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Terra Report

Report on the Brazilian Reinsurance Market

- In 2016, the reinsurance volume (gross of commission) ceded by Brazilian insurers reached BRL 10.17bn, from which BRL 7.39bn (73%) was placed into Local Reinsurers. These numbers are close to stable in comparison to 2015.
- The reinsurance volume (gross of commission) accepted by Local Reinsurers related to offshore risks grew by 24%, reaching BRL 1.44bn, versus BRL 1.16bn from the previous year.
- Local Reinsurers gross loss ratio stood at 66% (62% for IRB and 71% for other Locals combined) versus 98%, reached in 2015. The Combined Ratio stood at 96% (91% for IRB and 103% for other Locals combined) in contrast to 101% presented in 2015 (94% for IRB and 110% for other Locals combined).
- After tax earnings reached BRL 1.14bn, in comparison to BRL 943 million in 2015. Moreover, Local Reinsurers' Return on Equity (ROE) reached 16.4% (14.7% in 2015). IRB's ROE remained close to 25% while other Locals experienced an improvement in ROE, from 5.5% in 2015 to 8.0% in 2016.

Ratings:

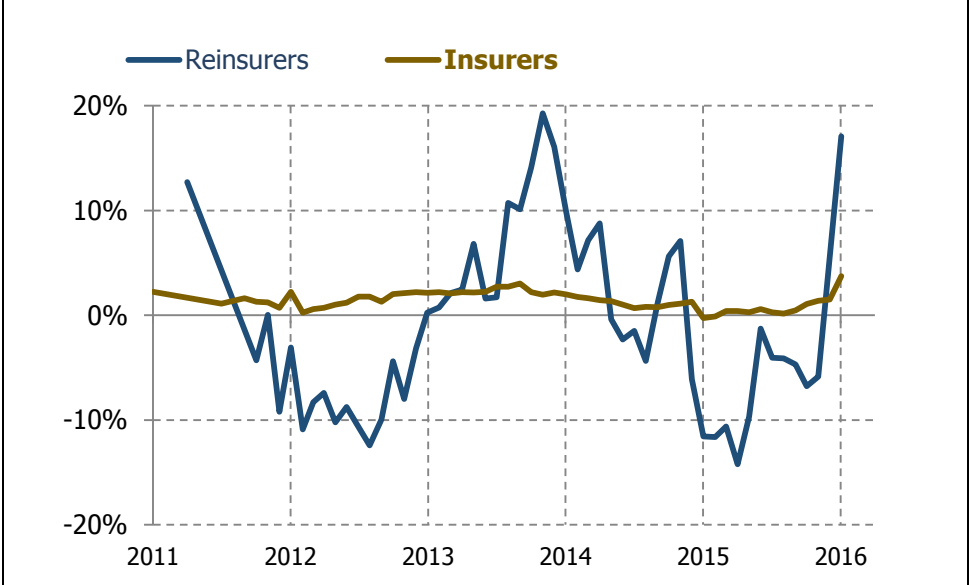
A.M. Best
B++/bbb
 Global (*Investment Grade*)
 Stable Outlook

Standard & Poor's
brA
 Local
 Stable Outlook

Shareholders:



Reinsurance or Retrocession Cost



(Reinsurance or Retrocession Ceded Premium – Losses Recovered) / Gross Premium

Source: SUSEP, Terra Brasis, 12-month aggregate

Introduction

Dear Reader,

This edition of *Terra Report* analyses the Brazilian reinsurance market in 2016.

In terms of premium flow, the market showed, mostly, steady numbers when compared to 2015. The reinsurance volume (gross of commission) ceded by Brazilian insurers stood at close to BRL 10.1bn and the share of ceded premium to local and offshore reinsurers (73% and 27%, respectively) was exactly the same. The only remarkable changes were a 24% increase in the reinsurance volume ceded by offshore insurers to Local Reinsurers (from BRL 1.16bn to BRL 1.44bn) and a 6.3% increase in the volume of retained premium by Local Reinsurers.

We noticed, over the last quarter, a substantial increase on reinsurance and retrocession costs (ceded premium minus recovered losses) for both insurers and Local Reinsurers. The graph on the cover of this report illustrates this behavior. In a way, we consider such trend to be healthy. During a substantial part of the year, the market worked with low reinsurance costs and negative retrocession costs, which means that Local Reinsurers were receiving more from losses recovered than were paying in premium. Such behavior is not sustainable and does not translate to a regular functioning market.

In terms of profitability, 2016 proved to be better than we anticipated. The market as a whole had an after tax result of BRL 1.14bn, reflecting a 21% nominal growth over 2015 figures. IRB maintained a ROE close to 25% whereas the remaining Local Reinsurers experienced an increase in ROE from 5.5% to 8.0%, which reflects, largely, the fact that these are still young companies in the process of building up their portfolios.

For 2017, the Brazilian reinsurance market will have the challenge of counting with a smaller financial result, given the scenario of consecutive cuts to the domestic basic interest rate (and, possibly, also with lower real interest rates). This should be offset, on the other hand, by the gradual recovery of the Brazilian economy, which could boost a number of business lines. Internationally, the increase in US interest rates is progressively drying worldwide excess liquidity, possibly contributing to a hardening in reinsurance rates, something also positive for the market. Needless to say, the dynamic of local and international monetary policies will continue to significantly impact our market.

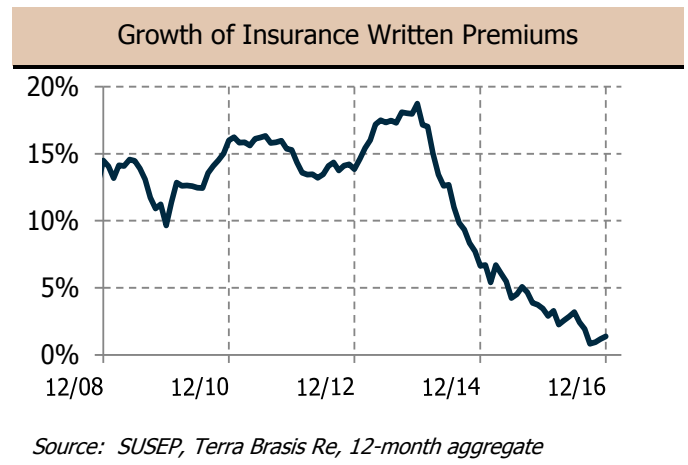
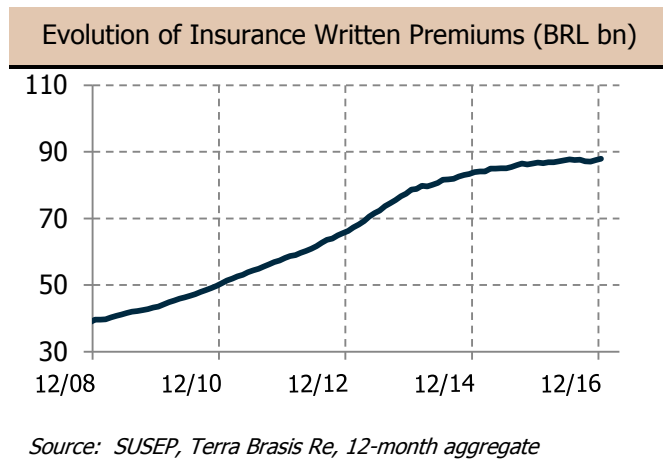
Enjoy your reading,

Rodrigo Botti, ARe
General Director
Terra Brasis Resseguros

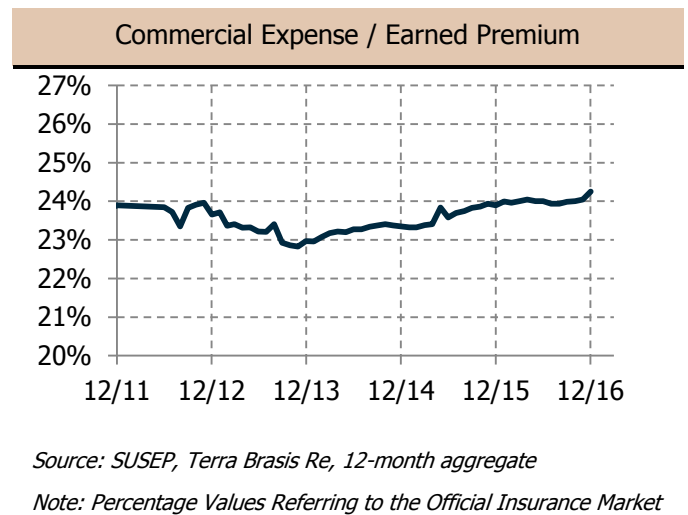
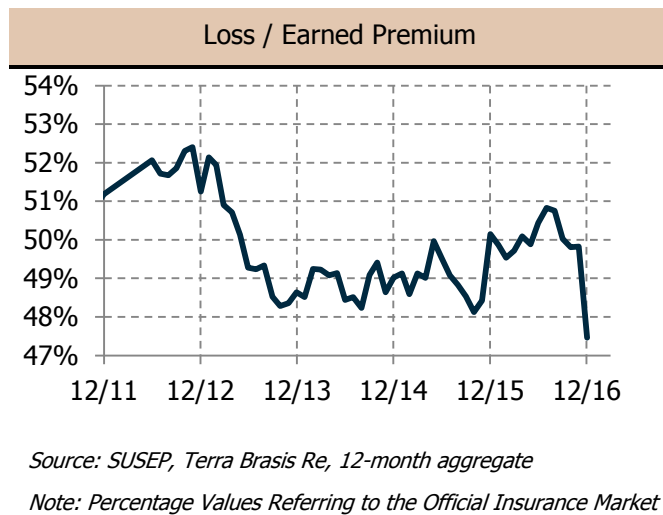
Brazilian General Insurance Market

The **General Insurance Market**, defined as per methodology presented on Exhibit 1, showed another decrease in the growth rate over the last quarter of 2016. Despite an apparent recover in middle of the year, growth rate felt once again and finished the year with the worst level of the last ten years.

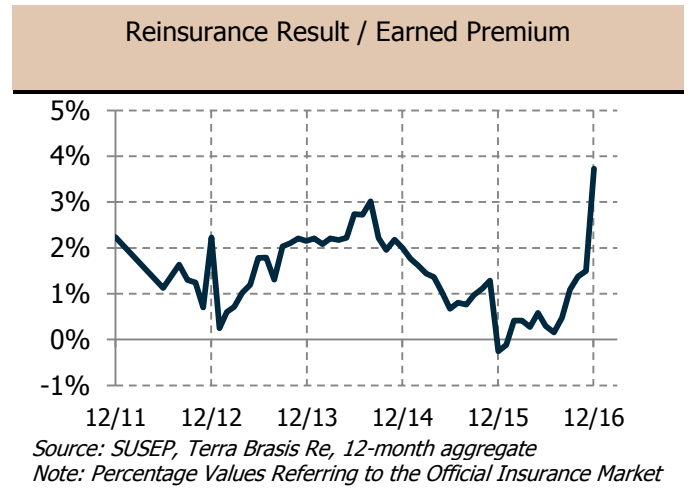
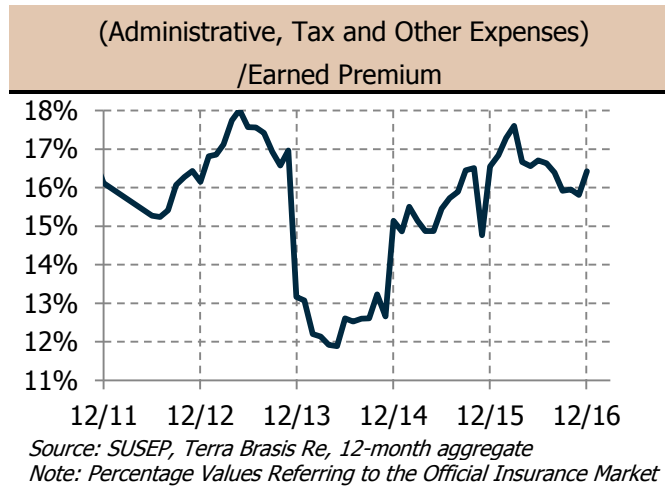
For the 12 months aggregate ending in December 2016, Brazilian Market generated BRL 88bn in insurance premium, compared to BRL 86.8bn in the same period of previous year, representing an annual growth of 1.4% versus 3.4% for the same period in 2015.



The **Loss Ratio**, obtained as a result of occurred losses over earned premium from the Income Statement of all Brazilian market insurers, showed a recovery in the last trimester of 2016 when in comparison to the last periods. In 2016, the loss ratio stood at 47.5% compared to 50.1% in the previous year.



The **Commercial Expense Ratio**, in 2016 stood in 24.3%, slightly higher than 23.9% in 2015.

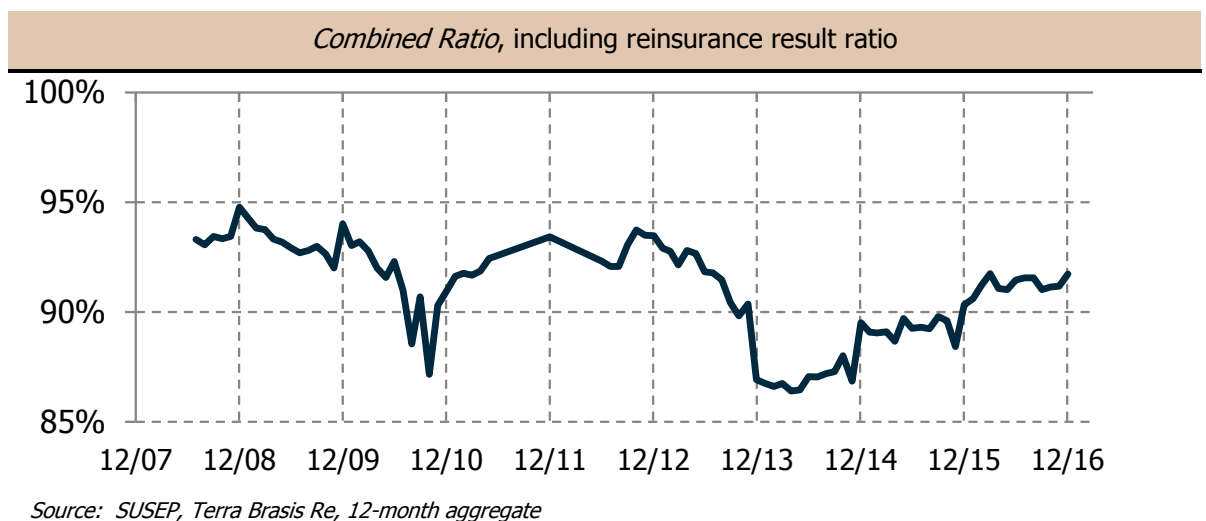


The **Administrative Expense Ratio (including taxes and other expenses)** finished the year practically stable in comparison to the previous year, ending 2016 in 16.4% versus 16.5% presented in the previous year.

