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Ratings:

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

Standard & Poor's
brA+
 Local
 Stable Outlook

Shareholders:



Terra Report

Report on the Brazilian Reinsurance Market

- It is not yet possible to assess the full effects of the hurricanes Harvey, Irma and Maria and the earthquakes in Mexico, however, these tragic events might be among the largest events in the history. At the beginning of this edition we show a brief analysis of these occurrences.
- During the first semester of 2017, the total amount of ceded reinsurance originated by Brazilian insurers (gross of commission) stood at BRL 5.43 bn, 10% higher than the same period of 2016. Around 72% of this total was placed with Local Reinsurers, a similar growth of 10%.
- Local Reinsurers also accepted foreign risks (gross of commission) estimated in BRL 1.06 bn, a 50% increase in comparison to the same previous period of the last year.
- In this semester, the Gross Written Premium from Local Reinsurers (gross of commission) reached BRL 4.98 bn, an increase of 16% in comparison to the previous period.
- This year up to June, Local Reinsurers' Loss Ratio stood at 61% compared to 72% for the previous period. The Combined Ratio stood at 95%, showing an improvement when in comparison to the 99% ratio seen in 2016.

Simultaneous hurricanes in Atlantic Ocean: Katia, Irma and Jose



Source: NASA/NOAA GOES Project. From left to right: hurricanes Katia, Irma and Jose.

Introduction

Dear Reader,

We start this edition with a brief description of the catastrophic events that the Americas and, in particular, the Caribe and Mexico. These tragic events cost many lives and caused destruction along the region. During these dreadful periods the insurance and reinsurance industry has the duty to show its value, mitigating the impacts of these tragedies in society and in the lives of individuals.

The cover of this edition shows the moment that three hurricanes occurred simultaneously at Atlantic Ocean, something that hadn't happen since 2010.

It is not yet possible to precise the impact in the (re)insurer market of the hurricanes Harvey, Irma and Maria (now been colloquially called "HIM") and the earthquakes that shake Mexico. For now it is possible to say that they will be among the largest events in the history. The fact that they occurred in the same year increase the magnitude of their effects on the industry.

Despite being early for more accurate estimates, it is uncertain if the effects will just decrease the profit of the industry or if they will also impact reinsurer's capital base. It is also premature to concluded whether these events will cause increase in reinsurance rates, which have been falling over many past years.

We compare the events that happened in 2017 with the largest historical events. We also comment about the total insured losses as a proportion of economic losses. For the hurricanes that many landfall in the United States and the Caribe, regions that regularly use (re)insurance, we estimate this proportion somewhere between 40% and 60%. In the earthquakes that hit Mexico, somewhere around 25%. In the largest Brazil's ecological disaster, the Mariana's dam collapse of 2015, total insured losses represented only 8% of the total economic losses caused to the Brazilian society. This shows that use of insurance instruments as a tool to protect Brazilian society is still very low.

The following sections of this edition analyses the Brazilian reinsurance market at 2017.

For the 12 months period ending in June of 2017, the insurance market (general insurance) shows a positive reaction, with an increase of 4% (recently this increase was close to zero).

The ceded premium from Brazilian insurers remains stable, close to BRL 10.7 bn for the 12 months period ending in June of 2017. From this amount, close to 72% continues to be ceded to Local Reinsurers (BRL 7.7 bn). The Local Reinsurers continue to expand their international activities. For the last 12 months aggregate, insurance companies abroad ceded to Local Reinsurers BRL 1.8 bn, an increase of around 30% in comparison to the same previous period.

For the first semester of this year, the profitability of the Local Reinsurers shows an improvement. The local market as a whole generated a profit of BRL 588 mi in comparison to BRL 510 mi for the 2016's first semester.

Enjoy your reading,

Rodrigo Botti, ARe
General Director
Terra Brasis Resseguros

Summary of 2017's Main Catastrophic Events

During the third semester of this year a series of catastrophic events hit America, particularly Caribe and Mexico. These tragic events, besides costing many lives and generating huge destruction, impacted the insurance and reinsurance world industry. Given the recent internationalization of Brazilian local reinsurers, these events might also impact the Brazilian reinsurer market. Below we present a short description of the available information up to now.

The main events this year up to now are:

- **Harvey Hurricane:** Hit predominantly Texas. Caused floods, which will difficult the losses adjustment, specially the complex questions about the business interruption losses. **Insured losses amount estimated: USD 10 to USD 35 bn (close to 40% of economic loss).**
- **Irma Hurricane:** Hit Caribe and the West part of Florida. This was the most commented event in the media. It had chances of making landfall in Miami as Category 5, causing insured losses above USD 100 bn. The simpler claims to be adjusted, similar to past claims. **Insured losses amount estimated: USD 25 to 55 bn (close to 60% of economic loss).**
- **Maria Hurricane:** Hit the Caribbean Islands, specially Porto Rico. There is still much uncertainty about the insured loss. Total insured losses in Porto Rico around USD 250 bn. The island has an important pharmaceutical and hotel industries, among other. There is still no energy in some parts of the island, which complicates the adjusters work. **Insured losses amount estimated: USD 15 to 85 bn (close to 50% of economic loss).**
- **Mexico Earthquake:** Two earthquakes hit Mexico. Despite the human tragedy, insured losses were lower than in the other events. **Insured losses amount estimated: USD 1 to 5 bn (close to 25% of economic loss).**

Therefore, the impact of these losses in the insurance industry is still vague, something between **USD 50 and 180 bn**, with the higher uncertainty on the effects of the Maria Hurricane in Porto Rico.

As reference, the largest insured losses from natural events were, in current figures:

- **Katrina** Hurricane, New Orleans, 2005: **USD 80 bn.**
- **Fukushima** Earthquake, Japan, 2011: **USD 37 bn.**
- **Sandy** Hurricane, New York, 2012: **USD 30 bn.**

In the last ten years, the annual average losses from natural disasters were around USD 50 bn. In the first semester of this year, before the large events, the estimative was USD 20 bn from several other events, slightly lower than the historical average.

Therefore, is possible that the three hurricanes in the same year can be among the most severe events of history. The discussions between the market players are focused on whether the impact will reach only this year's profit or will also impact reinsurers' capital ("an earnings or capital event?").

It is important to also note that the insured amount as a percentage of the economic loss varies from 40% to 60% for the hurricanes that hit a large part the United States. For the earthquakes in Mexico, this percentage is estimated at 25%. As comparison, Brazil had the worst ecological disaster of his history on

Mariana's dam collapse, in the State of Minas Gerais, in 2015¹. Terra Brasis estimated the economic losses of this event at BRL 26.3 bn (USD 8.3 bn) and the total insured losses at BRL 2.3 bn (USD 0.7 bn). It means that in this event the (re)insurance industry protected only 8% of the impact to the Brazilian society, a very small figure. The table below illustrates:

Comparison between the last natural events occurred and the largest historical events (USD bn)

Year	Event	Main regions hit	Average losses estimated		Ins/ Eco
			Economic	Insured	
2017	Harvey Hurricane	Texas - USA	60	23	38%
2017	Irma Hurricane	Florida and Caribe	68	40	59%
2017	Maria Hurricane	Porto Rico and Caribe	100	50	50%
2017	Earthquake	Mexico	12	3	25%
Total arising from 4 events			240	116	48%
Other events					
2015	Dam leakage	Mariana - Brasil	8.3	0.7	8%
2012	Sandy Hurricane	New York - USA	75	30	40%
2011	Earthquake	Fukushima - Japan	275	37	13%
2005	Katrina Hurricane	New Orleans - USA	175	80	46%

Estimated figures, as Present Value

Over the last five years, the reinsurance rates have been decreasing significantly due to high competition, the excess of global liquidity and due to the fact that last years experienced a low volume of catastrophes. Current rates, before these events, were around 40% to 50% lower than those five years ago. Besides, the global reinsurers have released reserves during the past years. These makes the cushion needed to absorb this year's impact rather thin. The Combined Ratio from several global reinsurers is already close to 100%.

In the analysis of the impact for the insurance companies, especially those middle size companies dedicated to Caribe, the question is whether their protections will be enough for the many events that occurred this year. The amount of reinsurance bought is usually determined by the statistic measure called Probable Maximum Loss (PML), which is usually around 15% to 20% of the insured value. Besides, some layers of the reinsurance programs might not have enough automatic reinstatements (with the automatic reinstatement, the reinsurance protection is restored automatically after an event, through the payment of additional premium). In this way, it is possible that insurers will be protected on the initial events, but might not have enough protection for the subsequent events.

There doesn't seem to be concerns regarding the solvency of large insurers or reinsurers. However, some reinsurers focused on catastrophe might have a significant exposure and, therefore, incur in a depletion of capital. For reinsurers with open capital, the uncertainty about the impact of these events might impact their market value and eventually make them a target for acquisition.

¹ Refer to Terra Report Special Edition #3 for a complete Analysis of this event.
<http://www.terrabrasis.com.br/Content/pdf/Terra%20Report%20Special%20Edition%203%20v6.pdf>

A lot attention also to the ILS market (Insured Link Securities). This will be the first significant test for the securitization market, which has only about 20 years of existence. It is the current consensus that a large part of the collateral on current structures will be locked at the beginning of 2018, which is the period that concentrates a large part of these renewals. Therefore, during 2018 there might be lower capacity offer through ILS, which may also contribute for a recover/ increase in reinsurance rates.

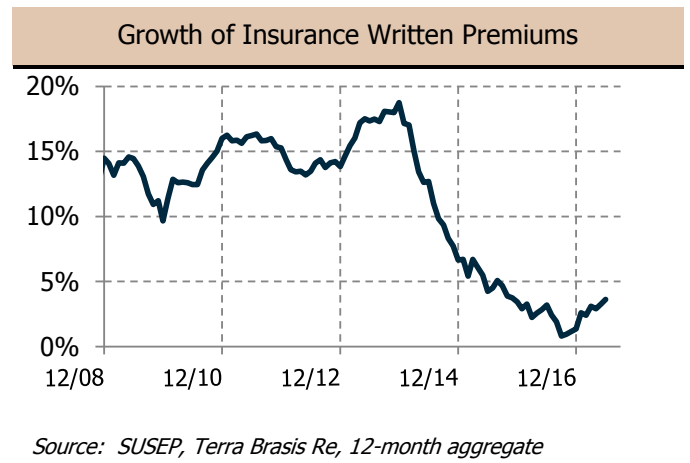
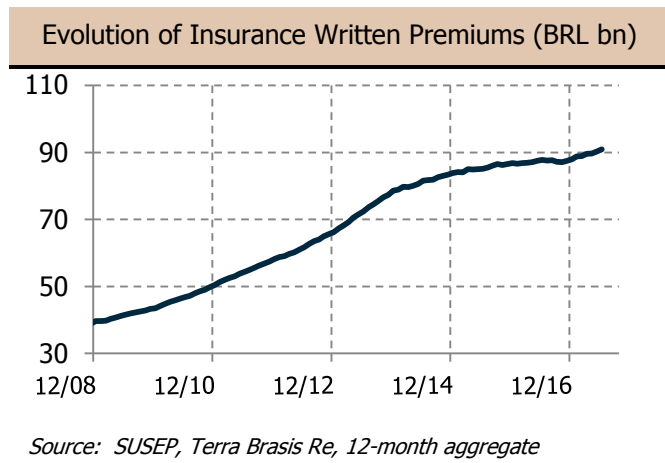
In a first, very simplified, estimative, let's say that these events will have an impact of USD 100 bn (close to the average point of current estimative) and that 50% of this impact be transferred to reinsurers. We understand that the ILS market will absorb a disproportionate part of this cost, therefore something around USD 15 bn for ILS and USD 35 bn for reinsurers. Reinsurers' capital base today is around USD 500 bn and the average annual profit close to USD 40 bn (close to 8% ROE). The ILS market today has around USD 80 bn of capital. Therefore, the events of this year may cost about 8% of the capital or around of one-year's profit. For the ILS market it may cost around 20% of their capital.

The (re)insurers should start publishing third quarter results at the end of October or beginning of November, which will bring a better view of the impact of these events. At the same time, the hurricanes season in the Atlantic Ocean will extend until the end of October and other events, unfortunately, may not be discarded.

