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Terra Report

Report on the Brazilian Reinsurance Market

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- From January to June of 2018, the total amount of ceded reinsurance originated by Brazilian insurers (gross of commission) stood at BRL 5.62 bn, an increase of 3.6% in comparison to the same period of 2017.
- Nearly 73% of this total (BRL 4.11 bn) was placed in Local Reinsurance, an increase of 4.7%. In addition, in the same period, Local Reinsurers accepted a reinsurance volume (gross of commission) from abroad estimated at BRL 1.38 bn, an increase of 30.3% in comparison to the same period in 2017.
- Altogether, the premium written (gross of commission) by Local Reinsurers reached BRL 4.77 bn, an increase of 9.0% in comparison to the same period of the previous year.
- During the first semester of 2018, Local Reinsurer's Gross Loss Ratio stood at 61%, stable when compared to the same period of 2017. Combined Ratio stood at 89%, an improvement in comparison to the 95% figure presented for the first semester of 2017.
- Up to June 2018, Local Reinsurer's profit reached BRL 631 mm (IRB BRL 541 mm and Other Local BRL 90 mm), 7.4% higher than the BRL 588 mm achieved in the same period of the last year.

Ratings:

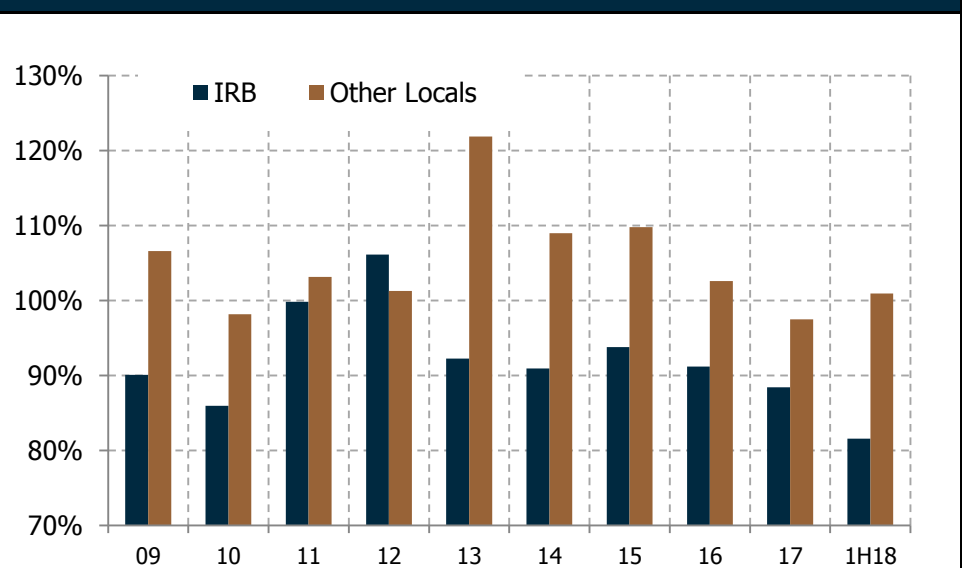
A.M. Best
B++/bbb
Global (*Investment Grade*)
Stable Outlook

Standard & Poor's
brAA+
Local
Stable Outlook

Shareholders:



Combined Ratio IRB and Other Locals



Source: SUSEP, Terra Brasis Re, Current year analysis.

Introduction

Dear Reader,

This edition analyses the Brazilian reinsurance market during the first semester of 2018. In a general way, this year is following the same trend exhibited in 2017, with stable indexes and positive results, for both insurance and reinsurance market.

The chart shown in the cover of this edition illustrates the Combined Ratio for the local reinsurance market. In general terms, this index has experienced a decrease during the first semester of 2017 to the same period of 2018 from 95% to 89%.

This index, that relates expenses and earned premium, shows the operational profitability of a company acting on the insurance or reinsurance market. The decrease in the Combined Ratio occurred for both IRB and the Other Local companies.

IRB experienced a Combined decrease from 86% to 81%. In our analysis, the main reason for this decrease was the gross Loss Ratio (total losses/earned premium), which fell from 51% to 41% between the first semester of 2017 and 2018.

For the aggregate class of Other Local companies, the Combined Ratio decreased from 106% to 101%. Despite the increase in the gross loss ratio from 75% to 90%, the retrocession result followed such increment, protecting the Other Locals' Combined Ratio during the period. It's natural that the Other Locals Combined Ratio still amounts above 100%, given the young age of these reinsurers. Over time, we expect that this index keeps decreasing and starts to operate below the 100% level.

Another highlight is the escalation of the share of offshore insurers in the Local Reinsurers Balance Sheets. In a period when a certain stability was observed in the Brazilian market, the premium from offshore insurers (gross of commission) accepted by the Local Reinsurers reached BRL 1.38 bn, an increase of 30.3% in comparison to the first semester of 2017. Considering the 12 months aggregate up to June 2018, the total premium from offshore insurers represents 24% of the total written premium from Local Reinsurers, demonstrating the continuous process of market internationalization. .

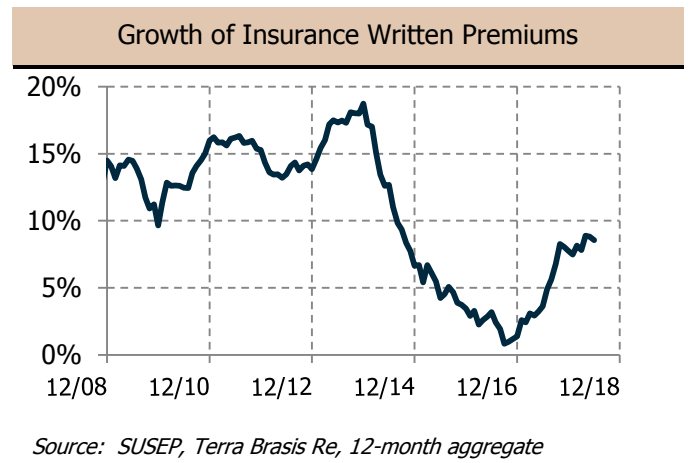
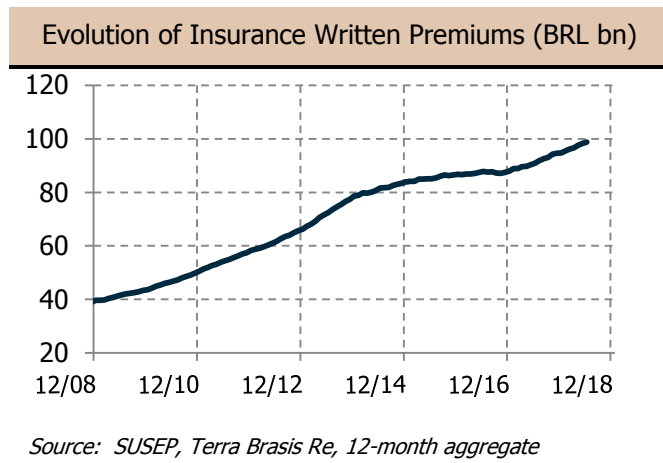
Enjoy your reading,

Team Terra Brasis Resseguros

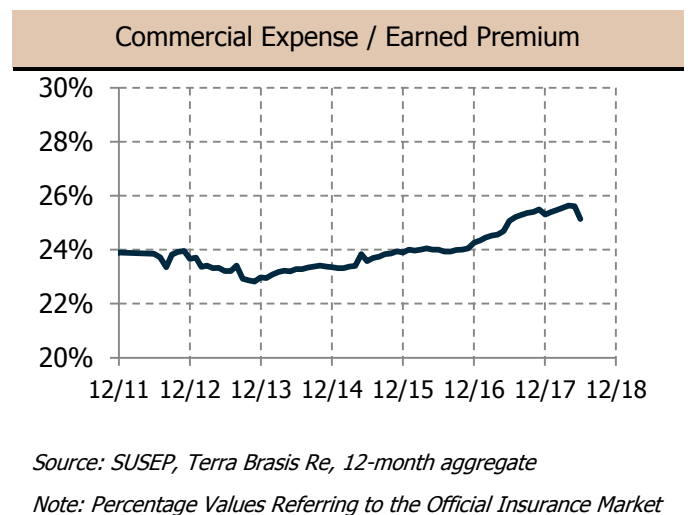
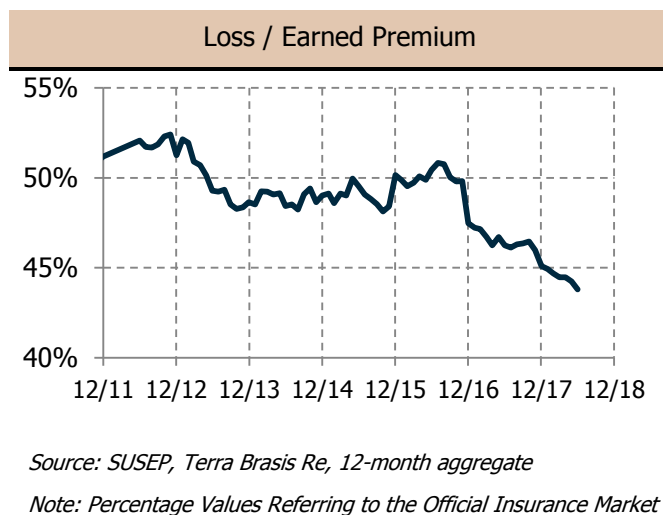
Brazilian General Insurance Market

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.

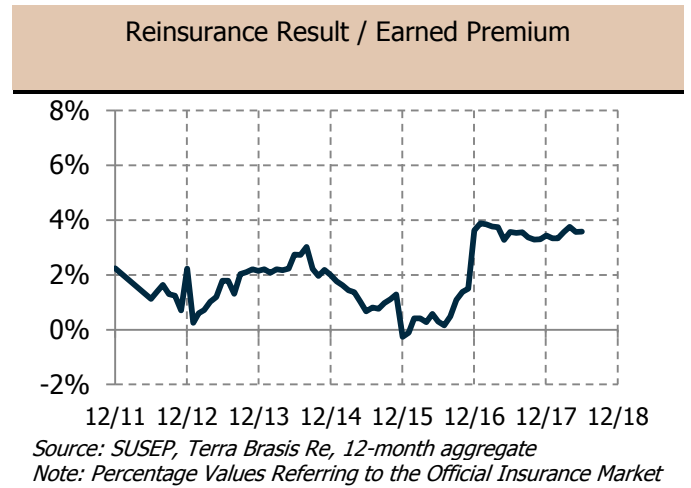
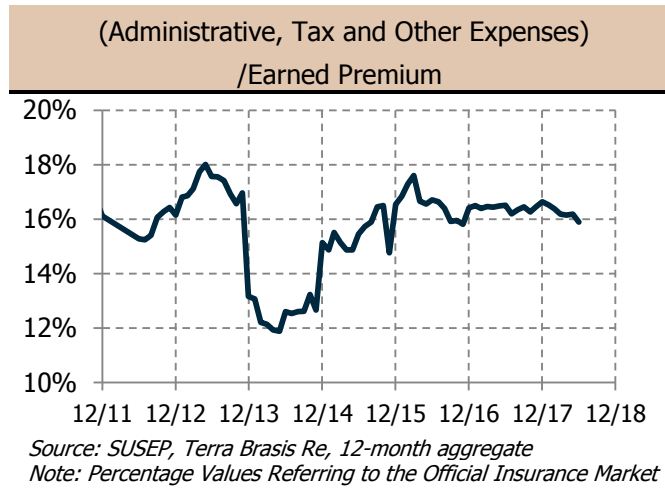
For the 12 months aggregate ending in June 2018, Brazilian Market generated BRL 99 bn in insurance premium, compared to BRL 91 bn in the same period of previous year, representing an annual growth of 8.6% versus 3.6% for the same period in 2017.