In the same period, the **Reinsurance Result Ratio**, defined as reinsurance result divided by earned premium, had a remarkable growth, especially in December, ending 2016 with a 3.6% ratio versus -0.3% in 2015.

In our view, this increase in reinsurance costs by the insurers is normal and healthy for the market as a whole. It is expected that insurers experience expenses with reinsurance and only sporadically (usually in the case of an unexpected loss ratio deviation), experience a profit. In this sense, the behavior seen since mid-2015 and in 2012, with extremely low reinsurance costs, is not consistent with a regular functioning market.

The **Combined Ratio**, including the reinsurance result ratio, showed a slight worsening, closing 2016 in 91.7% compared to 90.3% registered in 2015, as a result of an increase of reinsurance and commercial expenses, mainly.



Brazilian Reinsurance Market

The 2016 figures showed a stable behavior in the reinsurance volume originated by Brazilian cedents related the previous year. In the aggregate of 2016, **the Brazilian market reinsurance volume (gross of commission)** stood at BRL 10.17bn, showing an increase of 0.7% related to the previous year.

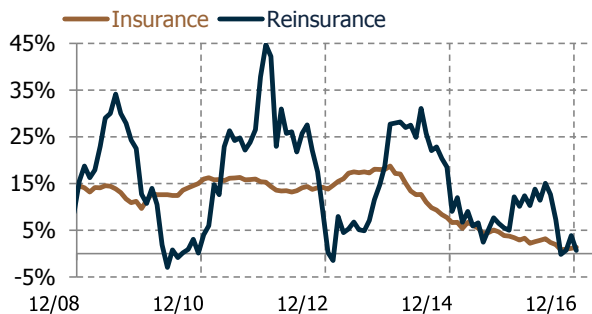
12-Month Aggregate Reinsurance Premium Ceded (Gross of Commission, BRL bn)



Source: SUSEP, Terra Brasis Re, 12-month aggregate

For 2016, the proportion of reinsurance ceded over general insurance premium stood at 11.6% practically stable in comparison to 2015.

Growth of Reinsurance Ceded and General Insurance Premium



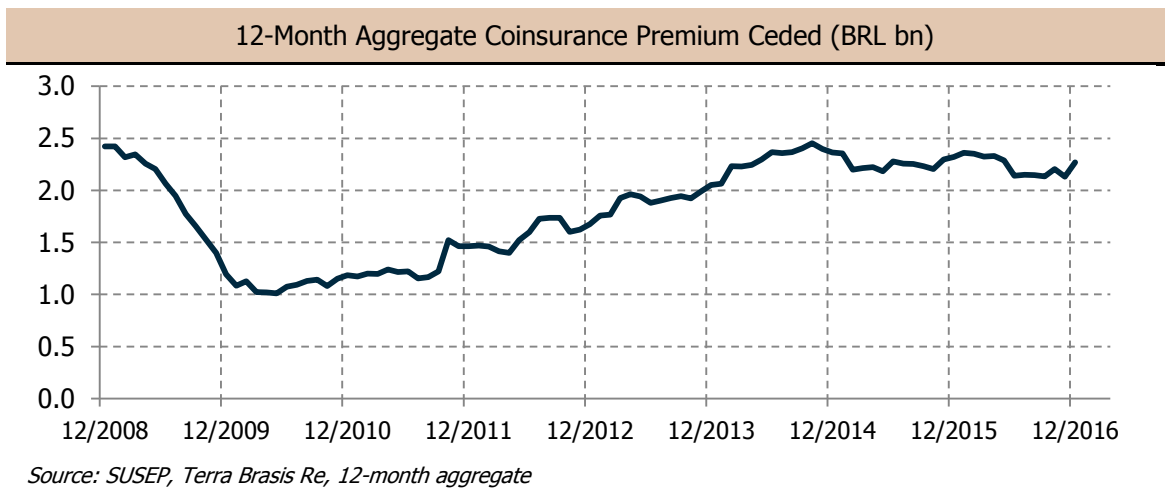
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Volume / General Insurance Premium

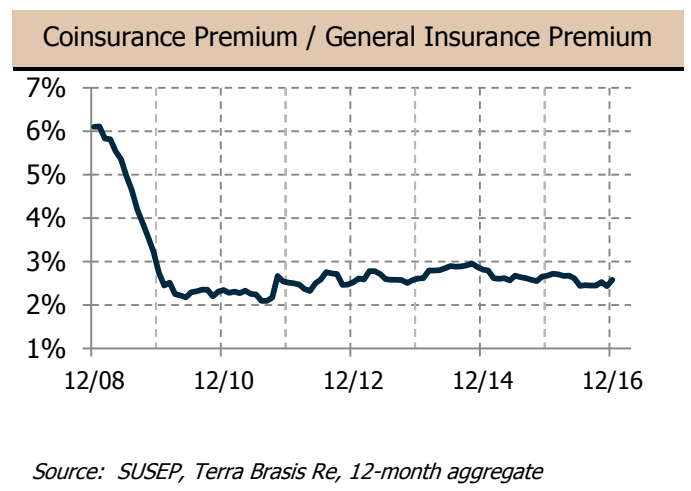
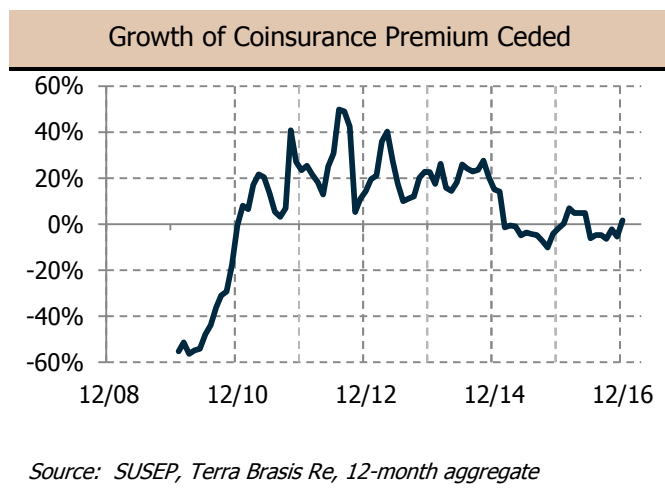


Source: SUSEP, Terra Brasis Re, 12-month aggregate

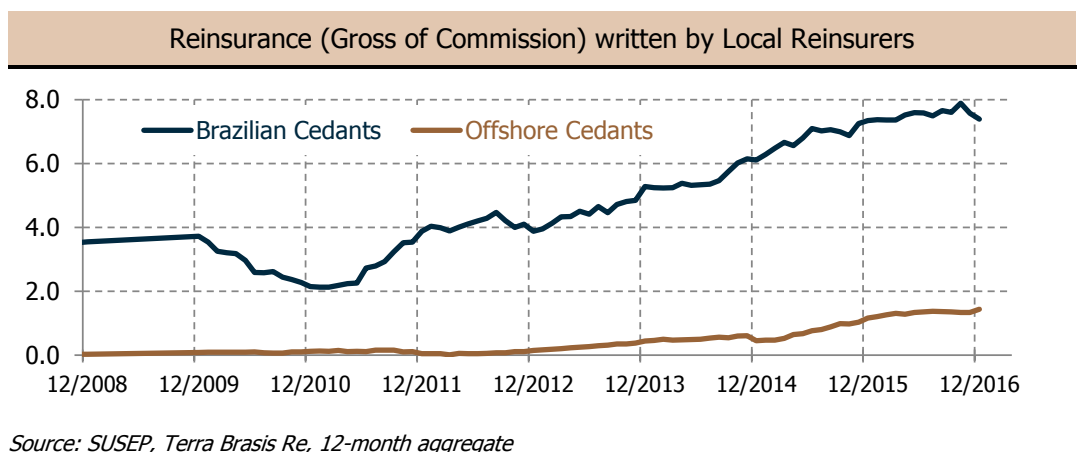
The **Coinsurance Premium Volume** aggregate in 2016 stood at BRL 2.27bn, a small decrease of 2.2% compared to BRL 2.32bn recorded in the previous year.



The Coinsurance Premium Volume in 2016 represented 2.6% of the general Insurance premium volume compared to 2.7% registered in 2015.

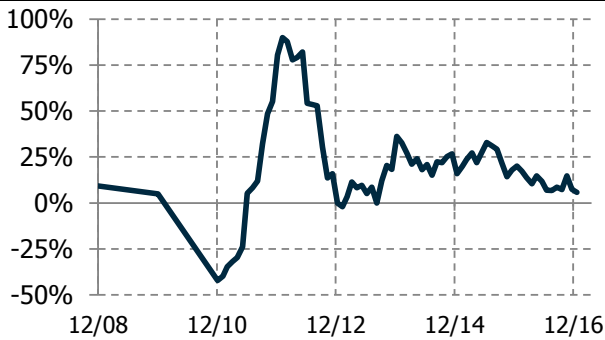


In the end of the year, the **Reinsurance Volume (gross of commission)** written by Local Reinsurers ceded by Brazilian insurers stood at BRL 7.4bn, corresponding to a 0.6 % increase when compared to the BRL 7.35bn registered in 2015. For the same period, the volume coming from offshore cedants reached BRL 1.44bn against BRL 1.16bn for the same period of the previous year, an annual growth of 23.8%. This is an expressive volume, representing 16.3% of the total volume received, compared to 13.6% registered in the same period of 2015.



The local market finished 2016 detaining 72.7% of the volume ceded by Brazilian insurers, practically stable to the 72.8% showed in 2015.

Growth in Reinsurance Premium Ceded to Local Reinsurers by Brazilian Insurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

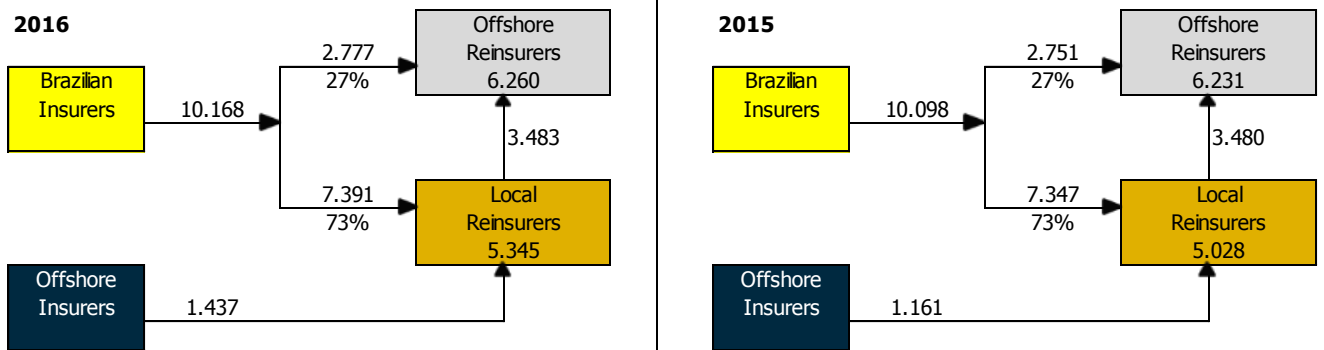
Gross Reinsurance Premium Ceded to Local Reinsurers as Percentage of Total Reinsurance Premium Ceded



Source: SUSEP, Terra Brasis Re, 12-month aggregate

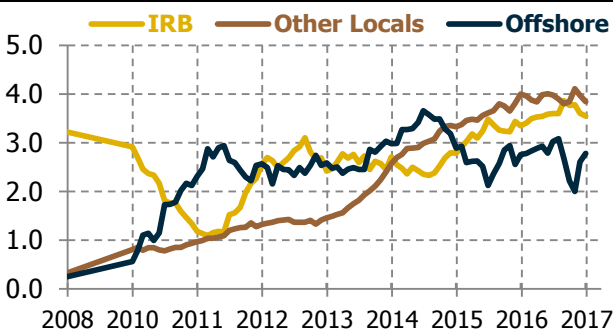
The following flowcharts show the volume of reinsurance premiums and retrocession, gross of commission, in 2016 and 2015. We note a significant increase in the retained premium by Local Reinsurers. For 2016, Local Reinsurers retained BRL 5.34bn, a growth of 6.3% compared to the BRL 5.03bn of the preceding period.

Reinsurance Flow in the Brazilian Market for 2016 and 2015



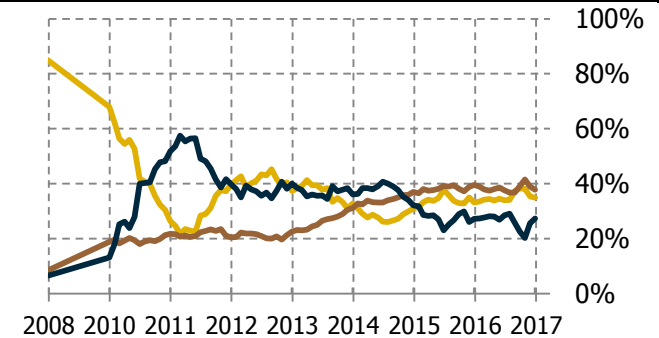
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures

Gross Reinsurance Premium Ceded by Brazilian Insurers (BRL bn)



Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Participation in the Gross Reinsurance Premium Ceded by Brazilian Insurers



Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

During this year, we estimated that the volume of reinsurance (gross of commission) written by IRB was 6% higher than the same period of the previous year, while other Local Reinsurers showed a drop of approximately 4%. Meanwhile, reinsurance written by offshore reinsurers increased 1%.