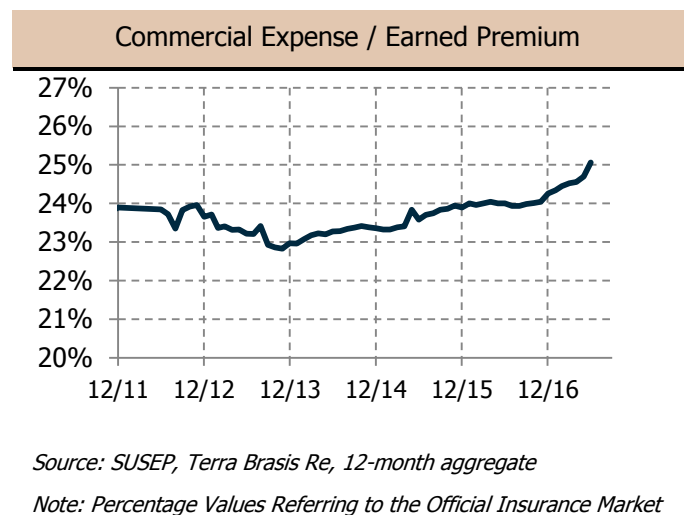
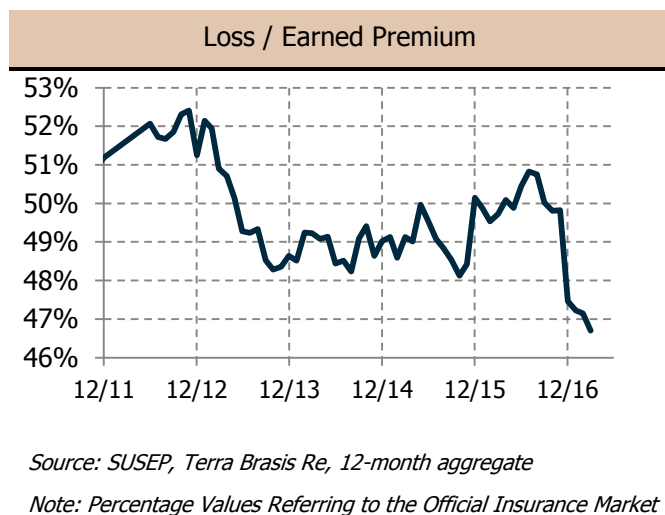
Brazilian General Insurance Market

The **General Insurance Market**, defined as per methodology presented on Exhibit 1, after a decrease in growth in the ending of 2016, keeps showing signs of improvement. The growth of general insurance premium is back to the level of middle's 2016, but, it's still below the average of the last years.

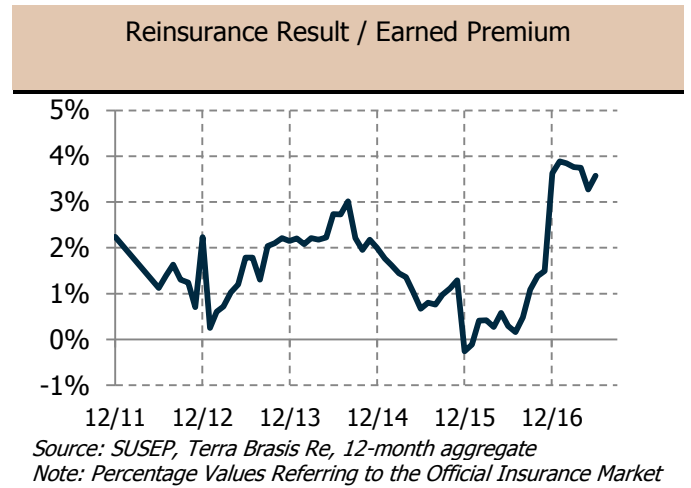
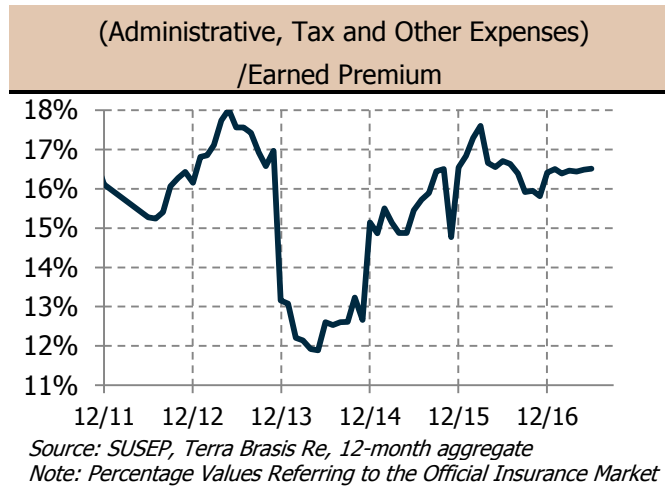
For the 12 months aggregate ending in June 2017, Brazilian Market generated BRL 91 bn in insurance premium, compared to BRL 88 bn in the same period of previous year, representing an annual growth of 3.6% versus 3.2% for the same period in 2016.



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 first semester of 2017 when in comparison to the last periods. For the 12 months aggregate ending in June 2017, the loss ratio stood at 46.2% compared to 50.8% for the same period of the previous year.



The **Commercial Expense Ratio**, for the 12 months aggregate ending in June 2017 stood in 25.1%, a small increase when compared to 24.0% for the 12 months aggregate ending in June 2016.

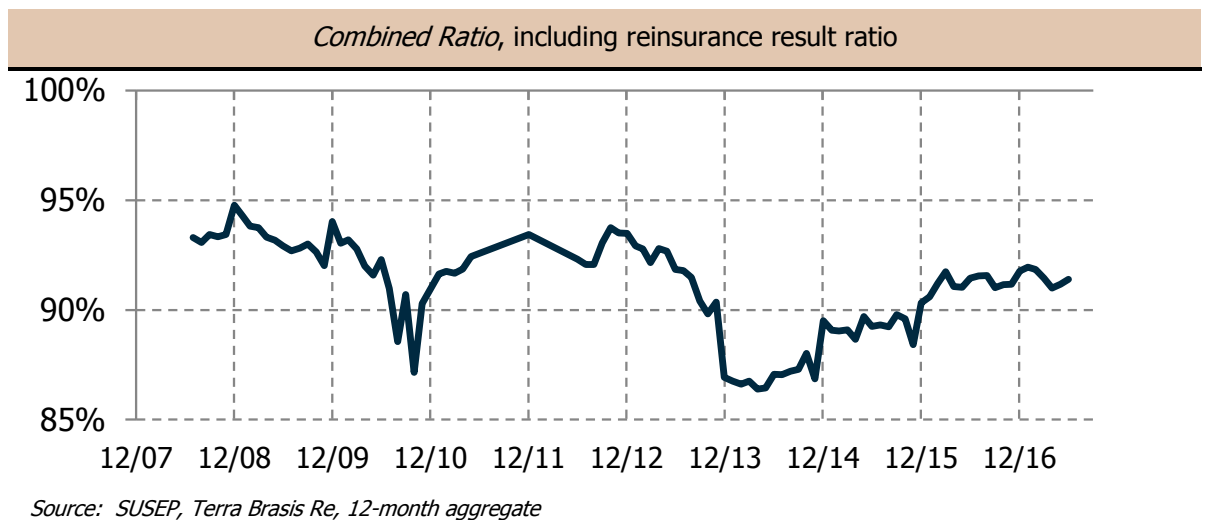


The **Administrative Expense Ratio (including taxes and other expenses)** also finished the period practically stable in comparison to the previous period, finishing the 12 months aggregate by June 2017 in 16.5%.

In the same period, the **Reinsurance Result Ratio**, defined as reinsurance result divided by earned premium, had a remarkable growth, especially in December, ending the 12 months aggregate ending in June 2017 with a 3.6% ratio versus 0.3% for the same previous period of 2016.

In our view, this increase in reinsurance costs by the insurers is normal and healthy for the entire market. It is expected that insurers experience expenses with reinsurance and only sporadically (usually in the case of an unexpected loss ratio deviation), experience profits. 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.

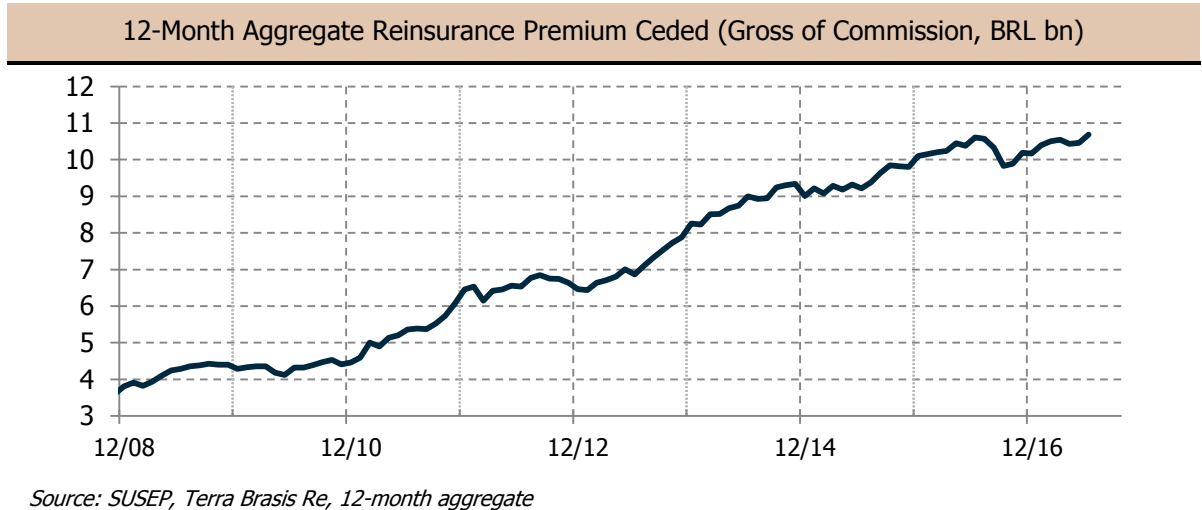
The **Combined Ratio**, including the reinsurance result ratio, showed a stable result, closing the 12 months aggregate ending in June 2017 in 91.4%.



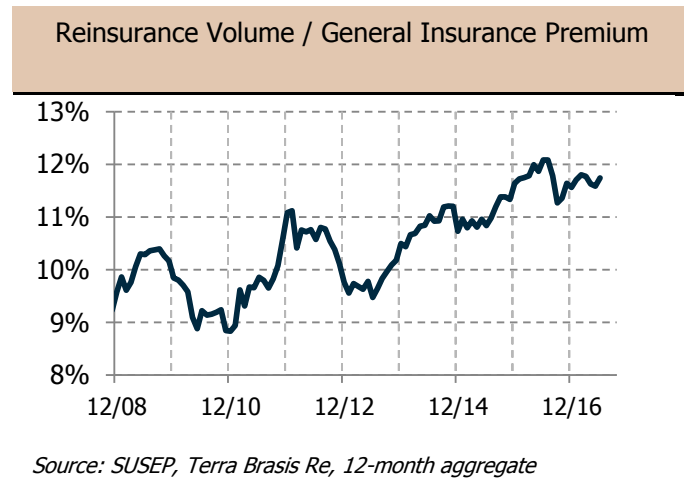
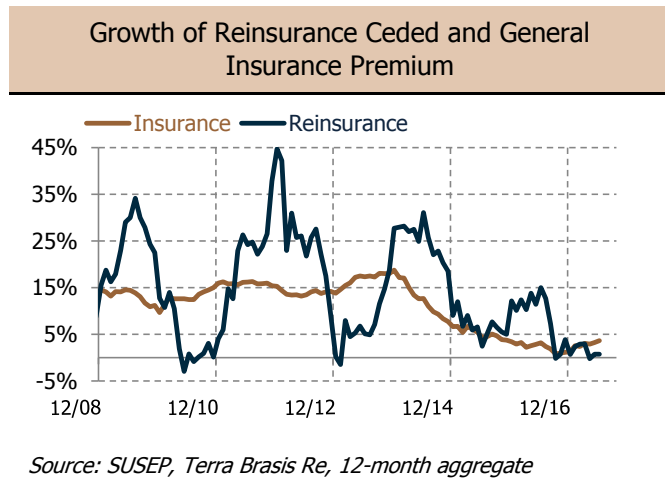
Brazilian Reinsurance Market

We start this section’s analysis using 12-month aggregate data.

