

Challenges in the Economic Agenda

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7th Rio Reinsurance Meeting



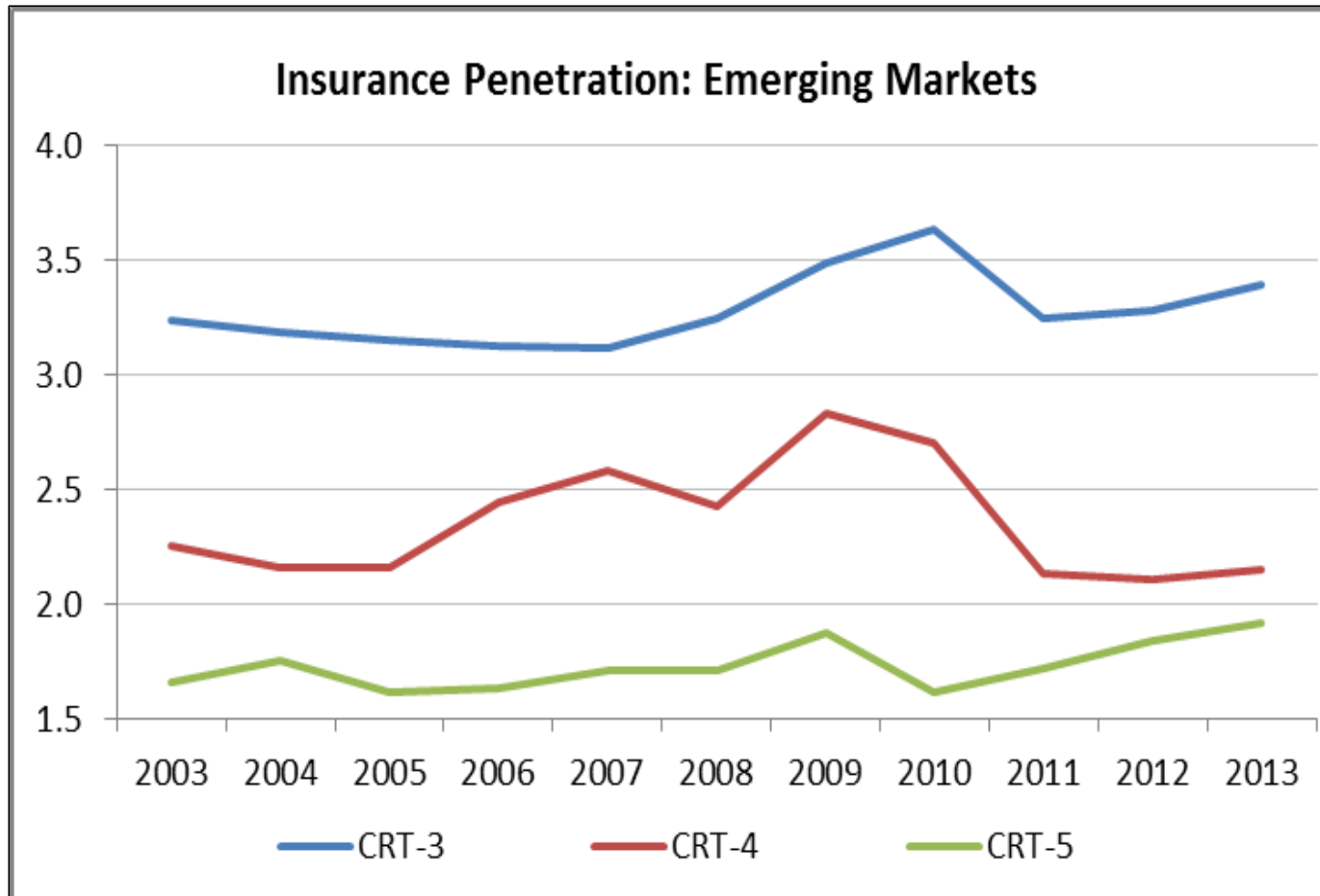
Considering the current state of Brazil's economy...