Premium Ceded by Brazilian Insurers and Premium Received by Local Reinsurers from January to December (BRL mm)

Gross Reinsurance ceded by Brazilian Insurers (gross of commission):

	2016	2015	16/15	2014	2013	2012	2011	2010	2009	2008	2007
to IRB	3.546	3.348	6%	2.788	2.707	2.419	2.562	1.181	2.915	3.219	3.224
to other Local Reinsurers	3.845	3.999	-4%	3.328	2.572	1.459	1.319	967	806	329	
Total Local Market	7.391	7.347	1%	6.116	5.279	3.878	3.882	2.148	3.721	3.548	3.224
to Offshore Reinsurers	2.777	2.751	1%	2.888	2.980	2.588	2.569	2.310	565	254	66
Total	10.168	10.098	1%	9.004	8.259	6.466	6.451	4.458	4.286	3.802	3.291

Gross Reinsurance accepted by Local Reinsurers (gross of commission):

	2016/12	2015/12	16/15	2014	2013	2012	2011	2010	2009	2008	2007
from Brazilian Insurers	7.391	7.347	1%	6.116	5.279	3.878	3.882	2.148	3.721	3.548	3.224
from Offshore Insurers	1.437	1.161	24%	451	443	149	50	119	84	31	22
Gross Reinsurance Premium	8.828	8.508	4%	6.566	5.722	4.027	3.932	2.267	3.805	3.578	3.246
Retrocession	3.483	3.480	0%	2.804	2.516	1.813	2.156	916	1.845	1.937	1.641
Net Retained Premium	5.345	5.028	6%	3.763	3.207	2.214	1.788	1.351	1.960	1.642	1.605

Source: SUSEP, Terra Brasis Re

Considering the distribution volume of reinsurance from only Brazilian cedants, IRB ended 2016 with a market share of 35%, while other Local Reinsurers ended the period with 38% share and offshore reinsurers, 27%.

Reinsurance Market Share (gross of commission) generated by Brazilian Insurers

Market Share of Ceded Reinsurance by Brazilian Insurers (gross commission):

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
IRB	35%	33%	31%	33%	37%	40%	26%	68%	85%	98%
Other Local Reinsurers	38%	40%	37%	31%	23%	20%	22%	19%	9%	0%
Offshore Reinsurers	27%	27%	32%	36%	40%	40%	52%	13%	7%	2%
Total ceded by local cedants	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Market Share between Local Reinsurers (gross of commission)

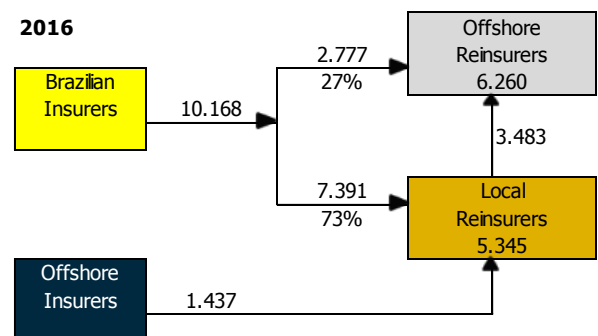
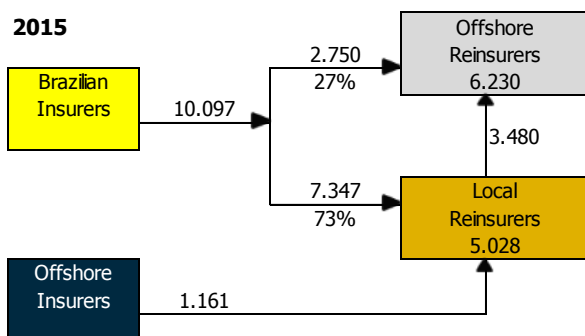
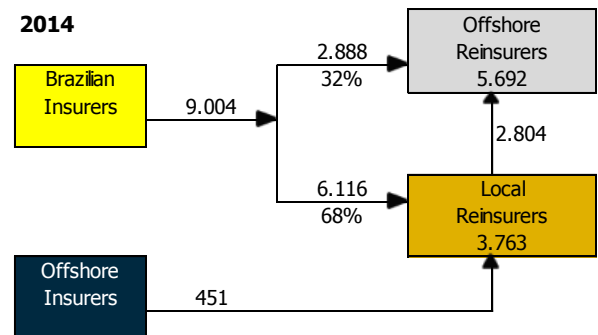
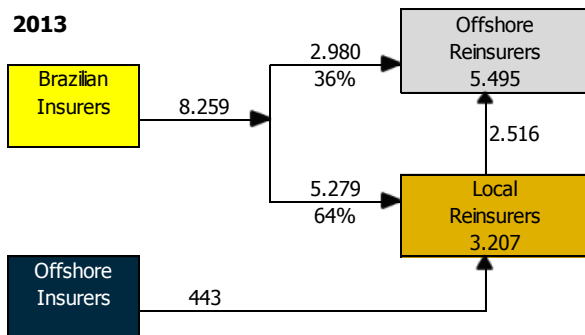
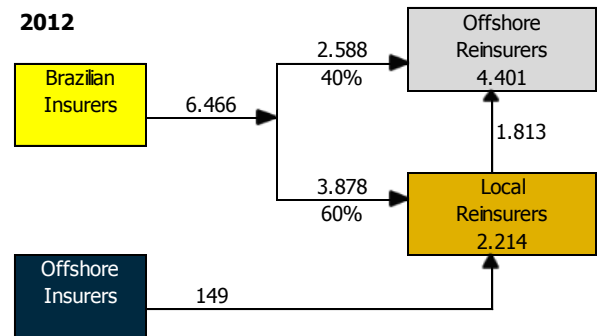
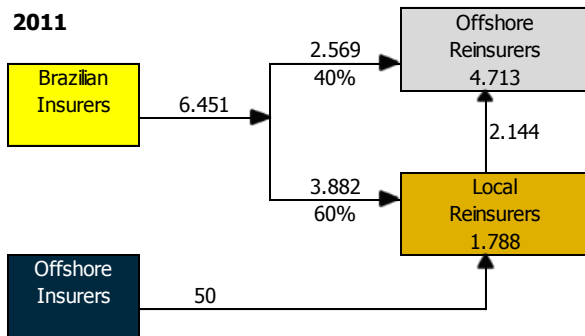
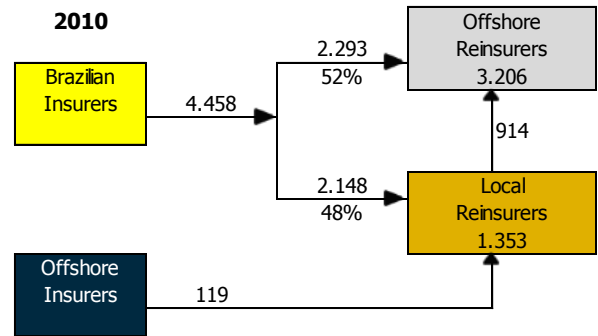
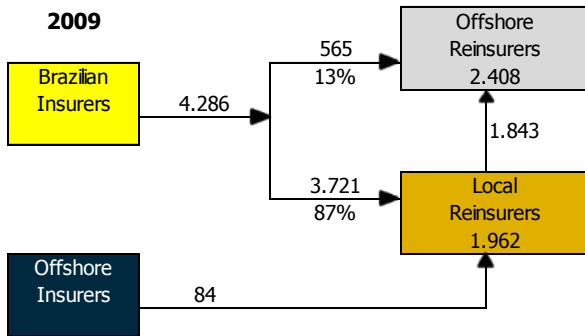
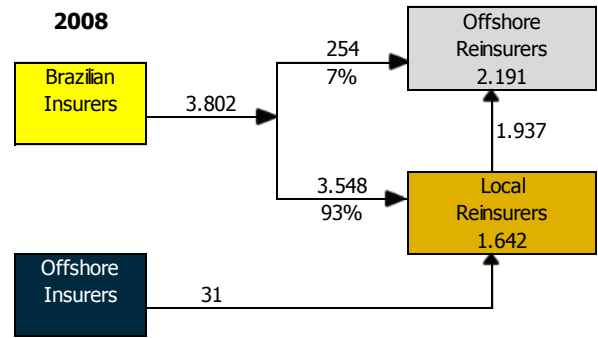
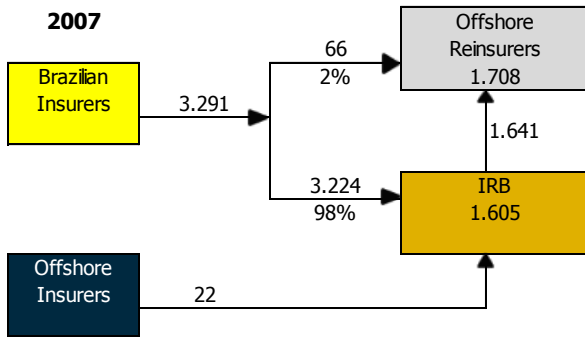
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
IRB	48%	46%	46%	51%	62%	66%	55%	78%	91%	100%
Other Local Reinsurers	52%	54%	54%	49%	38%	34%	45%	22%	9%	0%
Total placed in the local market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: SUSEP, Terra Brasis Re

Analyzing only the Local Reinsurance Market, IRB detains 48% of market share, while other Local Reinsurers share the remaining 52%.

Next page's flowcharts show the reinsurance and retrocession volumes since 2007, the last year of the monopolistic reinsurance regime.

Reinsurance Annual Flow in the Brazilian Market since 2007 (Gross of Commission, BRL mm)



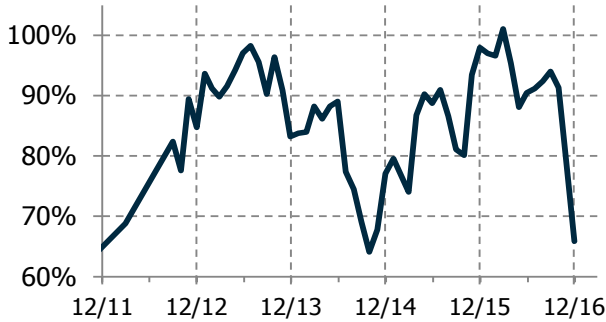
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures.

Local Reinsurers' Results

The year of 2016 showed positive results for most Local Reinsurers, presenting a recovery from 2015 figures.

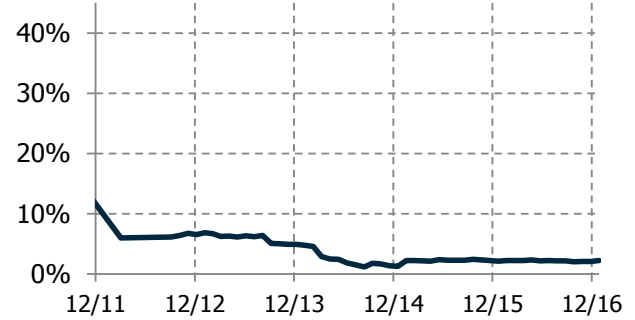
In the 2016 aggregate, the **Loss Ratio** experienced by the Local Reinsurance Market reached 66%, a significant decrease in comparison to 98% registered in the same period of 2015. It is worth emphasizing that this is the Gross Loss Ratio, calculated from the gross occurred losses divided by the gross earned premium (i.e. gross of retrocession, net of commission).

Loss Ratio: Occurred Losses/ Earned Premium



Source SUSEP, Terra Brasis Re, 12-month aggregate

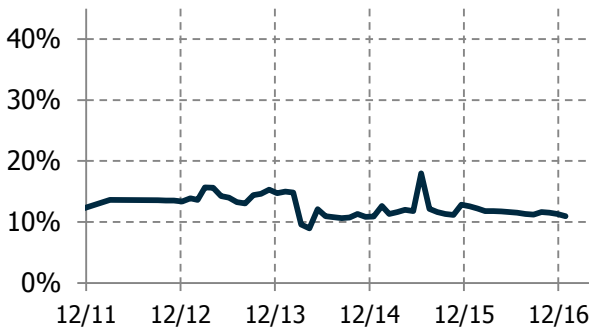
Commercial Expenses/ Earned Premium



Source: SUSEP, Terra Brasis Re, 12-month aggregate

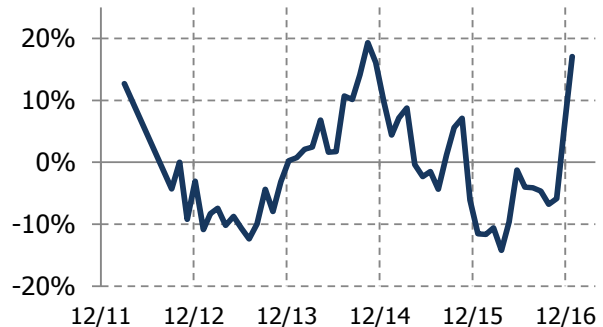
The **Commercial Expense Ratio** had a small increase, closing the period in 2.2% compared to 2.1% registered in the same period of the previous year. In the same period, the **Administrative Expense Ratio (including taxes and other expenses)** stood in 11.0% against 12.5% recorded in the same period of 2015, showing a good improvement.

Administrative Expense Ratio (including taxes and other expenses)/ Earned Premium



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Retrocession Result / Earned Premium



Source: SUSEP, Terra Brasis Re, 12-month aggregate

The **Retrocession Result Ratio**, for 2016, reached +17.1% against -11.6% registered in the same period of 2015, showing that Local Reinsurers had a negative result in their retrocession operations, paying more in premium than what was paid in claim. The same comment we made for insurance companies is valid for Local Reinsurers. We believe the increase in retrocession costs is healthy and coherent with a regular functioning market.