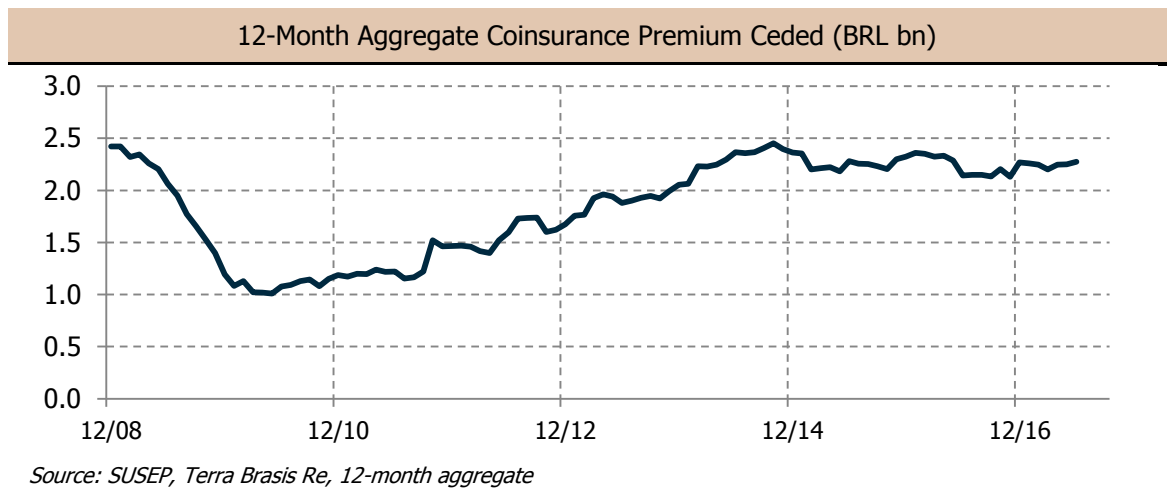
The 2017 first semester figures showed a stable behavior in the reinsurance volume originated by Brazilian cedants related the previous period. In the aggregate of 12 months ending in June 2017, **the Brazilian market reinsurance volume (gross of commission)** stood at BRL 10.68 bn, showing an increase of 0.74% related to the previous period.



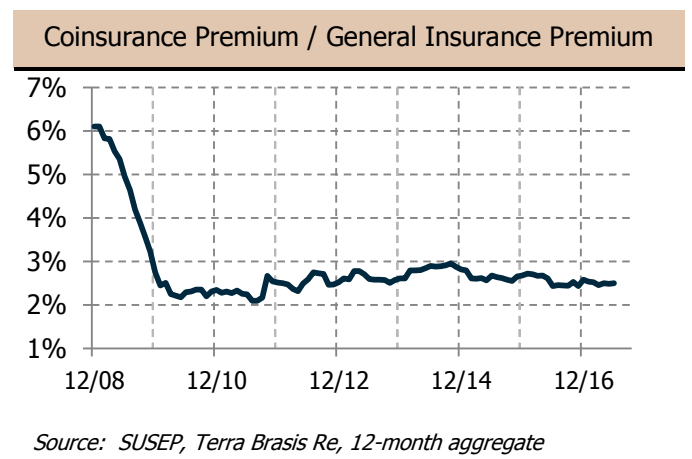
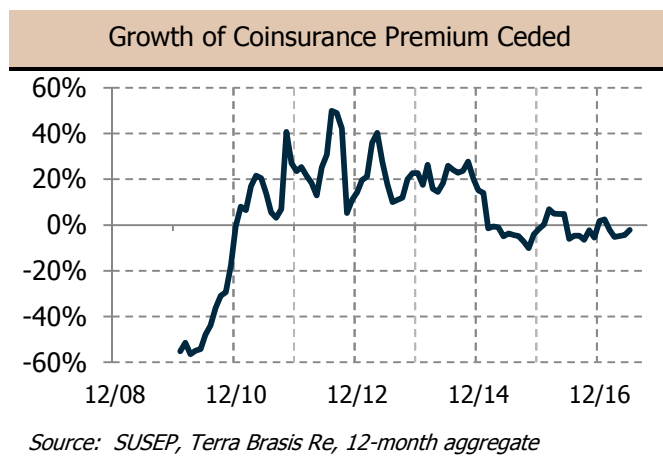
For the same period, the proportion of reinsurance ceded over general insurance premium stood at 11.7%, slightly smaller in comparison to 12.1% in the previous period.



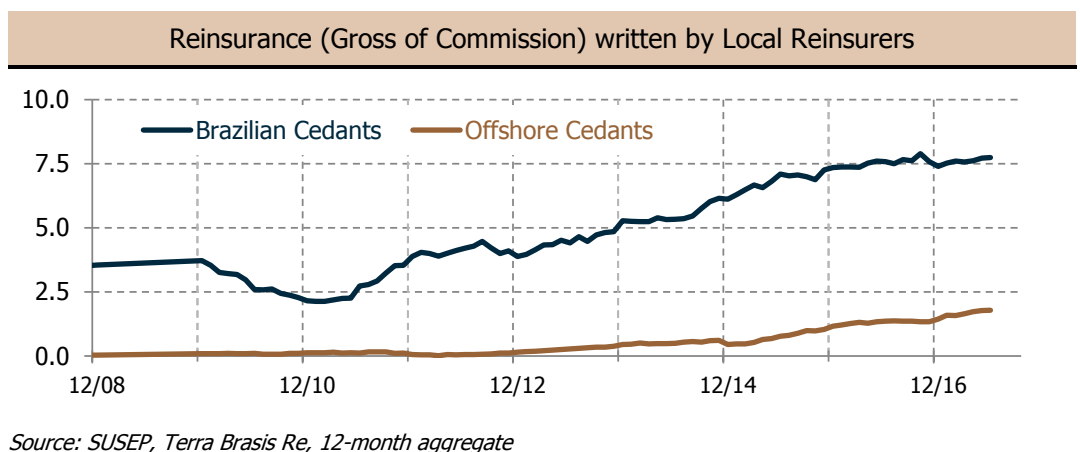
The 12 months aggregate **Coinsurance Premium Volume** ending in June 2017 stood at BRL 2.27 bn, an increase of 6.2% compared to BRL 2.14bn recorded in the previous period.



The Coinsurance Premium Volume in the 12 months aggregate ending in June 2017 represented 2.5% of the general Insurance premium volume compared to 2.4% registered in the previous period of 2016.



In the same period, the **Reinsurance Volume (gross of commission)** written by Local Reinsurers ceded by Brazilian insurers stood at BRL 7.7 bn, corresponding to a 2.1 % increase when compared to the BRL 7.6 bn registered in the previous period. For the same period, the volume coming from offshore cedants reached BRL 1.79 bn against BRL 1.35bn for the same period of the previous year, an annual growth of 32.1%. This is an expressive volume, representing 23.1% of the total volume received, compared to 17.8% registered in the same period of 2016.



The local market closed the 12 months aggregate ending in June 2017 detaining 72.5% of the volume ceded by Brazilian insurers, percentage practically stable to the same period of 2016.

Growth in Reinsurance Premium Ceded to Local Reinsurers by Brazilian Insurers



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

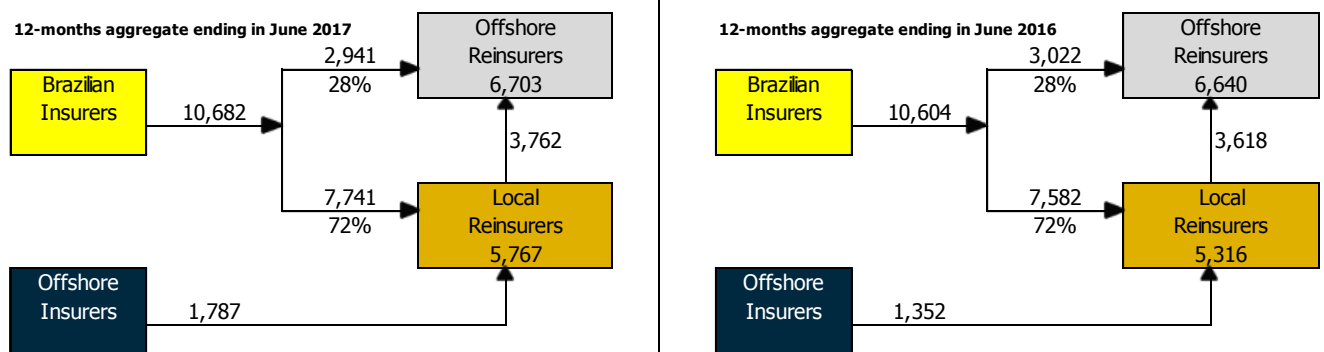
Gross Reinsurance Premium Ceded to Local Reinsurers as Percentage of Total Reinsurance Premium Ceded



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

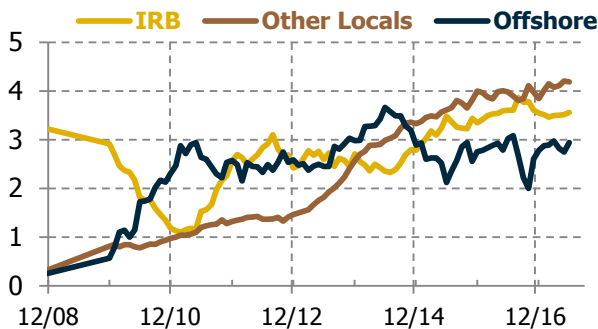
The following flowcharts show the volume of reinsurance premiums and retrocession, gross of commission, in the Brazilian market for the 12 month period ending in June 2017 and the preceding 12 month period. We note a significant increase in the retained premium by Local Reinsurers. For the 12 month period ending in June 2017, Local Reinsurers retained BRL 5.77 bn, a growth of 8.5% compared to the BRL 5.32bn of the preceding period.

Reinsurance Flow in the Brazilian Market for the 12 month period ending June 2017 and the preceding 12 month period (gross of commission, BRL mm)



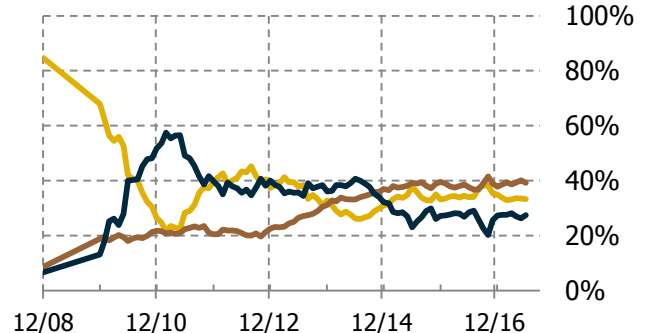
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures

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

We now move to the analysis of the current year's figure

During the first six months of this year, we estimate that the Local Reinsurers accepted from offshore insurers a premium 50% higher than the same period of the previous year, while the insurance accepted from Brazilian Insurers increased 10%.

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

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

	2017/06	2016/06	17/16	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
to IRB	1,859	1,848	1%	3,546	3,348	2,788	2,707	2,419	2,562	1,181	2,915	3,219	3,224
to other Local Reinsurers	2,069	1,730	20%	3,845	3,999	3,328	2,572	1,459	1,319	967	806	329	
Total Local Market	3,928	3,578	10%	7,391	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548	3,224
to Offshore Reinsurers	1,501	1,337	12%	2,777	2,751	2,888	2,980	2,588	2,569	2,310	565	254	66
Total	5,429	4,915	10%	10,168	10,098	9,004	8,259	6,466	6,451	4,458	4,286	3,802	3,291

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

	2017/06	2016/06	17/16	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
from Brazilian Insurers	3,928	3,578	10%	7,391	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548	3,224
from Offshore Insurers	1,057	706	50%	1,437	1,161	451	443	149	50	119	84	31	22
Gross Reinsurance Premium	4,984	4,284	16%	8,828	8,508	6,566	5,722	4,027	3,932	2,267	3,805	3,578	3,246
Retrocession	2,077	1,798	16%	3,483	3,480	2,804	2,516	1,813	2,156	916	1,845	1,937	1,641
Net Retained Premium	2,907	2,486	17%	5,345	5,028	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 Brazilian cedants, IRB ended the first semester of 2017 with a market share of 34%, while other Local Reinsurers ended the period with 38% share and offshore reinsurers 28%.

