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Terra Report

Report on the Brazilian Reinsurance Market

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- From January to March of 2018, the total amount of ceded reinsurance originated by Brazilian insurers (gross of commission) stood at BRL 2.71 bn, a decrease of 1.5% in comparison to the same period of 2017.
- Close to 71% of this total (BRL 1.92 bn) was placed in Local Reinsurance, an increase of 3,9%. In addition, in the same period, Local Reinsurers accepted from abroad a reinsurance volume (gross of commission) estimated at BRL 584 mm, an increase of 11,8% in comparison to the same period in 2017.
- Altogether premium written (gross of commission) by Local Reinsurers reached BRL 2.50 bn, an increase of 5.6% in comparison to the same period before.
- During the first quarter of 2018, Local Reinsurer's Gross Loss Ratio stood at 41% compared to 47% for the same period of 2017. Combined Ratio stood at 90%, an improvement in comparison to 98% presented for the first quarter of 2017.
- In 2018 up to March, Local Reinsurer's profit reached BRL 303 mm (IRB BRL 254 mm and Other Local BRL 49 mm), 17% higher than the BRL 259 mm achieved in the same period of the last year.

Ratings:

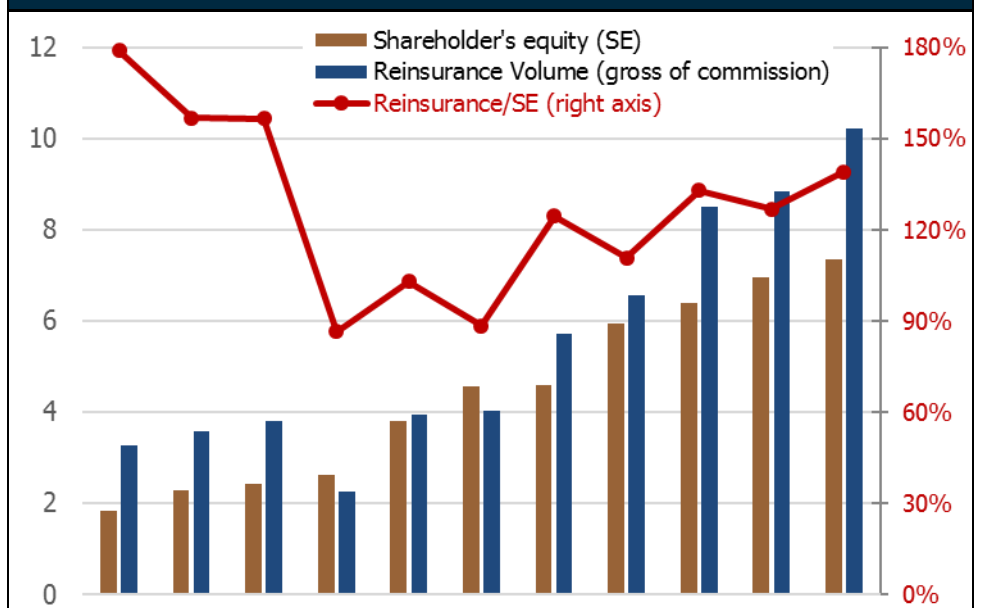
A.M. Best
B++/bbb
Global (*Investment Grade*)
Stable Outlook

Standard & Poor's
brAA+
Local
Stable Outlook

Shareholders:



Evolution of Shareholder's Equity & Reinsurance Volume by Local Reinsurers



Source: SUSEP, Terra Brasis Re. BRL bn.

Introduction

Dear Reader,

In this edition we updated a study initially published in December 2014, in which we analyze the relationship between the written reinsurance (gross of commission) and the Shareholder's Equity of the Local Brazilian Reinsurers. The result for the year 2017 shows an improvement in comparison to 2014 and it is positive for the Brazilian reinsurer market, as shown on the cover's chart.

This relationship is an important indicator for reinsurers. A very high relationship between written premium and equity indicates a high level of leverage within the market and might, eventually, pressure the entities' solvency conditions. On the other hand, a very low relationship may put a cap on the profitability potential of reinsurers, as it might mean that they are not generating enough revenue (premium) to offset their fix costs.

During the last years in which Brazil operated under a reinsurance monopoly regime, 2007 and 2008, this relationship stood around 170%. We understand that this level wasn't much different from the general level found in other countries during the same period.

With the opening of the market to private companies, new reinsurers arrived in the country and, over the years, continued to increase their shareholder's equity. Even though written reinsurance premium grew at an accelerated pace, local reinsurer's equity increased at an even faster one. As consequence, in 2010 and again in 2012 this relationship stood below 100% (86% and 88%, respectively).

At the end of 2014, the first time we published this study, this relationship stood at 111%. Since then, no new reinsurer was established in Brazil, however, existing Local Reinsurers did increase their equity over the years. Reinsurance premium volume continued to increase at an accelerated pace, in part due to the internationalization of Local Brazilian Reinsurers, which are gradually starting to operate in a regional or global scope.

At the end of 2017, this relationship stood at 139%. It is important for the development of the Brazilian market that this index reaches a mark closer to that of the international market, as it would mean a level of capital utilization for the Brazilian reinsurers similar to that of reinsurers based on other countries. At the same time, it is worth mentioning that this relationship is still pretty far from a level that could raise any concern in regards to the solvency of the local market.

In the remaining of this edition we analyze the behavior of the Brazilian market during the first quarter of 2018. In a general, the results are positive. However, as the analysis contains only of three months, the results can be volatile. During the first quarter, ceded reinsurance premium by Brazilian cedants (gross of commission) decreased slightly in relation to the same period of last year (-1.5%). The reinsurance premium (gross of commission) written by Local Reinsurers continued to increase (+5.6%), mainly driven by the growth of their international operations (+11.8%). Local Reinsurers' results also showed improvement (+17%), closing the first quarter at BRL 303 mm.

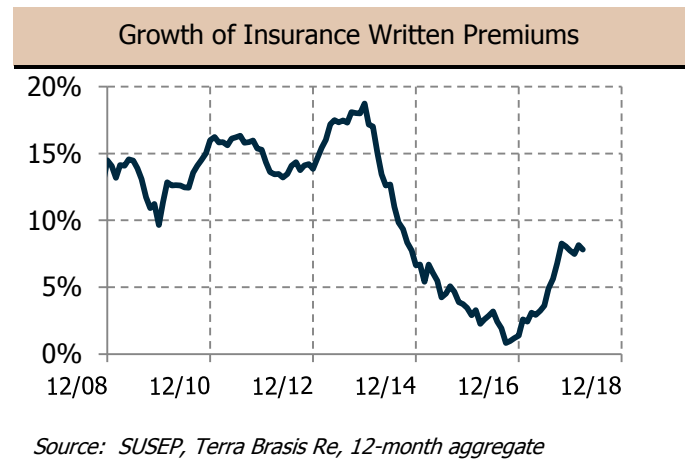
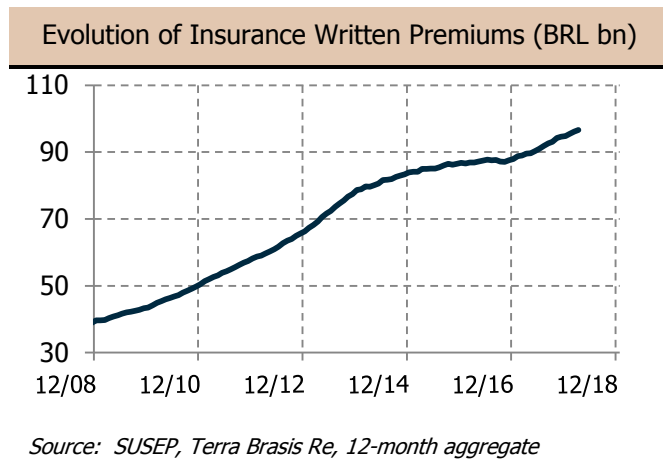
Enjoy your reading,

Rodrigo Botti, ARe
Chief Executive Officer
Terra Brasis Resseguros

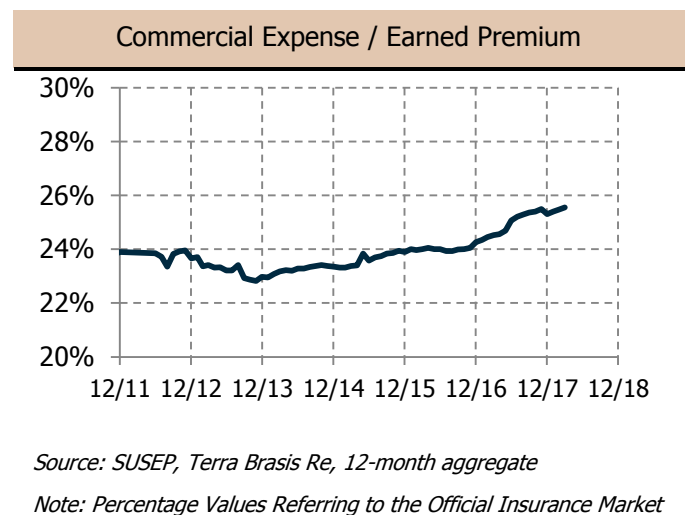
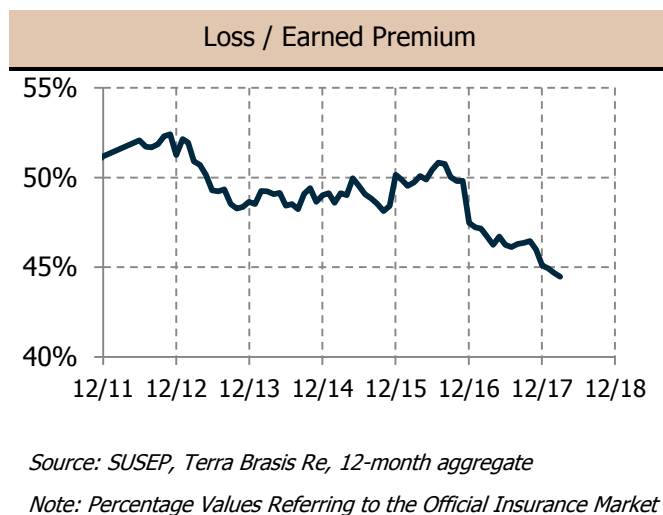
Brazilian General Insurance Market

The **General Insurance Market**, defined as per methodology presented on Exhibit 1, keeps showing signs of improvement. The growth of general insurance premium reached higher levels than the average of the last years.

