

# Insurance Industry in Brazil

Executive View of the Current  
Scenario and Perspectives for 2015

2ª Edition

2010

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A photograph of a white lighthouse with a dark top, situated on a rocky island. The water is a vibrant turquoise color, and the sky is a deep blue. The lighthouse is the central focus of the image, with waves crashing against the rocks in the foreground.

## Introduction

In the second half of 2008, Accenture, in association with Professor Francisco Galiza from the consulting company Rating de Seguros Consultoria, carried out the first edition of the study "Insurance Industry in Brazil: Executive View of the Current Scenario and Perspectives for 2015". In that edition, 25 of the largest Brazilian insurance companies in Brazil were surveyed, and their main executives (directors and presidents) were the target of the study. The outcome was a valuable material, widely distributed and used by companies in their strategic decision-making. The success of this first endeavor drove us to the second edition of the survey, which is now in your hands. For this edition, 30 companies were surveyed, and the outcome presented new and interesting answers.

The goal is to continue the work initiated in the previous study and provide insurance companies with reference material to help them understand the current and the future scenarios of the insurance market based on the view of their most important leaders.

The methodology for the compilation of the 2009 edition followed the same criteria used in the first edition:

- Theoretical study of the issues covered: examination of national and international references in each of the issues covered;
- Field survey: interview with executives from the most important insurance companies in the country;
- Numeric analysis and text development.

As a result, this new edition is filled with information that navigates in time from 2009 to 2015, outlining trends, perceptions, behaviors, strategic market movements, in addition to an analysis of historic series of data from the insurance industry.

This study is expected to remain a source of information for strategic decision-making and to provide valuable contribution for executives dedicated to the insurance industry.

# Economic Scenario of Brazil's Insurance Sector

The 2008 / 2009 period was very challenging for the Brazilian economy and for the insurance market. The crisis that affected the world reduced the expected growth of many economic and financial indicators, and caused great expectation as to the actual capacity of local businesses to absorb the impact. However, after the storm, Brazil came out relatively unscathed compared to the rest of the world. And the insurance market was no exception, having achieved an unprecedented growth in a period of global turmoil. The market rose by 13% in 2009, according to data recently published by the Private Insurance Superintendence (Susep).

But what was the formula deployed to weather the storm? The answer has several explanations, the most relevant are:

- The non-exposure of the companies to the "toxic" financial instruments and to the American real estate market, partly due to the regulatory model of our insurance market
- A tax reduction policy that, by slashing IPI (Excise Tax) on automobiles and other durable goods, boosted sales of Auto Insurance, Loan Protection Insurance and Extended Warranties
- The advance of infrastructure projects, creating new opportunities for sales of insurance such as Guarantees and Major Risks
- The improvement of the population's purchasing power, which was able to overcome the impact created by the reduction in the number of jobs – which has been strengthening internal demand in recent years –, and favored sales of individual products such as Private Pension, Automotive, Life and Health insurance
- The important consumer credit market which, although less vigorous in 2009 in comparison with previous years, encouraged the placement of some insurance products such as Financial Risks, Loan Protection Insurance and Unemployment.

Below we present some indicators that help understand the behavior of the insurance market up to 2009.

## Revenues

In 2008, the Insurance, Private Pension and Capitalization markets increased by 14% compared to 2007, reaching R\$ 96 billion. In 2009, a more vigorous growth is expected, to a level of approximately R\$ 105 billion (including Health), with a variation of 10% compared to the previous year.

The 13% increase in the market, well above the growth of the economy as a whole, accelerated the actual increase of its share on the GDP, a recurring trend in recent years (see chart 1).

It is also important to note that this evolution in recent years has not been totally uniform. Some sectors, favored by better income distribution and higher consumption of durable goods, had significant variations (see chart 2). From 2003 to date, the variation has been over 10 fold.

## Rentabilidade

When it comes to profitability, one of the main challenges of insurance companies in the last few years – if not the greatest – was how to adjust their portfolios to a new profile of interest rates.

For better understanding, two different indicators should be noted: Financial Results on Net Earnings (FR/NE) and Net Earnings on Net Equity (NE/NEQ) as illustrated in chart 3 (the figures of Health insurance companies were not considered). In the beginning of the decade, for example, the FR/NE ration of all insurance companies was approximately 140%. Today it is around 60%.

Chart 1: Sector Share of the GDP

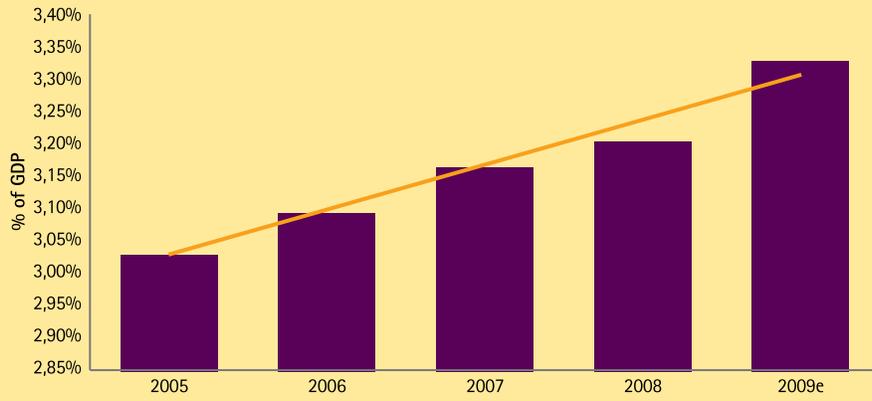


Chart 2: Loan Protection Insurance Income – Brazil

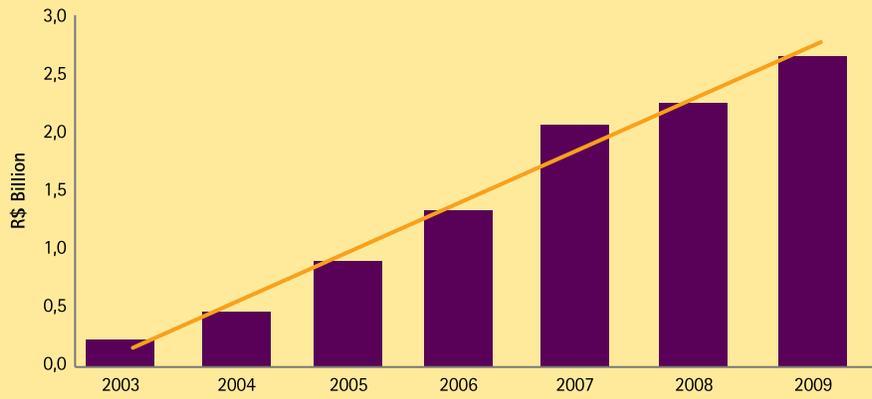
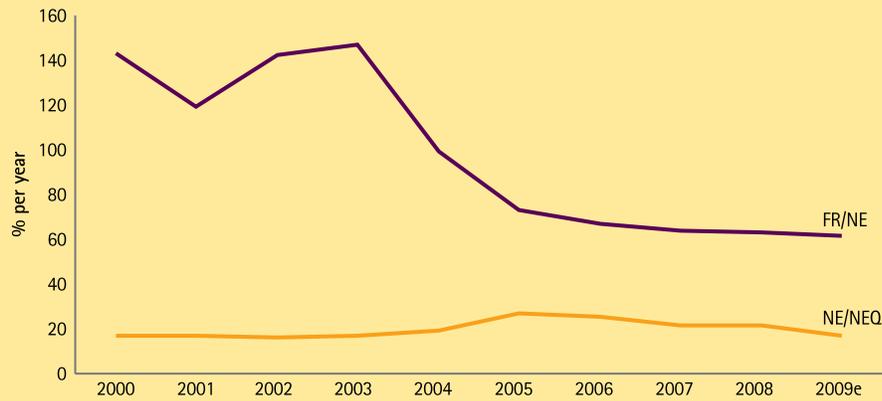