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

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

	2017/06	2016/06	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
IRB	34%	38%	34%	38%	31%	33%	37%	40%	26%	68%	85%	98%
Other Local Reinsurers	38%	35%	38%	35%	37%	31%	23%	20%	22%	19%	9%	0%
Offshore Reinsurers	28%	27%	28%	27%	32%	36%	40%	40%	52%	13%	7%	2%
Total ceded by local cedants	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Market Share between Local Reinsurers (gross of commission)

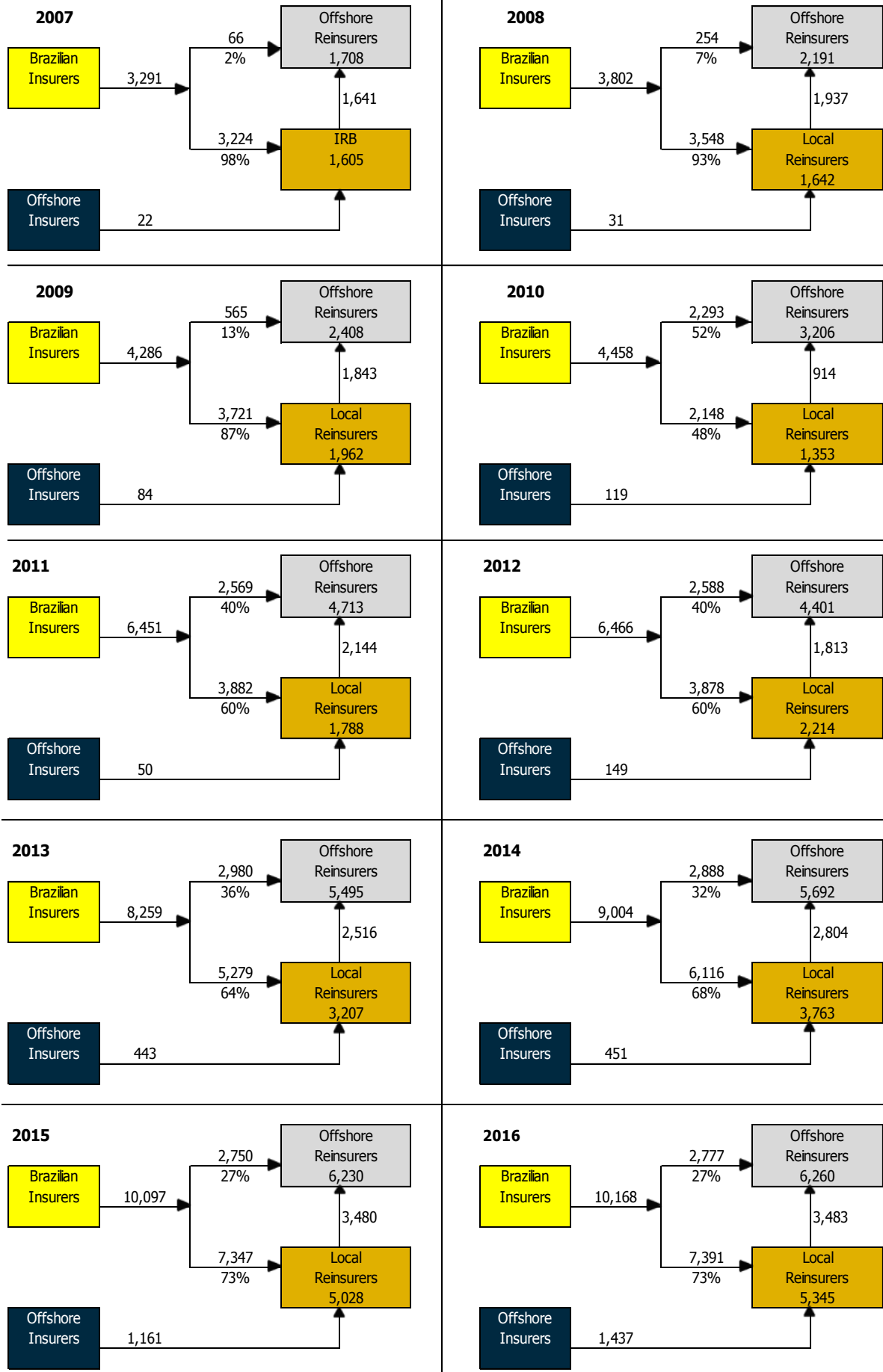
	2017/06	2016/06	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
IRB	47%	52%	48%	46%	46%	51%	62%	66%	55%	78%	91%	100%
Other Local Reinsurers	53%	48%	52%	54%	54%	49%	38%	34%	45%	22%	9%	0%
Total placed in the local market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: SUSEP, Terra Brasis Re

Analyzing only the Local Reinsurance Market, IRB detained 47% of market share, while the Other Local Reinsurers shared the remaining 53%.

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)



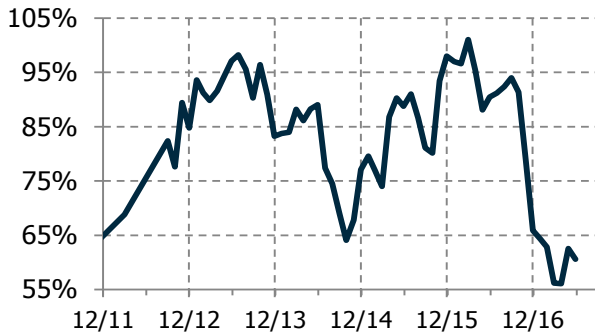
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures.

Local Reinsurers' Results

The figures of the first semester of 2017 showed positive results for most Local Reinsurers, presenting a recovery from 2015 figures.

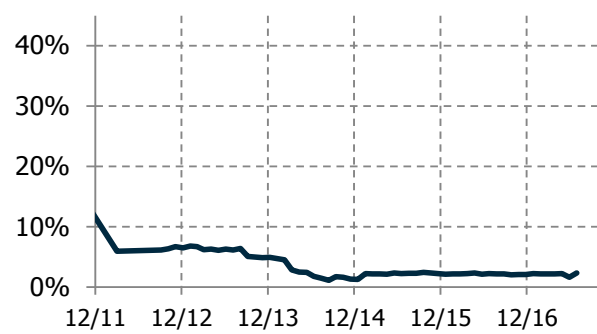
In the 12 months aggregate ending in June, the **Loss Ratio** experienced by the Local Reinsurance Market reached 61%, a significant decrease in comparison to 90% registered in the same period of 2016. It is worth emphasizing that this is the Gross Loss Ratio, calculated from the gross occurred losses 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

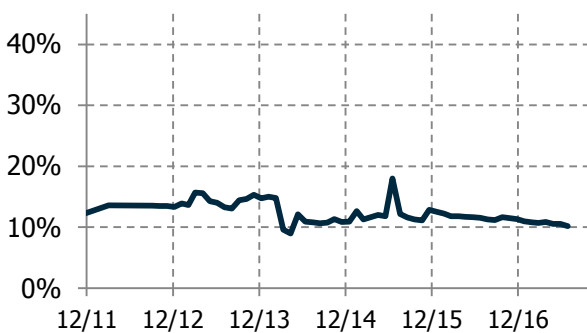
Commercial Expenses/ Earned Premium



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

The **Commercial Expense Ratio** had a small increase, closing the period in 2.3% compared to 2.2% registered in the same period of the previous year. In the same period, the **Administrative Expense Ratio (including taxes and other expenses)** stood in 7.3% against 6.8% recorded in the same period of 2016, showing a slightly increase.

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



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

Retrocession Result / Earned Premium

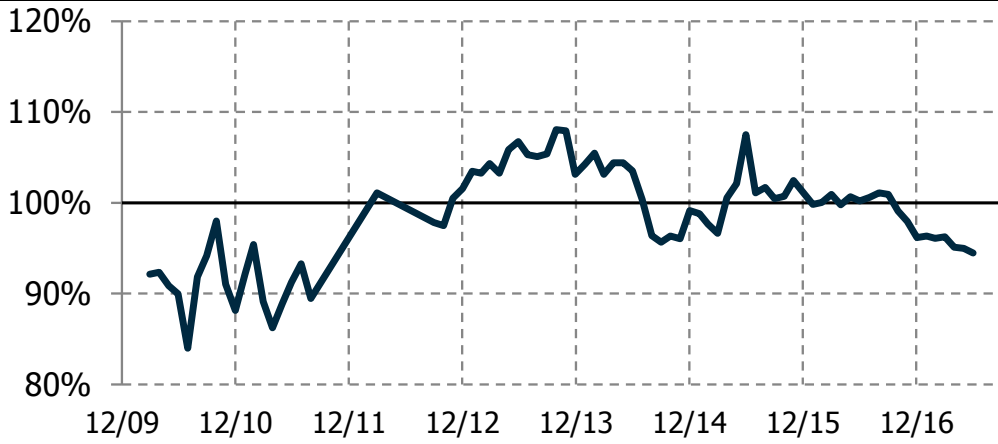


Source: SUSEP, Terra Brasis Re, 12-month aggregate

The **Retrocession Result Ratio**, for the 12 months aggregate ending in June 2017, reached +21.4% against -4.0% registered in the same period of 2016, 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.

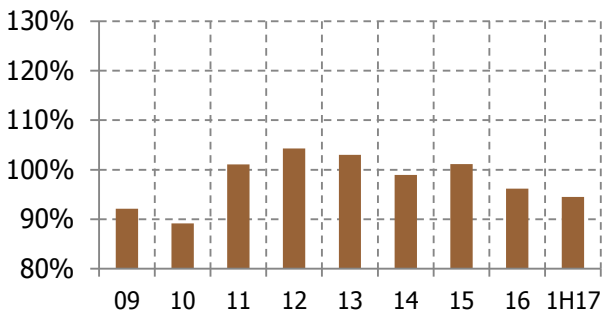
In the 12 months aggregate ending in June 2017, **Combined Ratio (including retrocession result index)** reached 94.5% versus 100.2% showed in the same period of 2016.

Combined Ratio, with Retrocession Result Ratio



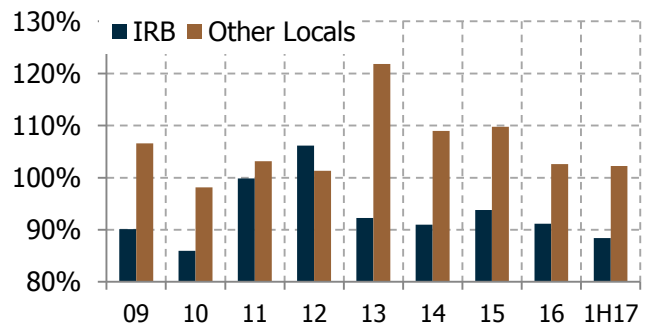
Source: SUSEP, Terra Brasis Re, 12-month aggregate

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 the first semester of 2017 and 2016.

Summary of Results and Main Indexes for Local Reinsurers for January to June 2017 and 2016

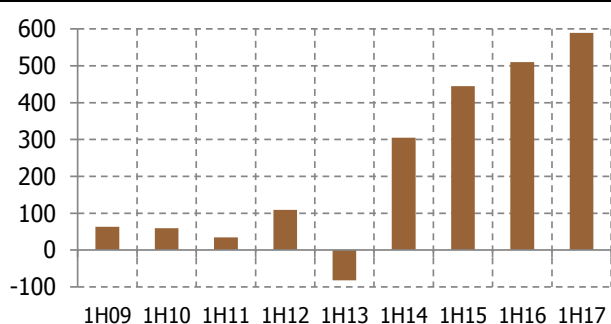
	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Total Assets	27,760	26,518	13,871	13,436	13,890	13,082
Shareholder's Equity	6,962	6,541	3,272	3,046	3,690	3,495
Gross Written Premium	4,984	4,284	2,734	2,422	2,250	1,862
Written Premium	4,373	3,721	2,547	2,173	1,826	1,547
Earned Premium	3,842	3,621	2,195	2,082	1,647	1,539
Loss Ratio	61%	72%	51%	64%	75%	82%
Commercial Expenses/ Earned Premium	3%	2%	3%	3%	2%	2%
Administrative + Other/ Earned Premium	8%	8%	8%	5%	9%	12%
Tax/ Earned Premium	2%	4%	1%	4%	3%	3%
Retrocession Result/Earned Premium	22%	13%	25%	17%	17%	7%
Combined Ratio	95%	99%	87%	93%	106%	107%
Reinsurance Operational Result	181	46	279	151	-98	-105
Financial Result and Equity Pick-up	730	745	377	456	353	289
Income Tax and Contributions	-323	-281	-201	-193	-121	-88
Net Profit for the Period	588	510	454	414	133	96
<i>ROE (annualized)</i>	<i>16.6%</i>	<i>7.8%</i>	<i>13.9%</i>	<i>13.6%</i>	<i>3.6%</i>	<i>2.7%</i>

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

In the first semester of 2017, the Local Reinsurers produced a net profit of BRL 588 million, in contrast to a net profit of BRL 510 million registered in 2016. In this period, IRB reported a BRL 454 million result, while the other local reinsurance reported a result of BRL 133 million.