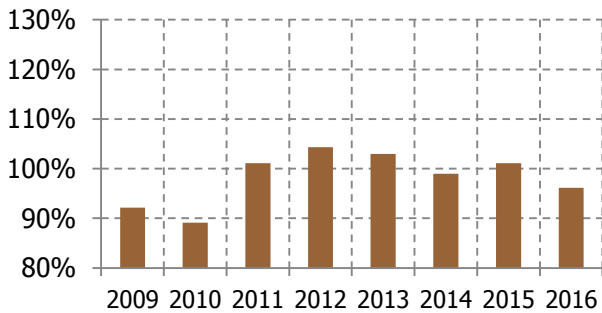
In the end of 2016, **Combined Ratio (including retrocession result index)** reached 96.2% versus 100.1% showed in the same period of 2015.

Combined Ratio, with Retrocession Result Ratio



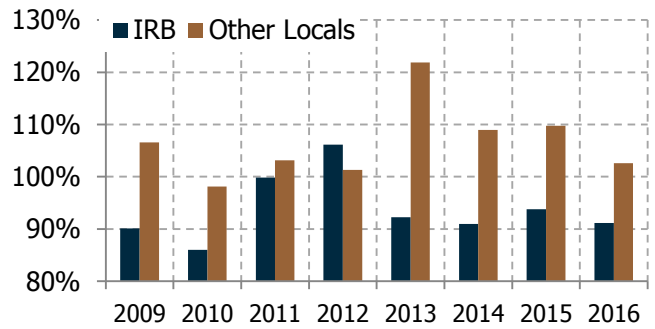
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Combined Ratio Local Reinsurance Market



Source: SUSEP, Terra Brasis Re

Combined Ratio IRB and Others Locals



Source: SUSEP, Terra Brasis Re

We show below a summary of results for the local reinsurance market in 2016 and 2015.

Summary of Results and Main Indexes for Local Reinsurers in 2016 and 2015

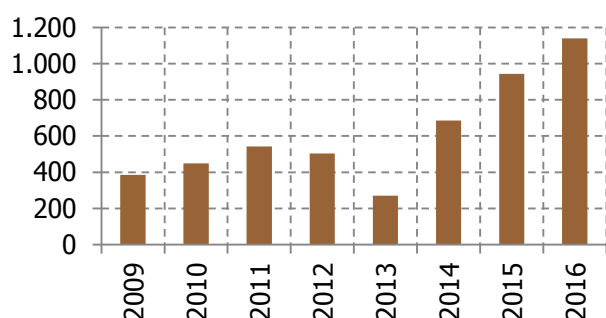
	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2016	2015	2016	2015	2016	2015
Total Assets	26.759	27.069	13.489	14.269	13.269	12.800
Shareholder's Equity	6.972	6.417	3.328	3.175	3.644	3.242
Gross Written Premium	8.828	8.508	4.694	4.161	4.134	4.347
Written Premium	7.582	7.320	4.188	3.723	3.393	3.596
Earned Premium	7.389	6.910	4.162	3.746	3.226	3.164
Loss Ratio	66%	98%	62%	61%	71%	142%
Commercial Expenses/ Earned Premium	2%	2%	2%	3%	2%	2%
Administrative + Other/ Earned Premium	8%	9%	5%	6%	11%	13%
Tax/ Earned Premium	3%	3%	3%	3%	3%	3%
Retrocession Result/Earned Premium	17%	-12%	18%	21%	16%	-50%
Combined Ratio	96%	101%	91%	94%	103%	110%
Reinsurance Operational Result	284	-77	367	232	-83	-309
Financial Result and Equity Pick-up	1.490	1.453	888	811	602	643
Income Tax and Contributions	-633	-433	-405	-279	-228	-154
Net Profit for the Period	1.140	943	849	764	291	180
<i>ROE (annualized)</i>	<i>16.4%</i>	<i>14.7%</i>	<i>25.5%</i>	<i>24.1%</i>	<i>8.0%</i>	<i>5.5%</i>

Source: SUSEP, Terra Brasis Re, numbers in BRL Million

In 2016 Local Reinsurers produced a net profit of BRL 1.14bn, in contrast to a net profit of BRL 943 million registered in 2015. In this period, IRB reported a BRL 849 million result, while the other local reinsurance reported a result of BRL 291 million.

Net Profits (BRL mm)

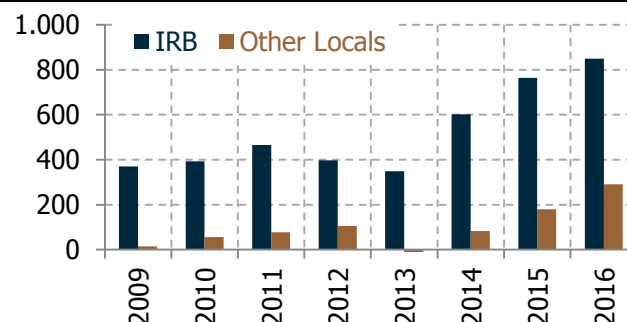
Total Local Reinsurers



Source: SUSEP, Terra Brasis Re

Net Profits (BRL mm)

IRB and Others Locals



Source: SUSEP, Terra Brasis Re

As mentioned in previous editions, the group of Other Local Reinsurers is not homogeneous and, therefore, their analysis becomes more complex. Therefore, we continue the analysis of reinsurers based on their operation start, which we call "Class".

Comparing the **Net Profit for the Period**, with exception of the class of 2014, all the other classes and IRB showed a significant improvement at their profits comparing to 2015.

In a general way, all the Local Reinsurers had an improvement in **Combined Ratio**. IRB remained stable, while all the other Local Reinsurers had better results than 2015.

The youngest class of 2014 shows a negative result higher than the previous year. These results, however, should take into consideration that they these reinsurers are still building their portfolio and therefore have very high administrative expenses and retrocession expenses relative to the volume of premium produced. They also have greater volatility in their business portfolio.

Summary of Results and Main Indexes for Local Reinsurers by Class

	IRB		Class of 2008		Class of 2010		Class of 2012		Class of 2014	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total Assets	13.489	14.269	4.645	4.336	2.211	2.201	5.611	5.696	803	567
Shareholder's Equity	3.328	3.175	1.513	1.468	495	440	1.280	1.018	356	317
Gross Written Premium	4.694	4.161	1.224	957	773	1.054	1.744	2.087	394	249
Written Premium	4.188	3.723	941	739	671	876	1.444	1.766	338	216
Earned Premium	4.162	3.746	833	736	694	828	1.429	1.478	270	122
Loss Ratio	62%	61%	82%	115%	73%	128%	60%	166%	87%	105%
Commercial Expenses/ Earned Premium	2%	3%	2%	2%	2%	1%	2%	2%	2%	2%
Administrative + Other/ Earned Premium	5%	6%	8%	11%	8%	20%	12%	9%	22%	32%
Tax/ Earned Premium	3%	3%	4%	5%	3%	3%	3%	3%	3%	4%
Retrocession Result/Earned Premium	18%	21%	2%	-20%	11%	-51%	28%	-69%	7%	-6%
Combined Ratio	91%	94%	98%	113%	96%	100%	105%	111%	121%	137%
Reinsurance Operational Result	367	232	16	-98	25	-4	-68	-162	-56	-45
Financial Result and Equity Pick-up	888	811	245	297	82	96	272	226	4	24
Income Tax and Contributions	-405	-279	-116	-86	-37	-32	-83	-44	9	9
Net Profit for the Period	849	764	145	112	69	60	121	20	-44	-12
ROE (anualizado)	25.5%	24.1%	9.6%	7.6%	14.0%	13.7%	9.5%	1.9%	-12.3%	-3.9%

Source: SUSEP, Terra Brasis Re

Below we show written premium, net of commission, gross of retrocession, including Brazilian cedants and offshore cedants, as well as the market share of each local reinsurer, divided by "class". We indicated in red a decrease in the volume of premium or market share.

Main Index for Local Reinsurers classified by Class							
Company	Authorization Date	Written Premium		Change		Market Share	
		2016	2015	BRL mm	(%)	2016	2015
IRB	Apr 03, 1939	4.188	3.723	465	12%	55.2%	50.9%
	IRB	4.188	3.723	465	12%	55.2%	50.9%
JM	May 23, 2008	214	156	58	37%	2.8%	2.1%
Munich	May 23, 2008	442	384	58	15%	5.8%	5.3%
Mapfre	Nov 14, 2008	240	154	86	56%	3.2%	2.1%
XL	Dec 05, 2008	45	44	1	2%	0.6%	0.6%
	Class of 2008	941	739	203	27%	12.4%	10.1%
Chubb	Nov 25, 2009	202	293	-91	-31%	2.7%	4.0%
Austral	Jan 31, 2011	402	468	-66	-14%	5.3%	6.4%
AIG	Apr 04, 2011	67	115	-48	-42%	0.9%	1.6%
	Class of 2010	671	876	-205	-23%	8.8%	12.0%
Zurich	Jan 05, 2012	506	622	-116	-19%	6.7%	8.5%
Markel	Jan 17, 2012	37	25	13	51%	0.5%	0.3%
Swiss	Jun 14, 2012	239	250	-11	-4%	3.2%	3.4%
Terra Brasis	Oct 04, 2012	83	93	-10	-11%	1.1%	1.3%
Allianz	Dec 20, 2012	367	527	-160	-30%	4.8%	7.2%
BTG	Feb 26, 2013	211	248	-37	-15%	2.8%	3.4%
	Class of 2012	1.444	1.766	-322	-18%	19.0%	24.1%
Scor	Aug 06, 2014	196	150	45	30%	2.6%	2.1%
AXA	Aug 25, 2014	142	66	76	116%	1.9%	0.9%
	Class of 2014	338	216	121	56%	4.5%	3.0%
	Total	7.582	7.320	262	4%	100%	100%

Source: SUSEP, Terra Brasis Re. Figures in red represent an deterioration in relation to the previous period

In terms of written premium, the class of 2010 and the class of 2012 showed a downturn compared to the same period of the previous year, while other classes presented a growth. When it comes to the market share, IRB held the lead, growing from 50.9% to 55.2%, while the class of 2010 and also the class of 2012 lost market share, and the class of 2008 and 2014 gained.

The tables below represent the summary of results of Local Reinsurers from January to December of 2016 and 2015.

Summary of Results – Local Reinsurers in 2016 and 2015 (BRL mm)

Total Local Market, IRB and Other Locals

	Total Local Market		IRB		Other Locals	
	2016	2015	2016	2015	2016	2015
Assets	26.759	27.069	13.489	14.269	13.269	12.800
Shareholders Equity	6.972	6.417	3.328	3.175	3.644	3.242
Gross Reinsurance Premium	7.621	7.496	3.574	3.431	4.047	4.065
Commission	-1.246	-1.188	-505	-437	-741	-751
Non-Issued Risks in force	-18	52	58	-9	-76	61
International Operations	695	501	601	422	95	79
Written Retrocession	530	458	461	316	69	142
Written Premium	7.582	7.320	4.188	3.723	3.393	3.596
Change in Reserves	-193	-409	-26	23	-167	-432
Earned Premium	7.389	6.910	4.162	3.746	3.226	3.164
Losses Incurred	-4.868	-6.771	-2.590	-2.286	-2.278	-4.486
Commercial Expenses	-166	-149	-104	-95	-62	-53
Other Operational Expenses	-16	-151	21	9	-37	-161
Administrative Expenses	-547	-494	-237	-239	-311	-255
Tax Expenses	-246	-222	-134	-111	-112	-111
Industrial Result Pre Retro	1.546	-877	1.119	1.024	427	-1.901
Retrocession Result	-1.262	800	-752	-792	-510	1.592
Industrial Result	284	-77	367	232	-83	-309
Financial Result	1.442	1.441	817	798	625	643
Equity Pickup	48	13	71	13	-23	0
Operating Result	1.774	1.377	1.255	1.043	519	334
Non-recurring Gains	0	-1	0	0	0	-1
EBT	1.773	1.376	1.255	1.043	519	333
Income Tax	-318	-241	-198	-158	-120	-83
Social Tax	-286	-155	-190	-98	-96	-57
Profit Sharing	-28	-36	-17	-23	-11	-13
Net Income	1.140	943	849	764	291	180
Loss Ratio	66%	98%	62%	61%	71%	142%
Comm. Exp/Earned Premium	2%	2%	2%	3%	2%	2%
Adm. Exp / Earned Premium	7%	7%	6%	6%	10%	8%
Tax Exp / Earned Premium	3%	3%	3%	3%	3%	3%
Other Exp / Earned Premium	0%	2%	-1%	0%	1%	5%
Expense Ratio	13%	15%	11%	12%	16%	18%
Combined Ratio Pre Retro	79%	113%	73%	73%	87%	160%
Retro Result/Earned Premium	17%	-12%	18%	21%	16%	-50%
Combined Ratio	96%	101%	91%	94%	103%	110%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-20%	-21%	-21%	-22%	-19%	-20%
(Income tax+Social tax+Profit share)	76%	80%	10%	7%	84%	89%
R.O.E.⁽¹⁾	16.4%	14.7%	25.5%	24.1%	8.0%	5.5%
Annualised Earned Premium/SE	106%	108%	125%	118%	89%	98%

Source: SUSEP, Terra Brasis Re

(1) R.O.E. Defined herein as annual net income divided by the shareholders equity of the end of the period.