Chart 3: Average Profitability – Insurance Companies (less Health Insurance) NE/NEQ, FR/NE



As for the total profitability margins of the sector (NE/NEQ), indicators have been around 20% per year, with a slight peak in 2005 and the recovery in 2009 of the existing indexes between 2000 and 2004. Other industry-specific indicators for profitability (such as the combined ratio) have also had similar course.

In order to face this new situation, the claims ratio of the insurance companies, for example, had to be adjusted. In chart 4, the evolution of the claims ration in the Auto sector is highlighted. In spite of the increase in the last two years, the numbers show a 7 to 8 percent decrease when compared to the figures from the beginning of the decade.

### International Presence

The numbers – which here do not take into account the capitalization market to follow international parameters – show that in 2008 the share of the Brazilian insurance market in the world was 1.1%, considering revenues of US\$ 47 billion (see chart 5).

Considering a share of 0.8% in 2006 and 1% in 2007, it is reasonable to say that Brazil has had a steady growth. Its market share, however, is still minor in terms of the global insurance market.

### Perspectives 2015

In terms of the expectations up to 2015, everything indicates more good news for the insurance segment. The most important news is the prospect of a sustained growth of over 4% per year for the Brazilian GDP. This will bring growth opportunities in all segments of the insurance business.

Even greater expansion in investments in infrastructure is expected, not only because of the clear need of improving this sector in the country, but also because of the commitments assumed for the hosting of mega events such as the 2014 World Cup and the 2016 Olympic Games.

In addition, the new oil prospecting frontier, as well as of other energy sources, and their impact in the entire productive chain, will bring opportunities for many different insurance segments. Another perspective for 2015 is the expansion of the Brazilian middle class and the continuous reduction of the poverty rate (see chart 6).

Some estimates account that this segment of the population will reach 100 million individuals, providing a huge contingency of new consumers for insurance products.



Chart 4: Claims Ration – Automobile

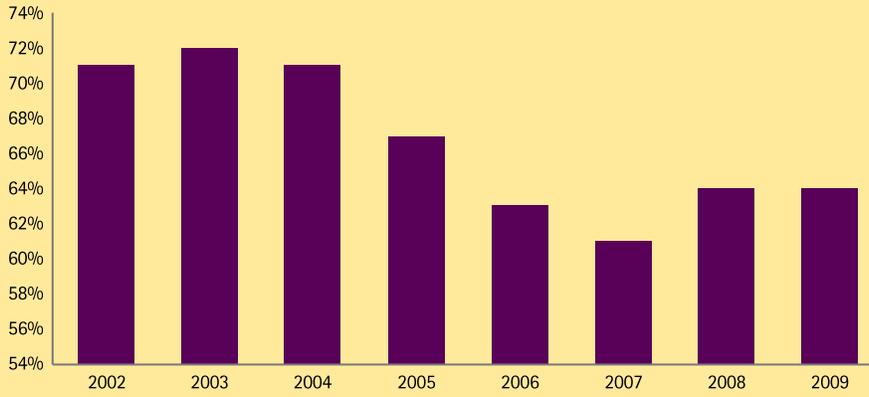


Chart 5: Insurance Revenue in Brazil and Share of the Global Market

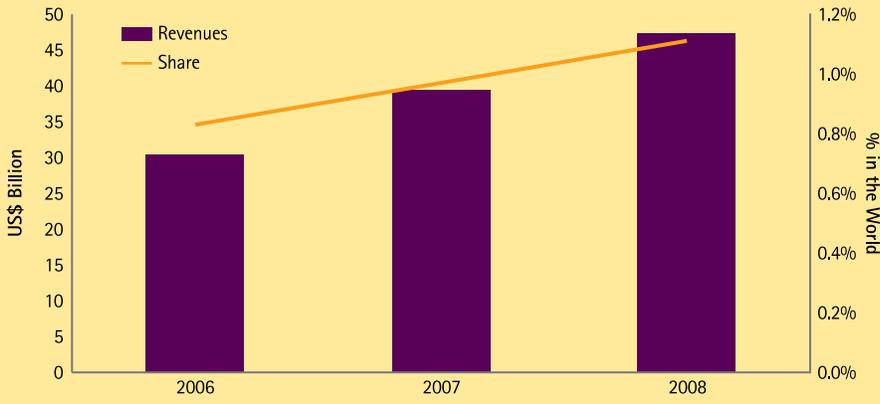
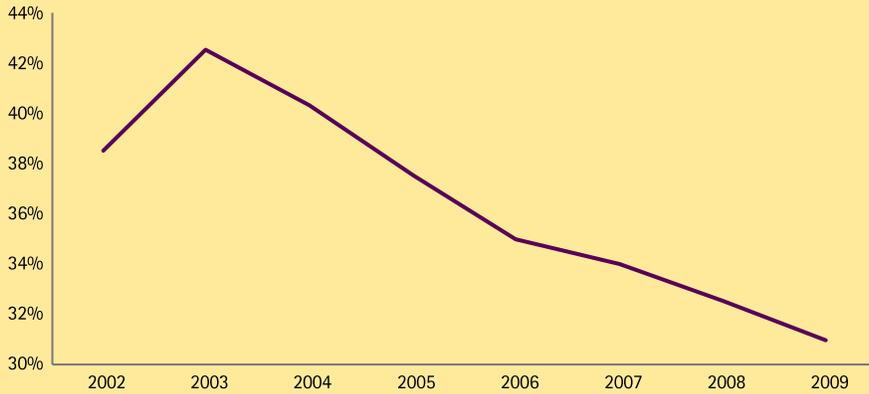


Chart 6: Poverty Rate – 6 Major Metropolitan Regions in Brazil – June Values



Source: Inequality and poverty in Metropolitan Brazil during the International Crisis: Main Results, IPEA, August/2009.