Net Profits (BRL mm)

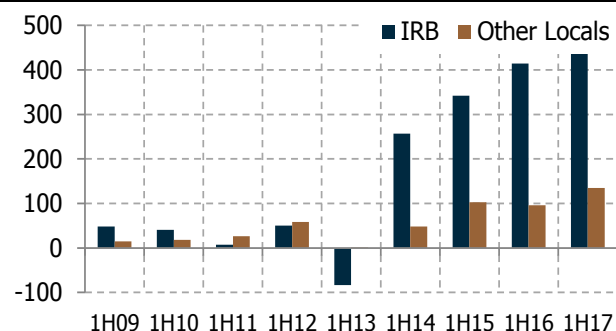
Total Local Reinsurers



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 positive net result in the first semester of the year.

Excluding the class of 2012, all the other classes showed an improvement in **Combined Ratio**. Excepting the classes of 2010 and 2014, all the other classes showed an improvement in **Loss Ratio**.

The youngest class of 2014 shows a negative result smaller than the previous period. 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, comprising January to June 2017 and 2016

	IRB		Class of 2008		Class of 2010		Class of 2012		Class of 2014	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Total Assets	13,871	13,436	4,861	4,602	2,145	2,050	5,769	5,725	1,114	705
Shareholder's Equity	3,272	3,046	1,560	1,536	467	434	1,283	1,227	379	298
Gross Written Premium	2,734	2,422	590	533	385	236	986	927	289	166
Written Premium	2,547	2,173	462	439	316	196	802	769	247	143
Earned Premium	2,195	2,082	402	426	386	250	662	741	195	122
Loss Ratio	51%	64%	65%	71%	87%	85%	63%	81%	110%	121%
Commercial Expenses/ Earned Premium	3%	3%	2%	2%	2%	3%	2%	2%	1%	2%
Administrative + Other/ Earned Premium	8%	5%	9%	14%	5%	11%	11%	10%	13%	25%
Tax/ Earned Premium	1%	4%	3%	5%	2%	3%	4%	3%	3%	3%
Retrocession Result/Earned Premium	25%	17%	20%	9%	13%	10%	30%	10%	-20%	-22%
Combined Ratio	87%	93%	98%	100%	109%	113%	109%	105%	106%	129%
Reinsurance Operational Result	279	151	7	2	-33	-32	-60	-39	-12	-36
Financial Result and Equity Pick-up	377	456	149	118	47	37	152	128	6	5
Income Tax and Contributions	-201	-193	-72	-52	-4	-3	-44	-43	-2	9
Net Profit for the Period	454	414	84	68	10	2	48	46	-9	-21
<i>ROE (annualized)</i>	13.9%	13.6%	5.4%	4.4%	2.1%	0.4%	3.7%	3.8%	-2.3%	-7.0%

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	
		2017/06	2016/06	BRL mm	(%)	2017/06	2016/06
IRB	Apr 03, 1939	2,547	2,173	373	17%	58.2%	58.4%
	IRB	2,547	2,173	373	17%	58.2%	58.4%
JM	May 23, 2008	105	75	30	40%	2.4%	2.0%
Munich	May 23, 2008	238	199	39	20%	5.4%	5.4%
Mapfre	Nov 14, 2008	95	147	-52	-35%	2.2%	3.9%
XL	Dec 05, 2008	24	19	5	25%	0.5%	0.5%
	Class of 2008	462	439	22	5%	10.6%	11.8%
Chubb	Nov 25, 2009	28	53	-25	-47%	0.6%	1.4%
Austral	Jan 31, 2011	261	119	142	120%	6.0%	3.2%
AIG	Apr 04, 2011	27	24	2	10%	0.6%	0.7%
	Class of 2010	316	196	120	61%	7.2%	5.3%
Zurich	Jan 05, 2012	300	291	10	3%	6.9%	7.8%
Markel	Jan 17, 2012	20	16	4	25%	0.5%	0.4%
Swiss	Jun 14, 2012	141	145	-4	-3%	3.2%	3.9%
Terra Brasis	Oct 04, 2012	57	40	17	41%	1.3%	1.1%
Allianz	Dec 20, 2012	113	185	-72	-39%	2.6%	5.0%
BTG	Feb 26, 2013	170	91	79	87%	3.9%	2.4%
	Class of 2012	802	769	33	4%	18.3%	20.7%
Scor	Aug 06, 2014	133	88	45	51%	3.0%	2.4%
AXA	Aug 25, 2014	114	55	60	109%	2.6%	1.5%
	Class of 2014	247	143	104	73%	5.7%	3.8%
	Total	4,373	3,721	652	18%	100%	100%

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

In terms of production, all the classes showed an improvement in the written premium. When it comes to the market share, IRB had a small decrease, while the class of 2008 and also the class of 2012 lost market share, and the class of 2010 and 2014 gained.

The tables below represent the summary of results of Local Reinsurers from January to June of 2017 and 2016.

Summary of Results – Local Reinsurers for January to June 2017 and 2016 (BRL mm)

Total Local Market, IRB and Other Locals

	Total Local Market		IRB		Other Locals	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Assets	27,760	26,518	13,871	13,436	13,890	13,082
Shareholders Equity	6,962	6,541	3,272	3,046	3,690	3,495
Gross Reinsurance Premium	3,992	3,710	1,854	1,860	2,138	1,850
Commission	-611	-563	-188	-249	-424	-315
Non-Issued Risks in force	39	-36	36	30	3	-67
International Operations	434	335	389	292	45	43
Written Retrocession	519	276	454	240	64	36
Written Premium	4,373	3,721	2,547	2,173	1,826	1,547
Change in Reserves	-531	-99	-352	-91	-180	-8
Earned Premium	3,842	3,621	2,195	2,082	1,647	1,539
Losses Incurred	-2,339	-2,595	-1,112	-1,331	-1,227	-1,263
Commercial Expenses	-98	-86	-67	-58	-32	-29
Other Operational Expenses	-42	-30	-32	12	-11	-42
Administrative Expenses	-273	-261	-135	-112	-138	-149
Tax Expenses	-72	-131	-21	-79	-51	-52
Industrial Result Pre Retro	1,017	518	829	515	188	3
Retrocession Result	-835	-472	-550	-364	-285	-108
Industrial Result	182	46	279	151	-97	-105
Financial Result	712	730	351	434	361	295
Equity Pickup	18	15	26	22	-8	-6
Operating Result	912	791	655	607	256	184
Non-recurring Gains	0	0	0	0	0	0
EBT	912	791	655	607	256	184
Income Tax	-161	-131	-99	-84	-63	-47
Social Tax	-152	-131	-102	-96	-50	-35
Profit Sharing	-9	-18	-1	-12	-8	-6
Net Income	589	510	454	414	135	96
Loss Ratio	61%	72%	51%	64%	75%	82%
Comm. Exp/Earned Premium	3%	2%	3%	3%	2%	2%
Adm. Exp / Earned Premium	7%	7%	6%	5%	8%	10%
Tax Exp / Earned Premium	2%	4%	1%	4%	3%	3%
Other Exp / Earned Premium	1%	1%	1%	-1%	1%	3%
Expense Ratio	13%	14%	12%	11%	14%	18%
Combined Ratio Pre Retro	74%	86%	62%	75%	89%	100%
Retro Result/Earned Premium	22%	13%	25%	17%	17%	7%
Combined Ratio	95%	99%	87%	93%	106%	107%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-19%	-21%	-17%	-22%	-21%	-19%
(Income tax+Social tax+Profit share)	8%	8%	9%	9%	7%	6%
R.O.E.⁽¹⁾	16.9%	15.6%	27.8%	27.2%	7.3%	5.5%
Annualised Earned Premium/SE	110%	111%	134%	137%	89%	88%

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 for January to June 2017 and 2016 (BRL mm)

JM, Munich, Mapfre and XL

	JM		Munich		Mapfre		XL	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Authorization Date	May 23, 2008		May 23, 2008		Nov 14, 2008		Dec 05, 2008	
Assets	1,393	1,396	2,147	1,995	843	736	478	475
Shareholders Equity	680	750	402	323	187	164	291	300
Gross Reinsurance Premium	157	119	259	229	110	165	27	19
Commission	-57	-44	-50	-28	-16	-20	-6	-2
Non-Issued Risks in force	5	-1	13	-6	0	0	2	1
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	16	4	2	1	0	1
Written Premium	105	75	238	199	95	147	24	19
Change in Reserves	-32	-12	-29	39	3	-37	-1	-4
Earned Premium	73	63	209	238	98	110	23	15
Losses Incurred	-17	-28	-155	-150	-72	-112	-17	-10
Commercial Expenses	0	0	-4	-5	-1	-1	-1	0
Other Operational Expenses	0	-8	-3	-17	-2	-4	0	0
Administrative Expenses	-5	-4	-18	-21	-5	-4	-2	-2
Tax Expenses	-3	-3	-5	-10	-4	-5	-1	-2
Industrial Result Pre Retro	49	20	23	34	14	-16	1	1
Retrocession Result	-43	-17	-31	-43	-6	24	0	-1
Industrial Result	5	3	-8	-9	8	8	1	0
Financial Result	38	51	64	23	20	16	26	27
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	44	55	56	14	29	25	27	27
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	44	55	56	14	29	25	27	27
Income Tax	-11	-14	-14	-3	-7	-6	-7	-7
Social Tax	-9	-11	-11	1	-6	-4	-5	-5
Profit Sharing	0	0	-2	-2	0	0	0	0
Net Income	24	30	30	10	16	14	15	15
Loss Ratio	23%	44%	74%	63%	74%	102%	77%	66%
Comm. Exp/Earned Premium	0%	0%	2%	2%	1%	1%	3%	3%
Adm. Exp / Earned Premium	6%	6%	9%	9%	5%	3%	8%	12%
Tax Exp / Earned Premium	4%	5%	3%	4%	4%	5%	6%	12%
Other Exp / Earned Premium	0%	13%	2%	7%	2%	3%	0%	0%
Expense Ratio	11%	24%	15%	23%	12%	13%	17%	28%
Combined Ratio Pre Retro	34%	68%	89%	86%	86%	115%	94%	94%
Retro Result/Earned Premium	59%	27%	15%	18%	6%	-22%	-1%	10%
Combined Ratio	93%	95%	104%	104%	92%	93%	93%	103%
(Non-Rec. + Fin. + Equity) / E.P.	-52%	-82%	-31%	-10%	-21%	-15%	-114%	-184%
(Inc. tax+Social tax+Profit share)	27%	40%	13%	2%	13%	9%	54%	81%
R.O.E.⁽¹⁾	7.0%	7.9%	14.9%	5.9%	16.6%	17.5%	10.3%	9.8%
Annualised Earned Premium/SE	22%	17%	104%	148%	105%	134%	16%	10%

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 for January to June 2017 and 2016 (BRL mm)