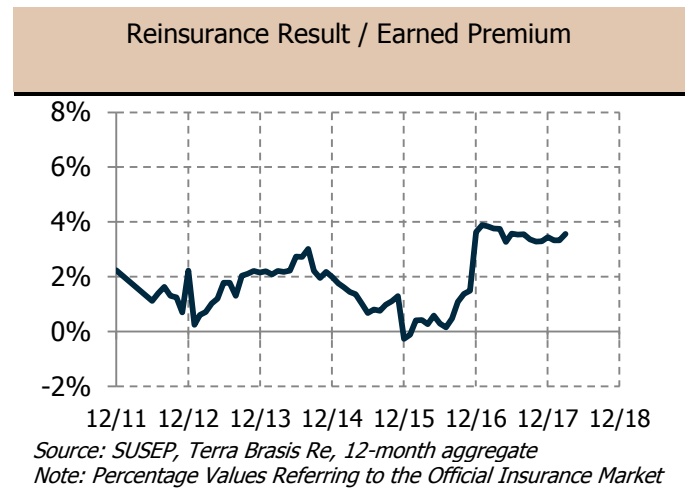
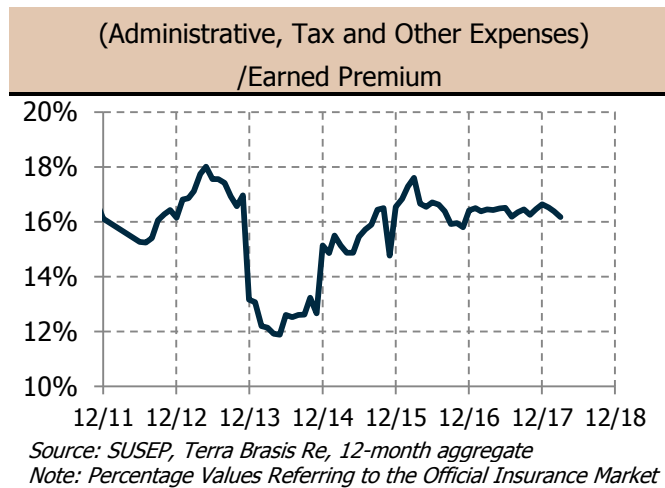
For the 12 months aggregate ending in March 2018, Brazilian Market generated BRL 97 bn in insurance premium, compared to BRL 90 bn in the same period of previous year, representing an annual growth of 7.8% versus 3.1% for the same period in 2017.



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 2018 when in comparison to the last periods. For the 12 months aggregate ending in March of 2018, the loss ratio stood at 44.5% compared to 46.7% for the same previous period.



The **Commercial Expense Ratio**, for the 12 months aggregate ending in March 2018, stood at 25.6%, an increase when compared to 24.5% for the 12 months aggregate ending in March 2017.

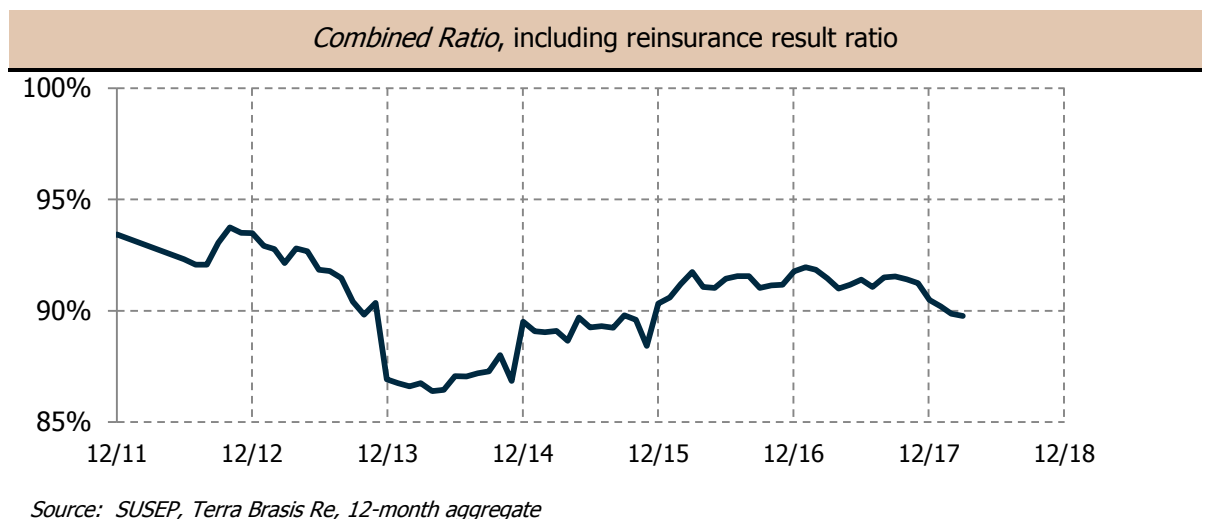


The **Administrative Expense Ratio (including taxes and other expenses)** also finished the period practically stable in comparison to the previous period, finishing the 12 months aggregate by March 2018 in 15.4% in comparison to 15.2% for the period previous period of 2017.

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 ending in March 2018 with a 3.6% ratio versus 3.8% for the same period of 2017.

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 12 months aggregate ending in March 2018 in 89.8% in comparison to 91.5% for the same previous period, especially due to the decrease at Loss Ratio.

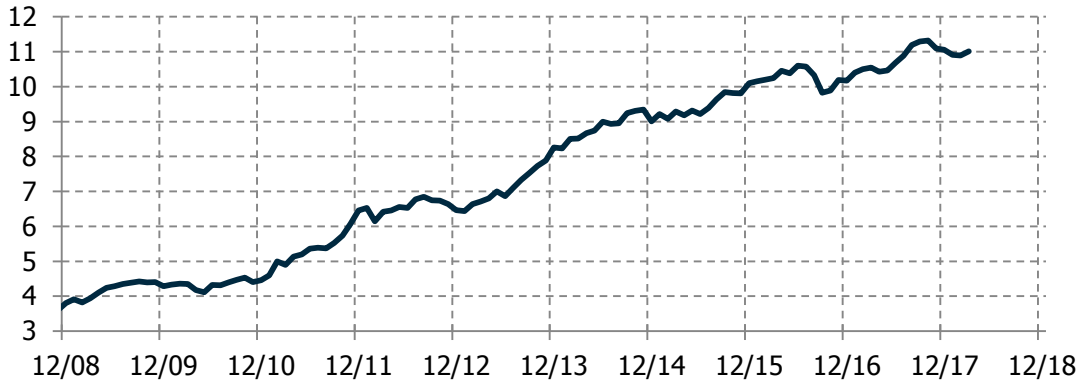


Brazilian Reinsurance Market

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

The 2018 figures showed a stable behavior in the reinsurance volume originated by Brazilian cedants related to the previous period. In the aggregate of 12 months ending in March 2018, **the Brazilian market reinsurance volume (gross of commission)** stood at BRL 11.01 bn, an increase of 4.44% related to the previous period.

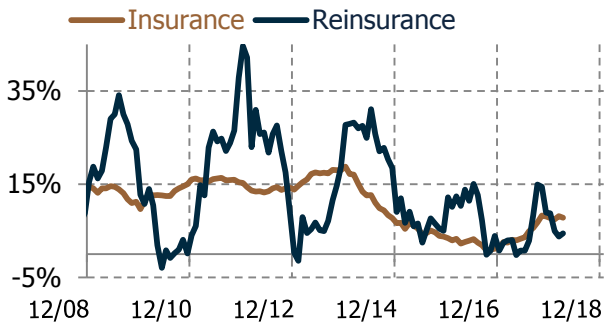
12-Month Aggregate Reinsurance Premium Ceded (Gross of Commission, BRL bn)



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

For the same period, the proportion of reinsurance ceded over general insurance premium stood at 11.4%, nearly stable in comparison to 11.8% in the previous period.

Growth of Reinsurance Ceded and General Insurance Premium



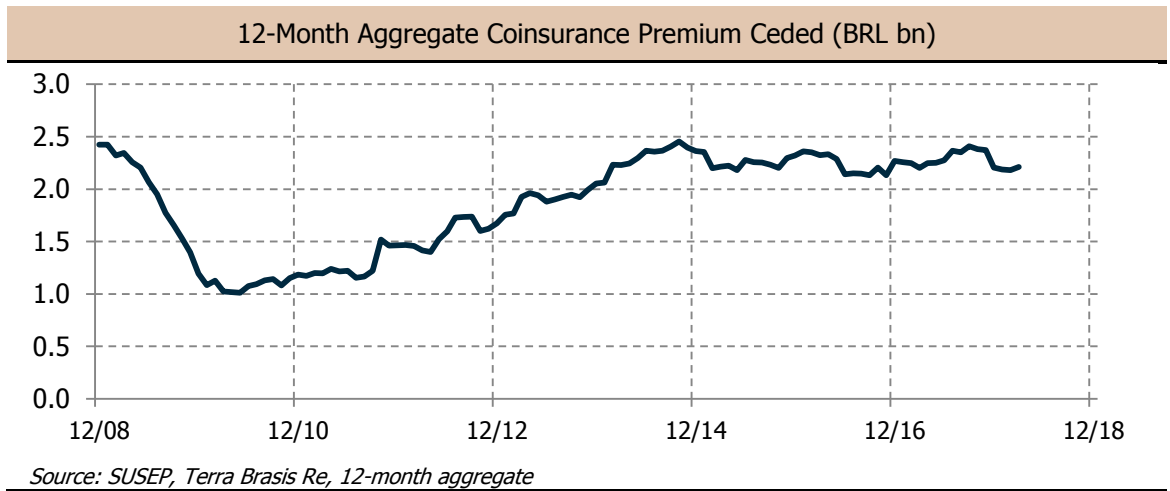
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Volume / General Insurance Premium

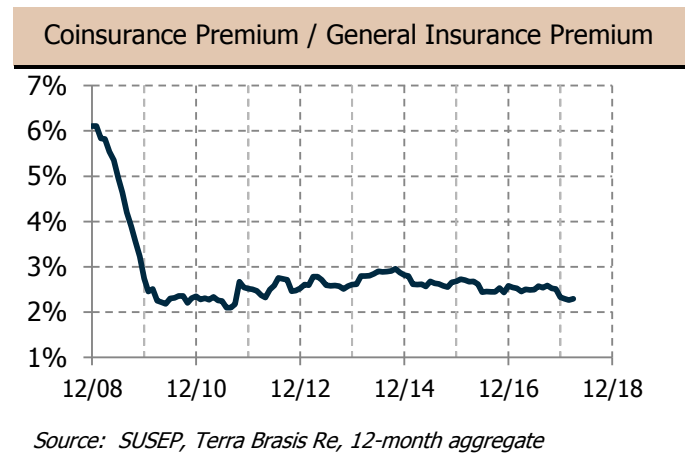
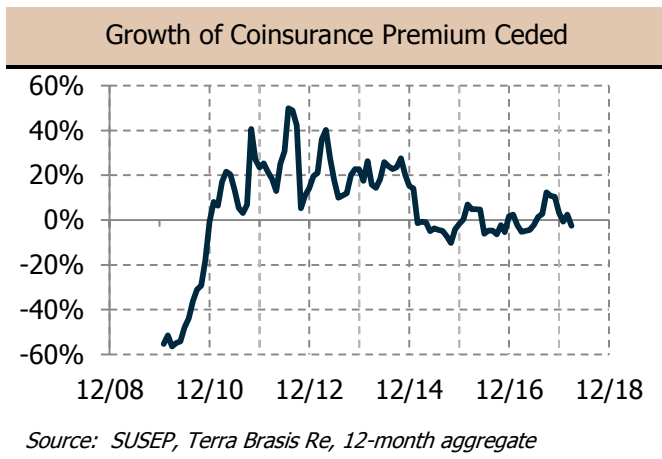


