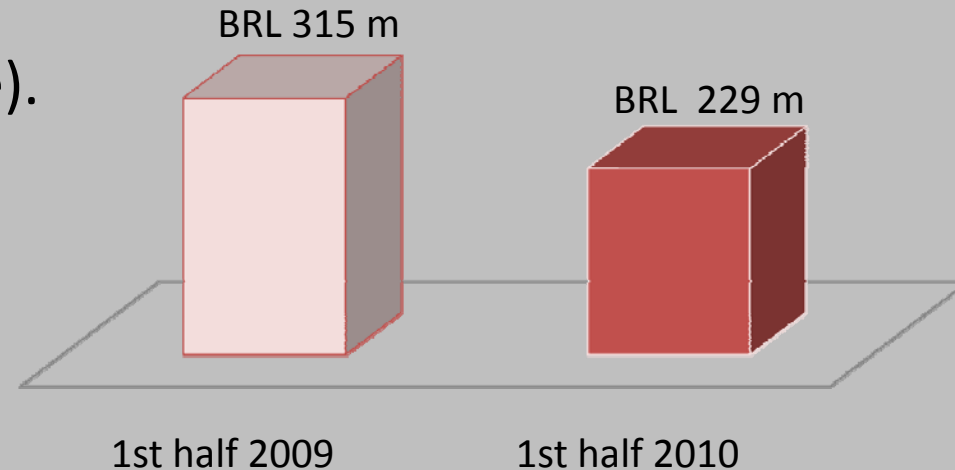
- Premium X Claims – 2005/2009 (in m BRL)



5. Engineering Market – 2010 Outlook

- Reduction in 27% of the premium volume.
- Projects delayed.
- Hard Competition (very aggressive).
- Huge Expectations of Brazil.
- UW discipline ??

2009 / 2010 Premium Comparison



Changes in the Local Market in addition to the softening cycle that the market is facing, can cause huge damages to the engineering portfolio.

6. Engineering Market - Outlook

- Infrastructure Projects (Urgently needed, specially for Mega events).
- Power Project Investments.
- Ports (Exportation).
- Private Investments (Favorable economy).



“Brazil was, is and will continue to be a country of the future”



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**THANK YOU FOR YOUR
ATTENTION !**

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