Summary of Results – Local Reinsurers in 2016 and 2015 (BRL mm)

JM, Munich, Mapfre and XL

	JM		Munich		Mapfre		XL	
	2016	2015	2016	2015	2016	2015	2016	2015
Authorization Date	May 23, 2008		May 23, 2008		Nov 14, 2008		Dec 05, 2008	
Assets	1.338	1.283	2.006	1.576	808	647	504	441
Shareholders Equity	655	703	336	304	172	141	308	275
Gross Reinsurance Premium	346	246	558	406	274	189	53	53
Commission	-134	-91	-102	-81	-36	-36	-11	-10
Non-Issued Risks in force	3	1	-9	22	0	0	1	1
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	-5	38	2	1	1	1
Written Premium	214	156	442	384	240	154	45	44
Change in Reserves	-80	-22	26	-10	-45	24	-8	6
Earned Premium	134	134	468	374	195	178	36	50
Losses Incurred	-46	-80	-349	-534	-258	-195	-26	-40
Commercial Expenses	0	0	-11	-9	-3	-2	-1	-1
Other Operational Expenses	-29	-10	31	-9	-7	-5	0	0
Administrative Expenses	-9	-10	-40	-36	-8	-8	-5	-5
Tax Expenses	-6	-5	-18	-18	-9	-9	-3	-4
Industrial Result Pre Retro	46	29	80	-232	-92	-41	2	1
Retrocession Result	-56	-20	-61	133	102	38	-4	-5
Industrial Result	-11	9	19	-99	10	-4	-2	-4
Financial Result	78	95	82	127	30	35	55	40
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	68	103	100	28	40	32	53	36
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	68	103	100	28	40	32	53	36
Income Tax	-16	-25	-24	-6	-10	-8	-13	-9
Social Tax	-14	-17	-16	-4	-7	-6	-11	-6
Profit Sharing	-1	-1	-4	-4	-1	-1	0	0
Net Income	37	60	56	14	23	17	29	21
Loss Ratio	34%	60%	75%	143%	133%	109%	72%	79%
Comm. Exp/Earned Premium	0%	0%	2%	2%	2%	1%	3%	2%
Adm. Exp / Earned Premium	6%	7%	9%	10%	4%	5%	13%	10%
Tax Exp / Earned Premium	4%	4%	4%	5%	5%	5%	8%	7%
Other Exp / Earned Premium	21%	7%	-7%	2%	4%	3%	0%	0%
Expense Ratio	32%	19%	8%	19%	14%	14%	24%	19%
Combined Ratio Pre Retro	66%	79%	83%	162%	147%	123%	96%	98%
Retro Result/Earned Premium	42%	15%	13%	-36%	-52%	-21%	11%	11%
Combined Ratio	108%	93%	96%	126%	95%	102%	106%	109%
(Non-Rec. + Fin. + Equity) / E.P.	-58%	-71%	-17%	-34%	-15%	-20%	-152%	-80%
(Inc. tax+Social tax+Profit share)	23%	32%	10%	4%	9%	8%	66%	29%
R.O.E.⁽¹⁾	5.7%	8.5%	16.6%	4.6%	13.1%	12.2%	9.4%	7.6%
Annualised Earned Premium/SE	21%	19%	139%	123%	113%	126%	12%	18%

Source: SUSEP, Terra Brasis Re

(1) R.O.E. Defined herein as annual net income divided by the shareholders equity of the end of the period.

Summary of Results – Local Reinsurers in 2016 and 2015 (BRL mm)

Chubb, Austral, AIG and Zurich

	Chubb		Austral		AIG		Zurich	
	2016	2015	2016	2015	2016	2015	2016	2015
Authorization Date	Nov 25, 2009		Jan 31, 2011		Apr 04, 2011		Jan 05, 2012	
Assets	601	554	887	797	708	355	1.370	1.367
Shareholders Equity	91	85	280	246	80	88	256	151
Gross Reinsurance Premium	236	339	416	547	104	105	669	716
Commission	-18	-44	-55	-110	-28	-24	-118	-136
Non-Issued Risks in force	-16	-1	14	2	-9	-17	-47	42
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	28	29	0	50	1	0
Written Premium	202	293	402	468	67	115	506	622
Change in Reserves	40	-37	-8	-2	-10	-9	39	-1
Earned Premium	242	256	394	466	57	106	545	621
Losses Incurred	-101	-250	-299	-313	-107	-497	-470	-668
Commercial Expenses	-6	3	-10	-10	0	0	0	0
Other Operational Expenses	-28	-32	16	-99	0	0	0	0
Administrative Expenses	-19	-17	-14	-12	-9	-6	-7	-4
Tax Expenses	-10	-11	-6	-6	-2	-5	-13	-19
Industrial Result Pre Retro	79	-50	81	26	-61	-403	55	-69
Retrocession Result	-65	40	-73	-10	64	393	-53	41
Industrial Result	14	-10	8	16	3	-10	2	-28
Financial Result	36	22	37	53	9	22	71	52
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	49	13	45	69	12	12	73	23
Non-recurring Gains	0	0	0	-1	0	0	0	0
EBT	49	13	45	68	12	12	73	23
Income Tax	-13	-2	-4	-12	-2	-2	-15	-5
Social Tax	-10	-2	-5	-8	-2	-1	-12	-4
Profit Sharing	0	0	-2	-4	0	0	0	0
Net Income	27	9	34	43	9	8	46	15
Loss Ratio	42%	98%	76%	67%	187%	470%	86%	107%
Comm. Exp/Earned Premium	2%	-1%	3%	2%	0%	0%	0%	0%
Adm. Exp / Earned Premium	8%	6%	4%	3%	15%	6%	1%	1%
Tax Exp / Earned Premium	4%	4%	2%	1%	4%	5%	2%	3%
Other Exp / Earned Premium	12%	12%	-4%	21%	0%	0%	0%	0%
Expense Ratio	26%	22%	4%	27%	19%	11%	4%	4%
Combined Ratio Pre Retro	68%	119%	79%	94%	206%	481%	90%	111%
Retro Result/Earned Premium	27%	-16%	19%	2%	-111%	-372%	10%	-7%
Combined Ratio	94%	104%	98%	97%	95%	109%	100%	105%
(Non-Rec.+ Fin.+ Equity) / Earned Prem	-15%	-9%	-9%	-11%	-16%	-20%	-13%	-8%
(Income tax+Social tax+Profit share)	9%	2%	3%	5%	6%	3%	5%	1%
R.O.E.⁽¹⁾	29.4%	10.1%	12.1%	17.6%	10.8%	9.4%	18.0%	9.9%
Annualised Earned Premium/SE	266%	302%	141%	190%	72%	121%	213%	413%

Source: SUSEP, Terra Brasis Re,

(1) R.O.E. Defined herein as annual net income divided by the shareholders equity of the end of the period.

Summary of Results – Local Reinsurers in 2016 and 2015 (BRL mm)

Markel, Swiss, Terra Brasis and Allianz

	Markel		Swiss		Terra Brasis		Allianz	
	2016	2015	2016	2015	2016	2015	2016	2015
Authorization Date	Jan 17, 2012		Jun 14, 2012		Oct 04, 2012		Dec 20, 2012	
Assets	182	160	994	664	297	267	1.547	2.154
Shareholders Equity	81	74	217	139	102	97	224	199
Gross Reinsurance Premium	43	29	273	280	86	104	417	572
Commission	-14	-8	-64	-41	-16	-22	-36	-61
Non-Issued Risks in force	0	0	2	2	0	9	-19	10
International Operations	0	0	0	0	12	1	0	0
Written Retrocession	8	5	28	9	1	1	5	6
Written Premium	37	25	239	250	83	93	367	527
Change in Reserves	-3	4	-28	-41	1	-25	71	-39
Earned Premium	35	29	212	209	84	69	437	488
Losses Incurred	-20	-31	-251	-438	-69	-77	-47	-1.233
Commercial Expenses	-1	-1	-6	-10	-3	-2	-15	-18
Other Operational Expenses	-3	0	-5	0	-1	0	-1	7
Administrative Expenses	-25	-14	-28	-27	-14	-11	-58	-53
Tax Expenses	-3	-2	-10	-7	-2	-3	-15	-11
Industrial Result Pre Retro	-16	-19	-88	-274	-3	-25	302	-820
Retrocession Result	-1	-3	68	214	-6	5	-357	797
Industrial Result	-18	-23	-20	-60	-9	-20	-55	-23
Financial Result	13	13	52	28	18	16	59	53
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	-5	-9	31	-32	10	-3	4	30
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	-5	-9	31	-32	10	-3	4	30
Income Tax	1	0	-6	0	-1	1	-1	-7
Social Tax	1	0	-5	0	-1	1	-1	-4
Profit Sharing	0	-1	-3	-2	0	0	0	0
Net Income	-3	-11	18	-34	7	-2	2	19
Loss Ratio	57%	109%	119%	210%	82%	112%	11%	253%
Comm. Exp/Earned Premium	3%	4%	3%	5%	3%	3%	3%	4%
Adm. Exp / Earned Premium	72%	47%	13%	13%	16%	16%	13%	11%
Tax Exp / Earned Premium	7%	7%	5%	4%	2%	5%	3%	2%
Other Exp / Earned Premium	8%	1%	2%	0%	1%	0%	0%	-1%
Expense Ratio	91%	58%	23%	21%	22%	24%	20%	15%
Combined Ratio Pre Retro	147%	168%	142%	231%	104%	136%	31%	268%
Retro Result/Earned Premium	4%	11%	-32%	-102%	7%	-7%	82%	-163%
Combined Ratio	151%	178%	110%	129%	111%	129%	113%	105%
(Non-Rec. + Fin. + Equity) / Earned Prem	-37%	-46%	-24%	-13%	-22%	-24%	-13%	-11%
(Income tax+Social tax+Profit share)	-5%	5%	6%	1%	2%	-3%	0%	2%
R.O.E.⁽¹⁾	-3.9%	-14.4%	8.5%	-24.7%	7.3%	-1.8%	0.8%	9.5%
Annualised Earned Premium/SE	43%	39%	97%	150%	83%	70%	196%	245%

Source: SUSEP, Terra Brasis Re,

(1) R.O.E. Defined herein as annual net income divided by the shareholders equity of the end of the period.

Summary of Results – Local Reinsurers in 2016 and 2015 (BRL mm)

BTG, Scor and AXA

	BTG		Scor		AXA	
	2016	2015	2016	2015	2016	2015
Authorization Date	Feb 26, 2013		Aug 06, 2014		Aug 25, 2014	
Assets	1.130	925	334	248	470	319
Shareholders Equity	418	367	97	99	259	218
Gross Reinsurance Premium	257	320	172	106	142	53
Commission	-53	-54	-50	-30	-6	-3
Non-Issued Risks in force	6	-18	0	-3	-2	13
International Operations	0	0	74	78	9	0
Written Retrocession	0	0	0	0	0	2
Written Premium	211	248	196	150	142	66
Change in Reserves	-95	-185	-31	-56	-37	-38
Earned Premium	116	63	165	94	105	28
Losses Incurred	1	-2	-163	-113	-72	-16
Commercial Expenses	-3	0	-1	0	-4	-2
Other Operational Expenses	-10	-13	0	0	0	0
Administrative Expenses	-16	-16	-16	-14	-44	-24
Tax Expenses	-7	-3	-5	-4	-4	-2
Industrial Result Pre Retro	80	29	-19	-37	-18	-16
Retrocession Result	-48	-37	-4	19	-15	-11
Industrial Result	32	-8	-23	-18	-33	-28
Financial Result	59	64	22	13	5	11
Equity Pickup	0	0	0	0	-24	0
Operating Result	91	55	-1	-5	-52	-17
Non-recurring Gains	0	0	0	0	0	0
EBT	91	55	-1	-5	-52	-17
Income Tax	-22	-14	-1	1	7	4
Social Tax	-19	-9	-1	1	4	3
Profit Sharing	0	0	0	0	-1	0
Net Income	50	32	-3	-3	-41	-10
Loss Ratio	-1%	3%	99%	120%	68%	57%
Comm. Exp/Earned Premium	2%	0%	0%	0%	3%	7%
Adm. Exp / Earned Premium	14%	25%	9%	15%	42%	88%
Tax Exp / Earned Premium	6%	5%	3%	4%	4%	7%
Other Exp / Earned Premium	9%	21%	0%	0%	0%	0%
Expense Ratio	32%	51%	13%	19%	49%	102%
Combined Ratio Pre Retro	31%	54%	112%	139%	117%	159%
Retro Result/Earned Premium	41%	59%	3%	-20%	14%	41%
Combined Ratio	72%	113%	114%	119%	131%	200%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-51%	-102%	-14%	-13%	18%	-40%
(Income tax+Social tax+Profit share)	35%	37%	1%	-2%	-10%	-25%
R.O.E.⁽¹⁾	12.0%	8.9%	-3.0%	-2.8%	-15.8%	-4.4%
Annualised Earned Premium/SE	28%	17%	170%	96%	41%	13%

Source: SUSEP, Terra Brasis Re,

(2) R.O.E. Defined herein as annual net income divided by the shareholders equity of the end of the period.

Results by Lines of Business

In this section we analyze the different lines of business in the Brazilian Market. In order to analyze the different lines of business, we use the information from SUSEP's Table of Operations (TO), differently from the previous sections which are based on data from the Financial Statements of local insurers and reinsurers.