Source: SUSEP, Terra Brasis Re, 12-month aggregate

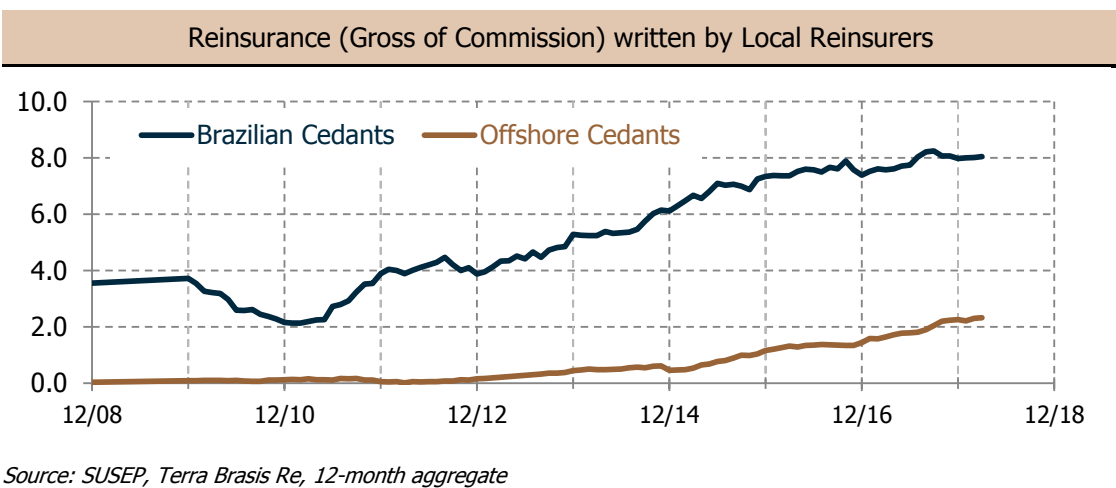
The 12 months aggregate **Coinsurance Premium Volume** ending in March 2018 stood at BRL 2.21 bn, practically stable compared to BRL 2.20 bn recorded in the previous period.



The Coinsurance Premium Volume in the 12 months aggregate ending in March 2018 represented 2.3% of the general Insurance premium volume compared to 2.5% registered in the previous period of 2017.



In the same period, the **Reinsurance Volume (gross of commission)** written by Local Reinsurers ceded by Brazilian insurers stood at BRL 8.0 bn, corresponding to a 6.3 % increase when compared to the BRL 7.6 bn registered in the previous period. For the same period, the volume arising from offshore cedants reached BRL 2.3 bn against BRL 1.6 bn for the same period of the previous year, an annual growth of 41.3%. This is an expressive volume, representing 22.4% of the total volume received, compared to 17.8% registered in the same period of 2017.



The local market closed the 12 months aggregate ending in March 2018 detaining 73.0% of the volume ceded by Brazilian insurers, percentage higher over the 71.8% presented in the previous period of 2017.

Growth in Reinsurance Premium Ceded to Local Reinsurers by Brazilian Insurers



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

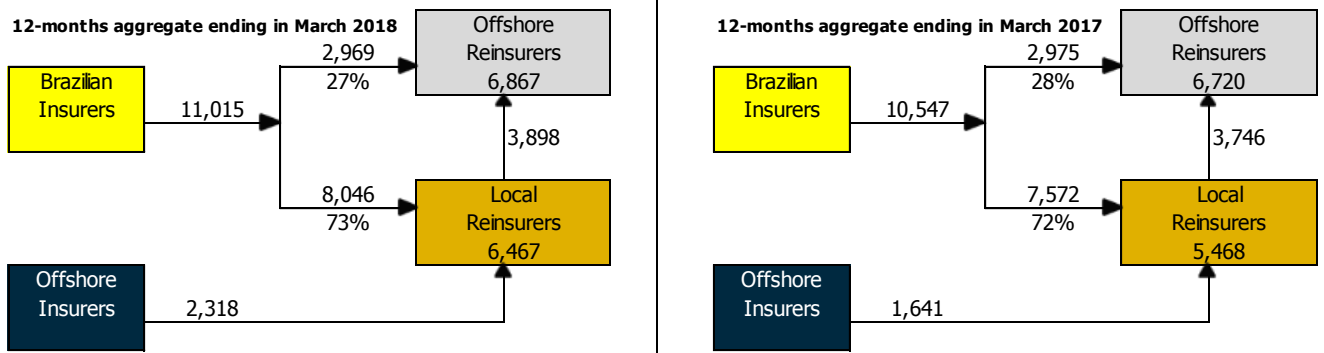
Gross Reinsurance Premium Ceded to Local Reinsurers as Percentage of Total Reinsurance Premium Ceded



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

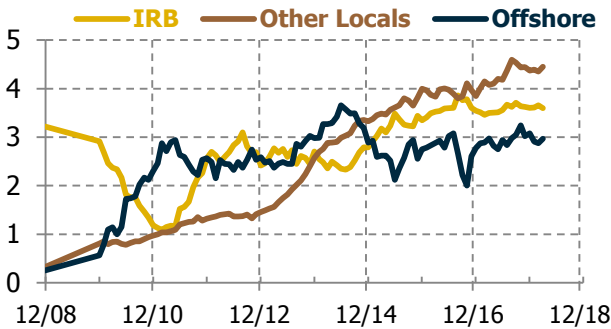
The following flowcharts show the volume of reinsurance premiums and retrocession, gross of commission, in the Brazilian market for the 12 month period ending in March 2018 and the preceding 12 month period. We notice a significant increase in the retained premium by Local Reinsurers. For the 12 month period ending in March 2018, Local Reinsurers retained BRL 6.47 bn, a growth of 18.3% compared to the BRL 5.7 bn of the preceding period.

Reinsurance Flow in the Brazilian Market for the 12 month period ending March 2018 and the preceding 12 month period (gross of commission, BRL mm)



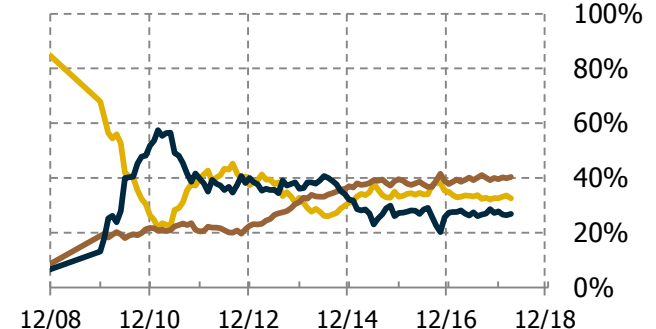
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures

Gross Reinsurance Premium Ceded by Brazilian Insurers (BRL bn)



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

Participation in the Gross Reinsurance Premium Ceded by Brazilian Insurers



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

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

During the first three months of this year, we estimate that the Local Reinsurers accepted from offshore insurers a premium 12% higher than the same period of the previous year, while the insurance accepted from Brazilian Insurers increased 4%.

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

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

	2018/03	2017/03	18/17	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
to IRB	817	823	-1%	3,602	3,546	3,348	2,788	2,707	2,419	2,562	1,181	2,915	3,219
to other Local Reinsurers	1,102	1,024	8%	4,373	3,845	3,999	3,328	2,572	1,459	1,319	967	806	329
Total Local Market	1,919	1,847	4%	7,974	7,391	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548
to Offshore Reinsurers	791	903	-12%	3,081	2,777	2,751	2,888	2,980	2,588	2,569	2,310	565	254
Total	2,710	2,750	-1%	11,055	10,168	10,098	9,004	8,259	6,466	6,451	4,458	4,286	3,802

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

	2018/03	2017/03	18/17	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
from Brazilian Insurers	1,919	1,847	4%	7,974	7,391	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548
from Offshore Insurers	584	522	12%	2,257	1,437	1,161	451	443	149	50	119	84	31
Gross Reinsurance Premium	2,503	2,369	6%	10,231	8,828	8,508	6,566	5,722	4,027	3,932	2,267	3,805	3,578
Retrocession	1,021	1,078	-5%	3,955	3,483	3,480	2,804	2,516	1,813	2,156	916	1,845	1,937
Net Retained Premium	1,482	1,291	15%	6,276	5,345	5,028	3,763	3,207	2,214	1,788	1,351	1,960	1,642

Source: SUSEP, Terra Brasis Re

Considering the distribution volume of reinsurance from Brazilian Insurers, IRB ended the first quarter of 2018 with a market share of 30%, while other Local Reinsurers ended the period with 41% share and offshore reinsurers 29%.

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

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

	2018/03	2017/03	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
IRB	30%	30%	33%	35%	33%	31%	33%	37%	40%	26%	68%	85%
Other Local Reinsurers	41%	37%	40%	38%	40%	37%	31%	23%	20%	22%	19%	9%
Offshore Reinsurers	29%	33%	28%	27%	27%	32%	36%	40%	40%	52%	13%	7%
Total ceded by local cedants	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Market Share between Local Reinsurers (gross of commission)

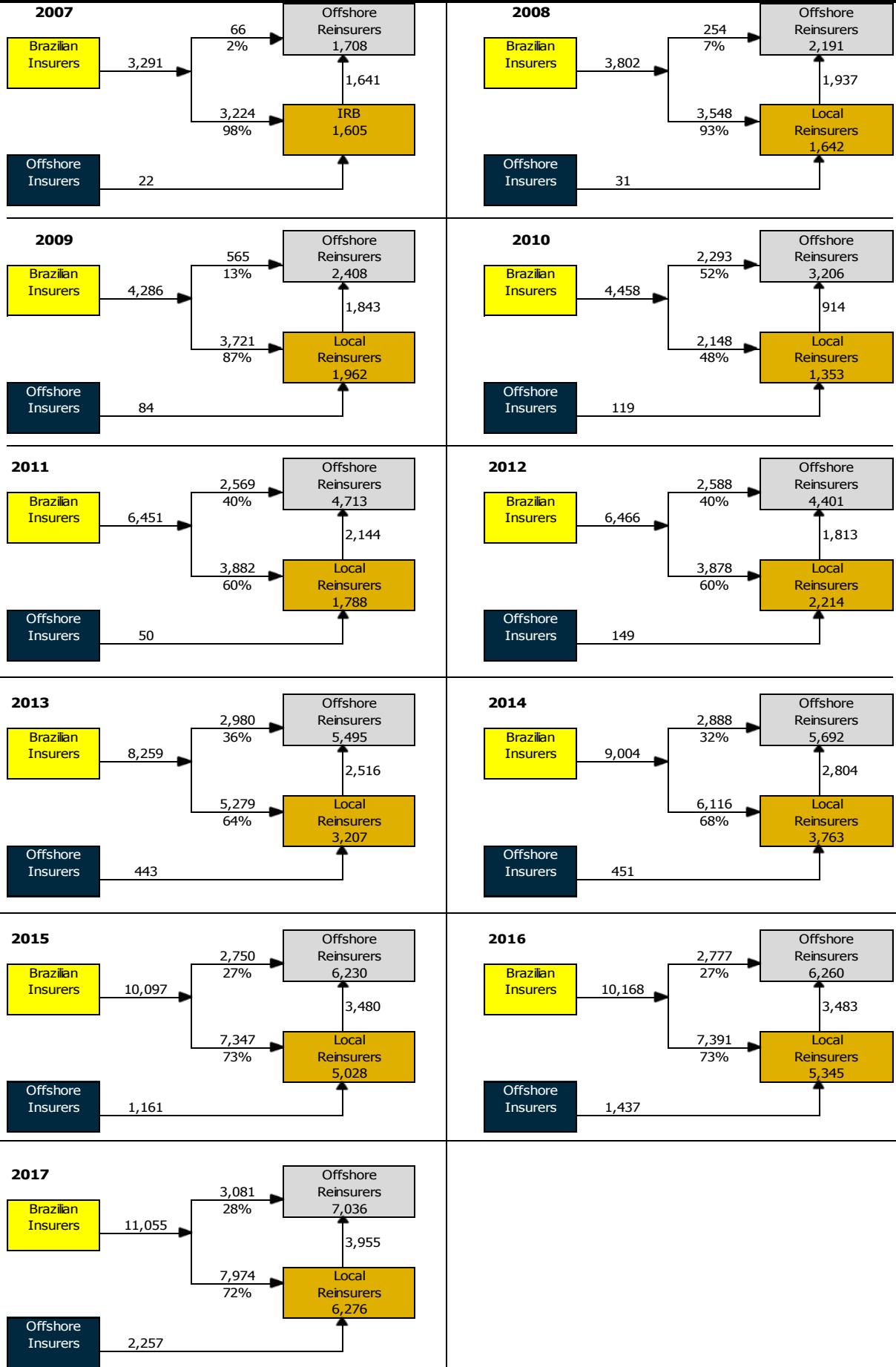
	2018/03	2017/03	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
IRB	43%	45%	45%	48%	46%	46%	51%	62%	66%	55%	78%	91%
Other Local Reinsurers	57%	55%	55%	52%	54%	54%	49%	38%	34%	45%	22%	9%
Total placed in the local market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: SUSEP, Terra Brasis Re