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 June of 2018, the loss ratio stood at 43.8% compared to 46.2% for the same previous period.



The **Commercial Expense Ratio**, for the 12 months aggregate ending in June 2018, stood at 25.1%, stable when compared to the 12 months aggregate ending in June 2017.

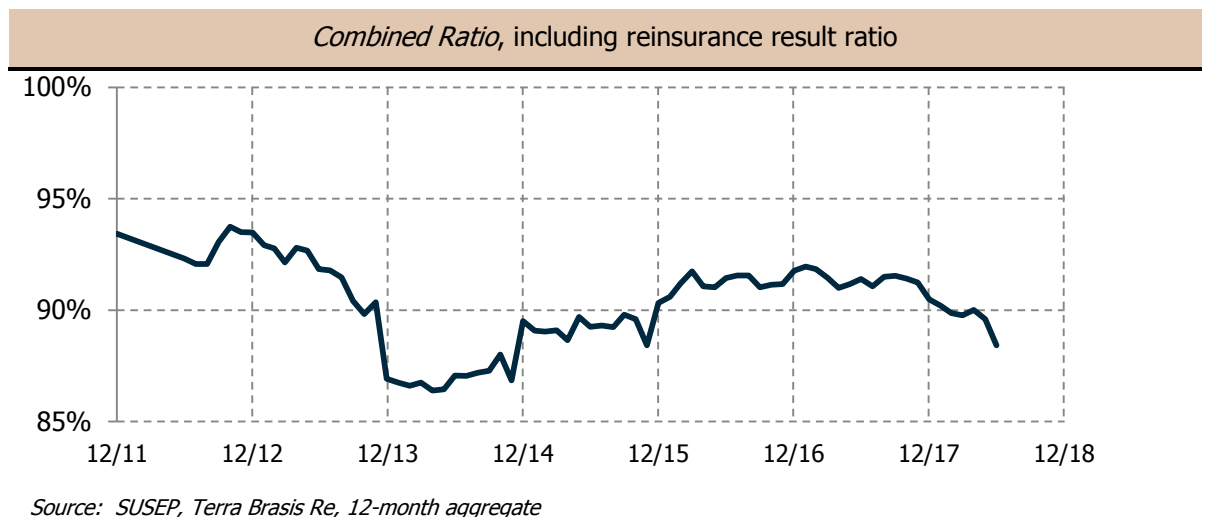


The **Administrative Expense Ratio (including taxes and other expenses)** finished the period practically stable in comparison to the previous period, finishing the 12 months aggregate by June 2018 in 15.9% in comparison to 16.5% for the period previous period of 2017.

In the same period, the **Reinsurance Result Ratio**, defined as reinsurance result divided by earned premium, has remained stable, ending the 12 months aggregate ending in June 2018 with a 3.6% ratio.

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 June 2018 in 88.4% in comparison to 91.4% 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 June 2018, **the Brazilian market reinsurance volume (gross of commission)** stood at BRL 11.25 bn, an increase of 5.31% related to the previous period.

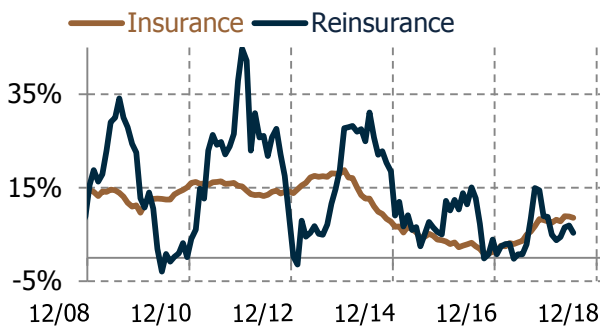
12-Month Aggregate Reinsurance Premium Ceded (Gross of Commission, BRL bn)



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 11.7% in the previous period.

Growth of Reinsurance Ceded and General Insurance Premium



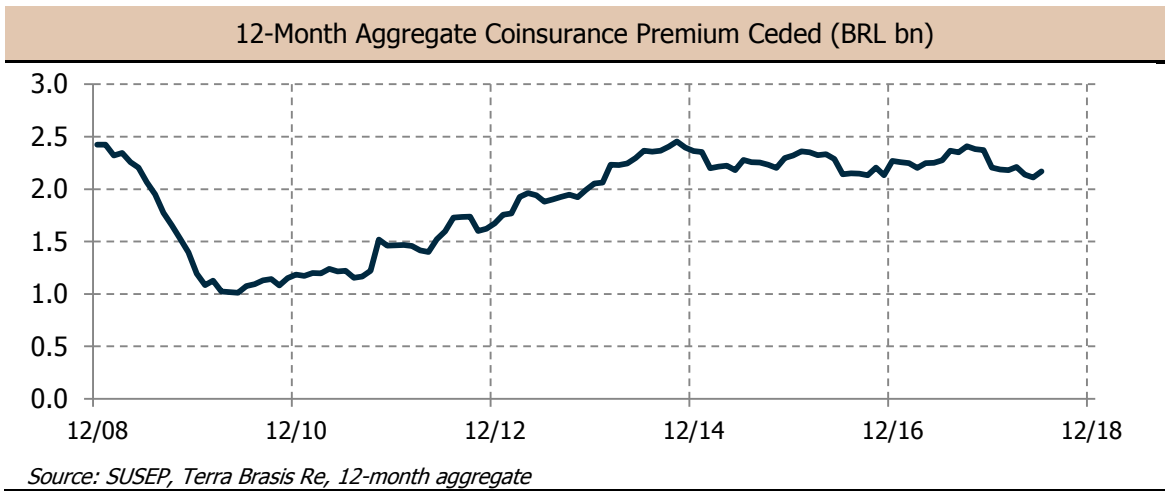
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Volume / General Insurance Premium

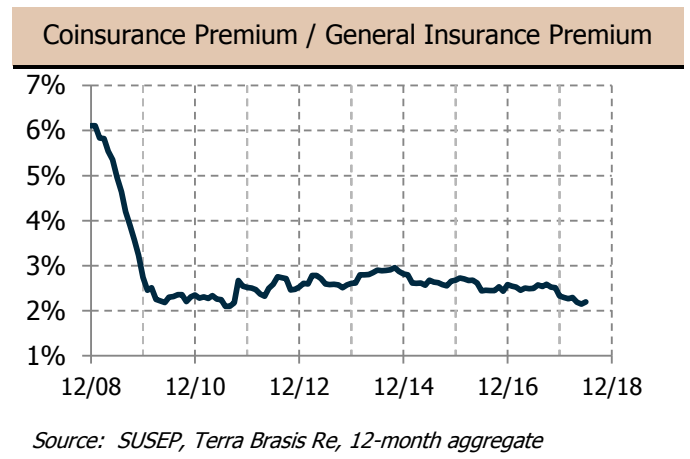
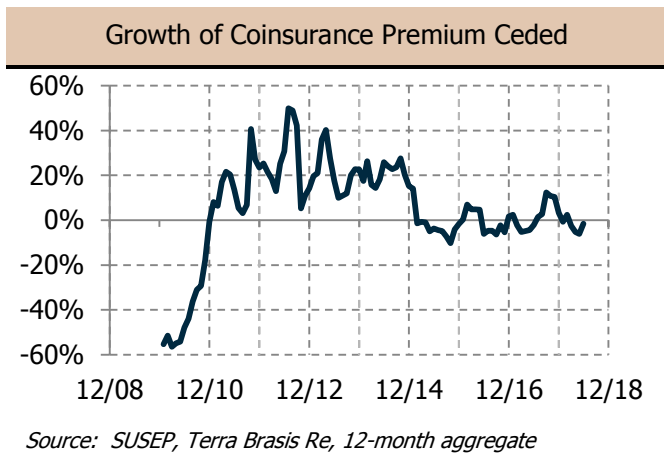


Source: SUSEP, Terra Brasis Re, 12-month aggregate

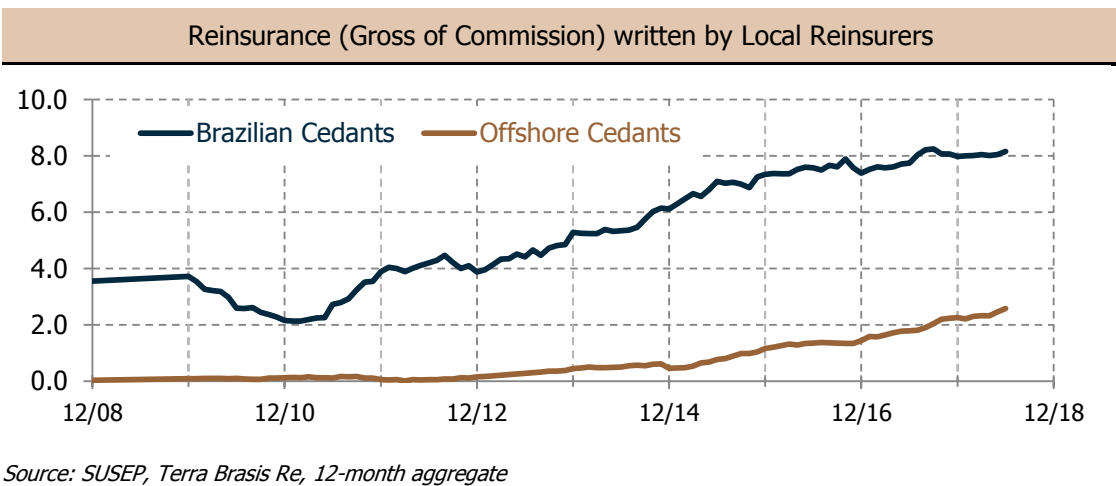
The 12 months aggregate **Coinsurance Premium Volume** ending in June 2018 stood at BRL 2.17 bn, practically stable compared to BRL 2.27 bn recorded in the previous period.



The Coinsurance Premium Volume in the 12 months aggregate ending in June 2018 represented 2.2% 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 8.2 bn, corresponding to a 5.4 % increase when compared to the BRL 7.7 bn registered in the previous period. For the same period, the volume arising from offshore cedants reached BRL 2.6 bn against BRL 1.8 bn for the same period of the previous year, an annual growth of 44.2%. This is an expressive volume, representing 24.0% of the total volume received, compared to 18.8% registered in the same period of 2017.



