

# MONITOR

FEBRUARY 2024



REPÓRTER  
BRASIL

## INSURED IRREGULARITIES

Agricultural insurance granted by multinationals and subsidized by the Brazilian Government protects plantations in areas embargoed as a result of illegal deforestation, overlapping indigenous territories, and to producers caught using slave labour

# MONITOR #20

## STAFF

February 2024

### COORDINATION

André Campos

### EDITING

Naira Hofmeister

### RESEARCH AND TEXT

Poliana Dallabrida, André Campos, Gil Alessi,  
Isabel Harari and Bruna Bronoski

### PHOTOS

Ruy Sposati - Repórter Brasil (cover, p. 18, 24)  
Fernando Martinho - Repórter Brasil  
(p. 7, 8, 9, 11, 12, 13, 15, 23, 27)  
Lela Beltrão (p. 20, 22, 23)

### GRAPHIC DESIGN, LAYOUT AND INFOGRAPHICS

Débora De Maio | Estúdio AVOA  
Maps | Brunas Cassim  
Icones | Noun Project

**Monitor** is **Repórter Brasil's** newsletter  
publishing supply chain studies

---

Find out more about **Repórter Brasil's** mission,  
staff, accounting reports and funders at:  
[REPORTERBRASIL.ORG.BR/QUEM-SOMOS](https://reporterbrasil.org.br/quem-somos)

## REPÓRTER BRASIL

ORGANIZATION OF COMMUNICATION  
AND SOCIAL PROJECTS

### GENERAL COORDINATOR

Leonardo Sakamoto

### EXECUTIVE SECRETARY

Marcel Gomes

### FINANCIAL COORDINATOR

Marta Santana

### COORDINATION ASSISTANT

Victória Perino Rosa

---

### ADDRESS

Rua Amália de Noronha, 151  
Conj. 605 - São Paulo - SP  
Brasil CEP 05410-010

### CONTACTS

✉ [contato@reporterbrasil.org.br](mailto:contato@reporterbrasil.org.br)

📘 **ONGReporterBrasil**

📱 **@reporterb**

(55 11) **2506-6570**

(55 11) **2506-6562**

(55 11) **2506-6576**

(55 11) **2506-6574**

# SUMMARY

## 4

### *Introduction*

## 8

### *Above socio-environmental standards*

## 9

### *Cases*

#### **9** *INSURANCE FOR AREAS UNDER EMBARGO DUE TO ILLEGAL DEFORESTATION*

**11** 1 \_ Santo Antônio and Iramaia Farms

**13** 2 \_ Paraná Farm

**14** 3 \_ Lote Rural nº 255

#### **16** *INSURANCE OVERLAPPING INDIGENOUS TERRITORIES*

**17** 1 \_ Ivaí Indigenous Land

**18** 2 \_ Guyraroká Indigenous Land

#### **19** *INSURANCE FOR PRODUCERS INCLUDED ON THE 'DIRTY LIST' OF SLAVE LABOUR*

**20** 1 \_ Ferradura Farm

**21** 2 \_ Água Buena Farm

**22** 3 \_ Olhos D'Água Farm

## 24

### *An agenda for the insurance sector*

## 28

### *What companies and producers say*

# INTRODUCTION

As a continental-size country where agriculture holds a significant share in the economy,<sup>1</sup> Brazil is an expanding market for agricultural insurance – whose demand has also been influenced by the climate crisis.

In 2022, the total value of rural insurance policies issued in Brazil broke a record: USD 2.6 R\$ billion (BRL 12.6 billion)<sup>2</sup> – 40% higher than the previous year.<sup>3</sup>

According to the Ministry of Agriculture and Livestock, the increased interest in that product is a result of more intense and more frequent adverse climate events in recent years<sup>4</sup> – which scientists relate to global warming.<sup>5</sup> Rural insurance provides compensation for losses caused by hail, drought or prolonged rain. In the 2021/2022 harvest season, compensation increased four times compared to the previous agricultural year due to severe droughts in some areas of Brazil.<sup>6</sup>

Latin America's rural insurance market is the fastest growing in the world.<sup>7</sup>

However, this fast-growing market, which is crucial for risk management by Brazilian agribusiness, lacks clear rules to conduct socio-environmental monitoring of producers who benefit from it.

An exclusive investigation by Repórter Brasil found that large insurance multinationals signed contracts to protect farms in which authorities had detected illegal deforestation and banned any productive activity. There are also cases of insured properties overlapping territories that are of exclusive use of indigenous populations, in addition to policies provides to producers caught using modern slavery.

The survey was based on information about insurance taken out under the Rural Insurance Premium Subsidy Programme (PSR),<sup>8</sup> in which the Brazilian government pays part of the premium, guaranteeing a discount to rural producers. Being a government programme, part of

the data is public and provided by the Ministry of Agriculture, including the names of producers benefited and geographic coordinates of insured properties.<sup>9</sup> Repórter Brasil compared that information with data from land registration and government inspections to identify the issues mentioned throughout the report.

The analysis considered insurance taken out from 2019 onwards with Allianz (Germany), Essor (France), Brasilseg (a partnership of Banco do Brasil's BB Seguros and Mapfre), Fairfax (Canada), Mapfre (Spain), Sompo (Japan), Tokyo Marine (Japan) and Porto Seguro (Brazil). In November 2023, another investigation by Repórter Brasil looked into contracts of Swiss insurance company Swiss Re in the country.<sup>10</sup>

The companies investigated, mostly multinationals, account for 76.4% of insurance policies taken out under the PSR in 2022.<sup>11</sup> Brasilseg, Essor and Mapfre are the most sought-after by rural producers among companies authorized by the PSR, with 80,783 of the 125,100 policies issued in 2022.<sup>12</sup>

All these companies have their own sustainability policies. Brasilseg, which holds almost 20% of Brazil's insurance market,<sup>13</sup> claims that it conducts socio-environmental risk analyses before signing agricultural insurance contracts and says that it "considers socio-environmental impacts when doing business."<sup>14</sup> Even so, Repórter Brasil found several contracts on properties with socio-environmental irregularities.

Repórter Brasil asked insurance companies a series of questions. Only Tokio Marine responded to all of them but did not comment on specific cases. The other seven companies sent short statements saying that they take socio-environmental criteria and compliance with legislation into consideration when conducting their business. Read the companies' full answers at the end of this document.

## HOW IT WORKS

The Rural Insurance Premium Subsidy Programme (PSR) insures farm production at a reduced cost through financial assistance from the Brazilian government.

**1**  A RURAL PRODUCER SUBMITS A FORMAL APPLICATION FOR INSURANCE TO A COMPANY AUTHORIZED BY THE PSR

**2**  THE INSURANCE COMPANY ASKS THE MINISTRY OF AGRICULTURE FOR THE STATE SUBSIDY

**3**  IF APPROVED, THE MINISTRY PAYS PART OF THE PREMIUM DIRECTLY TO THE INSURANCE COMPANY



The PSR subsidizes up to **45%** of insurance premiums<sup>15</sup>

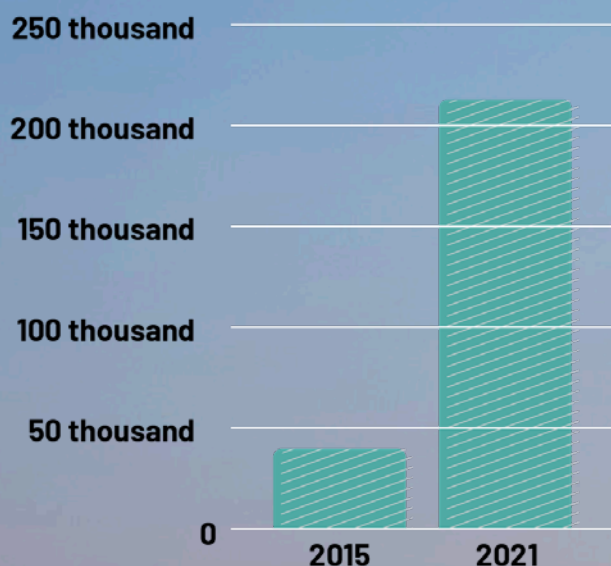


**17 insurance** companies are eligible for the programme

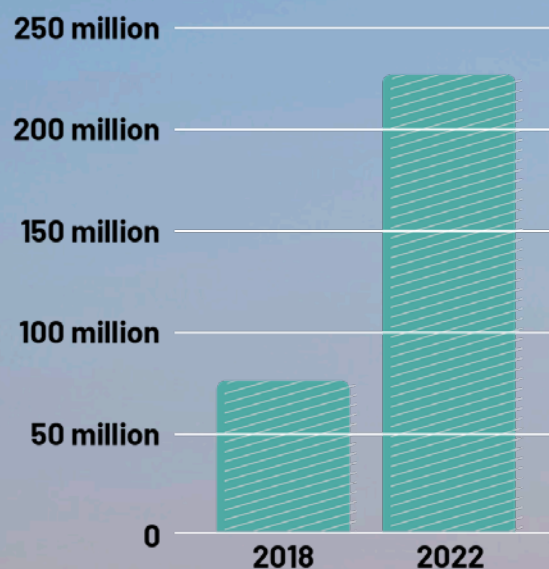


The maximum value of the subsidy is **USD 24,800** (BRL 120,000) per producer, per year

## TOTAL OF SUBSIDIZED POLICIES - 2015 AND 2021



## PRS'S BUDGET 2018 AND 2020 (USD)



## PARTICIPATION OF INSURANCE COMPANIES IN THE PSR IN 2022

INSURER	POLICIES	INSURED GOODS VALUE (USD million)	SUBSIDY AMOUNT (USD million)
<b>Brasilseg</b>	31,930	3,891.6	81.2
<b>Essor</b>	30,409	1,613.1	50.2
<b>Mapfre</b>	18,444	934.4	23.9
<b>Allianz</b>	6,278	377.2	7.9
<b>Sompo</b>	2,948	158.9	3.6
<b>Tokio Marine</b>	2,345	121.2	3.5
<b>Porto Seguro</b>	2,061	94.9	3.0
<b>Fairfax</b>	1,233	95.6	2.3

Source: Atlas do Seguro Rural. Position on 16 January 2023<sup>16</sup>



# ABOVE SOCIO-ENVIRONMENTAL STANDARDS

In Brazil, insurance companies are part of an industry that has been under pressure to expand socio-environmental controls – and which has responded with new commitments. Banks granting rural credit, for example, must follow regulations from the Central Bank of Brazil (BCB) that banned loans to farms with areas under embargo.<sup>17</sup> In addition to checking environmental embargoes, banks also assess the property's compliance with the Forest Code and deforestation alerts in the area.

