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Terra Report

Publication on the Brazilian Reinsurance Market

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Ratings:

A.M. Best
B++
Global (*Investment Grade*)

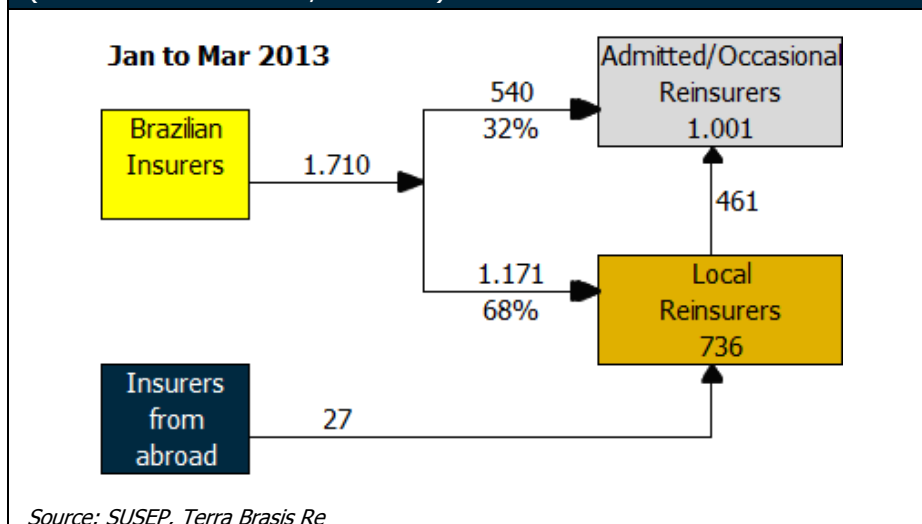
Standard & Poor's
brA+
Local

Shareholders:



- The aggregate reinsurance volume ceded by Brazilian insurers in the 12 months ending in March 2013 was R\$ 6.7 billion, which is an increase of 14.2 % compared with the same period ending in March 2012.
- In the first quarter of 2013, the reinsurance volume (gross of commission) written by local reinsurers was R\$ 1.17 billion, 72% greater than the R\$ 681 million registered in the same period in 2012.
- In 2013, through the end of March, the local market received 68% of the reinsurance volume ceded by the Brazilian market, compared with 46% registered in the same period of 2012.
- In the first quarter of 2013, Local Reinsurers presented a loss of R\$ 42.6 million, in contrast with a profit of R\$ 97.1 million registered in the same period in 2012. This is the first time, in at least five years, that the local reinsurance market has a first quarter loss. Nevertheless, it is worth noting that, historically, there is little correlation between first quarter and annual results.
- The Combined Ratio (including retrocession result) for the twelve months ending in March 2013, reached 107% compared to 104% in 2012.

Reinsurance Flow in the Brazilian Market in the First Quarter of 2013 (Gross of Commission, BRL mm)



Source: SUSEP, Terra Brasis Re

Introduction

This issue of Terra Report analyzes the performance of the Brazilian Reinsurance Market in the first quarter of 2013. The results are very interesting and not entirely positive.

In terms of participation, the local reinsurance market continues to grow. In the first three months of 2013, local reinsurers received 68% of the reinsurance ceded by Brazilian insurers, compared with 46% in the same period of the previous year. We thoroughly analyzed this growth and a significant part of it is due to new reinsurance companies that obtained a license last year. In our analysis, we loosely borrowed the term of Bermuda's reinsurance market and labeled these companies the class of 2012.

A joke we have been hearing frequently is that currently, everything in Brazil is expensive. Real Estate, food, services, everything is very expensive. Everything but insurance...

It is an ironic comment, but with a significant dose of veracity. The soft market continues to desolate the Brazilian (re)insurance market. Rates used in Brazil, across business lines, seem to be aggressive when compared to rates for similar risks in other jurisdictions. In the December 2012 issue, we had already concluded that in spite of the Local Reinsurers' positive results, there was a certain note of caution and an unsustainable dependence on the retrocession result.

In the first quarter of 2013, the combined result of the local reinsurance market presented a loss. In spite of the fact that historically, first quarter results do not correlate with annual results, this was the worst first quarter since at least, 2009. Such result, in addition to a reevaluation of the global optimism relative to emerging markets, brings few reasons to celebrate.

Nevertheless, and perhaps as a consolation, this change in global sentiment may have at least a partially beneficial effect on our market. With a smaller degree of possible exuberant optimism directed towards emerging markets, and to the Brazilian market in particular, a more rational and sound behavior may prevail and influence the hardening of (re)insurance rates. For now, we must observe and reinforce the technical and sound criteria of risk underwriting.

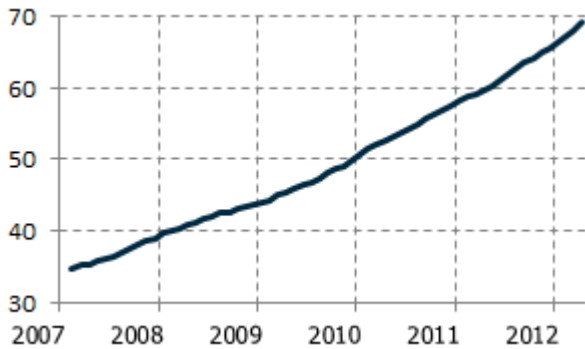
Happy Reading,

Rodrigo Botti
Chief Risk Officer
Terra Brasis Resseguros

Brazilian General Insurance Market

The general insurance segment, as per the methodology presented in Exhibit 1, maintained its pace of volume growth during the first quarter of 2013. For the twelve months ending in March 2013, the Brazilian market generated R\$ 69.0 bn in insurance premium compared to R\$ 59.7 bn of the same period of the previous year. With this, the rate of annual growth slightly increased, totaling 15.5% compared to 13.8% of the twelve months ending in December 2012.

Evolution of Insurance Written Premiums (BRL bn)



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

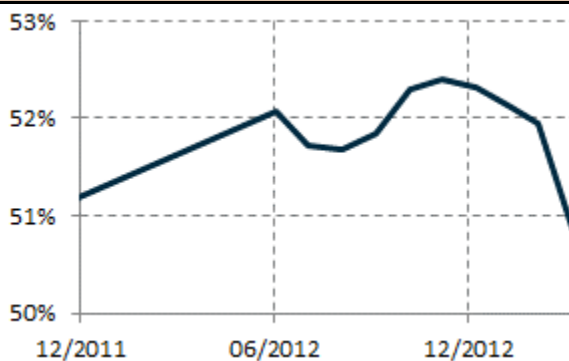
Growth of Insurance Written Premiums



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

The **loss ratio**, obtained as a result of the occurred losses over the earned premium from the income statement of all the insurers from the Brazilian market, was 50.9% in the twelve months ending in March 2013 compared to 52.3% from the twelve months ending in December 2012.

Loss / Earned Premium



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

Note: Percentage Values Referring to the Official Insurance Market

Commercial Expense / Earned Premium

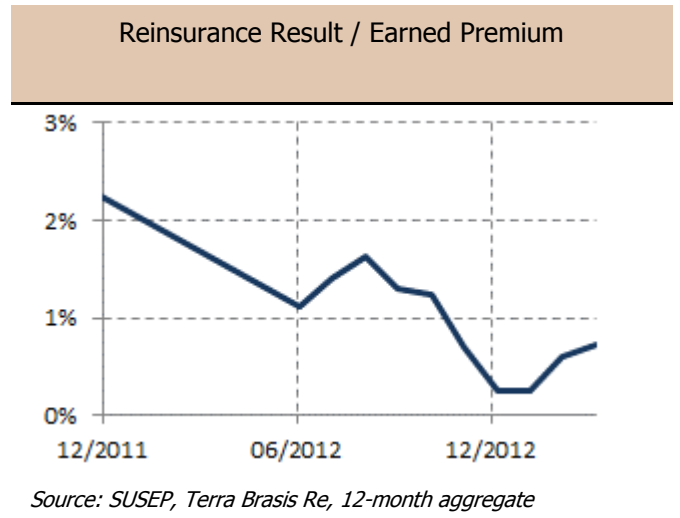
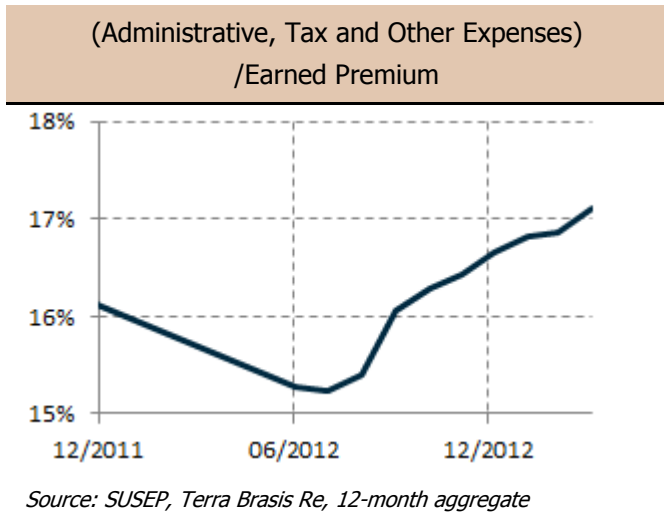