Chubb, Austral, AIG and Zurich

	Chubb		Austral		AIG		Zurich	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Authorization Date	Nov 25, 2009		Jan 31, 2011		Apr 04, 2011		Jan 05, 2012	
Assets	567	601	929	791	649	658	1,477	1,404
Shareholders Equity	106	91	259	271	102	72	252	236
Gross Reinsurance Premium	41	62	291	118	41	40	363	376
Commission	-11	-10	-46	-20	-13	-11	-72	-56
Non-Issued Risks in force	-2	1	-3	2	-1	-5	3	-29
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	19	18	0	0	7	0
Written Premium	28	53	261	119	27	24	300	291
Change in Reserves	24	26	13	14	34	14	-43	-16
Earned Premium	53	79	274	133	60	38	257	275
Losses Incurred	-49	-47	-279	-69	-7	-97	-176	-246
Commercial Expenses	-4	-2	-5	-4	0	0	0	0
Other Operational Expenses	6	0	-8	-9	0	0	0	0
Administrative Expenses	-9	-8	-7	-7	-2	-4	-4	-3
Tax Expenses	-2	-3	-2	-4	-3	-2	-8	-5
Industrial Result Pre Retro	-4	20	-27	39	48	-65	69	21
Retrocession Result	-23	-38	20	-39	-46	50	-80	-19
Industrial Result	-28	-18	-7	1	2	-15	-11	1
Financial Result	18	21	19	14	10	2	37	36
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	-10	2	12	15	12	-13	26	37
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	-10	2	12	15	12	-13	26	37
Income Tax	2	-1	-1	-1	-3	1	-7	-9
Social Tax	2	-1	0	-1	-2	0	-5	-7
Profit Sharing	0	0	-1	0	0	0	0	0
Net Income	-6	1	9	13	7	-12	14	20
Loss Ratio	93%	60%	102%	52%	12%	255%	68%	89%
Comm. Exp/Earned Premium	7%	3%	2%	3%	0%	0%	0%	0%
Adm. Exp / Earned Premium	17%	10%	3%	5%	4%	11%	2%	1%
Tax Exp / Earned Premium	3%	3%	1%	3%	6%	4%	3%	2%
Other Exp / Earned Premium	-12%	-1%	3%	7%	0%	0%	0%	0%
Expense Ratio	15%	15%	8%	18%	9%	16%	5%	3%
Combined Ratio Pre Retro	108%	75%	110%	70%	21%	271%	73%	92%
Retro Result/Earned Premium	45%	48%	-7%	29%	76%	-132%	31%	7%
Combined Ratio	153%	123%	103%	99%	96%	138%	104%	99%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-34%	-26%	-7%	-11%	-16%	-6%	-14%	-13%
(Income tax+Social tax+Profit share)	-9%	2%	1%	2%	9%	-2%	5%	6%
R.O.E.⁽¹⁾	-10.4%	2.2%	7.0%	9.2%	12.8%	-32.6%	10.9%	17.3%
Annualised Earned Premium/SE	99%	173%	211%	98%	118%	106%	205%	233%

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 for January to June 2017 and 2016 (BRL mm)

Merkel, Swiss, Terra Brasis and Allianz

	Merkel		Swiss		Terra Brasis		Allianz	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Authorization Date	Jan 17, 2012		Jun 14, 2012		Oct 04, 2012		Dec 20, 2012	
Assets	192	180	1,132	1,075	324	277	1,410	1,822
Shareholders Equity	76	76	234	208	113	101	233	219
Gross Reinsurance Premium	22	20	154	181	58	44	162	235
Commission	-6	-7	-25	-45	-14	-7	-24	-21
Non-Issued Risks in force	0	0	-2	3	1	-1	-27	-30
International Operations	0	0	0	0	10	4	0	0
Written Retrocession	4	3	15	6	1	1	1	2
Written Premium	20	16	141	145	57	40	113	185
Change in Reserves	-2	2	-29	-24	-6	5	35	44
Earned Premium	18	18	112	122	51	45	148	230
Losses Incurred	-16	-10	-87	-193	-21	-37	-109	-116
Commercial Expenses	-1	-1	-4	-2	-1	-1	-4	-9
Other Operational Expenses	-1	0	-2	-1	-1	0	-2	0
Administrative Expenses	-9	-16	-15	-12	-8	-6	-22	-27
Tax Expenses	-1	-1	-5	-4	-1	-2	-6	-5
Industrial Result Pre Retro	-9	-10	-1	-91	19	-2	6	74
Retrocession Result	-2	-3	-7	80	-27	-2	-33	-96
Industrial Result	-11	-13	-8	-11	-8	-4	-28	-22
Financial Result	7	6	31	22	9	10	39	28
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	-4	-7	24	11	1	6	11	6
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	-4	-7	24	11	1	6	11	6
Income Tax	-1	0	-4	-1	0	-1	-3	-2
Social Tax	-1	0	-3	-1	0	-1	-3	-1
Profit Sharing	0	0	-3	-3	0	0	0	0
Net Income	-5	-7	14	6	2	4	5	3
Loss Ratio	88%	56%	78%	159%	41%	82%	74%	50%
Comm. Exp/Earned Premium	3%	4%	4%	2%	3%	3%	2%	4%
Adm. Exp / Earned Premium	48%	88%	13%	10%	16%	14%	15%	12%
Tax Exp / Earned Premium	7%	7%	4%	3%	2%	4%	4%	2%
Other Exp / Earned Premium	3%	0%	2%	1%	1%	0%	1%	0%
Expense Ratio	61%	99%	23%	16%	22%	21%	23%	18%
Combined Ratio Pre Retro	149%	155%	101%	175%	63%	104%	96%	68%
Retro Result/Earned Premium	12%	18%	6%	-66%	52%	5%	23%	42%
Combined Ratio	161%	173%	107%	109%	116%	109%	119%	110%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-38%	-31%	-28%	-18%	-18%	-21%	-26%	-12%
(Income tax+Social tax+Profit share)	7%	-1%	9%	4%	-2%	5%	92%	1%
R.O.E.⁽¹⁾	-13.6%	-18.8%	12.0%	6.1%	3.3%	7.3%	4.2%	2.7%
Annualised Earned Premium/SE	47%	46%	96%	117%	91%	90%	127%	209%

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 for January to June 2017 and 2016 (BRL mm)

BTG, Scor and AXA

	BTG		Scor		AXA	
	2017/06	2016/06	2017/06	2016/06	2017/06	2016/06
Authorization Date	Feb 26, 2013		Aug 06, 2014		Aug 25, 2014	
Assets	1,233	967	432	328	682	377
Shareholders Equity	375	387	100	97	279	201
Gross Reinsurance Premium	206	112	140	70	108	60
Commission	-44	-23	-38	-21	-4	-2
Non-Issued Risks in force	8	2	0	0	6	-3
International Operations	0	0	31	39	4	0
Written Retrocession	0	0	0	0	0	0
Written Premium	170	91	133	88	114	55
Change in Reserves	-94	-39	-13	-7	-39	-14
Earned Premium	76	53	120	81	75	41
Losses Incurred	-8	-1	-97	-102	-117	-45
Commercial Expenses	-4	0	0	0	-2	-2
Other Operational Expenses	0	-3	0	0	0	0
Administrative Expenses	-8	-5	-10	-8	-15	-22
Tax Expenses	-4	-4	-3	-1	-2	-2
Industrial Result Pre Retro	52	40	10	-31	-62	-31
Retrocession Result	-47	-31	-13	18	53	8
Industrial Result	5	9	-3	-13	-9	-23
Financial Result	28	27	8	8	6	4
Equity Pickup	0	0	0	0	-8	-7
Operating Result	33	36	5	-5	-11	-25
Non-recurring Gains	0	0	0	0	0	0
EBT	33	36	5	-5	-11	-25
Income Tax	-8	-9	-1	1	1	5
Social Tax	-7	-7	-1	1	0	3
Profit Sharing	0	0	0	0	-1	-1
Net Income	18	20	3	-3	-11	-18
Loss Ratio	10%	1%	81%	127%	156%	110%
Comm. Exp/Earned Premium	6%	0%	0%	0%	3%	4%
Adm. Exp / Earned Premium	11%	10%	8%	10%	20%	54%
Tax Exp / Earned Premium	5%	7%	2%	1%	3%	6%
Other Exp / Earned Premium	0%	6%	0%	0%	0%	1%
Expense Ratio	22%	22%	11%	12%	26%	65%
Combined Ratio Pre Retro	32%	23%	92%	138%	182%	175%
Retro Result/Earned Premium	61%	60%	11%	-23%	-70%	-20%
Combined Ratio	94%	83%	103%	116%	112%	155%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-37%	-52%	-7%	-10%	3%	7%
(Income tax+Social tax+Profit share)	20%	31%	2%	-3%	1%	-17%
R.O.E.⁽¹⁾	9.7%	10.3%	5.5%	-5.3%	-8.2%	-18.3%
Annualised Earned Premium/SE	41%	27%	240%	167%	54%	41%

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.

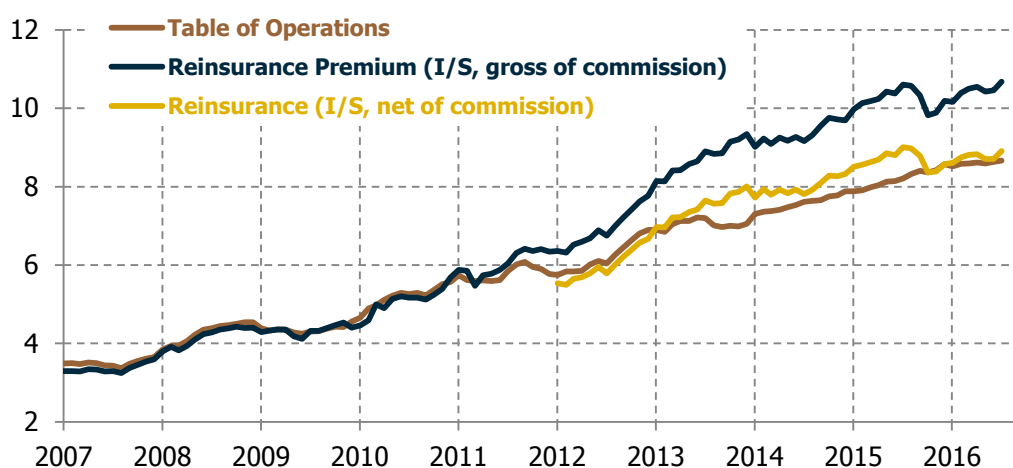
General Insurance and Reinsurance Premiums for January to June 2017 and 2016 (BRL mm)

	General Insurance Premium			Reinsurance Premium (TO)			Local Reinsurance Premium		
	2017/06	2016/06	Chg	2017/06	2016/06	Chg	2017/06	2016/06	Chg
Property	6.682	6.479	3%	1.519	1.572	-3%	1.198	1.155	4%
Special Risks	135	183	-26%	242	270	-11%	83	146	-43%
Liability	842	754	12%	260	289	-10%	172	209	-18%
Hull	-1	7	-109%	1	1			5	
Auto	16.132	15.257	6%	181	152	19%	219	171	28%
Transportation	1.413	1.456	-3%	266	290	-8%	180	259	-31%
Surety	1.819	1.363	33%	439	371	18%	508	397	28%
Credit	-4	23	-118%					19	
Group Life	12.637	11.877	6%	305	206	48%	339	315	8%
House Financing	1.851	1.664	11%	41	45	-9%	22	62	-64%
Rural	1.979	1.647	20%	667	523	28%	462	387	19%
Others							942	486	94%
Individual Life	1.536	1.285	20%	27	32	-13%	86	140	-39%
Marine	194	238	-19%	109	111	-2%	61	248	-76%
Aviation	176	231	-24%	149	195	-24%	61	235	-74%
Microinsurance	158	81	94%						
	45.549	42.546	7%	4.206	4.058	4%	4.333	4.235	2%

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.