The local market closed the 12 months aggregate ending in June 2018 detaining 72.5% 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

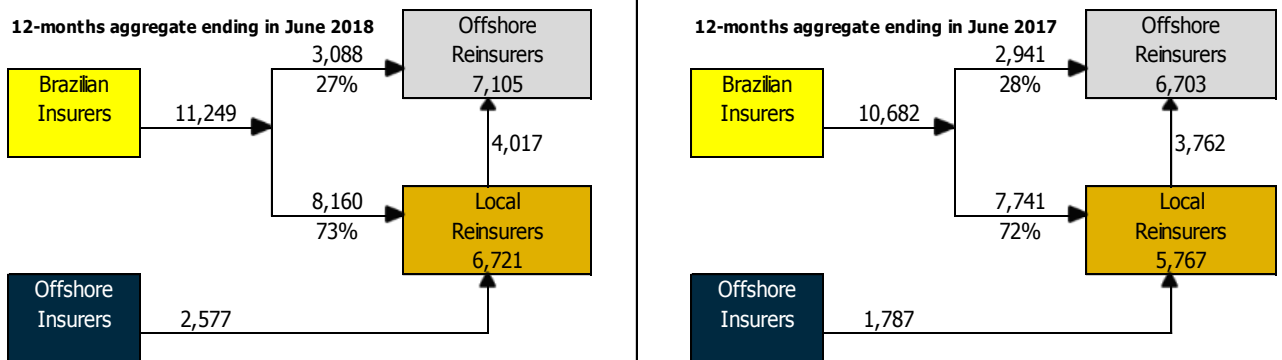
Gross Reinsurance Premium Ceded to Local Reinsurers as Percentage of Total Reinsurance Premium Ceded



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

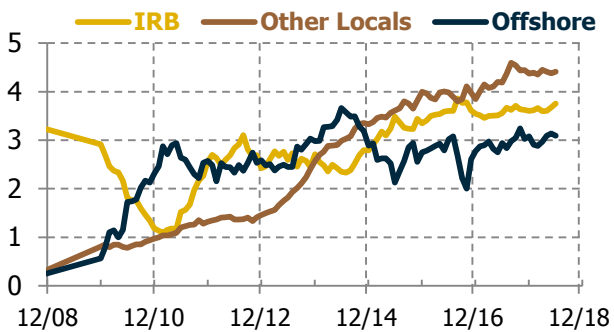
The following flowcharts show the volume of reinsurance premiums and retrocession, gross of commission, in the Brazilian market for the 12 month period ending in June 2018 and the preceding 12 month period. We notice a significant increase in the retained premium by Local Reinsurers. For the 12 month period ending in June 2018, Local Reinsurers retained BRL 6.72 bn, a growth of 16.5% compared to the BRL 5.77 bn of the preceding period.

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



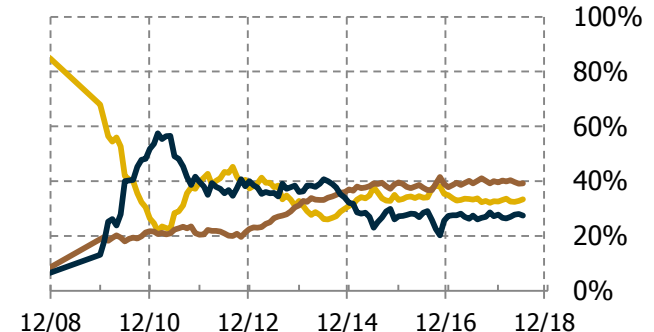
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures

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 six months of this year, we estimate that the Local Reinsurers accepted from offshore insurers a premium 30% higher than the same period of the previous year, while the insurance accepted from Brazilian Insurers increased 5%.

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

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

	2018/06	2017/06	18/17	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
to IRB	2,010	1,859	8%	3,602	3,546	3,348	2,788	2,707	2,419	2,562	1,181	2,915	3,219
to other Local Reinsurers	2,104	2,069	2%	4,373	3,845	3,999	3,328	2,572	1,459	1,319	967	806	329
Total Local Market	4,114	3,928	5%	7,974	7,391	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548
to Offshore Reinsurers	1,508	1,501	0%	3,081	2,777	2,751	2,888	2,980	2,588	2,569	2,310	565	254
Total	5,622	5,429	4%	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):

	2018/06	2017/06	18/17	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
from Brazilian Insurers	4,114	3,928	5%	7,974	7,391	7,347	6,116	5,279	3,878	3,882	2,148	3,721	3,548
from Offshore Insurers	1,377	1,057	30%	2,257	1,437	1,161	451	443	149	50	119	84	31
Gross Reinsurance Premium	5,491	4,984	10%	10,231	8,828	8,508	6,566	5,722	4,027	3,932	2,267	3,805	3,578
Retrocession	2,139	2,077	3%	3,955	3,483	3,480	2,804	2,516	1,813	2,156	916	1,845	1,937
Net Retained Premium	3,352	2,907	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 semester of 2018 with a market share of 36%, while other Local Reinsurers ended the period with 37% share and offshore reinsurers 27%.

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

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

	2018/06	2017/06	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
IRB	36%	34%	33%	35%	33%	31%	33%	37%	40%	26%	68%	85%
Other Local Reinsurers	37%	38%	40%	38%	40%	37%	31%	23%	20%	22%	19%	9%
Offshore Reinsurers	27%	28%	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)

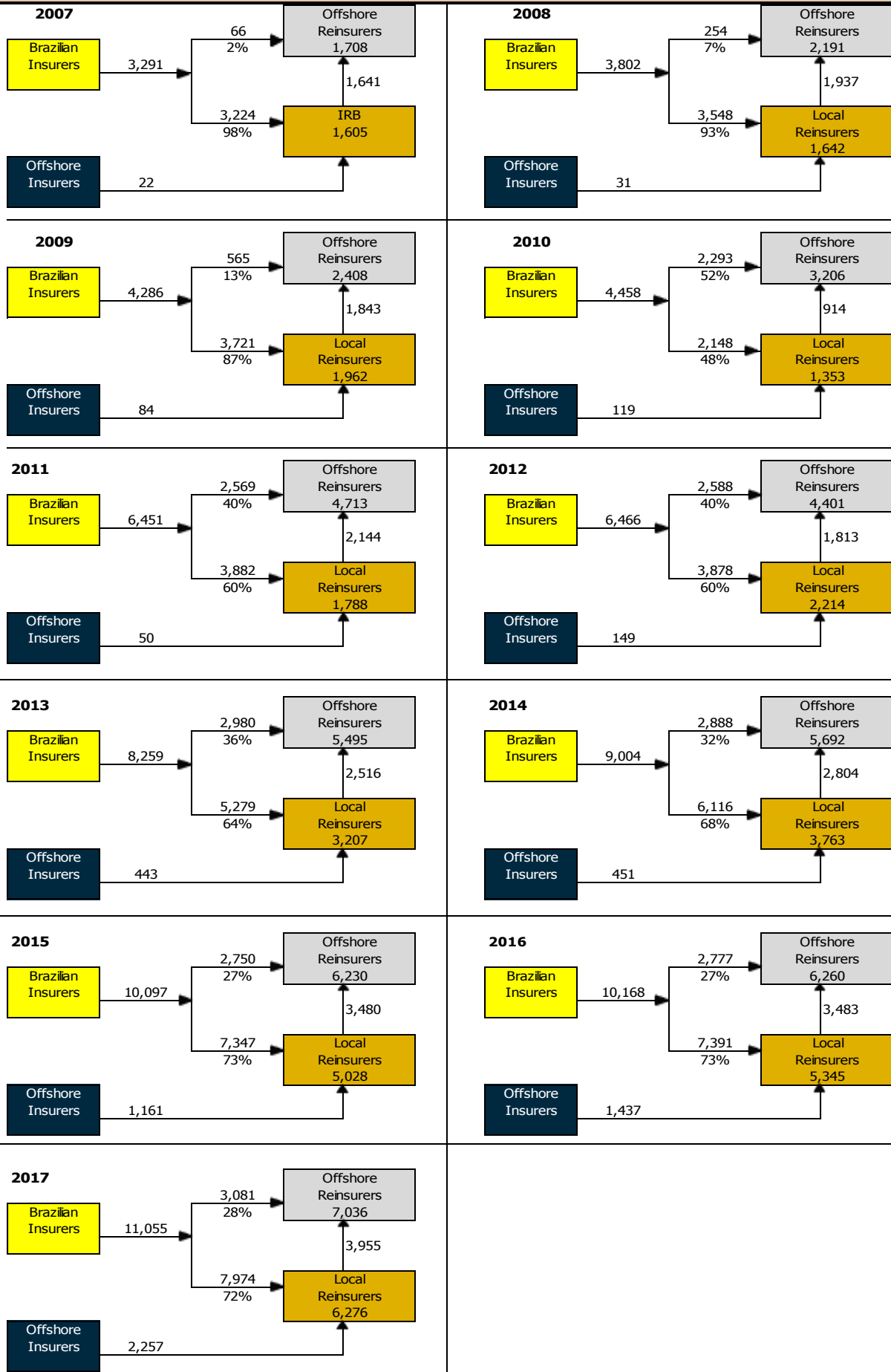
	2018/06	2017/06	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
IRB	49%	47%	45%	48%	46%	46%	51%	62%	66%	55%	78%	91%
Other Local Reinsurers	51%	53%	55%	52%	54%	54%	49%	38%	34%	45%	22%	9%
Total placed in the local market	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: SUSEP, Terra Brasis Re

Analyzing only the Local Reinsurance Market, IRB detained 49% of market share, while the Other Local Reinsurers shared the remaining 51%.

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

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



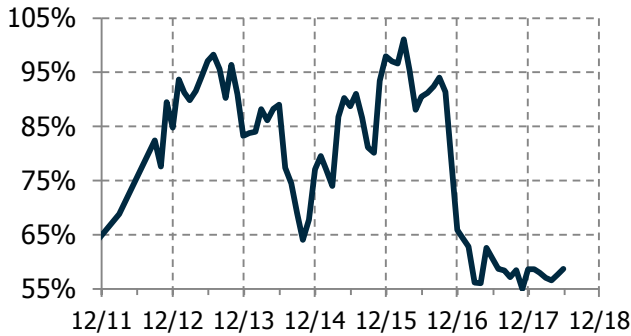
Source: SUSEP, Terra Brasis Re, BRL millions, reinsurance gross of commission figures.