Source: SUSEP, Terra Brasis Re, 12-month aggregate

Note: Percentage Values Referring to the Official Insurance Market

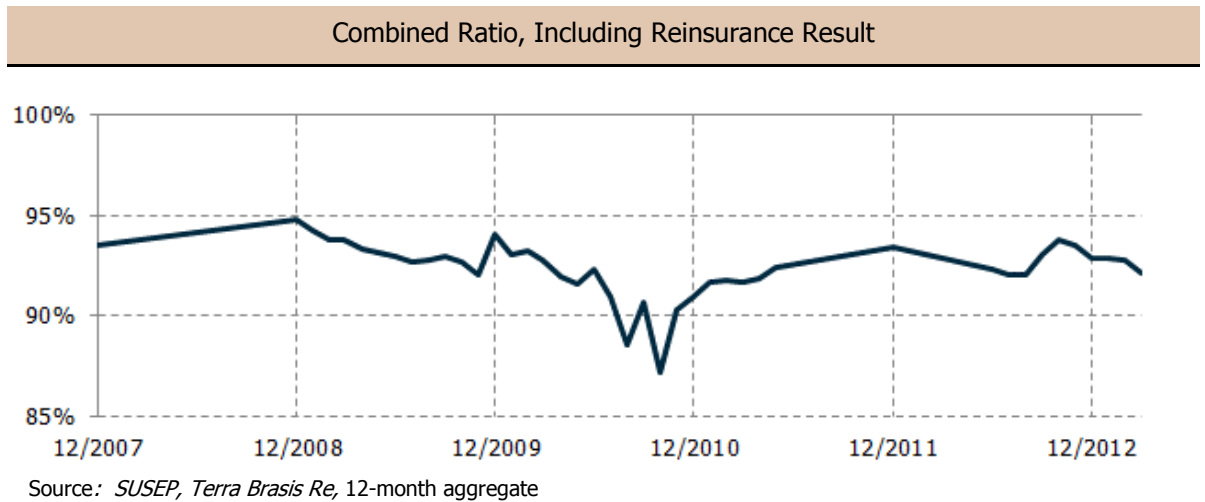
The **commercial expense ratio** remained stable during the period, reaching 23.4% in the twelve months ending in March 2013 in contrast to 23.7% from the twelve months ending in December 2012.

The **administrative expense ratio (including expenses with taxes and other expenses)** also remained stable, reaching 17.1% in the twelve months ending in March 2013 against 16.7% from the twelve months ending in December 2012.



The **reinsurance result ratio**, obtained from the reinsurance result over earned premium, showed a recovery in the beginning of 2013, with the 12-month aggregate closing the first quarter of the year at 0.7% in contrast to the 0.3% of 2012. Brazilian insurers spent R\$ 484 mm in reinsurance operations in the first quarter of 2013, a value that is three times greater than the R\$ 162 mm spent in the same period of 2012. This result is in line with our expectation of an increase in spending with regard to reinsurance operations, as described in the December 2012 issue of Terra Report.

The **Combined Ratio**, including the reinsurance result, ended the first quarter with 92.1%, in the middle of the recent average of 90-95%.



Brazilian Reinsurance Market

In the twelve months ending in March 2013, the volume of the Brazilian reinsurance market (gross of commission) was R\$ 6.67 bn in contrast with R\$ 5.84 bn in the twelve months ending in March 2012, an increase of 14.2% in the period.

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



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

After a period of deceleration, verified at the end of last year, the market’s annual growth rate returned to values above 10% in the first few months of 2013.

Apparently, the proportion of the reinsurance premium to the insurance premium remains at the 9% to 10% interval. For the 12 months ending in March 2013, the ratio stood at 9.7%, in line with the result from 2012.

Growth of Reinsurance Premium Ceded



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

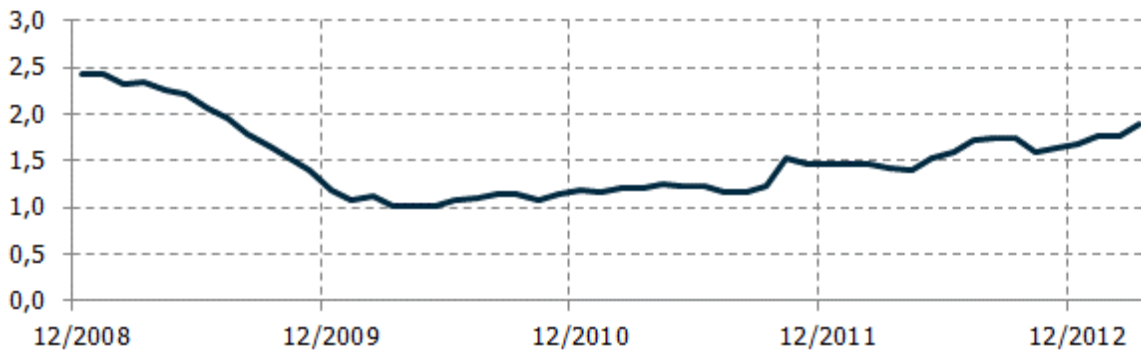
Reinsurance Premium / General Insurance Premium



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

The twelve-month aggregate coinsurance premium volume ending in March 2013 reached R\$ 1.89 bn compared to R\$ 1.42 bn from the last twelve months ending in March 2012, which represents an increase of 33.1%.

12-Month Aggregate Coinsurance Premium Ceded (BRL bn)



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

The twelve-month aggregate coinsurance premium, which ended in March 2013, represented 2.7% of the general insurance premium volume, which is greater than the 2.4% in the twelve months that ended in March 2012.

Growth of Coinsurance Premium Ceded



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

Coinsurance Premium / General Insurance Premium



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

In the 12-month aggregate ending in March 2013, the reinsurance volume (gross of commission) written by local reinsurers was R\$ 4.37 bn, which is an increase of 11.9% in relation to the R\$ 3.90 bn in the twelve months ending in March 2012.

Reinsurance (Gross of Commission) Written by Local Reinsurers



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

After a period of relative stability in 2012, the premium ceded to local reinsurers as a percentage of the total premium ceded began increasing again in the first months of 2013. The local market closed the twelve months ending in March 2013, detaining 65% of the volume, after ending 2012 with 60%. However, the performance is still less than the 69% registered in the twelve months ending in May 2012.

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

In the first quarter of 2013, Brazilian insurers generated R\$ 1.71 bn in written reinsurance, which is an increase of 16.3% in relation to the same period of 2012, when they generated R\$ 1.47 bn.

In the first quarter of 2013, the reinsurance volume (gross of commission) written by local reinsurers was R\$ 1.17 bn, compared to R\$ 681 million registered in the same period in 2012. This growth of 72% in the premium volume directed toward the local market is certainly impressive and will be analyzed later on.

Premium Ceded by Brazilian Insurers and Premium Received by Local Reinsurers from January to March (R\$ mm)

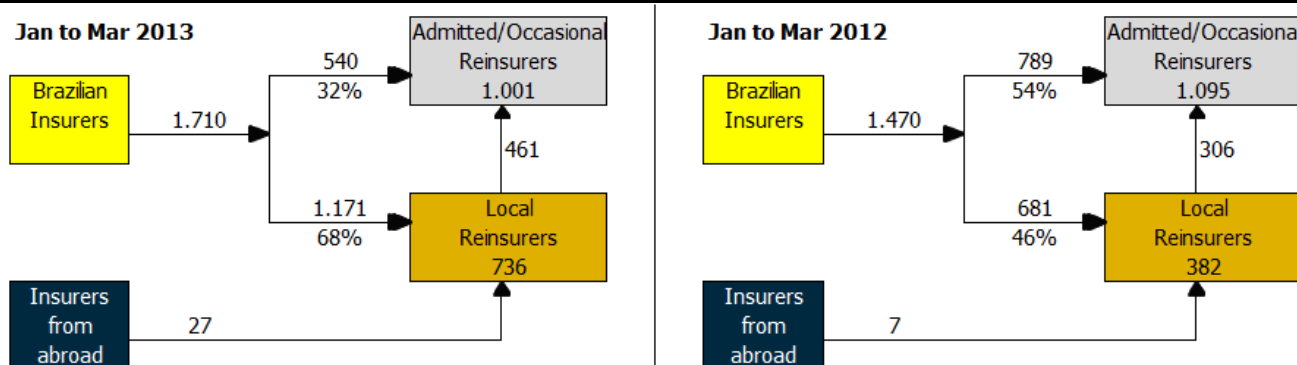
Gross Reinsurance Premium (gross of comission) ceded by Brazilian Insurers:			
	<u>2013-03</u>	<u>2012-03</u>	<u>2013/2012</u>
to IRB	666	297	124%
to other Local Reinsurers	505	383	32%
Total Local Market	1.171	681	72%
to Admitted/Occasional Reinsurers	540	789	-32%
Total Brazilian Market	1.710	1.470	16%

Gross Reinsurance Premium (gross of comission) accepted by Local Reinsurers:			
	<u>2013-03</u>	<u>2012-03</u>	<u>2013/2012</u>
from Brazilian Insurers	1.171	681	172%
from Insurers abroad	27	7	367%
Gross Reinsurance Premium	1.197	688	174%
Retrocession	-461	-306	151%
Net Retained Premium	736	382	193%

Source: SUSEP, Terra Brasis Re

The following flowcharts show the volume of reinsurance premiums and retrocession, gross of commission, in the Brazilian market in the first three months of 2013 and 2012.

Reinsurance Flow in the Brazilian Market in the First Quarter of 2013 and 2012 (Gross of Commission, BRL mm)



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

In the first quarter of 2013, the local market received 68% of the reinsurance volume ceded by the Brazilian market, in contrast with 46% from the same period in 2012.