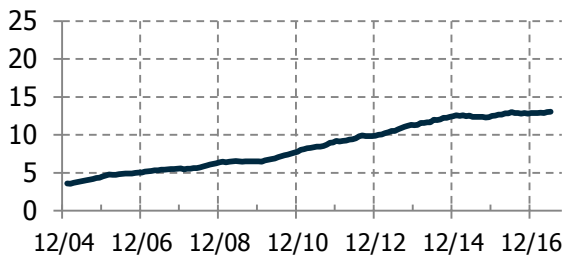
Ceded Reinsurance from different data sources (BRL bn)



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



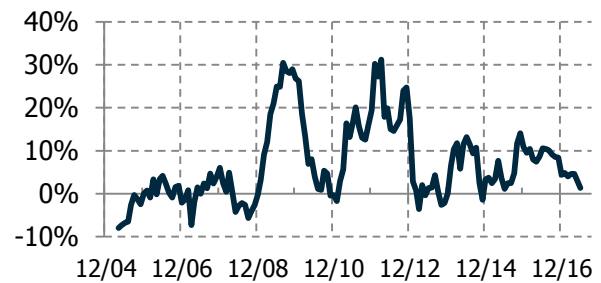
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



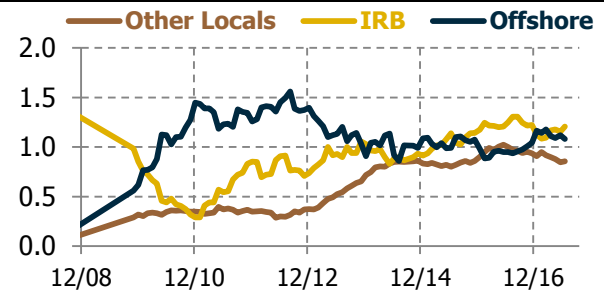
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



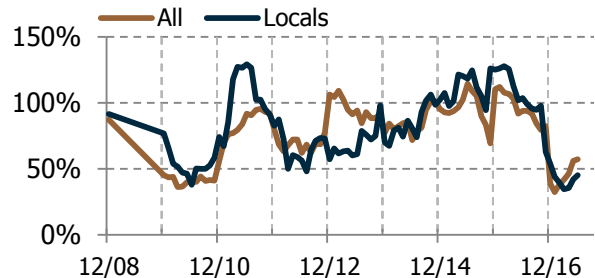
Source: SUSEP, Terra Brasis Re, BRL billions 12-month aggregate

Loss Ratio: Insurers



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

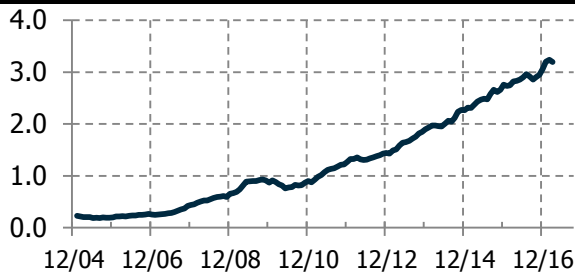
Loss Ratio: Local Reinsurers



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

Group: Financial Risks

Insurance Premium



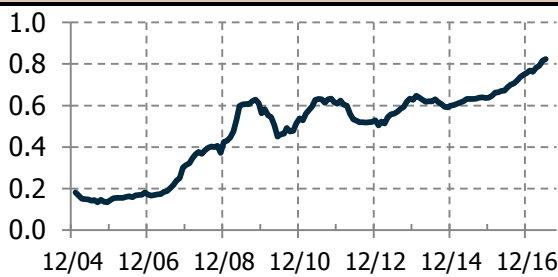
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



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

Reinsurance Premium



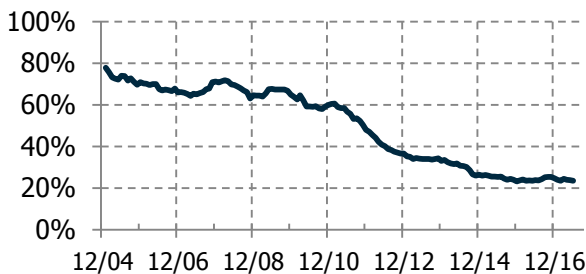
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



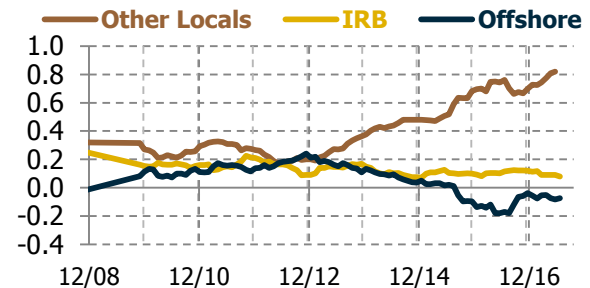
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



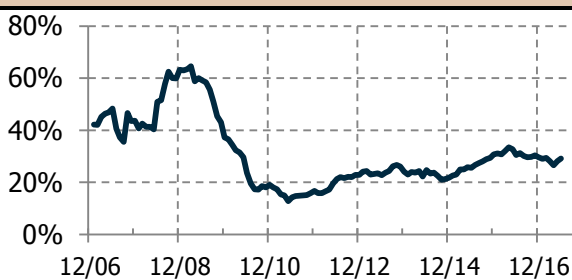
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



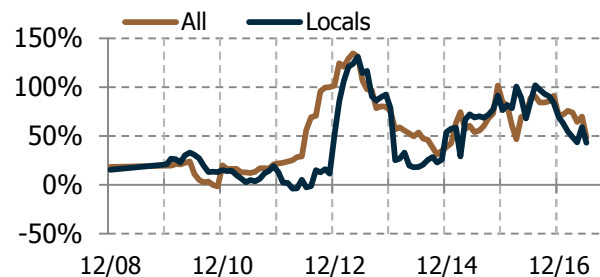
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

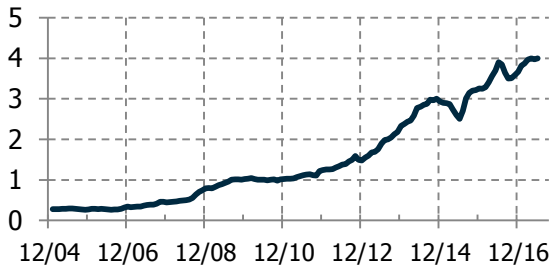
Loss Ratio: Local Reinsurers



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

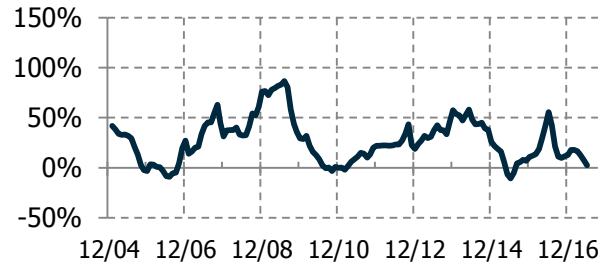
Group: Rural

Insurance Premium



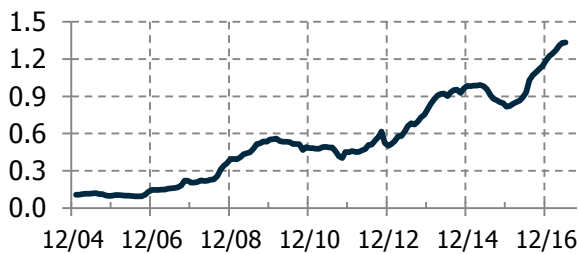
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



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

Reinsurance Premium



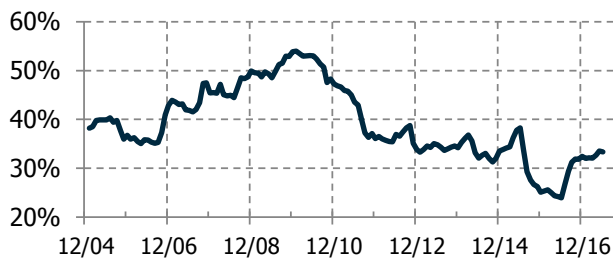
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



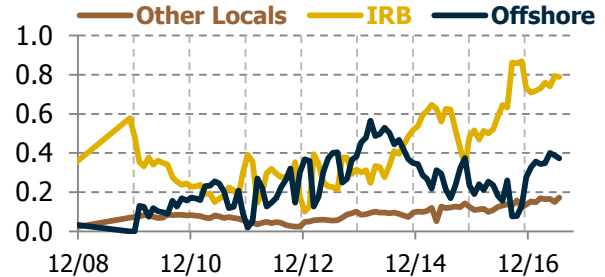
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



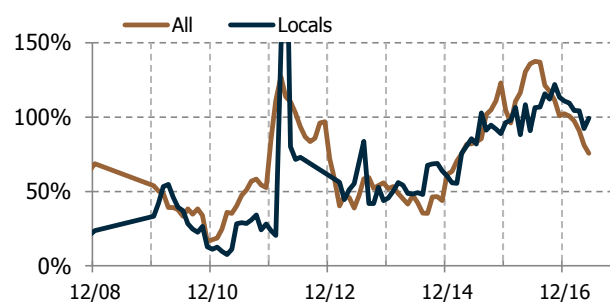
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

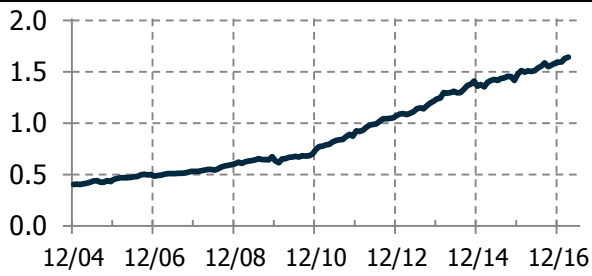
Loss Ratio: Local Reinsurers



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

Group: Liability

Insurance Premium



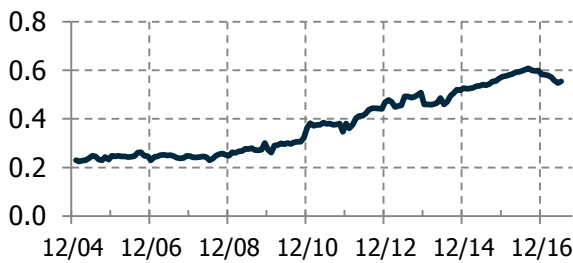
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



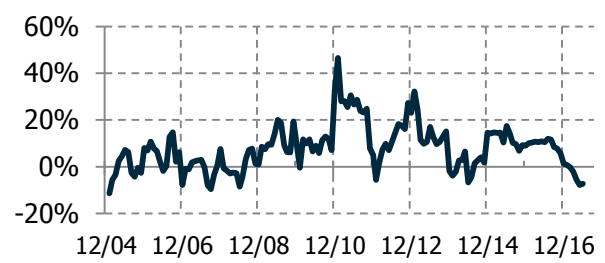
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



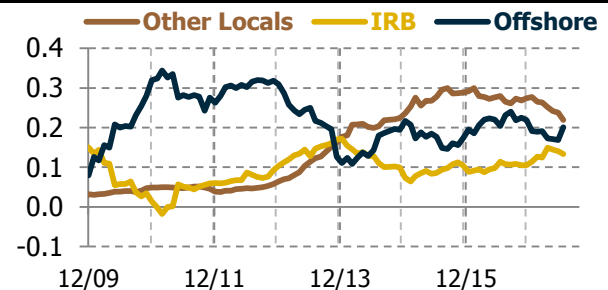
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



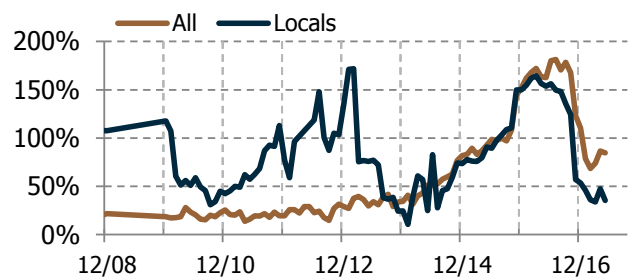
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

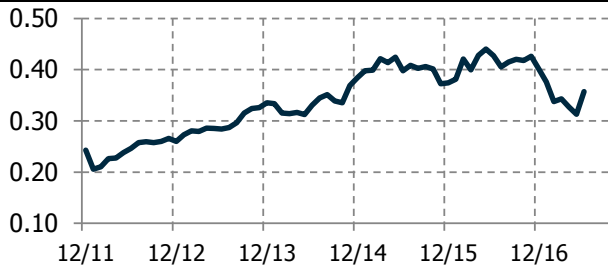
Loss Ratio: Local Reinsurers



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

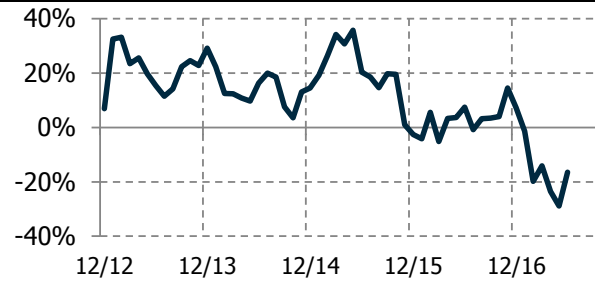
Group: Marine

Insurance Premium



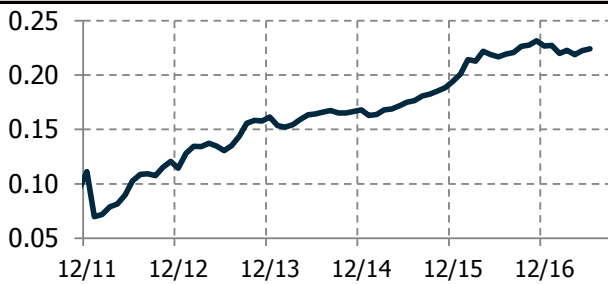
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



