

DEVELOPMENT PLAN FOR THE INSURANCE MARKET

OPEN PENSIONS
SUPPLEMENTARY HEALTH
AND CAPITALIZATION





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DPIM

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CNseg, its associated federations, FenSeg, Fena-Previ, FenaSaúde and FenaCap – FENACOR and various companies in the Brazilian insurance market gathered together to draw up the Development Plan for the Insurance Market, Open Pensions, Supplementary Health and Capitalization (DPIM). The plan presents clear goals and proposes changes to the insurance system that will affect the sustainable development of the sector and, consequently, Brazilian society as a whole. To attain this objective, the plan includes action to be carried out by both the public and private sectors.

The DPIM is a commitment to society. A protected society translates into greater stability and security. Our market can generate more reserves for national savings and direct more resources into important national projects, by supporting both the public and private sectors. Our sector is an important driver of development for the whole of society, assuming the risks of the most varied economic activities and offering financial protection to individuals. And additionally, it enables the creation of more jobs, directly and indirectly, throughout the entire chain of suppliers and partners. It is also an important ally of the State, providing private solutions that alleviate the public sector burden ■

To that end, we have defined
4 SUBJECT AREAS, divided across
65 INITIATIVES, that will underpin our
ACTIVITIES UP TO 2030.

OUR GOALS:

- A** Increase by 20% the portion of the population served by the various products in the insurance market, open pensions, supplementary health and capitalization.
- B** Increase the payment of compensation, benefits, draws, redemptions and medical and dental expenses from the present 4.6% of GDP to 6.5% of GDP.

Consequently, in terms of revenue, we estimate that we will surpass the mark of 10% of Brazilian GDP in 2030 ■

OUR STARTING POINT:

The sector evaluated assumptions and scenarios for the development of the DPIM ■



FROM THE CONSUMER'S PERSPECTIVE WE CONSIDER THAT THERE IS A SCENARIO OF:

- A** Low insurance take-up.
- B** Lack of awareness of the importance of insurance.
- C** Distrust and misinformation regarding the services and products offered by the market.

FROM THE SECTOR'S PERSPECTIVE:

- A** There is considerable potential for growth.
- B** There is willingness to change, absorbing new technology and methods.



BRAZILIAN
ECONOMY

2023
2030:

EXPECTED
CHANGES

MACROECONOMIC SCENARIO



During this eight-year cycle, we foresee three distinct phases for the Brazilian economy. The first, lasting two years, would be marked by potential political turmoil, which would lead to a high risk of populist measures and lower growth than is expected for the global economy.

Over the following five years, there would be a period of specific adjustments, with some structural reform, which would contribute towards greater fiscal equilibrium. And finally, the consolidation of the adjustments made over the course of the second phase, the possibility of deeper reforms and the reduction of certain inefficiencies within our economy would provide the backdrop for the beginning of a virtuous cycle.

The chain of these three phases (internal conflicts, specific adjustments and consistent reform), with the average duration and performance suggested in this analysis, would lead to the following performance of the macroeconomic variables during the eight-year cycle:

ECONOMIC SCENARIO 2023-2030

		Internal Conflicts 2 years	Specific Adjustments 5 years	Consistent Reform 1 year	Change p.a.
GDP	Annual change	1.75%	2.50%	3.25%	2.41%
Inflation	% p.a.	6.00%	4.50%	3.50%	4.75%
Interest rates	% p.a.	13.50%	7.50%	5.00%	8.65%

Faced with this economic scenario, we estimate that the payment of compensation, benefits, draws, redemptions and medical and dental expenses will be equivalent to 5.2% of GDP, which would be R\$588.3 billion in 2022 figures.

And under those same conditions, the sector's revenue will, according to our estimates, reach 8.1% of GDP in 2030, which would be R\$917 billion in 2022 figures.

We are aiming for more, however. The dynamics of the sector's evolution should not depend solely on macroeconomic factors. There are a number of steps that can be taken that will have the effect of elevating the importance of the insurance sector, whether from the point of view of return to society, in the form of compensation, benefits, draws, redemptions and medical and dental expenses paid, or in terms of revenue. That is why we have drawn up the DPIM ■

SUBJECT AREAS

AND STRATEGIC OBJECTIVES

The DPIM was divided into four subject areas and 65 initiatives were outlined.



01 PERCEPTIONS OF INSURANCE

The consumer is at the heart of the DPIM strategy. Brazilian society today knows very little about insurance and how it is used. Our commitment goes beyond investing in communication, reformulating the way we present information to society, reducing the bureaucracy in the procedures and increasing engagement.

Promoting the ESG* agenda: our attention will be focused on sustainability and the circular economy and augmenting diversity and transparency in business governance.

Within the **Supplementary Health** sphere, the sector intends to increase the beneficiary base by developing more flexible products that are suitable for different consumer groups and adopting rules for adjustments, co-participation and deductibles that are more in line with the incident rate.

We will strengthen the School of Business and Insurance (ENS), to train talent, making them capable of innovation, augmenting the use of technology and the adoption of ESG practices in our companies, and disseminating knowledge ■

*ESG: [Environmental, Social, Governance].

02 DISTRIBUTION CHANNELS

The insurance system needs to embrace the digital era once and for all. Insurers and brokers have a vast field to explore, increasing their distribution efficiency and reach.

Commercial intelligence: improving the broker channel database.

