

December 2017

Publication Date:
27th March 2018

Terra Report

Report on the Brazilian Reinsurance Market

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- Written Premium (gross of commission) by Local Reinsurers, reached BRL 10.23 bn in 2017, a 16% increase in comparison to previous year.
- From this amount, BRL 2.26 bn was written from offshore cedents, a 57% growth in comparison to 2016.
- The total amount of ceded reinsurance originated by Brazilian insurers (gross of commission) stood at BRL 11.06 bn, 8.7% higher than what was obtained in 2016, with 72% of this total (BRL 7.97 bn) placed with Local Reinsurers, a 7.9% growth.
- In 2017, Local Reinsurers' Loss Ratio stood at 59% in comparison to 66% from previous period. The Combined Ratio stood at 92%, an improvement when in comparison to the 96% ratio seen in 2016.
- In 2017, Local Reinsurers have shown a BRL 1.312 mm profit (IRB accounting with BRL 925 mm and Other Local Reinsurers BRL 387 mm), an increase of 15% in comparison to BRL 1.140 mm of the same previous period.

Ratings:

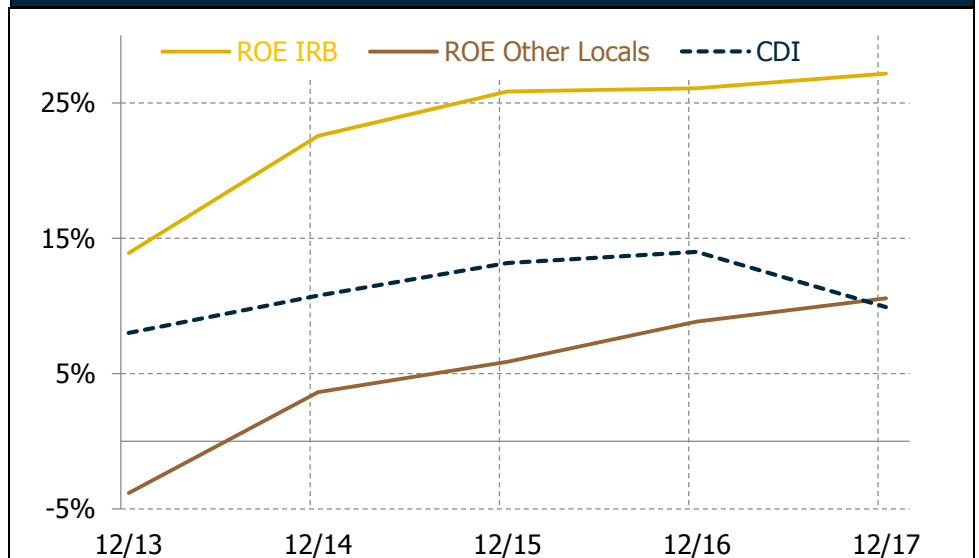
A.M. Best
B++/bbb
Global (*Investment Grade*)
Stable Outlook

Standard & Poor's
brA+
Local
Stable Outlook

Shareholders:



Historical R.O.E. for IRB and Other Local Reinsurers



Source: SUSEP, Terra Brasis Re, R.O.E. calculated as annual profit divided by the Shareholders Equity at the beginning of the year. CDI is the Brazilian risk-free benchmark interest rate, average annual level shown.

Introduction

Dear Reader,

This edition analyses the Brazilian reinsurance market during the year of 2017. The improvement trend observed throughout the previous periods remained in place, resulting in a good year for the Brazilian reinsurance market.

The chart shown in the cover of this edition illustrates the Return on Equity (ROE) of Local Brazilian Reinsurers, split between the IRB and Other Local Reinsurers. For the IRB, 2017 was another year of excellent result.

For the group of all Other Local Reinsurers, the trend of improvement in ROE continued for the fourth consecutive year. This is expected given these reinsurers' young age. Reinsurance is a slow maturing business. Several years of operation are necessary in order to build a portfolio, for reserves to grow, for investments to reach considerable volume and for the financial gains generated by these investments to contribute to bottom-line result.

In 2017, for the first time, the ROE for the group of all Other Local Reinsurers except the IRB surpassed the CDI, which is the Brazilian benchmark risk-free rate. An interesting mark.

As time in operation is still a relevant factor for the analysis of the young Brazilian market, we classify reinsurers in "classes", as per their start-up date. We borrow this expression from the Bermuda market.

We noticed that all classes improved their ROE during 2017. The most senior Class of 2008 reached in 2017 11.0% ROE, compared to 9.8% of the previous year. The youngest Class of 2014 obtained a -1.2% ROE, compared to -13.8% from 2016.

It remains to be seen how our market perform in what is likely to be an exciting 2018, with economic recovery counteracting lower interests and ruled by the dynamic of presidential elections.

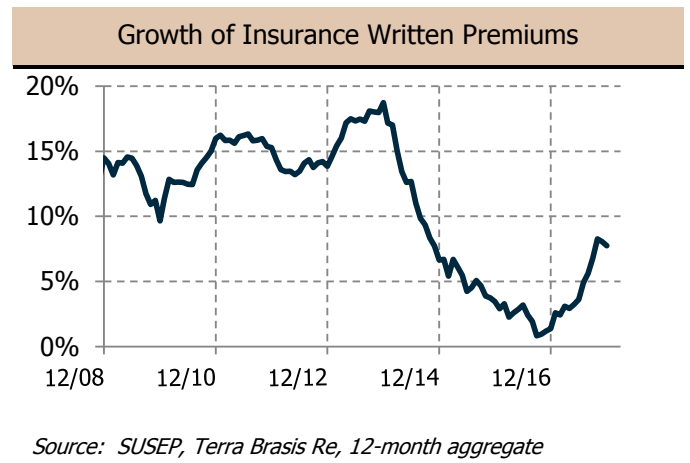
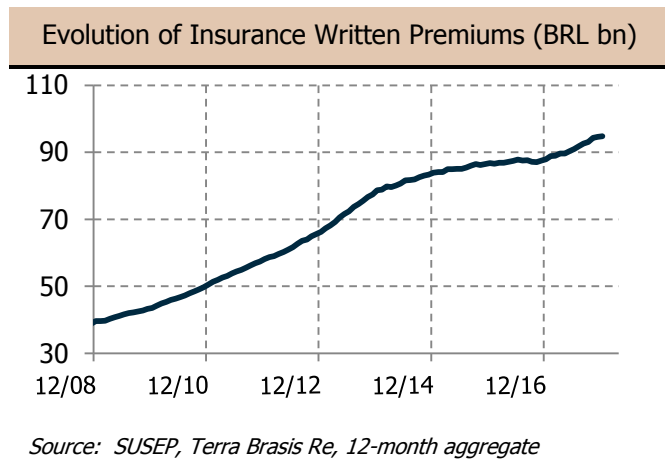
Enjoy your reading,

Rodrigo Botti, ARe
General Director
Terra Brasis Resseguros

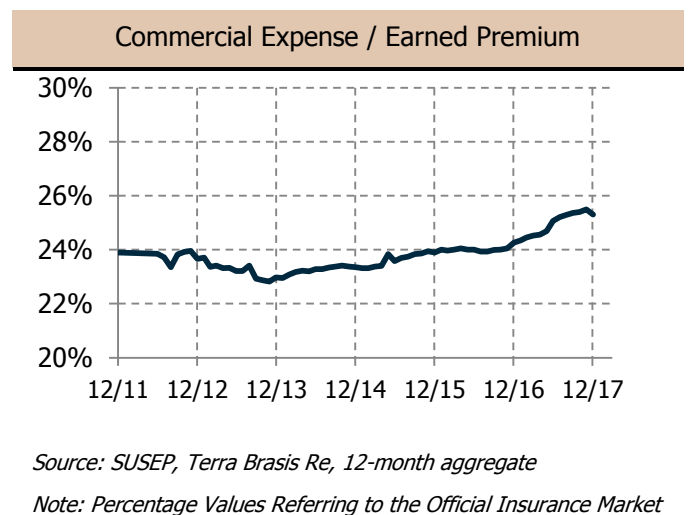
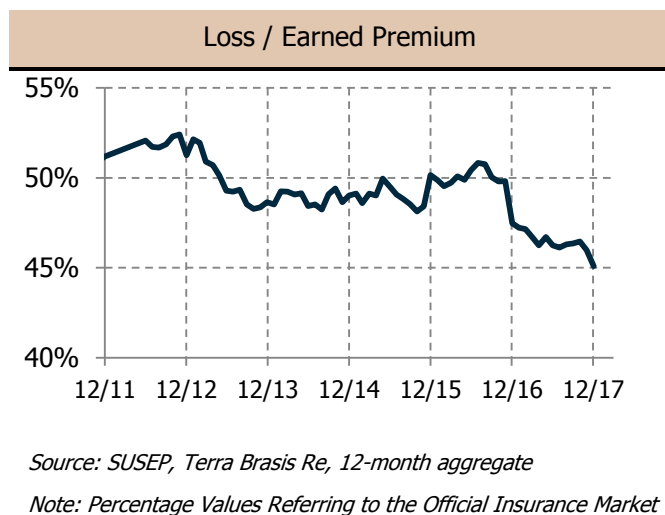
Brazilian General Insurance Market

The **General Insurance Market**, defined as per methodology presented on Exhibit 1, 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.

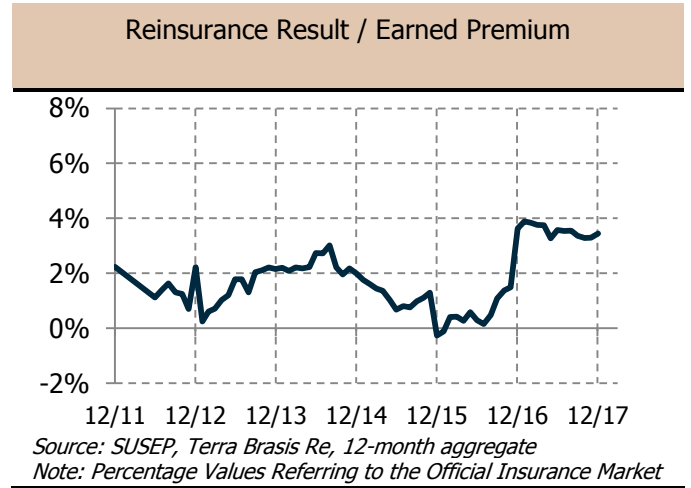
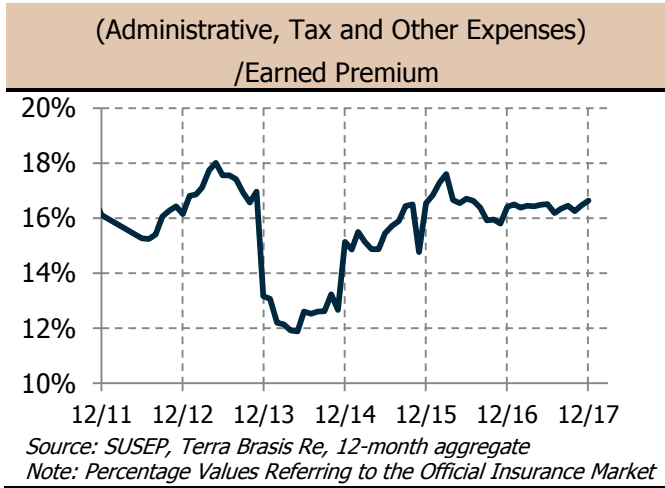
For the 12 months aggregate ending in December 2017, Brazilian Market generated BRL 95 bn in insurance premium, compared to BRL 88 bn in the same period of previous year, representing an annual growth of 7.8% versus 1.4% for the same period in 2016.