# Survey in Companies

This chapter comprises the result of the survey conducted with 30 active insurance companies in the Brazilian market. The data was collected in December 2009, with answers from the following insurance companies:

- ACE
- Aliança do Brasil
- Allianz
- American Life
- Assurant
- Banestes
- Berkley
- Bradesco Auto RE
- Brasilprev
- Centauro
- Chubb
- Excelsior
- HDI
- J Malucelli
- Liberty
- Mapfre Nossa Caixa
- Mapfre Seguros
- Marítima
- MetLife
- Mitsui
- Mongeral
- Nobre
- Porto Seguro
- Previdência do Sul
- Prudential
- QBE
- RSA Seguros
- Santander
- SulAmerica
- Yasuda

Compilation and analysis of data provided the conclusions described in the topics below.

## Characterization of Insurance Companies

Initially, the companies defined themselves based on 5 different options: Bancassurance, Independent National, Independent National with Bank Partnership and Independent Multinational with Bank Partnership (see chart 7). Most companies were defined as

"Independent Multinational" (46% of the total), a number that is similar to that obtained in the first edition of the survey (44%).

In terms of company size (measured by annual revenues), most companies had revenues of less than R\$ 1 billion (63%), a little above the 60% from 2008 (see chart 8). As for number of employees (see chart 9), 73% operate with less than 1,000 employees, maintaining the same profile observed in the 2008 edition.

Other aspects of the qualification were:

- Distribution channel: the most common way to sell products is through Insurance Brokers (93% of the companies operate through this channel). Next, through Banks (50%), followed by Call Centers (37%)
- Product line profile: the Personal insurance segment (73% of the companies surveyed) comes first, followed by Property/Casualty (63% - leader in the last edition) and Automobile (50%)

## Insurance market in 2015

**Today the insurance market represents approximately 3.3% of the GDP. In the previous study, the general expectation was that this share would reach a level between 4% and 6% level. How do you feel about this forecast?**

The perception that the country and the Brazilian insurance market satisfactorily faced, the challenge imposed by the financial crisis was clearly stated by the companies' answers compared to the prediction made in the last edition, as you can see in chart 10:

- 77% are more optimistic
- 20% believe in maintaining the situation – in other words, they still believe in growth, but not beyond the expectation forecast in 2008
- 3% believe in a reduction of the sector's share in the GDP

**In the previous survey, 5 factors were listed as having the most positive influence on the insurance market until 2015. What are your impressions about these factors 1 year after the onset of the economic crisis?**

The previous survey asked which factors would have more influence in the market until 2015, both positively and negatively. The 5 factors most mentioned were New Channels, New Products, Client Awareness, Economic Growth and Income Distribution.

In this edition, we seek to determine whether these factors improved, worsened or remained the same. The result presents Economic Growth and Income Distribution as the factors with greatest expectation of improvement, as shown in chart 11. In general, the answers varied between stability and improvement.

**In the previous survey, 3 factors were listed as having the most negative influence on the insurance market until 2015. What are your impressions about these factors 1 year after the onset of the economic crisis?**

As in the previous topic, we considered the most important negative factors mentioned in the previous survey: Global Economy, Interest rate, Inflation and Legal Framework.

Analysis of the data indicates greater optimism in relation to "Interest rate and Inflation", stability in the "Legal Framework" factor and a greater concern about the situation of the Global Economy (see chart 12).

Chart 7: Profile of the companies surveyed – business model/origin of the capital

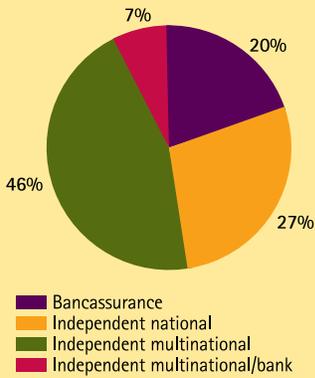


Chart 8: Profile of the companies surveyed – revenues (R\$ Billions/year)

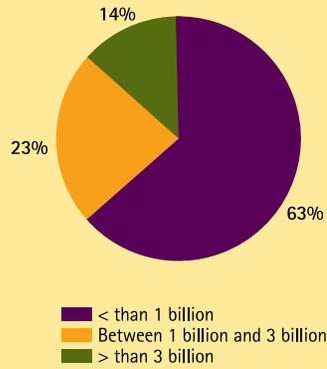


Chart 9: Profile of the companies surveyed – number of employees

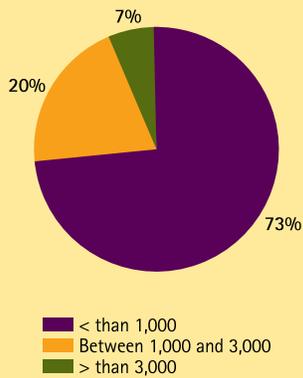


Chart 10: Optimism of the sector 1 year after the crisis

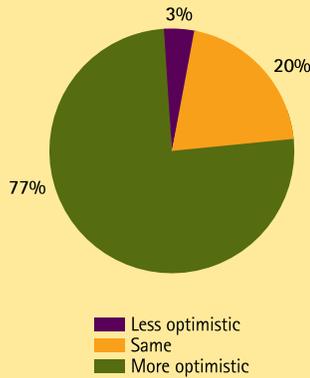


Chart 11: Expectation of the companies – analysis of positive factors in 2008

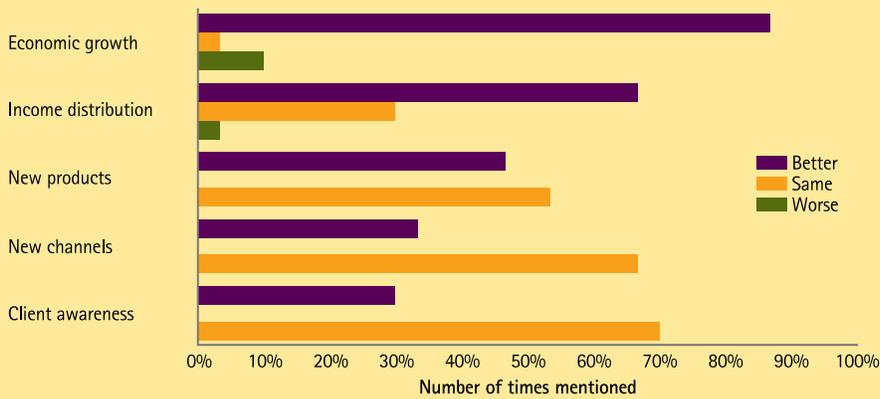
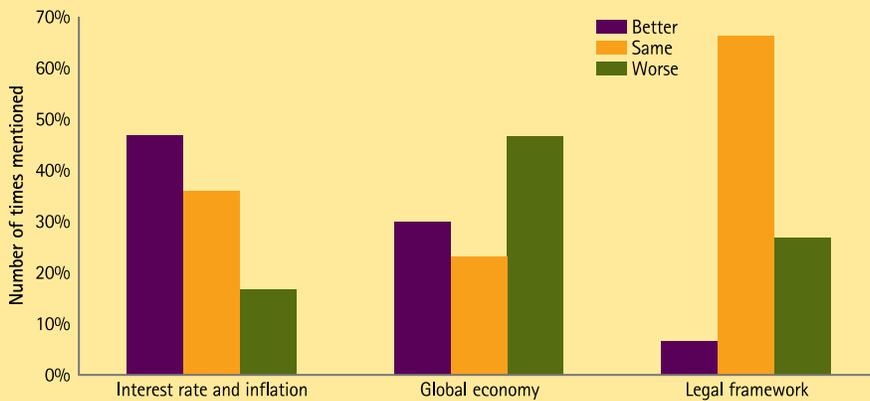