In turn, it was only in June 2022 that the Superintendence of Private Insurance (SUSEP)<sup>18</sup> – the agency that regulates the insurance industry – published its first regulatory framework for sustainability. SUSEP's Circular letter 666 requires companies to promote sustainability policies and risk management when conducting their business.<sup>19</sup> The standard also made annual sustainability reports mandatory. Insurance companies will have until June 2025 to adapt to the new requirements.

However, the document does not provide insurers with any clear guidance on the types of data to be consulted for risk management, and there are no restrictions on providing insurance if any irregularity is found.

The Ministry of Agriculture, in turn, audits 1% of all rural insurance subsidized by the government to check “the accuracy of the information contained in the policies,” according to a document obtained by **Repórter Brasil** under the Access to Information Act (LAI). To monitor business' socio-environmental, the agency is testing a platform to prevent irregularities.

“Insurance contracts in areas with deforestation or other socio-environmental issues increase the risks associated with these producers, who may suffer several types of punishment and sanctions,” says Priscila Souza, Climate Policy Initiative/PUC-Rio. “Therefore, it is in the insurer's own interest to select producers that comply with social and environmental standards,” she adds.





# CASES

The cases found by the investigation are detailed below.

## INSURANCE FOR AREAS UNDER EMBARGO DUE TO ILLEGAL DEFORESTATION

In recent harvest seasons, Brazilian agriculture has experienced climate extremes that resulted in losses in production and revenues.<sup>20</sup> Ironically, insurance companies are providing their services to farms where authorities have found illegal deforestation and banned new plantations to allow time for native vegetation to recover. Brazil's main contribution to global warming is deforestation and, in 2021, resulting emissions exceeded the total levels of countries like Japan, according to estimates by the Climate Observatory.<sup>21</sup>

"Agribusiness contributes to climate change when it farms in deforested areas. However, as planting in some places becomes riskier, there is higher demand for rural insurance – which, in Brazil, is subsidized by the government. In other words, farmers profit from deforestation and then share the losses for everyone to pay," says Paulo Barreto, associate researcher at the Amazon Institute of People and the Environment (IMAZON).

Two of the three cases investigated by **Repórter Brasil** are related to illegal deforestation in the Amazon. The third case is a farm located in an area of the Cerrado. Recent data from the National Institute for Space Research (INPE) reveals that deforestation increased by 3% in that biome between August 2022 and July 2023 compared to the previous period. In 2020, 2021 and 2022 the rates were respectively, 25%, 8% and 25% compared with previous periods.<sup>22</sup>

**EMBARGO** is the term used to indicate that any productive activity is banned within a certain perimeter of a farm.<sup>23</sup> The sanction is applied to properties where there has been illegal deforestation in order to guarantee regeneration of native vegetation. Brazil's federal environmental agency IBAMA and state environmental departments can issue embargoes.

## 1 \_ SANTO ANTÔNIO AND IRAMAIA FARMS

The Bavaresco family produces corn, soy and cotton in Nova Maringá and Sorriso,<sup>24</sup> municipalities in Mato Grosso state, in Brazil's Centre-West region. Gentil Antônio Bavaresco is a partner in the company Nossa Senhora do Carmo Participações, to which he registered the Iramaia V Farm with 1,299 hectares, according to the property's Rural Environmental Registration (CAR). Next to that property, Gentil Bavaresco, his son Giancarlo Bavaresco and Eduardo Zorzi – the family business's manager – own the Santo Antônio XVI, XVII and XVIII farms with 1,570 hectares.

Both the Iramaia V and the Santo Antônio XVI, XVII and XVIII farms have areas under embargo as a result of illegal deforestation of the Amazon Forest. This did not prevent Tokio Marine from providing rural insurance to plantations on the two properties between February and November 2020.

The Santo Antônio XVI, XVII and XVIII farms have 1,096 hectares under embargo, or 70% of the property. The embargo, registered by the State

Environmental Department of Mato Grosso (SEMA-MT) and in force since 2012, is linked to name of Giancarlo Bavaresco. Without the embargoed area, only 474 hectares would be suitable for economic use.

However, between February and November 2020, Gentil Bavaresco took out rural insurance from Tokio Marine to cover 954 hectares of corn plantations on the property. "In other words, at least 480 hectares of insured plantation fall within the property's embargoed area," says Joana Faggin, interim director of Dutch organization AidEnvironment, which specializes in monitoring properties and supply chains linked to deforestation.

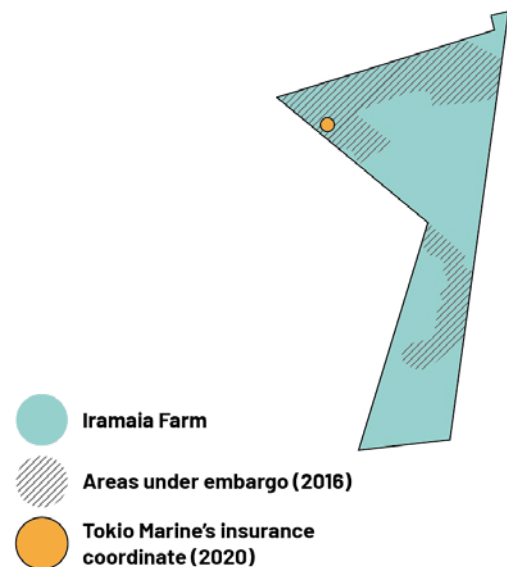


Another embargo was issued by SEMA-MT on 1,839 hectares in 2016 due to illegal deforestation that began three years earlier in parts of the neighbouring Santo Antônio XVI, XVII and XVIII, and Iramaia V Farms. In the latter, the sanction covers 470 hectares.

Between February and November 2020, Eduardo Zorzi signed another insurance contract with Tokio Marine for a 709-hectare corn plantation at the Iramaia V Farm.

The Iramaia V Farm's consolidated area, that is, where agricultural production is legal, totals 829 hectares. But data from the University of Maryland's Global Land Analysis and Discovery (GLAD) laboratory<sup>25</sup> and the Mapbiomas platform<sup>26</sup> indicate that the area under embargo on the farm was also planted during the period covered by

the insurance. And the geographic coordinates of the property informed in the data provided by the Ministry of Agriculture and Livestock for that insurance corresponds to the embargoed area.



**Agribusiness share in Brazil's GDP is significant, but its association with socio-environmental risks demands more control from insurance companies and the government**

Consulted about the cases, Tokio Marine confirmed that areas insured by the company overlapped embargoed land, but it claimed it did not have this information when the policies were hired and that they are no longer in force.

In its response, Tokio Marine stated that “without exempting us from responsibility, it is important to emphasize that this process of validating [the contracts] is quite complex, especially at state and municipal levels. It includes multiple databases in 26 states, the Federal District and thousands of cities with their own information on embargoed areas, conservation units and other protected areas, often without defined standards or with data that are difficult to integrate.” However, the company stressed its commitment to improving its processes for automating and expanding such checks. The company’s full response can be read in the final appendix to this report.

**Repórter Brasil** tried to contact Eduardo Zorzi and Gentil Bavaresco through the Bavaresco Group but had not received a response by the time this report was finished.



**Soy is one of the main drivers of deforestation in Brazil's Cerrado**

## 2 \_ PARANÁ FARM

Diolinda Bonjorno Pante owns two areas under embargo at her Paraná Farm – a 1,045-hectare property registered in her name and located in Mato Grosso’s Cerrado and located in São Félix do Araguaia, in the Mato Grosso’s Cerrado. The embargoes were issued by SEMA-MT in November 2017 due to the illegal deforestation of 331 hectares of native vegetation. According to satellite images from Prodes Cerrado, a federal government programme that monitors deforestation in the biome, it began in 2016.

Data from Mapbiomas indicates that soy plantations started on the embargoed land in 2018. Between 2020 and 2022, they covered the entire area of the farm that had been illegally deforested and was under embargo.