The **Loss Ratio**, obtained as a result of occurred losses over earned premium from the Income Statement of all Brazilian market insurers, showed a significant recovery in the year of 2017 when in comparison to the last periods. By the end of 2017, the loss ratio stood at 45.1% compared to 47.5% for the previous year.



The **Commercial Expense Ratio**, for 2017 stood at 25.3%, a small increase when compared to 24.3% for 2016.

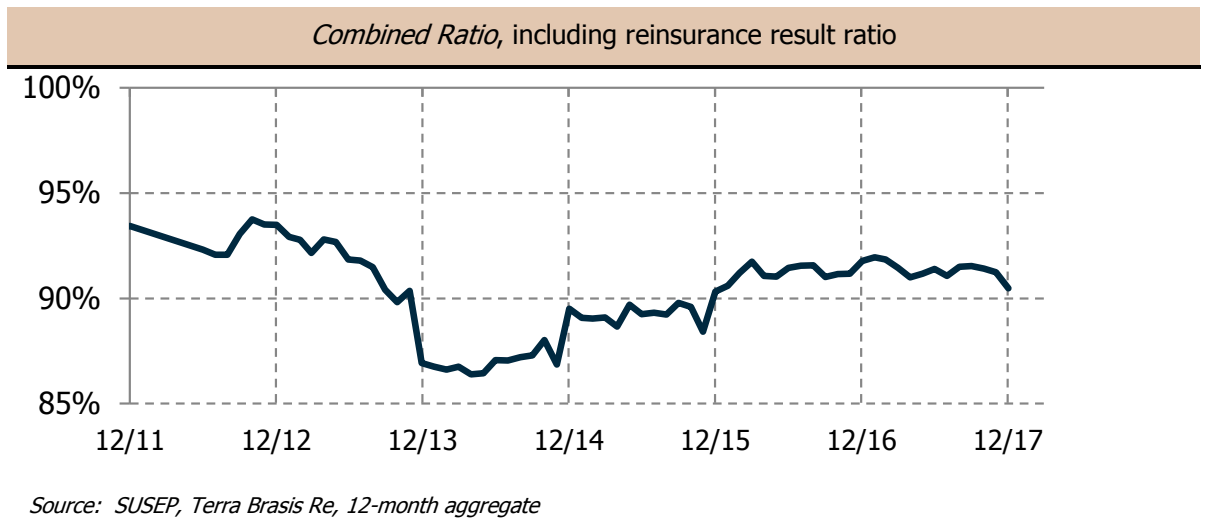


The **Administrative Expense Ratio (including taxes and other expenses)** also finished the period practically stable in comparison to the previous period, ending 2017 at 15.3% in comparison to 15.2% for the period of 2016.

In the same period, the **Reinsurance Result Ratio**, defined as reinsurance result divided by earned premium, has remained virtually stable, ending the 12 months aggregate of 2017 with a 3.4% ratio versus 3.6% for the same 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.

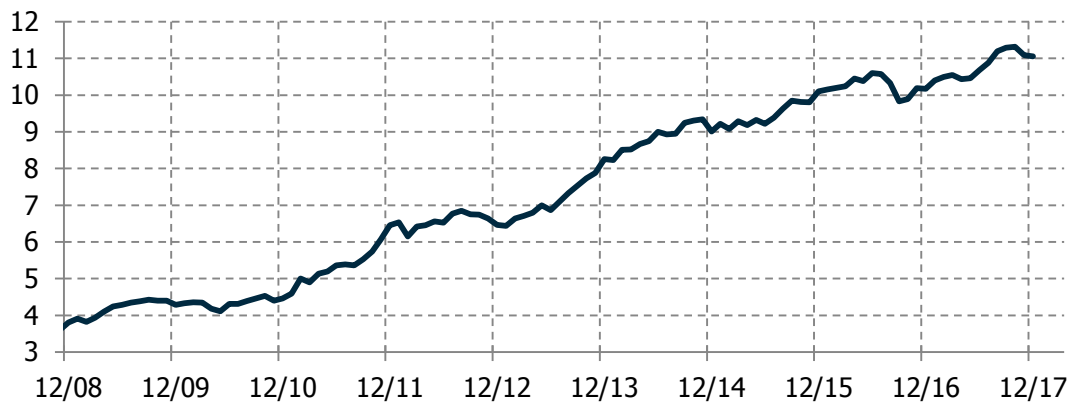
The **Combined Ratio**, including the reinsurance result ratio, showed a slightly improvement, closing the 2017 in 90.5% in comparison to 91.8% for 2016, especially due to the decrease at Loss Ratio.



Brazilian Reinsurance Market

The 2017 figures showed a stable behavior in the reinsurance volume originated by Brazilian cedants related the previous period. In the aggregate of the year, **the Brazilian market reinsurance volume (gross of commission)** stood at BRL 11.06 bn, an increase of 8.72% related to the previous year.

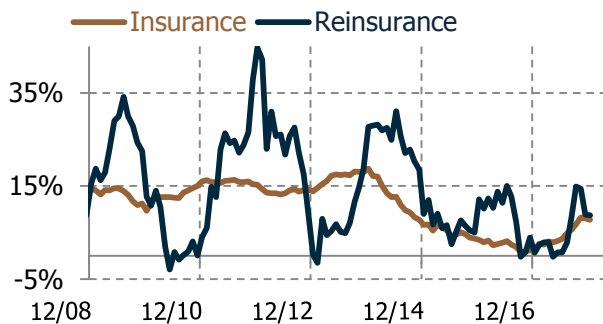
12-Month Aggregate Reinsurance Premium Ceded (Gross of Commission, BRL bn)



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

In 2017, the proportion of reinsurance ceded over general insurance premium stood at 11.7%, nearly stable in comparison to 2016's 11.6%.

Growth of Reinsurance Ceded and General Insurance Premium



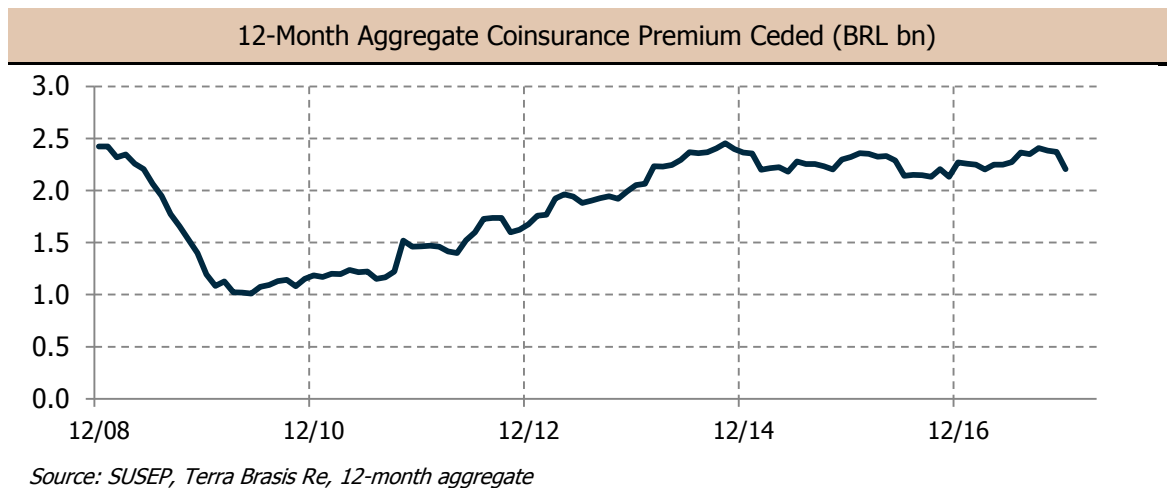
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Volume / General Insurance Premium

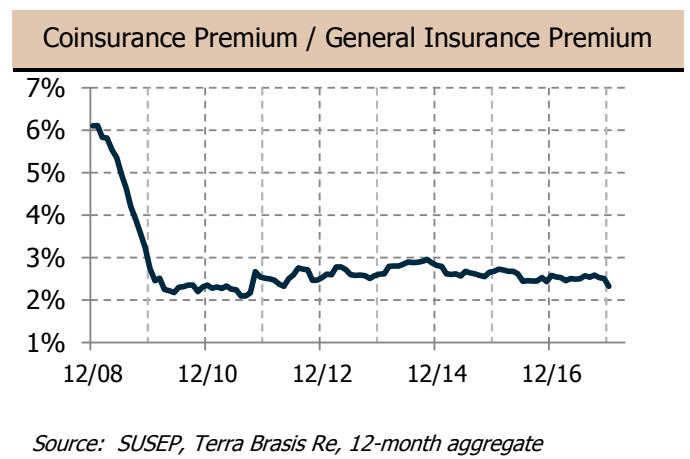
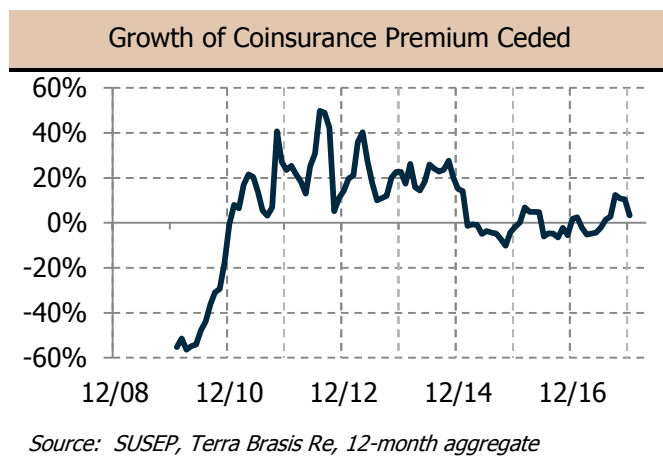


Source: SUSEP, Terra Brasis Re, 12-month aggregate

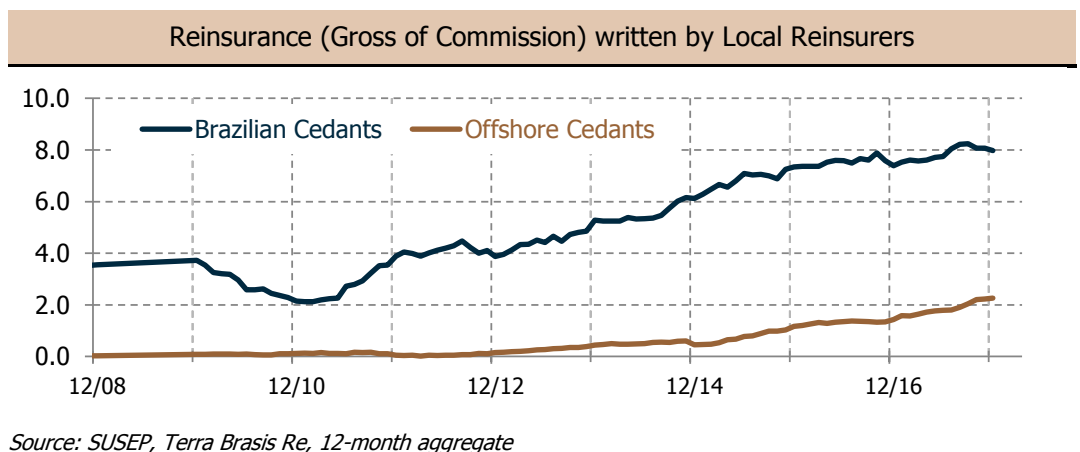
The **Coinsurance Premium Volume** of the year of 2017 stood at BRL 2.20 bn, a decrease of 2.9% compared to BRL 2.27 bn recorded in 2016.