Local Reinsurers' Results

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

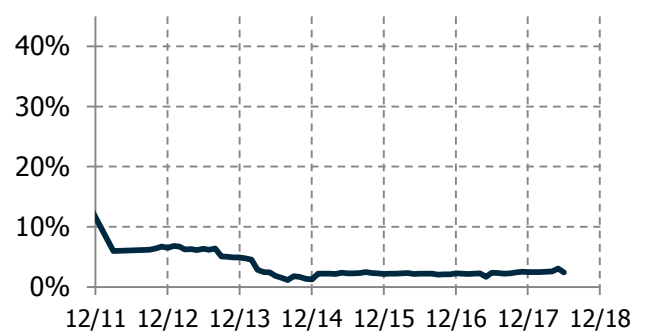
In the 12 months aggregate ending in June 2018, the **Loss Ratio** experienced by the Local Reinsurance Market reached 59%, stable in comparison to 61% registered in the same period of 2017. It is worth emphasizing that this is the Gross Loss Ratio, calculated from the gross occurred losses divided by 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

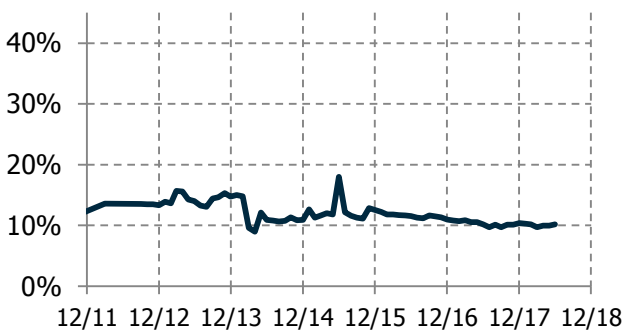
Commercial Expenses/ Earned Premium



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

The **Commercial Expense Ratio** had a small increase, closing the period in 2.4% compared to 2.3% registered in the same period of the previous year. In the same period, the **Administrative Expense Ratio (including taxes and other expenses)** stood at 10.2%, stable when comparison to the previous period.

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



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

Retrocession Result / Earned Premium



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

The **Retrocession Result Ratio**, for the 12 months aggregate ending in June 2018, reached 18.2% against 21.4% 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.

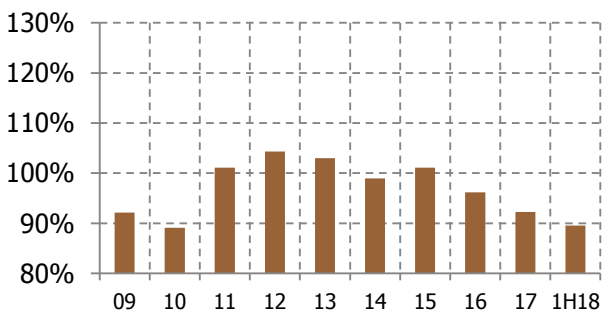
In the 12 months aggregate ending in June 2018, **Combined Ratio (including retrocession result index)** reached 89.5% versus 94.5% showed in the same period of 2017.

Combined Ratio, with Retrocession Result Ratio



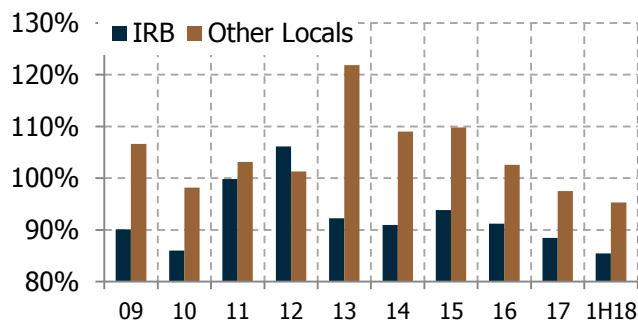
Source: SUSEP, Terra Brasis Re, 12-month aggregate

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 semester of 2018 and 2017.

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

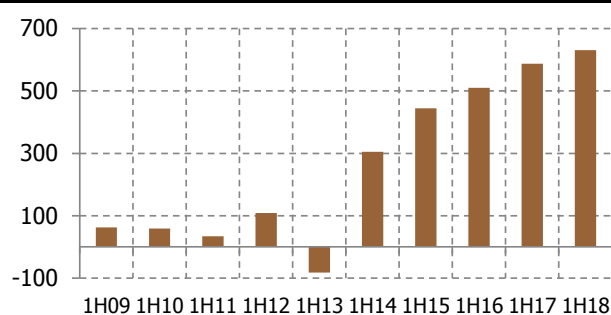
	Consolidated Local Reinsurers		IRB		Other Local Reinsurers	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Total Assets	30,726	27,760	15,076	13,871	15,650	13,890
Cash and Cash Equivalents	11,861	11,768	5,397	5,454	6,463	6,314
S.E. at beginning of period	7,354	6,972	3,581	3,328	3,773	3,644
S.E. end of period	7,349	6,962	3,521	3,272	3,828	3,690
Gross Written Premium	5,491	4,984	3,170	2,734	2,321	2,250
Written Premium	4,767	4,373	2,928	2,547	1,839	1,826
Earned Premium	4,334	3,842	2,581	2,195	1,753	1,647
Loss Ratio	61%	61%	41%	51%	90%	75%
Commercial Expenses/ Earned Premium	2%	3%	3%	3%	2%	2%
Administrative + Other/ Earned Premium	7%	8%	5%	8%	9%	9%
Tax/ Earned Premium	3%	2%	3%	1%	3%	3%
Retrocession Result/Earned Premium	16%	22%	30%	25%	-4%	17%
Combined Ratio	89%	95%	82%	87%	101%	106%
Reinsurance Operational Result	459	181	475	279	-17	-98
Financial Result and Equity Pick-up	415	730	207	377	207	353
Income Tax and Contributions	-242	-323	-141	-201	-101	-121
Net Profit for the Period	631	588	541	454	90	133
<i>ROE (annualized)</i>	<i>17.2%</i>	<i>16.9%</i>	<i>30.2%</i>	<i>27.3%</i>	<i>4.8%</i>	<i>7.3%</i>

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

In the first semester of 2018, Local Reinsurers produced a net profit of BRL 631 mm, in contrast to a net profit of BRL 588 mm registered in 2017. In this period, IRB reported a BRL 541 mm result, while the other local reinsurance reported a result of BRL 90 mm.

Net Profits - 6M2018 (BRL mm)

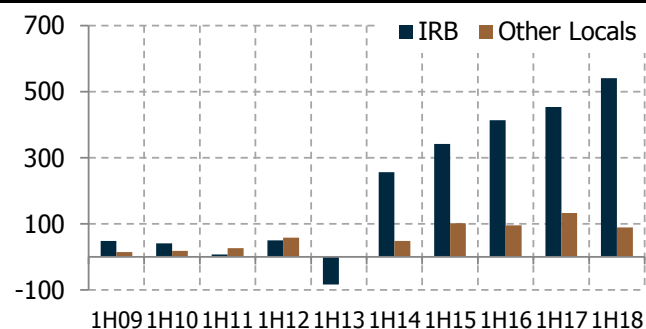
Total Local Reinsurers



Source: SUSEP, Terra Brasis Re

Net Profits - 6M2018 (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 first semester of the year.

Excluding IRB and the class of 2014, all the other classes showed an increase in **Loss Ratio**. Except the classes of 2008 and 2010, all the others 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 June 2018 and 2017

	IRB		Class of 2008		Class of 2010		Class of 2012		Class of 2014	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Total Assets	15,076	13,871	5,070	4,861	2,609	2,145	6,592	5,769	1,379	1,114
Cash and Cash Equivalents	5,397	5,454	2,584	2,623	843	796	2,673	2,563	364	332
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	3,521	3,272	1,547	1,560	522	467	1,342	1,283	416	379
Gross Written Premium	3,170	2,734	741	590	320	385	888	986	372	289
Written Premium	2,928	2,547	549	462	251	316	729	802	311	247
Earned Premium	2,581	2,195	506	402	253	386	755	662	239	195
Loss Ratio	41%	51%	85%	65%	116%	87%	84%	63%	93%	110%
Commercial Expenses/ Earned Premium	3%	3%	2%	2%	3%	2%	3%	2%	1%	1%
Administrative + Other/ Earned Premium	5%	8%	7%	9%	15%	5%	7%	11%	15%	13%
Tax/ Earned Premium	3%	1%	3%	3%	3%	2%	4%	4%	3%	3%
Retrocession Result/Earned Premium	30%	25%	7%	20%	-24%	13%	2%	30%	-21%	-20%
Combined Ratio	82%	87%	104%	98%	112%	109%	98%	109%	91%	106%
Reinsurance Operational Result	475	279	-20	7	-30	-33	12	-60	21	-12
Financial Result and Equity Pick-up	207	377	84	149	42	47	123	152	-41	6
Income Tax and Contributions	-141	-201	-30	-72	-4	-4	-56	-44	-10	-2
Net Profit for the Period	541	454	34	84	7	10	79	48	-29	-9
<i>ROE (annualized)</i>	30.2%	27.3%	4.4%	11.1%	2.7%	4.1%	11.9%	7.4%	-14.1%	-4.9%

Source: SUSEP, Terra Brasis Re

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

Main Index for Local Reinsurers classified by Class							
Company	Authorization Date	Written Premium		Change		Market Share	
		2018/06	2017/06	BRL mm	(%)	2018/06	2017/06
IRB	03/abr/39	2,928	2,547	381	15%	61.4%	58.2%
	IRB	2,928	2,547	381	15%	61.4%	58.2%
JM	23/mai/08	123	105	18	17%	2.6%	2.4%
Munich	23/mai/08	314	238	76	32%	6.6%	5.4%
Mapfre	14/nov/08	88	95	-7	-7%	1.9%	2.2%
XL	05/dez/08	24	24		2%	0.5%	0.5%
	Classe de 2008	549	462	88	19%	11.5%	10.6%
Chubb	25/nov/09	42	28	14	49%	0.9%	0.6%
Austral	31/jan/11	169	261	-92	-35%	3.5%	6.0%
AIG	04/abr/11	40	27	13	50%	0.8%	0.6%
	Classe de 2010	251	316	-65	-21%	5.3%	7.2%
Zurich	05/jan/12	210	300	-90	-30%	4.4%	6.9%
Markel	17/jan/12	34	20	14	72%	0.7%	0.5%
Swiss	14/jun/12	180	141	39	28%	3.8%	3.2%
Terra Brasis	04/out/12	60	57	3	5%	1.3%	1.3%
Allianz	20/dez/12	149	113	36	32%	3.1%	2.6%
BTG	26/fev/13	95	170	-76	-44%	2.0%	3.9%
	Classe de 2012	729	802	-73	-9%	15.3%	18.3%
Scor	06/ago/14	173	133	40	30%	3.6%	3.0%
AXA	25/ago/14	137	114	23	20%	2.9%	2.6%
	Classe de 2014	311	247	63	26%	6.5%	5.7%
	Total	4,767	4,373	394	9%	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 2010 and 2012 stepped down, while all remaining classes increased.