- A country in the headlines.
- Always consider long term and short term.
- Role of insurance

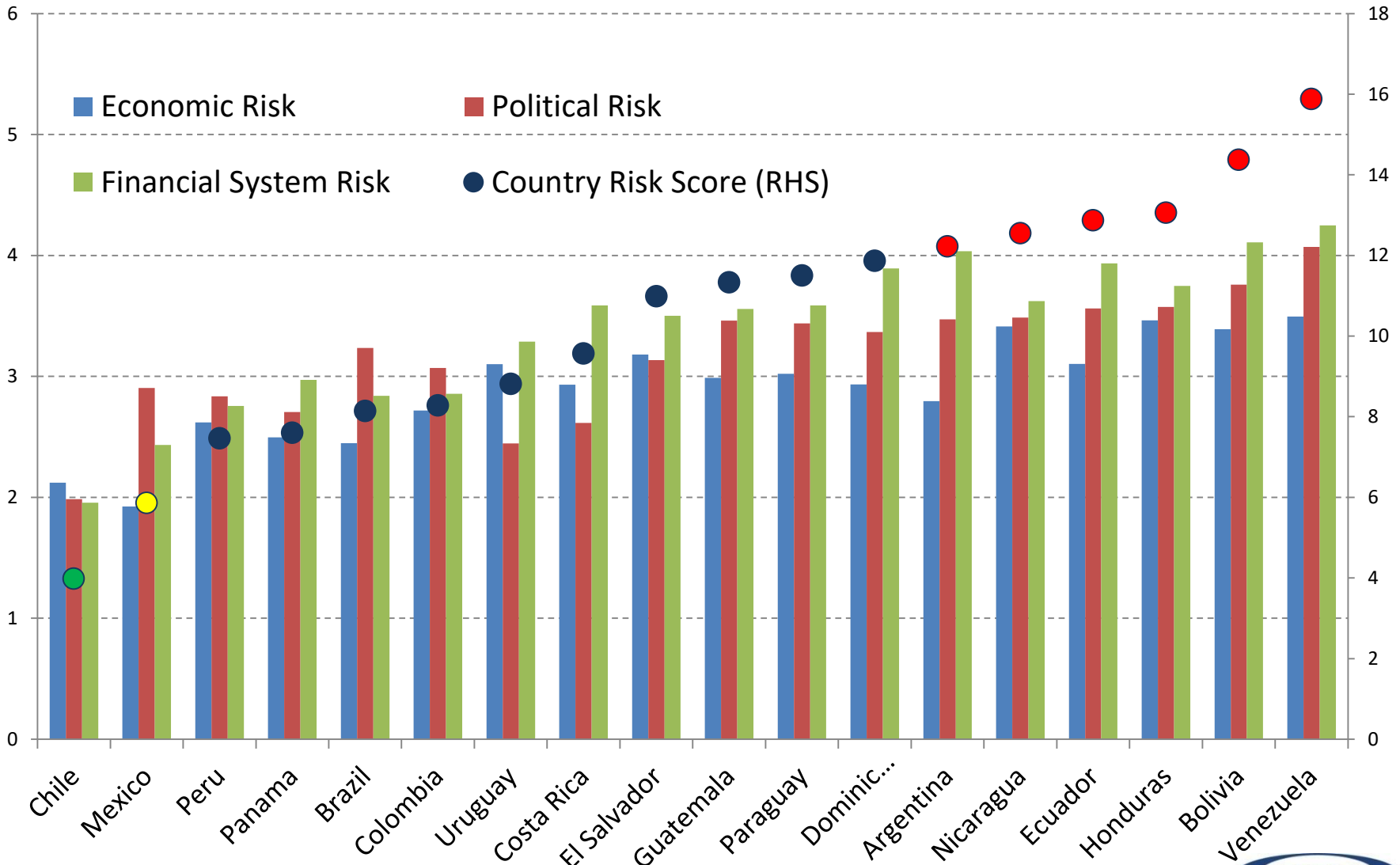
- Illustrations through A.M. Best Country Risk analysis.