The Coinsurance Premium Volume in the year of 2017 represented 2.3% of the general Insurance premium volume compared to 2.6% registered in the previous period of 2016.



By the end of 2017, the **Reinsurance Volume (gross of commission)** written by Local Reinsurers ceded by Brazilian insurers stood at BRL 7.97 bn, corresponding to a 7.9 % increase when compared to the BRL 7.39 bn registered in 2016. For the same period, the volume arising from offshore cedants reached BRL 2.26 bn against BRL 1.44 bn for the same period of the previous year, an annual growth of 57.0%. This is an expressive volume, representing 22.1% of the total volume received, compared to 16.3% registered in the same period of 2016.



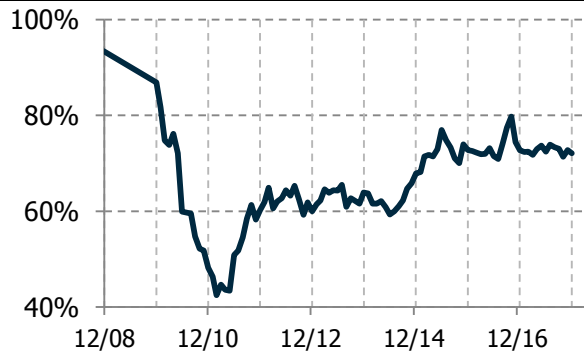
The local market closed 2017 detaining 72.1% of the volume ceded by Brazilian insurers, percentage slightly below the 72.7% presented in the previous period of 2016.

Growth in Reinsurance Premium Ceded to Local Reinsurers by Brazilian Insurers



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

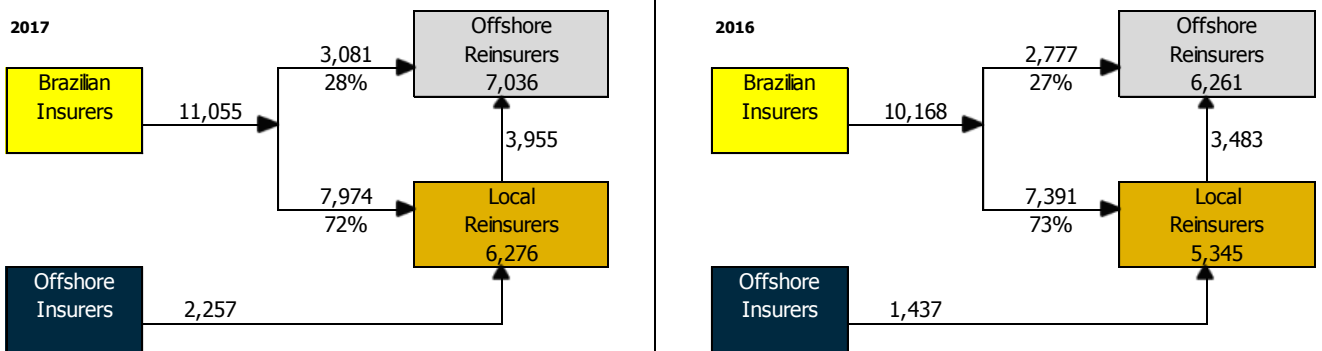
Gross Reinsurance Premium Ceded to Local Reinsurers as Percentage of Total Reinsurance Premium Ceded



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

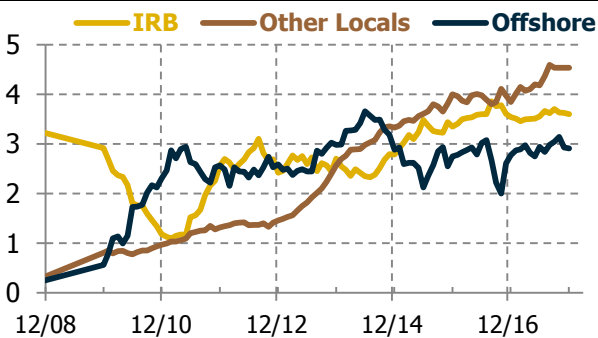
The following flowcharts show the volume of reinsurance premiums and retrocession, gross of commission, in the Brazilian market for the years of 2017 and 2016. We notice a significant increase in the retained premium by Local Reinsurers. For the period of 2017, Local Reinsurers retained BRL 6.28 bn, a growth of 14.9% compared to the BRL 5.34 bn of the preceding period.

Reinsurance Flow in the Brazilian Market for the years of 2017 and 2016 (gross of commission, BRL mm)



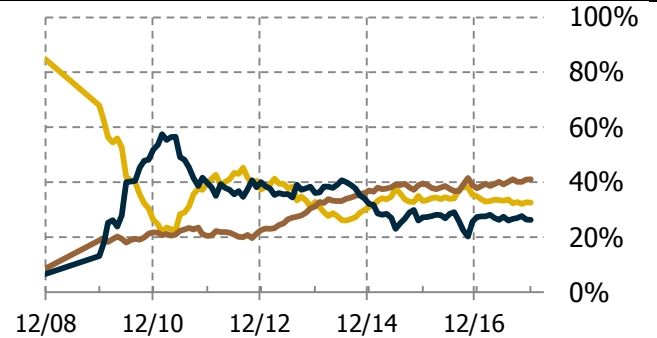
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures

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

During the year of 2017, we estimate that the Local Reinsurers accepted from offshore insurers a premium 57% higher than the one presented in the previous year, while the insurance accepted from Brazilian Insurers increased 8%.

Premium Ceded by Brazilian Insurers and Premium Received by Local Reinsurers in 2017 (BRL mm)

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

	2017	2016	17/16	2015	2014	2013	2012	2011	2010	2009	2008	2007
to IRB	3,602	3,546	2%	3,348	2,788	2,707	2,419	2,562	1,181	2,915	3,219	3,224
to other Local Reinsurers	4,373	3,845	14%	3,999	3,328	2,572	1,459	1,319	967	806	329	
Total Local Market	7,974	7,391	8%	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548	3,224
to Offshore Reinsurers	3,081	2,777	11%	2,751	2,888	2,980	2,588	2,569	2,310	565	254	66
Total	11,055	10,168	9%	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 commission):

	2017/12	2016/12	17/16	2015	2014	2013	2012	2011	2010	2009	2008	2007
from Brazilian Insurers	7,974	7,391	8%	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548	3,224
from Offshore Insurers	2,257	1,437	57%	1,161	451	443	149	50	119	84	31	22
Gross Reinsurance Premium	10,231	8,828	16%	8,508	6,566	5,722	4,027	3,932	2,267	3,805	3,578	3,246
Retrocession	3,955	3,483	14%	3,480	2,804	2,516	1,813	2,156	916	1,845	1,937	1,641
Net Retained Premium	6,276	5,345	17%	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 Insurers, IRB ended 2017 with a market share of 33%, while other Local Reinsurers ended the period with 40% share and offshore reinsurers 28%.

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
IRB	33%	35%	35%	31%	33%	37%	40%	26%	68%	85%	98%
Other Local Reinsurers	40%	38%	38%	37%	31%	23%	20%	22%	19%	9%	0%
Offshore Reinsurers	28%	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%	100%

Market Share between Local Reinsurers (gross of commission)

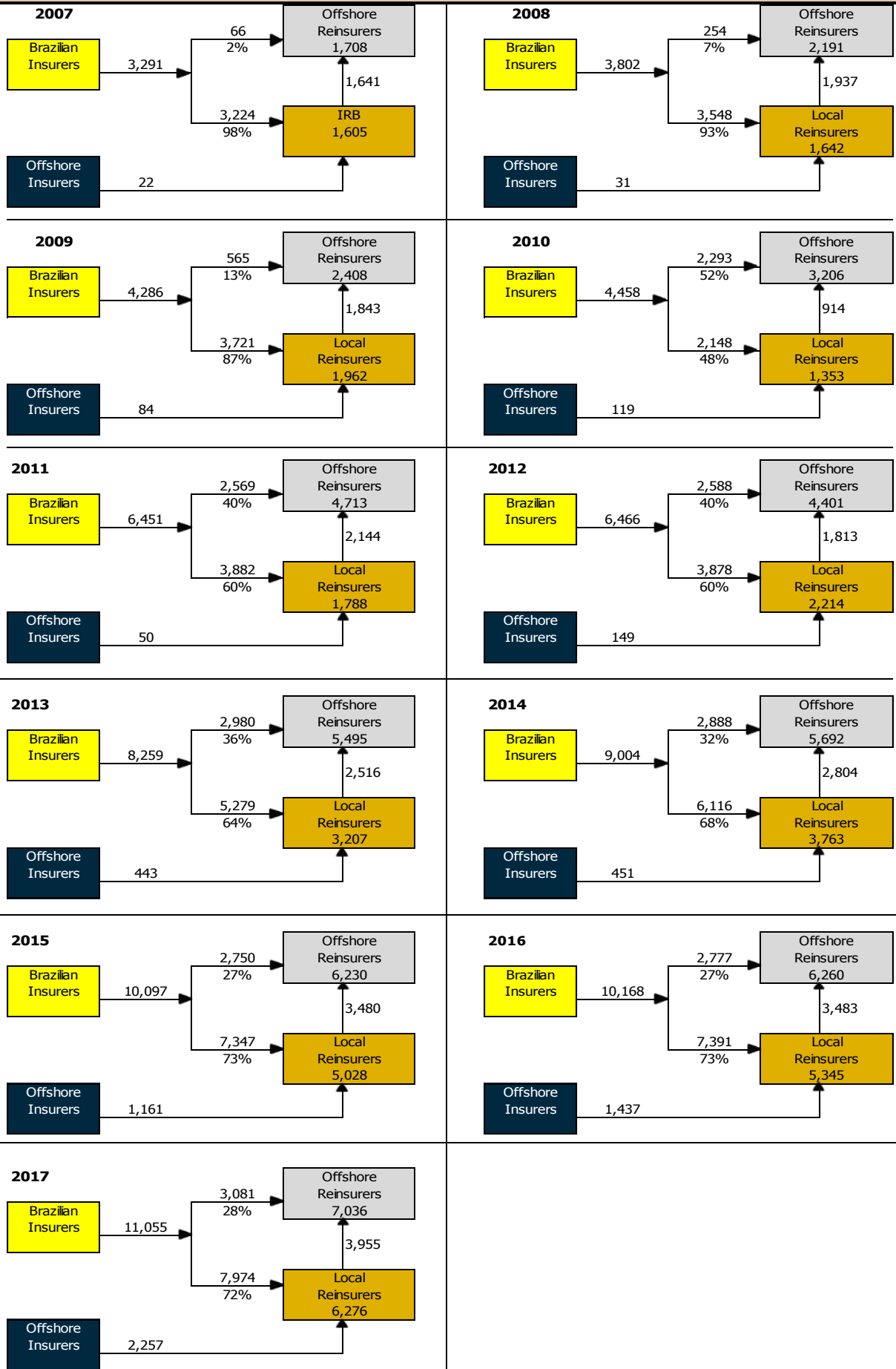
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
IRB	45%	48%	46%	46%	51%	62%	66%	55%	78%	91%	100%
Other Local Reinsurers	55%	52%	54%	54%	49%	38%	34%	45%	22%	9%	0%
Total placed in the local market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: SUSEP, Terra Brasis Re

Analyzing only the Local Reinsurance Market, IRB detained 45% of market share, while the Other Local Reinsurers shared the remaining 55%.