Chart 12: Expectation of the companies – analysis of negative factors in 2008



### How do you think the economic crisis affected your business?

The analysis of the answers shown in chart 13 revealed a very interesting result in relation to the impact of the crisis in the business of the largest insurance companies in Brazil.

Most companies (52%) indicated low impact in their business.

On the other hand, 38% claimed the crisis had no affect. Adding the two results, we conclude that 90% of the insurance companies reported little or no impact caused by the 2008–2009 turmoil.

### What do you think the Brazilian insurance market will be like after this crisis?

In terms of the future, the expectation was clearly optimistic: 84% considered that the market will emerge stronger from the crisis, 13% think it will be the same and 3% think it will be weaker (see chart 14).

### In terms of the technical reserves, which assets should grow relatively more by 2015?

In terms of the new profile of technical reserves, according to what is shown in chart 15, and considering only the option most frequently mentioned by executives, half of the companies believe that investments in government securities should increase compared to the current share. However, one third of the companies already indicates increase in the amount of shares in the investment portfolio until 2015, a trend that is certainly influenced by the recent drop of the interest rate.

### Products

**In the previous survey, the segments Personal and Private Pension (Individuals) and Property/Casualties (Legal Entities) were indicated as the ones that should grow the most until 2015. In that sense, which actions are required to develop these markets to their greatest potential?**

ased on data collected in the previous survey, the most promising fields for the companies interviewed were assessed. This second edition determined which strategic actions would be necessary to better exploit the fields reported as the most promising. The conclusions can be seen in chart 16, considering options 1 and 2 (the most significant), in relation to all possible options.

The use of New Channels for distribution of products was indicated as the main critical success factor (30%), followed by Alliances (23%) and Technology (16%).

### In the Legal Entity segment, which segments should grow the most per company size (small, medium or large)?

Specifying the products that should grow in the Corporate Entity segment, we asked what the expectation is in terms of company size. The results present interesting conclusions, when options 1 and 2 are also taken in consideration (of higher growth):

- For small and medium companies, the Personal segment was reported as showing the best growth potential. For small companies, the second place was taken by the Property/Casualty segment (see chart 17), while in medium companies it was Health (see chart 18)
- In large companies, the segments Pension, Property/Casualty and Health were the leaders, in that order (see chart 19)

**In the previous survey, a ranking with the Microinsurance products that should show the highest growth was prepared. Indicate whether those expectations changed when compared to the last assessment.**

Due to the current relevance of this topic, the question about which product should present a more significant growth, in the opinion of the executives, was repeated. Chart 20 displays the conclusions, considering options 1 and 2 (of highest growth).

In general, insurance companies kept the same expectations in the first and second places – Loan Protection Insurance (42%) and Unemployment (28%).

The difference was a change in position between Guarantee and microinsurance Life (16%) by a small margin. It is also important to note that a field not reported in the list was mentioned voluntarily: Funeral Assistance insurance.

### How do you evaluate the ease of placement for reinsurance?

The opening for reinsurance is actually completing 2 years. As such, some questions were made for the analysis of this fact.

The purpose of the question was to determine how easy it was to place reinsurance in the insurance companies. As a whole, the evaluation was satisfactory. However, the biggest complaints (40%) refer to the interface between the two types of companies (e.g.: systems, processes etc.), as shown in chart 21.

Chart 13: Effects of the crisis in companies

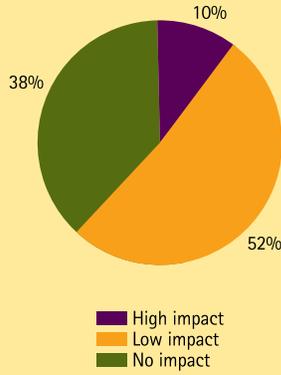


Chart 14: Expectation in terms of the Brazilian insurance market situation after the crisis