Considering the ceded reinsurance from Brazil and abroad, the local Brazilian market retained R\$ 736 mm in the first quarter of 2013, which is practically twice the size of the volume registered in the same period of the previous year.

The IRB ended the quarter with a market participation of 39% in contrast to 20% for the first quarter of 2012. On the other hand, the participation of new local reinsurers in the market increased from 26% in 1Q2012 to 29% in the first quarter of 2013, while the participation of admitted/occasional reinsurers dropped from 54% in 1Q2012 to 32% in the first quarter of 2013.

Considering the 12-month aggregate the market participation is relatively stable when compared to the year 2012. For the 12-month aggregate ending in March 2013, IRB registered a market participation of 42%, new local reinsurers, 24%, and occasional/admitted reinsurers, 34%.

Reinsurance Market Share (Gross of Commission) Ceded by Brazilian Insurers

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

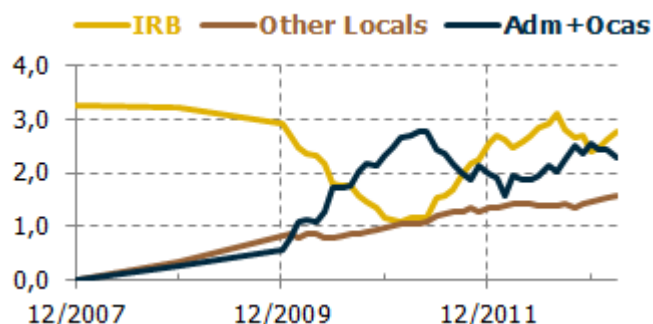
	1Q2013	1Q2012	2012	2011	2010	2009	2008	2007
IRB	39%	20%	41%	43%	26%	68%	85%	100%
Other Locals	29%	26%	24%	23%	22%	19%	9%	0%
Admitted+Occasional	32%	54%	35%	34%	52%	13%	7%	0%
Total ceded by local cedants	100%	100%	100%	100%	100%	100%	100%	100%

Market Share between Local Reinsurers (gross of commission):

	1Q2013	1Q2012	2012	2011	2010	2009	2008	2007
IRB	57%	44%	64%	66%	55%	78%	91%	100%
Other Locals	43%	56%	36%	34%	45%	22%	9%	0%
Total placed in the local market	100%	100%	100%	100%	100%	100%	100%	100%

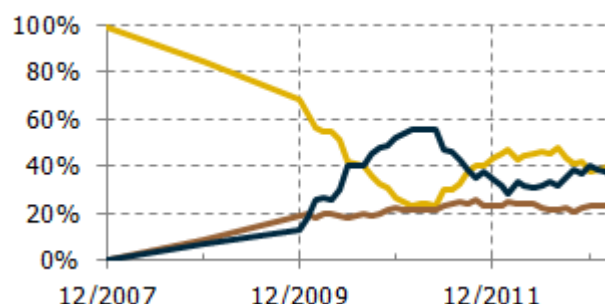
Source: SUSEP, Terra Brasis Re

Gross Reinsurance Premium Ceded by Brazilian Insurers



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, 12-month aggregate

We believe that the increase in Local Reinsurers' participation in the first quarter of this year is worthy of more in-depth analysis, especially given the local reinsurer market results, which we will look at later on.

In this way, we individually analyzed each local reinsurer's gross reinsurance growth. To facilitate the interpretation of results, we loosely reproduced from the Bermuda market the division by "classes".

Historically, in the Bermuda market, new reinsurers are formed in periods subsequent to years of high loss ratio. These periods in which new companies are formed are called "classes." Thus, many companies from Bermuda are classified in "classes," given their year of formation.

The most recent cases are those of the 2005 class, the year of Hurricanes Katrina, Rita, and Wilma, a period in which Ariel Re, Harbor Point Re, Validus Re and other companies were established, as well as the 2001 class, the year of the September 11 terrorist attacks, when Allied World Assurance, Arch Capital, Axis Capital Holdings, Catlin Bermuda Re and other companies were formed.

<i>Reinsurance (Gross of Commission) by Local Reinsurer 1Q 2013 and 1Q 2012 (BRL mm)</i>					
Company	Authorization Date	03/2013	03/2012	Variation (BRL mm)	Variation (%)
IRB	Apr 03, 1939	666	297	369	124%
	<i>IRB</i>	<i>666</i>	<i>297</i>	<i>369</i>	<i>124%</i>
JM	May 23, 2008	40	49	-9	-19%
Munich	May 23, 2008	116	160	-44	-28%
Mapfre	Nov 14, 2008	55	63	-8	-12%
XL	Dec 05, 2008	19	44	-24	-56%
	<i>Class of 2008</i>	<i>230</i>	<i>316</i>	<i>-85</i>	<i>-27%</i>
ACE	Nov 25, 2009	46	44	2	3%
Austral	Jan 31, 2011	94	19	75	383%
AIG	Apr 04, 2011	12	3	9	319%
	<i>Class of 2010</i>	<i>152</i>	<i>67</i>	<i>85</i>	<i>127%</i>
Zurich	Jan 05, 2012	84		84	0%
Alterra	Jan 17, 2012	5	1	4	672%
Swiss	Jun 14, 2012	17		17	0%
Terra Brasis	Oct 04, 2012	4		4	0%
Allianz	Dec 20, 2012	13		13	0%
	<i>Class of 2012</i>	<i>122</i>	<i>1</i>	<i>122</i>	<i>18442%</i>
	<i>Total</i>	<i>1.171</i>	<i>681</i>	<i>513</i>	<i>175%</i>

Source: SUSEP, Terra Brasis Re

It is evident that the Brazilian market is too young to be classified into classes. However, some interesting results can be seen from this analysis.

The increase in gross reinsurance between the first quarter of 2013 and the same period in 2012 is due in large part to the IRB and the class of 2012. It is worth noting that a large number of the reinsurers of the recently formed class of 2012 were already operating as Admitted Reinsurers, which may help explain their rapid premium growth.

It is also interesting to note that the class of 2008, formed in large part by subsidiaries of large international groups, and with more than four years of experience in the local market, is greatly reducing its volume in relation to the previous year.

Results of Local Reinsurers

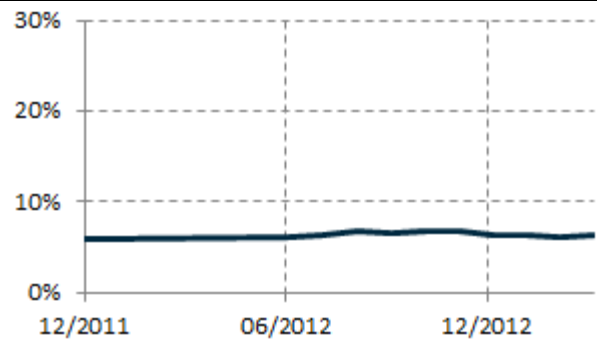
In the twelve-month aggregate ending in March 2013, the "**Loss Ratio**" experienced by the local reinsurance market maintained the upward trajectory, ending the period at 97% compared to 90% reached at the end of 2012. It is worth emphasizing that this is the Gross Loss Ratio, calculated as gross losses that occurred 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** remained stable, closing the twelve months ending in March 2013 at 6.3% in contrast to 6.2% from the twelve months ending in December 2012.

In the same period, the **administrative expense ratio (including taxes and other expenses)** slightly improved, closing the 12 months ending in March 2013 at 14.0% compared to 15.7% in 2012.