Analyzing only the Local Reinsurance Market, IRB detained 43% of market share, while the Other Local Reinsurers shared the remaining 57%.

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

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



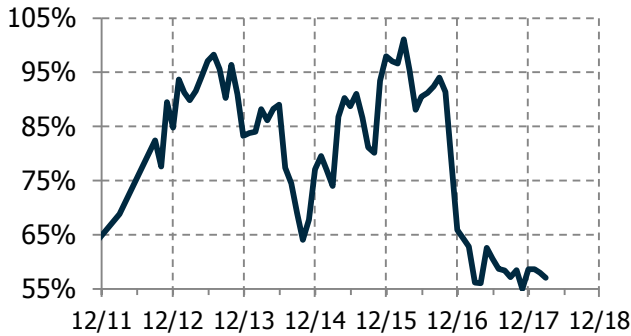
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures.

Local Reinsurers' Results

The figures of the first quarter of 2018 showed positive results for most Local Reinsurers, exhibiting a maintenance of the figures shown in 2017.

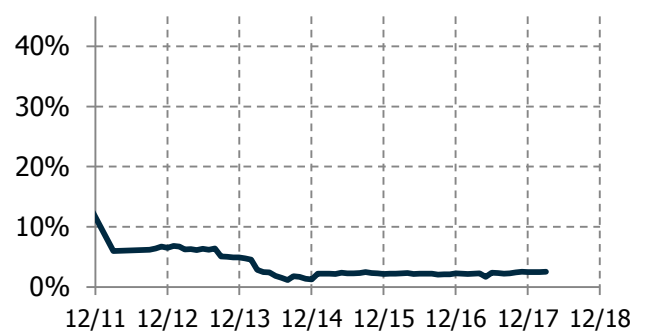
In the 12 months aggregate ending in March 2018, the **Loss Ratio** experienced by the Local Reinsurance Market reached 57%, stable in comparison to 56% registered in the same period of 2017. It is worth emphasizing that this is the Gross Loss Ratio, calculated from the gross occurred losses divided 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

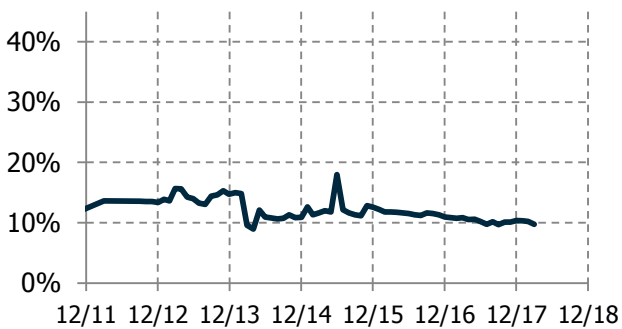
Commercial Expenses/ Earned Premium



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 6.4% against 7.5% recorded in 2017, showing a decrease.

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



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

Retrocession Result / Earned Premium

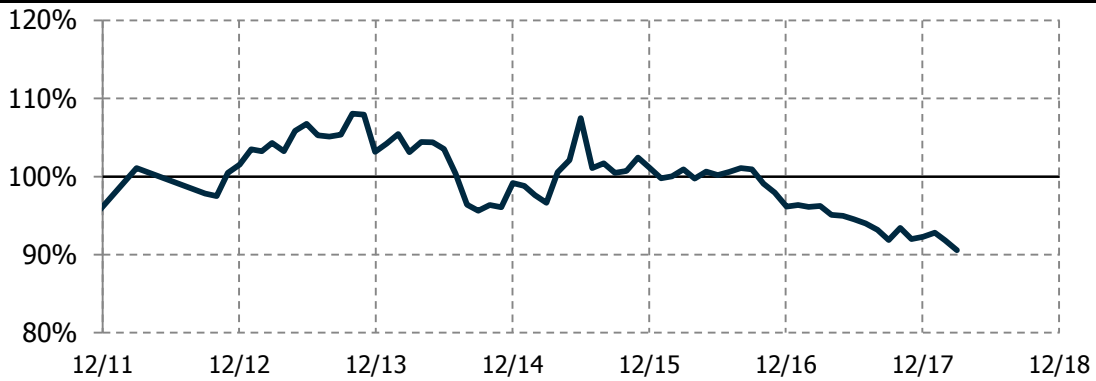


Source: SUSEP, Terra Brasis Re, 12-month aggregate

The **Retrocession Result Ratio**, for the 12 months aggregate ending in March 2018, reached +21.3% against +27.0% registered in the same period of 2017, 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.

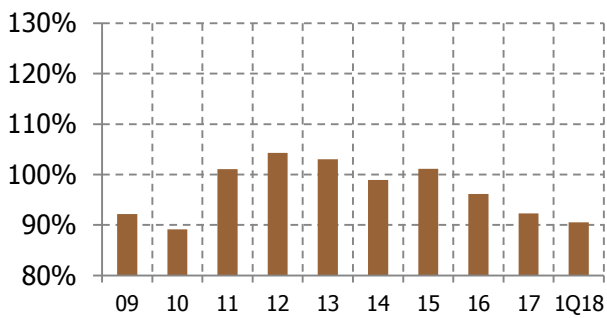
In the 12 months aggregate ending in March 2018, **Combined Ratio (including retrocession result index)** reached 90.6% versus 96.3% showed in the same period of 2017.

Combined Ratio, with Retrocession Result Ratio



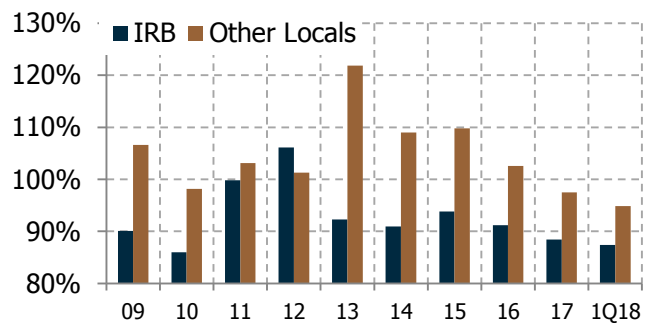
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Combined Ratio Local Reinsurance Market



Source: SUSEP, Terra Brasis Re

Combined Ratio IRB and Others Locals



Source: SUSEP, Terra Brasis Re

We show below a summary of results for the local reinsurance market in the first quarter of 2018 and 2017.

Summary of Results and Main Indexes for Local Reinsurers for January to March 2018 and 2017

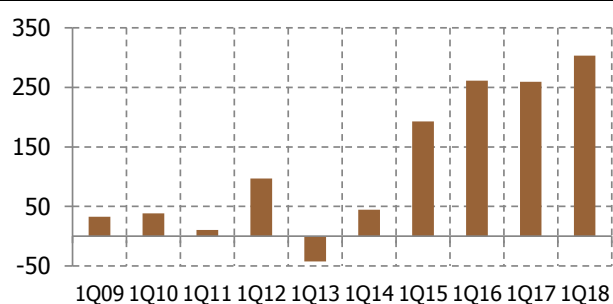
	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Total Assets	29,300	27,378	14,183	13,748	15,117	13,629
Cash and Cash Equivalents	12,475	11,862	5,947	5,734	6,528	6,128
S.E. at beginning of period	7,354	6,972	3,581	3,328	3,773	3,644
S.E. end of period	7,181	6,755	3,339	3,091	3,843	3,664
Gross Written Premium	2,503	2,369	1,305	1,276	1,198	1,094
Written Premium	2,144	2,067	1,191	1,172	952	895
Earned Premium	1,965	1,897	1,171	1,110	794	788
Loss Ratio	41%	47%	27%	39%	62%	59%
Commercial Expenses/ Earned Premium	3%	2%	3%	2%	2%	2%
Administrative + Other/ Earned Premium	6%	9%	4%	7%	9%	12%
Tax/ Earned Premium	3%	3%	2%	3%	4%	3%
Retrocession Result/Earned Premium	37%	36%	47%	35%	24%	37%
Combined Ratio	90%	98%	83%	87%	101%	112%
Reinsurance Operational Result	194	45	199	143	-5	-98
Financial Result and Equity Pick-up	216	359	107	176	109	183
Income Tax and Contributions	-106	-145	-52	-97	-54	-49
Net Profit for the Period	303	259	254	223	49	37
<i>ROE (annualized)</i>	<i>16.5%</i>	<i>14.9%</i>	<i>28.4%</i>	<i>26.8%</i>	<i>5.2%</i>	<i>4.0%</i>

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

In the first quarter of 2018, Local Reinsurers produced a net profit of BRL 303 mm, in contrast to a net profit of BRL 259 mm registered in 2017. In this period, IRB reported a BRL 254 mm result, while the other local reinsurance reported a result of BRL 49 mm.