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

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

Total Local Market, IRB and Other Locals

	Total Local Market		IRB		Other Locals	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Assets	30,726	27,760	15,076	13,871	15,650	13,890
Cash and Cash Equivalents	11,861	11,768	5,397	5,454	6,463	6,314
S.E. at beginning of period	7,354	6,972	3,581	3,328	3,773	3,644
S.E. end of period	7,349	6,962	3,521	3,272	3,828	3,690
Gross Reinsurance	5,491	4,984	3,170	2,734	2,321	2,250
Gross Reinsurance Premium	4,183	3,992	2,007	1,854	2,176	2,138
Commission	-724	-611	-242	-188	-482	-424
Non-Issued Risks in force	54	39	44	36	10	3
International Operations	604	434	527	389	77	45
Written Retrocession	651	519	592	454	59	64
Written Premium	4,767	4,373	2,928	2,547	1,839	1,826
Change in Reserves	-433	-531	-346	-352	-86	-180
Earned Premium	4,334	3,842	2,581	2,195	1,753	1,647
Losses Incurred	-2,633	-2,339	-1,056	-1,112	-1,576	-1,227
Commercial Expenses	-105	-98	-66	-67	-39	-32
Other Operational Expenses	-39	-44	-15	-32	-24	-12
Administrative Expenses	-255	-273	-118	-135	-138	-138
Tax Expenses	-128	-72	-70	-21	-58	-51
Industrial Result Pre Retro	1,174	1,016	1,256	829	-83	187
Retrocession Result	-715	-835	-781	-550	66	-285
Industrial Result	459	181	475	279	-17	-98
Financial Result	369	712	117	351	252	361
Equity Pickup	45	18	90	26	-45	-8
Operating Result	873	910	683	655	191	255
Non-recurring Gains	0	0	0	0	0	0
EBT	873	910	683	655	191	255
Income Tax	-97	-161	-45	-99	-52	-63
Social Tax	-138	-152	-96	-102	-42	-50
Profit Sharing	-7	-9	0	-1	-7	-8
Net Income	631	588	541	454	90	133
Loss Ratio	61%	61%	41%	51%	90%	75%
Comm. Exp/Earned Premium	2%	3%	3%	3%	2%	2%
Adm. Exp / Earned Premium	6%	7%	5%	6%	8%	8%
Tax Exp / Earned Premium	3%	2%	3%	1%	3%	3%
Other Exp / Earned Premium	1%	1%	1%	1%	1%	1%
Expense Ratio	12%	13%	10%	12%	15%	14%
Combined Ratio Pre Retro	73%	74%	51%	62%	105%	89%
Retro Result/Earned Premium	16%	22%	30%	25%	-4%	17%
Combined Ratio	89%	95%	82%	87%	101%	106%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-10%	-19%	-8%	-17%	-12%	-21%
(Income tax+Social tax+Profit share)	6%	8%	5%	9%	6%	7%
R.O.E.⁽¹⁾	17.2%	16.9%	30.2%	27.3%	4.8%	7.3%
Annualised Earned Premium/SE	118%	110%	147%	134%	92%	89%

Source: SUSEP, Terra Brasis Re

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

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

JM, Munich, Mapfre and XL

	JM		Munich		Mapfre		XL	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Authorization Date	May 23, 2008		May 23, 2008		Nov 14, 2008		Dec 05, 2008	
Assets	1,443	1,393	2,262	2,147	857	843	509	478
Cash and Cash Equivalents	669	733	1,114	1,079	398	402	404	410
S.E. at beginning of period	604	655	447	372	176	172	289	313
S.E. end of period	622	680	448	402	185	187	292	291
Gross Reinsurance	198	162	406	288	102	111	35	29
Gross Reinsurance Premium	197	157	380	259	100	110	35	27
Commission	-75	-57	-92	-50	-13	-16	-11	-6
Non-Issued Risks in force	1	5	5	13	0	0	-1	2
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	21	16	2	2	0	0
Written Premium	123	105	314	238	88	95	24	24
Change in Reserves	-48	-32	-9	-29	10	3	4	-1
Earned Premium	75	73	305	209	98	98	28	23
Losses Incurred	36	-17	-341	-155	-101	-72	-23	-17
Commercial Expenses	0	0	-6	-4	-2	-1	-1	-1
Other Operational Expenses	-1	0	-4	-3	-4	-2	0	0
Administrative Expenses	-4	-5	-18	-18	-4	-5	-3	-2
Tax Expenses	-3	-3	-9	-5	-4	-4	-1	-1
Industrial Result Pre Retro	104	49	-72	23	-18	14	0	1
Retrocession Result	-91	-43	44	-31	19	-6	-5	0
Industrial Result	13	5	-29	-8	0	8	-4	1
Financial Result	24	38	34	64	16	20	11	26
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	37	44	5	56	16	29	6	27
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	37	44	5	56	16	29	6	27
Income Tax	-9	-11	-1	-14	-4	-7	-2	-7
Social Tax	-7	-9	-1	-11	-3	-6	-1	-5
Profit Sharing	0	0	-2	-2	0	0	0	0
Net Income	20	24	2	30	9	16	3	15
Loss Ratio	-48%	23%	112%	74%	103%	74%	84%	77%
Comm. Exp/Earned Premium	0%	0%	2%	2%	2%	1%	2%	3%
Adm. Exp / Earned Premium	6%	6%	6%	9%	4%	5%	9%	8%
Tax Exp / Earned Premium	4%	4%	3%	3%	5%	4%	4%	6%
Other Exp / Earned Premium	1%	0%	1%	2%	4%	2%	0%	0%
Expense Ratio	10%	11%	12%	15%	15%	12%	15%	17%
Combined Ratio Pre Retro	-38%	34%	124%	89%	119%	86%	99%	94%
Retro Result/Earned Premium	121%	59%	-14%	15%	-19%	6%	17%	-1%
Combined Ratio	83%	93%	109%	104%	100%	92%	116%	93%
(Non-Rec.+ Fin.+ Equity) /E.P.	-32%	-52%	-11%	-31%	-16%	-21%	-38%	-114%
(Inc. tax+Social tax+Profit share)	22%	27%	1%	13%	8%	13%	10%	54%
R.O.E.⁽¹⁾	6.6%	7.2%	0.7%	16.1%	9.8%	18.2%	2.4%	9.6%
Annualised Earned Premium/SE	24%	22%	136%	104%	106%	105%	19%	16%

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 June 2018 and 2017 (BRL mm)
Chubb, Austral, AIG and Zurich

	Chubb		Austral		AIG		Zurich	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Authorization Date	Nov 25, 2009		Jan 31, 2011		Apr 04, 2011		Jan 05, 2012	
Assets	730	567	1,053	929	826	649	1,656	1,477
Cash and Cash Equivalents	264	242	420	387	159	166	648	613
S.E. at beginning of period	137	117	282	283	100	95	256	239
S.E. end of period	134	106	292	259	96	102	263	252
Gross Reinsurance	58	39	210	307	52	40	254	373
Gross Reinsurance Premium	59	41	166	291	43	41	248	363
Commission	-16	-11	-41	-46	-12	-13	-44	-72
Non-Issued Risks in force	-1	-2	23	-3	9	-1	-5	3
International Operations	0	0	0	0	0	0	0	0
Written Retrocession	0	0	20	19	1	0	11	7
Written Premium	42	28	169	261	40	27	210	300
Change in Reserves	5	24	0	13	-2	34	44	-43
Earned Premium	47	53	169	274	38	60	254	257
Losses Incurred	-32	-49	-115	-279	-147	-7	-216	-176
Commercial Expenses	-2	-4	-5	-5	0	0	-1	0
Other Operational Expenses	1	6	-20	-8	0	0	0	0
Administrative Expenses	-6	-9	-9	-7	-3	-2	-4	-4
Tax Expenses	-3	-2	-3	-2	-1	-3	-10	-8
Industrial Result Pre Retro	6	-4	17	-27	-114	48	23	69
Retrocession Result	-20	-23	-19	20	100	-46	-22	-80
Industrial Result	-14	-28	-2	-7	-14	2	1	-11
Financial Result	12	18	23	19	7	10	29	37
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	-3	-10	21	12	-7	12	30	26
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	-3	-10	21	12	-7	12	30	26
Income Tax	1	2	-3	-1	2	-3	-7	-7
Social Tax	1	2	-4	0	1	-2	-6	-5
Profit Sharing	0	0	-1	-1	0	0	0	0
Net Income	-2	-6	13	9	-4	7	17	14
Loss Ratio	67%	93%	68%	102%	388%	12%	85%	68%
Comm. Exp/Earned Premium	4%	7%	3%	2%	0%	0%	0%	0%
Adm. Exp / Earned Premium	14%	17%	5%	3%	9%	4%	2%	2%
Tax Exp / Earned Premium	6%	3%	2%	1%	4%	6%	4%	3%
Other Exp / Earned Premium	-3%	-12%	12%	3%	0%	0%	0%	0%
Expense Ratio	21%	15%	22%	8%	12%	9%	6%	5%
Combined Ratio Pre Retro	88%	108%	90%	110%	400%	21%	91%	73%
Retro Result/Earned Premium	42%	45%	11%	-7%	-264%	76%	9%	31%
Combined Ratio	130%	153%	101%	103%	137%	96%	100%	104%
(Non-Rec. + Fin. + Equity) / Earned Prem	-25%	-34%	-14%	-7%	-17%	-16%	-11%	-14%
(Income tax+Social tax+Profit share)	-3%	-9%	5%	1%	-8%	9%	5%	5%
R.O.E.⁽¹⁾	-2.2%	-9.4%	9.1%	6.4%	-8.8%	13.7%	12.9%	11.5%
Annualised Earned Premium/SE	70%	99%	115%	211%	79%	118%	193%	205%

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 June 2018 and 2017 (BRL mm)