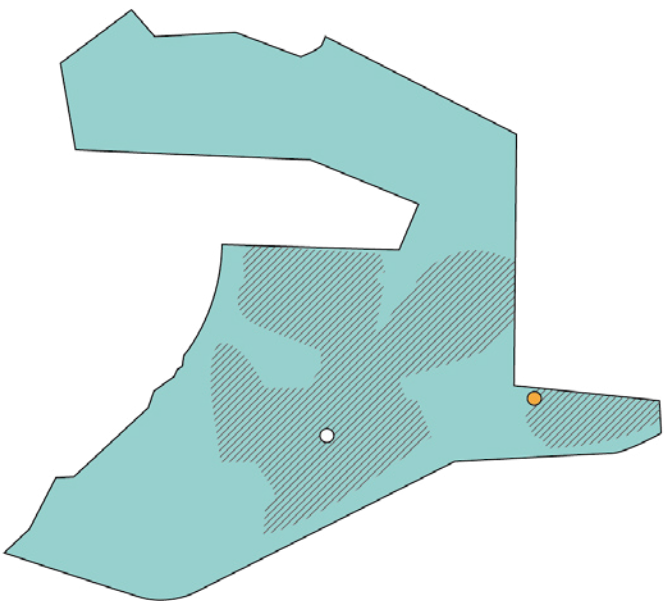
Pante signed three rural insurance contracts on the property between 2017 and 2021.

The first policy was provided by Mapfre and signed in October 2017 – a month before the embargo was declared but after the illegal deforestation happened. The insurance contract covered 55 hectares of soy plantations and remained valid until April 2018, when Pante was already on the list of producers with areas embargoed by SEMA-MT. The geographic coordinates of the policy as published by MAPA coincide with the area illegally deforested and later embargoed.

The other two contracts were signed with Brasilseg: the first one insured soy plantations on 308 hectares of the property between July 2020 and July 2021. In that case, the coordinates also overlapped with the area that had been under embargoed since 2017. The other contract



Fire near a plantation: public embargo lists are tools to avoid insuring illegal areas



- Paraná Farm
- Areas under embargo (2017)
- Brasilseg's insurance coordinates (2020)
- Mapfre's insurance coordinates (2017)

covered second-crop-harvest corn plantations on 370 hectares of the property, effective between December 2020 and December 2021.

Approximately 370 hectares of the Paraná Farm are not under embargo and are not located within the property's so-called legal reserve or permanent preservation area, where farming is not allowed. However, none of the companies provided the exact perimeter that benefited from agricultural insurance and whether or not it included embargoed areas within the property. Mapfre and Brasilseg's full responses can be read in the final chapter of this report.

**Repórter Brasil** could not locate producer Diolinda Pante. It also tried to contact her lawyer, who had not responded by the time this investigation was finished. Brasilseg and Mapfre said they adopt sustainability policies but did not comment on the specific case (read the companies' full responses in the final annex of this report).

### 3 \_ LOTE RURAL N. 255

In another case, Allianz, Fairfax and Tokio Marine provided insurance for a property that is under full embargo by IBAMA and SEMA-MT.

The 94-hectare Lote Rural n. 255, located in Querência, Mato Grosso, is registered in the name of André Pimentel and Carine Claudete Mallmann Pimentel. The farm is part of an area allocated to land reform – the Pingos D’Água Settlement Project, but none of the owners appear on the list of settlers of the National Institute of Colonization and Agrarian Reform, INCRA – Brazil’s agency responsible for land regularization and agrarian reform actions.<sup>27</sup>

Almost half of the total area of Lote Rural n. 255 – 53 hectares – is under two IBAMA embargoes issued to Natal Machado Ferreira in 2010 and 2014. Another portion of the property is included in a large embargo issued – also by IBAMA – against INCRA in 2006. That embargo covers several other areas within the settlement project.

In September 2021, a new embargo was declared on 18.5 hectares illegally deforested on the property, located in the Amazon biome, this time issued by SEMA-MT to Carine Pimentel, who owns the land according to its Rural Environmental Registration (CAR). According to the agency, the area under embargo was deforested in that same year and was the only remnant of native vegetation within the farm.

According to data from Mapbiomas and the laboratory at the University of Maryland, all areas under embargo became productive between 2019 and 2022 – most of which were used for soy plantations.

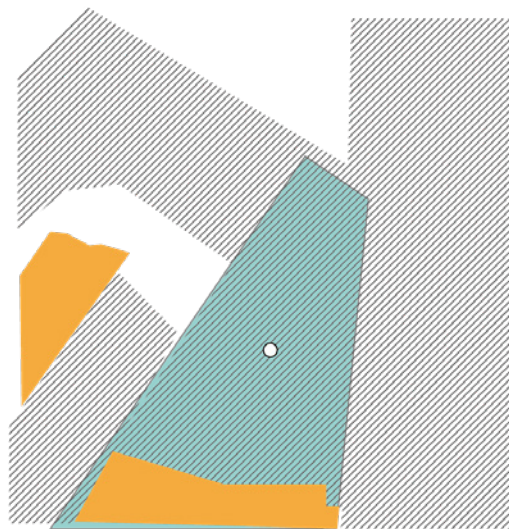






● Lote Rural n. 255  
● IBAMA's embargoes (2006, 2010 and 2014)

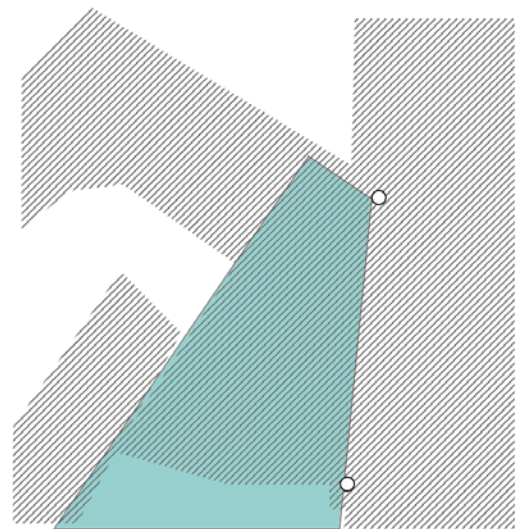





● Lote Rural n. 255  
● Embargoes by Sema-MT (2021)

The sum of all these embargoes corresponds to 100% of the property. Even if not all the embargoes have been issued to the owners of Lote Rural n. 255 – who took out agricultural insurance – Brazilian law mandates the suspension of activities in illegally deforested areas until native vegetation is restored.<sup>28</sup>



-  Lote Rural n. 255
-  IBAMA embargo (2006, 2010 e 2014)
-  SEMA embargo (2021)
-  Alliance (2019) and Tokio Marine's (2020) insurance coordinates



-  Lote Rural n. 255
-  IBAMA's embargoes (2006, 2010 e 2014)
-  Fairfax's insurance coordinates (2020 e 2021)

Grain farming in Mato Grosso: production may threaten unique ecosystems and traditional populations



Even so, André Pimentel signed five rural insurance contracts for agricultural production on the property between 2019 and 2022.

Two of them were hired from German insurance company Allianz between November 2019 and May 2020. The total area insured by the two contracts and used for soy plantations was 97 hectares. Pimentel also took out insurance from Tokio Marine over 100 hectares of second-crop corn plantation between January and November 2020. These three insurance contracts point to the same geographic coordinates as references for the policies, including area under embargo.

In 2020 and 2021, André Pimentel also signed two insurance contracts with Fairfax. The first one, effective between October 2020 and April 2021, covered 193 hectares of soy plantations. Between

September 2021 and April 2022, he signed a new contract with a Canadian company over 200 hectares of soy. The geographic coordinates of both policies, however, do not apply to Lote n. 255; they apply to neighbouring areas – which may suggest that Pimentel leased land to farm. In both cases, these coordinates also apply to areas embargoed by IBAMA.

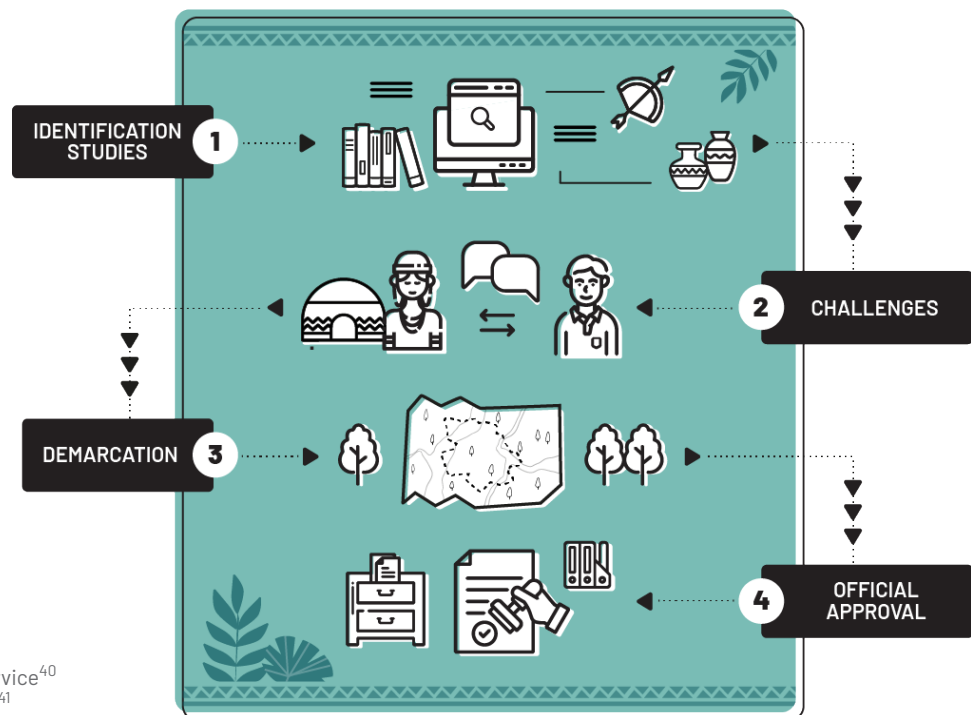
Producer André Pimentel did not respond to **Repórter Brasil's** attempts to contact him. Tokio Marine, Allianz and Fairfax did not comment on that specific case but sent details of their policies for monitoring agricultural customers to this investigation. See the full texts is in the final annex to this report.