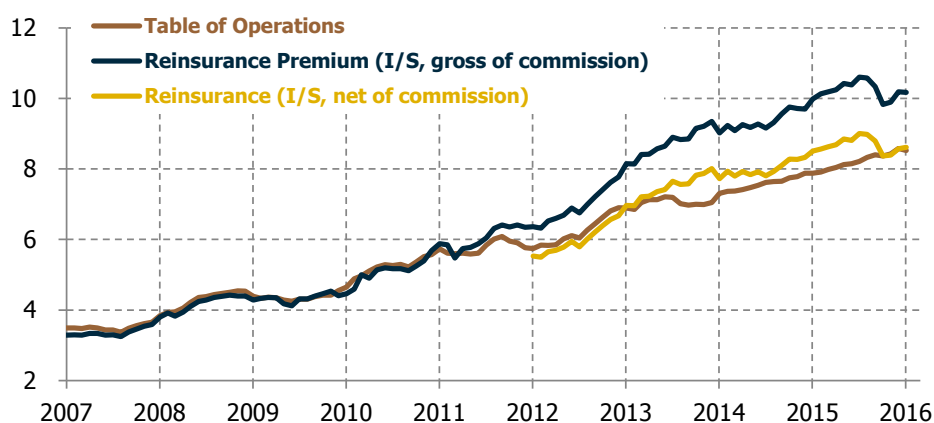
General Insurance and Reinsurance Premiums in 2016 and 2015 (BRL mm)

	General Insurance Premium			Reinsurance Premium (TO)			Local Reinsurance Premium		
	2016	2015	Chg	2016	2015	Chg	2016	2015	Chg
Property	12.863	12.515	3%	3.196	3.057	5%	2.067	2.103	-2%
Special Risks	464	587	-21%	598	527	13%	333	292	14%
Liability	1.592	1.478	8%	583	575	1%	394	389	1%
Hull	8	5	69%	2	3		2	2	
Auto	31.696	32.448	-2%	322	400	-19%	354	351	1%
Transportation	2.984	2.811	6%	673	698	-4%	527	555	-5%
Surety	3.061	2.758	11%	773	638	21%	868	842	3%
Credit	37	44	-17%		-2		-1		
Group Life	24.233	24.607	-2%	441	476	-7%	561	505	11%
House Financing	3.445	3.076	12%	85	99	-14%	72	101	-28%
Rural	3.664	3.253	13%	1.188	816	46%	855	650	32%
Others							1.222	1.135	8%
Individual Life	2.870	2.272	26%	75	45	66%	14	25	-44%
Marine	402	374	7%	227	194	17%	165	138	20%
Aviation	403	446	-10%	357	354	1%	169	195	-13%
Microinsurance	233	98	139%						
	87.955	86.771	1%	8.521	7.880	8%	7.602	7.282	4%

Source: SUSEP, Terra Brasis Re, data obtained from the Table of Operations (TO)

After additional analysis, we understand that there was a change concerning data definition in the Table of Operations. By mid-2012, the Table of Operations contained Reinsurance Volume gross of Commission. From this point forward, after a transitional period, the Table of Operations seems to present data for Reinsurance Volume net of Commission. The graph below illustrates.

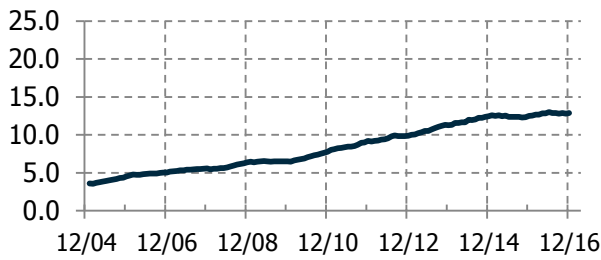
Ceded Reinsurance from different data sources (BRL bn)



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Group: Property

Insurance Premium



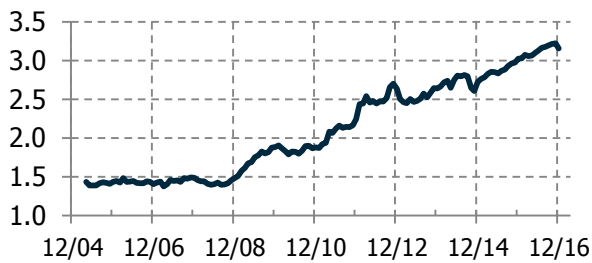
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



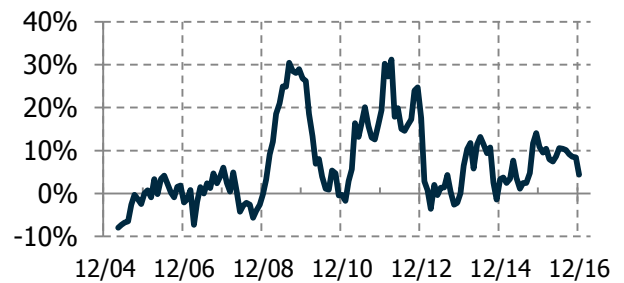
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



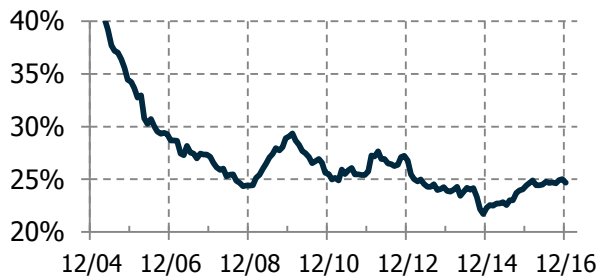
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



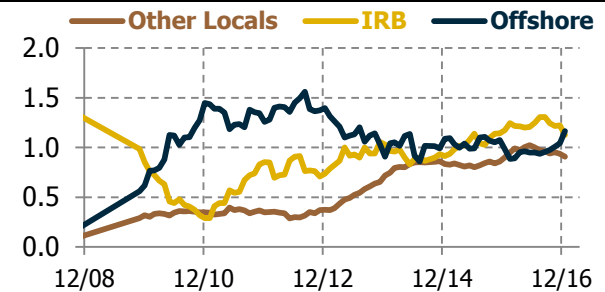
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



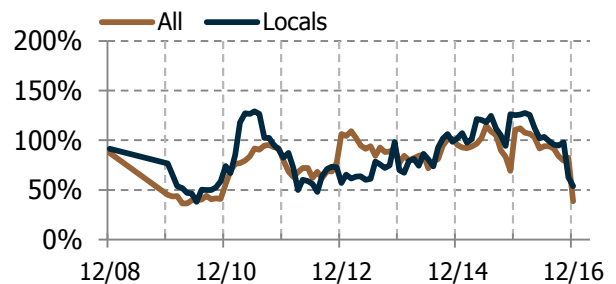
Source: SUSEP, Terra Brasis Re, BRL billions 12-month aggregate

Loss Ratio: Insurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

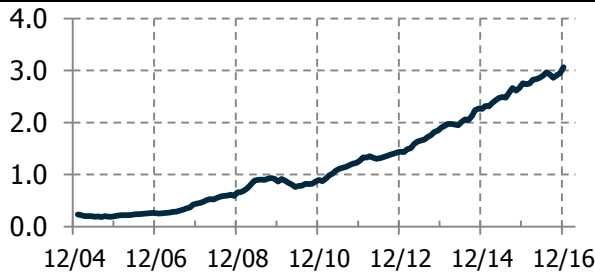
Loss Ratio: Local Reinsurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Group: Financial Risks

Insurance Premium



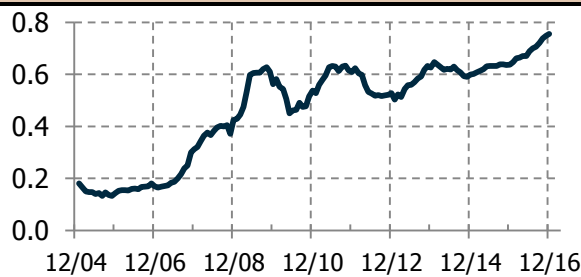
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



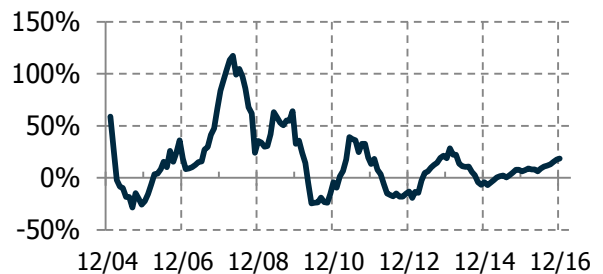
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



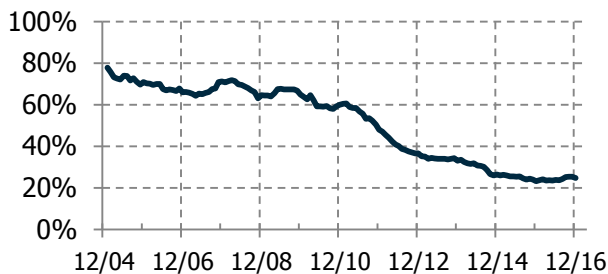
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



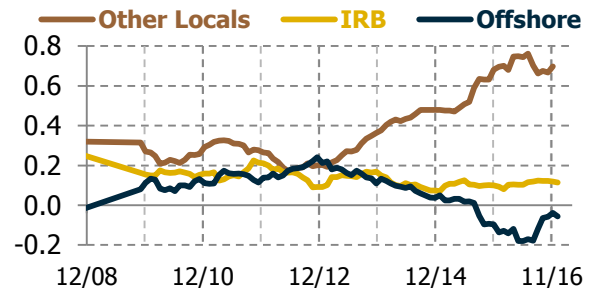
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



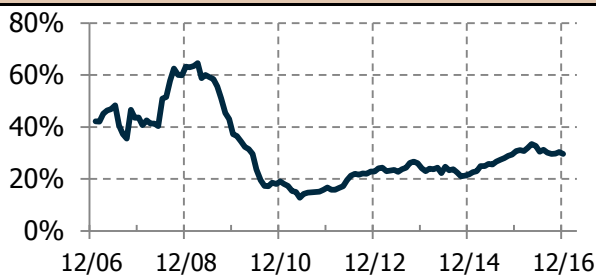
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



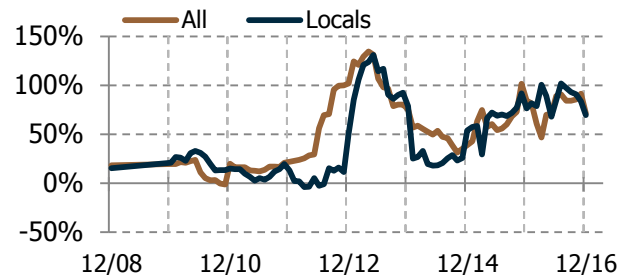
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

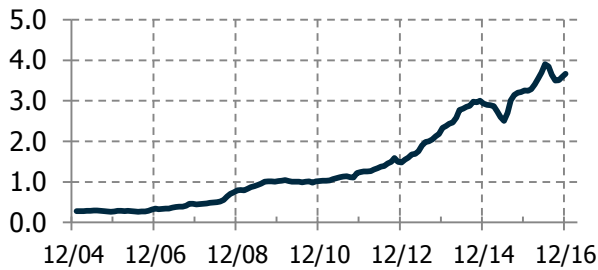
Loss Ratio: Local Reinsurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Group: Rural

Insurance Premium



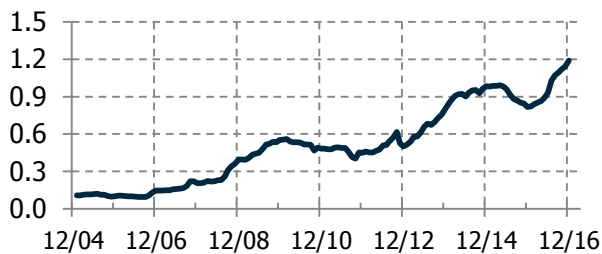
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



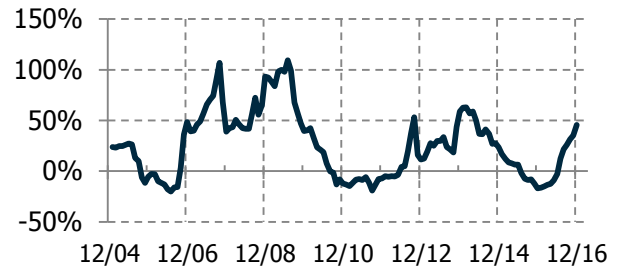
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



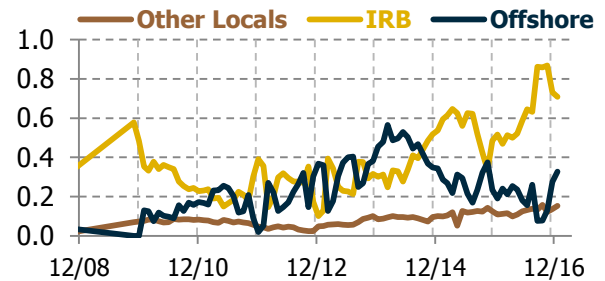
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



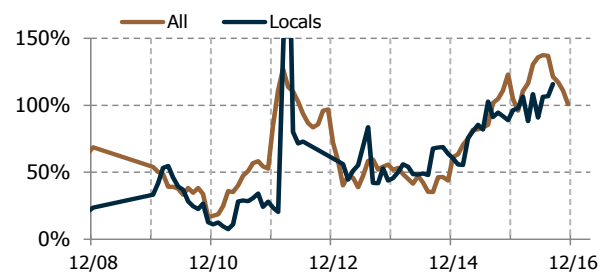
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

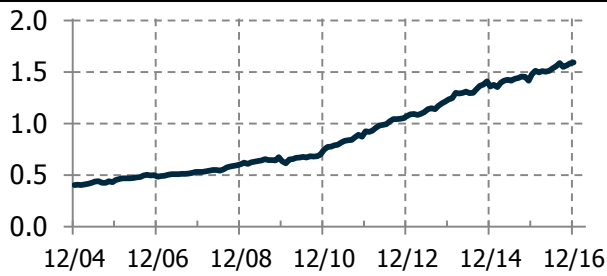
Loss Ratio: Local Reinsurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Group: Liability

Insurance Premium



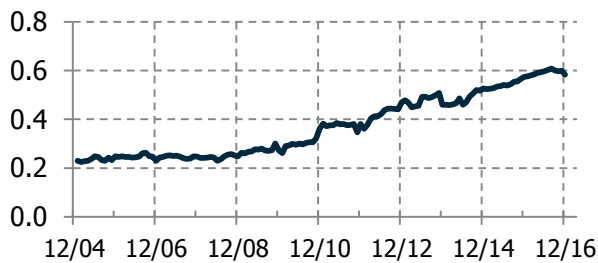
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



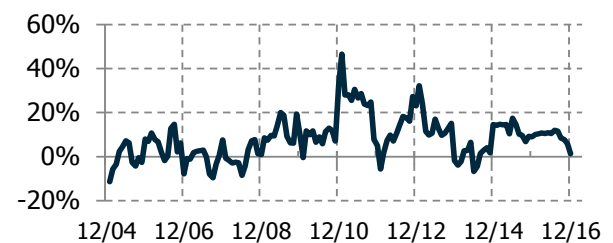
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