Markel, Swiss, Terra Brasis and Allianz

	Markel		Swiss		Terra Brasis		Allianz	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Authorization Date	Jan 17, 2012		Jun 14, 2012		Oct 04, 2012		Dec 20, 2012	
Assets	249	192	1,255	1,132	374	324	1,690	1,410
Cash and Cash Equivalents	159	136	592	574	153	156	637	631
S.E. at beginning of period	82	80	253	217	104	102	239	224
S.E. end of period	83	76	269	234	104	113	240	233
Gross Reinsurance	44	25	230	166	77	71	165	137
Gross Reinsurance Premium	44	22	234	154	55	58	197	162
Commission	-10	-6	-50	-25	-17	-14	-17	-24
Non-Issued Risks in force	0	0	3	-2	0	1	-34	-27
International Operations	0	0	0	0	18	10	0	0
Written Retrocession	1	4	-7	15	3	1	3	1
Written Premium	34	20	180	141	60	57	149	113
Change in Reserves	-5	-2	-8	-29	-2	-6	7	35
Earned Premium	29	18	172	112	58	51	156	148
Losses Incurred	-27	-16	-135	-87	-35	-21	-220	-109
Commercial Expenses	-1	-1	-5	-4	-2	-1	-6	-4
Other Operational Expenses	0	-1	1	-2	-1	-1	-1	-2
Administrative Expenses	-4	-9	-12	-15	-8	-8	-23	-22
Tax Expenses	-1	-1	-5	-5	-1	-1	-6	-6
Industrial Result Pre Retro	-4	-9	16	-1	11	19	-100	6
Retrocession Result	2	-2	-11	-7	-12	-27	81	-33
Industrial Result	-2	-11	5	-8	-1	-8	-19	-28
Financial Result	6	7	24	31	4	9	39	39
Equity Pickup	0	0	0	0	0	0	0	0
Operating Result	3	-4	29	24	3	1	20	11
Non-recurring Gains	0	0	0	0	0	0	0	0
EBT	3	-4	29	24	3	1	20	11
Income Tax	0	-1	-3	-4	0	0	-6	-3
Social Tax	-1	-1	-3	-3	-1	0	-4	-3
Profit Sharing	0	0	-2	-3	0	0	0	0
Net Income	3	-5	21	14	2	2	10	5
Loss Ratio	93%	88%	79%	78%	59%	41%	74%	74%
Comm. Exp/Earned Premium	2%	3%	3%	4%	4%	3%	2%	2%
Adm. Exp / Earned Premium	14%	48%	7%	13%	13%	16%	15%	15%
Tax Exp / Earned Premium	4%	7%	3%	4%	2%	2%	4%	4%
Other Exp / Earned Premium	1%	3%	0%	2%	2%	1%	1%	1%
Expense Ratio	21%	61%	12%	23%	21%	22%	23%	23%
Combined Ratio Pre Retro	115%	149%	91%	101%	81%	63%	96%	96%
Retro Result/Earned Premium	-6%	12%	6%	6%	21%	52%	23%	23%
Combined Ratio	108%	161%	97%	107%	101%	116%	119%	119%
(Non-Rec. + Fin. + Equity) / Earned Prem	-20%	-38%	-14%	-28%	-7%	-18%	-26%	-26%
(Income tax+Social tax+Profit share)	3%	7%	5%	9%	2%	-2%	92%	4%
R.O.E.⁽¹⁾	6.1%	-12.9%	16.5%	12.9%	4.0%	3.7%	8.1%	4.4%
Annualised Earned Premium/SE	71%	47%	128%	96%	112%	91%	130%	127%

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 June 2018 and 2017 (BRL mm)

BTG, Scor and AXA

	BTG		Scor		AXA	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Authorization Date	Feb 26, 2013		Aug 06, 2014		Aug 25, 2014	
Assets	1,367	1,233	526	432	853	682
Cash and Cash Equivalents	484	452	212	194	151	138
S.E. at beginning of period	386	418	103	97	314	259
S.E. end of period	385	375	105	100	311	279
Gross Reinsurance	117	214	224	171	148	118
Gross Reinsurance Premium	123	206	190	140	106	108
Commission	-23	-44	-51	-38	-11	-4
Non-Issued Risks in force	-6	8	0	0	15	6
International Operations	0	0	32	31	26	4
Written Retrocession	0	0	2	0	1	0
Written Premium	95	170	173	133	137	114
Change in Reserves	-10	-94	-29	-13	-43	-39
Earned Premium	85	76	144	120	94	75
Losses Incurred	1	-8	-95	-97	-126	-117
Commercial Expenses	-6	-4	-1	0	-3	-2
Other Operational Expenses	10	0	0	0	-4	0
Administrative Expenses	-8	-8	-10	-10	-22	-15
Tax Expenses	-4	-4	-4	-3	-3	-2
Industrial Result Pre Retro	79	52	35	10	-64	-62
Retrocession Result	-50	-47	-30	-13	80	53
Industrial Result	28	5	5	-3	16	-9
Financial Result	21	28	1	8	4	6
Equity Pickup	0	0	0	0	-45	-8
Operating Result	49	33	5	5	-25	-11
Non-recurring Gains	0	0	0	0	0	0
EBT	49	33	5	5	-25	-11
Income Tax	-12	-8	-1	-1	-5	1
Social Tax	-10	-7	-1	-1	-3	0
Profit Sharing	0	0	0	0	0	-1
Net Income	27	18	4	3	-33	-11
Loss Ratio	-2%	10%	66%	81%	134%	156%
Comm. Exp/Earned Premium	6%	6%	0%	0%	3%	3%
Adm. Exp / Earned Premium	10%	11%	7%	8%	23%	20%
Tax Exp / Earned Premium	4%	5%	2%	2%	3%	3%
Other Exp / Earned Premium	-11%	0%	0%	0%	4%	0%
Expense Ratio	9%	22%	10%	11%	34%	26%
Combined Ratio Pre Retro	8%	32%	76%	92%	168%	182%
Retro Result/Earned Premium	59%	61%	21%	11%	-85%	-70%
Combined Ratio	67%	94%	97%	103%	83%	112%
(Non-Rec.+ Fin.+ Equity) /Earned Prem	-24%	-37%	0%	-7%	44%	3%
(Income tax+Social tax+Profit share)	26%	20%	1%	2%	9%	1%
R.O.E.⁽¹⁾	14.0%	8.7%	6.8%	5.6%	-21.0%	-8.8%
Annualised Earned Premium/SE	44%	41%	274%	240%	61%	54%

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.

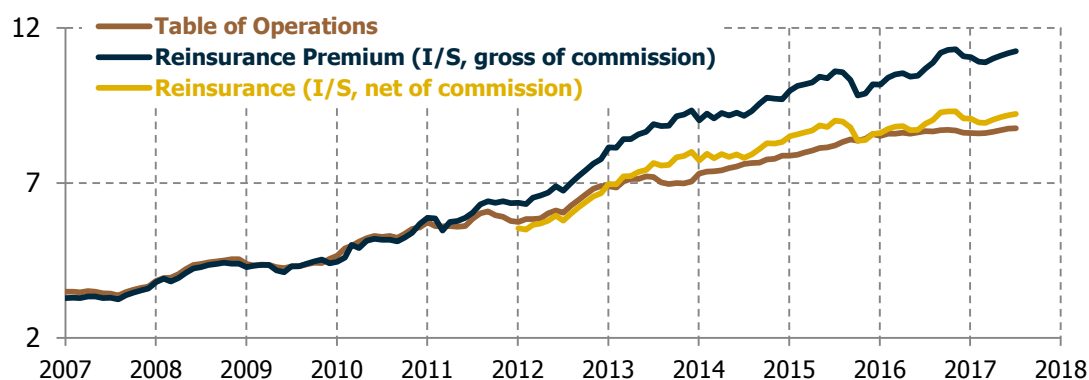
General Insurance and Reinsurance Premiums for January to June 2018 and 2017 (BRL mm)

	General Insurance Premium			Reinsurance Premium (TO)			Local Reinsurance Premium		
	2018/06	2017/06	Chg	2018/06	2017/06	Chg	2018/06	2017/06	Chg
Property	7,089	6,682	6%	1,532	1,519	1%	1,168	1,198	-2%
Special Risks	-78	135	-158%	90	242	-63%	4	83	-95%
Liability	791	842	-6%	255	260	-2%	178	172	4%
Hull		-1	-159%	1	1				
Auto	17,387	16,132	8%	209	181	16%	198	219	-9%
Transportation	1,606	1,413	14%	318	266	20%	247	180	37%
Surety	1,927	1,819	6%	520	439	18%	535	508	5%
Credit	-4	-4	-13%						
Group Life	13,917	12,637	10%	307	305	1%	228	339	-33%
House Financing	1,992	1,851	8%	34	41	-19%	28	22	25%
Rural	2,119	1,979	7%	679	667	2%	435	462	-6%
Others							1,192	942	26%
Individual Life	1,885	1,536	23%	29	27	5%	48	86	-44%
Marine	201	194	4%	97	109	-11%	83	61	36%
Aviation	168	176	-4%	129	149	-14%	74	61	21%
Microinsurance	197	158	25%			-3681%			
Petroil	315			156			269		
Nuclear				6					
Health							27		
Life Pension	5								
	49,517	45,549	9%	4,361	4,206	4%	4,714	4,333	9%

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.

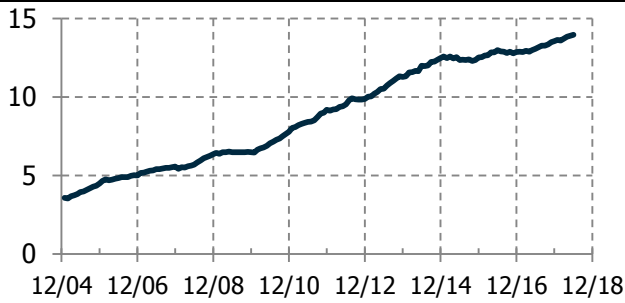
Ceded Reinsurance from different data sources (BRL bn)



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



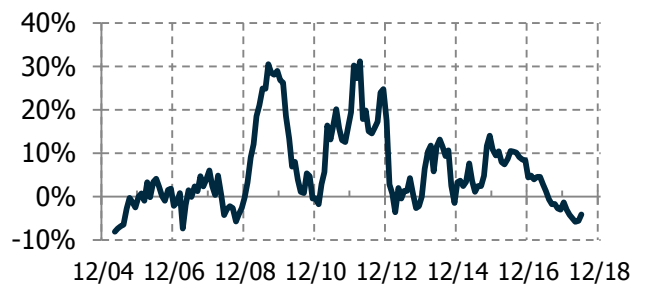
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



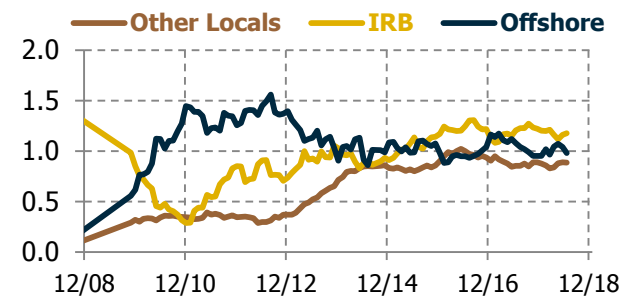
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



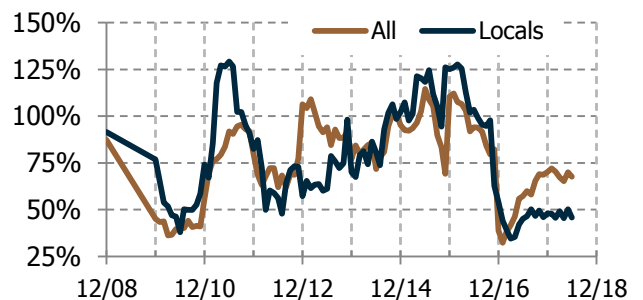
Source: SUSEP, Terra Brasis Re, BRL billions 12-month aggregate