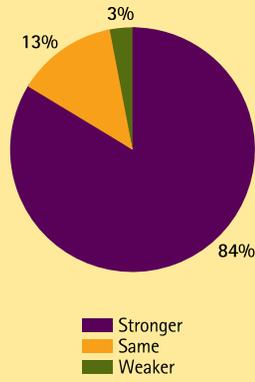


Chart 15: Companies' Expectations – growth trend of assets in technical reserves

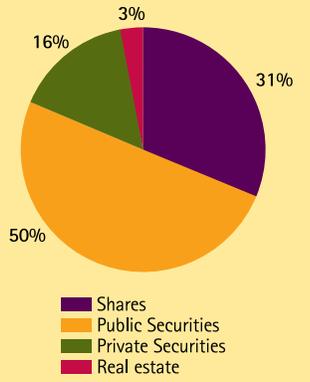


Chart 16: Strategic business actions aiming promising fields

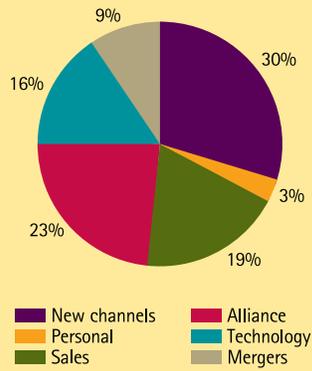


Chart 17: Expectation of growth per field – small clients

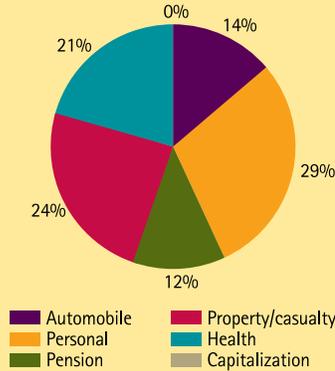


Chart 18: Expectation of growth per field – medium clients

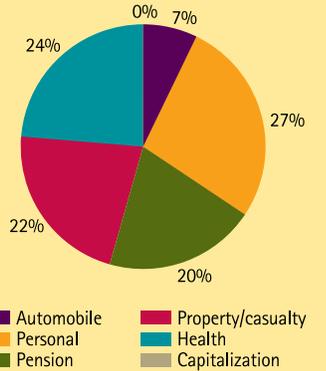


Chart 19: Expectation of growth per field – large clients

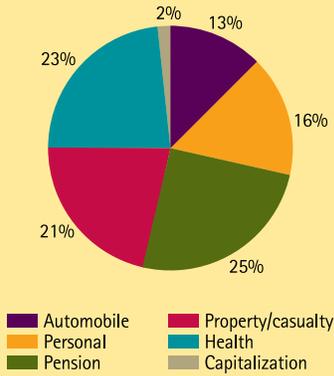


Chart 20: Microinsurance products with greater growth by 2015

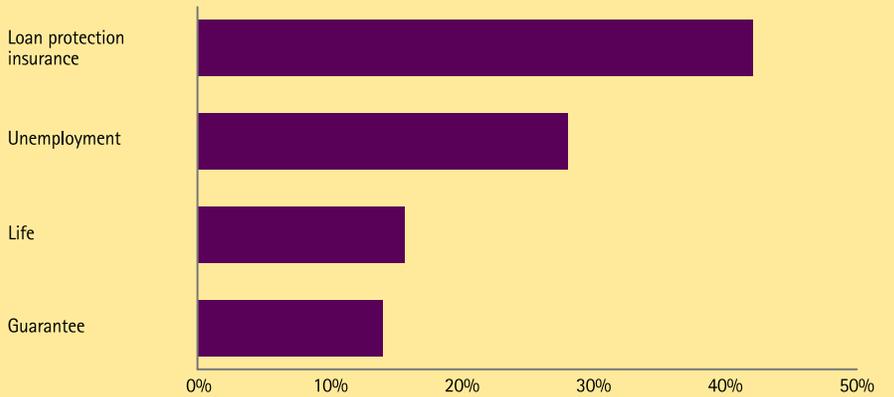
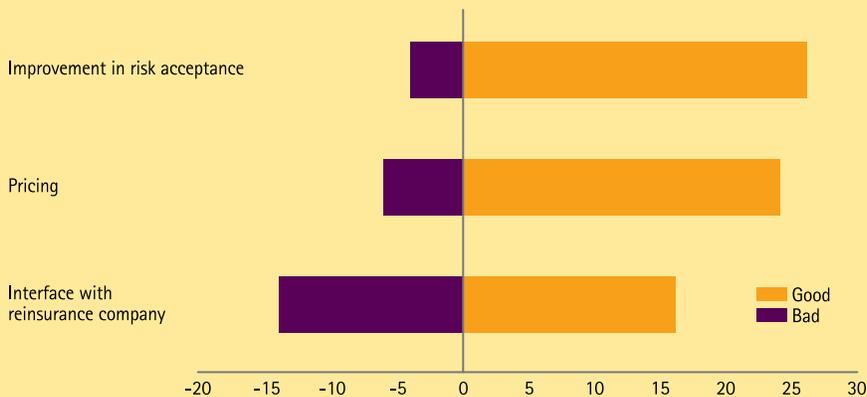


Chart 21: Perception on the ease of placing reinsurance



### **Two years after the opening, how do you evaluate the effects below in the reinsurance market in Brazil?**

In general, the effects of the opening of the market were not considered to be so positive, according to chart 22.

- Negative view: most participants claimed that the prices (for the Personal and Property/Casualty Segments) are not less expensive nor were there new products launched – especially in the Personal segment. The perception was also that the profitability was not favorably influenced by this new scenario
- Divided opinion: first, whether the market has higher or lower Risk of Solvency and, second, whether brokers are more or less prepared to face this new challenge
- Positive view: client companies (insurance companies), in general, improved their risk management

### **Cost and distribution**

**In the previous survey, a ranking of the distribution channels that will develop the most until 2015 was defined. Based on the previous year's events, with mergers and associations, what is your opinion on this?**

This question was also asked in the 2008 edition. Results of this new edition are presented in chart 23, and show interesting facts when only options 1 and 2 are considered (more significant).

One difference in relation to the 2008 edition is the weakening of the Internet channel, which was second place then, and dropped to fourth (14%), after Retail (19%) and Bank Branch (18%). The Insurance Broker channel maintained the leadership (42%) of the expectations, rather surprisingly if we take into account that this is the most mature channel in the country.

The drop of the Internet as an actual sales option for insurance may be consequence of some factors:

- Perception that the period (until 2015) is too short to deeply transform the way in which the market relates to the client
- Disputes in the sector, through agreements and mergers, to increase distribution capacity of retail stores and bank branches

Anyway, this conclusion is speculation and deserves deeper analysis.

**In the previous survey, the Internet was reported as the 2nd most important channel to be developed until 2015. Considering this, which factors would have to occur to make this channel more viable?**

Anticipating an expansion of the Internet channel, the question was how to make it more dynamic. The results are in chart 24, considering options 1 and 2 only.

The numbers indicate in first place the importance of change in Cultural Factors (21%) as a key factor for the channel's growth. The entrance of the new generations in the work market, more used to internet use, may help change the current status. Second, the numbers indicate Reduction of Legal Requirements in the sales process (17%).

**Considering the year 2015, what should be the behavior of the main economic indicators of market costs (in other words, operational marketing and administrative expenses)?**

As demonstrated in chart 25, most insurance companies consider adjustments until 2015 aimed at cost reduction. This adjustment will be both internal (administrative and operational expenses) and in the distribution channels (marketing expenses).

Unlike the consensus in terms of the tendency of marketing and administrative expenses, there is a high degree of uncertainty in terms of behavior of operational expenses in the next years, which will depend on the quality of the risk accepted by insurance companies..