## INSURANCE OVERLAPPING INDIGENOUS TERRITORIES

Three cases investigated include agricultural insurance granted for soy and corn plantations whose geographic coordinates overlap with an indigenous land delimited since 2004 and for wheat plantations in areas located within an indigenous territory officially approved since 1992. These are respectively the first and last stages to recognize indigenous lands in Brazil – a process that can take years.”

When indigenous lands are officially approved, farming by non-indigenous people is expressly banned by Article 18 of the Indigenous Peoples’

## STAGES IN INDIGENOUS LAND DEMARCATION



Sources: Federal Prosecution Service<sup>40</sup> and Socioenvironmental Institute<sup>41</sup>



Statute. According to the Brazilian National Foundation for Indigenous Peoples (FUNAI), any lease contracts in force in such areas must be considered null and void. During the identification and demarcation stages, agricultural activities must be suspended. Furthermore, “if the territory is confirmed as indigenous land, non-indigenous occupants will be compensated as long as their good faith is proven,” FUNAI responded to Repórter Brasil.

Prosecutor Marco Antônio Delfino de Almeida from the Federal Prosecution Service in Dourados, Mato Grosso do Sul, argues that insuring plantations on indigenous land is a mistake, even when demarcation has not been completed. “It is not consistent with international legal and corporate standards, especially those adopted by institutions committed to complying with Convention 169 and following Environmental, Social and Corporate Governance (ESG) principles,” the prosecutor noted, according to a report that pointed out problems in insurance provided by Swiss Re.

Nevertheless, Sompo, Mapfre, Fairfax and Brasilseg insured plantations that, according to data released by the Ministry of Agriculture, were cultivated by non-indigenous people in lands whose use is exclusive for native peoples.

## 1 \_ IVAÍ INDIGENOUS LAND

Producers Jeverson Dulcidio Willemann and Márcio Marcelino were caught planting in the municipality of Manoel Ribas, Paraná state, within the Ivaí Indigenous Land (Ivaí IL). The IL was officially approved by the Brazilian State in 1992, which makes non-indigenous farming illegal.

In 2013, a lawsuit filed by FUNAI and based on Federal Police investigations pointed out Willemann, Marcelino and 24 other producers as illegal tenants of areas in the Ivaí IL. The process points out that 1,200 hectares were illegally farmed by non-indigenous people within the territory. The total area of the Indigenous Land is 7,000 hectares.<sup>29</sup>

Between April and October 2020, Marcelino signed four agricultural insurance contracts with Spanish company Mapfre. The geographic coordinates of the contracts, which covered a total of 106 hectares of wheat plantations, overlapped with the Ivaí IL. The company informed that the case is under internal investigation, and that, if the allegations are confirmed, “appropriate and applicable” measures will be taken. Read Mapfre’s full response in the final appendix to this report.

Willemann, in turn, signed a contract with Japanese company Sompo to insure 133 hectares of wheat plantations between 16 May and 23 October 2020. According to information from the Ministry of Agriculture’s database, the insurance policy – whose geographic coordinates also overlap with the Ivaí IL – was claimed and Willemann received USD 3,900 (BRL 19,000) as compensation. The company, however, did not say whether it visited the area when it paid the insurance premium.

According to lawyer Alikan Zanotti, who defended 14 producers sued in 2013 – including Marcelino and Willemann – the plantations in the indigenous territory were the result of a partnership between the City of Manoel Ribas and local farmers to teach the indigenous residents of the IL to produce grain in the territory. “An agreement was made – this was recorded in the minutes – and from that moment on, producers began to farm grain together



Indigenous person in Mato Grosso do Sul: traditional territories must be protected even when demarcation is not finished

with the indigenous people,” Zanotti explains. “For a reason we don’t know, it seems that some FUNAI representative was not happy and this was reported it to the Federal Police.” Rural producers were prosecuted for usurping the territory.

When contacted, Jeverson Willemann admitted he had planted on indigenous land in the past but said he no longer produces in that area, even though the geographic coordinates of the agricultural insurance taken out from Sompo are within the limits of the IL. “I don’t have my own land, but I sign contracts with other people and I plant on their land. It’s close but not within [the limits of the Ivaí IL].”

Insurance company Sompo did not comment on the specific case nor did it explain why the geographic coordinates of the policy fall within the indigenous territory. The information, released by the Ministry of Agriculture, is based on data provided to the agency by Sompo itself. Despite that, the company reported that it refuses any request to insure plantations identified as overlapping with indigenous areas.

In response to **Repórter Brasil**, FUNAI once again confirmed that planting wheat in an officially approved indigenous area is illegal if it includes non-indigenous people. **Repórter Brasil** could not speak to Márcio Marcelino.

## 2 \_ TERRA INDÍGENA GUYRAROKÁ

Between May 2020 and May 2023, the couple Bernardino Franco and Luiza das Dores Guinami Franco, owners of the Santa Cecilia Farm in Caarapó, Mato Grosso do Sul, signed six insurance contracts with Brasilseg – four of which covered 493-hectares of soy plantations while the remaining two covered 357 hectares of second-crop corn.

Bernardino Franco also signed a contract with Canadian insurance company Fairfax, effective between October 2020 and April 2021 and covering 58 hectares of soy plantations in the same property.

The geographic coordinates of six of those insurance contracts fall within the Guyraroká

Indigenous Land, a territory already recognized as native peoples' area in Mato Grosso do Sul. There is also a seventh contract between BrasilSeg and Luiza Franco, signed in 2023 and covering an area in the same municipality as the others, but MAPA has not yet released the geographic coordinates of the new insured area.<sup>30</sup>

The Guyraroká IL was delimited by Funai in 2004<sup>31</sup> and its status as traditional indigenous occupation land was declared by the Ministry of Justice in 2009. Its demarcation, however, was annulled by the Second Panel of the Federal Supreme Court (STF) in 2014<sup>32</sup> after an appeal filed by a local farmer. The ruling was reversed in 2018, but there is still no final decision on the official approval of that Indigenous Land – a step that guarantees ownership of the territory by indigenous people.

The annulment of the demarcation ended up benefiting all the farmers working in the area, although, according to lawyer Rafael Modesto – a legal advisor to the Indigenous Missionary Council (CIMI) – the court decision allowing people to remain in the area should only apply to the farmer who filed the appeal. According to him, the others – including Bernardino and Luiza Franco – should vacate the area. “Whoever goes to court only speaks for themselves, so other farmers occupying the area declared as traditional indigenous occupation could not take advantage of the decision. In any case, this was not clear in that trial,” he adds.

**Repórter Brasil** tried to contact Bernardino and Luiza Franco but received an email signed by someone who identified himself as the couple's son Douglas, informing that Bernardino Franco is deceased and Luzia Franco “is an elderly

person who does not participate actively in the business.” He said that the family has no interest in commenting on the matter.

## INSURANCE FOR PRODUCERS INCLUDED ON THE 'DIRTY LIST' OF SLAVE LABOUR

The investigation also found cases of farmers who benefited from agricultural insurance provided by Porto Seguro, Essor and Brasilseg while appearing on the 'dirty list' of slave labour regularly published by the Federal Government. The list includes employers charged with benefiting from modern slavery.

**The 'dirty list' does not impose exclusion from commercial or financial transactions, but it has been used by Brazilian and foreign companies for risk management. Public banks in Brazil are prohibited from providing funds to employers listed on the register. This made the instrument a global example in the fight against slave labour, recognized by the UN.**

In 2013, InPacto was created in Brazil as a non-profit organization that monitors compliance with commitments in the National Pact for the Eradication of Slave Labour and brings private companies to this agenda. Insurance companies Porto Seguro, Essor and Brasilseg, found doing business with farmers included on the 'dirty list,' are not associated with InPacto.<sup>33</sup> However, one of Porto Seguro's shareholders is the Itaú-Unibanco

group,<sup>34</sup> which is associated with the initiative. The bank declined to comment.

## 1 \_ FERRADURA FARM

In 2018, producers Valdir da Silva Rezende and Osnivaldo Carriel Cordeiro were sanctioned for subjecting 36 and 16 workers, respectively, to modern slavery at the Ferradura Farm in Patrocínio, Minas Gerais. The producers leased the area in January 2018 and the slave labour case took place on 27 September of the same year.

They grew 180,000 tomato plants – 90,000 each. The workers rescued used to prepare the land, applying pesticides without proper protective equipment, and were responsible for harvesting, selecting and boxing the tomatoes. Working days began at 5:30 am, when the group took a bus from their lodgings to the Ferradura Farm, and ended after 8 pm, when they finished loading tomato boxes onto the trucks.

There was no paid weekly rest. Most workers who harvested for the two producers worked seven days a week, according to the auditors who carried out labour inspections on the property.