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)



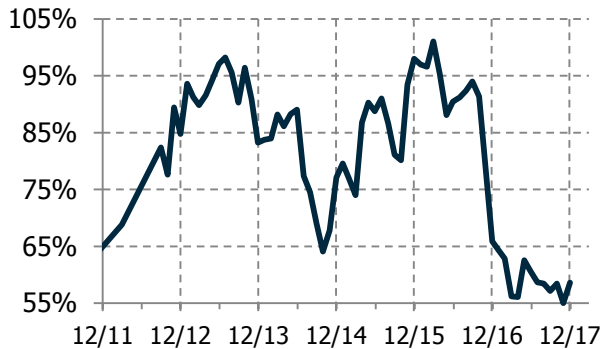
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures.

Local Reinsurers' Results

The figures of 2017 showed positive results for most Local Reinsurers, exhibiting a maintenance of the figures shown in 2016.

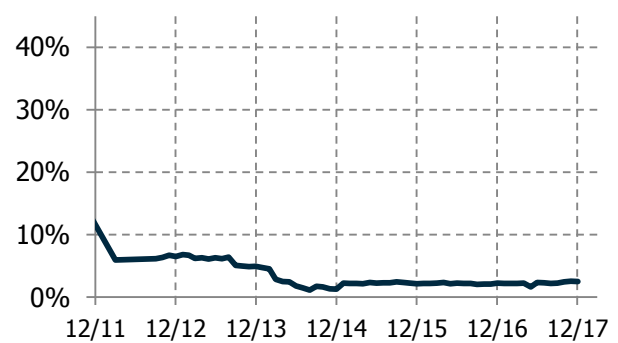
In the aggregate of 2017, the **Loss Ratio** experienced by the Local Reinsurance Market reached 59%, a decrease when in comparison to 66% registered in 2016. It is worth emphasizing that this is the Gross Loss Ratio, calculated from the gross occurred losses divided by the gross earned premium (i.e. gross of retrocession, net of commission).

Loss Ratio: Occurred Losses/ Earned Premium



Source SUSEP, Terra Brasis Re, 12-month aggregate

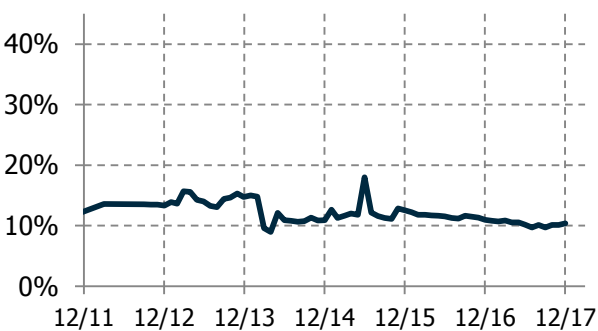
Commercial Expenses/ Earned Premium



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

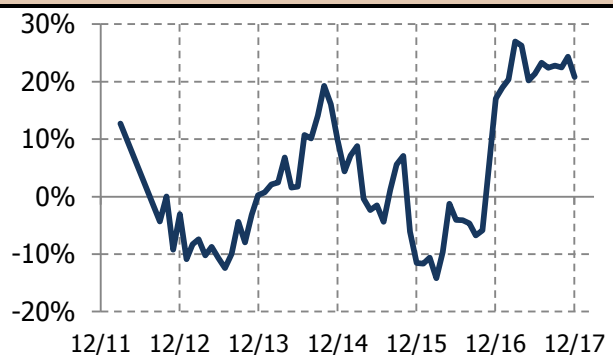
The **Commercial Expense Ratio** had a small increase, closing the period in 2.5% compared to 2.2% registered in the same period of the previous year. In the same period, the **Administrative Expense Ratio (including taxes and other expenses)** stood at 6.7% against 7.4% recorded in 2016, showing a slightly decrease.

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



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

Retrocession Result / Earned Premium

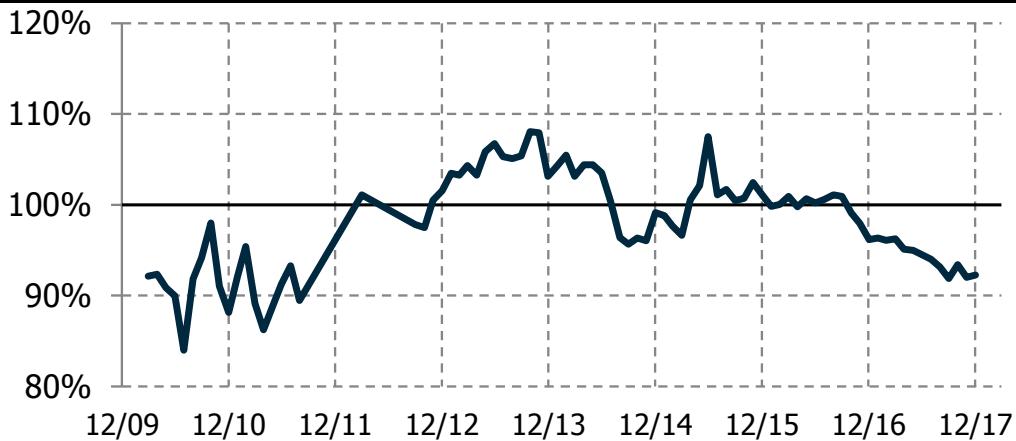


Source: SUSEP, Terra Brasis Re, 12-month aggregate

The **Retrocession Result Ratio**, for the 12 months of 2017, reached +20.8% against +17.1% registered in 2016, showing that Local Reinsurers kept a positive 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.

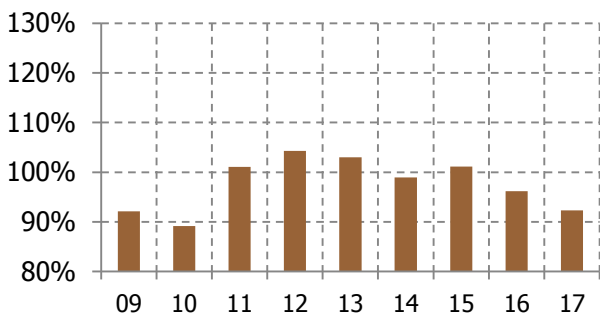
By the end of 2017, **Combined Ratio (including retrocession result index)** reached 92.3% versus 96.2% showed in 2016.

Combined Ratio, with Retrocession Result Ratio



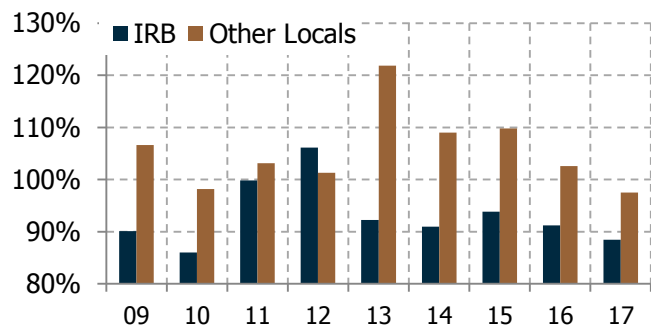
Source: SUSEP, Terra Brasis Re, 12-month aggregate

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 years of 2017 and 2016.

Summary of Results and Main Indexes for Local Reinsurers for 2017 and 2016

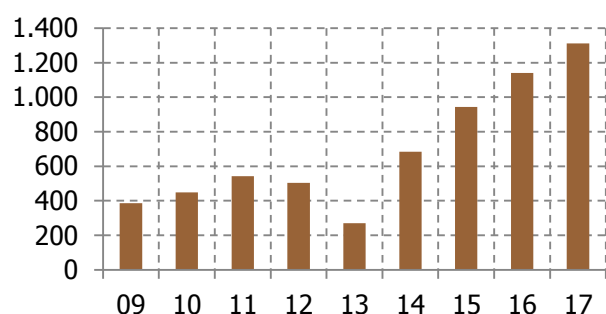
	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2017	2016	2017	2016	2017	2016
Total Assets	29,017	24,450	14,294	13,489	14,723	10,961
Cash and Cash Equivalents	12,146	11,931	5,675	5,985	6,471	5,947
S.E. at beginning of period	7,063	6,539	3,402	3,255	3,660	3,284
S.E. end of period	7,354	6,972	3,581	3,328	3,773	3,644
Gross Written Premium	10,228	8,828	5,506	4,694	4,722	4,134
Written Premium	8,880	7,582	5,061	4,188	3,819	3,393
Earned Premium	8,226	7,389	4,738	4,162	3,489	3,226
Loss Ratio	59%	66%	52%	62%	67%	71%
Commercial Expenses/ Earned Premium	2%	2%	3%	2%	2%	2%
Administrative + Other/ Earned Premium	8%	8%	6%	5%	10%	11%
Tax/ Earned Premium	2%	3%	2%	3%	3%	3%
Retrocession Result/Earned Premium	21%	17%	25%	18%	15%	16%
Combined Ratio	92%	96%	88%	91%	98%	103%
Reinsurance Operational Result	635	284	548	367	87	-83
Financial Result and Equity Pick-up	1,310	1,490	703	888	607	602
Income Tax and Contributions	-635	-633	-327	-405	-308	-228
Net Profit for the Period	1,312	1,140	925	849	387	291
<i>ROE (annualized)</i>	<i>18.6%</i>	<i>17.4%</i>	<i>27.2%</i>	<i>26.1%</i>	<i>10.6%</i>	<i>8.9%</i>

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

By the end of 2017, Local Reinsurers produced a net profit of BRL 1.3 bn, in contrast to a net profit of BRL 1.1 bn registered in 2016. In this period, IRB reported a BRL 925 million result, while the other local reinsurance reported a result of BRL 387 million.

Net Profits (BRL mm)

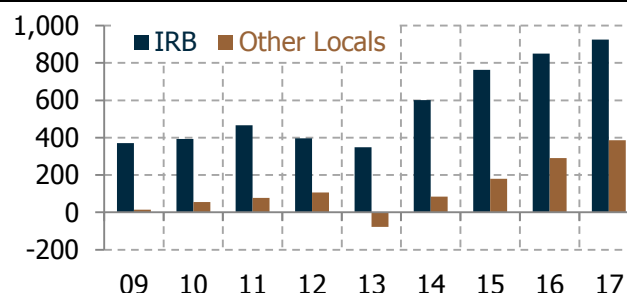
Total Local Reinsurers



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 for the full year.