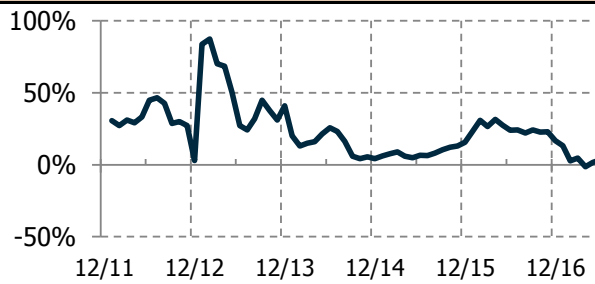
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



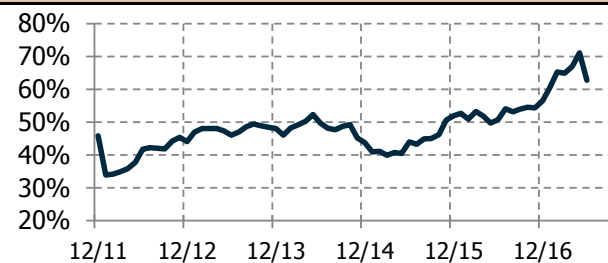
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



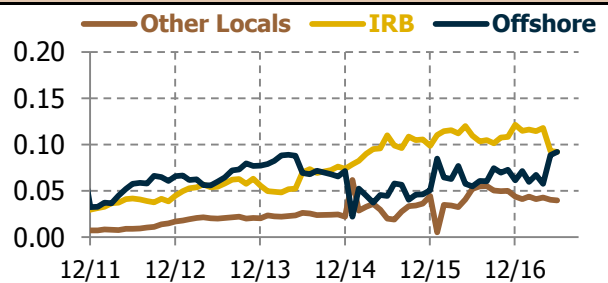
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



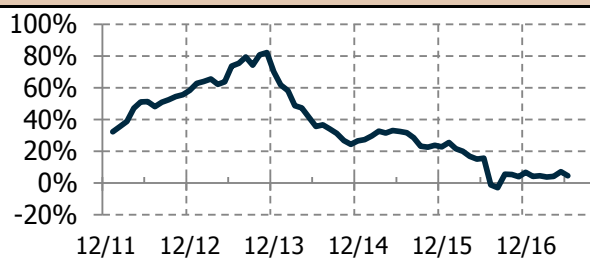
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



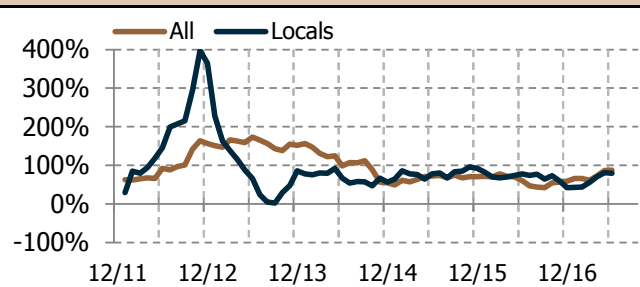
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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/URI	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 - RC 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/URI	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 from January to June of 2017 and 2016

January to June 2017	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	% OE	% AE	% TE	% ER	% CR pre RR	% AR	% CR	RSub /SE	RInv /SE	RGO /SE	RNet /SE	ROE	SE	% SLV		
																						% ER	% CR
Total		4,984	12.3%	4,373	3,842	61%	3%	1%	7%	2%	13%	74%	22%	95%	182	21%	589	135	16.9%	6,962	70%		
Total New		2,250	18.8%	1,826	1,647	75%	2%	1%	8%	3%	14%	89%	17%	106%	-97	19%	256	256	7.3%	3,680	82%		
IRB	04/1939	2,734	6.9%	2,547	2,195	51%	3%	1%	6%	1%	12%	62%	25%	87%	279	23%	655	454	27.8%	3,272	60%		
JM	05/2008	162	35.3%	105	73	23%	0%	0%	6%	4%	11%	34%	59%	93%	5	38	11%	44	12.9%	680	210%		
Muncker	05/2008	288	17.3%	238	209	74%	2%	2%	9%	3%	15%	89%	15%	104%	-8	32%	56	30	28.0%	402	70%		
Mapfre	11/2008	111	14.5%	95	98	74%	1%	2%	5%	4%	12%	86%	6%	92%	8	22%	29	16	30.6%	16.6%	187	84%	
XL	12/2008	29	19.2%	24	23	77%	3%	0%	8%	6%	17%	94%	-1%	93%	1	26	18%	27	15	18.7%	10.3%	291	500%
ACE	11/2009	39	28.0%	28	53	93%	7%	-12%	17%	3%	15%	108%	45%	153%	-28	33%	-10	6	-19.0%	-10.4%	106	136%	
Austral	01/2011	307	14.9%	261	274	102%	2%	3%	3%	1%	8%	110%	-7%	103%	-7	19	15%	12	9	9.1%	7.0%	259	42%
AIG	04/2011	40	32.6%	27	60	12%	0%	0%	4%	6%	9%	21%	76%	96%	2	4%	12	7	23.5%	12.8%	102	129%	
Zurich	01/2012	373	19.4%	300	257	68%	0%	0%	2%	3%	5%	73%	31%	104%	-11	37	29%	26	14	20.4%	10.9%	252	34%
Markel	01/2012	25	22.2%	20	18	88%	3%	3%	48%	7%	61%	149%	12%	161%	-11	7	18%	-4	5	10.5%	-13.6%	76	150%
Swiss	06/2012	166	15.0%	141	112	78%	4%	2%	13%	4%	23%	101%	6%	107%	-8	9	16%	1	2	1.9%	3.3%	113	80%
Terra Brasis	10/2012	137	17.5%	113	148	74%	2%	0%	15%	4%	23%	96%	23%	119%	-28	34%	11	5	9.8%	4.2%	233	85%	
Allianz	12/2012	171	19.4%	170	76	10%	6%	0%	11%	5%	32%	32%	61%	94%	5	28	15%	33	18	17.7%	9.7%	375	88%
BTG	02/2013	214	20.4%	133	120	81%	0%	0%	8%	2%	11%	92%	11%	103%	-3	8	16%	5	3	9.4%	5.5%	100	29%
Scor	08/2014	171	22.1%	133	120	81%	0%	0%	8%	2%	11%	92%	11%	103%	-3	8	16%	5	3	9.4%	5.5%	100	29%
AXA	08/2014	118	3.2%	114	75	156%	3%	0%	20%	3%	26%	182%	-70%	112%	-9	-2	-1%	-11	-7.8%	-8.2%	279	118%	
January to June 2016																							
Total		4,284	13.1%	3,721	3,621	72%	2%	1%	7%	4%	14%	86%	13%	99%	46	23%	791	510	24.2%	15.6%	6,541	76%	
Total New		1,862	16.9%	1,547	1,539	82%	2%	3%	10%	3%	18%	100%	7%	107%	-105	289	184	96	10.5%	5.5%	3,495	94%	
IRB	04/1939	2,422	10.3%	2,173	2,082	64%	3%	-1%	5%	4%	11%	75%	17%	93%	151	456	607	414	39.8%	27.2%	3,046	63%	
JM	05/2008	119	37.0%	75	63	44%	0%	13%	6%	5%	24%	68%	27%	95%	3	51	55	30	14.5%	7.9%	750	316%	
Muncker	05/2008	227	12.3%	199	238	63%	2%	7%	9%	4%	23%	86%	18%	104%	-9	23	14%	14	10	8.8%	5.9%	323	71%
Mapfre	11/2008	166	11.9%	147	110	102%	1%	3%	3%	5%	13%	115%	-22%	93%	8	10%	25	14	30.0%	17.5%	164	49%	
XL	12/2008	21	9.7%	19	15	66%	3%	0%	12%	12%	28%	94%	10%	103%	-	27	18%	27	15	17.8%	9.8%	300	719%
ACE	11/2009	63	15.8%	53	79	60%	3%	-1%	10%	3%	15%	75%	48%	123%	-18	21	45%	2	1	5.2%	2.2%	91	72%
Austral	01/2011	138	14.2%	119	133	52%	3%	7%	5%	3%	18%	70%	29%	99%	1	14	11%	15	13	11.0%	9.2%	271	98%
AIG	04/2011	35	30.3%	24	38	255%	0%	0%	11%	4%	16%	271%	-132%	138%	-15	2	6%	-13	-12	-34.9%	-32.6%	72	103%
Zurich	01/2012	346	16.1%	291	275	89%	0%	0%	8%	7%	3%	92%	7%	99%	1	36	30%	37	20	31.5%	17.3%	236	34%
Markel	01/2012	23	31.6%	16	18	56%	4%	0%	88%	7%	99%	155%	18%	173%	-13	6	15%	-7	-7	-19.2%	-18.8%	76	164%
Swiss	06/2012	190	23.5%	145	122	159%	2%	1%	10%	3%	16%	175%	-6%	109%	-11	22	21%	11	6	11.0%	6.1%	208	55%
Terra Brasis	10/2012	47	14.2%	40	45	82%	3%	0%	14%	4%	21%	104%	5%	109%	-4	10	19%	6	4	11.6%	7.3%	101	107%
Allianz	12/2012	206	10.1%	185	220	50%	4%	0%	12%	2%	18%	68%	42%	110%	-22	28	26%	6	3	5.3%	2.7%	219	53%
BTG	02/2013	114	20.0%	91	53	1%	0%	6%	10%	7%	23%	23%	60%	83%	9	27	14%	36	20	18.7%	10.3%	387	170%
Scor	08/2014	109	19.3%	88	81	127%	0%	0%	10%	1%	12%	138%	-23%	116%	-13	8	17%	-5	-3	-9.6%	-5.3%	97	44%
AXA	08/2014	57	4.0%	55	41	110%	4%	1%	54%	6%	65%	175%	-20%	155%	-23	-3	-3%	-25	-18	-25.4%	-18.3%	201	176%

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
% OE : Other Expenses
% AE : Administrative Expenses
% TE : Tax Expenses
% ER : Expense Ratio (%B + %OD + %DA)
% CR pre RR : Combined Ratio pre Retrocession (%S + %ER)
% AR : Retrocession Result
% CR : Combined Ratio (%S + %ER + %AR)
RSub /SE : Subscription Result
RSub /SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
RInv /SE : Investment Result plus non-recurring gains and equity pickup
RInv /SE : Annualized Investment Result / Net end-of-period Shareholder's Equity
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
RGO /SE : Gross Result / 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

Source: SUSEP, Terra Brasis Re

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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.

Contacts

Name	Title	Telephone	Email
Paulo Eduardo de Freitas Botti	Chief Executive Officer	+55 11 3320 5056	paulo.botti@terrabrisis.com.br
Carlos Roberto De Zoppa	Technical Executive Vice President	+55 11 3320 5058	carlos.zoppa@terrabrisis.com.br
Bernardo Nolasco	Chief Investment Officer	+55 11 3320 5165	bernardo.nolasco@terrabrisis.com.br
Rodrigo Botti, ARe	General Manager, CFO & COO	+55 11 3320 5050	rodrigo.botti@terrabrisis.com.br
Paulo Hayakawa	Chief Underwriting Officer	+55 11 3320 5053	paulo.hayakawa@terrabrisis.com.br
Beatriz Americano	Chief Administrative Officer	+55 11 3320 5051	beatriz.americano@terrabrisis.com.br
Rafael Gersely	Risk Coordinator	+55 11 3320 5066	rafael.gersely@terrabrisis.com.br
Dioniso Araujo	Risk Analyst	+55 11 3320 5052	dioniso.araujo@terrabrisis.com.br
Camila Palmeira	Risk Intern	+55 11 3320 5052	camila.palmeira@terrabrisis.com.br



TERRA BRASIS RESSEGUROS

Head Office

Av. Presidente Juscelino Kubitschek, 1700,
12º Andar
Itaim Bibi, São Paulo, SP
04543-000

Colombia Office

Carrera 9 Nº 113 -52
Oficina 1207, Edifício
Torres Unidas 2 P.H.
Bogotá, Colômbia

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