The two producers were included on the ‘dirty list’ of slave labour in April 2019 and remained on it until April 2021. During that period, both of them signed contracts with Porto Seguro. The areas insured, however, were located on other properties owned by them in five municipalities in Minas Gerais and São Paulo.

Osnivaldo Cordeiro signed six contracts with Porto Seguro after his inclusion on the ‘dirty list.’ The insurance policies were effective between May 2019 and January 2022.

Valdir Rezende, in turn, signed three contracts with Porto Seguro while he was on the modern slavery list.

Policy to combat slave labour in Brazil includes publication of a list of employers convicted for it – the so-called ‘dirty list’



Some of these policies were taken out by the producers' companies, which could make it difficult to consult the "dirty list," which identifies offenders by name and personal identification number. But in the case of Cordeiro and Rezende, the companies were registered under their own names: Osnivaldo Carriel Cordeiro and Valdir da Silva Rezende.

The Porto Seguro Group's Social and Environmental Responsibility Policy states that the company's relations must guarantee "decent work for men and women in line with non-discrimination, fair pay and safety, and the fight against child and slave labour." Its references include the 'dirty list'.<sup>75</sup>

When contacted, Valdir da Silva Rezende said he was an old customer of Porto Seguro. "I have insurance for my truck, my car, everything," he explains. According to him, before signing the contract' the company's agent questioned him about his name being on the list of employers who use slave labour. "[Porto Seguro's agent] knew how we worked at the time. We managed to prove that [the slave labour case] was a setup," he said. Read the full responses at the end of this document.

However, even after the producer's defences were presented in the administrative procedure, the Ministry of Labour confirmed the slave labour charge and included his name on the 'dirty list.' InPacto executive director Marina Ferro warns that the insurance company must be more effective in its verification, imposing corrective measures against the employer. "They need to review the contract or guarantee that the employer will treat workers correctly," she argues.

Porto Seguro did not respond to **Repórter Brasil's** specific questions about this case but stated

that it stressed "the importance of constantly improving its internal controls, making sure that specific cases are resolved in the most appropriate way." Read the company's full statement at the end of this document.

Osnivaldo Cordeiro said he was "not interested" in sending his explanations to **Repórter Brasil**.

## 2 \_ ÁGUA BUENA FARM

Paulo Borges Duarte entered the 'dirty list' of slave labour in April 2023. A year earlier, Inspectors found 17 people harvesting apples in conditions of modern slavery on his property, the Água Buena Farm in São Joaquim, Santa Catarina state.

The group had been deceitfully recruited in municipalities of Maranhão by a 'cat' - as intermediaries who illegally hire labour are known. The accommodation consisted of two houses for 49 workers hired by Borges Duarte and two other employers. "The houses were built for families, and they could accommodate a maximum of 1/3 of the total number of people who were living there," labour inspectors say in their report obtained by **Repórter Brasil**. Due to lack of space, even the garage was used as a makeshift bedroom.

During this period, Duarte signed two contracts with Essor, part of French group Scor. According to data released by the Ministry of Agriculture, the first contract was effective between 14 July 2021 and 31 May 2022 and the second one was valid between 18 July 2022 and 10 June 2023 - when Duarte was already on the 'dirty list.'

In its 2022 sustainability report, Scor states that slave labour is not tolerated in any company with

which the group does business.<sup>36</sup> In a statement published in May 2023, Scor stated that “the risk of slavery and human trafficking in [their] business and in [their] customers’ business flow is low.”

In response to the case presented by **Repórter Brasil**, Essor stated that “it has mechanisms to verify the inclusion of customers on the ‘Dirty List’ and is constantly improving ‘ESG’ practices in its operations.” (Read the company’s full statement at the end of this document). However, the company did not explain whether or how the mechanism was implemented in that specific case.

**Repórter Brasil** was not able to locate producer Paulo Borges Duarte.

### 3 \_ OLHOS D’ÁGUA FARM

Producer Fernando Antônio de Oliveira entered the ‘dirty list’ of slave labour in April 2023. On July 12, 2022, 15 workers were rescued from conditions analogous to slavery when harvesting coffee on his property, the Olhos D’Água Farm in Perdizes, Minas Gerais.

The group used to work without contracts. There were no bathrooms, dining facilities or access to drinking water on the property. The workers had to buy their own protective equipment such as boots and gloves, even though Brazilian legislation determines that employers must provide them free of charge.

One month before the facts, on June 14, 2022, Oliveira signed an insurance policy with Brasilseg, which remained effective until June 14 of the following year according to the Ministry of Agriculture – that is, even after his name was



Degrading labour is an exclusion criterion adopted by insurance companies, according to their corporate policies.

included on the 'dirty list.' Two other contracts signed in 2021 remained effective until 11 June and 10 September 2022. All insurance policies were taken out on coffee plantations in Perdizes, on the farm where the slave labour case occurred, as confirmed by Oliveira to **Repórter Brasil**.

In 2023, when Oliveira's name was still on the 'dirty list,' Brasilseg provided him with new insurance in the municipality. The term of that contract was not disclosed by the Federal Government.

Fernando Antônio Oliveira explained that Banco do Brasil granted him a loan to be invested in the Olhos D'Água Farm, while he also took out agricultural insurance for the property. After his inclusion on the list, only new loans from that banking institution were banned. "Banco do Brasil denied me loans because of this. They were informed that I could no longer do this type of transaction. But the insurance company did not. I haven't received

any calls so far." Read the producer's full response at the end of this document.

Brasilseg's sustainability policy states that the company has a remote sensing system that allows it to refuse or adjust contracts if they do not comply with its socio-environmental principles. The company also claims that the data used in the analysis includes the 'Slave Labour Conference'<sup>37</sup> but did not comment on the specific case – read the insurance companies' full statement at the end of this report.

Mapfre, a minority shareholder in Brasilseg,<sup>38</sup> was also contacted to comment on the case and reported having started an internal investigation into the matter. The company has a code of conduct for suppliers and business partners that establishes the duty of "not using any form of child, forced or slave labour or subcontracting third parties that adopt such practices."<sup>39</sup>

Coffee farm worker in Minas Gerais: in 2022, the sector ranked fifth in number reports of labour exploitation in Brazil





# AN AGENDA FOR THE INSURANCE SECTOR

In September 2023, the Sustainable Inclusive Solutions Association (SIS) released its Ranking on Socio-Environmental Performance of Financial Institutions (RASA) for insurance companies.<sup>42</sup> It assessed the 13 largest companies operating in Brazil that provide coverage against risks to business assets and activities, such as rural insurance and life and personal accident insurance. In a 0-100 scale, all insurance companies assessed scored below 14. Among the companies investigated by **Repórter Brasil**, Spain's Mapfre had the highest score with 12.4.<sup>43</sup>

"While most companies offer agricultural insurance, they do not consult any database involving the risk of deforestation or overlapping with indigenous lands. I'd say that they simply haven't even started working on this agenda yet," says SIS executive director Luciane Moessa, who did postdoctoral studies in Economic and Financial Law at the University of São Paulo (USP).

The adoption of more rigorous criteria would not pose a threat to insurance businesses in the country, argues Priscila Souza from Climate Policy Initiative, which assesses public policies in the context of climate change. Even when the insurance business hits record levels in Brazil, there is room for growth. Soy has the largest coverage, but 1,000 of the 2,300 municipalities with soy plantations have no known insurance policies, she notes.

"A small portion of properties in Brazil have areas under embargo. There is enormous room for expanding insurance and other risk management instruments while restricting access for producers involved with environmental issues," she adds.

Requiring high standards of socio-environmental commitment would even help companies, says InPacto executive director Marina Ferro. "The 'dirty list' is an instrument for active transparency, and



I'm very surprised that it's not used as a criterion by all insurance companies. Not considering this as a risk seems like an inherent contradiction in the business of an insurance company," she adds.

The insurance industry's lack of such criteria is a contradiction because they are part of the financial sector, which has expanded socio-environmental requirements, for example, when granting rural loans in Brazil.

"While bans provided for on the Rural Credit Manual currently apply only to rural credit operations – and not to insurance policies – it is important to keep in mind that contracts including these topics increase risks for these producers, who may suffer several sanctions," says Priscila Souza, a researcher at the Climate Policy Initiative. "Therefore, it's in the insurer's own interest to select producers that comply with social and environmental standards."

One hypothesis for this insufficient monitoring of socio-environmental irregularities among agricultural insurance clients is the low level of requirements from the agencies that regulate the industry.

This problem will not be solved even when SUSEP Circular Letter 666<sup>44</sup> comes fully into force in 2024, since the regulatory framework does not include socio-environmental violations as exclusion criteria for providing insurance services. The rule should ban the operation in case of violations, but it doesn't. "Generic standards like this don't have the necessary impact," add Moessa, from SIS Association.

Moessa points out that detailing which databases should be consulted by insurance companies

would be more effective, especially in a market where multinationals hold a large share. "Foreign companies clearly have more trouble finding relevant databases and do not adapt their diligence to Brazil's reality," she points out.

For Priscila Souza, who is also an assistant professor of Public Management at Columbia University in New York, the Rural Insurance Premium Subsidy Programme (PSR) is a public policy and therefore must also make sure that producers benefiting from government subsidies comply with environmental legislation. "It's essential that government incentives via subsidies are directed towards sustainable agriculture, benefiting producers with low carbon emission and zero deforestation practices," she says. Souza adds that benefits should also be restricted for employers caught with workers in modern slavery conditions.