Chart 22: Perception of the effects of the opening of the reinsurance market



Chart 23: Distribution channels that will gain more space in 2015

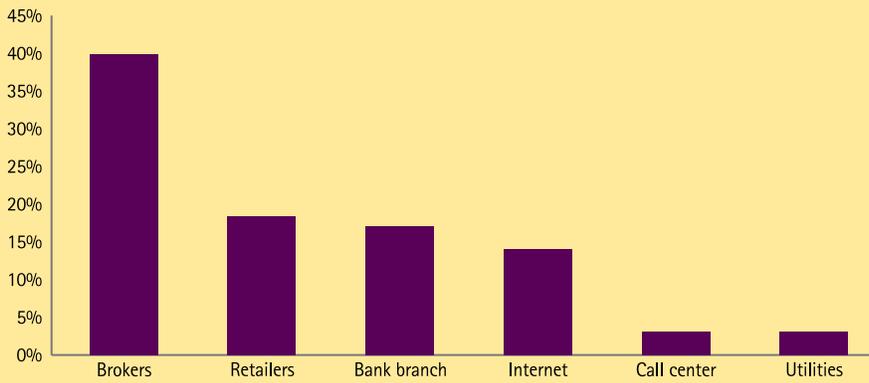


Chart 24: Factors to increase Internet dynamic as a sales channel

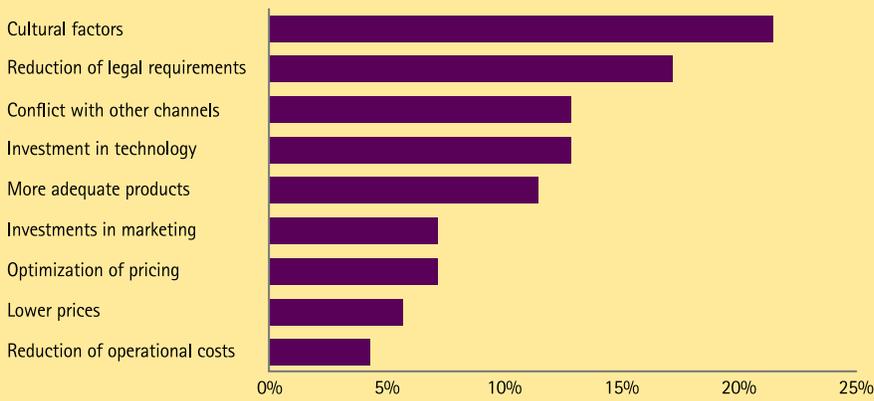
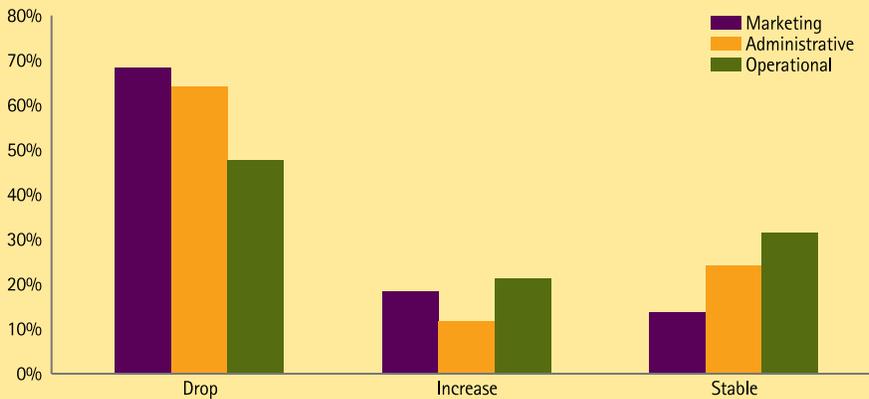


Chart 25: Behavior of cost indicators until 2015



## Technology

### How do you qualify the levels of investment in technology in the last two years, in the following business segments?

Chart 26 shows, on average, that more than 75% of the answers indicate that the levels of investment in technology increased in all segments. Automobile is shown as the sector in which greatest need for intensification of investments, and Property/Casualties and Health were shown as the sectors in which investments were deficient.

### In the last year, the pricing/underwriting area was reported as priority for investment in technology for the coming years. In your opinion, what are the expected results?

The selection of the three most frequent answers shows the aspect "Risk Management" as the most important in the opinion of the executives (97%), (mentioned in practically all 30 answers), followed by Process Optimization (73%) and Costs Reduction (47%), as shown in chart 27.

### In the previous survey, operational efficiency and reduction of costs were reported as the main objectives sought with the investments in technology. In your opinion, were those objectives reached? If so, to what extent?

The results for both questions were very similar, as seen in charts 28 and 29. The main conclusion drawn is that in the two aspects questioned – Gains in Operational Efficiency (see chart 28) and Costs Reduction (see chart 29) –, more than

half of the companies considered to have had gains of over 5% thanks to their investments in technology.

It is also possible to note that, in case of Operational Efficiency, the results were better perceived by 30% of the companies, which reported to have had gains of more than 10% in efficiency.

### Which distribution channel will mostly depend on investment in technology until 2015?

The analysis of the data presented in chart 30, when only options 1 and 2 are taken in consideration (more dependent), shows that, as the main sales channel, associated with its scattered operation in small companies, Brokers was considered the sales channel that will mostly depend on investments in Technology (21%), followed by Retailers (18%) and Call Centers (17%).



Chart 26: Qualification of the level of investment in technology

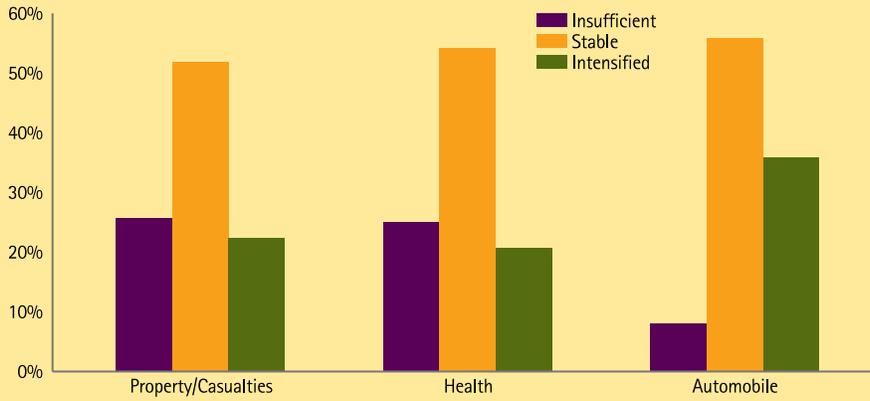


Chart 27: Results expected from the investments in technology in pricing/underwriting

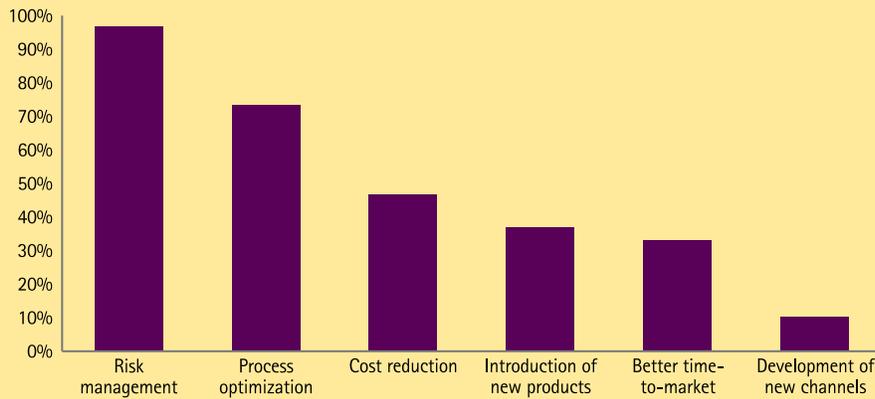


Chart 28: Results perceived from investments in IT – gain of operational efficiency