Net Profits - 3M2018 (BRL mm)

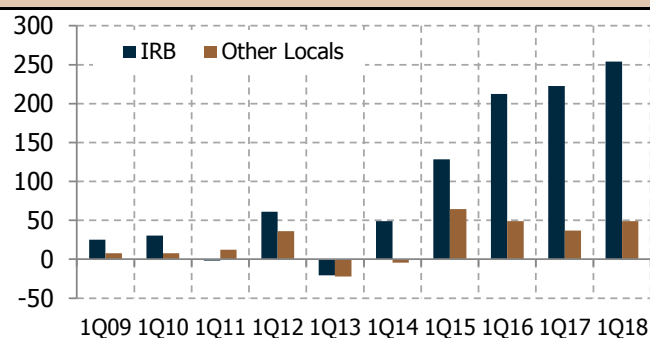
Total Local Reinsurers



Source: SUSEP, Terra Brasis Re

Net Profits - 3M2018 (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 classes of 2012 and 2014, 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, comprising January to March 2018 and 2017

	IRB		Class of 2008		Class of 2010		Class of 2012		Class of 2014	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Total Assets	14,183	13,748	4,969	4,801	2,336	2,137	6,604	5,739	1,207	952
Cash and Cash Equivalents	5,947	5,734	2,638	2,609	812	812	2,735	2,443	343	263
S.E. at beginning of period	3,581	3,328	1,515	1,513	519	495	1,321	1,280	417	356
S.E. end of period	3,339	3,091	1,536	1,543	528	483	1,344	1,252	435	385
Gross Written Premium	1,305	1,276	353	249	131	177	542	499	172	169
Written Premium	1,191	1,172	264	197	96	148	451	405	142	145
Earned Premium	1,171	1,110	199	209	106	184	379	315	109	80
Loss Ratio	27%	39%	61%	66%	57%	72%	62%	47%	71%	56%
Commercial Expenses/ Earned Premium	3%	2%	2%	2%	3%	4%	3%	2%	1%	2%
Administrative + Other/ Earned Premium	4%	7%	9%	12%	16%	8%	5%	13%	12%	13%
Tax/ Earned Premium	2%	3%	3%	3%	4%	2%	4%	3%	3%	2%
Retrocession Result/Earned Premium	47%	35%	34%	30%	19%	28%	26%	47%	2%	30%
Combined Ratio	83%	87%	110%	112%	100%	115%	99%	114%	90%	103%
Reinsurance Operational Result	199	143	-19	-26	-	-27	3	-43	11	-2
Financial Result and Equity Pick-up	107	176	57	87	14	20	57	74	-19	2
Income Tax and Contributions	-52	-97	-18	-31	-6	5	-24	-20	-6	-2
Net Profit for the Period	254	223	20	30	7	-2	35	12	-13	-2
<i>ROE (annualized)</i>	28.4%	26.8%	5.2%	7.8%	5.7%	-1.8%	10.7%	3.6%	-12.9%	-2.5%

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		
		2018/03	2017/03	BRL mm	(%)	2018/03	2017/03	
IRB	Apr 03, 1939	1,191	1,172	19	2%	55.6%	56.7%	
	IRB	1,191	1,172	19	2%	55.6%	56.7%	
JM	May 23, 2008	57	27	30	111%	2.6%	1.3%	
Munich	May 23, 2008	155	108	47	43%	7.2%	5.2%	
Mapfre	Nov 14, 2008	43	54	-11	-20%	2.0%	2.6%	
XL	Dec 05, 2008	9	8	1	18%	0.4%	0.4%	
	Class of 2008	264	197	67	34%	12.3%	9.5%	
Chubb	Nov 25, 2009	22	17	5	28%	1.0%	0.8%	
Austral	Jan 31, 2011	62	123	-61	-50%	2.9%	5.9%	
AIG	Apr 04, 2011	12	8	4	44%	0.6%	0.4%	
	Class of 2010	96	148	-53	-36%	4.5%	7.2%	
Zurich	Jan 05, 2012	183	187	-4	-2%	8.5%	9.0%	
Markel	Jan 17, 2012	13	8	5	57%	0.6%	0.4%	
Swiss	Jun 14, 2012	94	39	55	141%	4.4%	1.9%	
Terra Brasis	Oct 04, 2012	25	28	-4	-13%	1.2%	1.4%	
Allianz	Dec 20, 2012	77	68	9	13%	3.6%	3.3%	
BTG	Feb 26, 2013	60	75	-15	-20%	2.8%	3.6%	
	Class of 2012	451	405	46	11%	21.1%	19.6%	
Scor	Aug 06, 2014	95	63	32	50%	4.5%	3.1%	
AXA	Aug 25, 2014	46	81	-35	-43%	2.2%	3.9%	
	Class of 2014	142	145	-3	-2%	6.6%	7.0%	
	Total	2,144	2,067	76	4%	100%	100%	

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

In terms of production, the classes of 2010 and 2014 presented a decrease in the written premium. When it comes to the market share, only the classes of 2008 and 2012 stepped up, while all remaining classes suffered a small reduction.

The tables below represent the summary of results of Local Reinsurers from January to March of 2018 and 2017.

Summary of Results – Local Reinsurers for January to March 2018 and 2017 (BRL mm)

Total Local Market, IRB and Other Locals

	Total Local Market		IRB		Other Locals	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Assets	29,300	27,378	14,183	13,748	15,117	13,629
Cash and Cash Equivalents	12,475	11,862	5,947	5,734	6,528	6,128
S.E. at beginning of period	7,354	6,972	3,581	3,328	3,773	3,644
S.E. end of period	7,181	6,755	3,339	3,091	3,843	3,664
Gross Reinsurance	2,503	2,369	1,305	1,276	1,198	1,094
Gross Reinsurance Premium	1,977	1,901	829	848	1,148	1,053
Commission	-360	-302	-114	-103	-246	-199
Non-Issued Risks in force	3	-3	7	-8	-4	5
International Operations	293	191	263	182	30	9
Written Retrocession	230	280	206	253	25	27
Written Premium	2,144	2,067	1,191	1,172	952	895
Change in Reserves	-178	-170	-20	-63	-159	-107
Earned Premium	1,965	1,897	1,171	1,110	794	788
Losses Incurred	-811	-900	-316	-436	-494	-464
Commercial Expenses	-49	-45	-29	-26	-20	-20
Other Operational Expenses	-1	-32	3	-8	-4	-24
Administrative Expenses	-120	-141	-55	-75	-64	-67
Tax Expenses	-56	-52	-28	-29	-28	-23
Industrial Result Pre Retro	928	726	745	537	183	190
Retrocession Result	-734	-681	-546	-394	-188	-288
Industrial Result	194	45	199	143	-5	-98
Financial Result	201	350	71	161	129	188
Equity Pickup	15	10	36	15	-21	-5
Operating Result	410	405	306	319	103	85
Non-recurring Gains	0	0	0	0	0	0
EBT	410	404	306	319	103	85
Income Tax	-42	-66	-15	-44	-27	-22
Social Tax	-60	-68	-38	-48	-22	-20
Profit Sharing	-5	-11	0	-5	-5	-6
Net Income	303	259	254	223	49	37
Loss Ratio	41%	47%	27%	39%	62%	59%
Comm. Exp/Earned Premium	3%	2%	3%	2%	2%	2%
Adm. Exp / Earned Premium	6%	7%	5%	7%	8%	8%
Tax Exp / Earned Premium	3%	3%	2%	3%	4%	3%
Other Exp / Earned Premium	0%	2%	0%	1%	1%	3%
Expense Ratio	12%	14%	9%	12%	15%	17%
Combined Ratio Pre Retro	53%	62%	36%	52%	77%	76%
Retro Result/Earned Premium	37%	36%	47%	35%	24%	37%
Combined Ratio	90%	98%	83%	87%	101%	112%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-11%	-19%	-9%	-16%	-14%	-23%
(Income tax+Social tax+Profit share)	5%	8%	4%	9%	7%	6%
R.O.E.⁽¹⁾	16.5%	14.9%	28.4%	26.8%	5.2%	4.0%
Annualised Earned Premium/SE	109%	112%	140%	144%	83%	86%

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 January to March 2018 and 2017 (BRL mm)

JM, Munich, Mapfre and XL

	JM		Munich		Mapfre		XL	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Authorization Date	May 23, 2008		May 23, 2008		Nov 14, 2008		Dec 05, 2008	
Assets	1,412	1,324	2,190	2,114	826	856	542	507
Cash and Cash Equivalents	669	728	1,127	1,052	417	392	424	437
S.E. at beginning of period	604	655	447	372	176	172	289	313
S.E. end of period	613	670	448	370	179	180	296	323
Gross Reinsurance	88	42	202	135	50	62	13	10
Gross Reinsurance Premium	88	42	188	115	49	61	14	11
Commission	-32	-16	-47	-26	-7	-8	-4	-2
Non-Issued Risks in force	0	1	10	13	0	0	-1	-1
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	4	7	1	0	0	0
Written Premium	57	27	155	108	43	54	9	8
Change in Reserves	-21	15	-53	1	6	-7	3	2
Earned Premium	36	41	102	110	49	47	12	10
Losses Incurred	38	3	-143	-105	-8	-31	-8	-5
Commercial Expenses	0	0	-4	-2	-1	-1	0	0
Other Operational Expenses	0	-8	-1	-1	-4	-1	0	0
Administrative Expenses	-2	-2	-9	-9	-2	-2	-1	-1
Tax Expenses	-1	-2	-3	-3	-2	-2	-1	-1
Industrial Result Pre Retro	71	33	-57	-10	32	12	2	3
Retrocession Result	-66	-29	33	-27	-33	-7	-2	-1
Industrial Result	5	4	-24	-37	-1	4	0	2
Financial Result	11	21	27	40	7	10	12	15
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	16	26	3	4	6	14	12	18
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	16	26	3	4	6	14	12	18
Income Tax	-4	-6	0	-1	-1	-4	-3	-4
Social Tax	-3	-5	0	-4	-1	-3	-2	-4
Profit Sharing	0	0	-2	-1	0	0	0	0
Net Income	9	14	1	-2	3	8	7	10
Loss Ratio	-106%	-8%	140%	96%	15%	65%	63%	50%
Comm. Exp/Earned Premium	0%	0%	4%	2%	1%	1%	2%	3%
Adm. Exp / Earned Premium	5%	6%	9%	8%	4%	5%	12%	8%
Tax Exp / Earned Premium	3%	4%	3%	2%	4%	3%	7%	9%
Other Exp / Earned Premium	-1%	19%	1%	1%	9%	1%	-1%	0%
Expense Ratio	8%	28%	16%	14%	18%	11%	20%	20%
Combined Ratio Pre Retro	-98%	20%	156%	109%	34%	76%	84%	70%
Retro Result/Earned Premium	184%	69%	-33%	24%	68%	16%	14%	7%
Combined Ratio	86%	89%	123%	133%	102%	91%	98%	78%
(Non-Rec.+ Fin.+ Equity) /E.P.	-32%	-51%	-26%	-37%	-14%	-21%	-101%	-153%
(Inc. tax+Social tax+Profit share)	21%	28%	2%	5%	5%	14%	46%	79%
R.O.E.⁽¹⁾	6.0%	8.5%	0.8%	-1.9%	6.8%	18.0%	9.4%	12.5%
Annualised Earned Premium/SE	23%	25%	91%	119%	109%	105%	16%	13%

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 January to March 2018 and 2017 (BRL mm)
Chubb, Austral, AIG and Zurich