Country Risk: Good Things Come with Stability

- Brazil currently CRT-4.

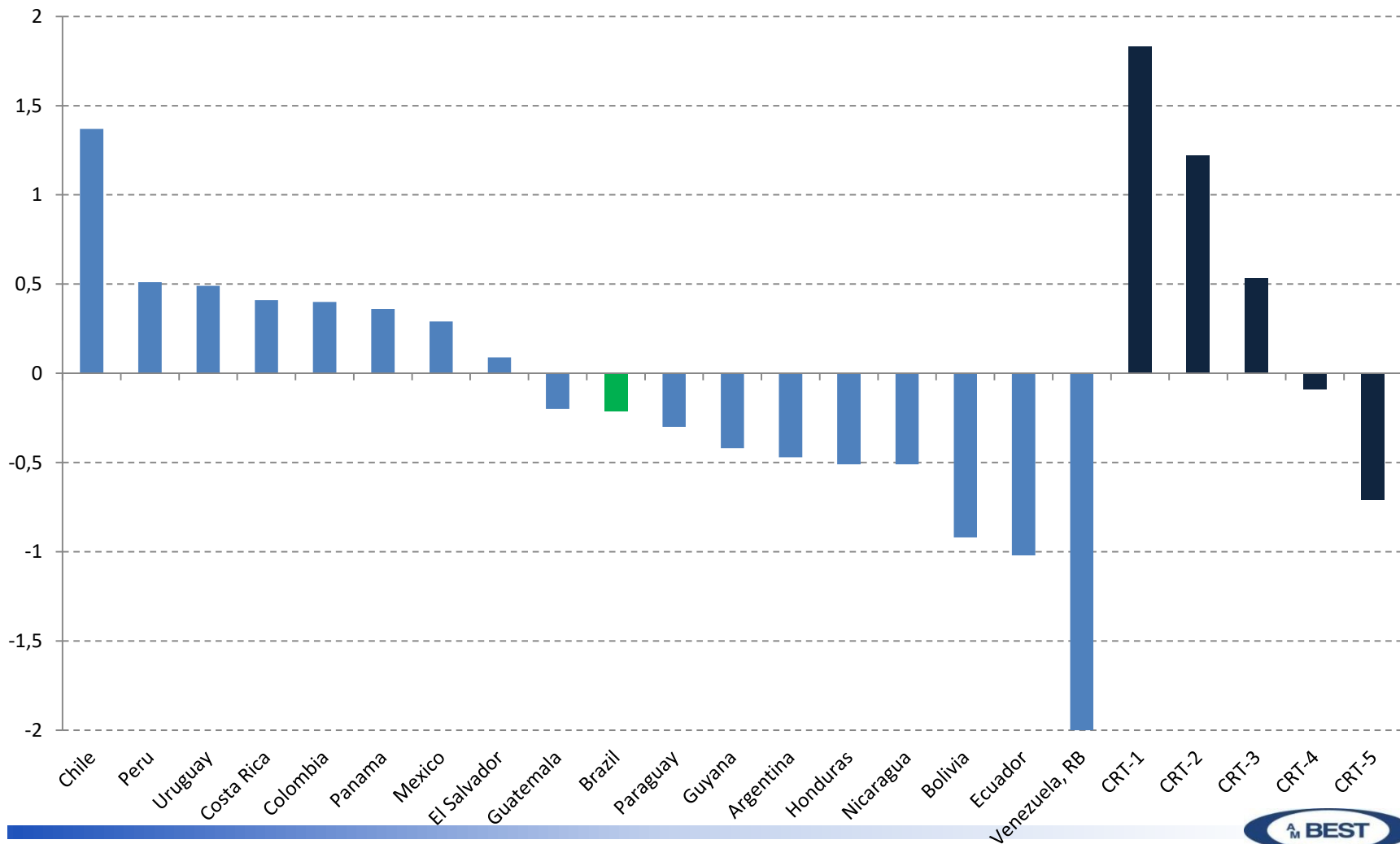