To **Repórter Brasil**, the Ministry of Agriculture and Livestock reported that it is testing a system to monitor policies that include the PSR subsidy and should be in place in 2024. Satellite images and public lists of environmental embargoes from IBAMA and ICMBio (the Chico Mendes Institute for Conservation of Biodiversity), the map of Conservation Units and Indigenous Lands, in addition to the 'dirty list' of slave labour, are some of the databases that will be included on this platform.

Currently, sampling-based inspections are already conducted on producers benefiting from the programme to check whether the subsidized insurance was actually used for the crop registered in the policy and whether the crop was actually planted.<sup>45</sup> However, on-site conformity assessment does not include aspects of environmental and labour legislation.

There are also gaps in transparency regarding data on producers who received state subsidies for agricultural insurance. Currently, the PSR does not provide information on the polygon, that is, on the total area insured, only the geographic coordinates for a point on the map. This makes it difficult for civil society to monitor public policy management and whether producers facing socio-environmental non-conformities are being benefited – the subject of this investigation.

## INTERNATIONAL LEGISLATION

**DUE DILIGENCE** is the process of identifying, preventing, mitigating and responding to damages to human rights and environmental violations that a company has caused or contributed to

In June 2023, the European Parliament approved the Corporate Sustainability Due Diligence Directive (CSDDD), which requires companies based in the bloc to check the socio-environmental impacts of their operations and prevent violations throughout their supply chains.<sup>46</sup> In the current stage, the European Council, the European Commission and the European Parliament are negotiating the final version of the directive. Only then will the standard come into force and be included in national legislation of member countries within about two years.


However, the new law's provisions on the duties of financial institutions such as insurance

companies are yet to be defined. "The duties of financial institutions will be somehow limited in the final version of the CSDDD. We can't say exactly what the limits will be at this stage, as this is still being negotiated," explains Sian Lea, Business and Human Rights manager at British organization Anti-Slavery International. "The likely outcome is that if the financial institution is large enough and has operations in the EU, it will have some due diligence duties in terms of human rights and the environment."

Meanwhile, some legislation of this kind already passed at national level faces some limitations for enforcement in the insurance industry.

France – the home country of the Scor group, mentioned in this report – is a pioneer in this type of regulation and has had a Due Diligence Law since 2017.<sup>47</sup> According to the standard, national or foreign companies with more than 5,000 employees in the country must implement an annual surveillance plan to monitor damage in the areas of human rights, the environment, health and safety at work. The instrument covers the operations of the company itself, its subsidiaries and direct and indirect suppliers – including those outside the country. But the Scor group claims to have "only" 3,950 employees<sup>48</sup> worldwide – which would exclude it from the scope of the law.

In 2023, similar legislation came into force in Germany – the home country of Allianz, another company mentioned in the investigation. Businesses with more than 3,000 employees in that country must monitor not only human rights violations but also environmental impacts in their supply chains. That monitoring must include the direct operations of companies covered



by the law, including their subsidiaries outside Germany, as well as their direct and indirect suppliers. But the regulation does not mention obligations related to customers – as is the case, for example, of rural producers benefiting from agricultural insurance.

“We need strong laws that put people and the planet before profit around the world,” adds Sian Lea. ■

**Requiring high standards of socio-environmental commitment can help insurance companies reduce the risks associated with their business**

# APPENDIX

---

**What companies  
and producers say**

## **FAIRFAX**

Thank you for contacting us. Due to the General Data Protection Law (Law 13709/18), Fairfax Brasil Seguros Corporativos S/A cannot speak about situations involving its client's personal data. Note that the subscription process considers socio-environmental issues, compliance with current legislation, the Code of Ethics and Conduct as well as best business practices.

Fábio Damasceno (head of agribusiness)

## **PORTO SEGURO**

The company stresses that it fulfils its legal duties and is constantly improving its internal controls, making sure that specific episodes are resolved in the most appropriate way in order to be increasingly in line with its ethical and socio-environmental values.

## **ESSOR**

In response to your email dated 20 September 2023 and sent to the Eссор Service Centre "Contact Us," whose title is *Insurance for producers on the 'dirty' labour list*, Eссор reaffirms that it does not support or tolerate any form of human abuse, including modern slavery, in line with the Code of Conduct published on its website. The company has tools to check the inclusion of clients on the 'dirty list' and is constantly improving 'ESG' practices in its operation.

## **ALLIANZ**

Allianz Seguros makes continuous improvements in its agricultural insurance risk underwriting process, such as including polygons as a requirement for providing insurance services instead of considering only latitude and longitude points, thus incorporating relevant ESG parameters to carry out more accurate analyses when accepting risk. Following these criteria, polygons of agricultural areas are checked against databases of multidisciplinary environmental preservation and human rights agencies. As a result of these actions, we can say that, in 2023, 18% of insurance applications declined by Allianz were attributed to signs and evidence that the areas were not in compliance with ESG principles.

## **BRAZILSEG**

In response to questions by **Repórter Brasil**, Brasilseg states that, as a signatory to the Global Compact, it rejects and will not accept any initiatives that include human rights violations or environmental crimes. The company operates in strict compliance with Brazilian insurance legislation and the standards defined by the Superintendency of Private Insurance, the agency that regulates the industry in the country, in

addition to having a Sustainability Policy and an Integrity Programme that seeks to maintain the credibility evidenced by its ethical stances and responsible, honest and sustainable practices when conducting its business, as well as reinforcing its commitment to maintaining and developing high standards of integrity, ethics and transparency, working to mitigate risks that could lead to violations of those principles.

Brazilseg adopts leading risk underwriting procedures and resources to incorporate parameters that support decision-making for not accepting agricultural insurance contracts from applicants with such a history or profile. The company has monitoring and risk analysis procedures that include cutting-edge technology and field experts, being a pioneer in the market. It also informs competent authorities when it finds potential irregularities or deviations by policyholders during risk underwriting activities and even during the policies' terms. The sustainability page contains examples of the practical application of our social, environmental and climate diligence.<sup>49</sup>

## **MAPFRE**

As a voluntary signatory of important initiatives such as the UN Global Compact and the 2030 Agenda, MAPFRE has a Corporate Sustainability Policy that considers the integration of ESG aspects into strategy and business based on a process of planning and continuous improvement. It constantly reviews its policy to make sure that it reflects its full commitment to sustainability and respect for human rights. The company is aware of the cases mentioned in the report, which are under internal investigation, and it will take appropriate and applicable measures if the allegations are confirmed.

## **SOMPO**

- Agricultural insurance contracts are exclusively intended to insure areas owned or under the responsibility of policyholders against adverse events (drought, hail, frost, among others);
- The Company also has internal risk management procedures and adopts corporate ESG (Environmental, Social and Governance) criteria in its activities. Therefore, socio-environmental validation practices are in force whereby the insurer declines any insurance application for plantations that, at the time of assessment, are found to overlap with indigenous or embargoed areas;
- Sompo Seguros strictly complies with current legislation and regulations. It is committed to guaranteeing the best market practices by continuously improving its products and risk underwriting procedures in order to fulfil its social purpose.

Sompo Seguros reaffirms its policy of transparency and respect for clients, society and the standards set by SUSEP – the Superintendency of Private Insurance, the agency that regulates the insurance industry.

## TOKYO MARINE

Repórter Brasil: Does Tokio Marine have any comments on the information indicating that insurance contracts were signed with producers André Pimentel, Eduardo Zorzi and Gentil Bavaresco, whose farms overlap with areas that have been deforested and embargoed by environmental authorities?

Answer: First, we would like to point out that the aforementioned insurance contracts are no longer effective and that we did not detect that these producers had any areas deforested and/or embargoed by environmental authorities when they were negotiated. Without exempting us from responsibility, it is important to emphasize that this process of validating [the contracts] is quite complex, especially at state and municipal levels. It includes multiple databases in 26 states, the Federal District and thousands of cities with their own information on embargoed areas, conservation units and other protected areas, often without defined standards or with data that are difficult to integrate.

Tokio Marine is committed to ongoing improvement of its systemic procedures in order to automate and expand information verification at state and municipal level when providing rural insurance.

Repórter Brasil: What were the exact polygons of the plantation areas of the aforementioned producers insured by Tokio Marine between 2020 and 2022? Do insured areas overlap with embargoed areas?

Answer: For contractual reasons, we cannot provide information about plantation areas covered by insurance. As for the second point, the answer is yes, but we confirm that we were not aware of that when the aforementioned insurances were taken out and that they are no longer effective.

Repórter Brasil: How does Tokio Marine conduct sustainability risk analysis before agricultural insurance contracts are signed and while they are effective? Does the company have specific guidelines for monitoring environmental compliance in agricultural insurance contracts signed in Brazil?

Answer: Tokio Marine's quotation system is parameterized to validate information about CPF/CNPJ [Brazil's individual and corporate taxpayers' registration numbers, respectively] that appears in the register of employers who have subjected workers to modern slavery and whether the polygons of the areas to be insured, as declared by applicants, are located within indigenous areas and environmental conservation units. These validation procedures rely on public databases of the Ministry of Labour and IBGE, for example.

- After this first analysis, the insurance application is checked on the Earth Daily Agro/Geosys platform. We send the data via API and the area's information is compared with public databases to check whether it is located in:
- Full Protection Conservation Units (National Parks, State Parks, Ecological Stations, Biological Reserves, Natural Monuments, and Wildlife Refuges);
- Officially approved Indigenous Lands;
- Areas embargoed by IBAMA, ICMBio and Mato Grosso's and Pará's State Environmental Departments (SEMA);

- The Rural Environmental Register (CAR), where we do consultative analysis.