	Chubb		Austral		AIG		Zurich	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Authorization Date	Nov 25, 2009		Jan 31, 2011		Apr 04, 2011		Jan 05, 2012	
Assets	717	599	968	891	651	647	1,723	1,491
Cash and Cash Equivalents	257	237	405	392	151	183	648	606
S.E. at beginning of period	137	117	282	283	100	95	256	239
S.E. end of period	135	103	295	282	98	98	267	240
Gross Reinsurance	30	22	85	143	17	12	222	222
Gross Reinsurance Premium	29	23	72	135	17	13	213	217
Commission	-8	-5	-23	-20	-5	-4	-39	-36
Non-Issued Risks in force	0	-1	-2	0	0	-1	3	5
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	14	8	0	0	5	0
Written Premium	22	17	62	123	12	8	183	187
Change in Reserves	-3	17	8	8	6	11	-46	-53
Earned Premium	18	34	70	131	18	20	137	133
Losses Incurred	-18	-22	-2	-135	-41	24	-118	-57
Commercial Expenses	-1	-5	-2	-3	0	0	0	0
Other Operational Expenses	0	-2	-8	-5	0	0	0	0
Administrative Expenses	-3	-4	-4	-3	-2	-1	-3	-3
Tax Expenses	-1	-1	-2	-1	-1	-1	-4	-4
Industrial Result Pre Retro	-5	1	50	-16	-25	40	11	70
Retrocession Result	-4	-25	-36	12	20	-39	-17	-85
Industrial Result	-9	-24	14	-4	-6	1	-6	-15
Financial Result	4	5	7	9	2	5	16	18
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	-4	-19	21	5	-3	6	10	3
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	-4	-19	21	5	-3	6	10	3
Income Tax	1	5	-4	-1	1	-1	-2	-1
Social Tax	1	4	-4	0	1	-1	-2	-1
Profit Sharing	0	0	-1	-1	0	0	0	0
Net Income	-2	-9	12	4	-2	3	5	2
Loss Ratio	97%	66%	3%	103%	228%	-121%	86%	42%
Comm. Exp/Earned Premium	5%	15%	4%	2%	0%	0%	0%	0%
Adm. Exp / Earned Premium	16%	10%	6%	3%	9%	6%	2%	2%
Tax Exp / Earned Premium	6%	2%	3%	1%	4%	8%	3%	3%
Other Exp / Earned Premium	0%	5%	12%	3%	0%	2%	0%	0%
Expense Ratio	27%	32%	25%	9%	13%	16%	6%	5%
Combined Ratio Pre Retro	125%	98%	28%	112%	241%	-105%	92%	48%
Retro Result/Earned Premium	24%	74%	51%	-9%	-110%	201%	13%	63%
Combined Ratio	149%	171%	79%	103%	132%	96%	104%	111%
(Non-Rec. + Fin. + Equity) / Earned Prem	-24%	-16%	-10%	-7%	-12%	-24%	-11%	-14%
(Income tax+Social tax+Profit share)	-11%	-29%	14%	1%	-8%	14%	3%	1%
R.O.E.⁽¹⁾	-7.2%	-29.9%	16.9%	5.1%	-8.1%	12.1%	8.4%	2.8%
Annualised Earned Premium/SE	55%	130%	95%	185%	73%	80%	205%	222%

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 January to March 2018 and 2017 (BRL mm)

Markel, Swiss, Terra Brasis and Allianz

	Markel		Swiss		Terra Brasis		Allianz	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Authorization Date	Jan 17, 2012		Jun 14, 2012		Oct 04, 2012		Dec 20, 2012	
Assets	226	184	1,319	1,069	362	299	1,520	1,567
Cash and Cash Equivalents	151	136	656	546	151	146	645	577
S.E. at beginning of period	82	80	253	217	104	102	239	224
S.E. end of period	85	76	273	219	100	102	244	238
Gross Reinsurance	19	11	116	58	32	34	82	80
Gross Reinsurance Premium	18	8	119	51	22	29	89	98
Commission	-5	-2	-22	-19	-8	-6	-5	-12
Non-Issued Risks in force	0	0	3	-1	-1	0	-10	-18
International Operations	0	0	0	0	10	6	0	0
Written Retrocession	1	3	-7	8	1	0	4	1
Written Premium	13	8	94	39	25	28	77	68
Change in Reserves	-3	0	-10	-8	2	-1	-1	12
Earned Premium	10	9	84	31	26	28	76	80
Losses Incurred	-6	-9	-48	-37	-24	-5	-38	-41
Commercial Expenses	0	0	-2	-2	-1	-1	-3	-3
Other Operational Expenses	0	0	-1	-2	0	0	0	0
Administrative Expenses	-1	-5	-5	-4	-4	-4	-10	-12
Tax Expenses	-1	-1	-4	-2	0	-1	-4	-2
Industrial Result Pre Retro	2	-6	25	-16	-4	17	21	23
Retrocession Result	-2	-2	-15	0	-3	-19	-34	-25
Industrial Result	-1	-8	10	-15	-7	-2	-13	-2
Financial Result	3	4	14	16	3	4	11	18
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	2	-4	24	0	-3	3	-2	15
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	2	-4	24	0	-3	3	-2	15
Income Tax	0	-1	-3	0	0	0	0	-4
Social Tax	0	-1	-2	0	0	0	0	-3
Profit Sharing	0	0	-2	-3	0	0	0	0
Net Income	1	-6	17	-3	-3	2	-2	8
Loss Ratio	61%	101%	57%	119%	93%	19%	74%	51%
Comm. Exp/Earned Premium	3%	3%	3%	7%	4%	2%	2%	3%
Adm. Exp / Earned Premium	12%	60%	5%	14%	15%	14%	15%	15%
Tax Exp / Earned Premium	5%	6%	4%	5%	1%	2%	4%	3%
Other Exp / Earned Premium	3%	-3%	1%	6%	1%	0%	1%	0%
Expense Ratio	23%	66%	13%	32%	21%	19%	23%	21%
Combined Ratio Pre Retro	84%	167%	70%	151%	114%	37%	96%	72%
Retro Result/Earned Premium	23%	22%	18%	-1%	12%	68%	23%	31%
Combined Ratio	107%	189%	88%	150%	125%	106%	119%	103%
(Non-Rec. + Fin. + Equity) / Earned Prem	-28%	-40%	-16%	-50%	-13%	-15%	-26%	-22%
(Income tax+Social tax+Profit share)	9%	19%	8%	9%	-1%	2%	92%	9%
R.O.E.⁽¹⁾	6.4%	-30.4%	27.3%	-5.1%	-11.4%	8.5%	-2.8%	15.0%
Annualised Earned Premium/SE	48%	47%	124%	57%	106%	109%	125%	135%

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 January to March 2018 and 2017 (BRL mm)

BTG, Scor and AXA

	BTG		Scor		AXA	
	2018/03	2017/03	2018/03	2017/03	2018/03	2017/03
Authorization Date	Feb 26, 2013		Aug 06, 2014		Aug 25, 2014	
Assets	1,455	1,129	469	386	738	566
Cash and Cash Equivalents	485	432	215	156	128	107
S.E. at beginning of period	386	418	103	97	314	259
S.E. end of period	375	376	104	103	331	282
Gross Reinsurance	71	93	121	86	51	83
Gross Reinsurance Premium	79	91	108	86	42	76
Commission	-12	-19	-25	-22	-5	-2
Non-Issued Risks in force	-7	3	0	0	1	5
International Operations	0	0	12	0	8	3
Written Retrocession	0	0	0	0	0	0
Written Premium	60	75	95	63	46	81
Change in Reserves	-14	-41	-28	-16	-5	-48
Earned Premium	45	33	68	47	41	33
Losses Incurred	0	-1	-58	-42	-20	-3
Commercial Expenses	-3	-2	0	0	-1	-1
Other Operational Expenses	10	-6	0	0	0	0
Administrative Expenses	-5	-5	-5	-4	-9	-6
Tax Expenses	-2	-2	-1	-1	-2	-1
Industrial Result Pre Retro	46	18	3	0	10	22
Retrocession Result	-27	-18	-3	5	1	-28
Industrial Result	19	0	0	4	11	-7
Financial Result	10	15	0	5	2	3
Equity Pickup	0	0	0	0	-21	-5
Operating Result	29	15	0	9	-8	-9
Non-recurring Gains	0	0	0	0	0	0
EBT	29	15	0	9	-8	-9
Income Tax	-7	-4	0	-2	-3	1
Social Tax	-6	-3	0	-2	-2	1
Profit Sharing	0	0	0	0	0	-1
Net Income	16	8	0	6	-13	-8
Loss Ratio	0%	2%	86%	89%	48%	8%
Comm. Exp/Earned Premium	6%	5%	0%	0%	3%	3%
Adm. Exp / Earned Premium	11%	15%	7%	10%	21%	19%
Tax Exp / Earned Premium	4%	5%	2%	2%	4%	4%
Other Exp / Earned Premium	-22%	19%	0%	0%	0%	0%
Expense Ratio	-1%	45%	9%	12%	28%	26%
Combined Ratio Pre Retro	-1%	47%	95%	100%	76%	34%
Retro Result/Earned Premium	59%	54%	4%	-10%	-3%	86%
Combined Ratio	57%	101%	99%	91%	73%	120%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-22%	-46%	0%	-10%	46%	7%
(Income tax+Social tax+Profit share)	29%	20%	0%	7%	14%	-4%
R.O.E.⁽¹⁾	16.7%	7.9%	0.2%	22.8%	-17.1%	-11.9%
Annualised Earned Premium/SE	48%	35%	262%	183%	50%	47%

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.

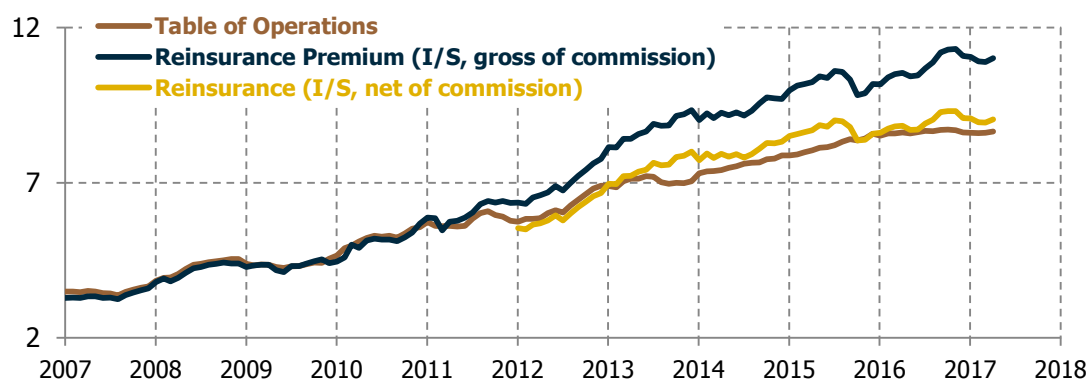
General Insurance and Reinsurance Premiums for January to March 2018 and 2017 (BRL mm)

	General Insurance Premium			Reinsurance Premium (TO)			Local Reinsurance Premium		
	2018/03	2017/03	Chg	2018/03	2017/03	Chg	2018/03	2017/03	Chg
Property	3,450	3,278	5%	759	750	1%	493	598	-17%
Special Risks	-81	140	-158%	-17	137	-113%	-3	51	-106%
Liability	415	461	-10%	129	126	2%	94	108	-13%
Hull		-1	-164%	1	-1				
Auto	8,495	7,825	9%	107	88	22%	150	102	47%
Transportation	803	689	17%	148	135	10%	125	112	12%
Surety	917	818	12%	247	208	19%	271	199	37%
Credit	-6	4	-258%						
Group Life	6,730	6,133	10%	151	135	12%	98	142	-31%
House Financing	993	916	8%	17	20	-12%	19	17	8%
Rural	858	860	0%	350	341	2%	141	207	-32%
Others							1	450	-100%
Individual Life	875	721	21%	11	12	-7%	24	16	47%
Marine	61	79	-22%	46	55	-16%	34	43	-20%
Aviation	88	89	-2%	75	82	-8%	46	26	79%
Microinsurance	105	69	51%			-1136%			
Petroleum	203			102			141		
Nuclear				3					
Abroad Acceptance							474		
Health							31		
Life Pension	2								
	23,909	22,080	8%	2,129	2,087	2%	2,140	2,071	3%

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.