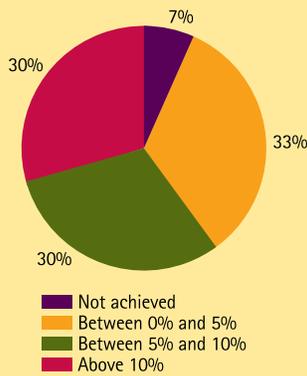


Chart 29: Results perceived from investments in IT – cost reduction

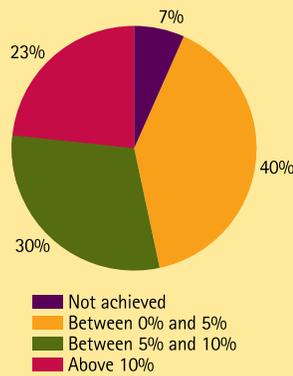
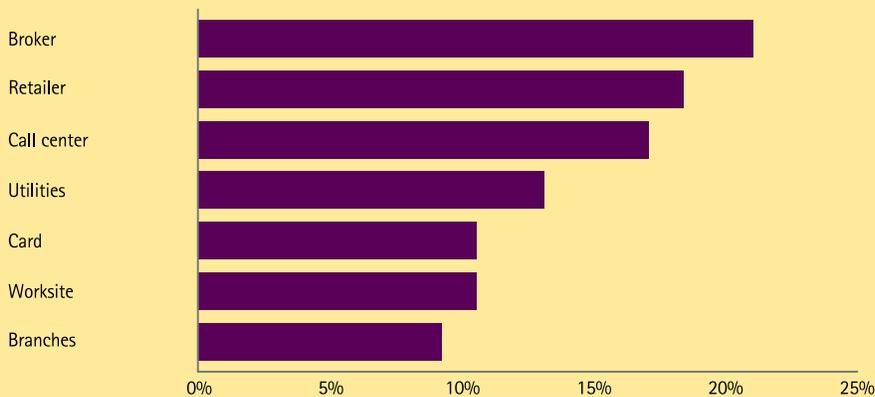


Chart 30: Channels more dependent on investments in IT until 2015



## Strategy and Capital Management

### What are the priority areas for insurance companies to invest next year?

Considering only options 1 and 2 (of major significance), the highest priority areas are Technology and Operations (33%), Investments in Distribution (21%) and Processes (16%), as shown in chart 31.

The interpretation of those results shows concern from insurance companies in respect to an efficient and solid infrastructure to fulfill the demands of its customers and distribution channels in the correct time-to-market.

Once again, investments in Technology, due to the nature of the business, appear as large drivers of this objective.

### How do you qualify the following sentences considering the year of 2015? a) foreign capital will expand its share; b) There will be increased concentration in the segment; c) new business segments will be developed

In general, insurance companies agree with the 3 statements, demonstrating a clear perception of the trends up to 2015.

### In recent years, there has been a great increase in the number of mergers and acquisitions in the Brazilian insurance market. What are your views on this?

Most notably in the past year, the insurance sector underwent major share interest changes with mergers, acquisitions, etc., and the insurance companies were asked about this market movement. The statements that should be marked by respondents were:

- It was surprising, but I think the trend is exhausted or will greatly decrease

- I was surprised, and I think the trend will continue
- It was expected, and I think the trend will continue
- It was expected, but I think the trend is exhausted or will greatly decrease

As you can observe, the answers show that insurance companies already expected this market restructuring. Another interesting conclusion is that there is great expectation that this behavior will continue, given that 83% of the executives marked Expected and Continue (70%) and Surprised and Continue (13%), according to chart 33.

### What is your expectation in terms of the number of insurance companies in 2015, in comparison to the current situation, in the various areas?

In general, the expectation is that there will be a greater concentration in the insurance market until 2015, mainly influenced by trends in the segments Automobile (50% of the answers), Health (45%) and Property (42%), as shown in chart 34.

In some specific businesses, however, the trend is less intense. For example, in Transport and Capitalization, more than 60% believe that nothing will change. In Pension and VGBL, the biggest expectation is that new companies enter the market, decreasing the concentration.