Repórter Brasil: What is the procedure for clients looking for insurance on farms overlapping with embargoed areas, even if the embargoes have not been issued to the clients themselves?

Answer: Tokio Marine currently conducts automatic socio-environmental validations in all areas quoted for agricultural insurance, thus avoiding issuing policies for producers involved in socio-environmental illegalities.

For these validation procedures, our approach involves analysis of geospatial data, that is, we compare the polygons of areas being considered for insurance with public databases of legal and environmental restrictions. We consult several databases, such as lists of IBAMA and ICMBio embargoes, federal Full Protection Conservation Units, Rural Environmental Registrations, Indigenous Lands, in addition to embargoes issued by the Environment Departments of Mato Grosso and Pará.

If the land in question overlaps with these restricted areas, Tokio Marine refuses to provide insurance services. We also maintain a restrictive list that includes CPFs and CNPJs related to employers who subjected workers to modern slavery and child labour, based on government lists. However, we understand and stress that no process is infallible, and errors might occur that lead to improper validation of insurance policies but without intent or bad faith on the part of the company. In these cases, we act promptly to identify and correct any improper insurance after the policy is issued or deny payment of related claims.

Repórter Brasil: Before Repórter Brasil's contact, has the company learned about these or other producers with insurance policies on farms overlapping with embargoed areas while their contract with Tokio Marine was effective?

Answer: Yes, we act promptly to identify and correct any inappropriate contracts and if irregularities are still found after the policy is issued, we cancel the contract or deny payment of related claims.

If so, what measure was adopted? Have contracts been cancelled?

Answer: Yes. As described above, when we find producers with insurance policies on farms overlapping with embargoed areas during the term of the contract, we cancel the contracts or deny payment of related claims.

Repórter Brasil: In light of what happened, does Tokio Marine intend to adopt new policies or actions for granting agricultural insurance to companies or individuals with farms overlapping with embargoed areas before or during the insurance period?

Answer: We are working on these systemic improvements in order to automate and expand the verification of information at state and municipal levels. There are specific cases, such as the embargoes presented by **Repórter Brasil** and highlighted by the Mato Grosso Department of Environment and Natural Resources (SEMA). These are cases from years ago when automatic validation was more difficult. They have been recently included in our validations.

We recognize the need for improvements in validation procedures, especially at state and municipal



levels, due to the complexity involved in dealing with multiple databases in 26 states, the Federal District and thousands of municipalities, each with their own databases of embargoed areas, conservation units and other protected areas, often without defined standards or using data that are difficult to integrate.

## **Ministry of Agriculture and Livestock (MAPA)**

Repórter Brasil: Before authorizing the contracts, does MAPA consult the dirty list of slave labour, embargo lists from IBAMA and state environmental departments, and lists of farms overlapping with indigenous lands, as well as satellite images or other methods to analyse the legality of activities on farms that apply for insurance?

The monitoring system for policies subsidized under the Rural Insurance Premium Subsidy Programme (PSR) is at its testing stage. MAPA's expectation is that the system will be completed and available in 2024.

The project consists of developing a platform for socio-environmental cross-referencing and monitoring information from areas covered by insurance under the PSR.

In addition, the platform will also feature integration of geospatial databases from the agricultural sector through modelling methods and data science tools. Dynamic panels will be generated to enable viewing together with other information sources (Business Intelligence), such as:

- Satellite images of variable resolution;
- Non-spatial data complementing the understanding of the industry's supply chains from multiple sources (e.g. IBGE, CONAB, etc.); and
- Information generated by complex spatial models and scenario simulation, considering physical, socioeconomic and environmental variables, on topics relevant to the agricultural sector.

Regarding the socio-environmental intersection, the following databases will be checked:

Slave Labour (MTP)

IBAMA embargoes (IBAMA)

ICMBio embargoes (IMCBio)

Indigenous lands (FUNAI)

Federal Conservation Units (MMA)

Archaeological Heritage (IPHAN)

Repórter Brasil: Does MAPA use due diligence methods to assess sensitive cases from a socio-environmental point of view before granting insurance subsidies? If so, has this been done in any of the cases above?

The system will enable validation of the areas covered by policies subsidized under the PSR, based on the aforementioned socio-environmental criteria. It is at its testing stage and it is expected to be implemented next year. Therefore, MAPA is not aware of the cases reported.

Repórter Brasil: Deforestation of native vegetation in Brazil to make way for agriculture is the country's main contribution to greenhouse gas emissions. Climate change, in turn, causes extreme events that may cause agricultural losses, increasing the risk of losses in crops and pastures. Does MAPA observe any concrete impact of climate change on policies towards rural insurance subsidies? Has the number of subsidy applications or premium claims increased for reasons related to climate events?

In the last three harvest seasons, adverse weather events were more severe and more frequent in Brazil, especially in the South. Many crops suffered direct impacts, especially soy and corn, which were affected by prolonged droughts. According to data from the Superintendence of Private Insurance (SUSEP), the agency responsible for controlling and supervising insurance markets, between 2020 and 2022 alone, insurance companies paid approximately R\$ 20 billion as compensation to rural producers. Due to these recent events, producers' interest in taking out rural insurance to protect their crops has increased.

Repórter Brasil: Would MAPA comment on any (or all) of the specific cases listed above?

MAPA has no official knowledge of the reported cases.

### **Valdir da Silva Rezende (by phone)**

Things did not happen as described. Thank the good Lord I was cleared. They did terrorism to me at the time. I know there were some coffee workers at the farm, and five, six people who used to work on coffee were helping to harvest tomatoes, which were ripening. Out of the blue, I was reported by an employee who came from the Northeast, I think he already came with bad intentions. He worked for two or three days and then started not showing up for work. He used to drink and take antidepressants. The supervisor eventually went to his home, the lad got angry, they exchanged some insults, but a complaint was made based on that lad.

The Labour inspectors came aggressively, blaming us, calling us all kinds of names, saying we were criminals, things we are not. We always paid correctly, everyone worked correctly at the time, but until you prove it, it destroys your life. I never went back there. If I can pass by [on the road] at 180 [km/hour], I will. I didn't do anything else [in the area leased in Patrocínio].

I've never had any problem with Porto Seguro. I've been their client for many years, for truck insurance, car insurance, everything. He [Porto Seguro's broker] knew how we worked at the time, because he looks at properties, he measures the area, he does everything. When it was done, everything was 100%, there was nothing irregular. We proved that it was a setup because that guy came with bad intentions. There are a lot of good people but a few of them are there just to make trouble.

[The fact that my name appears on the 'dirty list'] ruined my life. I had agricultural loans from banks to pay within a year, based on the government's low rate. When I was charged, I had 30 days to pay off all the money I took from the bank. My bank accounts were blocked; I had no access to financing. Since my name appeared on the 'dirty list' of slave labour, I could no longer sell at the markets I used to; I ended up losing everything. I'm still suffering the consequences.

### **Osnivaldo Carriel Cordeiro**

We are grateful for the information in your email. However, we are not interested in being involved in the article at the moment.

### **Fernando Antônio de Oliveira (by phone)**

Is [the Olhos D'Água Farm] insured? When we take out an agricultural bank loan, something like that, they also take out insurance from Banco do Brasil.

[Did they contact you to question your inclusion on the 'dirty list'?] No, nothing so far. I don't know anything. Banco do Brasil denied me a loan, agricultural financing, because of that. They were notified that I could no longer do this type of transaction. But I got nothing from the insurance company.

I'm a rural producer who's never had problem with anything, with Justice, nothing, and then this happens to me. I outsourced [the coffee harvest]. The person hires employees, he has his own bus, he provides accommodation for people and signs contracts with them.

As an employee of the local cooperative, I've been working here for many years, I didn't have time to monitor the work. I was scared when I arrived at the farm and my wife told me that there were people from the Ministry of Labour there who want to talk to me.

I even said that she could rest assured that I had a contract with the intermediary, but they didn't even want to know anything; they charged me immediately, they said that I was guilty. Now I've paid the fines, I've settled everything. After that I stopped; I didn't hire anyone else. Only my employees are there.

### **Bernardino and Luiza Franco**

Bernardino Franco is deceased, and his wife Luzia G. Franco is an elderly person who does not participate actively in the business. As their son in charge of the family business, I have no interest in commenting on this matter. Furthermore, we do not authorize public exposure or anything that mentions the names of our parents or our property.

### **Jeverson Dulcídio Willemann (by phone)**

I no longer work [at Ivaí Indigenous Land]. I did at the time, but it wasn't a lease. We provided services to the indigenous people there in 2011, 2012. [Repórter Brasil: Did you resume planting wheat in the Indigenous Land?] No, I didn't. I live close to the village. I have insurance here, and the harvest season is over now. It's close, but it doesn't enter [the limits of the Indigenous Land].

[Repórter Brasil: Our data show the geographic coordinates of the area covered by insurance. These coordinates are within the limits of the Indigenous Land. In 2020, did Sompo ask you if your production area was part of the Indigenous Land?] No, they didn't ask me anything.

I've lived here for 40 years, in the same place. I don't have my own land, but I sign contracts with other people and I plant on their land. I plant in Mr. Valter's area. He owns 20 bushels, and another area that belongs to my father and my godfather, which together will be about a hundred or so hectares. [Repórter Brasil: Do these people live in the Indigenous Land or outside?] Outside. Márcio Marcelino is my co-brother-in-law, but it's a different area, we don't produce together.