Excluding the class of 2012, all the other classes showed an improvement in **Loss Ratio**. All classes showed an improvement in **Combined 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, for 2017 and 2016

	IRB		Class of 2008		Class of 2010		Class of 2012		Class of 2014	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total Assets	14,294	13,489	4,954	4,645	2,359	2,211	6,282	5,611	1,128	803
Cash and Cash Equivalents	5,675	5,985	2,677	2,508	764	826	2,680	2,391	349	222
S.E. at beginning of period	3,402	3,255	1,530	1,483	486	441	1,293	1,042	351	318
S.E. end of period	3,581	3,328	1,515	1,513	519	495	1,321	1,280	417	356
Gross Written Premium	5,506	4,694	1,238	1,224	912	773	2,063	1,744	509	394
Written Premium	5,061	4,188	953	941	761	671	1,677	1,444	428	338
Earned Premium	4,738	4,162	832	833	787	694	1,456	1,429	413	270
Loss Ratio	52%	62%	56%	82%	67%	73%	63%	60%	101%	87%
Commercial Expenses/ Earned Premium	3%	2%	1%	2%	3%	2%	2%	2%	1%	2%
Administrative + Other/ Earned Premium	6%	5%	8%	8%	11%	8%	10%	12%	13%	22%
Tax/ Earned Premium	2%	3%	4%	4%	1%	3%	4%	3%	3%	3%
Retrocession Result/Earned Premium	25%	18%	21%	2%	13%	11%	22%	28%	-18%	7%
Combined Ratio	88%	91%	90%	98%	95%	96%	102%	105%	101%	121%
Reinsurance Operational Result	548	367	79	16	36	25	-25	-68	-3	-56
Financial Result and Equity Pick-up	703	888	221	245	85	82	288	272	13	4
Income Tax and Contributions	-327	-405	-133	-116	-46	-37	-116	-83	-13	9
Net Profit for the Period	925	849	168	145	75	69	148	121	-4	-44
<i>ROE (annualized)</i>	27.2%	26.1%	11.0%	9.8%	15.5%	15.7%	11.4%	11.6%	-1.2%	-13.8%

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	2016	BRL mm	(%)	2017	2016
IRB	Apr 03, 1939	5,061	4,188	873	21%	57.0%	55.2%
	IRB	5,061	4,188	873	21%	57.0%	55.2%
JM	May 23, 2008	244	214	30	14%	2.8%	2.8%
Munich	May 23, 2008	464	442	22	5%	5.2%	5.8%
Mapfre	Nov 14, 2008	182	240	-58	-24%	2.1%	3.2%
XL	Dec 05, 2008	62	45	17	39%	0.7%	0.6%
	Class of 2008	953	941	11	1%	10.7%	12.4%
Chubb	Nov 25, 2009	167	202	-35	-17%	1.9%	2.7%
Austral	Jan 31, 2011	492	402	90	23%	5.5%	5.3%
AIG	Apr 04, 2011	101	67	34	51%	1.1%	0.9%
	Class of 2010	761	671	90	13%	8.6%	8.8%
Zurich	Jan 05, 2012	567	506	61	12%	6.4%	6.7%
Markel	Jan 17, 2012	48	37	11	28%	0.5%	0.5%
Swiss	Jun 14, 2012	368	239	128	54%	4.1%	3.2%
Terra Brasis	Oct 04, 2012	123	83	40	48%	1.4%	1.1%
Allianz	Dec 20, 2012	292	367	-75	-20%	3.3%	4.8%
BTG	Feb 26, 2013	280	211	69	33%	3.2%	2.8%
	Class of 2012	1,677	1,444	234	16%	18.9%	19.0%
Scor	Aug 06, 2014	258	196	62	32%	2.9%	2.6%
AXA	Aug 25, 2014	171	142	29	20%	1.9%	1.9%
	Class of 2014	428	338	91	27%	4.8%	4.5%
	Total	8,880	7,582	1,299	17%	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, only IRB and the class of 2014 stepped up, while all remaining classes suffered a small reduction.

The tables below represent the summary of results of Local Reinsurers for 2017 and 2016.

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

Total Local Market, IRB and Other Locals

	Total Local Market		IRB		Other Locals	
	2017	2016	2017	2016	2017	2016
Assets	29,017	26,759	14,294	13,489	14,723	13,269
Cash and Cash Equivalents	12,146	11,931	5,675	5,985	6,471	5,947
S.E. at beginning of period	7,063	6,539	3,402	3,255	3,660	3,284
S.E. end of period	7,354	6,972	3,581	3,328	3,773	3,644
Gross Reinsurance Premium	8,150	7,621	3,630	3,574	4,519	4,047
Commission	-1,351	-1,246	-448	-505	-903	-741
Non-Issued Risks in force	51	-18	45	58	7	-76
International Operations	1,007	695	913	601	94	95
Written Retrocession	1,020	530	918	461	102	69
Written Premium	8,880	7,582	5,061	4,188	3,819	3,393
Change in Reserves	-654	-193	-323	-26	-331	-167
Earned Premium	8,226	7,389	4,738	4,162	3,489	3,226
Losses Incurred	-4,823	-4,868	-2,484	-2,590	-2,339	-2,278
Commercial Expenses	-204	-166	-133	-104	-71	-62
Other Operational Expenses	-108	-16	-41	21	-67	-37
Administrative Expenses	-553	-547	-265	-237	-288	-311
Tax Expenses	-192	-246	-77	-134	-115	-112
Industrial Result Pre Retro	2,346	1,546	1,737	1,119	608	427
Retrocession Result	-1,710	-1,262	-1,189	-752	-522	-510
Industrial Result	635	284	548	367	87	-83
Financial Result	1,271	1,442	648	817	622	625
Equity Pickup	38	48	55	71	-17	-23
Operating Result	1,946	1,774	1,252	1,255	694	519
Non-recurring Gains	1	0	0	0	1	0
EBT	1,946	1,773	1,252	1,255	695	519
Income Tax	-281	-318	-135	-198	-146	-120
Social Tax	-313	-286	-192	-190	-122	-96
Profit Sharing	-40	-28	0	-17	-40	-11
Net Income	1,312	1,140	925	849	387	291
Loss Ratio	59%	66%	52%	62%	67%	71%
Comm. Exp/Earned Premium	2%	2%	3%	2%	2%	2%
Adm. Exp / Earned Premium	7%	7%	6%	6%	8%	10%
Tax Exp / Earned Premium	2%	3%	2%	3%	3%	3%
Other Exp / Earned Premium	1%	0%	1%	-1%	2%	1%
Expense Ratio	13%	13%	11%	11%	16%	16%
Combined Ratio Pre Retro	71%	79%	63%	73%	83%	87%
Retro Result/Earned Premium	21%	17%	25%	18%	15%	16%
Combined Ratio	92%	96%	88%	91%	98%	103%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-16%	-20%	-15%	-21%	-17%	-19%
(Income tax+Social tax+Profit share)	8%	9%	7%	10%	9%	7%
R.O.E.⁽¹⁾	18.6%	17.4%	27.2%	26.1%	10.6%	8.9%
Annualised Earned Premium/SE	112%	106%	132%	125%	92%	89%

Source: SUSEP, Terra Brasis Re

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

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

JM, Munich, Mapfre and XL

	JM		Munich		Mapfre		XL	
	2017	2016	2017	2016	2017	2016	2017	2016
Authorization Date	May 23, 2008		May 23, 2008		Nov 14, 2008		Dec 05, 2008	
Assets	1,529	1,338	2,063	2,012	847	807	515	487
Cash and Cash Equivalents	762	711	1,095	1,006	408	365	412	425
S.E. at beginning of period	660	726	378	318	174	152	317	287
S.E. end of period	604	655	447	372	176	172	289	313
Gross Reinsurance Premium	371	346	536	558	213	274	78	53
Commission	-135	-134	-100	-102	-33	-36	-17	-11
Non-Issued Risks in force	9	3	3	-9	0	0	1	1
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	24	-5	2	2	1	1
Written Premium	244	214	464	442	182	240	62	45
Change in Reserves	-83	-80	-32	26	1	-45	-6	-8
Earned Premium	161	134	432	468	184	195	56	36
Losses Incurred	-57	-46	-227	-349	-142	-258	-44	-26
Commercial Expenses	0	0	-4	-11	-4	-3	-2	-1
Other Operational Expenses	11	-29	-9	31	-3	-7	0	0
Administrative Expenses	-10	-9	-38	-40	-10	-8	-5	-5
Tax Expenses	-7	-6	-16	-18	-8	-9	-2	-3
Industrial Result Pre Retro	99	46	138	80	18	-92	3	2
Retrocession Result	-81	-56	-89	-61	-6	102	-3	-4
Industrial Result	18	-11	49	19	12	10	1	-2
Financial Result	70	78	91	82	36	30	25	55
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	87	68	140	100	48	40	25	53
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	87	68	140	100	48	40	25	53
Income Tax	-21	-16	-34	-24	-9	-10	-6	-13
Social Tax	-17	-14	-27	-16	-7	-7	-5	-11
Profit Sharing	-1	-1	-4	-4	-1	-1	0	0
Net Income	48	37	75	56	32	23	14	29
Loss Ratio	36%	34%	53%	75%	77%	133%	78%	72%
Comm. Exp/Earned Premium	0%	0%	1%	2%	2%	2%	3%	3%
Adm. Exp / Earned Premium	6%	6%	9%	9%	6%	4%	9%	13%
Tax Exp / Earned Premium	4%	4%	4%	4%	4%	5%	4%	8%
Other Exp / Earned Premium	-7%	21%	2%	-7%	2%	4%	0%	0%
Expense Ratio	3%	32%	16%	8%	13%	14%	16%	24%
Combined Ratio Pre Retro	39%	66%	68%	83%	90%	147%	94%	96%
Retro Result/Earned Premium	50%	42%	21%	13%	3%	-52%	5%	11%
Combined Ratio	89%	108%	89%	96%	94%	95%	99%	106%
(Non-Rec.+ Fin.+ Equity) /E.P.	-43%	-58%	-21%	-17%	-20%	-15%	-44%	-152%
(Inc. tax+Social tax+Profit share)	25%	23%	15%	10%	9%	9%	20%	66%
R.O.E.⁽¹⁾	7.2%	5.1%	19.7%	17.5%	18.2%	14.9%	4.4%	10.2%
Annualised Earned Premium/SE	27%	21%	97%	126%	104%	113%	19%	12%

Source: SUSEP, Terra Brasis Re

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

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

Chubb, Austral, AIG and Zurich

	Chubb		Austral		AIG		Zurich	
	2017	2016	2017	2016	2017	2016	2017	2016
Authorization Date	Nov 25, 2009		Jan 31, 2011		Apr 04, 2011		Jan 05, 2012	
Assets	695	627	996	868	668	716	1,584	1,384
Cash and Cash Equivalents	216	257	389	377	159	192	629	578
S.E. at beginning of period	110	90	281	271	95	80	238	220
S.E. end of period	137	117	282	283	100	95	256	239
Gross Reinsurance Premium	199	236	543	416	147	104	713	669
Commission	-27	-18	-77	-55	-47	-28	-147	-118
Non-Issued Risks in force	-4	-16	-3	14	1	-9	-8	-47
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	30	28	0	0	8	1
Written Premium	167	202	492	402	101	67	567	506
Change in Reserves	26	40	-7	-8	6	-10	-33	39
Earned Premium	194	242	485	394	108	57	534	545
Losses Incurred	-99	-101	-431	-299	4	-107	-413	-470
Commercial Expenses	-17	-6	-10	-10	0	0	0	0
Other Operational Expenses	-18	-28	-31	16	0	0	0	0
Administrative Expenses	-16	-19	-16	-14	-7	-9	-8	-7
Tax Expenses	-8	-10	4	-6	-7	-2	-11	-13
Industrial Result Pre Retro	36	79	1	81	97	-61	102	55
Retrocession Result	-2	-65	-3	-73	-94	64	-98	-53
Industrial Result	34	14	-2	8	4	3	4	2
Financial Result	29	36	37	37	18	9	69	71
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	63	49	36	45	21	12	73	73
Non-recurring Gains	0	0	0	0	1	0	0	0
EBT	63	49	36	45	22	12	73	73
Income Tax	-16	-13	-4	-4	-4	-2	-12	-15
Social Tax	-13	-10	-3	-5	-3	-2	-12	-12
Profit Sharing	0	0	-4	-2	0	0	0	0
Net Income	34	27	26	34	15	9	49	46
Loss Ratio	51%	42%	89%	76%	-4%	187%	77%	86%
Comm. Exp/Earned Premium	9%	2%	2%	3%	0%	0%	0%	0%
Adm. Exp / Earned Premium	8%	8%	3%	4%	7%	15%	2%	1%
Tax Exp / Earned Premium	4%	4%	-1%	2%	7%	4%	2%	2%
Other Exp / Earned Premium	10%	12%	6%	-4%	0%	0%	0%	0%
Expense Ratio	30%	26%	11%	4%	13%	19%	4%	4%
Combined Ratio Pre Retro	81%	68%	100%	79%	10%	206%	81%	90%
Retro Result/Earned Premium	1%	27%	1%	19%	87%	-111%	18%	10%
Combined Ratio	82%	94%	100%	98%	96%	95%	99%	100%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-15%	-15%	-8%	-9%	-17%	-16%	-13%	-13%
(Income tax+Social tax+Profit share)	15%	9%	2%	3%	6%	6%	4%	5%
R.O.E.⁽¹⁾	31.1%	29.6%	9.2%	12.5%	16.1%	10.7%	20.7%	21.0%
Annualised Earned Premium/SE	142%	207%	172%	139%	108%	60%	209%	228%