(Administrative, Tax and Other Expenses) / Earned Premium



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

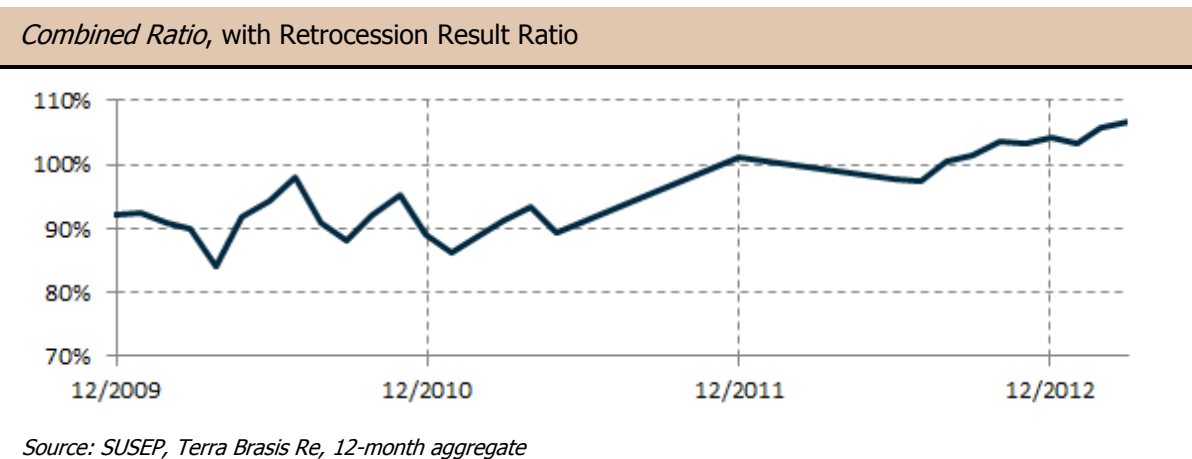
Retrocession Result / Earned Premium



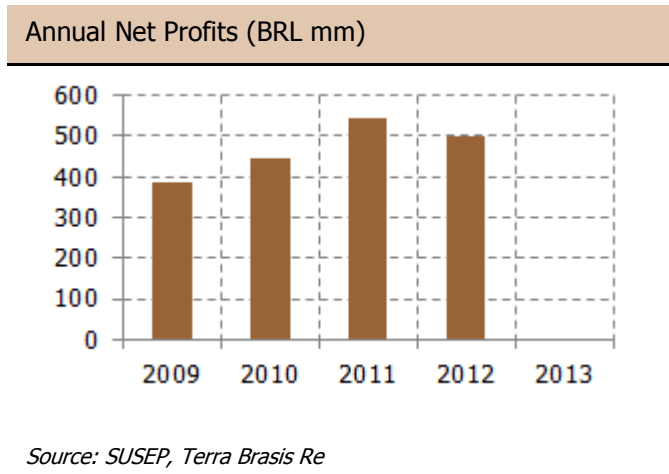
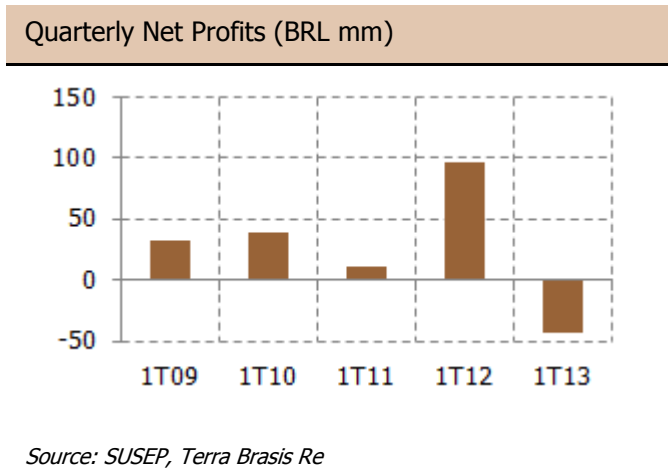
Source: SUSEP, Terra Brasis Re, 12-month aggregate

In the 12-month period ending in March 2013, the **retrocession results ratio** remained at -11% compared with -7% from 2012. This is evidence that local reinsurers continue to have a positive result in their retrocession operations, recovering more in losses than what was paid in premiums. However, we reinforce that this situation is not normal or sustainable. Therefore, once again, the increase in the loss ratio was practically compensated by the drop of the result of the retrocession ratio on favor of the local reinsurers.

The **Combined Ratio (including retrocession result)** increased slightly. In March 2013, the ratio reached 107% compared with 104% from December 2012.



In the first quarter of 2013, Local Reinsurers suffered a loss of R\$ 42.6 mm, in contrast to a profit of R\$ 97.1 mm registered in the same period of 2012. **This is the first time, in at least five years, that the local reinsurance market has suffered a loss in the first quarter.** Nevertheless, it is worth noting that historically, first quarter results have little correlation with the annual result. For example, in the period from 2009-2012, even though the first quarter of 2011 was the weakest, that year’s results were the best.



The tables below represent the summary of results of Local Reinsurers in March 2013 and 2012.

Summary of Results- Local Reinsurers for March 2013 and 2012 (BRL mm) - Total Local Market, IRB and Other Locals

	Total Local Market		IRB		Other Locals	
	03/2013	03/2012	03/2013	03/2012	03/2013	03/2012
Assets	16.651	14.003	11.554	10.076	5.097	3.927
Shareholders Equity	4.515	4.094	2.498	2.492	2.017	1.602
Total Reserves	8.393	6.694	6.544	5.294	1.849	1.399
Premium Reserves	2.394	1.711	1.635	1.061	758	651
Claims Reserves	5.999	4.982	4.909	4.234	1.091	749
Gross Reinsurance Premium	1.130	408	643	59	488	349
Commission	-177	-14	-89	38	-88	-52
Non-Issued Risks in force	36	272	23	238	13	34
International Operations	27	7	27	7	0	0
Written Retrocession	4	0	0	0	4	0
Written Premium	1.020	674	604	343	416	332
Change in Reserves	-86	-20	-1	33	-86	-53
Earned Premium	934	654	603	375	330	279
Losses Incurred	-784	-296	-533	-110	-251	-186
Commercial Expenses	-62	-41	-25	-11	-36	-30
Other Operational Expenses	-13	-63	-8	-59	-5	-4
Administrative Expenses	-97	-65	-56	-48	-42	-16
Tax Expenses	-26	-20	-14	-12	-12	-8
Industrial Result Pre Retro	-47	171	-33	136	-15	35
Retrocession Result	-32	-158	19	-125	-51	-33
Industrial Result	-80	12	-14	11	-66	1
Financial Result	61	134	27	74	35	59
Equity Pickup	9	10	9	10	0	0
Operating Result	-9	156	22	95	-31	61
Non-recurring Gains	0	0	0	0	0	0
EBT	-9	156	22	95	-31	61
Income Tax	-20	-34	-26	-19	7	-15
Social Tax	-12	-25	-16	-15	4	-9
Profit Sharing	-2	0	0	0	-2	0
Net Income	-43	97	-21	61	-22	36
Loss Ratio	84%	45%	88%	29%	76%	67%
Comm. Exp/Earned Premium	7%	6%	4%	3%	11%	11%
Adm. Exp / Earned Premium	10%	10%	9%	13%	13%	6%
Tax Exp / Earned Premium	3%	3%	2%	3%	4%	3%
Other Exp / Earned Premium	1%	10%	1%	16%	1%	1%
Expense Ratio	21%	29%	17%	34%	29%	21%
Combined Ratio Pre Retro	105%	74%	105%	64%	104%	88%
Retro Result/Earned Premium	3%	24%	-3%	33%	15%	12%
Combined Ratio	109%	98%	102%	97%	120%	100%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-8%	-22%	-6%	-23%	-10%	-21%
(Income tax+Social tax+Profit share)	4%	9%	7%	9%	-3%	9%
R.O.E.⁽¹⁾	-0,9%	2,4%	-0,8%	2,4%	-1,1%	2,2%
Annualized Earned Premium/SE	21%	16%	24%	15%	16%	17%

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 March 2013 and 2012 (BRL mm) – JM, Munich, Mapfre and XL

	JM		Munich		Mapfre		XL	
	03/2013	03/2012	03/2013	03/2012	03/2013	03/2012	03/2013	03/2012
Authorization Date	May 23, 2008		May 23, 2008		Nov 14, 2008		Dec 05, 2008	
Assets	1.039	975	1.118	1.254	679	440	528	563
Shareholders Equity	628	611	152	162	114	106	254	244
Total Reserves	351	263	805	792	131	87	161	178
Premium Reserves	190	233	227	264	64	46	46	75
Claims Reserves	161	31	578	528	67	41	115	102
Gross Reinsurance Premium	40	49	116	160	57	44	20	44
Commission	0	0	-25	-34	-12	-9	-3	-9
Non-Issued Risks in force	0	0	0	0	-2	19	-1	0
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	0	0	0	0	0	0
Written Premium	40	49	91	126	43	53	16	35
Change in Reserves	3	-2	4	-19	4	-15	6	-10
Earned Premium	43	48	95	107	48	38	23	25
Losses Incurred	0	-6	-99	-89	-36	-47	-31	-22
Commercial Expenses	-13	-13	-4	0	0	0	-1	-1
Other Operational Expenses	-4	-4	0	0	0	0	0	0
Administrative Expenses	-3	-1	-9	-7	-2	-2	-1	-2
Tax Expenses	-1	-1	-3	-3	-2	-1	-1	-2
Industrial Result Pre Retro	21	23	-19	8	7	-12	-12	-2
Retrocession Result	-20	-17	-6	-14	-9	14	5	-2
Industrial Result	1	6	-25	-6	-2	2	-6	-4
Financial Result	4	25	7	10	3	5	6	8
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	5	31	-18	5	1	7	0	4
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	5	31	-18	5	1	7	0	4
Income Tax	-1	-8	4	-1	0	-2	0	-1
Social Tax	-1	-5	3	-1	0	-1	0	-1
Profit Sharing	0	0	-1	0	0	0	0	0
Net Income	3	18	-12	3	1	4	0	3
Loss Ratio	1%	13%	104%	83%	77%	124%	138%	88%
Comm. Exp/Earned Premium	30%	26%	4%	0%	1%	1%	4%	5%
Adm. Exp / Earned Premium	8%	3%	9%	7%	4%	4%	6%	7%
Tax Exp / Earned Premium	2%	2%	3%	2%	4%	1%	4%	6%
Other Exp / Earned Premium	9%	8%	0%	0%	0%	0%	0%	0%
Expense Ratio	49%	39%	16%	9%	8%	6%	14%	18%
Combined Ratio Pre Retro	50%	52%	120%	92%	85%	130%	151%	107%
Retro Result/Earned Premium	47%	35%	7%	13%	19%	-35%	-24%	8%
Combined Ratio	97%	87%	126%	105%	104%	95%	128%	115%
(Non-Rec.+ Fin.+ Equity) /E.P.	-10%	-51%	-7%	-10%	-6%	-12%	-26%	-31%
(Inc. tax+Social tax+Profit share)	5%	26%	-6%	2%	1%	7%	0%	7%
R.O.E. ⁽¹⁾	0,5%	3,0%	-7,9%	1,9%	0,6%	3,7%	-0,1%	1,0%
Annualized Earned Premium/SE	7%	8%	63%	66%	42%	36%	9%	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 March 2013 and 2012 (BRL mm) – ACE, Austral and AIG