**Repórter Brasil** could not locate producers Paulo Borges and Diolinda Pante. Eduardo Zorzi and Giancarlos Bavaresco did not respond to attempts to contact them on their companies' phone numbers and email addresses. Producers André Pimentel and Márcio Marcelino did not respond to contacts on their personal phones and messaging apps until this report was finished.

# NOTES

- 1 Available at <https://www.cepea.esalq.usp.br/br/pib-do-agronegocio-brasileiro.aspx>
- 2 The conversion of values between Brazilian reais and US dollars was made according to the exchange rate on 12//29/2023, the last working day of the year, as indicated on the website of the Central Bank of Brazil: <https://www.bcb.gov.br/conversao>
- 3 Available at: <https://www.sna.agr.br/triplica-a-demanda-por-seguro-agricola-no-brasil/>
- 4 OUTRO LADO MAPA: <https://www.nature.com/articles/s41598-023-32722-1>
- 5 Available at <https://www.nature.com/articles/s41598-023-32722-1>. Assessed 16 November 2023
- 6 Available at: <https://www.climatepolicyinitiative.org/pt-br/press-release/seguro-rural-nao-acompanha-as-perdas-crescentes-da-agropecuaria-brasileira-diz-estudo/>
- 7 Available at: <https://valor.globo.com/financas/noticia/2023/09/15/setor-de-seguros-na-al-e-o-que-mais-cresce-no-mundo-diz-mckinsey.ghtml>
- 8 Available at: <https://www.gov.br/agricultura/pt-br/assuntos/riscos-seguro/seguro-rural>
- 9 Available at: <https://dados.agricultura.gov.br/dataset/sisser3>
- 10 Available at <https://reporterbrasil.org.br/2023/11/seguro-rural-lavouras-irregulares/>
- 11 Available at: <https://www.gov.br/agricultura/pt-br/assuntos/riscos-seguro/seguro-rural/dados/relatorios/RelatorioGeralPSR2022.pdf>
- 12 Ibid.
- 13 Available at: <https://www.bbseguros.com.br/seguros/quem-somos/sobre-a-brasilseg>
- 14 Available at: [https://assets-bbsegurosportal.bbseguros.com.br/2023-05/relatorio\\_sustentabilidade2022\\_15\\_05\\_23\\_v2\\_0.pdf](https://assets-bbsegurosportal.bbseguros.com.br/2023-05/relatorio_sustentabilidade2022_15_05_23_v2_0.pdf)
- 15 Para a soja, o percentual máximo é de 20%. Disponível em: <https://www.gov.br/agricultura/pt-br/assuntos/riscos-seguro/seguro-rural/limites-percentuais-de-subvencao3>
- 16 Available at: <https://www.gov.br/agricultura/pt-br/assuntos/riscos-seguro/seguro-rural/dados/relatorios/RelatorioGeralPSR2022.pdf>
- 17 Available at: <https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20CMN&numero=5081> / <https://reporterbrasil.org.br/2023/07/banco-central-proibe-emprestimos-para-fazendas-com-embargo-no-cerrado/>
- 18 Available at: <https://www.gov.br/susep/pt-br>
- 19 Available at: <https://www.gov.br/susep/pt-br/central-de-conteudos/noticias/2022/novembro/Circular666.pdf>
- 20 See examples at <https://www1.folha.uol.com.br/ambiente/2021/08/crise-do-clima-gera-prejuizo-no-campo-com-morte-de-animais-e-perda-de-safras.shtml> / <https://g1.globo.com/economia/agronegocios/noticia/2023/03/10/impactos-da-crise-climatica-no-campo-podem-deixar-brasileiro-com-menos-feijao-no-prato-diz-pesquisa.ghtml> / <https://www.agtechgarage.news/clima-e-agricultura-desafios-para-a-producao-de-alimentos->
- 21 Available at: <https://www.oc.eco.br/brasil-teve-decada-perdida-no-combate-a-emissoes/>
- 22 <https://www.gov.br/mma/pt-br/assuntos/noticias/mma-divulga-prodes-cerrado-e-plano-para-o-bioma>
- 23 Available at [https://www.planalto.gov.br/ccivil\\_03/\\_ato2007-2010/2008/decreto/d6514.htm](https://www.planalto.gov.br/ccivil_03/_ato2007-2010/2008/decreto/d6514.htm)
- 24 Available at: <https://www.instagram.com/grupobavaresco/>
- 25 Available at: <https://glad.umd.edu/projects/commodity-crop-mapping-and-monitoring-south-america>
- 26 Available at: <https://brasil.mapbiomas.org/>
- 27 Available at: <https://saladacidania.incra.gov.br/Beneficiario/ConsultaPublica>
- 28 Available at: [https://www.planalto.gov.br/ccivil\\_03/\\_ato2007-2010/2008/decreto/D6514.htm](https://www.planalto.gov.br/ccivil_03/_ato2007-2010/2008/decreto/D6514.htm) and <https://oeco.org.br/dicionario-ambiental/27742-o-que-sao-areas-embargadas/>
- 29 Available at: <https://terrasindigenas.org.br/pt-br/terras-indigenas/3698>
- 30 Available at: [https://www.gov.br/agricultura/pt-br/assuntos/riscos-seguro/seguro-rural/produtores-beneficiados/mato\\_grosso\\_do\\_sul\\_beneficiarios\\_2023.xlsx/view](https://www.gov.br/agricultura/pt-br/assuntos/riscos-seguro/seguro-rural/produtores-beneficiados/mato_grosso_do_sul_beneficiarios_2023.xlsx/view)
- 31 Available at: <https://www.camara.leg.br/internet/comissoes/comissoes-especiais/CPI/ANEXOS/MATO%20GROSSO%20DO%20SUL/DOCUMENTO%20n%C2%B025.pdf>
- 32 Available at: <https://deolhonosruralistas.com.br/2021/04/08/stf-recua-e-suspende-decisao-que-inviabilizava-demarcacao-de-terra-indigena-no-ms/>
- 33 Available at: <https://inpacto.org.br/associe-se/>
- 34 Available at: <https://ri.portoseguro.com.br/a-companhia/composicao-acionaria/>
- 35 Available at: [https://www.portoseguro.com.br/NovoInstitucional/static\\_files/pdf/RI\\_Pol%C3%83%C2%ADtica%20Responsabilidade%20Socioambiental%20vers%C3%83%C2%A3o%20p%C3%83%C2%ABlica\\_2021.pdf](https://www.portoseguro.com.br/NovoInstitucional/static_files/pdf/RI_Pol%C3%83%C2%ADtica%20Responsabilidade%20Socioambiental%20vers%C3%83%C2%A3o%20p%C3%83%C2%ABlica_2021.pdf)

- 36 Available at: <https://www.scor.com/en/download/file?token=def502009f8719f17fd883d5a44cef3f73f9c7eea5063de40f0c78796ce91ad21184ab1152af8f68686b798fb75dc10e42600e130088216fc29c6c0ef131bace54a39e2cfd83ac5fd91841eeba0260b134406ee9b01ffb716ed3744bedd902d05e8070c8cdb43c97d30c23e53677d5b22fe656afdf4daa4cd0224b523e08a0482b6d67d>
- 37 Available at: [https://assets-bbsegurosportal.bbseguros.com.br/2023-05/relatorio\\_sustentabilidade2022\\_15\\_05\\_23\\_v2\\_0.pdf](https://assets-bbsegurosportal.bbseguros.com.br/2023-05/relatorio_sustentabilidade2022_15_05_23_v2_0.pdf)
- 38 Available at: <https://www.bbseguridaderi.com.br/a-bb-seguridadade/estrutura-societaria/>
- 39 Available at: [https://www.mapfre.com.br/media/Codigo\\_de\\_Conduta\\_de\\_Fornecedores\\_v4\\_Final\\_tcm909-553374.pdf](https://www.mapfre.com.br/media/Codigo_de_Conduta_de_Fornecedores_v4_Final_tcm909-553374.pdf)
- 40 Available at: <https://www.mpf.mp.br/atuacao-tematica/ccr6/dados-da-atuacao/grupos-de-trabalho/gt-demarcacao/docs/fases-do-processo-de-demarcacao-de-terras-indigenas>
- 41 Available at <https://pib.socioambiental.org/pt/Demarca%C3%A7%C3%B5es>
- 42 Available at: <http://rasa.org.br/governanca/resultados-3o-ciclo-rasa-seguradoras/>
- 43 Available at: <http://rasa.org.br/seguradoras/mapfre/>
- 44 See chapter Above socio-environmental standards.
- 45 Available at: <https://www.conab.gov.br/ultimas-noticias/5195-primeira-etapa-da-fiscalizacao-do-seguro-rural-segue-ate-outubro>
- 46 Available at: <https://www.oxfam.org.br/blog/lei-de-devida-diligencia-na-uniao-europeia-onde-estamos-e-para-onde-vamos>
- 47 More information at: <https://vigilance-plan.org/the-law/>
- 48 Available at: <https://www.scor.com/en/our-people>
- 49 Available at: <https://www.bbseguros.com.br/seguros/sustentabilidade> and <https://www.bbseguros.com.br/seguros/sustentabilidade/ambiental>

# MONITOR #20

FEBRUARY 2024