Source: SUSEP, Terra Brasis Re,

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

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

Merkel, Swiss, Terra Brasis and Allianz

	Merkel		Swiss		Terra Brasis		Allianz	
	2017	2016	2017	2016	2017	2016	2017	2016
Authorization Date	Jan 17, 2012		Jun 14, 2012		Oct 04, 2012		Dec 20, 2012	
Assets	210	183	1,320	1,070	344	297	1,447	1,547
Cash and Cash Equivalents	141	134	636	496	151	145	600	544
S.E. at beginning of period	81	69	224	98	102	98	228	190
S.E. end of period	82	80	253	217	104	102	239	224
Gross Reinsurance Premium	54	43	415	273	125	86	344	417
Commission	-13	-14	-75	-64	-31	-16	-48	-36
Non-Issued Risks in force	0	0	6	2	0	0	-8	-19
International Operations	0	0	0	0	25	12	0	0
Written Retrocession	7	8	22	28	3	1	4	5
Written Premium	48	37	368	239	123	83	292	367
Change in Reserves	-11	-3	-51	-28	-22	1	3	71
Earned Premium	37	35	316	212	101	84	295	437
Losses Incurred	-28	-20	-213	-251	-55	-69	-189	-47
Commercial Expenses	-1	-1	-6	-6	-3	-3	-9	-15
Other Operational Expenses	-1	-3	-11	-5	-2	-1	-2	-1
Administrative Expenses	-13	-25	-31	-28	-17	-14	-45	-58
Tax Expenses	-2	-3	-13	-10	-3	-2	-20	-15
Industrial Result Pre Retro	-8	-16	42	-88	21	-3	30	302
Retrocession Result	-4	-1	-34	68	-34	-6	-68	-357
Industrial Result	-12	-18	8	-20	-13	-9	-39	-55
Financial Result	14	13	61	52	37	18	57	59
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	1	-5	69	31	25	10	18	4
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	1	-5	69	31	25	10	18	4
Income Tax	-1	1	-13	-6	-3	-1	-5	-1
Social Tax	0	1	-10	-5	-3	-1	-5	-1
Profit Sharing	0	0	-3	-3	0	0	0	0
Net Income	0	-3	43	18	18	7	8	2
Loss Ratio	76%	57%	67%	119%	54%	82%	74%	11%
Comm. Exp/Earned Premium	3%	3%	2%	3%	3%	3%	2%	3%
Adm. Exp / Earned Premium	35%	72%	10%	13%	17%	16%	15%	13%
Tax Exp / Earned Premium	6%	7%	4%	5%	3%	2%	4%	3%
Other Exp / Earned Premium	2%	8%	3%	2%	2%	1%	1%	0%
Expense Ratio	45%	91%	19%	23%	25%	22%	23%	20%
Combined Ratio Pre Retro	122%	147%	87%	142%	79%	104%	96%	31%
Retro Result/Earned Premium	11%	4%	11%	-32%	34%	7%	23%	82%
Combined Ratio	133%	151%	97%	110%	113%	111%	119%	113%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-37%	-37%	-19%	-24%	-37%	-22%	-26%	-13%
(Income tax+Social tax+Profit share)	3%	-5%	8%	6%	6%	2%	92%	0%
R.O.E.⁽¹⁾	0.5%	-4.6%	19.1%	18.9%	18.0%	7.6%	3.6%	0.9%
Annualised Earned Premium/SE	45%	43%	125%	97%	97%	83%	123%	196%

Source: SUSEP, Terra Brasis Re,

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

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

BTG, Scor and AXA

	BTG		Scor		AXA	
	2017	2016	2017	2016	2017	2016
Authorization Date	Feb 26, 2013		Aug 06, 2014		Aug 25, 2014	
Assets	1,378	1,130	383	334	745	470
Cash and Cash Equivalents	523	493	210	142	140	81
S.E. at beginning of period	420	368	99	98	252	220
S.E. end of period	386	418	103	97	314	259
Gross Reinsurance Premium	345	257	267	172	169	142
Commission	-72	-53	-72	-50	-9	-6
Non-Issued Risks in force	7	6	0	0	1	-2
International Operations	0	0	61	74	8	9
Written Retrocession	0	0	1	0	1	0
Written Premium	280	211	258	196	171	142
Change in Reserves	-107	-95	-10	-31	-5	-37
Earned Premium	173	116	248	165	165	105
Losses Incurred	-25	1	-191	-163	-228	-72
Commercial Expenses	-11	-3	-1	-1	-4	-4
Other Operational Expenses	-1	-10	0	0	0	0
Administrative Expenses	-20	-16	-19	-16	-33	-44
Tax Expenses	-9	-7	-6	-5	-7	-4
Industrial Result Pre Retro	107	80	31	-19	-108	-18
Retrocession Result	-81	-48	-39	-4	113	-15
Industrial Result	26	32	-8	-23	4	-33
Financial Result	50	59	15	22	14	5
Equity Pickup	0	0	0	0	-17	-24
Operating Result	78	91	7	-1	2	-52
Non-recurring Gains	0	0	0	0	0	0
EBT	78	91	7	-1	2	-52
Income Tax	-12	-22	-2	-1	-5	7
Social Tax	-10	-19	-1	-1	-4	4
Profit Sharing	-26	0	0	0	-2	-1
Net Income	29	50	4	-3	-9	-41
Loss Ratio	15%	-1%	77%	99%	138%	68%
Comm. Exp/Earned Premium	7%	2%	0%	0%	3%	3%
Adm. Exp / Earned Premium	12%	14%	8%	9%	20%	42%
Tax Exp / Earned Premium	5%	6%	3%	3%	4%	4%
Other Exp / Earned Premium	0%	9%	0%	0%	0%	0%
Expense Ratio	23%	32%	11%	13%	27%	49%
Combined Ratio Pre Retro	38%	31%	88%	112%	165%	117%
Retro Result/Earned Premium	47%	41%	16%	3%	-68%	14%
Combined Ratio	85%	72%	103%	114%	97%	131%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-29%	-51%	-6%	-14%	2%	18%
(Income tax+Social tax+Profit share)	28%	35%	1%	1%	6%	-10%
R.O.E.⁽¹⁾	6.9%	13.7%	4.5%	-2.9%	-3.5%	-18.6%
Annualised Earned Premium/ SE	45%	28%	242%	170%	53%	41%

Source: SUSEP, Terra Brasis Re,

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

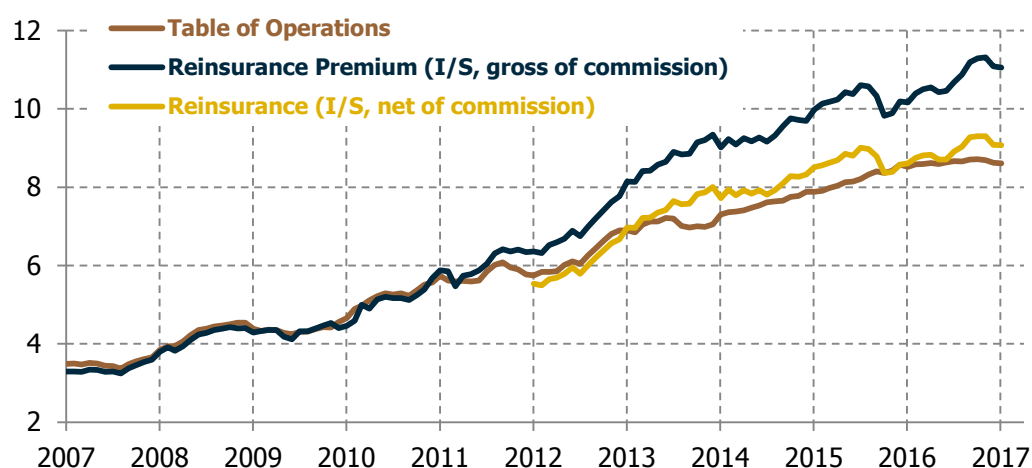
General Insurance and Reinsurance Premiums for 2017 and 2016 (BRL mm)

	General Insurance Premium			Reinsurance Premium (TO)			Local Reinsurance Premium		
	2017	2016	Chg	2017	2016	Chg	2017	2016	Chg
Property	13,552	12,863	5%	3,036	3,196	-5%	2,107	2,067	2%
Special Risks	298	464	-36%	464	598	-22%	293	333	-12%
Liability	1,615	1,592	1%	493	583	-15%	313	394	-21%
Hull	-2	8	-123%	-1	2		-3	2	
Auto	33,765	31,696	7%	380	322	18%	478	354	35%
Transportation	3,096	2,984	4%	676	673	0%	497	527	-6%
Surety	3,899	3,061	27%	966	773	25%	1,083	868	25%
Credit	8	37	-78%					-1	
Group Life	26,150	24,233	8%	618	441	40%	649	561	16%
House Financing	3,771	3,445	9%	83	85	-2%	67	72	-7%
Rural	4,179	3,664	14%	1,334	1,188	12%	978	855	14%
Others							1,980	1,222	62%
Individual Life	3,374	2,870	18%	62	75	-17%	140	14	911%
Marine	383	402	-5%	212	227	-7%	116	165	-30%
Aviation	328	403	-19%	286	357	-20%	128	169	-24%
Microinsurance	356	233	53%	1					
	94,773	87,955	8%	8,610	8,521	1%	8,827	7,602	16%

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.