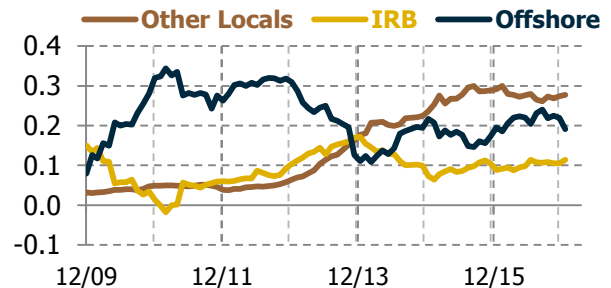
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



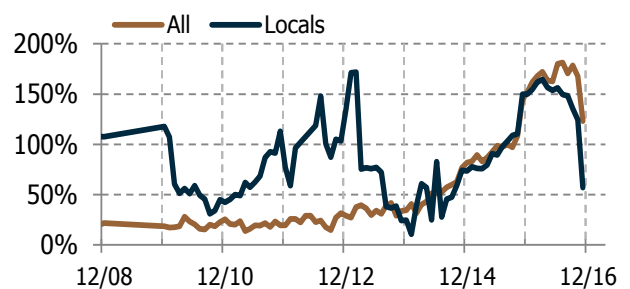
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



Fonte: SUSEP, Terra Brasis Re, acumulado 12 meses

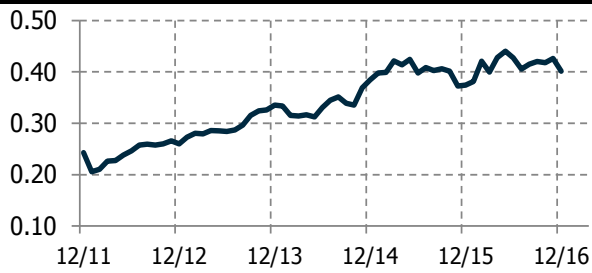
Loss Ratio: Local Reinsurers



Fonte: SUSEP, Terra Brasis Re, acumulado 12 meses

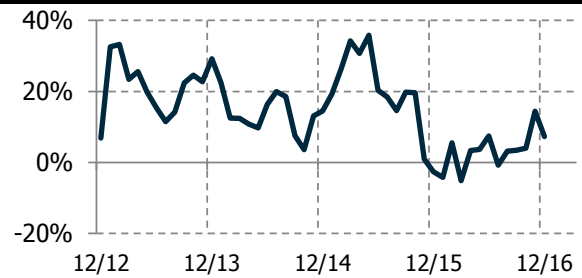
Group: Marine

Insurance Premium



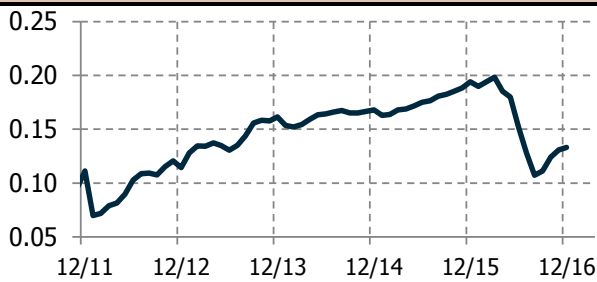
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



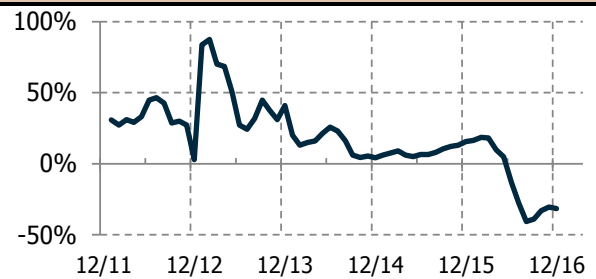
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



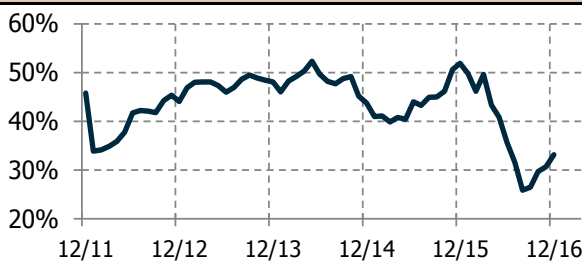
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



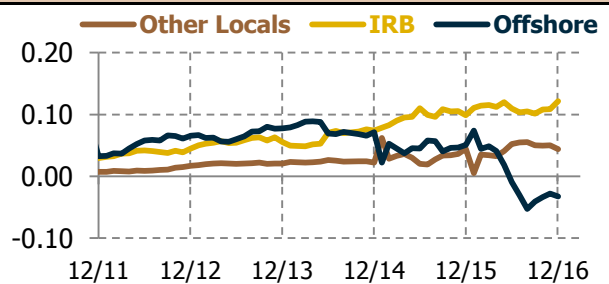
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



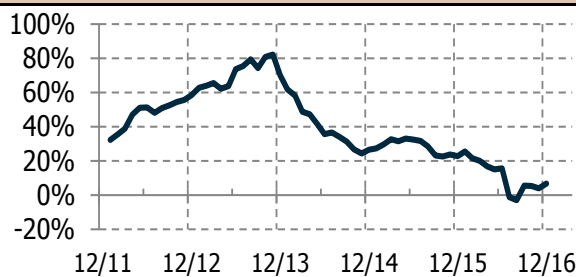
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



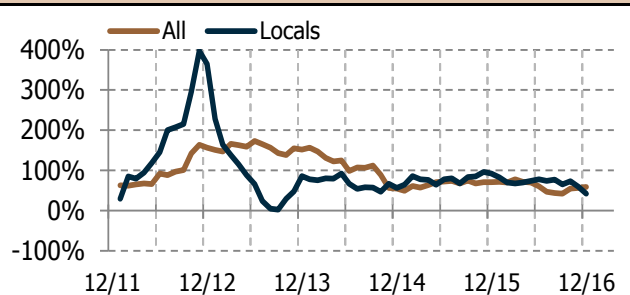
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Loss Ratio: Local Reinsurers



Source: SUSEP, Terra Brasis Re, 12-month aggregate

Exhibit 1: Brazilian Insurance Segments per Susep's Classes

In the table below are definitions by Terra Brasis of the segments referring to different lines of business supervised by SUSEP. The lines in grey denote lines of business that are deactivated or in rundown. In this report, for the definition of General Insurance, the classes related to DPVAT were excluded, since we believe that such classes should be an independent category. Other classes related to VGBL, which Terra Brasis believes should be presented together with other Retirement Plan modalities, were also excluded.

Segmentation of the Brazilian Insurance Market Under SUSEP Supervision

SUSEP Code	Code 1	Code 2	SUSEP Code	Code 1	Code 2
0111 - Incêndio Tradicional	General Insurance	P&C Corporate	0929 - Auxílio Funeral	General Insurance	Life and Accident
0112 - Assistência - Bens em Geral	General Insurance	P&C Personal Lines	0936 - Perda Certif. Habilit. de Vão-PCHV	General Insurance	Life and Accident
0113 - Vidros	General Insurance	P&C Personal Lines	0949 - Crédito à Exportação	General Insurance	Other
0114 - Compreensivo Residencial	General Insurance	P&C Personal Lines	0969 - Viagem	General Insurance	Life and Accident
0115 - Roubo	General Insurance	P&C Corporate	0977 - Prestamista (exceto Habit e Rural)	General Insurance	Life and Accident
0116 - Compreensivo Condomínio	General Insurance	P&C Corporate	0980 - Educacional	General Insurance	Life and Accident
0117 - Tumultos	General Insurance	P&C Corporate	0981 - Acidentes Pessoais - Individual	General Insurance	Life and Accident
0118 - Compreensivo Empresarial	General Insurance	P&C Corporate	0982 - Acidentes Pessoais	General Insurance	Life and Accident
0141 - Lucros Cessantes	General Insurance	P&C Corporate	0983 - Dotal Misto	General Insurance	Life and Accident
0142 - Lucros Cessantes Cobertura Simples	General Insurance	P&C Corporate	0984 - Doenças Graves ou Doença Terminal	General Insurance	Life and Accident
0143 - Fidelidade	General Insurance	P&C Personal Lines	0986 - Dotal Puro	General Insurance	Life and Accident
0167 - Riscos de Engenharia	General Insurance	P&C Corporate	0987 - Desemprego/Perda de Renda	General Insurance	Life and Accident
0171 - Riscos Diversos	General Insurance	P&C Corporate	0990 - Eventos Aleatórios	General Insurance	Life and Accident
0173 - Global de Bancos	General Insurance	P&C Corporate	0991 - Vida	General Insurance	Life and Accident
0176 - Riscos Diversos - Planos Conjugados	General Insurance	P&C Corporate	0992 - VGBL/VAGP/VRGP/VRSA/PRI individual	VGBL	Pension
0195 - Garantia Est./Ext.Gar-Bens em Geral	General Insurance	P&C Personal Lines	0993 - VIDA EM GRUPO	General Insurance	Life and Accident
0196 - Riscos Nomeados e Operacionais	General Insurance	P&C Corporate	0994 - VGBL/VAGP/VRGP/VRSA/VRI	VGBL	Pension
0234 - Riscos de Petróleo	General Insurance	P&C Corporate	0997 - VG/APC	General Insurance	Pension
0272 - Riscos Nucleares	General Insurance	P&C Corporate	1061 - Seg.Habit.Apól. Merc. - Prestamista	General Insurance	Life and Accident
0274 - Satélites	General Insurance	P&C Corporate	1065 - Seg.Habit.Apól.Merc.-Demais Cobert.	General Insurance	P&C Personal Lines
0310 - R.C. Administradores e Diretores-D&O	General Insurance	P&C Corporate	1066 - Seg.Habit.Sist.Financ. da Habitação	General Insurance	P&C Personal Lines
0313 - R. C. Riscos Ambientais	General Insurance	P&C Corporate	1068 - Habitacional - Fora do SFH	General Insurance	P&C Personal Lines
0351 - R. C. Geral	General Insurance	P&C Corporate	1101 - Seguro Agrícola sem cob. do FESR	General Insurance	Other
0378 - R. C. Profissional	General Insurance	P&C Corporate	1102 - Seguro Agrícola com cob. do FESR	General Insurance	Other
0433 - Marítimos	General Insurance	P&C Corporate	1103 - Seguro Pecuário sem cob. do FESR	General Insurance	Other
0435 - Aeronáuticos	General Insurance	P&C Corporate	1104 - Seguro Pecuário com cob. do FESR	General Insurance	Other
0437 - Responsabilidade Civil Hagar	General Insurance	P&C Corporate	1105 - Seguro Aquícola sem cob. do FESR	General Insurance	Other
0457 - D. P. E. M.	General Insurance	P&C Corporate	1106 - Seguro Aquícola com cob. do FESR	General Insurance	Other
0484 - Aeronáuticos - Bilhete	General Insurance	P&C Corporate	1107 - Seguro Florestas sem cob. do FESR	General Insurance	Other
0520 - Acidentes Pessoais Passageiros-APP	General Insurance	Life and Accident	1108 - Seguro Florestas com cob. do FESR	General Insurance	Other
0523 - R.C. T. Rod. Interest. e Internac.	General Insurance	P&C Personal Lines	1109 - Seguro da Cédula do Produto Rural	General Insurance	Other
0524 - Garantia Est./ Exten. Garantia-Auto	General Insurance	P&C Personal Lines	1128 - Pecuário	General Insurance	Other
0525 - Carta Verde	General Insurance	P&C Personal Lines	1129 - Aquícola	General Insurance	Other
0526 - Seguro Popular de Automóvel Usado	General Insurance	P&C Personal Lines	1130 - Seguro Benf. e Prod. Agropecuários	General Insurance	P&C Corporate
0531 - Automóvel - Casco	General Insurance	P&C Personal Lines	1161 - Agrícola	General Insurance	Other
0542 - Assistência e Outras Cobert. - Auto	General Insurance	P&C Personal Lines	1162 - Penhor Rural	General Insurance	P&C Corporate
0544 - R.C.T.Viagem Intern-Pes Trans ou não	General Insurance	P&C Personal Lines	1163 - Penhor Rural Instit. Fin. Pub.	General Insurance	Other
0553 - R. C. Facultativa Veículos - RCFV	General Insurance	P&C Personal Lines	1164 - Seguros Animais	General Insurance	Other
0583 - DPVAT Extinto	DPVAT	Other	1165 - Compreensivo de Florestas	General Insurance	Other
0588 - DPVAT	DPVAT	Other	1198 - Seguro de Vida do Produtor Rural	General Insurance	Life and Accident
0589 - DPVAT Run Off	DPVAT	Other	1279 - Seguros no Exterior	General Insurance	Other
0621 - Transporte Nacional	General Insurance	P&C Corporate	1285 - Saúde - Ressegurador Local	General Insurance	Other
0622 - Transporte Internacional	General Insurance	P&C Corporate	1286 - Saúde Individual	General Insurance	Other
0623 - R.C.T.Rod.Inter.e Intern.-RC Ônibus	General Insurance	P&C Corporate	1287 - Saúde Grupal	General Insurance	Other
0627 - Resp. Civil do Transp. Intermodal	General Insurance	P&C Corporate	1299 - Sucessais no Exterior	General Insurance	Other
0628 - R. C. Facult.Veículos - RCFV Ônibus	General Insurance	P&C Corporate	1329 - Auxílio Funeral	General Insurance	Life and Accident
0632 - R.C.Trans.Carga Viag.Int.-RCTR-VI-C	General Insurance	P&C Corporate	1336 - Perda Certif. Habilit. de Vão-PCHV	General Insurance	Life and Accident
0638 - R.C.Trans. Ferroviário Carga-RCTF-C	General Insurance	P&C Corporate	1369 - Viagem	General Insurance	Life and Accident
0644 - R.C. Viag.Int. Pessoas - Carta Azul	General Insurance	P&C Corporate	1377 - Prestamista (exceto Habit. E Rural)	General Insurance	Life and Accident
0652 - R. C. Trans. Aéreo Carga - RCTA-C	General Insurance	P&C Corporate	1380 - Educacional	General Insurance	Life and Accident
0654 - R.C. Trans. Rodoviário Carga-RCTR-C	General Insurance	P&C Corporate	1381 - Acidentes Pessoais	General Insurance	Life and Accident
0655 - R.C. Trans. Desvio de Carga-RCF-DC	General Insurance	P&C Corporate	1383 - Dotal Misto	General Insurance	Life and Accident
0656 - R.C. Trans. Aquaviário Carga-RCA-C	General Insurance	P&C Corporate	1384 - Doenças Graves ou Doença Terminal	General Insurance	Life and Accident
0658 - R.C.Operador Transp. Multi.-RCOTM-C	General Insurance	P&C Corporate	1386 - Dotal Puro	General Insurance	Life and Accident
0739 - Garantia Financeira	General Insurance	Other	1387 - Desemprego/Perda de Renda	General Insurance	Life and Accident
0740 - Garantia de Obrigações Privadas	General Insurance	Other	1390 - Eventos Aleatórios	General Insurance	Life and Accident
0743 - Stop Loss	General Insurance	Other	1391 - Vida	General Insurance	Life and Accident
0745 - Garantia de Obrigações Públicas	General Insurance	Other	1392 - VGBL/VAGP/VRGP/VRSA/VRI	VGBL	Pension
0746 - Fiança Locatícia	General Insurance	Other	1417 - Seg. Compreensivo Oper. Portuários	General Insurance	P&C Corporate
0747 - Garantia de Concessões Públicas	General Insurance	Other	1428 - R. C. Facult. para Embarcações-RCF	General Insurance	P&C Corporate
0748 - Crédito Interno	General Insurance	Other	1433 - Marítimos (Cascos)	General Insurance	P&C Corporate
0749 - Crédito à Exportação	General Insurance	Other	1457 - DPEM	General Insurance	P&C Corporate
0750 - Garantia Judicial	General Insurance	Other	1528 - R. C. Facult. para Aeronaves - RCF	General Insurance	P&C Corporate
0775 - Garantia Segurado - Setor Público	General Insurance	Other	1535 - Aeronáuticos (cascos)	General Insurance	P&C Corporate
0776 - Garantia Segurado - Setor Privado	General Insurance	Other	1537 - Responsabilidade Civil Hangar	General Insurance	P&C Corporate
0819 - Crédito à Exp. Risco Comercial	General Insurance	Other	1597 - Resp. Explor. ou Transp. Aéreo-RETA	General Insurance	P&C Corporate
0848 - Crédito Interno	General Insurance	Other	1601 - Microseguros de Pessoas	General Insurance	Life and Accident
0849 - Crédito à Exportação	General Insurance	Other	1602 - Microseguros de Danos	General Insurance	P&C Personal Lines
0859 - Crédito à Exportação Risco Político	General Insurance	Other	1603 - Microseguros - Previdência	General Insurance	Pension
0860 - Crédito Doméstico Risco Comercial	General Insurance	Other			
0870 - Crédito Doméstico Risco P.Física	General Insurance	Other			