Training of brokers: taking care of the community that talks most about insurance and is the interface between the company and the consumer, within the role of the ENS.

Open Insurance (OPIN): prioritizing certain segments and defining the calculations for determining benefits.



03 PRODUCTS

The focus of insurers and brokers will be to strengthen the development of new products, to improve existing products and to disseminate insurance, supplementary health, private pension and capitalization products better, since the lack of knowledge is widespread in society.

There is a great deal of room for prospecting, to create products for the new needs of society.



CAPITALIZATION

Focus on redesigning and optimizing capitalization products. Among these are Succession Planning - establishing the figure of the beneficiary of the Capitalization Bonds; reformulating the planned purchase product format; inclusion of Capitalization Bonds as a guarantee in public contracts.



GENERAL INSURANCE

Promote Civil Liability insurance; identify barriers against leveraging products for the low-income population; ensure compliance with the law covering Obligatory Insurance; and include insurance as a mitigatory instrument in relation to institutional credit risk.



PENSIONS

Prepare supplementary regulations for structuring Universal Life insurance; approve legislation for the PreviSaúde plan; regulate the introduction of automatic adherence to collective pension plans.



HEALTHCARE

Permission to offer simple **Outpatient Plans**.

04 REGULATORY EFFICIENCY



Need to broaden the dialogue between the regulators and the regulated parties, in a scenario marked by disruption, innovation and the effects of large-scale events, such as the pandemic, climate change, war and social tensions.

We understand the need to **regulate countercyclical measures**: flexibility with responsibility; the DPIM proposes efficient and flexible regulation, adapted to the current reality and in line with international standards.

Compliance with regulatory requirements: it must always be taken into consideration that all compliance costs end up becoming costs for the consumer. Consequently, there must always be a balance between the need for control and the cost of those controls.

Susep: a strong entity for a strong sector. It is essential that Susep has the necessary instruments to monitor the changes in the sector ■

THE 7 PS OF THE 2030 DPIM

The effects of the measures and action we are proposing can be summarized in the 7 Ps of the DPIM. The conjoining of the 7 Ps, acting simultaneously through Supply and Demand, generates the results of the following two Ps, which are the repercussions.



THE CONSEQUENCES OF THE DPIM



There is a long way to go, but the gains are very significant. If the action and initiatives presented herein are implemented, our estimates are that we will expand by 20% the portion of the population served by our sector.

This translates into the payment of compensation, benefits, draws, redemptions and medical and dental expenses equivalent to 6.5% of GDP in 2030, or R\$731.5 billion in 2022 figures ■



**Not including Obligatory Third Party Insurance (DPVAT)*

Note: for 2022 figures, the forecast disclosed by CNseg was used

	2030 IN R\$ BILLION (2022 FIGURES)			% GDP		
	Macro effects	Micro effects	Total	Macro effects	Micro effects	Total
1 Personal (Risk + Accumulation)	175.4	54.4	229.8	1.60	0.50	2.10
1.1 Accumulation	154.7	47.9	202.5	1.50	0.45	1.90
1.2 Risk	20.7	6.5	27.3	0.17	0.05	0.22
2 General Insurance*	76.4	38.1	114.6	0.70	0.35	1.10
3 Capitalization Bonds	27.4	15.7	43.1	0.24	0.14	0.38
4 Total (excluding Healthcare)	279.2	108.3	387.5	2.60	0.99	3.60
5 Supplementary Healthcare	309.1	34.9	344.0	2.60	0.30	2.90
6 Insurance Sector Total	588.3	143.1	731.5	5.20	1.30	6.50

On the **revenue** side, we will reach **10.1% of GDP**, or **R\$1.13 trillion** in 2022 figures. There will be many more jobs created and investments made, all contributing to the sustainable economic and social development of Brazil!

	2030 IN R\$ BILLION (2022 FIGURES)			% GDP		
	Macro effects	Micro effects	Total	Macro effects	Micro	Total
1 Personal (Risk + Accumulation)	364.4	85.8	450.3	3.3	0.78	4.1
1.1 Accumulation	266.3	62.6	328.9	2.5	0.59	3.1
1.2 Risk	98.2	23.2	121.4	0.8	0.19	1.0
2 General Insurance*	152.2	76.0	228.1	1.4	0.70	2.1
3 Capitalization Bonds	34.4	19.7	54.1	0.3	0.16	0.5
4 Total (excluding Healthcare)	551.0	181.5	732.5	5.0	1.60	6.6
5 Supplementary Healthcare	366.0	41.3	407.3	3.1	0.34	3.4
6 Insurance Sector Total	917.0	222.8	1,139.8	8.1	2.00	10.1



NEXT STEPS FOR THE DPIM:

- Mobilization** of companies and other market participants in support of the DPIM.
- Drawing up** a map of efforts and benefits, in order to prioritize the initiatives to be worked on.
- Setting up** a supervisory monitoring committee.



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“The DPIM is not merely a **document**, but a common objective for the entire insurance market. It imposes on us a **duty to do some very serious homework**, but getting everyone engaged will be decisive from now on to achieve the **growth we want**.”

Dyogo Oliveira
CNseg President



 **FenSeg**

 **FenaPrevi**

 **FenaSaúde**

 **FenaCap**



This executive summary presents the general outline of the DPIM.

The full content can be accessed using the QR Code.

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