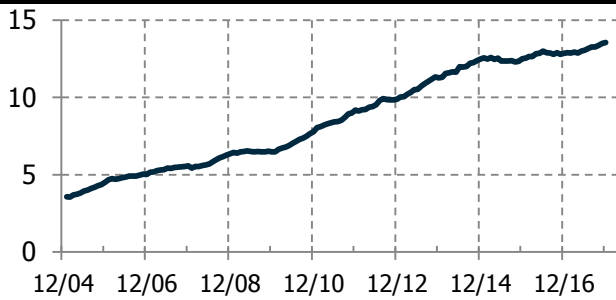
Ceded Reinsurance from different data sources (BRL bn)



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



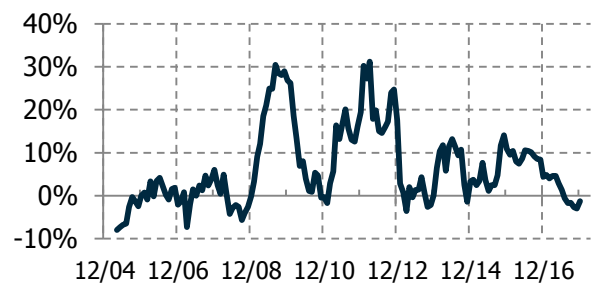
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



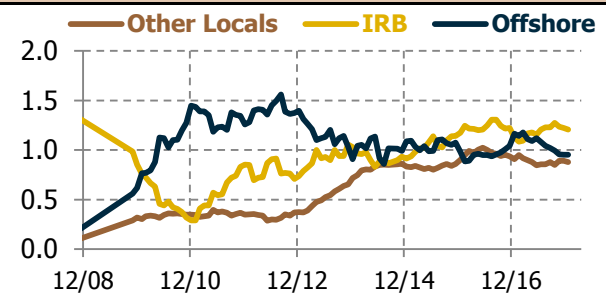
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



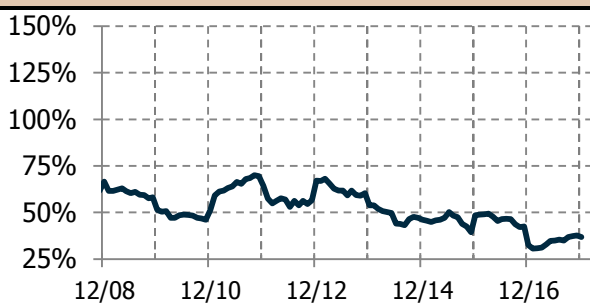
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



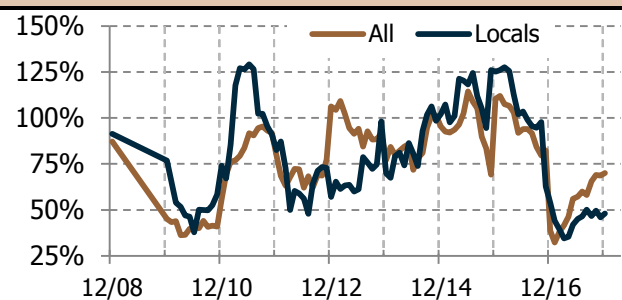
Source: SUSEP, Terra Brasis Re, BRL billions 12-month aggregate

Loss Ratio: Insurers



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

Loss Ratio: Local Reinsurers



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

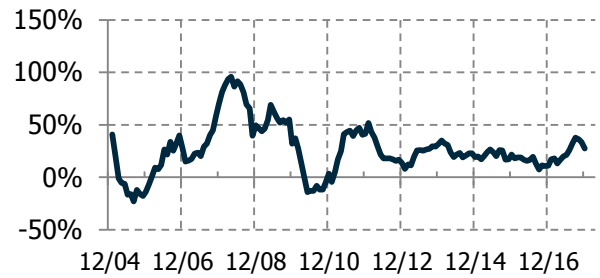
Group: Financial Risks

Insurance Premium



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

Growth of Insurance Premium



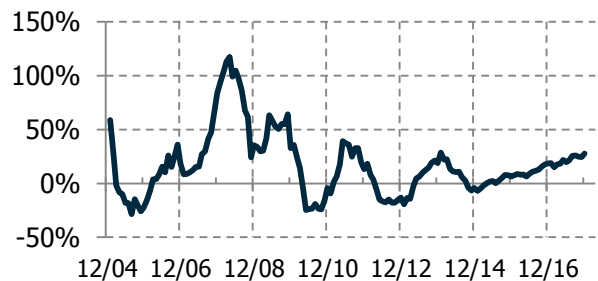
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



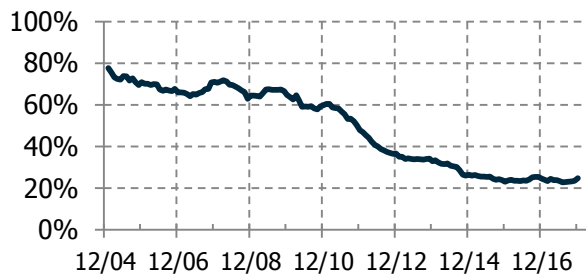
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



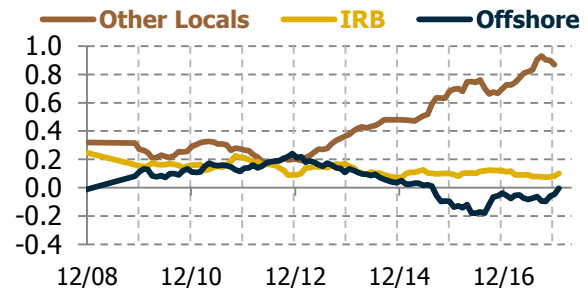
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



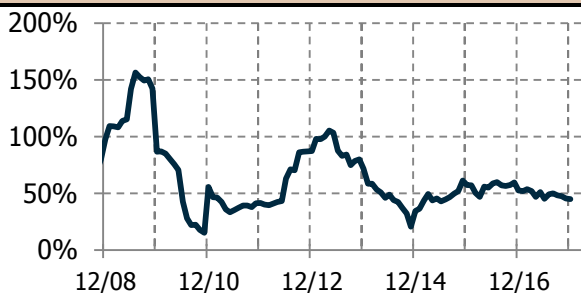
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



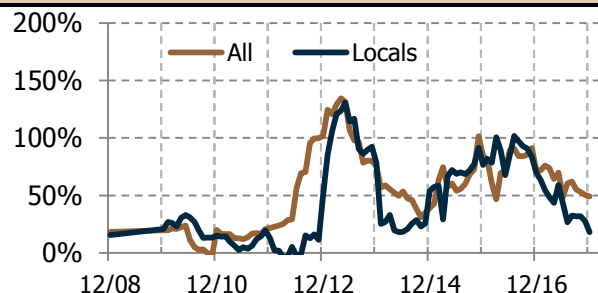
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

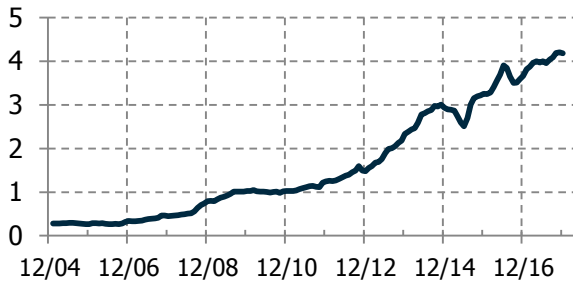
Loss Ratio: Local Reinsurers



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

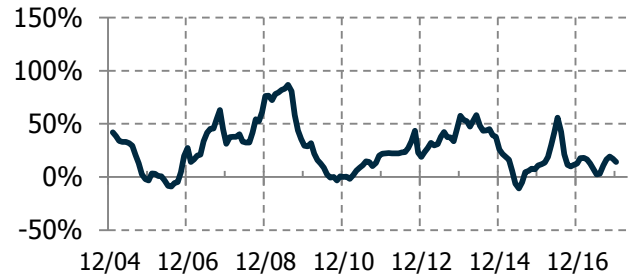
Group: Rural

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



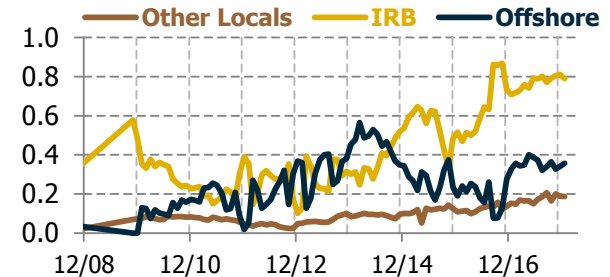
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



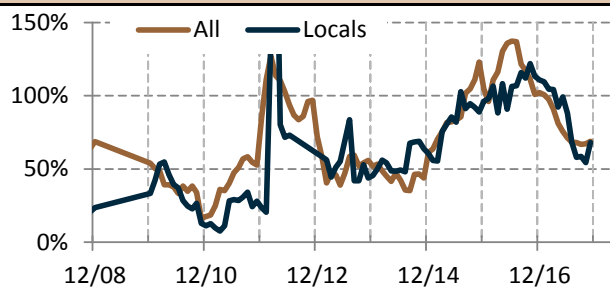
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

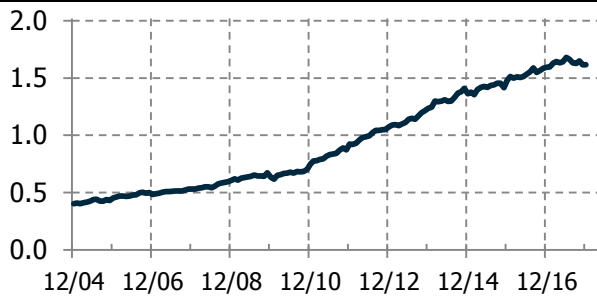
Loss Ratio: Local Reinsurers



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



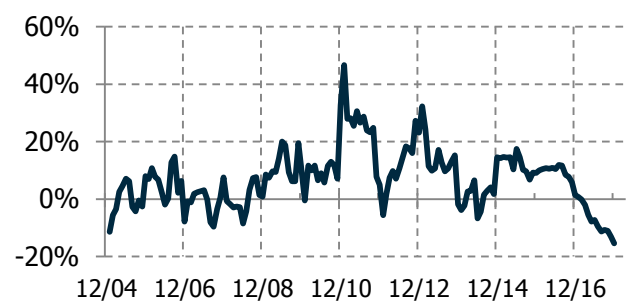
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



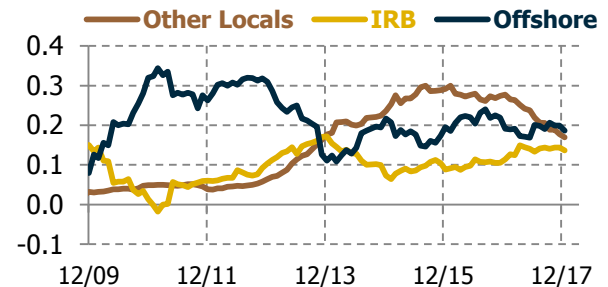
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



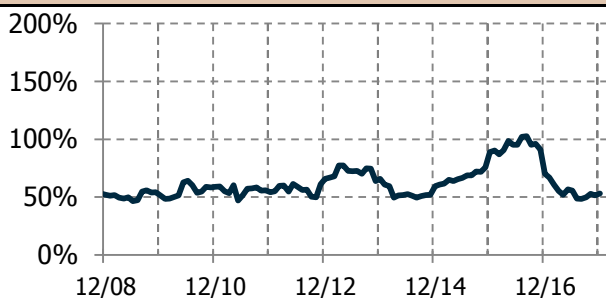
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



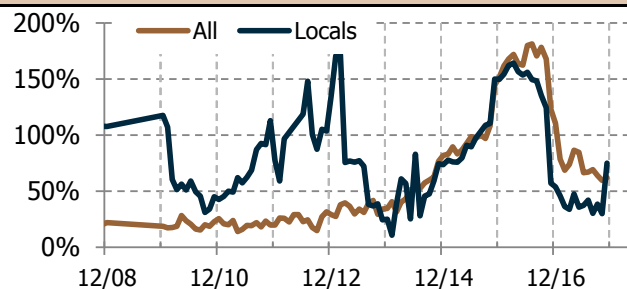
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