Country Risk Components in Latin America



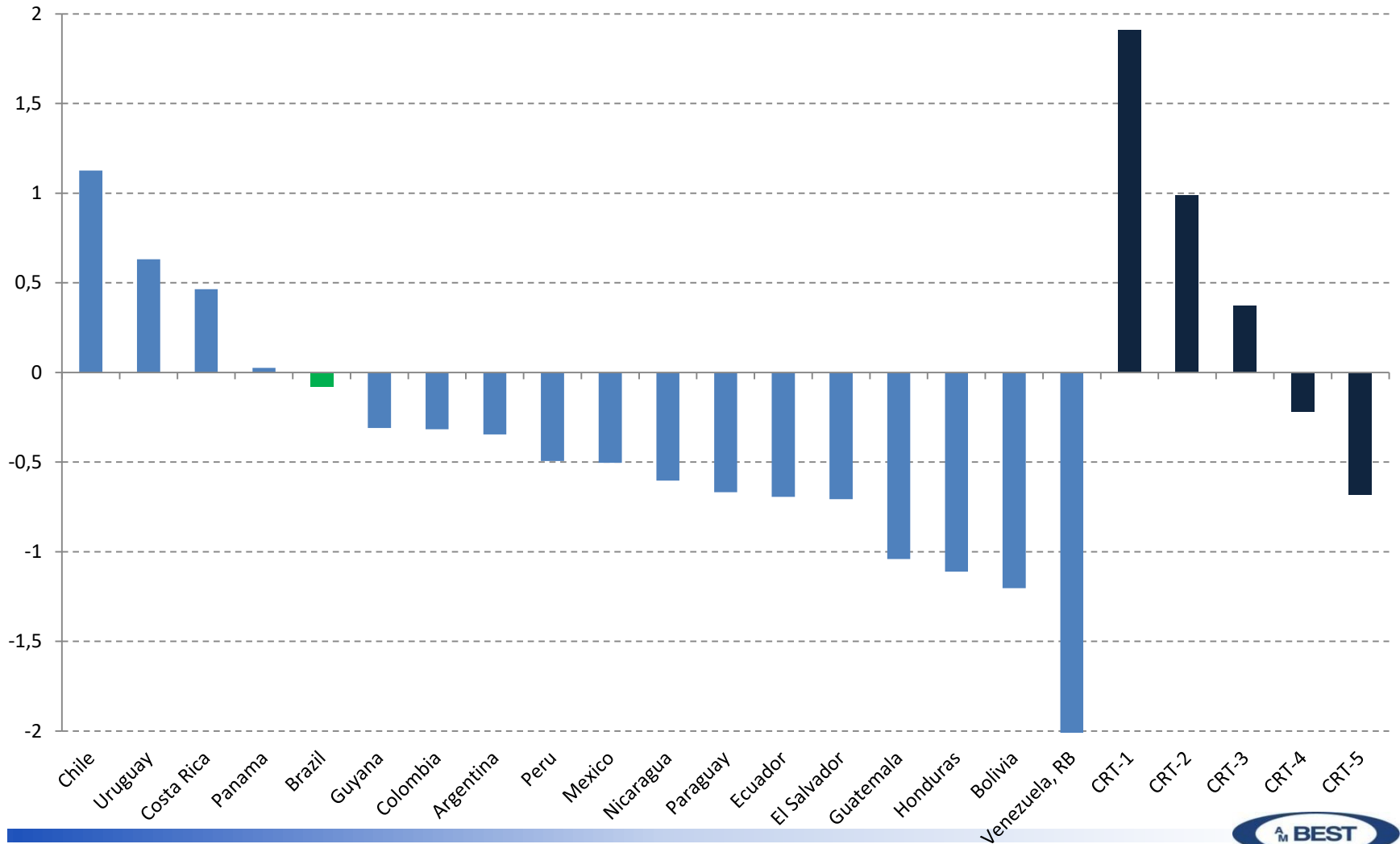
Components of Country Risk: Regulatory Quality