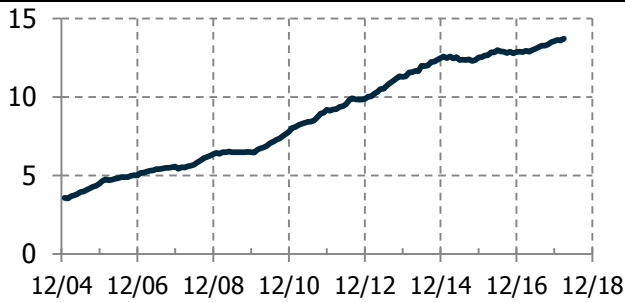
Ceded Reinsurance from different data sources (BRL bn)



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



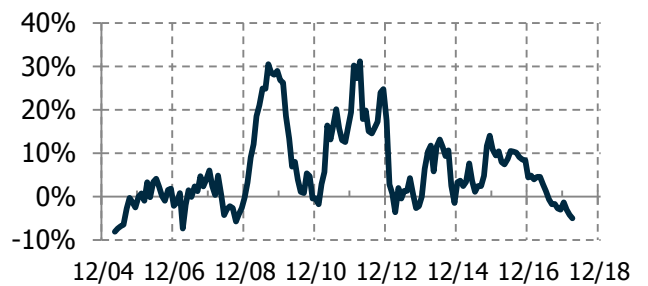
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



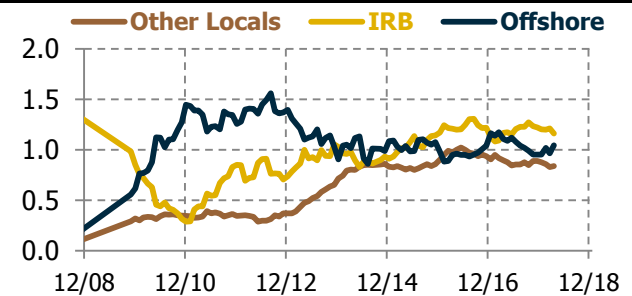
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



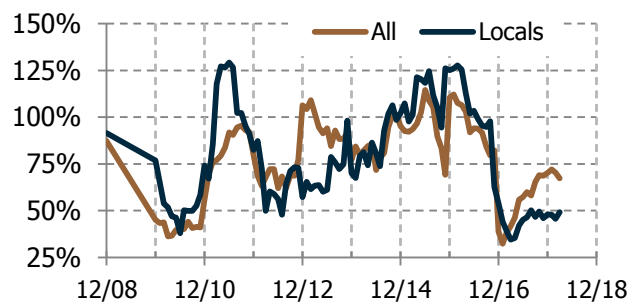
Source: SUSEP, Terra Brasis Re, BRL billions 12-month aggregate

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



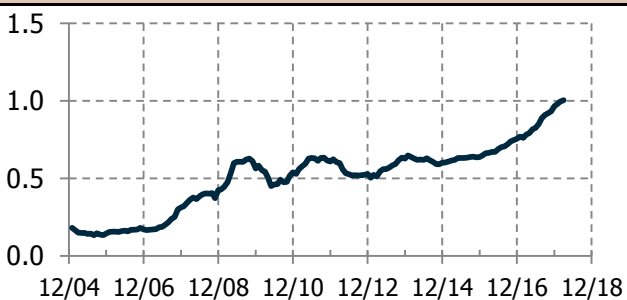
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



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

Reinsurance Premium



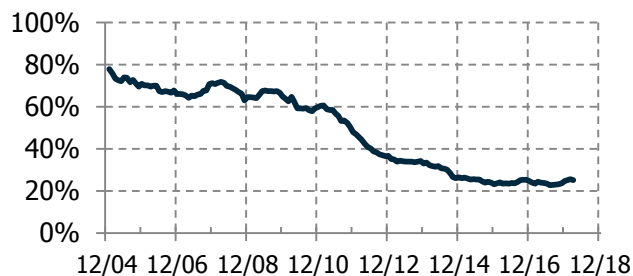
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



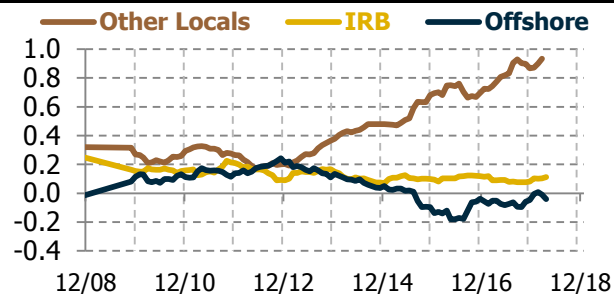
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



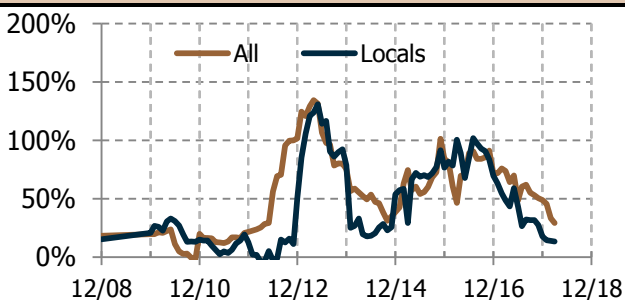
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

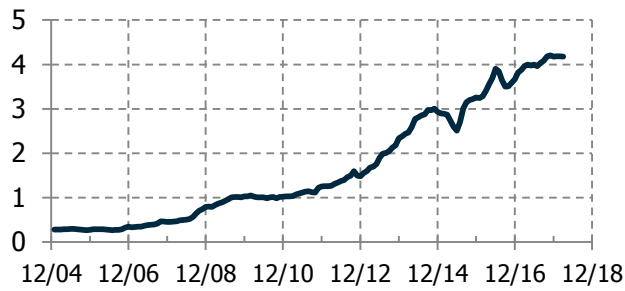
Loss Ratio: Local Reinsurers



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



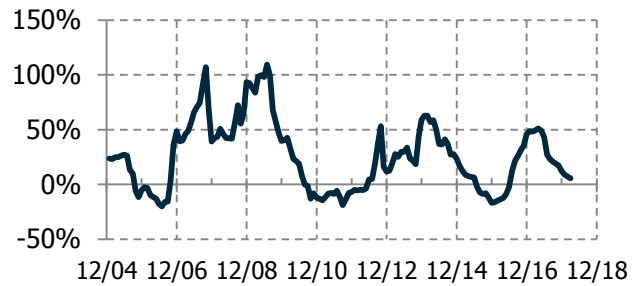
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



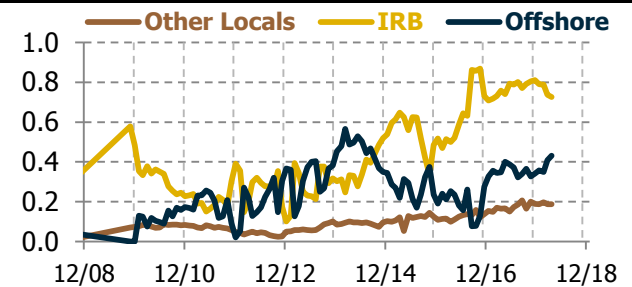
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



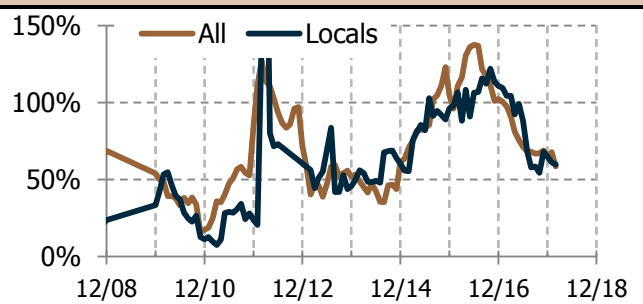
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

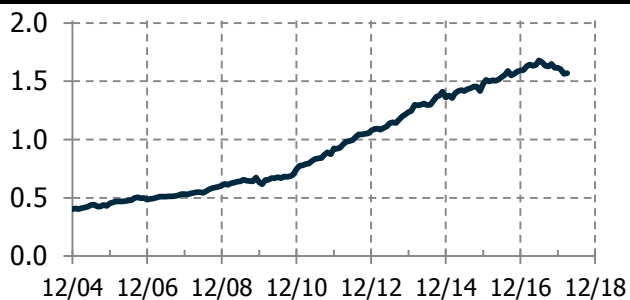
Loss Ratio: Local Reinsurers



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

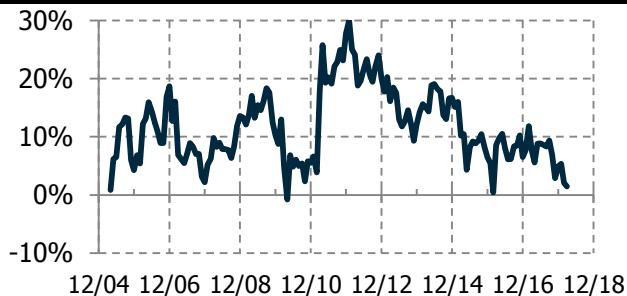
Group: Liability

Insurance Premium



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

Growth of Insurance Premium



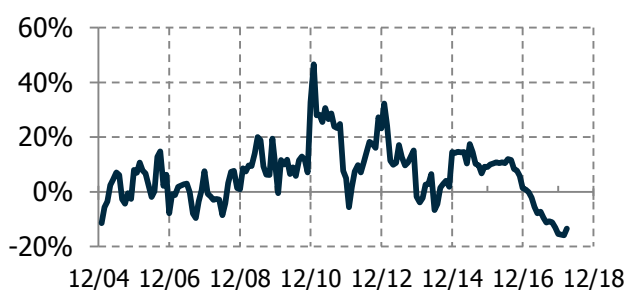
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