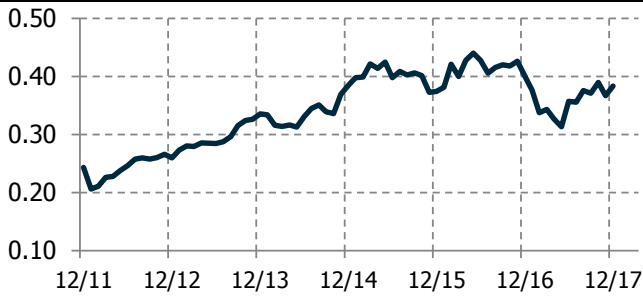
Loss Ratio: Local Reinsurers



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

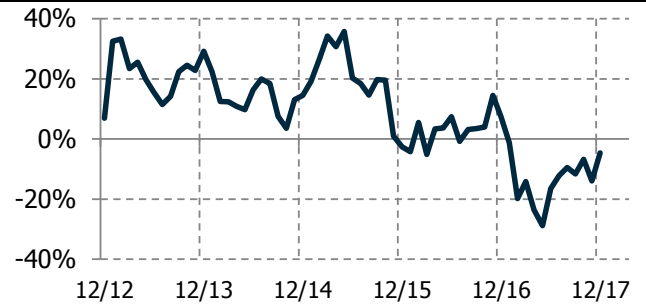
Group: Marine

Insurance Premium



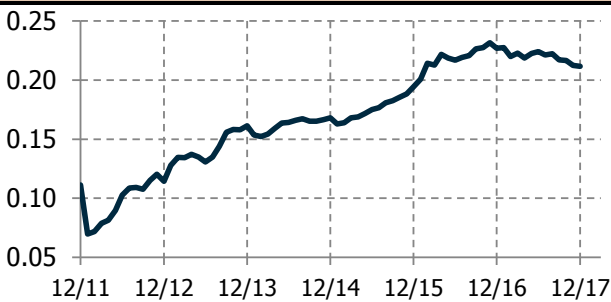
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



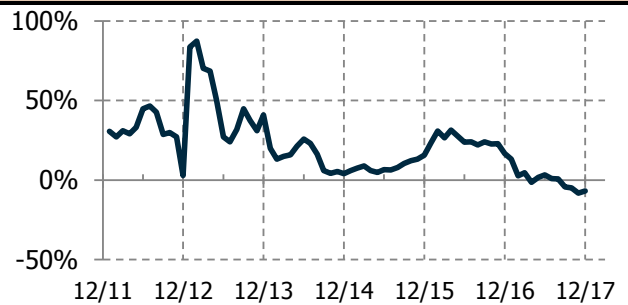
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



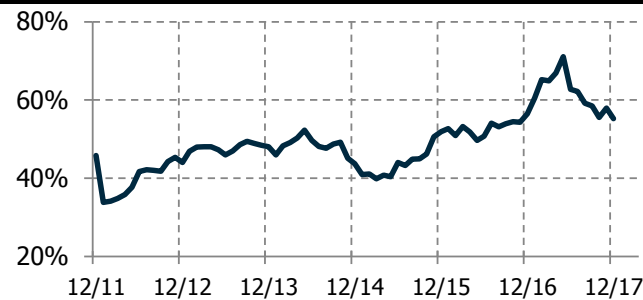
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



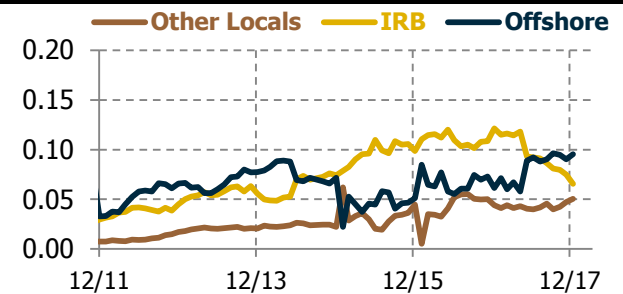
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



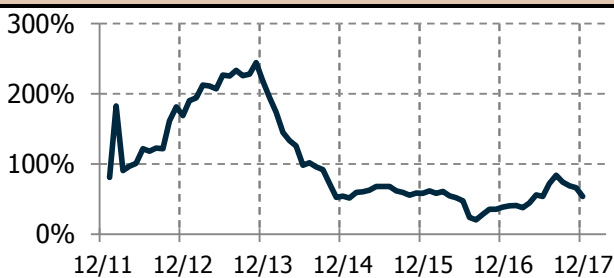
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



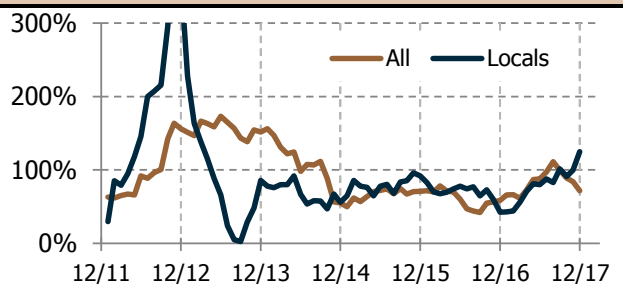
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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/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 - 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/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 for 2017 and 2016

January to December 2017	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	% Oe	% Ae	% Te	% ER	% CR pre RR	% RR	% CR	RSUB	RINV	RGO	RNET	ROE	SE	% SLV			
																						% L	% B	% Oe
Total		10,228	13.2%	8,880	8,226	59%	2%	1%	7%	2%	13%	71%	21%	92%	635	1,309	1,944	1,312	26.4%	18.6%	7,354	72%		
Total New		4,722	19.1%	3,819	3,489	67%	2%	2%	8%	3%	16%	83%	15%	98%	87	606	693	387	18.4%	10.6%	3,773	80%		
IRB	04/1939	5,506	8.1%	5,061	4,738	52%	3%	1%	6%	2%	11%	63%	25%	88%	548	1,309	1,252	925	35.0%	27.2%	3,581	65%		
JM	05/2008	380	35.6%	244	161	36%	0%	-7%	6%	4%	3%	39%	50%	89%	18	3%	87	48	14.4%	7.2%	604	159%		
Muncker	05/2008	564	17.7%	464	432	53%	1%	2%	9%	4%	16%	68%	21%	89%	49	11%	140	75	31.3%	19.7%	447	79%		
Mapfre	11/2008	216	15.4%	182	184	77%	2%	2%	6%	4%	13%	90%	3%	94%	12	7%	48	32	27.3%	18.2%	176	82%		
XL	12/2008	79	21.8%	67	56	78%	3%	0%	9%	4%	16%	94%	5%	99%	1	0%	25	14	8.7%	4.4%	289	364%		
ACE	01/2009	195	14.0%	167	194	51%	9%	10%	8%	4%	30%	81%	1%	82%	34	25%	63	34	46.3%	31.1%	137	70%		
Austral	01/2011	570	13.5%	492	485	89%	2%	6%	3%	-1%	100%	100%	1%	100%	-2	-1%	37	26	12.7%	9.2%	282	50%		
AIG	04/2011	148	31.6%	101	108	-4%	0%	0%	7%	7%	13%	10%	87%	96%	4	4%	18	15	21.4%	16.1%	100	68%		
Zurich	01/2012	713	20.6%	567	534	77%	0%	0%	2%	2%	4%	81%	18%	99%	4	1%	69	73	28.5%	20.7%	256	36%		
Markel	01/2012	61	20.9%	48	37	76%	3%	2%	35%	6%	45%	122%	11%	133%	-12	-15%	14	1	1.7%	0.5%	82	135%		
Swiss	06/2012	442	16.9%	368	316	67%	2%	3%	10%	4%	19%	87%	11%	97%	8	3%	61	43	27.2%	19.1%	253	57%		
Terra Brasis	10/2012	154	20.1%	123	101	54%	3%	2%	17%	3%	25%	79%	34%	113%	-13	-12%	38	25	23.8%	18.0%	104	68%		
Allianz	12/2012	340	14.1%	292	295	64%	3%	1%	15%	7%	26%	90%	23%	113%	-39	-16%	57	8	7.7%	3.6%	239	70%		
BTG	02/2013	352	20.5%	280	173	15%	7%	0%	12%	5%	23%	38%	47%	85%	26	7%	50	76	19.7%	6.9%	386	110%		
Scor	08/2014	329	21.8%	258	248	77%	0%	0%	8%	3%	11%	88%	16%	103%	-8	-8%	15	15%	7.1%	4.5%	103	31%		
AXA	08/2014	179	4.8%	171	165	138%	3%	0%	20%	4%	27%	165%	-68%	97%	4	1%	-3	-1%	0.6%	-3.5%	314	175%		
Total		8,828	14.1%	7,582	7,389	66%	2%	0%	7%	3%	13%	79%	17%	96%	284	1,490	1,773	1,140	25.4%	17.4%	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	518	14.2%	8.9%	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	1,255	37.7%	26.1%	3,328	71%		
JM	05/2008	349	38.5%	214	134	34%	0%	21%	6%	4%	32%	66%	42%	108%	-11	-2%	78	12%	60	37	10.3%	5.1%	655	188%
Muncker	05/2008	544	18.7%	442	468	75%	2%	-7%	9%	4%	8%	83%	13%	96%	19	5%	82	22%	17.5%	17.5%	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%	14.9%	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%	10.2%	313	566%
ACE	11/2009	220	8.1%	202	242	42%	2%	12%	8%	4%	26%	68%	27%	94%	14	12%	36	30%	45	27	42.1%	29.6%	117	53%
Austral	01/2011	457	12.1%	402	394	76%	3%	-4%	4%	2%	4%	79%	19%	98%	8	3%	37	13%	34	15.9%	12.5%	283	62%	
AIG	04/2011	95	29.9%	67	57	187%	0%	0%	15%	4%	19%	206%	-111%	95%	3	3%	9	12.7%	10.7%	9	100%	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%	21.0%	239	38%
Markel	01/2012	51	26.8%	37	35	57%	3%	8%	72%	7%	91%	147%	4%	151%	-18	-22%	13	16%	-5	-3	-6.1%	-4.6%	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%	18.9%	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%	7.6%	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%	0.9%	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%	13.7%	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%	-2.9%	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%	-18.6%	259	175%

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)
% RR : Retrocession Result
% CR : Combined Ratio (%S+%ER+%RR)
RSUB : Subscription Result
RSUB/SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
RINV : 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
RG/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

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.

We are immensely grateful to SUSEP for making its databank available to the public. We also thank ANS and CNSeg for information used herein. The report also contains analyses and adjustments made internally by Terra Brasis and, in this way, we apologize in advance for possible inaccuracies contained in this publication.

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 5068	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 Analyst	+55 11 3320 5052	camila.palmeira@terrabrisis.com.br

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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Terra Brasis Resseguros

Reactions

LATIN AMERICA AWARDS

LATIN AMERICA REINSURANCE DEAL OF THE YEAR

2017



Terra Brasis Resseguros

Reactions

LATIN AMERICA AWARDS

2016

BRAZILIAN REINSURER OF THE YEAR



PSI Principles for Sustainable Insurance



3º Lugar Categoria Produtos e Serviços Edição 2017



3º Lugar Categoria Produtos e Serviços Edição 2015



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