Regulator Quality



Components of Country Risk: Rule of Law

Rule of Law Score

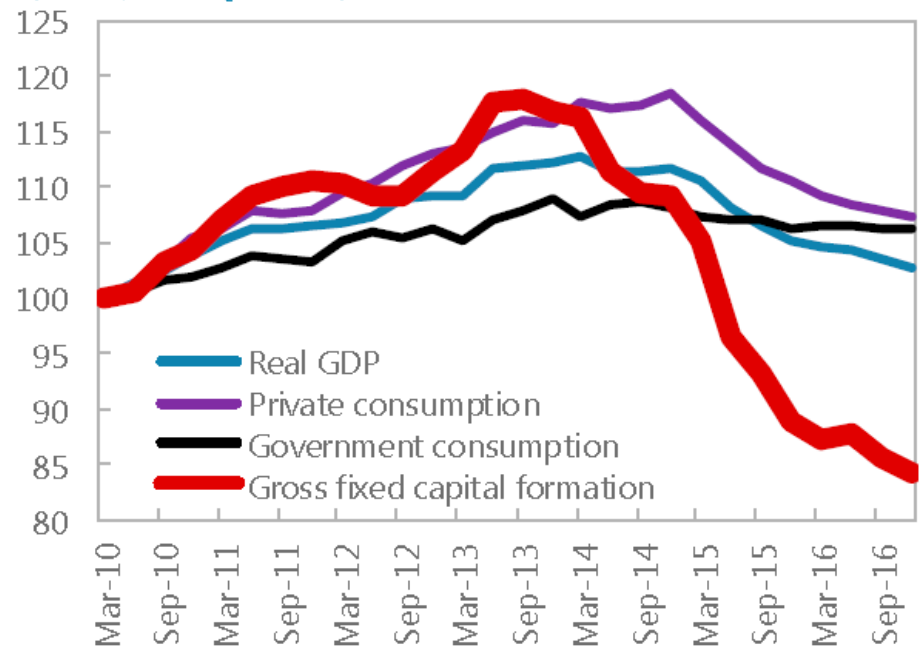


Weight of uncertainty on economic growth

Decline in investment in Brazil since 2014

- Many contributing factors but...
- Recovery depends on alleviation of high levels of “policy uncertainty” (IMF, 2018)
- This decline has long term impacts.

Brazil: National Accounts Components
(Index, 2010Q1 = 100)



Source: IMF and Haver Analytics

But Brazil Institutions Showing Their Strength

“No citizen is above the law, and no one, regardless of how important a leader he may have been, or what position he once held, is entitled to make a mockery of justice,” Brazil’s National Association of Prosecutors said in a statement issued Saturday night. **“Institutions are the pillars of democracy.”**

(New York Times, April 7, 2018)

The Future is Bright

	Headwinds	Tailwinds
Near Term	Political uncertainty ahead of presidential election	Pick up in growth
	On-going corruption investigations	Lower inflation
	Potential for global trade war	Potential for FDI pickup following the election results
	Need for fiscal reforms	
Long Term		Independence of Judiciary
	Fiscal deficit and government obligations	Increased transparency
	Embedded bureaucracy	Increasingly stable democracy
		More inclusive growth
		Reduction in corruption

Thriving Insurance as a Policy Objective

- It facilitates economic transactions thanks to risk transfer and indemnification.
- It encourages risk management and the promotion of safe practices.
- It encourages stable and sustainable saving and pension provisions.
- It promotes financial stability through long-term investment.
- It allows for risk-taking by small and medium sized enterprises.

Thank you!

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