Loss Ratio: Insurers



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

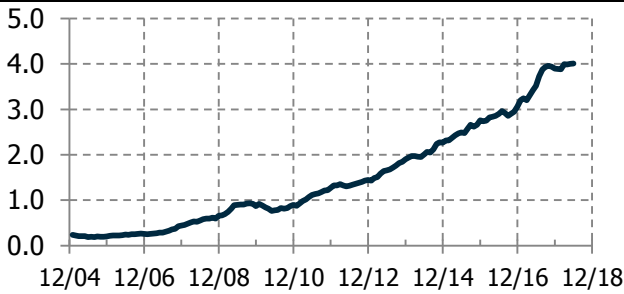
Loss Ratio: Local Reinsurers



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

Group: Financial Risks

Insurance Premium



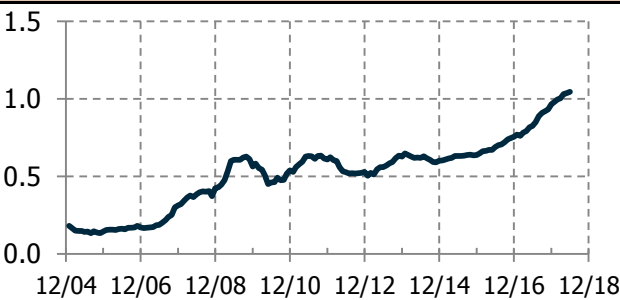
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Insurance Premium



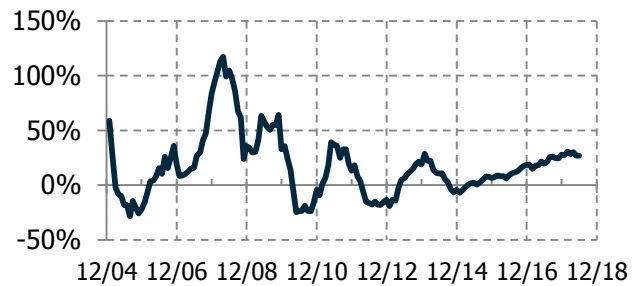
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



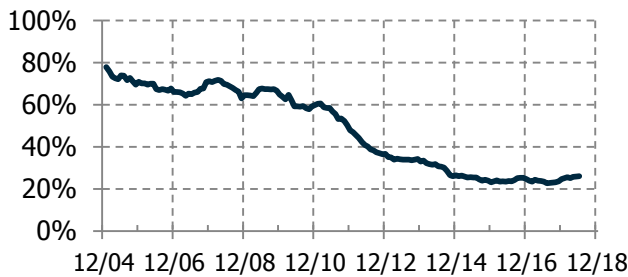
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Growth of Reinsurance Premium



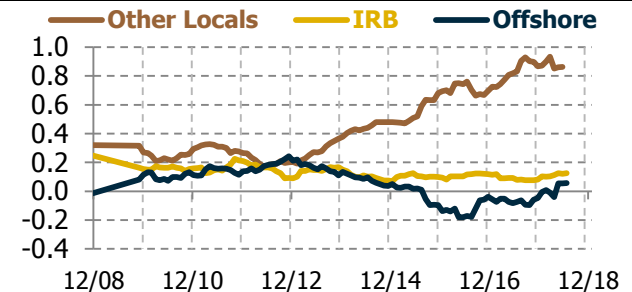
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



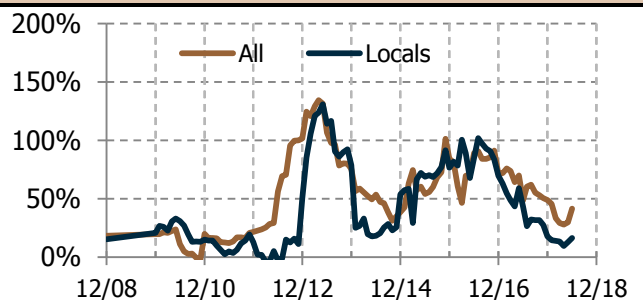
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

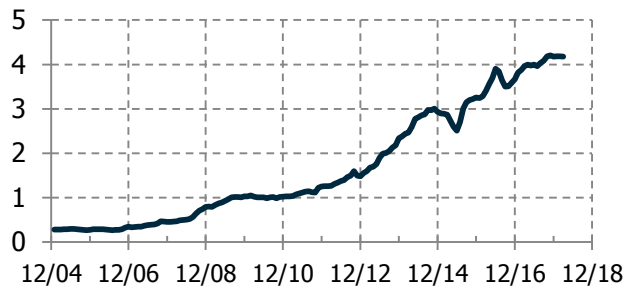
Loss Ratio: Local Reinsurers



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



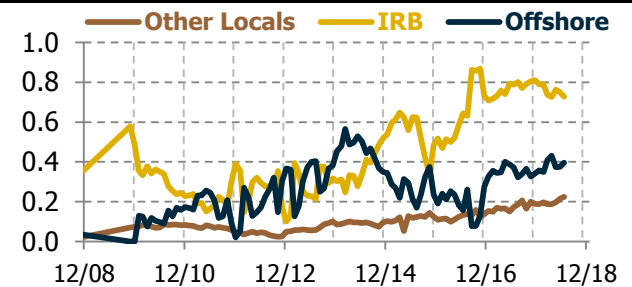
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



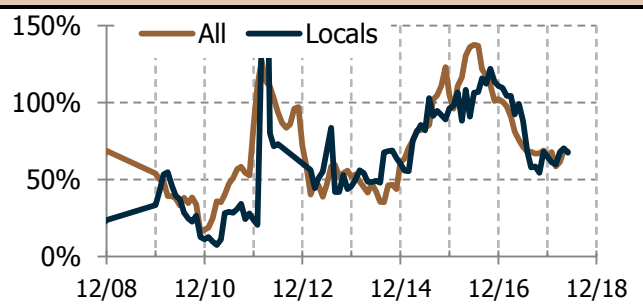
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

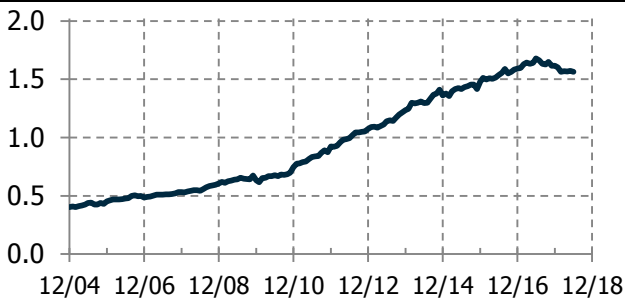
Loss Ratio: Local Reinsurers



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



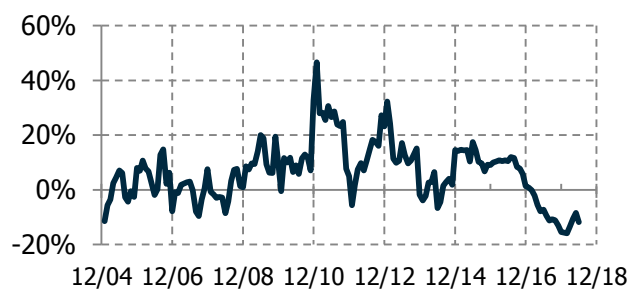
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium



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

Growth of Reinsurance Premium



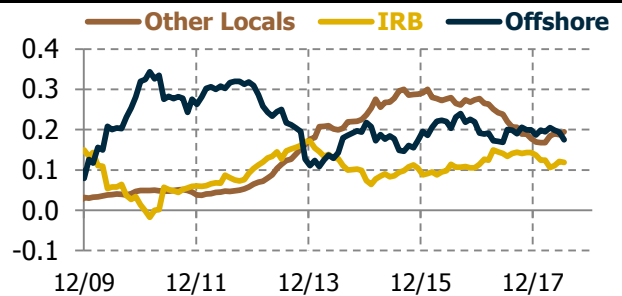
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



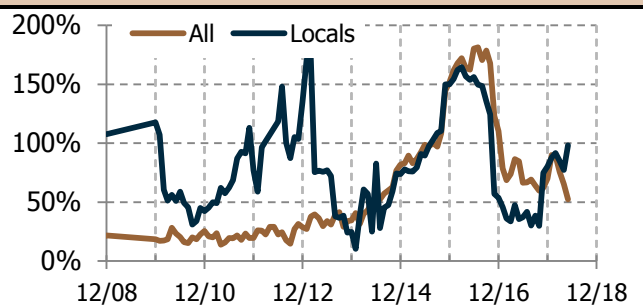
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

Loss Ratio: Insurers



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

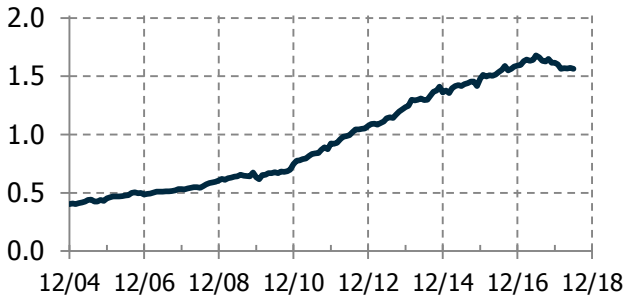
Loss Ratio: Local Reinsurers



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

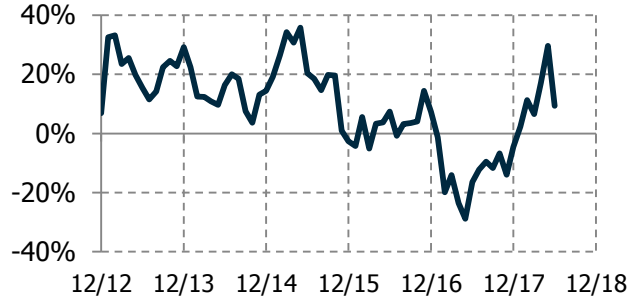
Group: Marine

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



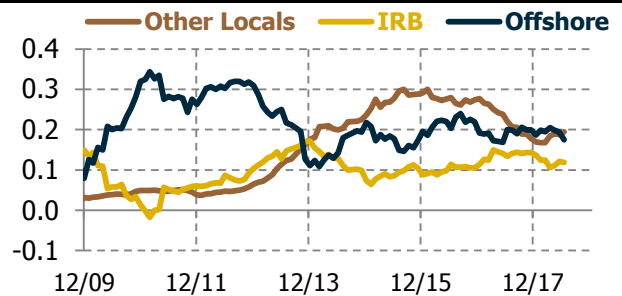
Source: SUSEP, Terra Brasis Re, 12-month aggregate

Reinsurance Premium / Insurance Premium



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

Split of Reinsurance Premium by Type of Company



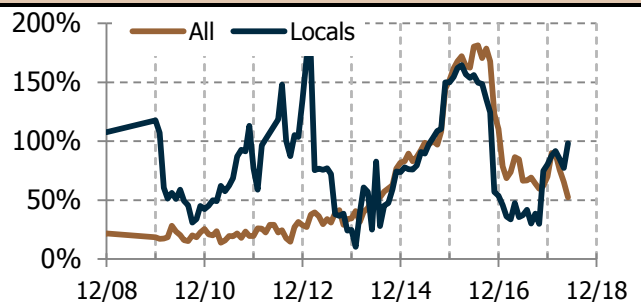
Source: SUSEP, Terra Brasis Re, BRL billions, 12-month aggregate