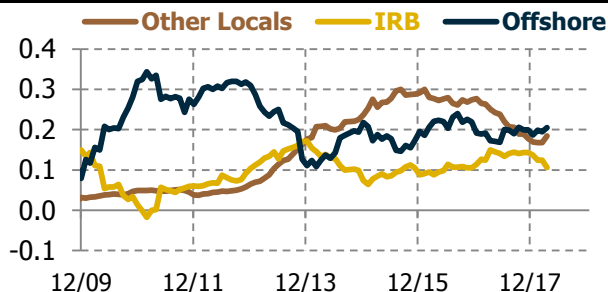
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



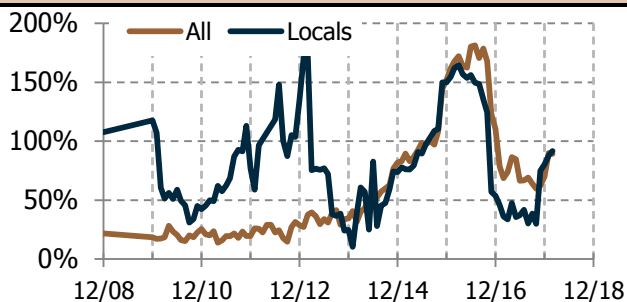
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

Loss Ratio: Local Reinsurers



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

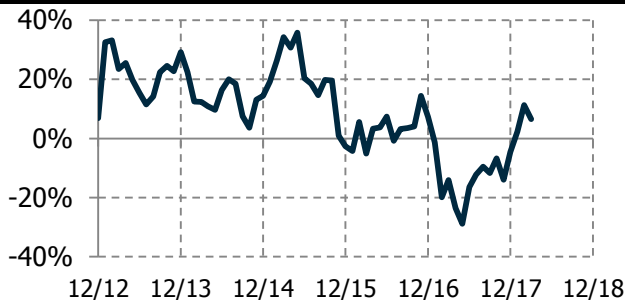
Group: Marine

Insurance Premium



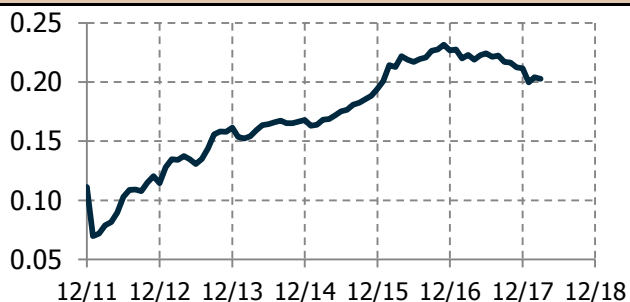
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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



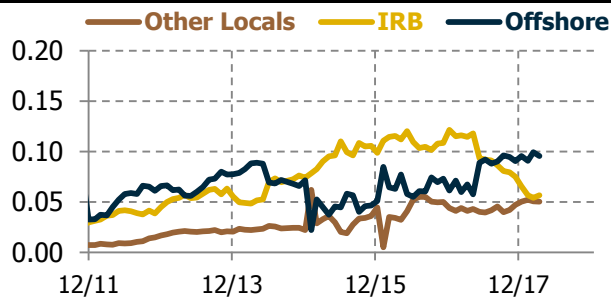
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



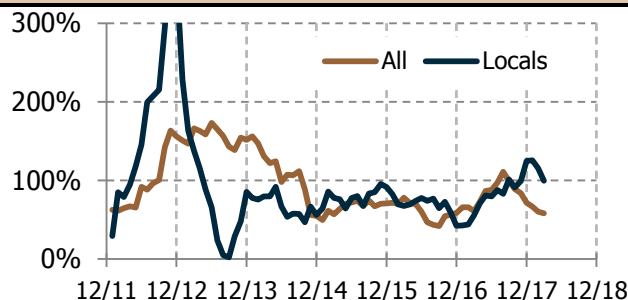
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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 from January to March of 2018 and 2017

January to March 2018	Start of Operation	Gross Prem.	% Com	Net Premium	Earned Premium	% L	% B	% OE	% AE	% TE	% ER	% CR pre RR	% RR	% CR	RSub /SE	RInv /SE	RG0 /SE	RNet /SE	ROE	SE	%SLV			
Total		2,503	14.4%	2,144	1,965	41%	3%	0%	6%	3%	3%	53%	37%	90%	194	12%	410	303	22.8%	16.5%	7,181	72%		
Total New		1,198	20.5%	952	794	62%	2%	1%	8%	4%	15%	77%	24%	101%	-5	-1%	103	49	10.7%	5.2%	3,843	80%		
IRB	04/1939	1,305	8.7%	1,191	1,171	27%	3%	0%	5%	2%	9%	36%	47%	83%	199	24%	306	254	36.7%	28.4%	3,339	64%		
JM	05/2008	88	35.9%	57	36	-106%	0%	-1%	5%	3%	8%	-98%	184%	86%	5	3%	16	9	10.7%	6.0%	613	174%		
Muneeher	05/2008	202	23.3%	155	102	140%	4%	1%	9%	3%	16%	156%	-33%	123%	-24	-21%	27	3	2.9%	0.8%	448	55%		
Mapfre	11/2008	50	13.6%	43	49	15%	1%	9%	4%	4%	18%	102%	68%	102%	-1	-2%	6	3	12.5%	6.8%	179	90%		
XL	12/2008	13	30.4%	9	12	63%	2%	-1%	12%	7%	20%	84%	14%	98%	0	0%	12	7	16.8%	9.4%	296	564%		
ACE	11/2009	30	26.2%	22	18	97%	5%	0%	16%	6%	27%	125%	24%	149%	-9	-27%	4	-2	-13.3%	-7.2%	135	114%		
Austral	01/2011	85	26.9%	62	70	3%	4%	12%	6%	3%	25%	28%	51%	79%	14	20%	7	9%	21	12	29.2%	87%		
AIG	04/2011	117	29.9%	12	18	228%	0%	0%	9%	4%	13%	241%	-110%	132%	-6	-23%	2	3%	-2	-14.2%	-8.1%	98	145%	
Zurich	01/2012	222	17.5%	183	137	86%	0%	0%	2%	3%	6%	92%	13%	104%	-6	-9%	16	5	14.6%	8.4%	267	30%		
Markel	01/2012	19	28.4%	13	10	61%	3%	3%	12%	5%	23%	84%	23%	107%	-1	-3%	3	2	10.4%	6.4%	85	115%		
Swiss	06/2012	116	18.8%	94	84	57%	3%	1%	5%	4%	13%	70%	18%	88%	10	15%	24	17	34.7%	27.3%	273	59%		
Terra Brasis	10/2012	32	24.0%	25	26	93%	4%	1%	15%	1%	21%	114%	12%	125%	-7	-27%	3	-3	-13.2%	-11.4%	100	77%		
Allianz	12/2012	82	6.6%	77	76	50%	4%	0%	14%	5%	23%	73%	45%	118%	-13	-22%	11	19%	-2	-2.8%	244	74%		
BTG	02/2013	71	16.4%	60	45	0%	6%	-22%	11%	4%	-1%	-1%	59%	57%	19	20%	10	16	31.2%	16.7%	375	132%		
Scor	08/2014	121	21.0%	95	68	86%	0%	0%	7%	2%	9%	95%	4%	99%	2	2%	29	16	0.5%	0.2%	104	21%		
AXA	08/2014	51	9.3%	46	41	48%	3%	0%	21%	4%	28%	76%	-3%	73%	11	13%	-8	-13	-9.4%	-17.1%	331	163%		
Total		2,369	12.7%	2,067	1,897	47%	2%	2%	7%	3%	3%	62%	36%	98%	45	3%	405	259	24.0%	14.9%	6,755	71%		
Total New		1,094	18.2%	895	788	59%	2%	3%	8%	3%	17%	76%	37%	112%	-98	-11%	85	37	9.3%	4.0%	3,664	84%		
IRB	04/1939	1,276	8.1%	1,172	1,110	39%	2%	1%	7%	3%	12%	52%	35%	87%	143	19%	319	223	41.3%	26.8%	3,091	61%		
JM	05/2008	42	36.7%	27	41	-8%	0%	19%	6%	4%	28%	20%	69%	89%	4	3%	26	14	15.3%	8.5%	670	395%		
Muneeher	05/2008	135	19.4%	108	110	96%	2%	1%	8%	2%	14%	109%	24%	133%	-37	-40%	40	4	-2	-1.9%	370	69%		
Mapfre	11/2008	62	12.5%	54	47	65%	1%	1%	5%	3%	11%	76%	16%	91%	4	9%	14	8	31.6%	18.0%	180	73%		
XL	12/2008	10	22.3%	8	10	50%	3%	0%	8%	9%	20%	70%	7%	78%	2	3%	15	10	22.0%	12.5%	323	815%		
ACE	11/2009	22	22.4%	17	34	66%	15%	5%	10%	2%	32%	98%	74%	171%	-24	-93%	5	-19	-9	-71.7%	-29.9%	103	117%	
Austral	01/2011	143	14.0%	123	131	103%	2%	3%	3%	3%	9%	112%	-9%	103%	-4	-6%	9	5	4	7.7%	5.1%	282	49%	
AIG	04/2011	12	31.7%	8	20	-121%	0%	2%	6%	8%	16%	-105%	201%	96%	1	4%	5	3	22.8%	12.1%	98	203%		
Zurich	01/2012	222	16.0%	187	133	42%	0%	2%	2%	3%	5%	48%	63%	111%	-15	-25%	18	30%	3	5.0%	240	27%		
Markel	01/2012	11	19.9%	8	9	101%	3%	-3%	60%	6%	66%	167%	-1%	150%	-8	-42%	4	-4	-6	-23.3%	-30.4%	76	179%	
Swiss	06/2012	58	32.9%	39	31	119%	7%	6%	14%	5%	32%	151%	-1%	106%	-15	-28%	16	28%	3	0.2%	219	94%		
Terra Brasis	10/2012	34	17.4%	28	28	19%	3%	0%	14%	2%	19%	37%	37%	106%	-2	-6%	4	16%	3	10.2%	8.5%	102	74%	
Allianz	12/2012	80	15.4%	68	80	51%	3%	0%	15%	3%	21%	72%	31%	103%	-2	-4%	18	30%	15	8	25.9%	15.0%	238	74%
BTG	02/2013	93	20.2%	75	33	2%	5%	19%	15%	5%	45%	47%	54%	101%	-	-0%	15	15	8	15.9%	7.9%	376	101%	
Scor	08/2014	86	25.8%	63	47	89%	0%	0%	10%	2%	12%	100%	-10%	91%	4	17%	5	6	35.1%	22.8%	103	30%		
AXA	08/2014	83	2.5%	81	33	8%	3%	0%	19%	4%	26%	34%	86%	120%	-7	-9%	-2	-8	-12.7%	-11.9%	282	85%		

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
RG0 : Gross Result (RSUB + RInv)
RNet : Net Result (RG0 minus income tax, social contributions and profit sharing)
SE : End of Period Net Shareholder's Equity
RG0/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.

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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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Reactions

LATIN
AMERICA
AWARDS

LATIN AMERICA
REINSURANCE
DEAL OF THE
YEAR

2017



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Reactions

LATIN
AMERICA
AWARDS

2016

BRAZILIAN
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OF THE YEAR



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Principles
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3º Lugar
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