	ACE		Austral		AIG	
	03/2013	03/2012	03/2013	03/2012	03/2013	03/2012
Authorization Date	Nov 25, 2009		Jan 31, 2011		Apr 04, 2011	
Assets	396	218	391	198	148	90
Shareholders Equity	128	108	130	104	79	81
Total Reserves	167	66	84	1	33	6
Premium Reserves	60	25	50	-1	23	5
Claims Reserves	108	41	34	2	11	1
Gross Reinsurance Premium	44	45	92	3	8	3
Commission	0	0	-24	0	0	0
Non-Issued Risks in force	2	-1	0	16	4	0
International Operations	0	0	0	0	0	0
Written Retrocession	0	0	2	0	0	0
Written Premium	46	44	71	20	12	3
Change in Reserves	0	2	-22	-7	-4	-1
Earned Premium	46	46	48	13	8	1
Losses Incurred	-25	-18	-40	-2	-7	-1
Commercial Expenses	-15	-15	-1	0	-2	0
Other Operational Expenses	-1	0	0	0	0	0
Administrative Expenses	-1	-1	-2	-2	-4	-1
Tax Expenses	-3	-1	-1	-1	0	0
Industrial Result Pre Retro	3	11	4	8	-4	-2
Retrocession Result	-8	-6	-7	-8	0	0
Industrial Result	-5	5	-3	0	-4	-2
Financial Result	3	2	1	3	1	2
Equity Pickup	0	0	0	0	0	0
Operating Result	-3	7	-2	3	-3	0
Non-recurring Gains	0	0	0	0	0	0
EBT	-3	7	-2	3	-3	0
Income Tax	0	-2	1	-1	1	0
Social Tax	0	-1	1	0	0	0
Profit Sharing	0	0	-1	0	0	0
Net Income	-2	4	-1	2	-2	0
Loss Ratio	53%	39%	83%	16%	82%	81%
Comm. Exp/Earned Premium	31%	33%	2%	3%	22%	18%
Adm. Exp / Earned Premium	2%	2%	4%	12%	45%	107%
Tax Exp / Earned Premium	6%	3%	2%	4%	2%	8%
Other Exp / Earned Premium	1%	0%	0%	0%	1%	0%
Expense Ratio	41%	38%	9%	20%	71%	133%
Combined Ratio Pre Retro	94%	77%	92%	36%	153%	214%
Retro Result/Earned Premium	18%	13%	15%	62%	-1%	18%
Combined Ratio	112%	90%	107%	98%	152%	232%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-6%	-4%	-3%	-25%	-13%	-142%
(Income tax+Social tax+Profit share)	-1%	6%	-2%	9%	-14%	4%
R.O.E.⁽¹⁾	-1,8%	3,7%	-0,9%	2,1%	-2,5%	0,1%
Annualized Earned Premium/SE	36%	43%	37%	12%	10%	2%

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 March 2013 and 2012 (BRL mm) – Zurich, Alterra, Swiss, Terra Brasis and Allianz

	Zurich		Alterra		Swiss	Terra Brasis	Allianz
	03/2013	03/2012	03/2013	03/2012	03/2013	03/2013	03/2013
Authorization Date	Jan 05, 2012		Jan 17, 2012		Jun 14, 2012	Oct 04, 2012	Dec 20, 2012
Assets	229	104	125	86	163	109	172
Shareholders Equity	104	102	83	84	115	98	133
Total Reserves	43		31	6	24	7	11
Premium Reserves	37		24	5	21	6	11
Claims Reserves	6		6	1	3	1	1
Gross Reinsurance Premium	79	0	5	1	13	4	10
Commission	-21	0	-1	0	-2	0	-1
Non-Issued Risks in force	5	0	0	0	2	0	2
International Operations	0	0	0	0	0	0	0
Written Retrocession	0	0	0	0	2	0	0
Written Premium	63	0	4	1	14	4	12
Change in Reserves	-53	0	-1	-1	-10	-3	-11
Earned Premium	10	0	3	0	4	1	1
Losses Incurred	-9	0	-2	0	-1	-1	0
Commercial Expenses	0	0	0	0	0	0	0
Other Operational Expenses	0	0	0	0	-1	0	0
Administrative Expenses	-1	0	-2	0	-5	-2	-9
Tax Expenses	-1	0	0	0	0	0	0
Industrial Result Pre Retro	0	0	-2	-1	-3	-2	-7
Retrocession Result	-2	0	0	0	-2	-1	-2
Industrial Result	-2	0	-2	-1	-5	-3	-9
Financial Result	2	3	1	2	2	2	2
Equity Pickup	0	0	0	0	0	0	0
Operating Result	0	3	-1	1	-3	-1	-7
Non-recurring Gains	0	0	0	0	0	0	0
EBT	0	3	-1	1	-3	-1	-7
Income Tax	0	-1	0	0	0	0	2
Social Tax	0	-1	0	0	0	0	1
Profit Sharing	0	0	1	0	0	0	0
Net Income	0	1	-1	1	-3	-1	-3
Loss Ratio	86%	0%	79%	-352%	27%	89%	-28%
Comm. Exp/Earned Premium	0%	0%	5%	-12%	5%	14%	7%
Adm. Exp / Earned Premium	7%	0%	77%	-1512%	118%	291%	691%
Tax Exp / Earned Premium	7%	0%	11%	-361%	10%	22%	3%
Other Exp / Earned Premium	0%	0%	0%	0%	15%	0%	0%
Expense Ratio	14%	0%	92%	-1885%	148%	327%	701%
Combined Ratio Pre Retro	100%	0%	172%	-2237%	175%	417%	673%
Retro Result/Earned Premium	15%	0%	7%	0%	34%	92%	126%
Combined Ratio	116%	0%	178%	-2237%	209%	509%	799%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-19%	0%	-48%	7623%	-48%	-219%	-193%
(Income tax+Social tax+Profit share)	2%	0%	0%	-2135%	2%	-76%	-239%
R.O.E.⁽¹⁾	0,2%	1,1%	-1,1%	1,0%	-2,4%	-0,9%	-2,6%
Annualized Earned Premium/SE	10%	0%	4%	0%	4%	1%	1%

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.

Results by Lines of Business

As done in the previous issue of this report, in order to analyze the different lines of business, information deriving from the Table of Operations (TO) of SUSEP's databank was used. It is important to mention that discrepancies exist between the values of the Table of Operations (TO) and the Summary of Results (DRE) from insurance and reinsurance companies.

General Insurance and Reinsurance Premiums for March 2013 and 2012 (BRL mm)

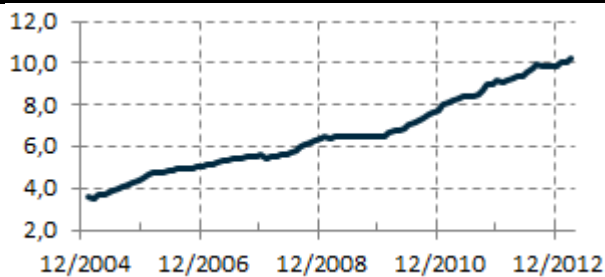
	General Insurance Premium			Reinsurance Premium (TO)			Local Reinsurance Premium		
	03/13	03/12	Chg	03/13	03/12	Chg	03/13	03/12	Chg
Property	2.642	2.317	14%	620	598	4%	311	175	78%
Special Risks	98	112	-12%	82	104	-21%	56	39	44%
Liability	287	276	4%	123	142	-13%	67	25	165%
Hull		10	-97%	-2	2	-217%	12	4	210%
Auto	6.623	5.389	23%	65	18	252%	54	27	105%
Transportation	650	633	3%	131	121	8%	83	59	40%
Surety	432	364	19%	148	155	-5%	114	67	70%
Credit	31	47	-35%	1	2	-48%	4	8	-44%
Life	5.431	4.624	17%	79	71	11%	74	59	26%
House Financing	503	410	23%	17	14	22%	8	13	-38%
Rural	346	153	125%	111	35	221%	121	-133	-191%
Others			0%			0%	-15	18	-185%
Life Individual	785	679	16%	11	8	31%	4	3	68%
Marine	96	76	25%	48	28	72%	27	8	232%
Aviation	79	94	-17%	57	89	-36%	19	18	4%
	18.002	15.187	19%	1.491	1.386	8%	939	389	141%

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

As mentioned in previous issues, the groups that are evident in the reinsurance market are not the most significant in the insurance market. As to the insurance market, the Auto and Life insurance groups (including Individuals) are the most significant. However, these groups do not require a significant volume of reinsurance. For the reinsurance market, the Property, Financial Risks, Rural, and Liability groups are the most significant.