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	0994 - 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/MRGP/MRSA/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/MRGP/MRSA/MRI	VGBL	Pension
0234 - Riscos de Petróleo	General Insurance	P&C Corporate	0997 - VQ/APC	General Insurance	Pension
0272 - Riscos Nucleares	General Insurance	P&C Corporate	1061 - Seg.Habit.Apóli. Merc. - Prestamista	General Insurance	Life and Accident
0274 - Satélites	General Insurance	P&C Corporate	1065 - Seg.Habit.Apóli.Merc. -Demais Cobert.	General Insurance	P&C Personal Lines
0310 - R.C. Administradores e Diretores-DBD	General Insurance	P&C Corporate	1066 - Seg.Habit.Sist.Financ. da Habitação	General Insurance	P&C Personal Lines
0313 - R. C. Riscos Ambientais	General Insurance	P&C Corporate	1068 - Habitacional - Fora do SFH	General Insurance	P&C Personal Lines
0351 - R. C. Geral	General Insurance	P&C Corporate	1101 - Seguro Agrícola sem cob. do FESR	General Insurance	Other
0378 - R. C. Profissional	General Insurance	P&C Corporate	1102 - Seguro Agrícola com cob. do FESR	General Insurance	Other
0433 - Marítimos	General Insurance	P&C Corporate	1103 - Seguro Pecuário sem cob. do FESR	General Insurance	Other
0435 - Aeronáuticos	General Insurance	P&C Corporate	1104 - Seguro Pecuário com cob. do FESR	General Insurance	Other
0437 - Responsabilidade Civil Hagar	General Insurance	P&C Corporate	1105 - Seguro Aquícola sem cob. do FESR	General Insurance	Other
0457 - D. P. E. M.	General Insurance	P&C Corporate	1106 - Seguro Aquícola com cob. do FESR	General Insurance	Other
0484 - Aeronáuticos - Bilhete	General Insurance	P&C Corporate	1107 - Seguro Florestas sem cob. do FESR	General Insurance	Other
0520 - Acidentes Pessoais Passageiros-APP	General Insurance	Life and Accident	1108 - Seguro Florestas com cob. do FESR	General Insurance	Other
0523 - R.C.T. Rod. Inter. 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	1384 - 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. Mult.-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/MRGP/MRSA/MRI	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 - DP&M	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	1533 - Aeronáuticos (cascos)	General Insurance	P&C Corporate
0776 - Garantia Segurado - Setor Privado	General Insurance	Other	1537 - Responsabilidade Civil Hangar	General Insurance	P&C Corporate
0819 - Crédito à Exp. Risco Comercial	General Insurance	Other	1597 - Resp. Explor. ou Transp. Aéreo-RETA	General Insurance	P&C Corporate
0848 - Crédito Interno	General Insurance	Other	1601 - Microseguros de Pessoas	General Insurance	Life and Accident
0849 - Crédito à Exportação	General Insurance	Other	1602 - Microseguros de Danos	General Insurance	P&C Personal Lines
0859 - Crédito à Exportação Risco Político	General Insurance	Other	1603 - Microseguros - Previdência	General Insurance	Pension
0860 - Crédito Doméstico Risco Comercial	General Insurance	Other			
0870 - Crédito Doméstico Risco P-Física	General Insurance	Other			

Source: SUSEP, Terra Brasis Re

Exhibit 2: List of Technical Terms

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

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

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

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

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

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

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

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

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

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

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

Exhibit 3: Main Indexes of Local Reinsurers

Main Ratios From Local Reinsurers from January to June of 2018 and 2017

January to June 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	RGO /SE	RNet /SE	RGO /SE	ROE	SE	% SLV	
																							Total New
Total		5,491	13.2%	4,767	4,334	61%	2%	1%	6%	3%	12%	73%	16%	89%	459	11%	873	631	23.8%	17.2%	7,349	82%	
Total New		2,321	20.8%	1,839	1,753	90%	2%	1%	8%	3%	15%	105%	34%	101%	-17	11%	191	90	10.0%	4.8%	3,828	67%	
IRB	04/1939	3,170	7.6%	2,928	2,581	41%	3%	1%	5%	3%	10%	51%	30%	82%	475	12%	683	541	38.8%	30.2%	3,521	56%	
JM	05/2008	198	37.9%	123	75	-48%	0%	1%	6%	4%	10%	-38%	83%	13	4%	24	8%	20	11.7%	6.6%	622	157%	
Muncker	05/2008	406	22.6%	314	305	112%	2%	1%	6%	3%	12%	-14%	109%	-29	-13%	34	15%	5	2.3%	0.7%	448	55%	
Mapfre	11/2008	102	13.2%	88	98	103%	2%	4%	4%	5%	15%	119%	100%	1	1%	16	17%	16	9.7%	9.8%	185	91%	
XL	12/2008	35	31.3%	24	28	84%	2%	0%	9%	4%	15%	99%	17%	-4	-3%	11	7%	6	3.2%	2.4%	292	418%	
ACE	11/2009	58	27.5%	42	47	67%	4%	-3%	14%	6%	21%	88%	42%	-14	-21%	12	17%	-3	-4.1%	-2.2%	134	116%	
Austral	01/2011	210	19.5%	169	169	68%	3%	12%	5%	2%	22%	90%	11%	-2	-1%	23	16%	21	13	14.7%	9.1%	292	70%
AIG	04/2011	52	23.4%	40	38	388%	0%	0%	9%	4%	12%	400%	-26%	-14	-29%	7	14%	-7	17	22.9%	-8.8%	96	91%
Zurich	01/2012	254	17.3%	210	254	85%	0%	1%	2%	4%	6%	91%	9%	1	1%	29	22%	30	17	22.9%	12.9%	263	52%
Markel	01/2012	44	23.1%	34	29	93%	2%	1%	14%	4%	21%	115%	6%	-2	-6%	6	14%	3	3	8.4%	6.1%	83	93%
Swiss	06/2012	230	21.6%	180	172	79%	3%	0%	7%	3%	12%	91%	6%	5	4%	24	18%	29	21	21.7%	16.5%	269	58%
Terra Brasis	10/2012	77	21.7%	60	58	59%	4%	2%	13%	2%	21%	81%	21%	-1	-1%	4	8%	3	2	6.3%	4.0%	104	67%
Allianz	12/2012	165	10.0%	149	156	141%	4%	1%	15%	4%	23%	164%	-52%	-19	-16%	39	33%	20	10	16.6%	8.1%	240	72%
BTG	02/2013	117	19.4%	95	85	-2%	6%	-11%	10%	4%	9%	8%	59%	28	15%	21	11%	49	27	25.4%	14.0%	385	164%
Scor	08/2014	224	22.6%	173	144	66%	0%	0%	7%	2%	10%	76%	21%	5	9%	1	1%	5	4	9.7%	6.8%	105	23%
AXA	08/2014	148	7.5%	137	94	134%	3%	4%	23%	3%	34%	168%	-85%	16	11%	-41	-27%	-25	-33	-16.0%	-21.0%	311	105%
Total New		4,984	12.3%	4,373	3,842	61%	3%	1%	7%	2%	13%	74%	22%	181	5%	730	21%	910	588	26.1%	16.9%	6,962	70%
Total New		2,250	18.8%	1,826	1,647	75%	2%	1%	8%	3%	14%	89%	17%	-98	-5%	353	25%	255	133	13.8%	7.3%	3,690	82%
IRB	04/1939	2,734	6.9%	2,547	2,195	51%	3%	1%	6%	1%	12%	62%	25%	279	17%	377	23%	655	454	40.1%	27.3%	3,272	60%
JM	05/2008	162	35.3%	105	73	23%	0%	0%	6%	4%	11%	34%	59%	5	2%	38	11%	44	24	12.9%	7.2%	680	210%
Muncker	05/2008	288	17.3%	238	209	74%	2%	2%	9%	3%	15%	89%	15%	-8	-4%	64	32%	56	30	28.0%	16.1%	402	70%
Mapfre	11/2008	111	14.5%	95	98	74%	1%	2%	5%	4%	12%	86%	6%	8	9%	20	22%	16	16	30.6%	18.2%	187	84%
XL	12/2008	29	19.2%	24	23	77%	3%	0%	8%	6%	17%	94%	-1%	1	1%	26	18%	27	15	18.7%	9.6%	291	500%
ACE	11/2009	39	28.0%	28	53	93%	7%	-12%	17%	3%	15%	108%	45%	-28	-52%	18	33%	-10	-6	-19.0%	-9.4%	106	136%
Austral	01/2011	307	14.9%	261	274	102%	2%	3%	3%	1%	8%	110%	-7%	-7	-6%	19	15%	12	9	9.1%	6.4%	259	42%
AIG	04/2011	40	32.6%	27	60	12%	0%	0%	4%	6%	9%	21%	76%	2	4%	10	19%	12	7	23.5%	13.7%	102	129%
Zurich	01/2012	373	19.4%	300	257	68%	0%	0%	2%	3%	5%	73%	31%	-11	-9%	37	29%	26	14	20.4%	11.5%	252	34%
Markel	01/2012	25	22.2%	20	18	88%	3%	3%	48%	7%	61%	149%	12%	-11	-28%	7	18%	-4	-5	-10.5%	-12.9%	76	150%
Swiss	06/2012	166	15.0%	141	112	78%	4%	2%	13%	4%	23%	101%	6%	-8	-7%	31	27%	24	14	20.4%	12.9%	234	70%
Terra Brasis	10/2012	71	19.4%	57	51	41%	3%	1%	16%	2%	22%	63%	52%	-8	-14%	9	16%	1	2	1.9%	3.7%	113	80%
Allianz	12/2012	137	17.5%	113	148	74%	2%	1%	15%	4%	23%	96%	23%	-28	-24%	39	34%	11	5	9.8%	4.4%	233	85%
BTG	02/2013	214	20.4%	170	76	10%	6%	0%	11%	5%	32%	32%	61%	5	3%	28	15%	33	18	17.7%	8.7%	375	88%
Scor	08/2014	171	22.1%	133	120	81%	0%	0%	8%	2%	11%	92%	11%	-3	-7%	8	16%	5	3	9.4%	5.6%	100	29%
AXA	08/2014	118	3.2%	114	75	156%	3%	0%	20%	3%	26%	182%	-70%	-9	-6%	-2	-1%	-11	-11	-7.8%	-8.8%	279	118%

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
RSub/SE : Annualized Subscription Result / Net end-of-period Shareholder's Equity
%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/SE : Investment Result plus non-recurring gains and equity pickup
RGO : Gross Result (RSub + RInv)
RNet : Net Result (RGO minus income tax, social contributions and profit sharing)
SE : End of Period Net Shareholder's Equity
ROE : Return on Equity (before Income Tax, Social Contributions, Profit Sharing)
%SOLV : Solvency Margin, End-of-period SE/Annualized Gross Written Reinsurance

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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