Chart 31: Priority areas for investment next year

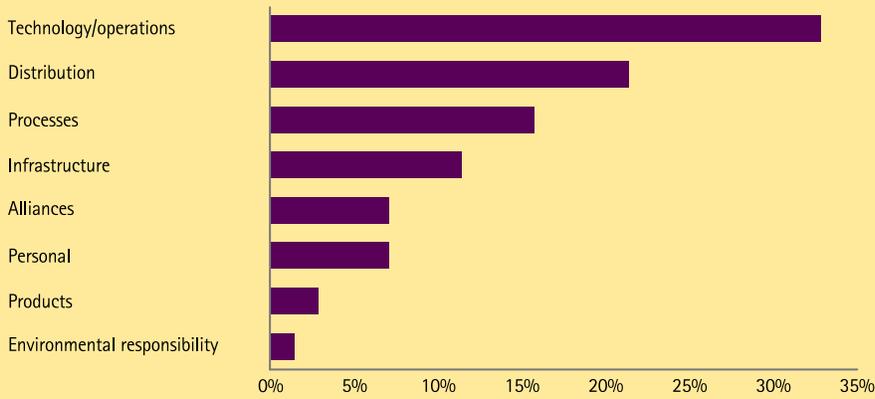


Chart 32: Strategic perceptions related to 2015

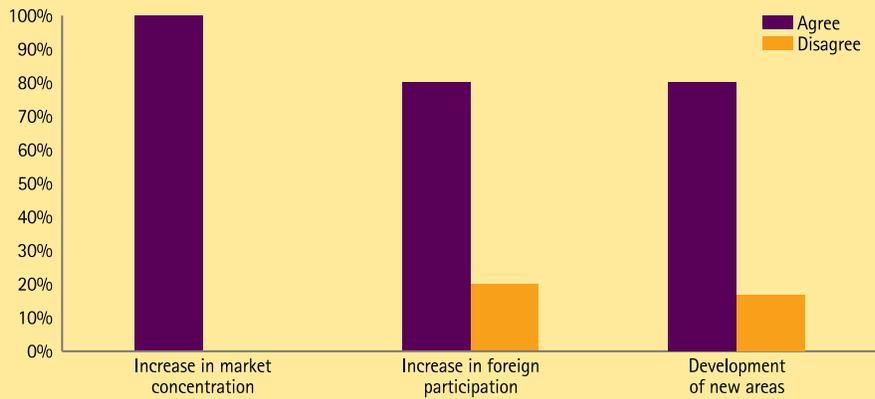


Chart 33: Opinions about the recent mergers in the sector

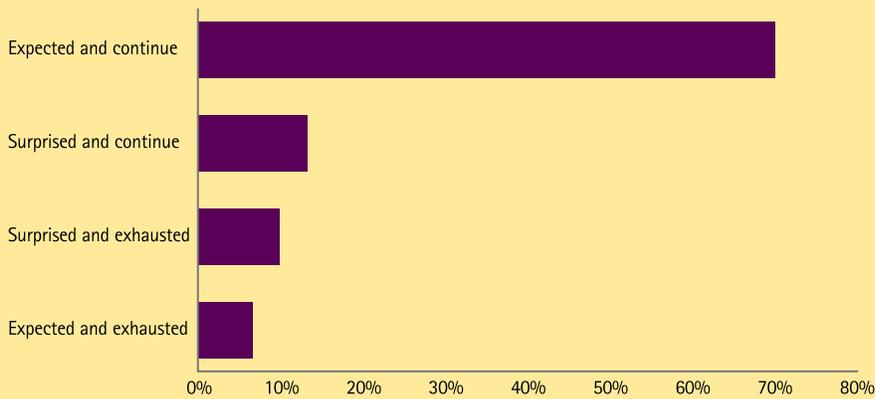
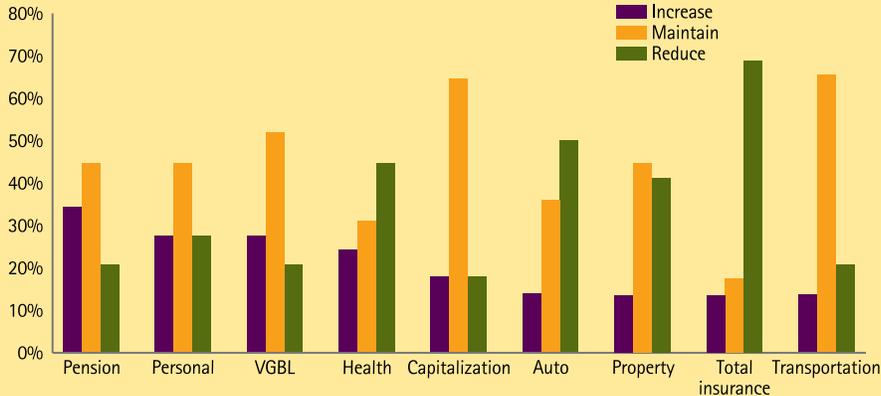


Chart 34: Expectation about the number of insurance groups in 2015



# Recommendations

Based on our experience in consulting projects for the insurance sector around the world, we selected some strategic actions adopted by companies to overcome the challenges mentioned in the study.

## Acquisition and retention of clients

One of the main priorities for leading companies refers to actions geared towards the acquisition and retention of clients.

In fact, the ability to adjust products and services to the new demands from these clients is a critical success factor, since it strongly contributes to attracting new clients and increasing loyalty of the most important clients.

## Operational excellence

One of the great challenges for insurance companies for the coming years will certainly be reaching the profitability objectives expected by their shareholders. Without the implementation of actions aimed at improving operational efficiency, those goals will not likely be reached. One of the critical success factors is how clear the improvement opportunities are in order to direct investment and effort to actions capable of delivering the expected results. Another important factor is to develop indicators that allow monitoring the performance of the most critical processes, allowing better conditions to make corrective decisions or improvement actions.

## Efficient and sustainable cost management

This topic is practically a consensus among insurance executives to assure short and long term sustainable results, and it should be handled with urgency for the companies that wish to be well positioned in the coming years. In dealing with this topic, companies are offsetting the reduction in the contribution of financial gains in their results, resulting from a scenario of lower interest rates, and the uncertainties of greater risk investments.

## Efficient mergers and acquisitions

There have been many recent associations between companies in the Brazilian insurance market. This trend has emphasized the concentration among the biggest players and, according to the perception of the executives interviewed in this study, it should continue in the coming years.

In our experience, one of the critical success factors in processes of this nature is the ability to carry out the strategy defined to benefit from the synergies initially identified. The companies that conducted successful association processes worry about establishing a specific governance structure for that purpose, with clearly defined roles and responsibilities for each participant. In this forum, the main goals and objectives were also defined, and the necessary actions to reach those goals and to define

performance indicators were identified and prioritized in order to provide a clear and objective view of the results accomplished, allowing decision making to correct occasional deviations.

Another critical success factor is the strategy to be adopted for seeking synergies among the companies. It is common to imagine that, in an association between two companies, the ideal strategy is to preserve the best of both companies. This is hardly possible, given the complexity of each company's operational model – such as very different operation structures and technology bases. In some cases, the cost to integrate systems can be higher than the benefit expected. In these cases, our recommendation is to evaluate operational and technological limitations before defining the strategy to be adopted.

# Conclusions

In recent years, the insurance market has undergone great changes, including the breaking of the reinsurance monopoly in 2007, the global financial crisis, which crested in 2008, and even important mergers and acquisitions between major market players that made the headlines of large newspapers in 2009. Additionally, the market has called attention due to its huge growth potential, through the actual performance and the social importance emphasized by Microinsurance.

This entire set of variables influenced, directly or indirectly, the results presented by this study and it should be taken into account as you read the questions and answers presented in this study.

Among the most important aspects that can be highlighted here are:

- An even more optimistic expectation for the growth of the insurance companies than the one presented in the 2008 edition.
- Expectation of high growth for the products Personal, Health, Property/Casualties and Pension, with emphasis in the Loan Protection Insurance
- Maintenance of the Broker distribution channel as the one with highest growth potential until 2015, followed by Retailers and by Bank Branches, leaving the Internet in the fourth place
- Modest assessment of the actual benefits provided by the opening of the reinsurance area
- Continuing intentions to reduce expenses in the three main financial areas: administrative, operational and marketing

- Perception of technology as an element capable of generating operational efficiency, cost reduction and differentiation from competitors
- Merger and acquisition trend is expected to continue, increasing internal competition and development of new segments

In summary, it is possible to conclude that the market is expected to grow until 2015 with special attention to:

- Products with higher expansion potential
- Sales concentrated in brokers, but increase in the importance of banks and retailers
- Increase of competition in the sector
- Expectation of reduction in expenses facilitated by the use of technology
- Improvement in the relationship with reinsurance companies

Based on this, the scenario present in the last edition remains: "the best positioned companies will be those that define a course of action that balances priorities of short term return to shareholders with the urgent need for strategic transformation and long term investments". We can also add that the companies that manage to adapt, faster and more efficiently, through flexible processes, organization and technology will gain truly unique competitive advantages.

We hope this study could once again provide important decision-making information to insurance executives, and therefore collaborate for the evolution of this strategic sector for the development of Brazil.

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 181,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$ 21.58 billion for the fiscal year ended August 31, 2009. Its home page is [www.accenture.com](http://www.accenture.com).

## About the Author

Silas Devai Jr. has a degree in Business administration, a post degree in Finance and an MBA in Marketing. He has extensive experience in financial institutions and insurance companies, with previous work in operations, product development and business for companies such as Citibank, Cigna and BrasilPrev. He was an active member of the Fenaprevi's Product Commission and is currently one of Accenture's executives in charge of the Insurance Segment.

## Contributions

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