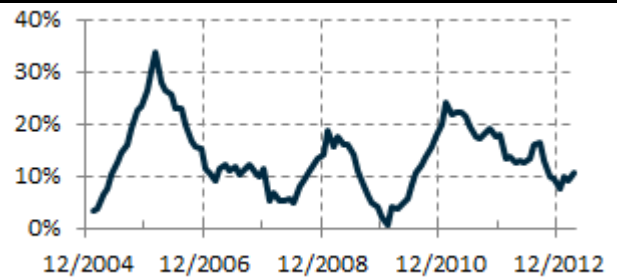
Group: Property

Insurance Premium



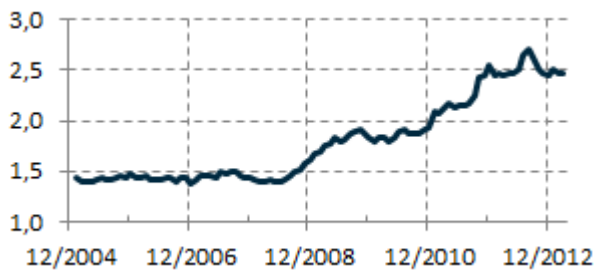
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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



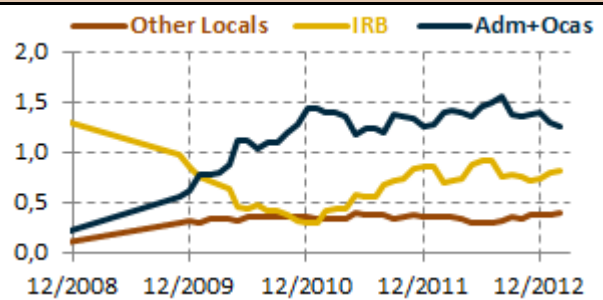
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



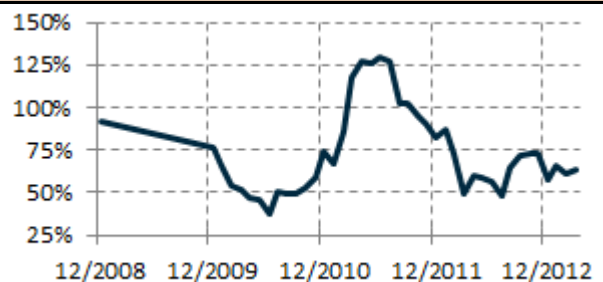
Source: SUSEP, Terra Brasis Re, R\$ billions 12-month aggregate

Loss Ratio: Insurers



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

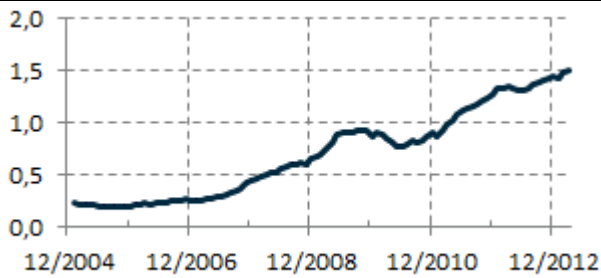
Loss Ratio: Local Reinsurers



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

Group: Financial Risks

Insurance Premium



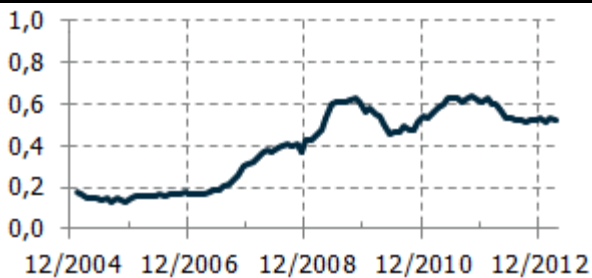
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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



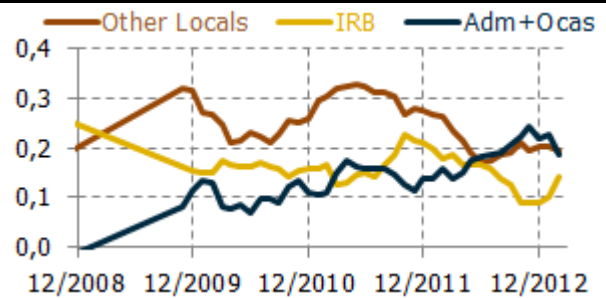
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



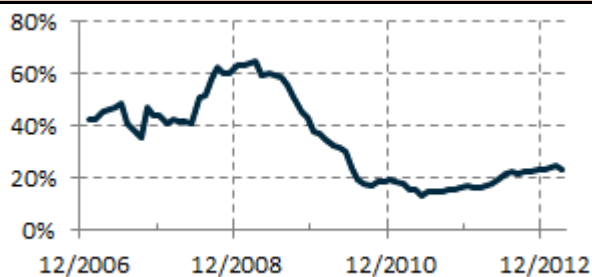
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Split of Reinsurance Premium by Type of Company



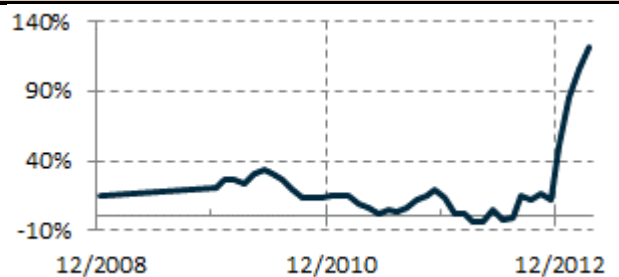
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

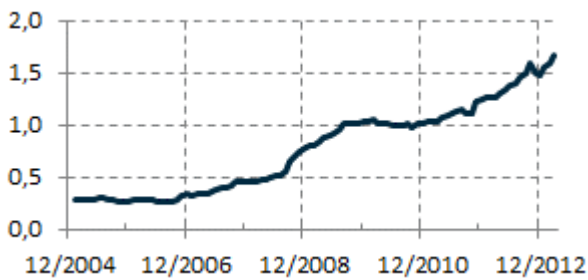
Loss Ratio: Local Reinsurers



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

Group: Rural

Insurance Premium



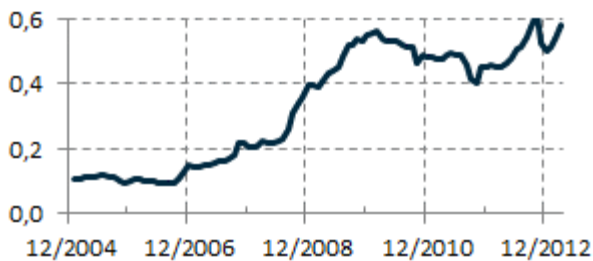
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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



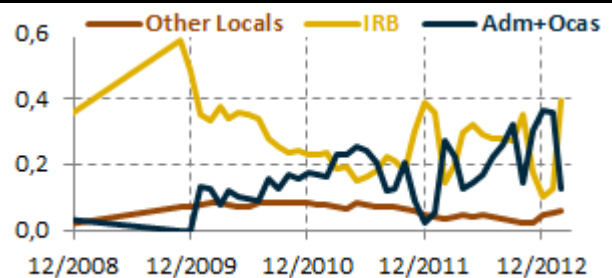
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



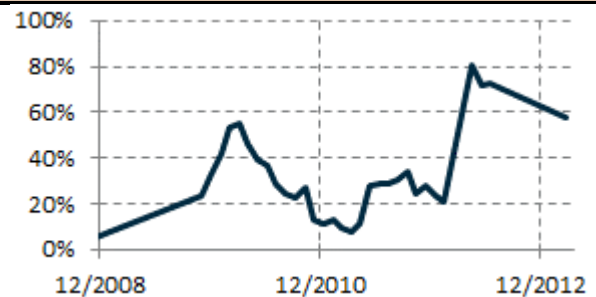
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

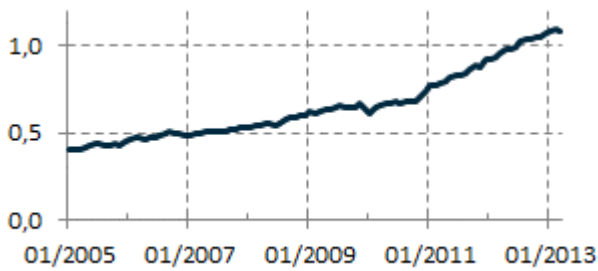
Loss Ratio: Local Reinsurers



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



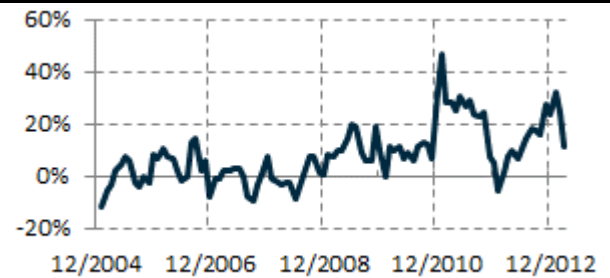
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



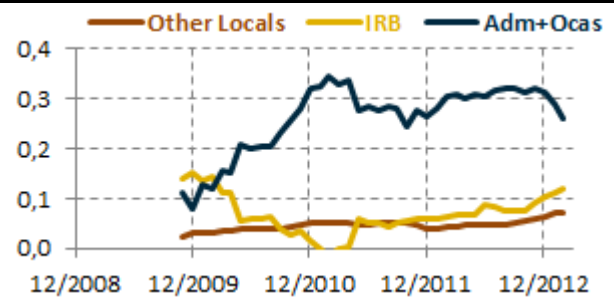
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



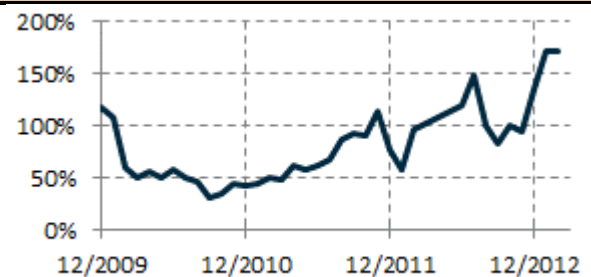
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