Source: SUSEP, Terra Brasis Re

Exhibit 2: List of Technical Terms

Here follows an initial dictionary with the definitions that we used in this report for certain reinsurance terms. We intend to add to the list as the work progresses and believe that this would be worthwhile since several reinsurance terms have been used with different meanings.

Brazilian General Insurance Market: It is the market comprising insurance operations in accordance with official regulation by SUSEP, except for those classified in the DPVAT and VGBL modality.

Brazilian Reinsurance Market: It is formed by operations comprising cessions of reinsurance ceded by Brazilian insurers and assumed by reinsurers that are authorized to operate in Brazil and classified as local, admitted, or occasional.

Local Reinsurance Market: It is formed by operations comprising reinsurance business assumed by Local Reinsurers.

Written Premium or Gross Written Premium: It is the value of the premium written by Insurers or Reinsurers, before reinsurance or retrocession deductions. In the case of reinsurers, as of May 2011, it is net of commissions paid to Cedants.

Net Premium: It is the written premium net of the reinsurance or retrocession deductions.

Reinsurance Premium or Gross Reinsurance Premium: It is the same as Written Premium or Gross Written Premium by the Reinsurers. Even though, by definition, commissions are deducted from such value, temporarily at Terra Report we always indicate whether the reinsurance premium is net or gross of commission.

Net Reinsurance Premium: It is the reinsurance premium net of ceded retrocession premium. As for the Reinsurance Premium, temporarily at Terra Report we always indicate whether the reinsurance premium is net or gross of commission.

Commission: It is the value that the reinsurer or retrocessionaire pays to the Cedant, with the objective of covering part of the expenses incurred in the administration and production of the business.

Brokerage: It is the value paid to the broker ("broker") in compensation for the intermediation of the insurance, reinsurance, or retrocession.

Overriding: It is the part of the commission paid to Cedants in addition to their incurred commercial expenses.

Exhibit 3: Main Indexes of Local Reinsurers

Main Ratios From Local Reinsurers in 2016 and 2015

January to December 2016	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	% O/E	% A/E	% T/E	% ER	% CR pre RR	% RR	% CR	RSUB	/SE	RINV	/SE	RGO	RNET	/SE	ROE	SE	% SLV
Total		8.828	14,1%	7.582	7.389	66%	2%	0%	7%	3%	13%	79%	17%	96%	284	4%	1.490	21%	1.773	1.140	25,4%	16,4%	6.972	79%
Total New		4.134	17,9%	3.393	3.226	71%	2%	1%	10%	3%	16%	87%	16%	103%	-83	-2%	602	17%	518	291	14,2%	8,0%	3.644	88%
IRB	04/1939	4.694	10,8%	4.188	4.162	62%	2%	-1%	6%	3%	11%	73%	18%	91%	367	11%	888	27%	1.255	849	37,7%	25,5%	3.328	71%
JM	05/2008	349	38,5%	214	134	34%	0%	21%	6%	4%	32%	66%	42%	108%	-11	-2%	78	12%	68	37	10,3%	5,7%	655	188%
Muneecher	05/2008	544	18,7%	442	468	75%	2%	-7%	9%	4%	8%	83%	13%	96%	19	5%	82	22%	100	56	27,0%	15,0%	372	68%
Mapfre	11/2008	276	13,0%	240	195	133%	2%	4%	4%	5%	14%	147%	52%	95%	10	6%	30	18%	40	23	23,3%	13,1%	172	62%
XL	12/2008	55	19,3%	45	36	72%	3%	0%	13%	8%	24%	96%	11%	106%	-2	-1%	55	18%	53	29	16,9%	9,3%	313	566%
ACE	11/2009	220	8,1%	202	242	42%	2%	12%	8%	4%	26%	68%	27%	94%	14	12%	36	30%	49	27	42,1%	22,8%	117	53%
Austral	01/2011	457	12,1%	402	394	76%	3%	-4%	4%	2%	4%	79%	19%	98%	8	3%	37	13%	45	34	15,9%	12,0%	283	62%
AIG	04/2011	95	29,9%	67	57	187%	0%	0%	15%	2%	19%	206%	-111%	100%	3	3%	9	10%	12	9	12,7%	9,0%	95	100%
Zurich	01/2012	624	18,9%	506	545	86%	0%	0%	1%	2%	4%	90%	10%	100%	2	1%	71	30%	73	46	30,6%	19,3%	239	38%
Markel	01/2012	51	26,8%	37	35	57%	3%	8%	72%	7%	91%	147%	4%	151%	-18	-22%	13	16%	13	18	14,4%	-3,9%	80	157%
Swiss	06/2012	303	21,1%	239	212	119%	3%	2%	13%	5%	23%	142%	-32%	110%	-20	-9%	52	24%	31	18	14,4%	8,5%	217	72%
Terra Brasis	10/2012	99	16,4%	83	84	82%	3%	1%	16%	2%	22%	104%	7%	111%	-9	-9%	19	18%	10	7	9,4%	7,3%	102	103%
Allianz	12/2012	403	8,9%	367	437	11%	3%	0%	13%	3%	20%	31%	82%	113%	-55	-25%	59	26%	4	2	1,7%	0,8%	224	56%
BTG	02/2013	264	19,9%	211	116	-1%	2%	9%	14%	6%	32%	31%	41%	72%	32	8%	59	14%	91	50	21,8%	12,0%	418	159%
Scor	08/2014	246	20,5%	196	165	99%	0%	0%	9%	3%	13%	112%	3%	114%	-23	-24%	22	23%	-1	-3	-1,1%	-3,0%	97	39%
AXA	08/2014	148	4,0%	142	105	68%	3%	0%	42%	4%	49%	117%	14%	131%	-33	-13%	-19	-7%	-52	-41	-20,0%	-15,8%	259	175%
Total		8.508	14,0%	7.320	6.910	98%	2%	2%	7%	3%	15%	113%	-12%	101%	-77	-1%	1.454	23%	1.377	943	21,5%	14,7%	6.417	75%
Total New		4.347	17,3%	3.596	3.164	142%	2%	5%	8%	3%	18%	160%	-50%	110%	-309	-10%	643	20%	334	180	10,3%	5,5%	3.242	75%
IRB	04/1939	4.161	10,5%	3.723	3.746	61%	3%	0%	6%	3%	12%	73%	21%	94%	232	7%	811	26%	1.043	764	32,9%	24,1%	3.175	76%
JM	05/2008	247	36,9%	156	134	60%	0%	7%	7%	4%	19%	79%	15%	93%	9	1%	95	13%	103	60	14,4%	8,3%	720	292%
Muneecher	05/2008	465	17,4%	384	374	143%	2%	2%	10%	5%	19%	162%	-36%	126%	-99	-32%	127	40%	28	14	8,9%	4,5%	313	67%
Mapfre	11/2008	190	18,9%	154	178	109%	1%	3%	5%	5%	14%	123%	-21%	102%	-4	-2%	35	24%	32	17	21,2%	11,5%	149	78%
XL	12/2008	54	18,8%	44	50	79%	2%	0%	10%	7%	19%	98%	11%	109%	-4	-2%	40	14%	36	21	12,5%	7,4%	285	527%
ACE	11/2009	338	13,1%	293	256	98%	-1%	12%	6%	4%	22%	119%	-16%	104%	-10	-11%	22	25%	13	9	13,9%	9,6%	90	27%
Austral	01/2011	578	19,1%	468	466	67%	2%	21%	3%	1%	27%	94%	2%	97%	16	6%	53	20%	69	43	25,8%	16,2%	266	46%
AIG	04/2011	138	17,3%	115	106	470%	0%	0%	6%	5%	11%	481%	-372%	109%	-10	-12%	22	26%	12	8	14,5%	9,9%	83	60%
Zurich	01/2012	758	17,9%	622	621	107%	0%	0%	1%	3%	4%	111%	-7%	105%	-28	-15%	52	27%	23	15	12,1%	7,7%	193	25%
Markel	01/2012	33	25,2%	25	29	109%	4%	1%	47%	2%	58%	168%	11%	178%	-23	-33%	13	19%	-9	-11	-13,5%	-15,4%	69	207%
Swiss	06/2012	291	14,0%	250	209	210%	5%	0%	13%	4%	21%	231%	-102%	129%	-60	-64%	28	30%	-32	-34	-34,5%	-36,8%	93	32%
Terra Brasis	10/2012	115	18,9%	93	69	112%	3%	0%	16%	5%	24%	136%	-7%	129%	-20	-21%	16	17%	-3	-2	-3,6%	-1,8%	97	84%
Allianz	12/2012	588	10,3%	527	488	253%	4%	-1%	11%	2%	15%	268%	-163%	105%	-23	-12%	53	27%	30	19	15,1%	9,5%	199	34%
BTG	02/2013	302	17,8%	248	63	3%	0%	21%	25%	5%	54%	59%	113%	113%	-8	-2%	64	17%	55	32	15,1%	8,9%	367	122%
Scor	08/2014	181	16,8%	150	94	120%	0%	0%	15%	4%	19%	139%	-20%	119%	-18	-18%	13	13%	-5	-3	-5,1%	-2,8%	99	55%
AXA	08/2014	68	3,7%	66	28	57%	7%	0%	88%	7%	102%	159%	41%	200%	-28	-13%	11	5%	-17	-10	-7,6%	-4,4%	218	320%

Total New : All reinsurers except IRB
Gross Prem. : Gross Written Premium (BRL)
% Com : Commission paid to Cedants
Net Premium : Net Written Premium (BRL)
Earned Premium : Earned Premium (BRL)
% L : Losses
% B : Brokerage
% O/E : Other Expenses
% A/E : Administrative Expenses
% T/E : Tax Expenses
% ER : Expense Ratio (%B + %OD + %DA)
% CR pre RR : Combined Ratio pre Retrocession (%S+%ER)
% RR : Retrocession Result
% L + %ER+%RR : Combined Ratio (%S+%ER+%RR)
RSUB / SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
RINV / SE : Investment Result plus non-recurring gains and equity pickup
RGO : Gross Result (RSUB + RINV)
RNET : Net Result (RGO minus income tax, social contributions and profit sharing)
SE : End of Period Net Shareholder's Equity
ROE : Return on Equity (Before Income Tax, Social Contributions, Profit Sharing)
% SOLV : Solvency Margin, End-of-period SE/Annualized Gross Written Reinsurance

Fonte: SUSEP, Terra Brasis Re

Acknowledgements

It is with enthusiasm that we continue to publish our market report, Terra Report, a research piece covering the Brazilian Reinsurance Market, which we share with our clients, partners, and colleagues.

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We hope our readers appreciate this work as much as we appreciate developing it. Without a doubt, it is extremely gratifying to be involved in the Brazilian reinsurance market at such an important moment of its development. Any criticism, comment, or suggestion for this work is very welcome.

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Terra Brasis Resseguros

BRAZILIAN REINSURER OF THE YEAR



3º Lugar
Categoria Produtos e Serviços
Edição 2015



2º Lugar
Categoria Comunicação
Edição 2013