Loss Ratio: Local Reinsurers



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

Exhibit 1: Brazilian Insurance Segments per SUSEP's Classes

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

Classificação SUSEP	Código 1	Código 2	Classificação SUSEP	Código 1	Código 2
0111 - INCENDIO TRADICIONAL	Seguros Gerais	Grandes Riscos	0929 - Auxílio Funeral	Seguros Gerais	Vida e A.P.
0112 - Assistência - Bens em Geral	Seguros Gerais	Ramos Elementares	0936 - Perda Certif. Habiilit. de Vão-PCHV	Seguros Gerais	Vida e A.P.
0113 - VIDROS	Seguros Gerais	Ramos Elementares	0949 - CRÉDITO A EXPORTAÇÃO	Seguros Gerais	Outros
0114 - Compreensivo Residencial	Seguros Gerais	Ramos Elementares	0969 - Viagem	Seguros Gerais	Vida e A.P.
0115 - ROUBO	Seguros Gerais	Grandes Riscos	0977 - Prestamista (exceto Habit e Rural)	Seguros Gerais	Vida e A.P.
0116 - Compreensivo Condomínio	Seguros Gerais	Grandes Riscos	0980 - Educacional	Seguros Gerais	Vida e A.P.
0117 - TUMULTOS	Seguros Gerais	Grandes Riscos	0981 - ACIDENTES PESSOAIS - INDIVIDUAL	Seguros Gerais	Vida e A.P.
0118 - Compreensivo Empresarial	Seguros Gerais	Grandes Riscos	0982 - Acidentes Pessoais	Seguros Gerais	Vida e A.P.
0141 - LUCROS CESSANTES	Seguros Gerais	Grandes Riscos	0983 - Dotal Misto	Seguros Gerais	Vida e A.P.
0142 - LUCROS CESSANTES COBERTURA SIMPLES	Seguros Gerais	Grandes Riscos	0984 - Doenças Graves ou Doença Terminal	Seguros Gerais	Vida e A.P.
0143 - FIDELIDADE	Seguros Gerais	Ramos Elementares	0986 - Dotal Puro	Seguros Gerais	Vida e A.P.
0167 - RISCOS DE ENGENHARIA	Seguros Gerais	Grandes Riscos	0987 - Desemprego/Perda de Renda	Seguros Gerais	Vida e A.P.
0171 - RISCOS DIVERSOS	Seguros Gerais	Grandes Riscos	0990 - Eventos Aleatórios	Seguros Gerais	Vida e A.P.
0173 - GLOBAL DE BANCOS	Seguros Gerais	Grandes Riscos	0991 - Vida	Seguros Gerais	Vida e A.P.
0176 - RISCOS DIVERSOS - PLANOS CONJUGADOS	Seguros Gerais	Grandes Riscos	0992 - VGBL/VAGP/VRGP/VRSA/PRI individual	VGBL	Previdência
0195 - Garantia Est./Ext.Gar-Bens em Geral	Seguros Gerais	Ramos Elementares	0993 - VIDA EM GRUPO	Seguros Gerais	Vida e A.P.
0196 - Riscos Nomeados e Operacionais	Seguros Gerais	Grandes Riscos	0994 - VGBL/VAGP/VRGP/VRSA/VRT	VGBL	Previdência
0234 - RISCOS DE PETRÓLEO	Seguros Gerais	Grandes Riscos	0997 - VG/APC	Seguros Gerais	Previdência
0272 - RISCOS NUCLEARES	Seguros Gerais	Grandes Riscos	1061 - Seg.Habit.Apól. Merc. - Prestamista	Seguros Gerais	Vida e A.P.
0274 - SATÉLITES	Seguros Gerais	Grandes Riscos	1065 - Seg.Habit.Apól.Merc.-Demais Cobert.	Seguros Gerais	Ramos Elementares
0310 - R.C.Administradores e Diretores-D&O	Seguros Gerais	Grandes Riscos	1066 - Seg.Habit.Sist.Financ. da Habitação	Seguros Gerais	Ramos Elementares
0313 - R. C. Riscos Ambientais	Seguros Gerais	Grandes Riscos	1068 - HABITACIONAL - FORA DO SFH	Seguros Gerais	Ramos Elementares
0351 - R. C. Geral	Seguros Gerais	Grandes Riscos	1101 - Seguro Agrícola sem cob. do FESR	Seguros Gerais	Outros
0378 - R. C. Profissional	Seguros Gerais	Grandes Riscos	1102 - Seguro Agrícola com cob. do FESR	Seguros Gerais	Outros
0433 - Marítimos	Seguros Gerais	Grandes Riscos	1103 - Seguro Pecuário sem cob. do FESR	Seguros Gerais	Outros
0435 - AERONÁUTICOS	Seguros Gerais	Grandes Riscos	1104 - Seguro Pecuário com cob. do FESR	Seguros Gerais	Outros
0437 - RESPONSABILIDADE CIVIL HANGAR	Seguros Gerais	Grandes Riscos	1105 - Seguro Aquícola sem cob. do FESR	Seguros Gerais	Outros
0457 - D. P. E. M.	Seguros Gerais	Grandes Riscos	1106 - Seguro Aquícola com cob. do FESR	Seguros Gerais	Outros
0484 - AERONÁUTICOS - BILHETE	Seguros Gerais	Grandes Riscos	1107 - Seguro Florestas sem cob. do FESR	Seguros Gerais	Outros
0520 - Acidentes Pessoais Passageiros-APP	Seguros Gerais	Vida e A.P.	1108 - Seguro Florestas com cob. do FESR	Seguros Gerais	Outros
0523 - RC T. ROD. INTEREST. E INTERNAC.	Seguros Gerais	Ramos Elementares	1109 - Seguro da Cédula do Produto Rural	Seguros Gerais	Outros
0524 - Garantia Est./ Exten. Garantia-Auto	Seguros Gerais	Ramos Elementares	1128 - PECUÁRIO	Seguros Gerais	Outros
0525 - Carta Verde	Seguros Gerais	Ramos Elementares	1129 - AQUÍCOLA	Seguros Gerais	Outros
0526 - Seguro Popular de Automóvel Usado	Seguros Gerais	Ramos Elementares	1130 - Seguro Benf. e Prod. Agropecuários	Seguros Gerais	Grandes Riscos
0531 - Automóvel - Casco	Seguros Gerais	Ramos Elementares	1161 - AGRÍCOLA	Seguros Gerais	Outros
0542 - Assistência e Outras Cobert. - Auto	Seguros Gerais	Ramos Elementares	1162 - Penhor Rural	Seguros Gerais	Grandes Riscos
0544 - R.C.T.Viagem Intern-Pes Trans ou ñ	Seguros Gerais	Ramos Elementares	1163 - Penhor Rural Instít. Fin. Pub.	Seguros Gerais	Outros
0553 - R. C. Facultativa Veículos - RCFV	Seguros Gerais	Ramos Elementares	1164 - Seguros Animais	Seguros Gerais	Outros
0583 - DPVAT EXTINTO	DPVAT	Outros	1165 - COMPREENSIVO DE FLORESTAS	Seguros Gerais	Outros
0588 - DPVAT	DPVAT	Outros	1198 - Seguro de Vida do Produtor Rural	Seguros Gerais	Vida e A.P.
0589 - DPVAT RUN OFF	DPVAT	Outros	1279 - Seguros no Exterior	Seguros Gerais	Outros
0621 - TRANSPORTE NACIONAL	Seguros Gerais	Grandes Riscos	1102 - Saúde - Ressegurador Local	Seguros Gerais	Outros
0622 - TRANSPORTE INTERNACIONAL	Seguros Gerais	Grandes Riscos	1286 - SAÚDE INDIVIDUAL	Seguros Gerais	Outros
0623 - R.C.T.Rod.Inter.e Intern.-RC Ônibus	Seguros Gerais	Grandes Riscos	1287 - SAÚDE GRUPAL	Seguros Gerais	Outros
0627 - Resp. Civil do Transp. Intermodal	Seguros Gerais	Grandes Riscos	1299 - SUCURSAIS NO EXTERIOR	Seguros Gerais	Outros
0628 - R. C. Facult.Veículos - RCFV Ônibus	Seguros Gerais	Grandes Riscos	1329 - Auxílio Funeral	Seguros Gerais	Vida e A.P.
0632 - R.C.Trans.Carga Viag.Int.-RCTR-VI-C	Seguros Gerais	Grandes Riscos	1336 - Perda Certif. Habiilit. de Vão-PCHV	Seguros Gerais	Vida e A.P.
0638 - R.C.Trans. Ferroviário Carga-RCTF-C	Seguros Gerais	Grandes Riscos	1369 - Viagem	Seguros Gerais	Vida e A.P.
0644 - R.C. Viag.Int. Pessoas - Carta Azul	Seguros Gerais	Grandes Riscos	1377 - Prestamista (exceto Habit. E Rural)	Seguros Gerais	Vida e A.P.
0652 - R. C. Trans. Aéreo Carga - RCTA-C	Seguros Gerais	Grandes Riscos	1380 - Educacional	Seguros Gerais	Vida e A.P.
0654 - R.C. Trans. Rodoviário Carga-RCTR-C	Seguros Gerais	Grandes Riscos	1381 - Acidentes Pessoais	Seguros Gerais	Vida e A.P.
0655 - R.C. Trans. Desvio de Carga-RCF-DC	Seguros Gerais	Grandes Riscos	1383 - Dotal Misto	Seguros Gerais	Vida e A.P.
0656 - R.C. Trans. Aquaviário Carga-RCA-C	Seguros Gerais	Grandes Riscos	1384 - Doenças Graves ou Doença Terminal	Seguros Gerais	Vida e A.P.
0658 - R.C.Operador Transp. Multi.-RCOTM-C	Seguros Gerais	Grandes Riscos	1386 - Dotal Puro	Seguros Gerais	Vida e A.P.
0739 - Garantia Financeira	Seguros Gerais	Outros	1387 - Desemprego/Perda de Renda	Seguros Gerais	Vida e A.P.
0740 - Garantia de Obrigações Privadas	Seguros Gerais	Outros	1390 - Eventos Aleatórios	Seguros Gerais	Vida e A.P.
0743 - Stop Loss	Seguros Gerais	Outros	1391 - Vida	Seguros Gerais	Vida e A.P.
0745 - Garantia de Obrigações Públicas	Seguros Gerais	Outros	1392 - VGBL/VAGP/VRGP/VRSA/VRT	VGBL	Previdência
0746 - FIANÇA LOCATÍCIA	Seguros Gerais	Outros	1417 - Seg. Compreensivo Oper. Portuários	Seguros Gerais	Grandes Riscos
0747 - Garantia de Concessões Públicas	Seguros Gerais	Outros	1428 - R. C. Facult. para Embarcações-RCF	Seguros Gerais	Grandes Riscos
0748 - CRÉDITO INTERNO	Seguros Gerais	Outros	1433 - Marítimos (Casco)	Seguros Gerais	Grandes Riscos
0749 - CRÉDITO A EXPORTAÇÃO	Seguros Gerais	Outros	1457 - DPDM	Seguros Gerais	Grandes Riscos
0750 - Garantia Judicial	Seguros Gerais	Outros	1528 - R. C. Facult. para Aeronaves - RCF	Seguros Gerais	Grandes Riscos
0775 - Garantia Segurado - Setor Público	Seguros Gerais	Outros	1535 - Aeronáuticos (casco)	Seguros Gerais	Grandes Riscos
0776 - Garantia Segurado - Setor Privado	Seguros Gerais	Outros	1537 - RESPONSABILIDADE CIVIL HANGAR	Seguros Gerais	Grandes Riscos
0819 - Crédito à Exp. Risco Comercial	Seguros Gerais	Outros	1597 - Resp. Explor. ou Transp. Aéreo-RETA	Seguros Gerais	Grandes Riscos
0848 - CRÉDITO INTERNO	Seguros Gerais	Outros	1601 - Microseguros de Pessoas	Seguros Gerais	Vida e A.P.
0849 - CRÉDITO A EXPORTAÇÃO	Seguros Gerais	Outros	1602 - Microseguros de Danos	Seguros Gerais	Ramos Elementares
0859 - Crédito à Exportação Risco Político	Seguros Gerais	Outros	1603 - Microseguros - Previdência	Seguros Gerais	Previdência
0860 - Crédito Doméstico Risco Comercial	Seguros Gerais	Outros			
0870 - Crédito Doméstico Risco P.Física	Seguros Gerais	Outros			

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 Written Premium: It is the premium written less the premium for reinsurance or retrocession.

Reinsurance Premium or Gross Reinsurance Premium: The same as Written Premium or Gross Written Premium by the reinsurers. Although, by definition, this value is net of commission paid to cedants, temporarily, in this Terra Report, we indicate whether the reinsurance premium is net or gross of commission.

Net Reinsurance Premium: It is the premium written by the reinsurer less the ceded retrocession premium. As per the above item, temporarily in this Terra Report, we 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 Ratios from Local Reinsurers

Main Ratios From Local Reinsurers from January to March of 2013 and 2012

January to March 2013	Start of Operation	Gross Reins. Prem.	% Comm.	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%RR	%CR	RSUBS /SE	RINV /SE	RBRUTO	SE	R.O.E.	%SOLV	
Total		1.197	14,8%	1.020	934	84%	7%	1%	10%	3%	21%	3%	109%	-80	70	6%	-9	4.515	-0,8%	94%
Total New		505	17,5%	416	330	76%	11%	1%	13%	4%	29%	15%	120%	-66	35	7%	-31	2.017	-6,2%	100%
IRB	04/1939	693	12,9%	604	603	88%	4%	1%	9%	2%	17%	-3%	102%	-14	35	6%	22	2.498	3,5%	90%
JM	05/2008	40	0,0%	40	43	1%	30%	9%	8%	2%	49%	47%	97%	1	4	3%	5	628	3,4%	393%
Muncker	05/2008	116	21,3%	91	95	104%	4%	0%	9%	3%	16%	7%	126%	-25	7	19%	-18	152	-47,2%	33%
Mapfre	11/2008	55	21,4%	43	48	77%	1%	0%	4%	4%	8%	19%	104%	-2	3	10%	1	114	4,0%	52%
XL	12/2008	19	15,9%	16	23	138%	4%	0%	6%	4%	14%	-24%	128%	-6	6	9%	254	-0,4%	326%	
ACE	11/2009	46	0,0%	46	46	53%	31%	1%	2%	6%	41%	18%	112%	-5	3	9%	-3	128	-8,4%	70%
Austral	01/2011	94	25,0%	71	48	83%	2%	0%	4%	2%	9%	15%	107%	-3	1	4%	-2	130	-6,8%	35%
AIG	04/2011	12	0,0%	12	8	82%	22%	1%	45%	2%	71%	-1%	152%	-4	1	5%	-3	79	-15,8%	171%
Zurich	01/2012	84	24,8%	63	10	86%	0%	0%	7%	7%	14%	15%	116%	0	2	7%	2	104	7,4%	31%
Alterra	01/2012	5	23,6%	4	3	79%	5%	0%	77%	11%	92%	7%	178%	-2	1	7%	-1	83	-4,5%	405%
Swiss	06/2012	17	13,6%	14	4	27%	5%	15%	118%	10%	148%	34%	209%	-5	2	7%	-3	115	-9,3%	171%
Terra Brasis	10/2012	4	5,4%	4	1	89%	14%	0%	291%	22%	327%	92%	509%	-3	2	7%	-1	98	-6,1%	651%
Allianz	12/2012	13	4,4%	12	1	-28%	7%	0%	691%	3%	701%	126%	799%	-9	2	8%	2	133	7,5%	260%

January to March 2012	Start of Operation	Gross Reins. Prem.	% Comm.	Net Premium	Earned Premium	% L	% B	%OE	%AE	%TE	%ER	%RR	%CR	RSUBS /SE	RINV /SE	RBRUTO	SE	R.O.E.	%SOLV		
Total		688	2,0%	674	654	45%	6%	10%	10%	3%	29%	24%	98%	12	144	14%	156	4.094	15,3%	149%	
Total New		383	13,5%	332	279	67%	11%	1%	6%	3%	21%	12%	100%	1	59	15%	61	1.602	15,2%	104%	
IRB	04/1939	305	-12,4%	343	375	29%	3%	16%	13%	3%	34%	33%	97%	11	85	14%	95	2.492	15,3%	204%	
JM	05/2008	49	0,0%	49	48	13%	26%	8%	3%	2%	39%	35%	87%	6	4%	25	31	611	20,2%	309%	
Muncker	05/2008	160	21,1%	126	107	83%	0%	0%	7%	2%	9%	13%	105%	-6	-14%	10	26%	5	162	11,6%	25%
Mapfre	11/2008	63	15,1%	53	38	124%	1%	0%	4%	1%	6%	-35%	95%	2	8%	5	17%	7	106	24,9%	42%
XL	12/2008	44	20,3%	35	25	88%	5%	0%	7%	6%	18%	8%	115%	-4	-6%	8	13%	4	244	6,9%	139%
ACE	11/2009	44	0,0%	44	46	39%	33%	0%	2%	3%	38%	13%	90%	5	18%	2	7%	7	108	25,0%	61%
Austral	01/2011	19	-2,2%	20	13	16%	3%	0%	12%	4%	20%	62%	98%	1	3	12%	3	104	12,7%	133%	
AIG	04/2011	3	0,0%	3	1	81%	18%	0%	107%	8%	133%	18%	232%	-2	-9%	2	9%	81	0,7%	738%	
Zurich	01/2012	1	4,3%	1	1	-352%	-12%	0%	-1512%	-361%	-1885%	0%	-2327%	-1	-3%	2	10%	1	84	6,7%	3181%
Alterra	01/2012	1	4,3%	1	1	-352%	-12%	0%	-1512%	-361%	-1885%	0%	-2327%	-1	-3%	2	10%	1	84	6,7%	3181%

Total New : Combined figures from all reinsurers except IRB
Gross Reins. Prem. : Gross Written Premium (BRL)
% Comm. : 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
%RR : Retrocession Result
%CR : Combined Ratio
RSUBS/SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
RINV/SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
RBRUTO : Investment Result plus non-recurring gains and equity pickup
RINV/SE : Annualized Investment Result / Net end-of-period Shareholder's Equity
RBRUTO : Gross Result
SE : End of Period Net Shareholder's Equity
R.O.E. : Return on Equity (before Income Tax, Social Contributions, Profit Sharing)
%SOLV : Solvency Margin, End-of-period SE/Annualized Gross Written Premium

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.

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

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